

SECOND DIVISION

[G.R. No. 199308, June 19, 2019]

**RIZAL COMMERCIAL BANKING CORPORATION, PETITIONER, VS.
PLAST-PRINT* INDUSTRIES INC., AND REYNALDO** C. DEQUITO,
RESPONDENTS.**

DECISION

CAGUIOA, J:

The Case

This is a Petition for Review on *Certiorari*^[1] (Petition) filed under Rule 45 of the Rules of Court against the Decision^[2] dated May 31, 2011 (assailed Decision) and Resolution^[3] dated November 9, 2011 (assailed Resolution) in CA-G.R. CV No. 89431 rendered by the Court of Appeals (CA).

The assailed Decision and Resolution stem from an appeal assailing the Decision^[4] dated May 17, 2006 rendered by the Regional Trial Court (RTC) of Antipolo City, Branch 74 in Civil Case No. 00-5875:

1. Ordering the Register of Deeds of Rizal Province (RD) to cancel the Certificate of Sale annotated on Transfer Certificate of Title (TCT) Nos. 499643, 617967, 597336, 597337 and 621037; and
2. Directing petitioner Rizal Commercial Banking Corporation (RCBC) to (i) make an accounting and re-computation of all previous payments made by respondent Plast-Print Industries, Inc. (Plast-Print) in connection with its financial accommodations with RCBC; and (ii) pay Plast-Print and its Vice-President for Operations, Reynaldo Dequito (Dequito) P200,000.00 as attorney's fees and the costs of suit.

The Facts

The undisputed facts, as narrated by the CA, are as follows:

[Plast-Print] applied for credit facilities with [RCBC] in order to have a bigger working capital and for expansion. The following credit facilities were provided to Plast-Print: a.) Secured (A) Term Loan for [P]6.65 Million; b.) Secured (C) Loan Line for [P]4.49 Million; and c.) Import/Domestic [Letters of Credit with Trust Receipts (LC/TR)] Line for [P]2 Million. **The foregoing credit facilities were secured by, among others, a real estate mortgage over properties covered by TCT Nos. 499643, 617967, 597336, 597337, 621037, 59286 and PT-91458.** Plast-Print availed of the said credit facilities by way of promissory notes [PN] with the following details:

| Date | [PN] No. | Amount (in Philippine Pesos) | Due Date (month/day/year) | Interest % |
|------|----------|------------------------------------|------------------------------|---------------|
|------|----------|------------------------------------|------------------------------|---------------|

| | | | | (Per annum) |
|---------------------|---------|--------------|---------------------|-------------|
| [January 11, 1995] | 153-95 | 4,490,000.00 | [January 11, 2000] | 15 |
| [January 16, 1995] | 185-95 | 3,000,000.00 | on demand | 15 |
| [February 9, 1995] | 465-95 | 1,000,000.00 | on demand | 15.5 |
| [February 13, 1995] | 514-95 | 4,490,000.00 | [February 13, 2000] | 13.25 |
| [March 27, 1995] | 951-95 | 2,000,000.00 | [March 27, 2000] | 13.51 |
| [April 5, 1995] | 1058-95 | 490,000.00 | on demand | 25 |

Plast-Print also obtained an additional loan by availing of the LC/TR Line x x x amounting to [P2 Million]. Plast-Print, thus, had a total principal loan obligation in the amount of [P] 12,980,000.00.

Plast-Print failed to pay its past due obligations and interest under [PN] Nos. 514-95, 951-95, 185-95, 465-95 and the LC/TR. RCBC, therefore, sent a letter dated July 31, 1997 to Plast-Print, demanding that the latter settle its account with a warning that the former will be constrained to proceed with the appropriate legal action if the latter fails to fully settle its account. Statements of [account] were sent to Plast-Print, reflecting the outstanding obligations it had.

Plast-Print acknowledged its obligation in a letter dated August 7, 1997, but stated that based on its records, its outstanding balance was [P]661,564.45 and as such, it was "not certain if there were any previous applications to [its] loans that were not transmitted to [its] office x x x [and would] appreciate any reconciliation to rectify the matter of x x x its payments."

