

SECOND DIVISION

[G.R. No. 164886, November 24, 2009]

**JOSE FELICIANO LOY, JR., RAYMUNDO HIPOLITO III, AND
EDGARDO RIDAO, PETITIONERS, VS. SAN MIGUEL
CORPORATION EMPLOYEES UNION-PHILIPPINE TRANSPORT
AND GENERAL WORKERS ORGANIZATION (SMCEU-PTGWO), AND
AS REPRESENTED BY ITS PRESIDENT MA. PILAR B. AQUINO AND
SAN MIGUEL CORPORATION CREDIT COOPERATIVE, INC., AS
REPRESENTED BY ITS PRESIDENT DANIEL BORBON,
RESPONDENTS.**

D E C I S I O N

DEL CASTILLO, J.:

Summary judgments are sanctioned by the Rules of Court as a device to simplify and expedite the resolution of cases when, as shown by pleadings, affidavits, depositions or admissions on the records, there are no genuine issues which would entail an expensive, lengthy and protracted trial. However, if there is a genuine issue of material fact which calls for the presentation of evidence, resort to summary judgment would not be proper. Stated otherwise, if there exists an issue of fact, the motion for summary judgment should be denied.

The instant case is not ripe for summary judgment because the determination of the amount of reasonable attorney's fees requires presentation of evidence and a full-blown trial.

This Petition for Review on *Certiorari*^[1] assails the Decision^[2] dated September 29, 2003 of the Court of Appeals in CA-G.R. CV No. 66261. The Court of Appeals nullified the Decision^[3] rendered by the Regional Trial Court (RTC) of Manila, Branch 53, in Civil Case No. 93-67275, which granted the motion for summary judgment and ordered the release of the P3 million garnished funds in favor of petitioners Jose Feliciano Loy, Jr. (Loy, Jr.), Raymundo Hipolito III (Hipolito III) and Edgardo Ridao (Ridao), as payment for their claim for attorney's fees.

Petitioners' Factual Allegations

Petitioners filed a Complaint with Application for Preliminary Attachment^[4] for the collection of unpaid attorney's fees for the legal services they rendered to respondent San Miguel Corporation Employees Union - Philippine Transport and General Workers Organization (SMCEU-PTGWO), herein referred to as the Union. Also impleaded as defendants in said complaint were Raymundo Hipolito, Jr. (Hipolito, Jr.), Efren Carreon (Carreon), Josefina Tongol (Tongol) and Pablo Dee (Dee), who were then the President, Vice-President, Treasurer and Auditor of the Union, respectively.

Petitioners averred that they acted as counsel for the Union in the negotiations of the 1992-1995 Collective Bargaining Agreement (CBA) between the management of three corporations (San Miguel Corporation, Magnolia Corporation and San Miguel Foods, Incorporated) and the Union. They claimed that the legal services they rendered to the Union amounted to at least P3 million. In support of their claim, petitioners presented Board Resolution No. 93-02-28^[5] allegedly issued by the Union's Board of Directors on February 27, 1993 where it was allegedly resolved that herein petitioners are entitled to 5% attorney's fees based on the 10% assessment fee collected from union members and 10% agency fee collected from non-union members. Petitioners also alleged that pending resolution of the case, they are entitled to the protection of attachment of some of the Union's properties.

On August 24, 1993, the RTC issued an Order^[6] attaching all the properties of the Union.

Respondents' Factual Allegations

The Union, Carreon and Tongol filed a Motion to Discharge Writ of Attachment and Dismiss Complaint.^[7] They alleged that Board Resolution No. 93-02-28 was not validly passed by the Union's Board or ratified by the Union's general membership. Carreon also alleged that no demand to pay attorney's fees was made to the Union or any of the defendants and that petitioners had already been paid for their services.

On the other hand, defendants Hipolito, Jr. and Dee filed an Answer with Cross-Claim.^[8] They admitted that demand was made for the Union to pay attorney's fees and that the Union was liable therefor. They, however, denied any personal liability over the same. They also claimed that Carreon and Tongol have absconded with the Union's money. Thus, by way of cross-claim, Hipolito, Jr. and Dee prayed that Carreon and Tongol be ordered to indemnify them in the event they shall be adjudged personally liable to pay petitioners.

