

SECOND DIVISION

[G.R. No. 164479, February 13, 2008]

ROMBE EXIMTRADE (PHILS.), INC. and SPOUSES ROMEO PERALTA and MARRIONETTE PERALTA, Petitioners, vs. ASIATRUST DEVELOPMENT BANK, Respondent.

D E C I S I O N

VELASCO JR., J.:

There is no interference by one co-equal court with another when the case filed in one involves corporate rehabilitation and suspension of extrajudicial foreclosure in the other.

The Case Background

Rombe Eximtrade (Phils.), Inc. (Rombe) is a corporation organized and existing under Philippine laws with its main office in the City of Mandaluyong. It is represented in this petition by the spouses Romeo and Marrionette Peralta. It owned some real properties in Malolos, Bulacan.

Sometime in 2002, Rombe filed a *Petition for the Declaration of a State of Suspension of Payments with Approval of Proposed Rehabilitation Plan* docketed as **Civil Case No. 325-M-2002** with the Malolos, Bulacan Regional Trial Court (RTC), Branch 7.

On May 3, 2002, in accordance with Section 6, Rule 4 of the Interim Rules of Procedure on Corporate Rehabilitation (IRPCR), the RTC issued a Stay Order suspending the enforcement of all claims whether for money or otherwise judicial or extrajudicial against Rombe.

The Securities and Exchange Commission and Rombe's other creditors, the Bank of the Philippine Islands and creditor-respondent Asiatrust Development Bank (Asiatrust), opposed the petition.

Thereafter, on September 24, 2002, the Malolos, Bulacan RTC, Branch 7 issued an Order dismissing Civil Case No. 325-M-2002, and the May 3, 2002 Stay Order suspending all the claims against Rombe was lifted. According to the trial court, Rombe misrepresented its true financial status in its petition for suspension of payments. It found that: (1) Rombe did not submit an audited financial statement as required by the IRPCR; (2) Rombe made it appear that it had sufficient assets to fully pay its outstanding obligations when it submitted copies of certificates of title over real properties, but when examined, these were registered in the names of other persons and only two were unencumbered; (3) Rombe misdeclared the value of its assets, violating the provisions of the IRPCR; (4) Rombe gave only general references to the location of its properties without mention of the book values nor

condition of the properties in its Inventory of Assets; (5) Rombe did not attach any evidence of title or ownership to the properties enumerated in the Inventory of Assets contrary to the IRPCR; (6) Rombe did not attach nor provide a Schedule of Accounts Receivable indicating the amount of each receivable, from whom due, the maturity date, and the degree of collectivity, as required by the IRPCR; (7) Rombe also had not been complying with its reportorial duty in filing its General Information Sheet from 1992 to 2002, nor its Financial Statement (FS) from 1992 to 1995 and 2001, while its FSs for 1999 and 2000 were filed late; (8) Rombe's Balance Sheet claimed it had receivables but it did not indicate the nature, basis, and other information of the receivables; (9) Rombe grossly exaggerated assets claiming properties it did not own; and (10) Rombe did not have a feasible rehabilitation plan.^[1] The RTC concluded that Rombe made numerous material misrepresentations and was insolvent.

Since Rombe did not appeal, Asiitrust initiated foreclosure proceedings against Rombe's properties.

On December 17, 2002, anticipating the foreclosure, Rombe filed a *Complaint for Annulment of Documents and Damages with Prayer for a Temporary Restraining Order (TRO) and Injunction* docketed as **Civil Case No. 906-M-2002** and raffled to the Malolos, Bulacan RTC, Branch 15. In this case, Rombe asked that Asiitrust and the Ex-Officio Provincial Sheriff of Bulacan be stopped from proceeding with the extra-judicial foreclosure of mortgage on its properties initiated by Asiitrust. The RTC, Branch 15 issued the January 8, 2003 Order granting the writ of preliminary injunction in favor of Rombe. Asiitrust's *Motion for Reconsideration with Motion to Dissolve Writ of Preliminary Injunction* was rejected in the April 3, 2003 Order.

Aggrieved, Asiitrust filed before the Court of Appeals (CA) a Petition for Certiorari under Rule 65 docketed as CA-G.R. SP No. 77471 with the CA, alleging grave abuse of discretion on the part of the RTC, Branch 15 in issuing the TRO.

