

FIRST DIVISION

[G.R. No. 152537, February 16, 2004]

**ASIA TRADERS INSURANCE CORPORATION, PETITIONER, VS.
THE HONORABLE COURT OF APPEALS, RESPONDENT.**

DECISION

AZCUNA, J.:

This petition for review on *certiorari* assails the decision^[1] of the Court of Appeals in CA-G.R. SP No. 39433 and its subsequent resolution^[2] denying the motion for reconsideration.

The antecedent facts are not disputed:

Sometime in July 1994, Cabever Realty Corporation (Cabever) filed an ejectment case against a certain Eduardo Cua before the Metropolitan Trial Court of Manila (MTC). On December 6, 1994, a decision was rendered ordering Cua to vacate the property of Cabever and to pay back rentals. Cua appealed the decision to the Regional Trial Court of Manila (RTC). As a condition for the appeal, Cua was required to deposit a supersedeas bond to cover for his rentals in arrears. He thus posted a bond in the amount of P62,600, undertaken by Asia Traders Insurance Corporation (Asia Traders), petitioner herein.

On June 26, 1995, the RTC affirmed the decision of the MTC. Hence, on August 4, 1995, Cabever filed a Motion to Withdraw Supersedeas Bond. The RTC granted the motion on August 9, 1995 and Cua was ordered to cause the release of the bond within 3 days from notice, otherwise a writ of execution shall be issued against the bond.

When Cua failed to comply with the said order, Cabever moved for the issuance of a writ of execution on September 8, 1995. The RTC granted the motion and a writ of execution was issued against Asia Traders.

Upon being served with the writ of execution, Asia Traders immediately filed a motion for reconsideration manifesting that it never issued the aforementioned bond, which it claimed to be fake and spurious. Thus, Asia Traders moved that the writ of execution be recalled and/or set aside for lack of factual or legal basis.

The RTC denied the motion for reconsideration. The RTC likewise denied the second motion for reconsideration filed by Asia Traders, paving the way for the notice of levy and sale of Asia Traders' property.

On January 10, 1996, Asia Traders filed with the Court of Appeals a petition for *certiorari* with application for preliminary injunction and restraining order.^[3] Impleaded as respondents were the Presiding Judge of the RTC and the Branch

Sheriff. In a resolution dated January 20, 1999, the Court of Appeals rendered a decision denying the petition, for the following reasons:^[4]

- a) As to form, the petition failed to implead Cabever as one of the respondents; and
- b) As to substance, the material allegations and arguments contained in the petition were not substantiated.

On February 5, 1999, Asia Traders filed a Motion for Reconsideration. On February 21, 2002, the Court of Appeals denied the motion for reconsideration for lack of merit and the present petition was instituted.

In its petition, Asia Traders assigns three errors allegedly committed by the Court of Appeals, as follows:^[5]

I. THE COURT OF APPEALS ERRED IN DISMISSING THE PETITION WHEN IT FOUND THAT THE PETITIONER'S PETITION SUFFERS FROM BOTH FORMAL AND SUBSTANTIAL DEFECTS.

II. THE COURT OF APPEALS ERRED WHEN IT MADE A CONCLUSION UNSUPPORTED BY ANY EVIDENTIARY FACT.

III. THE COURT OF APPEALS ERRED WHEN IT FAILED TO FIND GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION ON THE PART OF LOWER COURT JUDGE REGINO T. VERIDIANO.

On July 31, 2002, Cabever filed its comment contesting all of the assigned errors. In addition, it argued that the present petition ought to be dismissed because it failed to implead Cabever which is an indispensable party to the case. Apparently, petitioner only impleaded the Court of Appeals as respondent, thus failing to comply with the requirements of Section 4(a) of Rule 45 of the Rules of Court.

On February 27, 2003, Asia Traders filed a reply to the comment maintaining that the petition is not dismissible since Cabever is not an indispensable party without which no final determination can be had of the petition. Asia Traders asserted that the issues raised could very well be determined even without Cabever's participation inasmuch as they pertain solely to errors of law and rules committed by the Court of Appeals.

Subsequently, on March 28, 2003, Asia Traders filed a Motion to Admit Amended Petition, this time seeking to implead Cabever as respondent. In a sudden change of mind from its previous stand, Asia Traders now claims that Cabever is an indispensable party. It, however, insists that its failure to implead Cabever is a mere technical defect which can be cured at any stage of the proceedings.

In turn, Cabever filed on May 22, 2003 a motion to be dropped as respondent from the petition. Asia Traders filed an opposition to this motion on June 5, 2003.

The Court will first dispose of the issue of whether or not the present petition should be dismissed for its formal defects.

A look at the petition's title bears out that indeed only the Court of Appeals was impleaded as respondent. Also, in the portion of the petition under the heading "THE PARTIES," Asia Traders identified the Court of Appeals as the only respondent in the case. Section 4 (a) of Rule 45 of the Rules of Court requires the petition to state the full names of the appealing party as the petitioner and the adverse party as the respondent, without impleading the lower courts or judges thereof either as petitioners or respondents. Clearly, the petition is seen to suffer from two defects, for not only did it fail to implead the adverse party, it erroneously made the appellate court a party thereto.

Formal defects in petitions are not uncommon. The Court has encountered previous petitions for review that erroneously impleaded the Court of Appeals^[6] or failed to implead the proper respondent.^[7] In those cases, the Court merely called the petitioners' attention to the defects and proceeded to resolve the cases on their merits. The Court finds no reason why it should not to afford the same liberal treatment to herein petitioner. While the Court unquestionably has the discretion to dismiss the appeal for being defective, sound policy dictates that it is far better to dispose of cases on the merits, rather than on a technicality as the latter approach may result in injustice.^[8] Moreover, no prejudice will be caused to Cabever as it was an original party before the lower courts and had been furnished all the pleadings and resolutions in this petition. In view thereof, the Court grants the Motion to Admit the Amended Petition and denies Cabever's motion to be dropped as respondent.

This notwithstanding, the Court admonishes the petitioner to be more circumspect in its pleadings. To recall, Asia Traders received an adverse decision from the Court of Appeals because its petition precisely failed to implead Cabever as one of the respondents. Asia Traders admits that this was a mistake but pleads that since this was a mistake only as to form, the Court of Appeals should have been less stringent with the application of the rules of procedure for the sake of substantial justice.^[9]

The dismissal Asia Traders encountered before the Court of Appeals should have been enough to teach Asia Traders to be conscientious about impleading the proper parties in its petitions. Surprisingly, however, Asia Traders committed the very same omission before the Court when it again failed to implead the adverse party.

The Court also takes notice of the fact that after the comment was filed, wherein it was pointed out that the petition was defective because it failed to include an indispensable party, Asia Traders immediately filed a reply taking a stand that Cabever is not an indispensable party and that the petition may be decided without its inclusion. However, a month later, Asia Traders filed a Motion to Admit Amended Petition in order to implead Cabever which it now insists to be an indispensable party.

The Court now proceeds to review the assignment of errors.

Considering that the Court's previous pronouncements are likewise applicable to the issue regarding the formal defects of the petition before the Court of Appeals, the Court foregoes further discussion on this matter and moves on to the other issues on hand.