

THIRD DIVISION

[G.R. No. 172204, July 10, 2014]

**CATHAY METAL CORPORATION, PETITIONER, VS. LAGUNA WEST
MULTI-PURPOSE COOPERATIVE, INC., RESPONDENT.**

DECISION

LEONEN, J.:

The Rules of Court governs court procedures, including the rules on service of notices and summons. The Cooperative Code provisions on notices cannot replace the rules on summons under the Rules of Court. Rule 14, Section 11 of the Rules of Court provides an exclusive enumeration of the persons authorized to receive summons for juridical entities. These persons are the juridical entity's president, managing partner, general manager, corporate secretary, treasurer, or in-house counsel.

This petition under Rule 45 assails the Court of Appeals' decision dated November 25, 2005, and its resolution dated April 5, 2006. The Court of Appeals remanded the case to the trial court for respondent's presentation of evidence.

Respondent Laguna West Multi-Purpose Cooperative is a cooperative recognized under Republic Act No. 6657 or the Comprehensive Agrarian Reform Law.^[1] It allegedly entered into a joint venture agreement with farmer-beneficiaries through Certificates of Land Ownership Award (CLOA) in Silang, Cavite.^[2] While respondent was negotiating with the farmer-beneficiaries, petitioner Cathay Metal Corporation entered into Irrevocable Exclusive Right to Buy (IERB) contracts with the same farmer-beneficiaries.^[3] Under the IERB, the farmer-beneficiaries committed themselves to sell to petitioner their agricultural properties upon conversion to industrial or commercial properties or upon expiration of the period of prohibition from transferring title to the properties.^[4]

In 1996, respondent caused the annotation of its adverse claim on the farmer-beneficiaries' certificates of title.^[5]

On November 9, 1998, the Department of Agrarian Reform issued an order converting the properties from agricultural to mixed use.^[6]

In 1999, petitioner and the farmer-beneficiaries executed contracts of sale of the properties.^[7] Transfer certificates of title were also issued in the name of petitioner in the same year.^[8] The annotations in the original titles were copied to petitioner's titles.^[9]

Respondent's Vice-President, Orlando dela Peña, sent two letters dated March 20, 2000 and April 12, 2000 to petitioner, informing it of respondent's claim to the

properties.^[10] Petitioner did not respond.^[11]

On September 15, 2000, petitioner filed a consolidated petition for cancellation of adverse claims on its transfer certificates of title with the Regional Trial Court of Tagaytay City.^[12] It served a copy of the petition by registered mail to respondent's alleged official address at "Barangay Mayapa, Calamba, Laguna."^[13] The petition was returned to sender because respondent could not be found at that address.^[14] The postman issued a certification stating that the reason for the return was that the "cooperative [was] not existing."^[15] Petitioner allegedly attempted to serve the petition upon respondent personally.^[16] However, this service failed for the same reason.^[17]

Upon petitioner's motion, the Regional Trial Court issued an order on December 15, 2000 declaring petitioner's substituted service, apparently by registered mail,^[18] to have been effected,^[19] thus:

Acting on the "Manifestation And Motion For Substituted Service" filed by petitioner Cathay Metal Corporation, thru counsel, and finding the reasons therein stated to be meritorious, the same is hereby GRANTED.

Accordingly, this Court hereby declares that substituted service of the Consolidated Petition for Cancellation of Adverse Claim on the President of Laguna West Multi-Purpose Cooperative, Inc. has been effected. The latter is hereby given a period of fifteen (15) days from the delivery of said pleadings to the Clerk of Court within which to file their opposition to the Consolidated petition for cancellation of adverse claim.^[20]

Petitioner was later allowed to present its evidence ex parte.^[21]

Upon learning that a case involving its adverse claim was pending, respondent, through Mr. Orlando dela Peña, filed a manifestation and motion, alleging that respondent never received a copy of the summons and the petition.^[22] It moved for the service of the summons and for a copy of the petition to be sent to No. 160, Narra Avenue, Looc, Calamba, Laguna.^[23]

The Regional Trial Court granted respondent's manifestation and motion on March 16, 2001.^[24] It ordered that respondent be furnished with a copy of the petition at its new address.^[25]

Instead of furnishing respondent with a copy of the petition, petitioner filed on April 16, 2001 a motion for reconsideration of the March 16, 2001 Regional Trial Court order.^[26] In its motion for reconsideration, petitioner argued that the case was already submitted for decision after all of petitioner's evidence had been admitted, and a memorandum had been filed.^[27] Therefore, it was too late for respondent to ask the court that it be furnished with a copy of the petition. ^[28] Moreover, because respondent was already in default, a manifestation and motion, without allegations of grounds for a motion to lift order of default, would not give it personality to

participate in the proceedings.^[29] Petitioner sent a copy of the motion for reconsideration to respondent by registered mail and set the motion for hearing on April 20, 2001.^[30]

Respondent failed to appear at the hearing on the motion for reconsideration. On April 20, 2001, the Regional Trial Court submitted the motion for resolution.^[31]

Respondent received a copy of the motion for reconsideration after the hearing. On August 13, 2001, respondent filed a motion for leave to admit attached opposition^[32] and opposition to petitioner's motion for reconsideration of the March 16, 2001 Regional Trial Court order.^[33] Respondent argued that since petitioner's ex parte presentation of evidence was secured through extrinsic fraud, there should be a new trial to give respondent a fair day in court.^[34] This was opposed by petitioner on September 6, 2001.^[35] Petitioner emphasized its alleged compliance with the Cooperative Code rule on notices and respondent's failure to file its comment despite the court's order that approved petitioner's substituted service.^[36] Petitioner further pointed out that it had always questioned the authority of Mr. dela Peña to act for respondent.^[37]

