

THIRD DIVISION

[G.R. No. 130223, August 19, 2009]

**RURAL BANK OF STA. BARBARA [PANGASINAN], INC.,
PETITIONER, VS. THE MANILA MISSION OF THE CHURCH OF
JESUS CHRIST OF LATTER DAY SAINTS, INC., RESPONDENT.**

DECISION

CHICO-NAZARIO, J.:

This is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court seeking to set aside the Decision^[1] dated 29 July 1997 of the Court of Appeals in CA-G.R. SP No. 41042 affirming the Orders dated 9 October 1995 and 27 February 1996 of the Regional Trial Court (RTC), Branch 43, of Dagupan City, in Civil Case No. D-10583.

Spouses Tomas and Maria Soliven (spouses Soliven) were the registered owners, under Transfer Certificate of Title (TCT) No. T-125213, of a parcel of land located in Barangay Maninding, Sta. Barbara, Pangasinan (subject property). On 18 May 1992, the spouses Soliven sold the subject property to respondent Manila Mission of the Church of Jesus Christ of Latter Day Saints, Inc. (Manila Mission). However, it was only on 28 April 1994 when TCT No. T-125213 in the name of the spouses Soliven was cancelled, and TCT No. 195616 was issued in the name of respondent.

In the meantime, on 15 April 1993, petitioner Rural Bank of Sta. Barbara (Pangasinan), Inc. filed with the RTC a Complaint against the spouses Soliven for a sum of money, docketed as Civil Case No. D-10583. The Complaint of petitioner included a prayer for the issuance of a Writ of Preliminary Attachment.

In an Order dated 7 May 1993, the RTC ordered the issuance of the Writ of Attachment petitioner prayed for, to wit:

WHEREFORE, let a Writ of Attachment be issued against all the properties of [Spouses Soliven] not exempt from execution or so much thereof as may be sufficient to satisfy the [herein petitioner's] principal claim of P338,000.00 upon filing of [petitioner's] bond in the amount of P100,000.00.^[2]

Upon the filing by petitioner of the required bond, the RTC issued the Writ of Attachment on 21 May 1993. Acting on the authority of said Writ, Sheriff Reynaldo C. Daray attached the subject property, which was then still covered by TCT No. T-125213 in the name of the spouses Soliven. The Writ of Attachment was annotated on TCT No. T-125213 on 24 May 1993. Thus, when TCT No. T-125213 of the spouses Soliven was cancelled and TCT No. 195616 of petitioner was issued on 28

April 1994, the annotation on the Writ of Attachment was carried from the former to the latter.

While Civil Case No. D-10583 was still pending before the RTC, respondent executed an Affidavit claiming title and ownership over the subject property, and requested the *Ex-Officio* Provincial and City Sheriff to release the said property from attachment. The Sheriff, however, advised respondent to file a motion directly with the RTC.

On 16 March 1995, respondent filed with the RTC, in Civil Case No. D-10583, a Motion to Release Property from Attachment, to which petitioner, in turn, filed an Opposition. After hearing, the RTC issued an Order on 9 October 1995 discharging the subject property from attachment. The RTC decreed in said Order:

WHEREFORE, the Court hereby directs the Ex-Officio Provincial Sheriff of Pangasinan and City Sheriff of Dagupan to discharge and release the subject land from attachment and orders the notice of attachment on T.C.T. No. 195616 of the Register of Deeds of Pangasinan be cancelled.^[3]

Petitioner filed a Motion for Reconsideration of the 9 October 1995 Order of the RTC, arguing that it had a better right over the subject property and that the filing by respondent with the RTC, in Civil Case No. D-10583, of a Motion to Release Property from Attachment, was the improper remedy. In an Order dated 27 February 1996, the RTC denied the Motion for Reconsideration of petitioner for lack of merit.

On 12 April 1997, petitioner filed a Petition for *Certiorari* with this Court, alleging that the RTC committed grave abuse of discretion, amounting to lack or excess of jurisdiction, in canceling the Writ of Attachment and ordering the release of the subject property. The Petition was docketed as G.R. No. 124343. In a Resolution dated 27 May 1997, this Court referred the case to the Court of Appeals for appropriate action.

The Court of Appeals docketed the Petition for *Certiorari* as CA-G.R. SP No. 41042. On 29 July 1997, the Court of Appeals issued the assailed Decision dismissing the Petition.

