

THIRD DIVISION

[G.R. No. 166260, February 18, 2009]

**METROPOLITAN BANK & TRUST COMPANY, PETITIONER, VS. THE
HONORABLE COURT OF APPEALS AND UNITED OVERSEAS BANK
(FORMERLY KNOWN AS WESTMONT BANK), RESPONDENTS.**

D E C I S I O N

NACHURA, J.:

The Court reviews in this Rule 45 petition the November 30, 2004 Decision^[1] of the Court of Appeals (CA) in CA G.R. SP No. 78796. In the said decision, the appellate court affirmed the dismissal by the trial court of Civil Case No. 00-595,^[2] a petition for the review of Philippine Clearing House Corporation (PCHC) Board Resolution No. 08-2000.^[3]

The antecedent facts and proceedings follow.

Check No. 0801266381^[4] dated January 13, 1997, payable to cash, and drawn against the account of Bienvenido C. Tan with petitioner Metropolitan Bank & Trust Company (Metrobank) was deposited with respondent United Overseas Bank (UOB). The check was then forwarded for clearing on January 14, 1997 through the PCHC, and, on the same date, Metrobank cleared the check.^[5] In its January 27, 1997 Letter,^[6] however, Metrobank informed UOB that it was returning the check on account of material alteration—the date was changed from "January 23, 1997" to "January 13, 1997," and the amount was altered from "P1,000.00" to "P91,000.00."^[7]

Because UOB refused to accept the return and to reimburse Metrobank the amount it paid on the check, the latter, on July 18, 1997, filed a Complaint^[8] (Arbicom Case No. 97-093) before the PCHC Arbitration Committee, contending in the main that UOB had the duty to examine the deposited check for any material alteration; but since UOB failed to exercise due diligence in determining that the check had been altered, UOB should bear the loss.^[9] In its Answer with Counterclaim,^[10] UOB interposed the defenses that it exercised due diligence, and that Metrobank failed to comply with the 24-hour clearing house rule, and, with gross negligence, cleared the check.^[11]

On November 11, 1997, the Arbitration Committee directed Metrobank to submit the check to the Philippine National Police (PNP) Crime Laboratory for examination.^[12]

After almost a year or on October 9, 1998, Metrobank moved for the postponement of the October 12 and 19, 1998 hearings and their resetting to November 16, 1998, on the ground that the PNP Crime Laboratory document examination results were

not yet available.^[13] On November 14, 1998, however, Metrobank again moved for the cancellation of the November 16, 1998 hearing and its resetting on December 10, 1998, on the same ground that the said results were not yet available for release.^[14]

In the scheduled December 10, 1998 hearing, Metrobank's counsel failed to appear.^[15] UOB thus moved for the dismissal of the case, which the Arbitration Committee granted.^[16]

On March 9, 1999, following its receipt of the Transcript of Stenographic Notes^[17] of the December 10, 1998 hearing, Metrobank filed a Motion for Reconsideration^[18] of the dismissal order, attaching thereto a copy of the Medical Certificate^[19] declaring that its counsel had been afflicted with influenza during the December 10, 1998 hearing, and a copy of PNP Crime Laboratory Document Examination Report No. 102-98^[20] stating that the subject check had been altered.

As expected, UOB opposed the motion and argued that Metrobank was not serious in prosecuting the case considering the numerous postponements of hearings made by its counsel; and that the said counsel was trifling with the processes of the Arbitration Committee because, upon verification with his secretary, he was not really sick on December 10, 1998. Further, the examination by the PNP Crime Laboratory of the check had already been completed on July 6, 1998.^[21]

On February 28, 2000, the Arbitration Committee denied Metrobank's motion.^[22] Unrelenting, Metrobank filed its Second Motion for Reconsideration^[23] on March 20, 2000.

On April 14, 2000, the PCHC Board of Directors issued Resolution No. 08-2000,^[24] denying the second motion for reconsideration. Metrobank again moved for the reconsideration of this resolution. On May 5, 2000, however, it received communication from the PCHC Executive Secretary informing it that the proper remedy following Section 13 of the PCHC Rules of Procedure for Arbitration (PCHC Rules) was for it to file a notice of appeal with the PCHC and a petition for review with the Regional Trial Court (RTC) within a non-extendible period of fifteen (15) days counted from the receipt of the PCHC board resolution.^[25]

Hence, on May 9, 2000, Metrobank filed its Petition for Review (Civil Case No. 00-595) with the RTC of Makati City. On July 25, 2003, the trial court rendered its Decision^[26] dismissing the petition. It ruled that it had no jurisdiction over the petition, the same having been filed out of time. The trial court further ruled that the Arbitration Committee correctly dismissed the original case on account of Metrobank's failure to prosecute, and that Metrobank's claim could not be sustained considering that under prevailing jurisprudence the drawee-bank should bear the loss if it had mistakenly cleared a forged or an altered check.^[27]

Dissatisfied, Metrobank appealed the case to the CA. In the assailed November 30, 2004 Decision,^[28] the appellate court affirmed the ruling of the trial court. The CA ratiocinated, however, that the petition for review before the trial court was filed on time--its filing was in accordance with the PCHC Rules. The CA nevertheless ruled

that the case was correctly dismissed on account of Metrobank's lack of interest to prosecute and of its violation of the 24-hour clearing house rule.^[29]

Undaunted, petitioner instituted the instant petition for review on *certiorari* before this Court.

The petition is denied.

The Court notes that, after the PCHC Board of Directors issued Resolution No. 08-2000 denying petitioner's motion for reconsideration, petitioner moved for reconsideration of that resolution. Following the incorrect advice of the PCHC Executive Secretary that the proper remedy under Section 13 of the PCHC Rules was for petitioner to file a notice of appeal with the PCHC and a petition for review with the RTC, petitioner consequently filed the petition for review with the trial court.

This erroneous move of the petitioner was fatal to its cause. The Court has already explained in *Insular Savings Bank v. Far East Bank and Trust Company*,^[30] that the PCHC Rules cannot confer jurisdiction on the RTC to review arbitral awards, thus—

Furthermore, petitioner had several judicial remedies available at its disposal after the Arbitration Committee denied its Motion for Reconsideration. It may petition the proper RTC to issue an order vacating the award on the grounds provided for under Section 24 of the Arbitration Law. Petitioner likewise has the option to file a petition for review under Rule 43 of the Rules of Court with the Court of Appeals on questions of fact, of law, or mixed questions of fact and law. Lastly, petitioner may file a petition for *certiorari* under Rule 65 of the Rules of Court on the ground that the Arbitrator Committee acted without or in excess of its jurisdiction or with grave abuse of discretion amounting to lack or excess of jurisdiction. Since this case involves acts or omissions of a quasi-judicial agency, the petition should be filed in and cognizable only by the Court of Appeals.

In this instance, petitioner did not avail of any of the abovementioned remedies available to it. Instead it filed a petition for review with the RTC where Civil Case No. 92-145 is pending pursuant to Section 13 of the PCHC Rules to sustain its action. Clearly, it erred in the procedure it chose for judicial review of the arbitral award.

Having established that petitioner failed to avail of the abovementioned remedies, we now discuss the issue of the jurisdiction of the trial court with respect to the petition for review filed by petitioner.

Jurisdiction is the authority to hear and determine a cause - the right to act in a case. Jurisdiction over the subject matter is the power to hear and determine the general class to which the proceedings in question belong. Jurisdiction over the subject matter is conferred by law and not by the consent or acquiescence of any or all of the parties or by erroneous belief of the court that it exists.

In the instant case, petitioner and respondent have agreed that the PCHC Rules would govern in case of controversy. However, since the PCHC