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SECOND DIVISION

[G.R. No. 120739, July 20, 2000]

PHILIPPINE COMMERCIAL AND INDUSTRIAL BANK (PCIBANK), PETITIONER, VS. COURT OF APPEALS, SPOUSES SEGUNDO MARAVILLA AND FEBE MARAVILLA, RESPONDENTS.

D E C I S I O N

QUISUMBING, J.:

This petition for review seeks to set aside the decision of the Court of Appeals, dated October 28, 1994, in CA-G.R. SP No. 31816. The challenged decision annulled and set aside the orders of the Regional Trial Court, Himamaylan, Negros Occidental, Branch 55, dated June 2, 1993 and July 19, 1993, for having been issued with grave abuse of discretion amounting to lack or excess of jurisdiction. Petitioner PCIBank likewise assails the subsequent resolution denying its motion for reconsideration.

The factual antecedents of this case are as follows:

On July 30 1979, herein private respondents, Segundo and Febe Maravilla, filed Civil Case No. 1221 for damages in the Regional Trial Court of Himamaylan, Negros Occidental against PCIBank. On December 29, 1987, said spouses were able to secure a favorable judgment and the trial court ordered PCIBank, to pay them P326,470.38 plus interest thereon as actual damages, P50,000.00 as moral damages, P20,000.00 as exemplary damages, and to pay the costs of suit. PCIBank seasonably appealed the trial court's judgment to the appellate court in CA-G.R. CV No. 17467, but on December 20, 1989 the Court of Appeals affirmed *in toto* the judgment appealed from.

PCIBank then filed a petition for review on certiorari with this Court. But the petition, docketed as G.R. No. L-91689, was dismissed for having been filed out of time. The trial court's judgment then became final and executory. The enforcement of the judgment, however, was stalled because PCIBank refused to pay the 12% *per annum* interest rate imposed by the trial court. PCIBank insisted that it was liable only for 6% annual interest. To resolve this conflict, the lower court, in its order dated February 6, 1991, reduced the computed interest to 6% *per annum.* The Maravillas moved for reconsideration of this order, but their motion was denied. They appealed the lower court's order to the Court of Appeals in CA-G.R. CV No. 32983. On May 29, 1992, the appellate court decided the appeal in their favor, disposing as follows:

> "ACCORDINGLY, in view of the foregoing disquisition, the Orders of the trial court dated February 6, 1991 and March 27, 1991 are hereby REVERSED and SET ASIDE and a new one is rendered in favor of the plaintiffs-appellants, ordering as follows:
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> "1. The amount of P239,375.56 representing ten (10) checks which

plaintiffs-appellants tendered for deposit with the savings account, be imposed twelve percent (12%) interest, pursuant to Central Bank Circular No. 416;

"2. The interest assessed on the actual damages awarded be further imposed legal rate of interest of 12% per annum, pursuant to the provision of Article 2212 of the New Civil Code;

"3. The payments already made by defendant-appellee be adjudged as satisfaction first of the interest, then of the principal, pursuant to the provision of Article 1253 of the New Civil Code; and

"4. The defendant-appellee should pay the costs.

"SO ORDERED."[1]

PCIBank then filed with the trial court a Motion for Clarification and/or Recomputation" of the sum owing to the Maravilla spouses. The bank insisted that as per its computations, it owed the spouses P411,401.67,[2] insisting that the 12% interest provided for in the *fallo* of the decision in CA-G.R. CV No. 32983 should not be compounded since the decision did not provide for the same. The couple, however, in their comment on the said motion, submitted their own computations, showing that as of January 29, 1993, the principal owing them plus the 12% annual interest on said principal already amounted to P818,259.90 to which should be added the sum of P121,102.85 representing the total interest of 12% on yearly interest on principal amounts or a total of P939,362.75.[3]

On June 2, 1993, the trial court issued an order stating that the remaining liability of PCIBank to the Maravillas totaled P437,726.60, as of May 31, 1993.[4] In compliance with this order, PCIBank tendered to the lower court the sum of P437,726.60. The couple moved for reconsideration of said order. On June 28, 1993, they moved to withdraw the deposit, expressly reserving, however, their right to appeal should their motion for reconsideration be denied. On July 19, 1993, the trial court denied said motion for failure of the motion to contain a notice of hearing and declared its order of June 2, 1993 final and executory.

