450 Phil. 720

SECOND DIVISION

[G.R. No. 152878, May 05, 2003]

RIZAL COMMERCIAL BANKING CORPORATION, PETITIONER, VS. MAGWIN MARKETING CORPORATION, NELSON TIU, BENITO SY AND ANDERSON UY, RESPONDENTS.

D E C I S I O N

BELLOSILLO, J.:

WE ARE PERTURBED that this case should drag this Court in the banal attempts to decipher the hazy and confused intent of the trial court in proceeding with what would have been a simple, straightforward and hardly arguable collection case. *Whether the dismissal without prejudice for failure to prosecute was unconditionally reconsidered, reversed and set aside to reinstate the civil case and have it ready for pre-trial* are matters which should have been clarified and resolved in the first instance by the court *a quo*. Unfortunately, this feckless imprecision of the trial court became the soup stock of the parties and their lawyers to further delay the case below when they could have otherwise put things in proper order efficiently and effectively.

On 4 March 1999 petitioner Rizal Commercial Banking Corporation (RCBC) filed a complaint for recovery of a sum of money with prayer for a writ of preliminary attachment against respondents Magwin Marketing Corporation, Nelson Tiu, Benito Sy and Anderson Uy.[1] On 26 April 1999, the trial court issued a writ of attachment.[2] On 4 June 1999 the writ was returned partially satisfied since only a parcel of land purportedly owned by defendant Benito Sy was attached.[3] In the meantime, summons was served on each of the defendants, respondents herein, who filed their respective answers, except for defendant Gabriel Cheng who was dropped without prejudice as party-defendant as his whereabouts could not be located.[4] On 21 September 1999 petitioner moved for an alias writ of attachment which on 18 January 2000 the court *a quo* denied.[5]

Petitioner did not cause the case to be set for pre-trial.[6] For about six (6) months thereafter, discussions between petitioner and respondents Magwin Marketing Corporation, Nelson Tiu, Benito Sy and Anderson Uy, as parties in Civil Case No. 99-518, were undertaken to restructure the indebtedness of respondent Magwin Marketing Corporation.[7] On 9 May 2000 petitioner approved a debt payment scheme for the corporation which on 15 May 2000 was communicated to the latter by means of a letter dated 10 May 2000 for the conformity of its officers, i.e., respondent Nelson Tiu as President/General Manager of Magwin Marketing Corporation and respondent Benito Sy as Director thereof.[8] Only respondent Nelson Tiu affixed his signature on the letter to signify his agreement to the terms and conditions of the restructuring.[9]

On 20 July 2000 the RTC of Makati City, *on its own initiative*, issued an *Order* dismissing without prejudice Civil Case No. 99-518 for failure of petitioner as plaintiff therein to "prosecute its action for an unreasonable length of time x x x." [10] On 31 July 2000 petitioner moved for reconsideration of the *Order* by informing the trial court of respondents' *unremitting desire* to settle the case amicably through a loan restructuring program.[11] On 22 August 2000 petitioner notified the trial court of the acquiescence thereto of respondent Nelson Tiu as an officer of Magwin Marketing Corporation and defendant in the civil case.[12]

On 8 September 2000 the court *a quo* issued an *Order* reconsidering the dismissal without prejudice of Civil Case No. 99-518 —

> Acting on plaintiff's "Motion for Reconsideration" of the Order dated 20 July 2000 dismissing this case for failure to prosecute, it appearing that there was already conformity to the restructuring of defendants' indebtedness with plaintiff by defendant Nelson Tiu, President of defendant corporation per "Manifestation and Motion" filed by plaintiff on 22 August 2000, there being probability of settlement among the parties, as prayed for, the Order dated 20 July 2000 is hereby set aside.
>
> Plaintiff is directed to submit the compromise agreement within 15 days from receipt hereof. Failure on the part of plaintiff to submit the said agreement shall cause the imposition of payment of the required docket fees for re-filing of this case.[13]

On 27 July 2000 petitioner filed in Civil Case No. 99-518 a *Manifestation and Motion to Set Case for Pre-Trial Conference* alleging that "[t]o date, only defendant Nelson Tiu had affixed his signature on the May 10, 2000 letter which informed the defendants that plaintiff [herein petitioner] already approved defendant Magwin Marketing Corporation's request for restructuring of its loan obligations to plaintiff but subject to the terms and conditions specified in said letter."[14] This motion was followed on 5 October 2000 by petitioner's *Supplemental Motion to Plaintiff's Manifestation and Motion to Set Case for Pre-Trial Conference* affirming that petitioner "could not submit a compromise agreement because only defendant Nelson Tiu had affixed his signature on the May 10, 2000 letter x x x."[15] Respondent Anderson Uy opposed the foregoing submissions of petitioner while respondents Magwin Marketing Corporation, Nelson Tiu and Benito Sy neither contested nor supported them.[16]

