

## FIRST DIVISION

**[ G. R. No. 100633, August 28, 2001 ]**

**SOCORRO ABELLA SORIANO AND SABINO PADILLA, JR.,  
PETITIONERS, VS. HONORABLE COURT OF APPEALS, HON.  
DAVID C. NAVAL AND DEOGRACIAS REYES, RESPONDENTS.**

**[G. R. NO. 101550. AUGUST 28, 2001]**

**SPOUSES DEOGRACIAS R. REYES AND ROSALINA N. REYES,  
PETITIONERS, VS. COURT OF APPEALS AND SOCORRO ABELLA  
SORIANO, RESPONDENTS.**

### D E C I S I O N

**PARDO, J.:**

#### The Cases

We decide the two petitions jointly.

G.R. No. 100633 is an appeal<sup>[1]</sup> *via certiorari* interposed by Socorro A. Soriano and her counsel, Atty. Sabino Padilla, Jr. (hereafter, Atty. Padilla) from the decision of the Court of Appeals<sup>[2]</sup> that affirmed the following orders of the Regional Trial Court, Naga City<sup>[3]</sup>:

"(a) Order dated December 16, 1988, denying petitioner's urgent ex-parte motion for restraining order;

"(b) Order dated January 23, 1989 denying petitioner's motion to inhibit;

"(c) Order dated July 12, 1989 ordering the respondents to pay the deficiency in the docket fees paid by them;

"(d) Orders dated September 13 and 15, 1989 denying petitioner's Omnibus Motion for Reconsideration.

"(e) Order dated September 25, 1989 directing petitioner Atty. Sabino Padilla, Jr. to show cause why he should not be cited for contempt; and

"(f) Order dated February 9, 1990 denying petitioner's ex-parte motion to rest; declaring petitioner in default; and resetting the scheduled promulgation of

judgment on the charge of direct contempt against Atty. Padilla, Jr. with a warning that should he fail to appear he would be ordered arrested pursuant to the provisions of the rules."<sup>[4]</sup>

and which decision annulled the orders of the Regional Trial Court<sup>[5]</sup> admitting respondents' (Deogracias and Rosalina Reyes) supplemental complaint.

G. R. No. 101550 is a petition for review on *certiorari* initiated by Deogracias and Rosalina Reyes assailing the same decision of the Court of Appeals insofar as it annulled the order of the Regional Trial Court<sup>[6]</sup> admitting their supplemental complaint on the ground that the trial court should not have admitted the same as it did not merely "supplement" but entirely substituted the original pleading.<sup>[7]</sup>

### The Facts

On October 27, 1988, Deogracias R. Reyes and Rosalina N. Reyes (hereafter, "Deogracias" and "Rosalina") filed with the Regional Trial Court, Naga City<sup>[8]</sup> a complaint against Socorro Abella-Soriano (hereafter "Socorro")<sup>[9]</sup> for "declaration and recognition of real right under an implied contract of services, reformation of instrument and damages."

The complaint alleged two causes of action.<sup>[10]</sup>

**First**, Deogracias and Rosalina pleaded that they were employed by Socorro as manager and administrative assistant of her property and real estate in 1968.<sup>[11]</sup> As "payment for their services," in 1973, Socorro gave Deogracias and Rosalina one apartment unit<sup>[12]</sup> to use as their dwelling for the duration of their lifetime. A token monthly rental of one hundred fifty pesos (P150.00) was imposed on them to enable them to supposedly keep their self-respect.<sup>[13]</sup> In the same building, there existed a unit which Deogracias and Rosalina improved and converted into a pub and restaurant<sup>[14]</sup> at a cost of four hundred fifty thousand pesos (P450,000.00). For the use of the premises, Socorro collected rent from Deogracias and Rosalina in the token amount of one thousand five hundred pesos (P1,500.00) a month supposedly for the main purpose of enabling them "to keep their self respect."<sup>[15]</sup> From 1968 to 1987, Deogracias and Rosalina were able to sell and dispose of all the lots in the three residential subdivisions<sup>[16]</sup> owned by Socorro, amounting to about ten million pesos (P10,000,000.00). As real estate manager and administrative assistant, they were also able in the course of twenty years to find qualified tenants for Socorro's commercial buildings. They supervised the construction and maintenance of Socorro's property and collected rent on behalf of and for the interest of Socorro. Despite all these efforts, on October 17, 1988, Socorro gave Deogracias and Rosalina notice to vacate the two units at No. 67 Elias Angeles St., Naga City.<sup>[17]</sup>