On January 16, 2003, the Regional Trial Court granted petitioner's motion for reconsideration.^[38] It found that respondent's alleged representatives failed to prove their authorities to represent respondent.^[39] It ruled that service should be made to the address indicated in its Cooperative Development Authority Certificate of Registration.^[40] The case was declared submitted for decision.^[41]

Respondent filed a motion for reconsideration of the January 16, 2003 order of the Regional Trial Court.^[42]

On March 21, 2003, the Regional Trial Court issued a decision granting petitioner's petition for cancellation of annotations.^[43] The Register of Deeds of Cavite was ordered to cancel the annotations on the certificates of title.^[44]

On April 3, 2003, the Regional Trial Court issued an order^[45] rescinding its March 21, 2003 decision for having been prematurely rendered, thus:

This is regard to the Decision dated March 21, 2003 which the Court has rendered in this particular case.

A review of the records show that the court for reasons unexplained, has committed an error in judgment in rendering said decision unmindful of the fact that there is still a pending incident (Oppositor Laguna's Motion for Reconsideration) which has first to be resolved.

Fully aware that the error if allowed to remain unrectified would cause a grave injustice and deeply prejudiced [sic] the herein respondent, the Court, faithfully adhering to the principle enunciated by the Honorable Supreme Court in the case of *Astraquilio vs Javier*, 13 CRA 125 which provides that:

"It is one of the inherent powers of the court to amend and control its process and orders so as to make them conformable to law and justice. This power includes the right to reverse itself, especially when in its opinion it has committed an error or mistake in judgment, and that to adhere to its decision will cause injustice to a party litigant."

do hereby, with deep and sincere apologies to the party-litigants, more particularly to the herein respondent Laguna West Multi-Purpose Cooperative, Inc., RECALL and RESCIND its Decision which was prematurely rendered.^[46]

In an order dated May 26, 2003, the Regional Trial Court denied respondent's motion for reconsideration of the January 16, 2003 order.^[47]

On June 23, 2003, the Regional Trial Court decided to grant^[48] petitioner's petition for cancellation of annotation on the basis of the following facts:^[49]

. . . These annotations were subsequently copied to the Transfer Certificates of Titles over the parcels of land subject of this suit that were issued in the name of Cathay. . . Upon verification, Cathay found that Laguna did not file any claim against the farmer-beneficiaries or Cathay since the time the annotations were made. . . Moreover, affidavits of adverse claim and supporting documents that Laguna supposedly submitted to the Register of Deeds of Cavite were certified by the Register of Deeds to be inexistent in the registry's vault. . . Moreover, the Cooperative Development Authority likewise certified that Laguna has been inoperative since 1992 and during the period when the annotations were made in 1996. The Bureau of Posts has also certified that Laguna's office at Barangay Mayapa, Calamba, Laguna, its official address as indicated in its Articles of Incorporation and Confirmation of Registration is "closed".^[50]

According to the Regional Trial Court, since respondent was inoperative at the time when its adverse claims were annotated, "there [was] no reason for [it] to believe that the person who caused the annotations of adverse claim on the titles of the farmer-beneficiaries . . . was authorized to do so."^[51]

The Regional Trial Court ordered the Register of Deeds to cancel the annotations on the transfer certificates of title.^[52] It held that Section 70 of Presidential Decree No. 1529 or the Property Registration Decree declares that "an adverse claim is effective [only] for a period of thirty (30) days and may be cancelled upon filing of a verified petition after the lapse of this period."^[53] Since the 30-day period had already lapsed, the annotations were already the subject of cancellation.^[54]

Respondent appealed to the Court of Appeals based on two grounds:

1) Petitioner-appellee secured the favorable orders of the lower court in fraud of appellant Laguna West by sending the petition, all other pleadings, and notices to its former address, thus, denying its day in court; and

2) The trial court erred in applying the rule on substituted service, thus, it did not validly acquire jurisdiction over the appellant.^[55]

The Court of Appeals granted respondent's appeal on November 25, 2005. The dispositive portion of the Court of Appeals' decision reads:

WHEREFORE, premises considered, the appeal is hereby granted. The case is ordered remanded for appellant's presentation of evidence and thereafter, for the trial court to render judgment, albeit with dispatch.^[56]

The Court of Appeals ruled that there was no valid service of summons upon respondent in accordance with Rule 14, Section 11 of the Revised Rules of Civil Procedure.^[57] Hence, the "court acquire[d] no jurisdiction to pronounce a judgment in the case."^[58]

The Court of Appeals denied petitioner's motion for reconsideration on April 5, 2006.^[59]

The issue in this case is whether respondent was properly served with summons or notices of the hearing on the petition for cancellation of annotations of adverse claim on the properties.

Petitioner emphasized the following points:

Summons was served upon respondent at its official registered address at Barangay Mayapa, Calamba, Laguna.^[60] Since no one received the summons, petitioner insisted that the trial court issue an order to effect substituted service.^[61] Respondent still did not file its answer.^[62]

Later, a certain Orlando dela Peña would file a manifestation and motion dated February 27, 2001 purportedly on behalf of respondent.^[63] Mr. dela Peña claimed that he was an authorized representative of respondent and that respondent was already holding office at No. 160, Narra Avenue, Looc, Calamba, Laguna, which was not the official address of respondent.^[64] Mr. dela Peña never submitted proof of his authority to represent respondent. He was also never a member of respondent cooperative.^[65]

However, Mr. dela Peña was still allowed to file an answer or opposition.^[66] Petitioner filed a motion for reconsideration opposing the order allowing him to file an answer or opposition on behalf of respondent.^[67] Respondent failed to oppose this. He did not participate further.^[68]