

FIRST DIVISION

[G.R. No. 146698, September 24, 2002]

**PHILIPPINE AIRLINES, PETITIONER, VS. SPOUSES SADIC AND
AISHA KURANGKING AND SPOUSES ABDUL SAMAD T. DIANALAN
AND MORSHIDA L. DIANALAN, RESPONDENTS.**

D E C I S I O N

VITUG, J.:

In April 1997, respondents, all Muslim Filipinos, returned to Manila from their pilgrimage to the Holy City of Mecca, Saudi Arabia, on board a Philippines Airlines (PAL) flight. Respondents claimed that they were unable to retrieve their checked-in luggages. On 05 January 1998, respondents filed a complaint with the Regional Trial Court (RTC) of Marawi City against PAL for breach of contract resulting in damages due to negligence in the custody of the missing luggages.

On 02 March 1998, PAL filed its answer invoking, among its defenses, the limitations under the Warsaw Convention. On 19 June 1998, before the case could be heard on pre-trial, PAL, claiming to have suffered serious business losses due to the Asian economic crisis, followed by a massive strike by its employees, filed a petition for the approval of a rehabilitation plan and the appointment of a rehabilitation receiver before the Securities and Exchange Commission (SEC). On 23 June 1998, the SEC issued an order granting the prayer for an appointment of a rehabilitation receiver, and it constituted a three-man panel to oversee PAL's rehabilitation. On 25 September 1998, the SEC created a management committee conformably with Section 6(d) of Presidential Decree ("P.D.") 902, as amended, declaring the suspension of all actions for money claims against PAL pending before any court, tribunal, board or body. Thereupon, PAL moved for the suspension of the proceedings before the Marawi City RTC. On 11 January 1999, the trial court issued an order denying the motion for suspension of the proceedings on the ground that the claim of respondents was only yet to be established. PAL's motion for reconsideration was denied by the trial court.

PAL went to the Court of Appeals via a petition for *certiorari*. On 16 April 1999, the appellate court dismissed the petition for the failure of PAL to serve a copy of the petition on respondents. PAL moved for a reconsideration. In its resolution, dated 08 October 1999, the appellate court denied the motion but added that a second motion for reconsideration **before the trial court** could still be feasible inasmuch as the assailed orders of the trial court were merely interlocutory in nature. Consonantly, PAL filed before the trial court a motion for leave to file a second motion for reconsideration. The trial court, however, denied leave of court to admit the second motion for reconsideration. Again, PAL filed a motion for reconsideration which sought reconsideration of the denial of the prayed leave to file a second motion for reconsideration. In an order, dated 28 December 2000, the trial court denied the motion.

On the thesis that there was no other plain, speedy and adequate remedy available to it, PAL went to this Court via a petition for review on *certiorari* under Rule 45 of the Rules of Court, raising the question of -

"Whether or not the proceedings before the trial court should have been suspended after the court was informed that a rehabilitation receiver was appointed over the petitioner by the Securities and Exchange Commission under Section 6(c) of Presidential Decree No. 902-A."^[1]

In their comment to the petition, private respondents posited (a) that the instant petition under Rule 45 would not lie, the assailed orders of the court a quo being merely interlocutory; (b) that PAL was already operational and thus claims and actions against it should no longer be suspended; (c) that the SEC, not the RTC, should have the prerogative to determine the necessity of suspending the proceedings; and (d) that the only claims or actions that could be suspended under P.D. 902-A were those pending with the SEC.

While a petition for review on *certiorari* under Rule 45 would ordinarily be inappropriate to assail an interlocutory order, in the interest, however, of arresting the perpetuation of an apparent error committed below that could only serve to unnecessarily burden the parties, the Court has resolved to ignore the technical flaw and, also, to treat the petition, there being no other plain, speedy and adequate remedy, as a special civil action for *certiorari*. Not much, after all, can be gained if the Court were to refrain from now making a pronouncement on an issue so basic as that submitted by the parties.

On 15 December 2000, the Supreme Court, in A.M. No. 00-8-10-SC, adopted the Interim Rules of Procedure on Corporate Rehabilitation and directed to be transferred from the SEC to Regional Trial Courts,^[2] all petitions for rehabilitation filed by corporations, partnerships, and associations under P.D. 902-A in accordance with the amendatory provisions of Republic Act No. 8799. The rules require trial courts to issue, among other things, a stay order in the "enforcement of all claims, whether for money or otherwise, and whether such enforcement is by court action or otherwise," against the corporation under rehabilitation, its guarantors and sureties not solidarily liable with it. Specifically, Section 6, Rule 4, of the Interim Rules of Procedure On Corporate Rehabilitation, provides:

"SEC. 6. Stay Order. - If the court finds the petition to be sufficient in form and substance, it shall, not later than five (5) days from the filing of the petition, issue an Order (a) appointing a Rehabilitation Receiver and fixing his bond; (b) staying enforcement of all claims, whether for money or otherwise and whether such enforcement is by court action or otherwise, against the debtor, its guarantors and sureties not solidarily liable with the debtor; (c) prohibiting the debtor from selling, encumbering, transferring, or disposing in any manner any of its properties except in the ordinary course of business; (d) prohibiting the debtor from making any payment of its liabilities outstanding as at the date of filing of the petition; (e) prohibiting the debtor's suppliers of goods or services from withholding supply of goods and services in the ordinary course of business for as long as the debtor makes payments for the services and goods supplied after the issuance of the stay order; (f) directing the payment in full of all administrative expenses incurred after the issuance of the stay order; (g) fixing the initial hearing on the