On August 12, 1993, the Maravilla spouses filed a special civil action for *certiorari* with the Court of Appeals, docketed as CA-G.R. SP No. 31816. They alleged that in issuing the questioned order of July 19, 1993, the trial court acted with grave abuse of discretion amounting to want of jurisdiction since it deprived them of recourse to the more convenient and inexpensive remedy of appeal.

On October 28, 1994, the appellate court disposed of CA-G.R. SP No. 31816 as follows:

"ACCORDINGLY, the petition for certiorari is hereby GRANTED. The Orders of June 2, 1993 and July 19, 1993 are ANNULLED and SET ASIDE. Let therefore judgment be rendered declaring the interest assessed on the actual damages of P326,470.38 in this case as well as the interest further imposed on the interest thereon, be compounded and capitalized periodically as they fall due until fully paid to petitioners. We make no pronouncement as to costs.

"SO ORDERED."[5]

On December 15, 1994, PCIBank moved for reconsideration, but the appellate court denied said motion.

Hence, the instant case. Petitioner PCIBank now avers as grounds for allowance of its petition the following alleged errors:

> 1. RESPONDENT HONORABLE COURT OF APPEALS ERRED LEGALLY IN GRANTING PRIVATE RESPONDENTS' PETITION FOR CERTIORARI UNDER RULE 65 ALTHOUGH THE SAME IS CONTRARY TO EXISTING JURISPRUDENCE ON THE MATTER.
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> 2. RESPONDENT HONORABLE COURT OF APPEALS ERRED IN FINDING THAT THERE WAS GRAVE ABUSE OF DISCRETION WHEN THE LOWER COURT ISSUED ITS ORDERS DATED JUNE 2, 1993 AND JULY 19, 1993.
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> 3. RESPONDENT HONORABLE COURT OF APPEALS COMMITTED GRAVE ABUSE OF DISCRETION WHEN IT RESURRECTED ITS OWN DECISION WHICH BECAME FINAL AND EXECUTORY AS EARLY AS JUNE 28, 1992 BY SUPPLEMENTING AND DECLARING THAT THE INTEREST SHOULD BE COMPOUNDED AND CAPITALIZED PERIODICALLY WHEN NO SUCH MENTION WAS MADE IN THE ORIGINAL DISPOSITIVE PORTION.

Petitioner submits that the first two foregoing grounds are interrelated and should be discussed jointly.

Briefly, we find that the issues for our resolution are: (1) Did the appellate court commit a reversible error of law in granting the writ of certiorari? and (2) Did said court err in amending its decision which had already become final and executory?

To resolve the issue of whether the writ of *certiorari* was proper, we must consider whether or not the trial court gravely abused its discretion in denying private respondents' motion for reconsideration of its order dated June 2, 1993. For certiorari to lie, it must be shown that the tribunal, board, or officer exercising judicial functions acted without or in excess of jurisdiction or with grave discretion amounting to lack or excess of jurisdiction and that there is no appeal nor any plain, speedy and adequate remedy in the ordinary course of law for the purpose of amending or nullifying the proceeding.[6]

The records of the present case clearly reveal that the motion for reconsideration filed by the private respondents lacks the requisite notice of hearing.[7]

The law on the matter is clear. The rules on procedure explicitly require that notice of a motion shall be served by the applicant to all parties concerned at least three days before the hearing thereof together with a copy of the motion, and of any affidavits and other papers accompanying it,[8] and that the notice shall be directed to the parties concerned, stating the time and place for hearing the motion.[9] This requirement of notice of hearing equally applies to a motion for reconsideration.[10] We have invariably held that a motion without notice of hearing is a mere scrap of