The trial court, in an undated *Order* (although a date was later inserted in the *Order*), denied petitioner's motion to calendar Civil Case No. 99-518 for pre-trial stating that —

Acting on plaintiff's [herein petitioner] "Manifestation and Motion to Set Case for Pre-Trial Conference," the "Opposition" filed by defendant Uy and the subsequent "Supplemental Motion" filed by plaintiff; defendant Uy's "Opposition," and plaintiff's "Reply;" for failure of the plaintiff to submit a compromise agreement pursuant to the Order dated 8 September 2000 plaintiff's motion to set case for pre-trial conference is hereby denied.[17]

On 15 November 2000 petitioner filed its *Notice of Appeal* from the 8 September

2000 *Order* of the trial court as well as its undated *Order* in Civil Case No. 99-518. On 16 November 2000 the trial court issued two (2) *Orders*, one of which inserted the date "6 November 2000" in the undated *Order* rejecting petitioner's motion for pre-trial in the civil case, and the other denying due course to the *Notice of Appeal* on the ground that the "Orders dated 8 September 2000 and 6 November 2000 are interlocutory orders and therefore, no appeal may be taken x x x."[18]

On 7 December 2000 petitioner elevated the *Orders* dated 8 September 2000, 6 November 2000 and 16 November 2000 of the trial court to the Court of Appeals in a petition for certiorari under Rule 65 of the *Rules of Civil Procedure*.[19] In the main, petitioner argued that the court *a quo* had no authority to compel the parties in Civil Case No. 99-518 to enter into an amicable settlement nor to deny the holding of a pre-trial conference on the ground that no compromise agreement was turned over to the court *a quo*.[20]

On 28 September 2001 the appellate court promulgated its *Decision* dismissing the petition for lack of merit and affirming the assailed *Orders* of the trial court[21] holding that —

> x x x although the language of the September 8, 2000 Order may not be clear, yet, a careful reading of the same would clearly show that the setting aside of the Order dated July 20, 2000 which dismissed petitioner's complaint x x x for failure to prosecute its action for an unreasonable length of time is dependent on the following conditions, to wit: a) The submission of the compromise agreement by petitioner within fifteen (15) days from notice; and b) Failure of petitioner to submit the said compromise agreement shall cause the imposition of the payment of the required docket fees for the re-filing of the case; so much so that the non-compliance by petitioner of condition no. 1 would make condition no. 2 effective, especially that petitioner's manifestation and motion to set case for pre-trial conference and supplemental motion x x x [were] denied by the respondent judge in his Order dated November 6, 2000, which in effect means that the Order dated July 20, 2000 was ultimately not set aside considering that a party need not pay docket fees for the re-filing of a case if the original case has been revived and reinstated.[22]

On 2 April 2002 reconsideration of the *Decision* was denied; hence, this petition.

In the instant case, petitioner maintains that the trial court cannot coerce the parties in Civil Case No. 99-518 to execute a compromise agreement and penalize their failure to do so by refusing to go forward with the pre-trial conference. To hold otherwise, so petitioner avers, would violate Art. 2029 of the *Civil Code* which provides that "[t]he court shall endeavor to persuade the litigants in a civil case to agree upon some fair compromise," and this Court's ruling in *Goldloop Properties, Inc. v. Court of Appeals*[23] where it was held that the trial court cannot dismiss a complaint for failure of the parties to submit a compromise agreement.

On the other hand, respondent Anderson Uy filed his comment after several extensions asserting that there are no special and important reasons for undertaking this review. He also alleges that petitioner's attack is limited to the *Order* dated 8 September 2000 as to whether it is conditional as the Court of

Appeals so found and the applicability to this case of the ruling in *Goldloop Properties, Inc. v. Court of Appeals*. Respondent Uy claims that the *Order* reconsidering the dismissal of Civil Case No. 99-518 without prejudice is on its face contingent upon the submission of the compromise agreement which in the first place was the principal reason of petitioner to justify the withdrawal of the *Order* declaring his failure to prosecute the civil case. He further contends that the trial court did not force the parties in the civil case to execute a compromise agreement, the truth being that it dismissed the complaint therein for petitioner's dereliction.