Deogracias and Rosalina averred that Socorro agreed to allow them to use the two units for the duration of their lifetime as compensation for their services.<sup>[18]</sup> By now ejecting them from the premises, Socorro reneged on her obligation.<sup>[19]</sup>

**Second**, Deogracias and Rosalina were the owners of two (2) commercial lots with improvements.<sup>[20]</sup> On May 28, 1986, Deogracias and Rosalina became indebted to Socorro in the amount of six hundred thirty eight thousand six hundred thirty five pesos and thirty six centavos (P638,635.36). The parties agreed that to pay for the debt, Deogracias and Rosalina were to sell the two (2) commercial lots for two million and five hundred thousand pesos (P2.5M) and deliver part of the proceeds of the sale to Socorro. While looking for a buyer, Deogracias and Rosalina conveyed the property to Socorro by way of first mortgage. Instead of a real estate mortgage, Socorro prepared two (2) documents, a "deed of absolute sale"<sup>[21]</sup> covering Deogracias and Rosalina's property and a "memorandum of agreement."<sup>[22]</sup> Due to the ascendancy of Socorro over them and also because of Socorro's repeated assurance that the documents had the same effect as a real estate mortgage, Deogracias and Rosalina signed the same. Socorro presented the "deed of absolute sale" to the register of deeds of Naga City and as a consequence TCT Nos. 9388 and 9424 were released in her favor. It was only in September 1988, that Deogracias and Rosalina discovered that they were deprived of the ownership of their property.<sup>[23]</sup> Thus, Deogracias and Rosalina pray that their true intention of entering into a real estate mortgage and not an absolute sale be given effect, that the "deed of absolute sale" and "memorandum of agreement" be declared void and that the T.C.T.s issued in Socorro's name be canceled and new T.C.T.s be issued in favor of Deogracias and Rosalina.<sup>[24]</sup>

On October 28, 1988, Deogracias and Rosalina paid the filing fee of four hundred forty pesos (P440.00)<sup>[25]</sup> and legal research fee of ten pesos (P10.00).<sup>[26]</sup> The computation of the filing fee was based on the following amounts:<sup>[27]</sup>

- "1. P100,000.00 representing the income of the property under litigation received by the defendants from its tenants and which the plaintiffs prayed to be returned and refunded to them;
  - "2. P50,000.00 moral damages;
  - "3. P10,000.00 exemplary damages;
  - "4. P50,000.00 attorney's fees.
- "The total of which amounted to P210,000.00."

On November 29, 1988, Socorro filed a motion to dismiss the complaint on the ground that the first cause of action was barred by the pendency of an ejectment case between the same parties over the same premises and that the second cause of action was premature.<sup>[28]</sup>

On December 8, 1998, the Carmelite Sisters on behalf of their benefactress, Socorro, filed with the trial court an urgent *ex-parte* motion for restraining order.<sup>[29]</sup> The motion prayed that the trial court immediately issue an *ex-parte* restraining order commanding private respondents to "desist from entering the vacant apartments of the building subject of the case or from urging the tenants thereof to

stop paying their rentals to the defendant (Socorro)."

The Carmelite Sisters talked to respondent Judge Naval in his chambers and requested him to immediately act on Socorro's urgent *ex-parte* motion for a restraining order. Judge Naval told the Carmelite Sisters that he could not issue the *ex-parte* restraining order because a Supreme Court administrative circular required a hearing with notice to the adverse party. To this statement, Sister Margaret Mary retorted, "*Why would Atty. Padilla (Socorro's counsel, Atty. Sabino Padilla, Jr.) ask for an ex-parte restraining order when according to you that is prohibited by an order or circular of the Supreme Court? Do you mean Atty. Padilla does not even know that there is such an order or circular, when he has a brother in the Supreme Court (Associate Justice Teodoro Padilla).*"<sup>[30]</sup>

