

SECOND DIVISION

[A.M. NO. RTJ-05-1959, December 09, 2005]

REPUBLIC OF THE PHILIPPINES, COMPLAINANT, VS. JUDGE VICENTE A. HIDALGO, PRESIDING JUDGE OF THE REGIONAL TRIAL COURT OF MANILA, BRANCH 37, RESPONDENT.

D E C I S I O N

CHICO-NAZARIO, J.:

The instant administrative case arose from the affidavit-complaint^[1] dated 19 January 2004 filed by the Republic of the Philippines, represented by Solicitor General Alfredo L. Benipayo, with the Office of the Court Administrator (OCA), charging Judge Vicente A. Hidalgo with Gross Ignorance of the Law, Manifest Partiality and Conduct Prejudicial to the Interest of the Service relative to Civil Case No. 94075 entitled "Tarcila Laperal Mendoza v. The Republic of the Philippines, et al."

Facts of the case:

On 02 June 1999, Tarcila Laperal Mendoza filed an action for the annulment or declaration of nullity of the title and deed of sale, reconveyance and/or recovery of ownership and possession of a four thousand nine hundred twenty-four-square meter (4,924.60 sq. m. to be exact) property against the Republic of the Philippines (in whose name the title to the property was transferred and registered) in the Regional Trial Court (RTC) of Manila, and was docketed as Civil Case No. 94075. The property in question is located at 1440 Arlegui Street, San Miguel, Manila. It is also known as the *Arlegui Residence* which housed two (2) Philippine presidents and which now holds the Office of the Press Secretary and the News Information Bureau.

The case was initially dismissed by the presiding Judge of the Manila RTC (Branch 35) on the ground of state immunity. A petition for *certiorari* was filed with the Court of Appeals which reversed the trial court's ruling and remanded the case to the trial court for further proceedings. The Supreme Court sustained the Court of Appeals decision.

Upon the inhibition of the presiding Judge of the Manila RTC (Branch 35), the case was re-raffled to the Manila RTC (Branch 37), with respondent Vicente A. Hidalgo as presiding Judge.

In an Order dated 07 July 2003, Judge Hidalgo declared the Republic in default for failure of Solicitor Gabriel Francisco Ramirez, the handling solicitor, to file the required Answer within the period prayed for in his motion for extension dated 21 May 2003. The plaintiff was allowed to present her evidence *ex parte*.

On 27 August 2003, Judge Hidalgo rendered a decision^[2] in favor of plaintiff Mendoza, the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered:

1. Declaring the deed of sale dated July 15, 1975, annotated at the back of Transfer Certificate of Title No. 118527 as PE:2035/T-118911, as non-existent and/or fictitious, and, therefore, null and void from the beginning;
2. Declaring that Transfer Certificate of Title No. 118911 of the defendant Republic of the Philippines has no basis, thereby, making it null and void from beginning;
3. Ordering the defendant Register of Deeds for the City of Manila to reinstate plaintiff's Transfer Certificate of Title No. 118527;
4. Ordering the defendant Republic of the Philippines to pay a just compensation in the sum of ONE HUNDRED FORTY THREE MILLION SIX HUNDRED THOUSAN (P143,600,000.00) PESOS, plus interest at the legal rate, until the whole amount is paid in full for the acquisition of the subject property;
5. Ordering the plaintiff, upon payment of the just compensation for the acquisition of her property, to execute the necessary deed of conveyance in favour of the defendant Republic of the Philippines and, on the other hand, directing the defendant Register of Deeds, upon presentation of the said deed of conveyance, to cancel plaintiff's Transfer Certificate of Title in favour of the defendant Republic of the Philippines;
6. Ordering the defendant Republic of the Philippines to pay the plaintiff the sum of ONE BILLION FOUR HUNDRED EIGHTY MILLION SIX HUNDRED TWENTY SEVEN THOUSAND SIX HUNDRED EIGHTY EIGHT (P1,480,627,688.00) PESOS, representing the reasonable rental for the use of the subject property, the interest thereon at the legal rate, and the opportunity cost at the rate of three (3%) per cent per annum, commencing July 1975 continuously up to July 30, 2003, plus, an additional interest at the legal rate, commencing from this date until the whole amount is paid in full;
7. Ordering the defendant Republic of the Philippines to pay the plaintiff attorney's fee, in an amount equivalent to FIFTEEN (15%) PER CENT of the amount due to the plaintiff.

