

## THIRD DIVISION

[ G.R. No. 179999, March 17, 2009 ]

**ANSON TRADE CENTER, INC., ANSON EMPORIUM CORPORATION  
AND TEDDY KENG SE CHEN, PETITIONERS, VS. PACIFIC  
BANKING CORPORATION, REPRESENTED BY ITS LIQUIDATOR,  
THE PRESIDENT OF THE PHILIPPINE DEPOSIT INSURANCE  
CORPORATION, RESPONDENT.**

### D E C I S I O N

**CHICO-NAZARIO, J.:**

Before Us is a Petition for Review on *Certiorari*<sup>[1]</sup> under Rule 45 of the Revised Rules of Court filed by petitioners Anson Trade Center, Inc., (ATCI), Anson Emporium Corporation (AEC), and Teddy Keng Se Chen (Chen), seeking the reversal and the setting aside of the Decision<sup>[2]</sup> dated 31 May 2007 and Resolution<sup>[3]</sup> dated 16 October 2007 of the Court of Appeals in CA-G.R. SP No. 93734. In its assailed Decision, the Court of Appeals annulled the Order<sup>[4]</sup> dated 10 October 2005 of the Regional Trial Court (RTC) of Manila, Branch 52, dismissing Civil Case No. 01-102198 for failure of respondent Pacific Banking Corporation (PBC)<sup>[5]</sup> to appear during the pre-trial. In its assailed Resolution, the Court of Appeals refused to reconsider its earlier Decision.

The following are the undisputed facts:

Petitioners ATCI and AEC are corporations engaged in retail and/or wholesale general merchandising.<sup>[6]</sup> Petitioner Chen is the Vice Head of said commercial entities. Respondent is a closed banking institution undergoing liquidation by the Philippine Deposit Insurance Corporation (PDIC).

On different dates, petitioner ATCI obtained several loans<sup>[7]</sup> from respondent, amounting to P4,350,000.00. On 26 October 1984, petitioner AEC also received the amount of P1,000,000.00 as a loan from respondent. As security for the said loan obligations, petitioner Chen, with the late Keng Giok,<sup>[8]</sup> executed, on behalf of petitioners ATCI and AEC, two Continuing Suretyship Agreements on 16 September 1981 and 1 March 1982. The Continuing Suretyship Agreements provided that, as security for any and all the indebtedness or obligation of petitioners ATCI and AEC, the respondent had the right to retain a lien upon any and all moneys or other properties and/or the proceeds thereof in the name or for the account or credit of petitioners ATCI and AEC deposited or left with respondent. Subsequently, petitioners defaulted in the payment of their loans. Respondent made several demands for payment upon petitioners, to no avail.

This prompted respondent to file before the RTC a collection case against petitioners, docketed as Civil Case No. 01-102198.

On 14 January 2002, petitioner Chen, instead of filing an Answer to the Complaint of respondent in Civil Case No. 01-102198, filed a Motion to Dismiss. Petitioners ATCI and AEC, together with the Estate of Keng Giok, also jointly filed a Motion to Dismiss. Respondent filed its Comment/Opposition to the Motions to Dismiss Civil Case No. 01-102198, to which petitioners Chen, ATCI, and AEC, with the Estate of Keng Giok, filed their Replies. Due to the inaction of the RTC on the Motions to Dismiss, respondent filed Motions to Resolve on 14 January 2003 and on 29 October 2003. In an Order dated 4 November 2004, the RTC denied the Motions to Dismiss but granted the prayer to drop Keng Giok as defendant since he was long dead prior to the institution of Civil Case No. 01-102198.

After petitioners filed their joint Answer to the Complaint, a pre-trial conference was set by the RTC on 4 April 2005. All the parties were present at the scheduled pre-trial where the RTC first explored the possibility of an amicable settlement among the parties by referring the case to the Philippine Mediation Center for arbitration. The arbitration proceedings were, however, unsuccessful. Thus, the case was referred back to the RTC for a full-blown trial.

In order to simplify the issues to be threshed out in the trial, another pre-trial conference was scheduled by the RTC on 10 October 2005, which respondent failed to attend.

