

FIRST DIVISION

[G.R. Nos. 149797-98, February 13, 2004]

NANCY L. TY, PETITIONER, VS. BANCO FILIPINO SAVINGS AND MORTGAGE BANK, COURT OF APPEALS AND HON. PATERNO V. TAC-AN, IN HIS CAPACITY AS THE PRESIDING JUDGE OF RTC BATANGAS CITY, BRANCH 84, RESPONDENTS.

D E C I S I O N

YNARES-SATIAGO, J.:

This is a petition for review on certiorari under Rule 45 of the Rules of Court seeking to set aside and reverse the June 7, 2001 Decision^[1] of the Court of Appeals in CA-G.R. SP Nos. 59173 & 59576 which dismissed the petition for certiorari and prohibition filed by petitioner and affirmed the assailed Orders dated April 14, 2000 and May 8, 2000.

On August 16, 1995, respondent Banco Filipino Savings and Mortgage Bank (Banco Filipino, for brevity) filed with the Regional Trial Court of Batangas City, Branch 84, presided by respondent Judge Paterno V. Tac-an, an action for reconveyance of real property against petitioner Nancy Ty, together with Tala Realty Services Corporation, Pedro B. Aguirre, Remedios A. Dupasquier, Pilar D. Ongking, Elizabeth H. Palma, Dolly W. Lim, Cynthia E. Mesina, Rubencito M. Del Mundo, and Add International Services, Inc. (hereinafter collectively referred to as Tala, et al.).

On November 15, 1995, Tala, et al. filed a motion to dismiss the complaint on the ground of lack of jurisdiction. Respondent judge granted the motion and dismissed the complaint. However, on a motion for reconsideration by Banco Filipino, the complaint was reinstated.^[2]

Tala, et al., with the exception of Nancy Ty^[3] and Cynthia Mesina,^[4] filed a motion for reconsideration, which was however denied in an Order dated June 3, 1996. The pertinent portion of the Order reads:

On the Motion for Reconsideration filed by defendants, except Nancy Ty and Cynthia Mesina, the record shows that the Motion for Reconsideration filed by the plaintiff dated February 23, 1996 was sent by mail on February 2, 1996 to this Court and received by the Court on March 5, 1996. The copy of the said Motion for Reconsideration was furnished to Alampay Gatchalian Mawis Carranza and Alampay, Counsels for the defendants at their address in Makati City on February 26, 1996. The copy sent to the Court was received on March 5, 1996. It could safely (sic) assumed that copy sent to the defendant's counsel at the nearer address at Makati City even before March 5, 1996 or on March 1, 1996, at least 4 days in transit. In the normal course of events or as a matter of practice, counsels file comments or opposition to Motions

without need of Court orders. So, from March 1, 1996, they could have filed comment and opposition within 10 days therefrom, or on March 11, 1996 without awaiting for a Court order. The Court does not believe that the said motion for reconsideration was received by said defendant's counsel on March 28, 1996 or one month and 2 days after mailing by plaintiffs counsel. The extension of 5 days given to defendants contained in the Order of March 7, 1996 was only a matter of grace extended by the court, a reminder that their opposition must be forthcoming. Lawyers must be vigilant in the defense of their clients. x x x. (Underscoring supplied)

On July 8, 1996, petitioner and Tala, et al. filed their respective answers to the complaint. Two days later, Tala, et al. also filed a motion to suspended proceedings, on the ground that an appeal by Banco Filipino to the April 1, 1996 Order of the respondent court is still pending resolution. The motion to suspend proceedings was, however, denied by respondent court.

On October 21, 1996, Banco Filipino moved for an order directing Tala, et al. to produce or make available books, documents and other papers relevant to the case. [5] Notwithstanding Tala, et al.'s opposition thereto, the trial court directed Tala, et al. to produce certain documents within a specified period of time, despite failure by Banco Filipino to tender the costs for such production and inspection. In its Order dated November 20, 1996, the trial court justified Banco Filipino's failure to advance the expenses of production and inspection in this wise: [6]

Further to the Order dated November 1996, requiring the defendant Tala to produce certain documents within the specified period of time, for those documents in which the defendant is bound to keep by law or regulation, their production cannot be the subject of assessment for cost against plaintiff-movant. Otherwise, cost maybe assessed and billed but the same shall be submitted to the Court for approval. x x x.