With pronouncement as to the costs of the suit.^[3]

Upon receipt by the Office of the Solicitor General of the judgment by default, the Republic moved for new trial on the ground that the gross and inexcusable negligence of Solicitor Ramirez in handling the case does not bind the Republic of the Philippines. It argued that it is entitled to due process of law considering the enormous amount of the alleged obligations involved. It maintained that plaintiff's

cause of action has long prescribed and is legally barred by laches, and that the title registered in the name of the Republic has become indefeasible.

The respondent Judge denied the motion for new trial^[4] and the subsequent motion for reconsideration^[5] filed by the Republic. A notice of appeal^[6] dated 27 November 2003 was filed, but the same was denied^[7] on 17 December 2003 on the ground that it was filed beyond the reglementary period. A certificate of finality^[8] of judgment was issued by the Branch Clerk of Court, Atty. Michael B. Robles, on 27 November 2003.

On 10 December 2003, respondent issued an order^[9] directing the issuance of a writ of execution. On 22 December 2003, a writ of execution^[10] was issued, which reads, thus:

TO: THE BRANCH SHERIFF
OF BRANCH 37, RTC, MANILA

WE COMMAND you to demand that of the goods and chattels of THE REPUBLIC OF THE PHILIPPINES you cause to be made the sum of ONE HUNDRED FORTY THREE MILLION SIX HUNDRED THOUSAND PESOS (P143,600,000.00) Philippine Currency, as payment for just compensation plus interest at the legal rate, until the whole amount is paid in full for the acquisition of the subject property; and the further sum of ONE BILLION FOUR HUNDRED EIGHTY MILLION SIX HUNDRED TWENTY SEVEN THOUSAN SIX HUNDRED EIGHTY EIGHT (P1,480,627,688.00) PESOS, representing the reasonable rental for the use of the subject property, the interest thereon at the legal rate, and the opportunity cost at the rate of three (3%) per cent per annum, commencing July 1975 continuously up to July 30, 2003, plus, an additional interest at the legal rate, commencing from this date until the whole amount is paid in full, the plaintiff attorney's fee, in an amount equivalent to FIFTEEN (15%) PER CENT of the amount due to the plaintiff plus the cost of suit, together with your lawful fees for service of this execution all in money of the Philippines, which the plaintiff recovered in our Court, Regional Trial Court of Manila on the 27th day of August 2003 against the Republic of the Philippines, Inc. with interest and costs, and that you render the same to said Tarcila Laperal aside from your own fees on this execution, and to likewise return this Writ into this Court within sixty (60) days from the date of receipt hereof with your proceedings endorsed thereon.

On 30 December 2003, Sheriff IV Carmelo V. Cachero directed Eduardo Sergio G. Edeza of the National Treasurer of the Bureau of Treasury to effect the payment of the sum stated in the decision, thus:

TO: Honorable EDUARDO SERGIO G. EDEZA
National Treasurer of the Philippines, Bureau of Treasury
Palacio del Gobernador, Intramuros
M a n i l a

G R E E T I N G S:

Attached herewith you will find a copy of the WRIT OF EXECUTION issued by the HON. VICENTE A. HIDALGO, Judge of the Regional Trial Court, Branch 37, Manila, in the above-entitled case for your ready reference.