Petitioners moved for the dismissal of Civil Case No. 01-102198 on the ground of the non-appearance of respondent at the pre-trial of 10 October 2005, which was granted, without prejudice, by the RTC in an Order issued on even date. Respondent filed with the RTC a Motion for Reconsideration of the court's order of dismissal, in which respondent prayed for the relaxation of the rule on non-appearance in the pre-trial, citing excusable negligence on its part and in the interest of justice and equity. The RTC denied the Motion for Reconsideration of respondent in another Order dated 17 January 2006.

The above precipitated respondent to file with the Court of Appeals a Petition for *Certiorari* under Rule 65 of the Revised Rules of Court, which was docketed as CA-G.R. SP No. 93734. Respondent prayed for the reversal of the RTC Orders dated 10 October 2005 and 17 January 2006, arguing that the RTC committed grave abuse of discretion amounting to lack or excess of jurisdiction when it dismissed Civil Case No. 01-102198 due to the non-appearance of respondent at the pre-trial held on 10 October 2005. Respondent asserted that its absence was not deliberate or intentional. Its liquidator, PDIC, was undergoing a reorganization resulting in, among other things, the trimming down of the departments handling litigation work from four to one; and the lack of manpower to handle more than 400 banks ordered closed by the Monetary Board. Respondent pleaded for the relaxation of the rules to avert irreparable damage to it.

The Court of Appeals rendered a Decision on 31 May 2007, granting the Petition of respondent and reversing the assailed RTC Orders which dismissed Civil Case No. 01-102198. According to the appellate court, the RTC lost sight of the fact that even the Rules of Court mandate a liberal construction of the rules and the pleadings in order to effect substantial justice; and that overriding all the foregoing technical considerations is the trend in the rulings of the court to afford every party-litigant the amplest opportunity for the proper and just determination of his cause, freed

from the constraints of technicalities.<sup>[9]</sup>

In a Resolution dated 16 October 2007, the Court of Appeals refused to reconsider its earlier Decision.

Petitioners now come before us *via* this instant Petition for Review on *Certiorari* raising the following issues:

## I

WHETHER OR NOT THE REVERSAL OF THE TRIAL COURT'S ORDER DATED OCTOBER 10, 2005 DISMISSING [herein respondent]'S COMPLAINT FOR ITS FAILURE TO APPEAR AT THE PRE-TRIAL WAS IN ACCORDANCE WITH THE 1997 RULES ON CIVIL PROCEDURE AND APPLICABLE JURISPRUDENCE.

## II

WHETHER OR NOT THE TRIAL COURT ABUSED ITS DISCRETION IN DISMISSING RESPONDENT'S COMPLAINT BECAUSE OF ITS NON-APPEARANCE AT PRE-TRIAL.<sup>[10]</sup>

At the core of this controversy is a question of procedure.

The petitioners, on one hand, argue that the appearance of the parties during pre-trial is mandatory, and the absence of respondent therefrom constitutes a serious procedural blunder that merits the dismissal of its case.

On the other hand, respondent claims that the Rules must be relaxed if it will cause irreparable damage to a party-litigant and to promote the ends of justice. Respondent urges us to brush aside technicalities and to excuse its non-appearance during the pre-trial conference.

We find the Petition unmeritorious.

Pre-trial, by definition, is a procedural device intended to clarify and limit the basic issues raised by the parties<sup>[11]</sup> and to take the trial of cases out of the realm of surprise and maneuvering.<sup>[12]</sup> It is an answer to the clarion call for the speedy disposition of cases. Hailed as the most important procedural innovation in Anglo-Saxon justice in the nineteenth century,<sup>[13]</sup> it thus paves the way for a less cluttered trial and resolution of the case.<sup>[14]</sup>

Pertinent provisions of Rule 18 of the Revised Rules of Court on Pre-Trial read:

SEC. 4. *Appearance of parties.* - It shall be the duty of the parties and their counsel to appear at the pre-trial. The non-appearance of a party may be excused only if a valid cause is shown therefor or if a representative shall appear in his behalf fully authorized in writing to enter into an amicable settlement, to submit to alternative modes of dispute resolution, and to enter into stipulations or admissions of facts and of documents.