By way of Reply with Counterclaim (to Answer with Cross Claim),^[9] Carreon and Tongol denied the allegations against them and reiterated their position regarding the defective board resolution.

Proceedings before the Regional Trial Court

On January 3, 1994, the RTC denied the Motion to Discharge Writ of Attachment and Dismiss Complaint.^[10] In its Order dated January 4, 1994,^[11] the RTC ordered the garnishees - San Miguel Corporation, Magnolia Corporation, San Miguel Foods, Inc., and United Coconut Planters Bank (UCPB) - to deliver the garnished funds to the Clerk of Court, RTC-Manila. Meanwhile, San Miguel Corporation Credit Cooperative, Inc. (Credit Cooperative) moved to intervene in the case claiming that the garnished funds included cooperative dues, the seed capital of which appears to have come from the union funds. In its Answer in Intervention,^[12] the Credit Cooperative prayed for the lifting of the garnishment of its funds, arguing that said funds do not belong to or are owned by the Union but actually came from the individual share capital of its members.

On September 29, 1994, a Compromise Agreement^[13] was entered into by petitioners and Hipolito, Jr., the latter acting in his capacity as President of the Union and obligating the Union to pay petitioners' claim for attorney's fees in the reduced amount of P1.5 million. This Compromise Agreement, although initially approved by the RTC, was later on invalidated and set aside by the trial court on the ground of irregularities surrounding its execution.^[14]

The case was then set for pre-trial conference.

Meanwhile, in a local union election of officers held on August 21,

1996, Ma. Pilar B. Aquino (Aquino) and Marcial A. Frisnedi (Frisnedi) were elected as the President and Vice-President, respectively. As newly elected officers of the Union, they filed a Motion for Substitution/Intervention,^[15] which was granted in an Order of the RTC dated May 7, 1997.^[16] The RTC also allowed the Union, under its new set of officers, to amend its answer to the complaint. As a result, an Answer with Counterclaim^[17] was filed on September 29, 1997.

The RTC ordered the garnished funds of the Union in the amount of P3 million to be deposited with the Philippine National Bank.^[18] On May 6, 1999, the trial court denied the Union's motion to resume pre-trial and instead, set the trial of the case on June 17, July 1 and 15, 1999.^[19]

However, on June 16, 1999, petitioners filed a Motion for Summary Judgment.^[20] They averred that the case was ripe for Summary Judgment because there was a judicial admission that legal services were indeed rendered which resulted to the benefits enjoyed by the workers in the 1992-1995 CBA.

The Union opposed the motion arguing that it only admitted the allegation in the complaint insofar as the benefits enjoyed by the workers in the 1992-1995 CBA are concerned but not the legal services allegedly rendered by petitioners. Further, it alleged that the amount claimed as attorney's fees was unconscionable.

On September 14, 1999, the trial court rendered its Decision granting the motion for summary judgment. It held that the case was ripe for summary judgment in view of the Union's admission, through Hipolito, Jr., of its monetary obligation to petitioners in the amount of P3 million for the legal services they rendered. The dispositive portion of the Decision reads:

WHEREFORE, premises considered, the Motion for Summary Judgment is granted and judgment is hereby rendered in favor of the plaintiffs as alleged in their complaint.

The PNB, Escolta Branch, is therefore ordered to release immediately the Three Million Pesos (P3,000,000.00) garnished funds in the name of Regional Trial Court of Manila, Branch 53, in connection with Civil Case No. 93-67275 in favor of herein plaintiffs, in compliance with this judgment.

SO ORDERED.^[21]

Proceedings before the Court of Appeals

The Union appealed to the Court of Appeals which rendered the assailed September 29, 2003 Decision,^[22] nullifying the RTC's Decision and remanding the case to the trial court for further proceedings. The appellate court noted that in the amended answer, the Union denied the legal services which petitioners claimed to have been rendered. It was also alleged therein that Hipolito, Jr. fraudulently executed the compromise agreement where he acceded, allegedly on behalf of the Union, to pay the reduced amount of P1.5 million as attorney's fees. Moreover, it was claimed that Board Resolution No. 93-02-28 was not validly acted upon by the Board or ratified by the general membership of the Union. The P3 million attorney's fees was also described as unconscionable. Finally, the intervenor Credit Cooperative denied that the Union owned the funds that were garnished. As found by the Court of Appeals, these were issues which required the presentation of evidence and which could only be resolved through full-blown trial and proceedings.

