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THIRD DIVISION

[G.R. No. 193065, February 27, 2012]

DEUTSCHE BANK AG, PETITIONER, VS. COURT OF APPEALS AND STEEL CORPORATION OF THE PHILIPPINES, RESPONDENTS.

D E C I S I O N

MENDOZA, J.:

This is a petition for certiorari under Rule 65 of the 1997 Rules of Civil Procedure assailing the March 12, 2010[1] and July 19, 2010[2] Resolutions of the Court of Appeals (CA) in CA-G.R. SP No. 111556 entitled "*Deutsche Bank AG v. Hon. Judge Albert A. Kalalo and Steel Corporation of the Philippines*" (Deutsche Bank AG Petition) for having been issued without jurisdiction or with grave abuse of discretion amounting to lack or excess of jurisdiction, insofar as they ordered the consolidation of the Deutsche Bank AG Petition with another case earlier filed and docketed as CA-G.R. SP No. 107535 entitled "*Vitarich Corporation v. Judge Danilo Manalastas*" (*Vitarich Petition*) on the ground that the two cases involve a common question of law.

THE FACTS

Private respondent Steel Corporation of the Philippines (*SteelCorp*) is a domestic corporation organized and existing under the laws of the Philippines with principal place of business in Munting Tubig, Balayan, Batangas. It is engaged in the business of manufacturing and distribution of cold-rolled, galvanized and pre-painted steel sheets and coils.

On December 7, 1995, SteelCorp, as borrower, entered into a loan agreement[3] with a consortium of lending banks and other financial institutions for the purpose of partially financing the construction of its integrated steel mill project. One of the participating lenders was Rizal Commercial Banking Corporation (*RCBC*).

SteelCorp failed to pay its loan obligations as they fell due. Thus, on September 11, 2006, Equitable PCI Bank, Inc. (now Banco de Oro) filed a creditor-initiated petition to place SteelCorp under corporate rehabilitation before the Regional Trial Court of Batangas, Branch 2, which was subsequently raffled to Branch 4 (*RTC-Batangas*). This case was docketed as Spec. Proc. No. 06-7993.[4]

In its Decision[5] dated December 3, 2007, the RTC-Batangas approved the proposed Rehabilitation Plan and ordered the parties to comply strictly with the provisions of the approved Rehabilitation Plan.

In February 2008 and during the pendency of the proceedings before the RTC-Batangas, RCBC and petitioner Deutsche Bank AG entered into a deed of

assignment,[6] wherein the former assigned to the latter all of its rights, obligations, title to, and interest in, the loans which it had extended to SteelCorp in the aggregate outstanding principal amount of P94,412,862.58.

SteelCorp was duly informed of the said assignment through the Notice of Transfer[7] sent to it by RCBC.

Through its Entry of Appearance with Motion for Substitution of Parties[8] dated May 2, 2008, Deutsche Bank AG informed the RTC-Batangas of the said transfer and assignment of the loan obligations.

The RTC-Batangas, upon the motion of SteelCorp, issued its Order dated October 28, 2009, directing the assignees, including Deutsche Bank AG, to disclose the actual price or consideration paid by them for the SteelCorp debts assigned and transferred to them.[9] From this order, Deutsche Bank AG filed its Petition for Certiorari (With Urgent Application for a Temporary Restraining Order and/or Writ of Preliminary Injunction) with the CA docketed as CA-G.R. No. 111556.[10]

Records show that two other petitions for certiorari filed by other creditors of SteelCorp were pending before different divisions of the CA, both of which arising from the same October 28, 2009 Order of the RTC-Batangas. The cases were docketed as follows:

1. CA-G.R. SP No. 111560 entitled "Investments 2234 Philippines Fund, Inc. v. Hon. Albert A. Kalalo, in His Capacity as the Presiding Judge of the Regional Trial Court of Batangas City, Branch 4 and Steel Corporation of the Philippines" (*Investments 2234 Petition*); and

2. CA-G.R. SP No. 112175 entitled "Equitable PCI Bank, Inc. (now BDO Unibank, Inc.) v. Hon. Albert A. Kalalo in His Capacity as Presiding Judge of the Regional Trial Court of Batangas City, Branch 4 and Steel Corporation of the Philippines" (*EPCIB Petition*).