Thereafter, Taal, et al. filed their motion for reconsideration to the afore-quoted Order, on January 14 1997.

In the meantime, on December 20 1996, Banco Filipino filed a manifestation/omnibus motion [7] praying, among others, for the declaration of certain allegations and propositions as being factually established and for the allegations/defenses in Tala, et al.'s answer to be stricken out.

The trial court granted Banco Filipino's motion to declare certain facts as established in an Order on February 26, 1998, the dispositive portion of which provides: [8]

Premises considered, and pursuant to Rules 27 and Section 3, Rule 29 of the Revised Rules of Court, this Court hereby:

A) Declares

1) as having been established the fact that defendant TALA did not have the financial capacity to acquire by purchase the disputed Batangas property at the time of their acquisition;

2) as having been established the fact that TALA had not the means of acquiring the Batangas property other than through the advanced rental payments made by plaintiff;

3) as having been established the fact that the Batangas property had merely been transferred by way of trust to TALA, as trustee for the benefit of the plaintiff, which was there as purchaser of the property;

4) prohibits defendant TALA from introducing any evidence contrary to sections (1), (2) and (3) of paragraph A, above.

B) Strikes out allegations/defenses in defendant TALA's Answer and/or other pertinent pleadings averring that:

1) TALA is an independent corporation, not a trustee of the plaintiff;

2) TALA acquired the Batangas property independently and using its own funds through armslength transaction;

3) TALA is the full and absolute owner of the disputed property.

Meanwhile, Tala, et al. failed to produce the requested documents. In a Supplemental Order dated April 15, 1998, Tala, et al. were directed to produce additional documents. The Supplemental Order reads:^[9]

Further to the Order dated February 26, 1998 and considering that the documents presented so far by the defendant Tala are not complete in relation to those itemized in the said Order, defendant Tala is further ordered to produce the following documents from 1979 to 1985:

1. records of stocks subscribed, paid-in and issued;
2. for loans payable leasees' deposit, subsidiary ledger, evidence of indebtedness;
3. for lands purchased, the deeds of sale.

x x x

x x x

x x x

On May 4, 1998, Banco Filipino's urgent motion to reset hearing and for extension of time to appoint a commissioner, through its special counsel, was granted. On May 11, 1999, Banco Filipino was directed to present its next witness.^[10]

Thereafter, Banco Filipino formally offered its exhibits, all of which were admitted by the trial court.^[11] Tala, et al.'s motion for reconsideration of the order admitting the said exhibits was denied. Banco Filipino's motion to withdraw certain exhibits was granted.

Thereafter, Tala, et al. filed a motion for the voluntary inhibition and/or disqualification of respondent judge Tac-an on the grounds of manifest prejudgment

and partiality.

On April 14, 2000, respondent judge denied the motion for inhibition and ruled that all the Orders of the court were based on facts and applicable law and jurisprudence. Respondent judge likewise reprimanded Tala, et al. for filing several motions designed to delay the proceedings.^[12]

Separate motions for reconsideration were filed by Nancy Ty and Tala, et al., but the same were denied by the trial court in an Order dated May 8, 2000.

Dissatisfied, Nancy Ty and Tala, et al. filed separate petitions for certiorari and prohibition with the Court of Appeals, docketed as CA-G.R. SP No. 59576 and CA-G.R. SP No. 59173, assailing the two Orders of respondent judge dated April 14, 2000 and May 8, 2000.

In a consolidated Decision dated June 7, 2000, the appellate court dismissed the two petitions and affirmed the assailed Orders by respondent judge.^[13]

Hence, the instant petition, based on the following grounds:

I

THE COURT OF APPEALS DEPARTED FROM THE ACCEPTED AND USUAL COURSE OF JUDICIAL PROCEEDINGS, THUS CALLING FOR THE EXERCISE OF THIS HONORABLE COURT'S POWER OF SUPERVISION AND REVIEW, WHEN IT CHOSE TO EXAMINE ONLY SOME, NOT ALL, OF THE ASSAILED ORDERS OF JUDGE TAC-AN, WHICH, TAKEN COLLECTIVELY AND NOT INDIVIDUALLY, DEMONSTRATE A STRONG BIAS AND ANIMOSITY AGAINST PETITIONER AND TALA ET AL AND REVEAL AN OBVIOUS PARTIALITY IN FAVOR OF BANCO FILIPINO.