By virtue of the said Writ you are hereby directed to cause and or effect the payment of the sum of ONE HUNDRED FORTY THREE MILLION SIX HUNDRED THOUSAND PESOS (P143,600,000.00), Philippine Currency, as payment for just compensation, plus interest at the legal rate, until the whole amount is paid in full and the further sum of ONE BILLION FOUR HUNDRED EIGHTY MILLION SIX HUNDRED TWENTY SEVEN THOUSAND SIX HUNDRED EIGHTY EIGHT PESOS (P1,480,627,688.00) representing the reasonable rental for the use of the subject property, the interest thereon at the legal rate, and the opportunity cost at the rate of three (3%) per annum, commencing July 1975 continuously up to July 30, 2003, plus, an additional interest at the legal rate, commencing from this date until the whole amount is paid in full, the plaintiff's attorney's fee, in an amount equivalent to FIFTEEN (15%) PERCENT of the amount due to the plaintiff plus costs of suit together with all the lawful fees and expenses for the service of the Writ of Execution in favor of the above-named plaintiff.^[11]

On 07 January 2004, Sheriff Cachero further directed the National Treasurer to cause payment of P1,942,576,312.45, thus:

TO: Honorable EDUARDO SERGIO G. EDEZA
National Treasurer of the Philippines, Bureau of Treasury
Palacio del Gobernador, Intramuros, Manila

Sir:

Pursuant to the WRIT OF EXECUTION issued by the Hon. VICENTE A. HIDALGO, Judge of the Regional Trial Court, Branch 37, Manila, in the above-entitled case, which was served upon your good office on December 30, 2003, kindly effect and/or cause the payment of the total amount of ONE BILLION NINE HUNDRED FORTY TWO MILLION FIVE HUNDRED SEVENTY SIX THOUSAND THREE HUNDRED TWELVE PESOS AND FORTY FIVE CENTAVOS (P1,942,576,312.45), Philippine Currency, made payable to:

1. TARCILA I. MENDOZA and/or FORTUNATO I. MENDOZA – P828,356,119.86 to be deposited with the Land Bank of the Philippines, Main Office, M.H. del Pilar St., Ermita, Manila under CURRENT ACCOUNT NO. 003402-0014-95;
2. TARCILA I. MENDOZA and/or APOLONIA C. SOGUILON – P1,065,555,684.78 to be deposited with the Land Bank of the Philippines, Main Office, M.H. del Pilar St., Ermita, Manila under CURRENT ACCOUNT NO. 003402-0015-17;
3. CLERK OF COURT, RTC – MANILA – P38,851,606.25 to be deposited with the Land Bank of the Philippines,

YMCA Branch, Arroceros St., Ermita, Manila under ACCOUNT NO. 0591-0116-34;

4. CLERK OF COURT, RTC – MANILA – P9,712,901.56 to be deposited with the Land Bank of the Philippines, YMCA Branch, Arroceros St., Ermita, Manila under ACCOUNT NO. 0591-1744-28.^[12]

The foregoing antecedents begot the instant administrative complaint^[13] raising the following allegations against respondent Judge:

- a. The respondent judge assumed jurisdiction and took cognizance of the plaintiff's complaint despite a clear showing that the action had long prescribed and is already barred by laches. The Republic contends that since the complaint showed on its face that the action had prescribed and that the plaintiff's inaction for a period of almost twenty-four years undoubtedly amounts to laches, the respondent judge was duty bound to dismiss it *motu proprio*;
- b. The money judgment by default rendered by the respondent judge in the colossal amount of almost two billion pesos (P2,000,000,000.00) is grossly in excess of the claim alleged in the complaint in patent violation of Section 3(d), Rule 9 of the 1997 Rules of Civil Procedure and grossly disproportionate to the total amount of docket fees paid;
- c. The respondent judge violated the Constitution and the fundamental rule that government funds are exempt from execution or garnishment;
- d. The respondent judge ordered the Republic to pay the plaintiff's attorney's fees with pronouncement as to the costs of the suit in violation of the clear provision of Section 1, Rule 142 which provides that no costs shall be allowed against the Republic of the Philippines unless otherwise provided by law;
- e. The respondent judge condemned the Republic to suffer the obligation of almost two billion (P2,000,000,000.00) in violation of its right to due process;
- f. Awarding the amount of two billion pesos (P2,000,000,000.00) when the property involved is only valued at more than two million pesos (P2,000,000.00) and the amount of claim alleged in the complaint is more or less three hundred seventy-one million (P371,000,000.00) shows that the respondent judge had been partial in favor of the plaintiff;
- g. The certificate of finality of the judgment by default was hastily issued on 27 November 2003, the very same day the Republic filed a notice of appeal;