

## THIRD DIVISION

[ G.R. No. 204700, April 10, 2013 ]

**EAGLERIDGE DEVELOPMENT CORPORATION, MARCELO N. NAVAL  
AND CRISPIN I. OBEN, PETITIONERS, VS. CAMERON GRANVILLE  
3 ASSET MANAGEMENT, INC. RESPONDENT.**

### D E C I S I O N

**LEONEN, J.:**

All documents mentioned in a Deed of Assignment transferring the credit of the plaintiff in a pending litigation should be accessible to the defendant through a Motion for Production or Inspection of Documents under Rule 27 of the Rules of Court. Litigation is not a game of skills and stratagems. It is a social process that should allow both parties to fully and fairly access the truth of the matters in litigation.

Before this Court is a Petition under Rule 45, seeking to review the August 29, 2012<sup>[1]</sup> and November 27, 2012<sup>[2]</sup> Resolutions of the Third Division of the Court of Appeals. The Resolutions dismissed petitioners' Rule 65 Petition and affirmed the Resolutions dated March 28, 2012<sup>[3]</sup> and May 28, 2012<sup>[4]</sup> of the Regional Trial Court, Branch 60, Makati City denying petitioners' motion for production/inspection.

The pertinent facts are as follows:<sup>[5]</sup>

Petitioners Eagleridge Development Corporation (EDC), and sureties Marcelo N. Naval (Naval) and Crispin I. Oben (Oben) are the defendants in a collection suit initiated by Export and Industry Bank (EIB) through a Complaint<sup>[6]</sup> dated February 9, 2005, and currently pending proceedings before the Regional Trial Court (RTC), Branch 60, Makati City<sup>[7]</sup>.

By virtue of a *Deed of Assignment*<sup>[8]</sup> dated August 9, 2006, EIB transferred EDC's outstanding loan obligations of P10,232,998.00 to respondent Cameron Granville 3 Asset Management, Inc. (Cameron), a special purpose vehicle, thus:

For value received and pursuant to the (a) Loan Sale and Purchase Agreement dated as of 7 April 2006 (the "LSPA"), made and executed by **Export and Industry Bank**, as Seller ("Seller"), and by **Cameron Granville Asset Management (SPV-AMC), Inc.** (the "Purchaser"), and (b) the Deed of Absolute Sale dated 9 August 2006 (the "Deed") made and executed by and between Seller and Purchaser, Seller hereby absolutely sells, assigns and conveys to Purchaser, on a "without recourse" basis, all of its rights, title and interests in the following Loan:

**EAGLERIDGE DEVELOPMENT CORPORATION with an outstanding loan obligation of Php 10,232,998.00 covered by an unregistered Deed of Assignment of Receivables.**

XXX XXX XXX

***Defined terms used but not otherwise defined herein have the meaning given to them in the LSPA.***<sup>[9]</sup>

Thereafter, Cameron filed its *Motion to Substitute/Join* EIB dated November 24, 2006, which was granted by the trial court.

On February 22, 2012, petitioners filed a *Motion for Production/Inspection*<sup>[10]</sup> of the *Loan Sale and Purchase Agreement (LSPA)* dated April 7, 2006 referred to in the *Deed of Assignment*.

Respondent Cameron filed its *Comment*<sup>[11]</sup> dated March 14, 2012 alleging that petitioners have not shown "good cause" for the production of the *LSPA* and that the same is allegedly irrelevant to the case *a quo*.

In response, petitioners filed on March 26, 2012 their Reply.<sup>[12]</sup> Petitioners explained that the production of the *LSPA* was for "good cause". They pointed out that the claim of Cameron is based on an obligation purchased after litigation had already been instituted in relation to it. They claimed that pursuant to Article 1634 of the New Civil Code<sup>[13]</sup> on assignment of credit, the obligation subject of the case *a quo* is a credit in litigation, which may be extinguished by reimbursing the assignee of the price paid therefor, the judicial costs incurred and the interest of the price from the day on which the same was paid. Article 1634 provides:

When a credit or other incorporeal right in litigation is sold, the debtor shall have a right to extinguish it by reimbursing the assignee for the price the latter paid therefor, the judicial costs incurred by him, and the interest on the price from the day on which the same was paid.

As petitioners' alleged loan obligations may be reimbursed up to the extent of the amount paid by Cameron in the acquisition thereof, it becomes necessary to verify the amount of the consideration from the *LSPA*, considering that the *Deed of Assignment* was silent on this matter.

In its Resolution<sup>[14]</sup> dated March 28, 2012, the trial court denied petitioners' motion for production for being utterly devoid of merit. It ruled that there was failure to show "good cause" for the production of the *LSPA* and failure to show that the *LSPA* is material or contains evidence relevant to an issue involved in the action.