In the meantime, SteelCorp filed its Motion for Consolidation[11] dated February 18, 2010, praying for the consolidation of the Deutsche Bank AG Petition, together with the Investments 2234 Petition and EPCIB Petition, with the Vitarich Petition on the ground that the cases involved the same question of law – whether creditors could be compelled to disclose the actual assignment price for credits in litigation which were assigned in the context of a corporate rehabilitation proceeding pursuant to Articles 1634 and 1236 of the Civil Code.

On March 12, 2010, the CA in CA-G.R. SP No. 111556 issued the assailed Resolution ordering the consolidation of Deutsche Bank AG Petition with the Vitarich Petition, to wit:

> Finding merit in the motion, and pursuant to Section 3(a), Rule III of the Internal Rules of the Court of Appeals, the instant petition is ordered

CONSOLIDATED with CA-G.R. SP No. 107535 (the case with the lower docket number), subject to the conformity of the *ponente* thereof and with right of replacement with a case of similar nature and status.

SO ORDERED.[12]

It appears from the records that the Vitarich Petition emanated from Civil Case No. 592-M-2006 entitled "*In the Matter of the Petition for Corporate Rehabilitation of Vitarich Corporation*" which is currently pending before Branch 7, Regional Trial Court of Bulacan (*RTC-Bulacan)*.

The RTC-Bulacan in its Decision dated May 31, 2007, approved the Vitarich rehabilitation plan and upheld the rights of the assignees as subrogees to all the rights and obligations of the original creditors.

Vitarich sought a partial reversal of the said decision via a petition for review under Rule 43 of the 1997 Rules of Court (docketed as CA-G.R. SP No. 99374), contending that it should only be made to pay the discounted transfer prices of the assigned credits should it decide to exercise its right of redemption. Vitarich, however, withdrew the said petition and instead filed a motion to direct the assignees to disclose the amounts paid by them to their assignors.

In its Order dated January 15, 2009, the RTC-Bulacan denied Vitarich's motion, ruling that the rehabilitation case before it could not be considered as a litigation as contemplated in Article 1634 of the Civil Code.

Hence, Vitarich filed its petition[13] praying that the CA order the assignees to disclose the actual amount paid to their respective assignors so that it could pay the transfer prices of the assigned credits should it exercise its right of redemption. Several banks moved for the dismissal of this petition on the ground that the ruling on the issue raised therein had already become final.

Deutsche Bank AG filed a motion for reconsideration[14] of the March 12, 2010 CA resolution arguing that the Deutsche Bank AG petition and the Vitarich petition were not related cases that would merit consolidation. It stressed that a common question of law alone does not warrant consolidation inasmuch as the Internal Rules of the CA (*IRCA*) provides that for consolidation to be proper, the cases must be related. It also claimed that the consolidation of these two unrelated cases would not serve the purpose of consolidation, which was to obtain justice with the least expense and vexation to the litigants.

The said motion was, however, denied by the CA in its Resolution dated July 19, 2010. Citing *Zulueta v. Asia Brewery, Inc.*,[15] it held that consolidation of cases under Section 3(a), Rule III of the IRCA was proper as the cases involved common questions of law.

Thus, the CA agreed with the SteelCorp's conclusion that when two cases involved the same parties, or related questions of fact, or related questions of law, then they were considered as related cases for purposes of consolidation. The pertinent

portion of the CA resolution reads:

> To deny the transfer of a case to a court or division where another case involving the same question of law is pending could lead to further protracted litigations. The rationale for consolidation is to have all cases intimately related acted upon by one Court/Division to avoid the possibility of conflicting decisions being rendered that will not serve the orderly administration of justice.
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> The added expense and unjustified vexation intimated by petitioner are all in the mind. One division of this Court would be able to resolve the issue in both petitions with more dispatch and accord than two divisions.
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> **WHEREFORE**, the motion for reconsideration is **DENIED**.
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> **SO ORDERED**.[16]

Hence, Deutsche Bank AG interposes the present special civil action before this Court anchored on the following