II

THE COURT OF APPEALS DECIDED A QUESTION OF SUBSTANCE NOT IN ACCORD WITH LAW AND JURISPRUDENCE WHEN IT REFUSED TO APPLY, OR EVEN CONSIDER THE APPLICATION OF THE DOCTRINES LAID DOWN BY THIS HONORABLE COURT IN FECUNDO V. BERJAMEN, LUQUE V. KAYANAN AND OTHER SETTLED JURISPRUDENCE. AS A CONSEQUENCE, THE COURT OF APPEALS ERRONEOUSLY FAILED TO CONCLUDE THAT THE INTEMPERATE AND ACCUSATORY LANGUAGE OF JUDGE TAC-AN IN HIS ORDER DATED 14 APRIL 2000 IS A MANIFESTATION OF THE LATTER'S "EXASPERATION BORDERING ON INDIGNATION" AT THE PETITIONER WHICH "MAY UNNECESSARILY CLOUD HIS IMPARTIALITY" AND WHICH WARRANTS HIS VOLUNTARY INHIBITION.

III

THE COURT OF APPEALS DECIDED A QUESTION OF SUBSTANCE NOT IN ACCORD WITH SETTLED JURISPRUDENCE WHEN IT AFFIRMED THE ORDERS OF THE LOWER COURT AND FOUND THAT THE ASSAILED ORDER DATED 20 MARCH 2000 DID NOT BETRAY THAT JUDGE TAC-AN

HAD ALREADY PREJUDGED THE CASE PENDING BEFORE RTC BATANGAS BRANCH 84.

IV

THE COURT OF APPEALS DEPARTED FROM THE CONSTITUTIONALLY MANDATED, ACCEPTED AND USUAL COURSE OF JUDICIAL PROCEEDINGS, OR AT LEAST SANCTIONED SUCH DEPARTURE BY JUDGE TAC-AN, WHEN IT DELIBERATELY SELECTED ONLY A FEW OF THE BADGES OF BIAS, HOSTILITY AND PREJUDGMENT CITED BY THE PETITIONER AND, WORSE, WHEN IT WILLFULLY FAILED TO RESOLVE ISSUES RAISED IN PETITIONER'S AND TALA ET AL'S RESPECTIVE PETITIONS FOR CERTIORARI AND MOTION FOR RECONSIDERATION

V

THE COURT OF APPEALS GRAVELY ERRED WHEN IT CONCLUDED THAT PETITIONER'S OMNIBUS MOTION WAS INTENDED TO DELAY THE PROCEEDINGS BEFORE THE TRIAL COURT AND NOT TO AVAIL OF THE LEGAL REMEDIES PROVIDED BY THE RULES OF COURT TO ENSURE THAT HER CONSTITUTIONAL RIGHT TO DUE PROCESS IS PROTECTED AND GUARANTEED.^[14]

For resolution is the issue of whether or not respondent judge committed grave abuse of discretion in denying the motion for voluntary inhibition.

Petitioner argues that, by selectively appreciating some, and not all, of the orders of respondent judge cited as "badges of hostility, bias and prejudgment", the appellate court departed from the accepted and usual course of judicial proceedings and disregarded principles laid down by jurisprudence.

Petitioner asserts that the Orders which were issued by respondent judge demonstrated his predilection to act with bias in favor of Banco Filipino and manifested his escalating hostility and animosity towards petitioner and her co-defendants, Tala, et al.

In regard to the Order dated June 3, 1996, petitioner contends that it was not Tala, et al. but Banco Filipino, which was duty bound to establish the date of actual receipt of its motion for reconsideration. She complains that respondent judge contravened the express provisions of the Rules of Court when he "unilaterally relieved Banco Filipino of its statutory obligation to prove service of its motion for reconsideration and, instead, applied, x x x a so-called safe assumption in determining when petitioner and her co-defendants should have received the same."^[15] Moreover, she takes offense to the respondent judge's statement that he did not believe Tala, et al.'s claim of receipt of the pleading on 28 March 1996, thus, in effect branding them as "liars".

Rule 13, Section 8, of the Rules of Court provides that service by registered mail is complete upon actual receipt by the addressee; but if he fails to claim his mail from the post office within five (5) days from the date of the first notice of the postmaster, service shall take effect at the expiration of such time.