Aggrieved, petitioners filed on April 25, 2012, their *Motion for Reconsideration*.<sup>[15]</sup> They argued that the application of Article 1634 of the Civil Code is sanctioned by Section 12, Article III of Republic Act No. 9182, otherwise known as the Special

Purpose Vehicle Law (SPV Law). Section 12 provides:

SECTION 12. *Notice and Manner of Transfer of Assets.* – (a) No transfer of NPLs to an SPV shall take effect unless the FI concerned shall give prior notice, pursuant to the Rules of Court, thereof to the borrowers of the NPLs and all persons holding prior encumbrances upon the assets mortgaged or pledged. Such notice shall be in writing to the borrower by registered mail at their last known address on file with the FI. The borrower and the FI shall be given a period of at most ninety (90) days upon receipt of notice, pursuant to the Rules of Court, to restructure or renegotiate the loan under such terms and conditions as may be agreed upon by the borrower and the FIs concerned.

(b) The transfer of NPAs from an FI to an SPV shall be subject to prior certification of eligibility as NPA by the appropriate regulatory authority having jurisdiction over its operations which shall issue its ruling within forty-five (45) days from the date of application by the FI for eligibility.

(c) After the sale or transfer of the NPLs, the transferring FI shall inform the borrower in writing at the last known address of the fact of the sale or transfer of the NPLs.

They alleged that the production of the LSPA – which would inform them of the consideration for the assignment of their loan obligation – is relevant to the disposition of the case.

Respondent Cameron filed its *Comment/Opposition*<sup>[16]</sup> dated April 30, 2012 reiterating that the production of the LSPA was immaterial, to which, petitioners filed, on May 14, 2012, their Reply.<sup>[17]</sup> Petitioners insisted the materiality of inquiring about the contents of the LSPA, as the consideration for any transfer of the loan obligation of petitioner EDC should be the basis for the claim against them.

The trial court denied petitioners' motion for reconsideration in its Resolution dated May 28, 2012.

On July 27, 2012, petitioners filed their Petition for Certiorari with the Court of Appeals (CA), to nullify and/or set aside the RTC's Resolutions dated March 28, 2012 and May 28, 2012.

In its Resolution dated August 29, 2012, the CA (Third Division) dismissed the petition for lack of petitioner Oben's verification and certification against forum shopping and failure to attach a copy of the complaint.

Petitioners' subsequent motion for reconsideration<sup>[18]</sup> dated September 20, 2012, was likewise denied in the CA's November 27, 2012 Resolution.

Hence this instant petition.

The resolution of this case revolves around the following issues: (1) whether the CA erred in dismissing the petition on technicality, i.e. on a defective verification and

certification against forum shopping and the attachment to the petition of a mere machine copy of the complaint; and (2) whether the RTC gravely abused its discretion in denying the production and/or inspection of the LSPA.

We agree with petitioner, that the appellate court erred in ruling that Oben's Verification and Certification was defective for lack of a Board Resolution authorizing Oben to sign on behalf of petitioner EDC. Oben executed and signed the Verification and Certification in his personal capacity as an impleaded party in the case, and not as a representative of EDC. We note that an earlier Verification and Certification signed by Naval, for himself and as a representative of EDC, and a Secretary Certificate containing his authority to sign on behalf of EDC, were already filed with the appellate court together with the petition for certiorari.<sup>[19]</sup> As such, what was only lacking was Oben's Verification and Certification as pointed out in the August 29, 2012 Resolution of the CA.

On the other hand, contrary to petitioners' assertion, a reading of the CA Resolution dated November 27, 2012 shows that the appellate court merely noted the belated attachment of a machine copy, not a certified true copy, of the complaint to petitioners' motion for reconsideration. Although not expressly stated, the machine copy of the complaint is in fact acceptable, as Rule 65 provides that one may attach to the petition mere machine copies of other relevant documents and pleadings.<sup>[20]</sup> More importantly, the CA's dismissal of the petition for certiorari was anchored on its finding that there was no grave abuse of discretion on the part of the RTC in denying the production of the LSPA, that the errors committed by Judge Ruiz were, if at all, mere errors of judgment correctible not by the extraordinary writ of *certiorari* and an ordinary appeal would still be available in the action below for sum of money.<sup>[21]</sup>

An appeal would not have adequately remedied the situation because, in that case, the court would have rendered its decision without giving the petitioners the opportunity to make use of the information that the *LSPA* would have supplied as a result of the court allowing the production of the *LSPA*. If, on appeal, public respondent reversed its decision, the reversal would result in the case being retried in the lower court, which would unnecessarily delay the resolution of the case and burden the parties with additional litigation expense.

Having resolved the issue on the supposed technical defects, we go on to discuss the second issue.

Section 1, Rule 27 of the 1997 Rules of Court, states:

Section 1. Motion for production or inspection; order. – Upon motion of any party showing good cause therefor, the court in which an action is pending may a) order any party to produce and permit the inspection and copying or photographing, by or on behalf of the moving party, of any designated documents, papers, books, accounts, letters, photographs, objects or tangible things, not privileged, which constitute or contain evidence material to any matter involved in the action and which are in his possession, custody or control; xxx

The provision on production and inspection of documents is one of the modes of