Hence, petitioner again comes before this Court *via* the present Petition for Review, contending that the Court of Appeals erred in not finding grave abuse of discretion on the part of the RTC when the latter directed the release of the subject property from attachment. Petitioner insists that it has a better right to the subject property considering that: (1) the attachment of the subject property in favor of petitioner was made prior to the registration of the sale of the same property to respondent; and (2) respondent availed itself of the wrong remedy in filing with the RTC, in Civil Case No. D-10583, a Motion to Release Property from Attachment. We shall discuss ahead the second ground for the instant Petition, a matter of procedure, since its outcome will determine whether we still need to address the first ground, on the substantive rights of the parties to the subject property.

**Propriety of the Motion to Release
Property from Attachment**

According to petitioner, the Motion to Release Property from Attachment filed by respondent before the RTC, in Civil Case No. D-10583, is not the proper remedy under Section 14, Rule 57 of the Rules of Court,^[4] which provides:

SEC. 14. *Proceedings where property claimed by third person.*--If the property attached is claimed by any person other than the party against whom attachment had been issued or his agent, and such person makes an affidavit of his title thereto, or right to the possession thereof, stating the grounds of such right or title, and serves such affidavit upon the sheriff while the latter has possession of the attached property, and a copy thereof upon the attaching party, the sheriff shall not be bound to keep the property under attachment, unless the attaching party or his agent, on demand of the sheriff, shall file a bond approved by the court to indemnify the third-party claimant in a sum not less than the value of the property levied upon. In case of disagreement as to such value, the same shall be decided by the court issuing the writ of attachment. No claim for damages for the taking or keeping of the property may be enforced against the bond unless the action therefor is filed within one hundred twenty (120) days from the date of the filing of the bond.

The sheriff shall not be liable for damages for the taking or keeping of such property, to any such third-party claimant, if such bond shall be filed. Nothing herein contained shall prevent such claimant or any third person from vindicating his claim to the property, or prevent the attaching party from claiming damages against a third-party claimant who filed a frivolous or plainly spurious claim, in the same or a separate action.

When the writ of attachment is issued in favor of the Republic of the Philippines, or any officer duly representing it, the filing of such bond shall not be required, and in case the sheriff is sued for damages as a result of the attachment, he shall be represented by the Solicitor General, and if held liable therefor, the actual damages adjudged by the court shall be paid by the National Treasurer out of the funds to be appropriated for the purpose.

Petitioner argues that, pursuant to the aforequoted section, the remedy of a third person claiming to be the owner of an attached property are limited to the following: (1) filing with the Sheriff a third-party claim, in the form of an affidavit, per the first paragraph of Section 14; (2) intervening in the main action, with prior leave of court, per the second paragraph of Section 14, which allows a third person to vindicate his/her claim to the attached property in the "same x x x action"; and (3) filing a separate and independent action, per the second paragraph of Section 14, which allows a third person to vindicate his/her claim to the attached property in a "separate action."

Respondent explains that it tried to pursue the first remedy, *i.e.*, filing a third-party claim with the Sheriff. Respondent did file an Affidavit of Title and Ownership with the Sheriff, but said officer advised respondent to file a motion directly with the RTC

in the main case. Respondent heeded the Sheriff's advice by filing with the RTC, in Civil Case No. D-10583, a Motion to Release Property from Attachment. The Court of Appeals recognized and allowed said Motion, construing the same as an invocation by respondent of the power of control and supervision of the RTC over its officers, which includes the Sheriff.

We agree with the Court of Appeals on this score. The filing by respondent of the Motion to Release Property from Attachment was made on the advice of the Sheriff upon whom respondent served its Affidavit of Title and Ownership. Respondent should not be faulted for merely heeding the Sheriff's advice. Apparently, the Sheriff, instead of acting upon the third-party claim of respondent on his own, would rather have some direction from the RTC. Indeed, the Sheriff is an officer of the RTC and may be directed by the said court to allow the third-party claim of respondent. Therefore, the filing of the Motion in question can be deemed as a mere continuation of the third-party claim of respondent, in the form of its Affidavit of Title and Ownership, served upon the Sheriff, in accord with the first paragraph of Section 14, Rule 57 of the Rules of Court.

