

THIRD DIVISION

[G.R. No. 141008, January 16, 2001]

**MARAWI MARANTAO GENERAL HOSPITAL, INC. AND
MACAPANTON K. MANGONDATO, PETITIONERS, VS. COURT OF
APPEALS AND SOCIAL SECURITY SYSTEM, RESPONDENTS.**

DECISION

GONZAGA-REYES, J.:

This Petition for Review on *Certiorari* seeks the reversal of the Decision of the Court of Appeals^[1] in CA G.R. SP No. 54669 entitled "Social Security System vs. Hon. Santos B. Adiong, Presiding Judge, Branch 8, Regional Trial Court, Marawi City, Marawi Marantao General Hospital, Inc. and Atty. Macapanton K. Mangondato".

The following are the facts as found by the Court of Appeals:

"On August 12, 1997, the Marawi-Marantao General Hospital, Inc. and Atty. Macapanton K. Mangondato, hereinafter referred to as the Private Respondents, filed a complaint against the Social Security System, hereinafter referred to as the Petitioner, with the Regional Trial Court of Lanao del Sur (Marawi City), for "Specific Performance with Damages". The Private Respondents alleged, *inter alia*, in said complaint that: on January 16, 1997, Private Respondent Macapanton Mangondato, as Vendee, and the Petitioner, as Vendor, executed a "Deed of Conditional Sale" whereby the Petitioner transferred and conveyed, unto the Private Respondent Mangondato, the property covered by Transfer Certificate of Title No. T-379 under the name of the Private Respondent Hospital for the price of P2,000,000.00 but that despite Private Respondent Macapanton Mangondato's repurchase thereof having been consummated, the Petitioner refused to execute the "Deed of Absolute Sale" and transfer the title to said property to said Private Respondent; worse, per its Resolution No. 224, dated March 20, 1997, the Petitioner declared the said "Deed of Conditional Sale" a nullity and, despite demands of the Private Respondents and the intercession of Congressmen Mamintal M. Adiong and Ali Pangalian M. Balindong, of Lanao del Sur, the Petitioner failed and refused to execute the "Deed of Absolute Sale" over the property in favor of the Private Respondent. The Private Respondent thus prayed the Court for judgment as follows:

WHEREFOR (sic), in the light of the foregoing, it is prayed of this Honorable Court that, after due notice and hearing, judgment be rendered in favor of the plaintiffs and against the defendant directing SSS to:

1. Execute an absolute deed of sale in favor of the plaintiffs Hospital and/or Atty. Macapanton K. Mangondato as

stipulated in the aforesaid Deed of Conditional Sale;

2. Pay plaintiffs the sum of P500,000.00 by way of moral and actual damages;
3. Pay plaintiffs the sum of P100,000.00 by way of attorney's fee;
4. Pay plaintiff exemplary damages to such amount as it may deem proper under the premises;
5. Pay the cost of litigation; and

For such other relief and remedies that are just and proper under the circumstance.' (at page 36-37, Rollo)

The case was raffled to Branch 8 of the Regional Trial Court, presided by Judge Santos B. Adiong, hereinafter referred to as the Public Respondent.

In its Answer to the complaint, the Petitioner averred that it declared the "Deed of Conditional Sale" null and void because:

- ` a. There was no full disclosure of facts to the SS Commission;
- b. Violation of the standard operating procedure requiring the conduct of bidding in the sale of an SSS-acquired asset;
- c. Non-compliance with Office procedure requiring two signatories in the Deed of Conditional Sale;
- d. Title to the property has not been consolidated in the name of SSS.' (at page 44, Rollo)

The petitioner assigned Atty. Saidali C. Gandamra, one of its lawyers, in its Regional Office in Cagayan de Oro City, to handle the case and represent the Petitioner before the Public Respondent.