Plast-Print and RCBC met on October 9, 1997 to reconcile all of the former's payments. The parties reconciled their accounts and records and they confirmed that all statements of [account] sent to Plast-Print were correct, except for three applications of payments for: a.) RCBC Check No. 21412 for [P843.177.78]; b.) RCBC Check No. 21413 for P835.733.33]; and c.) OR No. 107556 for [P335.782.22]. Later, RCBC wrote to Plast-Print, explaining the applications of payment of RCBC Check Nos. 21412 and 21413 and the cash payment evidenced by OR No. 107556. RCBC Check Nos. 21412 and 21413 were returned checks[,] while OR No. 107556 was determined to be a replacement for returned UCPB Check No. 127374. **Plast-Print, however, still failed to settle its obligations.**

Plast-Print offered to restructure its obligations and RCBC agreed on the condition that the former [immediately] pay [P]4,000,000.00. Two post-dated checks for [P]2,000,000.00 each was issued by Plast-Print, of which one was dishonored. **A [written] demand^[5] was, hence, made to Plast-Print for the payment of its obligations which amounted to [P] 13,452,372.85 as of October 10, 1997 [within five days from receipt thereof],^[6] but no payment was made.^[7]** (Emphasis supplied)

RCBC's petitions for extra-judicial foreclosure

On May 4, 1998, RCBC filed with the RTC separate petitions for extra-judicial foreclosure of properties mortgaged in its favor.^[8]

On November 12, 1998, some properties covered by Plast-Print's real estate mortgage (REM) were sold in a public auction,^[9] where RCBC emerged as highest bidder. It appears that a second public auction for the remaining properties covered by said REM^[10] was subsequently scheduled on November 30, 1998.^[11]

Plast-Print's petition for suspension of payments

Unknown to RCBC, Plast-Print had filed before the Securities and Exchange Commission (SEC) a petition for suspension of payments (SEC Petition) on October 5, 1998.^[12]

Thus, on November 16, 1998, the SEC ordered a 30-day suspension of all payments due Plast-Print's creditors. Consequently, the second public auction scheduled on November 30, 1998 did not push through.^[13]

Following the filing of the SEC Petition, negotiations between and among Plast-Print and its creditors ensued. These negotiations led to the execution of a Restructuring Agreement^[14] dated June 25, 1999 (Restructuring Agreement), which was subsequently approved by the SEC in its Order dated July 22, 1999 (SEC Order).^[15]

Under the Restructuring Agreement, Plast-Print acknowledged its indebtedness to RCBC in the amount of P11,216,178.22 as of December 31, 1998. In this regard, Plast-Print bound itself to pay said obligation within a term of six years, with grace periods of one year and two years for interest and principal payments, respectively.^[16] For this purpose, Plast-Print executed in favor of RCBC a non-negotiable promissory note in the amount of P11,216,178.22, due on December 31, 2004. It appears, however, that Plast-Print still failed to settle its obligations with RCBC as agreed. Thus, on August 21, 2000, Plast-Print negotiated for yet another moratorium on its overdue payments, but RCBC no longer acceded.^[17]

Plast-Print's RTC Complaint

A day after RCBC denied its plea for another moratorium, Plast-Print and Dequito filed before the RTC a Complaint^[18] for accounting, cancellation of bid price and sheriffs Certificate of Sale, injunction and damages (RTC Complaint) against RCBC.

In sum, the RTC Complaint alleged that Plast-Print made several payments in favor of RCBC amounting to P5,506,152.00 which were not applied to its Statement of Account, thus prompting it to request for a reconciliation and re-accounting of its outstanding obligations.^[19] On this score, Plast-Print claims that it was alarmed when it received a Notice of Sheriffs Sale on May 5, 1998 indicating that its total outstanding obligations with RCBC already reached the sum of P9,021,161.24 as of October 10, 1997.^[20]

In response, RCBC filed a Motion to Dismiss^[21] alleging that: (i) the RTC lacks jurisdiction in view of the pending SEC Petition; (ii) the RTC Complaint had been supported by a defective certification against forum shopping (iii) Plast-Print and Dequito

are guilty of forum shopping; and (iv) the RTC Complaint is barred by a prior judgment, in view of the SEC Order approving the Restructuring Agreement.^[22]

The RTC denied said motion in its Order^[23] dated April 16, 2001 (RTC Order). RCBC's subsequent motion for reconsideration was also denied.