Finally, respondent Uy contests the relevance of *Goldloop Properties, Inc. v. Court of Appeals*, and refers to its incongruence with the instant case, i.e., that the complaint of petitioner was dismissed for failure to prosecute and not for its reckless disregard to present an amicable settlement as was the situation in *Goldloop Properties, Inc.*, and that the dismissal was without prejudice, in contrast with the dismissal with prejudice ordered in the cited case. For their part, respondents Magwin Marketing Corporation, Nelson Tiu and Benito Sy waived their right to file a comment on the instant petition and submitted the same for resolution of this Court.[24]

The petition of Rizal Commercial Banking Corporation is meritorious. It directs our attention to questions of substance decided by the courts *a quo* plainly in a way not in accord with applicable precedents as well as the accepted and usual course of judicial proceedings; it offers special and important reasons that demand the exercise of our power of supervision and review. Furthermore, petitioner's objections to the proceedings below encompass not only the *Order* of 8 September 2000 but include the cognate *Orders* of the trial court of 6 and 16 November 2000. This is evident from the prayer of the instant petition which seeks to reverse and set aside the *Decision* of the appellate court and to direct the trial court to proceed with the pre-trial conference in Civil Case No. 99-518. Evidently, the substantive issue involved herein is whether the proceedings in the civil case should progress, a question which at bottom embroils all the *Orders* affirmed by the Court of Appeals.

On the task at hand, we see no reason why RTC-Br. 135 of Makati City should stop short of hearing the civil case on the merits. There is no substantial policy worth pursuing by requiring petitioner to pay again the docket fees when it has already discharged this obligation simultaneously with the filing of the complaint for collection of a sum of money. The procedure for dismissed cases when re-filed is the same as though it was initially lodged, i.e., the filing of answer, reply, answer to counter-claim, including other foot-dragging maneuvers, except for the rigmarole of raffling cases which is dispensed with since the re-filed complaint is automatically assigned to the branch to which the original case pertained.[25] A complaint that is re-filed leads to the re-enactment of past proceedings with the concomitant full attention of the same trial court exercising an immaculate slew of jurisdiction and control over the case that was previously dismissed,[26] which in the context of the instant case is a waste of judicial time, capital and energy.

What judicial benefit do we derive from starting the civil case all over again, especially where three (3) of the four (4) defendants, i.e., Magwin Marketing Corporation, Nelson Tiu and Benito Sy, have not contested petitioner's plea before this Court and the courts *a quo* to advance to pre-trial conference? Indeed, to continue hereafter with the resolution of petitioner's complaint without the usual procedure for the re-filing thereof, we will save the court *a quo* invaluable time and

other resources far outweighing the docket fees that petitioner would be forfeiting should we rule otherwise.

Going over the specifics of this petition and the arguments of respondent Anderson Uy, we rule that the *Order* of 8 September 2000 did not reserve conditions on the reconsideration and reversal of the *Order* dismissing without prejudice Civil Case No. 99-518. This is quite evident from its text which does not use words to signal an intent to impose riders on the dispositive portion —

> Acting on plaintiff's "Motion for Reconsideration" of the Order dated 20 July 2000 dismissing this case for failure to prosecute, it appearing that there was already conformity to the restructuring of defendants' indebtedness with plaintiff by defendant Nelson Tiu, President of defendant corporation per "Manifestation and Motion" filed by plaintiff on 22 August 2000, there being probability of settlement among the parties, as prayed for, the Order dated 20 July 2000 is hereby set aside.
>
> Plaintiff is directed to submit the compromise agreement within 15 days from receipt hereof. Failure on the part of plaintiff to submit the said agreement shall cause the imposition of payment of the required docket fees for re-filing of this case.[27]

Contrary to respondent Uy's asseverations, the impact of the second paragraph upon the first is simply to illustrate what the trial court would do after setting aside the dismissal without prejudice: submission of the compromise agreement for the consideration of the trial court. Nothing in the second paragraph do we read that the reconsideration is subject to two (2) qualifications. Certainly far from it, for in *Goldloop Properties, Inc. v. Court of Appeals*[28] a similar directive, i.e., "[t]he parties are given a period of fifteen (15) days from today within which to submit a Compromise Agreement," was held to mean that "should the parties fail in their negotiations the proceedings would continue from where they left off." *Goldloop Properties, Inc.* further said that its order, or a specie of it, did not constitute an agreement or even an expectation of the parties that should they fail to settle their differences within the stipulated number of days their case would be dismissed.

The addition of the second sentence in the second paragraph does not change the absolute nullification of the dismissal without prejudice decreed in the first paragraph. The sentence "[f]ailure on the part of plaintiff to submit the said agreement shall cause the imposition of payment of the required docket fees for re-filing of this case" is not a directive to pay docket fees but only a statement of the event that may result in its imposition. The reason for this is that the trial court could not have possibly made such payment obligatory in the same civil case, i.e., Civil Case No. 99-518, since docket fees are defrayed only after the dismissal becomes final and executory and when the civil case is re-filed.

It must be emphasized however that once the dismissal attains the attribute of finality, the trial court cannot impose legal fees anew because a final and executory dismissal although without prejudice divests the trial court of jurisdiction over the civil case as well as any residual power to order anything relative to the dismissed case; it would have to wait until the complaint is docketed once again.[29] On the other hand, if we are to concede that the trial court retains jurisdiction over Civil Case No. 99-518 for it to issue the assailed *Orders*, a continuation of the hearing