After due proceedings, the Public Respondent promulgated a Decision, dated June 17, 1999, in favor of the Private Respondents and against the Petitioner directing the latter to execute an "Absolute Deed of Sale" over the property in favor of the Private Respondents and ordering the Petitioner to pay the Private Respondents the whopping amount of P12,487,271.00, by way of actual damages or unrealized income, P500,000.00 by way of moral damages and P100,000.00 by way of attorney's fees, the decretal portion of which reads as follows:

` WHEREFORE, premises considered, judgement is hereby rendered in favor of the plaintiffs Marawi-Marantao General Hospital Inc., and Atty. Macapanton K. Mangondato and against defendant Social Security System directing the latter (SSS) to:

1. Execute an Absolute deed of Sale in favor of the plaintiffs Hospital and/or Atty. Macapanton K. Mangondato as stipulated in the aforesaid Deed of Conditional Sale;
2. Pay plaintiffs the sum of P12,487,271.00 by way of actual damages or unrealized income;
3. Pay plaintiffs the sum of P500,000.00 by way of moral damages;
4. Pay plaintiffs the sum of P100,000.00 by way of attorney's fees; and
5. Pay the cost of litigation.' (Annex "D", Petition).

On June 18, 1999, or a day after the Public Respondent promulgated its Decision, the Private Respondents filed a "Motion for Partial Execution", set for hearing, on June 25, 1999, at 8:30 o'clock in the morning. Private Respondents served a copy of said motion on Petitioner, through counsel. During the hearing, on June 25, 1999, the counsel for the Petitioner failed to appear considering that, as of said date, he had not as yet been served with a copy of the Decision of the Public Respondent and a copy of Private Respondents' motion. Nevertheless, the Public Respondent issued an Order, on June 25, 1999, granting Private Respondents' motion upon their posting of a bond in the amount of P1,000,000.00. On the same day, the Public Respondent issued a "Writ of Execution" commanding the Sheriff of Pasay City to cause execution of his Decision on the Petitioner. On the same day, the City Sheriff of Pasay City served a "Notice of Garnishment" on the Philippine National Bank, Roxas Boulevard, Pasay City, garnishing the funds of the Petitioner deposited therein to the extent of P13,415,616.62.

On June 29, 1999, the Petitioner was served with a copy of the Decision of the Public Respondent. On the same day, June 29, 1999, the Public Respondent issued an Order directing the President or Vice President of the Philippine National Bank to release to Private Respondent Macapanton Mangondato, through the Sheriff, the aforesaid amount. On June 29, 1999, the Petitioner filed an "Urgent Motion for Reconsideration and Immediate Stay of Execution" (Annex "E", Petition). On July 6, 1999, the Public Respondent issued a Resolution denying Petitioner's motion (Annex "F", Petition).

The petitioner earlier filed a "Petition for Certiorari", with this Court, entitled and docketed Social Security System versus Hon. Santos B. Adiong, et al., CA-GR. No. 53502-SP for the nullification of the Order and "Writ of Execution" issued by the Public Respondent on June 25, 1999.

On July 9, 1999, the Petitioner filed a "Notice of Appeal" with the Public Respondent (Annex "G", Petition). However, the petitioner failed to indicate, in said "Notice of Appeal", when it received a copy of the Decision of the Public Respondent. On July 12, 1999, the Petitioner filed, with the Public Respondent, an "Amended Notice of Appeal" containing

the material dates when it received a copy of the Decision of the Public Respondent, when it filed its "Motion for Reconsideration" and when it received the Order of the Public Respondent denying said "Motion for Reconsideration". However, the Petitioner, in said "Amended Notice of Appeal" quoted only item No. 1 in the dispositive portion of the Decision of the Public Respondent and placing "xxx-----xxx-----xxx" in lieu of Items Nos. 2, 3, 4 and 5 of the dispositive portion of the Decision appeal from (Annex "H", Petition).

On August 13, 1999, the Private Respondents filed a "Manifestation" with the Public Respondent to the effect that, under the "Amended Notice of Appeal" of the Petitioner, ONLY ITEM NO. 1 OF THE DISPOSITIVE PORTION OF THE DECISION OF THE PUBLIC RESPONDENT was appealed from by the Petitioner and that the Petitioner did not appeal anymore from Items Nos. 2, 3, 4 and 5 of the dispositive portion of the Decision of the Public Respondent because of the closing marks "xxx xxx xxx" following immediately which means "nothing follows". Consequently, items Nos. 2, 3, 4 and 5 of the Decision of the Public Respondent, quoted, *infra*, had become final and executory:

2. Pay plaintiff the sum of P12,487,271.00 by way of actual damages or unrealized income;
3. Pay plaintiffs the sum of P500,000.00 by way of moral damages;
4. Pay plaintiff the sum of P100,000.00 by way of attorney's fees;
5. Pay the cost of litigation.' (at pages 77-78, Rollo.)