The Court of Appeals ruled Rombe misrepresented itself

On March 29, 2004, the CA issued the Decision^[2] in favor of Asiitrust stating, as follows:

IN VIEW OF ALL THE FOREGOING, finding merit in this Petition, the same is **GRANTED** and the assailed Orders dated January 8, 2003 and April 3, 2003 are hereby **ANNULLED and SET ASIDE**, for having been issued with grave abuse of discretion amounting to lack or excess of jurisdiction. Costs against private respondents.

SO ORDERED.

The CA found that the May 3, 2002 Stay Order of the Malolos, Bulacan RTC, Branch 7 in Civil Case No. 325-M-2002 could not be clearer. The Stay Order was lifted by the trial court because of Rombe's insolvency, misrepresentations, and infeasible rehabilitation plan. The appellate court observed that the January 8, 2003 Order of the RTC, Branch 15 granting the TRO in Civil Case No. 906-M-2002 interfered with and set aside the earlier September 24, 2002 Order of the RTC, Branch 7; and such intervention thwarted the foreclosure of Rombe's assets.

Rombe's Motion for Reconsideration was denied on July 2, 2004.

Hence, this petition is filed with us. Rombe raises the following issues:

(a)

WHETHER OR NOT THE COURT OF APPEALS GRAVELY ERRED WHEN IT ORDERED THE ANNULMENT OF THE ORDERS OF THE TRIAL COURT FOR THE ISSUANCE OF A WRIT OF PRELIMINARY INJUNCTION AGAINST HEREIN RESPONDENT DESPITE THE FACT THAT CIVIL CASE NO. 906-M-2002, A CASE FOR ANNULMENT OF DOCUMENTS FILED BEFORE BRANCH 15 OF THE REGIONAL TRIAL COURT OF MALOLOS, BULACAN, INVOLVES A TOTALLY SEPARATE AND DISTINCT CAUSE OF ACTION FROM THAT OF CIVIL CASE NO. 325-M-2002, A PETITION FOR DECLARATION OF STATE OF SUSPENSION OF PAYMENTS WITH APPROVAL OF PROPOSED REHABILITATION FILED BEFORE BRANCH 7 OF THE REGIONAL TRIAL COURT OF MALOLOS, BULACAN

(b)

WHETHER OR NOT THE COURT OF APPEALS GRAVELY ERRED WHEN IT ORDERED THE ANNULMENT OF THE ORDERS OF THE TRIAL COURT FOR THE ISSUANCE OF A WRIT OF PRELIMINARY INJUNCTION AGAINST HEREIN RESPONDENT DESPITE THE FACT THAT THE PURPOSE OF THE RESTRAINING ORDER ISSUED BY BRANCH 15 REGIONAL TRIAL COURT OF MALOLOS, BULACAN IN CIVIL CASE NO. 906-M-2002 IS ENTIRELY SEPARATE AND DISTINCT FROM THE PURPOSE OF THE STAY ORDER ISSUED BY BRANCH 7 OF THE REGIONAL TRIAL COURT OF MALOLOS, BULACAN IN CIVIL CASE NO. 325-M-2002

(c)

WHETHER OR NOT THE COURT OF APPEALS GRAVELY ERRED WHEN IT ORDERED THE ANNULMENT OF THE ORDERS OF THE TRIAL COURT FOR THE ISSUANCE OF A WRIT OF PRELIMINARY INJUNCTION AGAINST HEREIN RESPONDENT DESPITE THE ABSENCE OF ANY FINDING OF GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION EXERCISED BY THE TRIAL COURT IN THE [ISSUANCE] OF THE SAID ORDERS

(d)

WHETHER OR NOT THE COURT OF APPEALS GRAVELY ERRED WHEN IT DID NOT EVEN BOTHER TO ADDRESS THE FACT THAT THE PETITION FILED BEFORE IT IS FATALY DEFECTIVE

The Court's Ruling

We shall first address what Rombe claims are fatal defects in Asiatrust's petition before the CA. According to Rombe, the signatory of the petition, Esmael C. Ferrer, Asiatrust's Manager and Head of the Acquired Assets Unit, was not authorized by Asiatrust's Board of Directors to sign Asiatrust's petition and the CA, therefore,