The dispositive portion of the Decision of the Court of Appeals reads:

WHEREFORE, finding merit in the appeal, the assailed decision of September 14, 1999 is NULLIFIED and SET ASIDE. Let the records be remanded to the court *a quo* for further proceedings.

SO ORDERED.^[23]

Petitioners filed a motion for reconsideration but it was denied.

Issues

Hence, this petition anchored on the following grounds:

THE HONORABLE COURT OF APPEALS HAS DECIDED THE CASE CONTRARY TO LAW ON SUMMARY JUDGMENT AND TOTALLY IGNORING THE TWO (2) APPLICABLE AND SIMILAR DECISION^[24] AND RESOLUTION^[25] OF THE HONORABLE SUPREME COURT INVOLVING THE SAME PARTIES, SAME ISSUES AND/OR SAME INCIDENT.

THE HONORABLE COURT OF APPEALS ERRONEOUSLY RECOGNIZED INTERVENOR-RESPONDENT SAN MIGUEL CORPORATION EMPLOYEES CREDIT COOPERATIVE INC., CONTRARY TO LAW UNDER ARTICLE 242 (D) AND (F) OF THE LABOR CODE, AS AMENDED AND WHOSE IDENTITY TO BE THAT OF THE DEFENDANT UNION HAD ALREADY BEEN FINALLY RULED BY THE COURT A QUO.^[26]

Petitioners contend that there are no genuine issues necessitating a full-blown trial

in view of the Answer with Cross-Claim^[27] filed by Hipolito, Jr. and Dee, which essentially admitted all the allegations of the complaint. They argue that the Court of Appeals erred in holding that the Answer with Cross-Claim was superseded and replaced by the Amended Answer with Counterclaim^[28] filed by the Union through its new set of officers in 1997. They allege that their right to be compensated for their legal services and the reasonableness of the amount of their claim were already heard, tried and upheld in *Hipolito, Jr. v. Ferrer-Calleja*^[29] and *Aquino and Frisnedi v. Atty. Raymundo Hipolito III.* ^[30] Therefore, the controversy cannot anymore be heard again on the theory of conclusiveness of judgment. Finally, they claim that the Credit Cooperative has no *locus standi* before the Court of Appeals and this Court since it did not appeal from the RTC's Decision as well as the RTC's Order^[31] declaring that its funds were part of union funds and were, therefore, properly garnished. Hence, the Court of Appeals should not have remanded the case to the RTC but instead affirmed the September 14, 1999 Decision.

Our Ruling

The petition is partially meritorious.

The Answer with Counterclaim filed by Aquino and Frisnedi merely supplemented the Answer with Cross-Claim filed by Hipolito, Jr. and Dee; it cannot be deemed to have replaced the same.

The voluminous records of this case disclose that on September 23, 1993, an Answer with Cross-Claim^[32] essentially admitting all the allegations of the Complaint^[33] was filed by defendants Hipolito, Jr. and Dee, as incumbent officers of the Union. Four years later, or on September 29, 1997, another Answer with Counterclaim^[34] was filed by the Union through its new set of officers. Petitioners contend that it was error for the Court of Appeals to consider the first answer as expunged by the subsequent answer filed by the new Union officers. In refutation, respondent Union asserts that the former answer has been superseded by its amended answer, which disputes the material allegations of the complaint.

On this point, we agree with petitioners' contention that the first answer cannot be deemed to have been replaced by the subsequent answer filed by the new Union officers. Pleadings are amended in order to allege facts which occurred prior to the filing of the original pleading. An amended pleading supersedes the pleading that it amends.^[35] In the case at bar, the subsequent answer could neither validly amend the first answer nor result in the withdrawal of the latter. It is to be noted that the new Union officers, upon their election, moved for their intervention and substitution on the premise that they became the real party in interest since the defendants in the case have ceased to be the legal representatives of the Union. Certainly, their election as new officers is an occurrence which arose after the filing of the first answer. Hence, the purported amended answer should have been designated as a supplemental answer. A supplemental pleading states the transactions, occurrences or events which took place since the time the pleading sought to be supplemented was filed.^[36] A supplemental pleading is meant to supply deficiencies in aid of the original pleading and not to dispense with or substitute the latter. It does not supersede the original, but assumes that the original pleading is to stand.^[37] As