GROUNDS

> **THE RESPONDENT COURT COMMITTED GRAVE ABUSE OF DISCRETION, AMOUNTING TO LACK OR EXCESS OF JURISDICTION, IN ISSUING THE ASSAILED RESOLUTIONS AND ORDERING THE CONSOLIDATION OF THE TWO (2) SUBJECT PETITIONS CONSIDERING THAT:**
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> **(I)**
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> **UNDER SECTION 3(A) RULE III OF THE INTERNAL RULES OF THE COURT OF APPEALS AND LONGSTANDING JURISPRUDENCE, FOR CONSOLIDATION TO BE PROPER, THE CASES MUST BE RELATED, I.E., THEY ARISE FROM THE SAME ACT, EVENT OR TRANSACTION, INVOLVE THE SAME OR LIKE ISSUES, AND DEPEND LARGELY OR SUBSTANTIALLY ON THE SAME EVIDENCE. HERE, THE CASES SOUGHT TO BE CONSOLIDATED ARE TOTALLY UNRELATED;**
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> **(II)**
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> **THE CONSOLIDATION OF THE TWO CASES WILL BE COMPLETELY AGAINST THE PURPOSE OF CONSOLIDATION, WHICH IS TO OBTAIN JUSTICE WITH THE LEAST EXPENSE AND VEXATION TO THE LITIGANTS.**[17]

It appears from the records that on November 18, 2011, SteelCorp filed a manifestation dated November 17, 2011, stating that the assailed resolution ordering consolidation dated March 12, 2010 had been issued in response to the Motion for Consolidation dated February 18, 2010 filed therein by SteelCorp.

SteelCorp manifested that on November 14, 2011, in CA-G.R. SP No. 111556, it filed its Motion to Withdraw the said Motion for Consolidation in order to forestall further delay and for the CA to proceed in the resolution of the merits of the case, rendering this petition moot.

In view of the said withdrawal of the motion for consolidation, the present petition assailing the CA's order of consolidation has certainly been rendered moot and academic.

A moot and academic case is one that ceases to present a justiciable controversy by virtue of supervening events, so that a declaration thereon would be of no practical use or value. Generally, courts decline jurisdiction over such case or dismiss it on ground of mootness. However, even in cases where supervening events had made the cases moot, this Court did not hesitate to resolve the legal or constitutional issues raised to formulate controlling principles to guide the bench, the bar and the public. Moreover, as an exception to the rule on mootness, the courts will decide a question otherwise moot if it is capable of repetition, yet evading review.[18]

This case comes within the rule that courts will decide a question, otherwise moot and academic, if it is "capable of repetition, yet evading review." The issue of whether the CA pursuant to its internal rules can validly order consolidation of cases on the sole ground that the same involve a common question of law most likely will recur. Thus, there is a necessity to decide the case on the merits.

The Court will now resolve the merits of the sole issue raised in this petition, whether the CA gravely abused its discretion amounting to lack or excess of jurisdiction when it ordered the consolidation of the Deutsche Bank AG petition and the Vitarich petition.

Deutsche Bank AG argues that a common question of law alone would not warrant consolidation, and for cases to be consolidated, the same must be related cases. It cited as basis the ruling enunciated in the landmark case of *Teston v. Development Bank of the Philippines,*[19] that actions involving common question of law or fact may be tried together where they arise from the same act, event or transaction, involve the same or like issues, and depend largely or substantially on the same evidence. It contends that there was grave abuse of discretion on the part of the CA when it ordered the consolidation because Deutsche Bank AG Petition and the Vitarich Petition were not related, much less, intimately related cases. The two cases were entirely different with separate factual antecedents, having arisen from two separate petitions for rehabilitation of two distinct corporations. In addition, there were no interconnected transactions in, nor identical properties subject of, the two cases. It further argues that consolidation would only defeat, rather than serve, the purpose of consolidation.

SteelCorp counters that the CA may consolidate cases on the sole ground that the cases involve related questions of law. Thus, the fact that Deutsche Bank AG Petition and Vitarich Petition involve an identical question of law is sufficient to make them related cases which were proper for consolidation pursuant to Section 3(a), Rule III of the IRCA.

The Court agrees with Deutsche Bank AG.