Aggrieved, RCBC filed a petition for *certiorari* (RCBC's petition for *certiorari*) before the CA praying for the annulment of the RTC Order. This petition, however, was dismissed for lack of merit. RCBC no longer sought reconsideration, rendering the dismissal final.^[24]

Meanwhile, in RCBC's Answer *Ad Cautelam*^[25] to the RTC Complaint, RCBC reiterated the grounds raised in its Motion to Dismiss, and in addition, argued that the RTC Complaint is barred not only by prior judgment, but also by estoppel and laches.^[26]

On May 17, 2006, the RTC issued a Decision in favor of Plast-Print and Dequito. The dispositive portion of said Decision reads:

WHEREFORE, premises considered, the injunction issued in this case is made permanent and judgment is hereby rendered in favor of [Plast-Print and Dequito] and against [RCBC] ordering x x x:

1) the Register of Deeds of Rizal Province to cancel the Certificate of Sale annotated [on TCT] Nos. 499643, 617967, 597336, 597337 and 621037 as said sale is hereby declared null and void and of no further force and effect;

2) [RCBC] to:

a) make an accounting and re-computation of the payments made by [Plast-Print] applying the same on the date and notes applied for[;]

b) to pay [Plast-Print and Dequito] the sum of TWO HUNDRED THOUSAND PESOS ([P]200,000.00) as for (*sic*) attorney's fees; and

[c)] [to pay] the cost (*sic*) of suit. SO ORDERED.^[27]

In essence, the RTC found that RCBC failed to establish how Plast-Print's previous payments were applied to its outstanding obligations. Since Plast-Print was "kept in the dark", the RTC directed RCBC to render an accounting and re-computation of Plast-Print's outstanding obligations. In this connection, the RTC ruled that the foreclosure of Plast-Print's mortgaged properties should be "deemed premature."^[28]

RCBC's Appeal

Aggrieved, RCBC filed its Notice of Appeal before the RTC and paid the required fees.^[29] The RTC gave due course to RCBC's appeal, which, in turn, assigned the following errors:

(1)

THE [RTC] ERRED IN FINDING THAT [PLAST-PRINT AND DEQUITO] WERE

KEPT IN THE DARK AS TO THE APPLICATION OF PAYMENTS.

(2)

THE [RTC] ERRED IN RULING THAT [PLAST-PRINT AND DEQUITO] ARE NOT GUILTY OF FORUM SHOPPING, NOT BARRED BY PRIOR JUDGMENT AND THAT IT [HAD] JURISDICTION OVER THE SUBJECT-MATTER OF THE CASE.

(3)

THE [RTC] ERRED IN DISMISSING THE COUNTERCLAIMS AND IN ORDERING [RCBC] TO PAY [PLAST-PRINT AND DEQUITO] ATTORNEY'S FEES AND THE COST OF SUIT.^[30]

On May 31, 2011, the CA issued the assailed Decision, the dispositive portion of which reads:

WHEREFORE, premises considered, the Decision of the [RTC] of Antipolo City, Branch 74, in Civil Case No. 00-5875 is **AFFIRMED**.

SO ORDERED.^[31]

With regard to RCBC's first assigned error, the CA held that while RCBC's account officer Ramon Doblado's testimony revealed that Plast-Print was indeed notified of the total amount of its indebtedness, such testimony failed to establish that RCBC had also apprised Plast-Print of how its initial payments had been applied against its outstanding obligations.^[32]

Further, the CA held that RCBC is precluded from raising its second assigned error, as it had already been resolved by the CA with finality when it denied RCBC's petition for *certiorari*. In any case, the CA emphasized that the SEC Petition does not preclude the RTC from taking cognizance of the RTC Complaint, since the latter involves an action for annulment of real estate mortgage and foreclosure sale — an ordinary civil suit beyond the jurisdiction of the SEC.^[33]

Proceeding therefrom, the CA held that RCBC's claims for damages, attorney's fees and litigation expenses lack basis.^[34]

RCBC filed a motion for reconsideration, which was denied by the CA through the assailed Resolution.^[35]

Based on the records, RCBC received the assailed Resolution on November 17, 2011.^[36]

On December 2, 2011, RCBC filed a motion for extension, seeking an additional period of thirty (30) days from December 2, 2011, or until January 1, 2012, within which to file its petition for review on *certiorari*.^[37]

RCBC filed the present Petition on January 2, 2012,^[38] January 1, 2012 being concurrently a Sunday and a holiday.

Here, RCBC argues that Plast-Print and Dequito are barred from proceeding with the RTC Complaint on the basis of *res judicata*. Owing to the doctrine of judicial stability, RCBC claims that the SEC Order approving the Restructuring Agreement constitutes a prior