

SECOND DIVISION

[G.R. No. 143556, March 16, 2004]

**EQUITABLE PHILIPPINE COMMERCIAL INTERNATIONAL BANK
AND RAFAEL B. BUENAVENTURA, PETITIONERS, VS. HON. COURT
OF APPEALS AND SANTA ROSA MINING CO., INC.,
RESPONDENTS.**

D E C I S I O N

QUISUMBING, J.:

For review on *certiorari* is the Court of Appeals' Decision^[1] dated November 23, 1999 in CA-G.R. SP. No. 48187 and its Resolution^[2] dated June 13, 2000 denying petitioners' motion for reconsideration. The Court of Appeals granted the petition for *certiorari*, prohibition and mandamus filed by petitioners insofar as it sought to annul the Order^[3] dated March 4, 1998 of the Regional Trial Court of Quezon City, Branch 222, in Civil Case No. Q-95-25073, which denied petitioners' petition for relief from the trial court's order of default. In their motion for reconsideration, petitioners insisted that the appellate court likewise grant the prayer in their petition for *certiorari*, prohibition, and *mandamus* to make a definite ruling dismissing Civil Case No. Q-95-25073. The denial of this motion for reconsideration by the Court of Appeals is the principal subject of this petition.

The facts, as culled from records, are as follows:

On September 19, 1995, Sta. Rosa Mining Co., Inc., (hereafter Sta. Rosa), respondent herein, filed before the Regional Trial Court of Quezon City, Branch 222, a complaint for sum of money and damages against petitioners Philippine Commercial International Bank (now Equitable-PCIB), Rafael B. Buenaventura, the bank's former President, and Cynthia F. Lota (Lota, for brevity), the manager of the Cubao Branch. Sta. Rosa alleged that it lost income opportunity from its joint venture with *Sa Amin sa San Jose Panganiban, Inc.* (hereafter *Sa Amin*).

In its complaint, Sta. Rosa claimed that on October 21, 1993, it opened Savings Account No. 0453-52672-1 with PCIBANK, Cubao Branch by depositing a check amounting to P6,389,071.35 plus P100 in cash. On October 22, 1993, it informed the bank of its intention to convert its account into a savings/current/time deposit account and sought to obtain checkbooks pursuant thereto on October 26, 1993. The bank refused to issue the checkbooks allegedly due to a restraining order issued by the Securities and Exchange Commission (SEC) and supposedly furnished by a law office, enjoining the officers of Sta. Rosa from withdrawing the funds deposited under Savings Account No. 0453-52672-1. Sta. Rosa alleged further that in refusing to issue checkbooks, Lota was guilty of misrepresentation as verification with SEC showed that a copy of the SEC order was served on the bank only on October 27, 1993. Sta. Rosa further averred that the continued failure of petitioners to act decisively on the release of funds had caused undue harm and prejudice to its stockholders and the livelihood and social development projects of its joint venture

partner, *Sa Amin*. Hence, Sta. Rosa is asking for actual damages of P9,238,800 as unrealized profits representing its 60% share of the net profits of the joint venture plus moral and exemplary damages and attorney's fees.

On October 6, 1995, petitioners filed a Motion to Dismiss on the grounds that Sta. Rosa was guilty of forum shopping and that the complaint stated no cause of action. Petitioners averred that Sta. Rosa was guilty of forum shopping because the amount involved in the case was also the issue in Civil Case No. 6014, entitled "*Sa Amin Sa Jose Panganiban, Inc. v. Sta. Rosa Mining Co., Inc.*" before Regional Trial Court of Daet, Camarines Norte, Branch 39. Hence, it should have secured whatever relief before the RTC of Daet. Also, according to petitioners, Sta. Rosa had no cause of action because as judgment debtor in Civil Case No. 6014, Sta. Rosa has lost all rights over the funds deposited under Savings Account No. 0453-52672-1 since the same had already been garnished by RTC, Branch 39, in favor of the judgment creditor, *Sa Amin*.