Alternatively, we may also consider the Motion to Release Property from Attachment, filed by respondent before the RTC, as a Motion for Intervention in Civil Case No. D-10583, pursuant to the second paragraph of Section 14, Rule 56, in relation to Rule 19 of the Rules of Court. Respondent, to vindicate its claim to the subject property, may intervene in the same case, *i.e.*, Civil Case No. D-10583, instituted by petitioner against the spouses Soliven, in which the said property was attached. Respondent has the personality to intervene, as it "is so situated as to be adversely affected by a distribution or other disposition of property in the custody of the court or of an officer thereof."^[5] The RTC, in acting upon and granting the Motion to Release Property from Attachment in its Order dated 9 October 1995, is deemed to have allowed respondent to intervene in Civil Case No. D-10583.

Moreover, it may do petitioner well to remember that rules of procedure are merely tools designed to facilitate the attainment of justice. They were conceived and promulgated to effectively aid the court in the dispensation of justice. Courts are not slaves to or robots of technical rules, shorn of judicial discretion. In rendering justice, courts have always been, as they ought to be, conscientiously guided by the norm that on the balance, technicalities take a backseat to substantive rights, and not the other way around. Thus, if the application of the Rules would tend to frustrate rather than promote justice, it is always within the power of the Court to suspend the rules, or except a particular case from its operation.^[6] Hence, even if the Motion to Release Property from Attachment does not strictly comply with Section 14, Rule 56 of the Rules of Court, the RTC may still allow and act upon said Motion to render substantive justice.

This leads us to the substantive issue in this case, on which between the two transactions should be given priority: the previous yet unregistered sale of the subject property by the spouses Soliven to respondent, or the subsequent but duly annotated attachment of the same property by petitioner.

**Previous yet unregistered sale
versus subsequent but duly
annotated attachment**

Petitioner does not dispute the allegation of respondent that the subject property was sold by the spouses Soliven to respondent on **18 May 1992**, before petitioner instituted Civil Case No. D-10583 against the spouses Soliven on **15 April 1993**; the RTC ordered the issuance of the Writ of Attachment on **7 May 1993**; and the attachment of the subject property pursuant to the Writ on **27 May 1993**.

Neither did petitioner offer evidence to counter the following documents presented by respondent establishing the fact of the sale of the subject property to the latter by the spouses Soliven: (1) the notarized Deed of Sale dated 18 May 1992; (2) BPI Manager's Check No. 010685 dated 8 May 1992 in the sum of P42,500.00 to represent the tender of payment of capital gains tax; (3) BIR Official Receipt No. 0431320 dated 18 May 1992 of BPI Check No. 010625 for the payment of the sum of P8,5000.00; and (4) a letter dated 11 August 1992 of Manila Mission's former counsel, Lim Duran & Associates, to the Revenue District Officer, District 7, Bureau of Internal Revenue, relative to its request for the "reconsideration/condonation" of the assessment of the capital gains tax on its purchase of the subject property.

Petitioner, however, invokes jurisprudence wherein this Court in a number of instances allegedly upheld a subsequent but duly annotated attachment, as opposed to a previous yet unregistered sale of the same property. Petitioner particularly calls our attention to the following paragraph in *Ruiz, Sr. v. Court of Appeals*^[7]:

[I]n case of a conflict between a vendee and an attaching creditor, an attaching creditor who registers the order of attachment and the sale of the property to him as the highest bidder acquires a valid title to the property, as against a vendee who had previously bought the same property from the registered owner but who failed to register his deed of sale. This is because registration is the operative act that binds or affects the land insofar as third persons are concerned. It is upon registration that there is notice to the whole world.

In the more recent case *Valdevieso v. Damalerio*,^[8] we have expounded on our foregoing pronouncement in *Ruiz*.

On 5 December 1995, therein petitioner Bernardo Valdevieso (Valdevieso) bought a parcel of land from spouses Lorenzo and Elenita Uy (spouses Uy), the registered owners thereof. On 19 April 1996, therein respondents, spouses Candelario and Aurea Damalerio (spouses Damalarario), filed a Complaint against the spouses Uy for a sum of money before the RTC of General Santos City. On 23 April 1996, the RTC issued a Writ of Preliminary Attachment by virtue of which the subject parcel of land was levied. The levy was duly recorded in the Register of Deeds, and annotated on the TCT of the spouses Uy over the subject parcel of land. It was only on 6 June 1996 that the TCT in the name of the spouses Uy was cancelled, and a new one issued in the name of Valdevieso. As in the case at bar, the annotation on the attachment was carried over to Valdevieso's TCT. Valdevieso filed a third-party claim before the RTC seeking to annul the attachment. In a resolution, the RTC ruled in Valdevieso's favor, but the Court of Appeals reversed said RTC resolution. On appeal,