On December 16, 1988, the trial court denied Socorro's urgent *ex-parte* motion for a restraining order. The trial court ruled that the issue was whether or not petitioner Socorro may be restored to the possession of the property, which she claimed she was deprived of by means of force, threat and intimidation. According to the trial court, this is a matter which falls within the jurisdiction of the Municipal Trial Court,<sup>[31]</sup> not the Regional Trial Court.<sup>[32]</sup>

On January 16, 1989, the trial court granted Socorro's motion to dismiss with respect to Deogracias and Rosalina's first cause of action but denied the same insofar as the second cause of action was concerned.<sup>[33]</sup>

On the same day, January 16, 1989, Socorro, through counsel, Atty. Padilla, filed a motion to inhibit Judge Naval praying that the ends of justice would best be served if the case was re-raffled to another judge. Basically, the grounds cited were: **First**, while still a law practitioner and politician, Judge Naval was a frequent customer of the restaurant owned by Deogracias and was a good friend of his. **Second**, Judge Naval was also a close friend of Rosalina and Deogracias' attorney, Atty. Dennis B. Recon.<sup>[34]</sup>

On January 23, 1989, the trial court denied Socorro's motion to inhibit. We quote the trial court's order:<sup>[35]</sup>

"The factual bases of Defendant's motion to inhibit are not true.

"This Presiding Judge while still a law practitioner and politician, was NOT a frequent customer of the Rey-Ves Pub and Restaurant. To the best of his recollection, this Presiding Judge has eaten and drunk (sic) in said Pub and Restaurant for not more than five (5) times since then until the present and has not had any personal talk with either or both plaintiffs-spouses. This Presiding Judge has never become a 'good friend' or even a friend of said spouses.

"Atty. Dennis B. Recon is considered by this Presiding Judge as a friend, just like any other lawyer known to him and appearing before him, and just like counsel for Defendant,

Atty. Sabino Padilla, Jr. This Presiding Judge did not notice any one of the three Regional Trial Judges assigned in Pili, Camarines Sur to be present in the court room during the last hearing herein on December 16, 1988, although after the hearing, this Presiding Judge met Hon. Nilo Malanyaon, Presiding Judge of RTC Branch 32, Pili, Camarines Sur, at the lobby of the Naga City Hall of Justice conferring with Hon. Gregorio A. Manio, Presiding Judge, Branch 19, Naga City about the Christmas Party of the entire Court personnel which would be held at 5:30 o'clock that afternoon of December 16.

"The inhibition of this Presiding Judge would not have been a problem had Defendant's counsel filed his motion before this Court had refused to issue ex parte a restraining order despite strong representations therefor by three (3) Sisters of Charity and their Mother Superior, allegedly upon instructions of Counsel for the Defendant. To grant the 'motion to inhibit' at this stage of the proceedings when this Court, after hearing, has already denied defendant's motion for issuance of a restraining order and writ of preliminary injunction, and has already partially denied defendant's motion to dismiss, may create a bad precedent, and may even adversely affect the integrity of the bar and of the bench because the said Sisters of Charity impressed upon this Presiding Judge not to be apprehensive in issuing the restraining order ex parte as the Supreme Court will sustain it, their counsel being a brother of a Justice of the Supreme Court.

"This Presiding Judge believes that he is competent to hear this case and to render judgment which is fair and just to both parties.

"WHEREFORE, defendant's motion 'to inhibit' is hereby DENIED.

"SO ORDERED.

"Given in Chambers, this 23rd day of January 1989, at the City of Naga, Philippines."

On April 17, 1989, Deogracias and Rosalina filed a "motion to admit attached supplemental complaint."<sup>[36]</sup> The supplemental complaint pleaded<sup>[37]</sup>:

"2. That on March 30, 1989, subsequent to the filing of the above-entitled case and conformably with the true agreement of the parties herein in their Memorandum of Agreement which they acknowledged before Notary Public Manuel M. Rosales on 23 June 1986 (Annex 'C', Complaint) and within the 'three (3) years' period provided therein, the herein plaintiffs tendered to the defendant the amount of SIX