Incidentally, petitioners became involved in Civil Case No. 6014 as a forced intervenor when the Daet court ordered the continuation of garnishment of the funds in Account No. 0453-52672-1 despite the temporary restraining order (TRO) and preliminary injunction issued earlier by the SEC in a case entitled "*Alejandro S. Nava, et al. v. Deogenes N. Agellon*" enjoining its release. Due to conflicting claims between two agencies, petitioners elevated the matter to the Court of Appeals through a petition for *certiorari* and prohibition in CA-G.R. SP No. 33674 seeking the annulment of the garnishment order issued by the Daet court. Petitioners refused to comply with said order due to an earlier TRO issued by the SEC. The Court of Appeals dismissed the petition and upheld the order of garnishment of the Daet court.^[4]

In an Order^[5] dated November 7, 1995, the RTC of Quezon City denied herein petitioners' motion to dismiss. It noted that whether there was malice or not in their alleged defiance of the Daet court's garnishment order which would entitle Sta. Rosa to damages could be established in the course of the trial. It also declared that Sta. Rosa did not engage in forum shopping to obtain a favorable opinion from the other court because when the Court of Appeals upheld the orders of garnishment of the Daet court directing petitioners to release the money in favor of *Sa Amin*, Sta. Rosa as judgment debtor in Civil Case No. 6014, in effect was able to obtain a favorable judgment which settled the case once and for all, enabling Sta. Rosa to resume its business. It likewise disagreed with petitioners' claim that they did not violate any rights of Sta. Rosa. It added that defiance of the garnishment order had caused inconvenience not only to *Sa Amin* but also to Sta. Rosa, considering that the garnishment order would indirectly benefit Sta. Rosa.

On November 28, 1995, petitioners filed a Motion for Reconsideration^[6] of the dismissal order, whereas Sta. Rosa filed a motion to declare petitioners in default for failure to file their Answer on November 28, 1995. In an Order^[7] dated January 12, 1996, the lower court denied petitioners' motion for reconsideration for being dilatory and *pro forma* but granted Sta. Rosa's motion to declare petitioners in default. It stated that petitioners received the denial Order on November 13, 1995 and should have filed an Answer on November 28, 1995 and not a Motion for Reconsideration which reiterated the ground set forth in the Motion to Dismiss. Citing jurisprudence,^[8] the court ruled that a motion for reconsideration which

merely reiterates the grounds in the motion to dismiss is *pro forma* and will not toll the running of the period to file an Answer.

On March 5, 1996, petitioners filed a consolidated motion^[9] to set aside the order of default and for reconsideration, which was denied for lack of merit on June 26, 1996.^[10]

On October 14, 1996, petitioners filed a petition for relief^[11] from the order of default which was also denied in an Order^[12] dated March 4, 1998.

Petitioners then filed a petition for certiorari, prohibition and mandamus before the Court of Appeals, which seasonably set aside the order of default of the lower court and directed the latter to admit petitioners' Answer and proceed to hear the case on the merits, thus:

WHEREFORE, the order of the public respondent dated March 4, 1998 is RESCINDED AND AVOIDED. Accordingly, the respondent judge, or whoever is now acting in his place and stead, is directed to grant the petition for relief filed by the petitioners, admit the petitioners' answer, and thereafter proceed to hear the case on the merits. Without costs.

SO ORDERED.^[13]

The CA reasoned that default judgments are frowned upon, so that courts should be liberal in setting aside orders of default. It disagreed with the lower court's ruling that petitioners' motion for reconsideration was dilatory, for having been set for hearing one month and a half after its filing, and also *pro forma*, for merely reiterating the grounds already set forth in the motion to dismiss. The CA declared that a period of one and a half months is not unreasonable considering the subject matter of the case and that the motion was filed within the reglementary period, albeit on the last day for which the Answer should have been filed. It noted that while the motion reiterated grounds previously relied upon, it also set forth further pertinent facts and plausible arguments relative to Civil Case No. 6014, hence it cannot be deemed *pro forma*, much less intended to delay the inexorable march of events in this case.

Dissatisfied, petitioners filed this petition alleging that the Court of Appeals erred in its decision. According to petitioners, THE CASE A QUO SHOULD HAVE BEEN DISMISSED:

1. ...AT THE FIRST INSTANCE BECAUSE STA. ROSA WAS GUILTY OF FORUM SHOPPING, CONSIDERING THERE WAS ALREADY A CASE INVOLVING THE SAME ISSUES PENDING WITH THE REGIONAL TRIAL COURT OF DAET.
2. ...ON THE GROUND THAT STA. ROSA FAILED TO STATE A CAUSE OF ACTION, CONSIDERING THAT PETITIONERS COULD NOT RELEASE THE DEPOSITED AMOUNT IN QUESTION BY VIRTUE OF THE GARNISHMENT ISSUED BY BOTH THE SECURITIES AND EXCHANGE COMMISSION AND THE DAET COURT.
3. ...ON THE GROUND OF *RES JUDICATA*, WHEN THE JUDGMENT OF THE DAET COURT WAS SATISFIED BY PETITIONER EQUITABLE-PCIB, WHICH INVOLVED THE RIGHT OF ENTITLEMENT OVER THE SAME FUNDS BEING BELATEDLY SUED UPON IN THE QUEZON CITY COURT.^[14]