The Private Respondents thus prayed that entry of judgment may be made declaring, final and executory, items nos. 2, 3, 4 and 5 of the dispositive portion of the Decision of the Public Respondent and that execution thereof be ordered (Annex "I", Petition). On August 16, 1999, the Public Respondent issued an Order granting the "Manifestation" of the Private Respondents, declared as final and executory that portion of his Decision covering items Nos. 2, 3, 4 and 5 of the Decision of the Public Respondent and ordered execution.

August 16, 1999, the Court of Appeals promulgated a Decision, in CA-G.R. No. 53502-SP, nullifying the aforesaid Order and "Writ of Execution" issued by the Public Respondent (Annex "B", Urgent Motion).

On August 18, 1999, the Private Respondents filed with the Public Respondent a "Motion for Execution" over items Nos. 2, 3, 4 and 5 of the dispositive portion of the Decision of the Public Respondent (Annex "I", Petition). During the hearing of Private Respondents' "Motion for Execution" on August 23, 1999, Atty. Saidali Gandamra, counsel of the Petitioner prayed for time until August 31, 1999 within which to comment on said motion. Public Respondent granted Petitioner's plea and gave it until August 31, 1999 within which to file its "Comment" on Private Respondents' motion. However, the Petitioner failed to file any

"Comment".

In the meantime, the Petitioner, through the Solicitor General, filed a "Manifestation" with the Public Respondent to the effect that the Petitioner, having perfected its appeal from the Decision of the Public Respondent, the latter had no more jurisdiction to grant relief to the Private Respondent on their "Motion for Execution" and that it was going to file a "Petition for Certiorari" with this Court (Annex "2", Comment)

On September 1, 1999, the Petitioner filed a "Petition for Certiorari" against the Respondents, with this Court, for the nullification of the Order of Public Respondent (Annex "A" of the Petition) on the ground that the Public Respondent issued the same with grave abuse of his discretion amounting to excess or lack of jurisdiction and, hence, correctable by *cert wit*. The Petitioner answers, in its Petition, that nowhere in its "Amended Notice of Appeal", did it declare that it was appealing only from item No. 1 of the dispositive portion of the Decision of Public Respondent and was no longer appealing from Items Nos. 2, 3, 4 and 5 of said Decision. When the Petitioner filed its "Amended Notice of Appeal", the Public Respondent was already divested of jurisdiction to grant relief under Private Respondents' "Motion for Execution".

On September 1, 1999, the Public Respondent issued an Order granting Private Respondents' "Motion for Execution" (Annex "A", Memorandum of Petition). On the same day, the Public Respondent issued a "Writ of Execution" (Annex "B", supra, idem). The Private Respondents filed, with the Public Respondent, an "Ex Parte Motion to Release Amount Subject of Writ of Execution", dated September 1, 1999. On September 2, 1999, the Public Respondent issued an Order granting Private Respondents' motion (Annex "C", idem, supra). On September 3, 1999, the Sheriff issued a "Notice of Garnishment" notifying the President or Vice President for Legal Affairs of the Philippine National Bank, Roxas Boulevard, Pasay City, of the levy of the monies of the Petitioner with said Bank in the amount of P13,415,616.62 (Annex "E", idem, supra). On September 9, 1999, the Sheriff filed with the Philippine National Bank an "Order of Delivery of Money" for the amount of P13,415,616.62 (Annex "F", idem, supra). On September 11, 1999, the Public Respondent issued an Order directing the Chief Legal Counsel of the Philippine National Bank and the Branch Manager of the Diliman Branch of the said Bank to release the aforesaid amount within forty-eight (48) hours from notice thereof otherwise they may be cited for contempt of Court (Annex "D", idem, supra).

On September 10, 1999, We promulgated a Resolution granting Petitioner's plea for a temporary restraining order and directing the Private Respondents to file their "Comment" on the Petition (at page 109, Rollo). The Private Respondents received a copy of said Resolution on September 17, 1999 and filed, forthwith, their "Comment" on the Petition."^[2]

On November 29, 1999, the Court of Appeals gave due course to the petition filed by the SSS and nullified and set aside the orders of the RTC; hence this petition where the petitioners raise the following issues: