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SECOND DIVISION

[G.R. No. 115624, February 25, 1999]

ANTONIO MAGO AND DANILO MACASINAG, PETITIONERS, VS. COURT OF APPEALS, ROLANDO ASIS AND NATIONAL HOUSING AUTHORITY, RESPONDENTS.

D E C I S I O N

BELLOSILLO, J.:

This is an appeal by *certiorari*. Petitioners pray for reversal of the Decision of the Court of Appeals[1] affirming the Orders of the Regional Trial Court of Quezon City, Branch 83,[2] denying their *Motion to Intervene* and *Petition for Relief from Judgment* in Civil Case No. Q-52319, *Rolando Asis v. National Housing Authority.*

On 19 November 1987 private respondent Rolando Asis filed with the Regional Trial Court of Quezon City a *Petition (for: Injunction and Prohibition with Preliminary Prohibitory Injunction and Restraining Order)*[3] against public respondent National Housing Authority (NHA) to prevent it from "acting upon the recommendation for cancellation of the award" in his favor set forth in its Resolution of 3 June 1987-

> x x x x it is recommended that the title which was awarded to Rolando Asis be cancelled and the lot be subdivided into two, one should be awarded to Rolando Asis and the other lot to be awarded to Antonio Mago and Danilo Macasinag as co-owners.[4]

On 20 November 1987 the trial court directed respondent NHA to maintain the *status quo ante* and set for hearing on 26 November 1987 the prayer for preliminary prohibitory injunctive relief.

On 3 December 1987 respondent NHA filed its *Answer with Special and Affirmative Defenses* containing *inter alia* the following -

> a. Based on the Re-blocking Plan of Block 25 as presented and discussed with the residents of Bagong Barrio, Caloocan City, on November 19 and 20, 1979, which was approved on November 22, 1979, it showed the following:
>
> > (1) Structure 77-02518-04 owned by Francisco Mago was identified for relocation because it was affected by the widening of an alley, while
> >
> > (2) Structure 77-02522-04 owned by the petitioner *(Asis*) which is located at the back of Mago's structure was not identified for relocation.

b. It is for this reason that the lot of Mago was incorporated to the lot awarded to the petitioner *(Asis*) thus making it a total area of 80 square meters.

c. However, based on actual implementation of the Re-blocking Plan for Block 25, only a portion of Mago's structure was chopped and the remaining portion is more than 36 square meters, the minimum lot size allowed by the Project; hence, Mago's lot can be retained as an independent lot and should have not been incorporated to the lot awarded to the petitioner *(Asis)*.

d. On May 23, 1980, or before the lot in question was awarded to the petitioner on October 30, 1980, petitioner executed a "*Kasunduan ng Paghahati ng Lote*" to the effect that:

> (1) The petitioner is voluntarily agreeing to the division into two (2) the lot to be awarded to him.
>
> (2) The lot mentioned is Lot No. G-12 based on the Subdivision Plan of Block 25, Barangay 146 (Bagong Barrio, Caloocan City), and
>
> (3) The lot thus created (one half) shall belong to Antonio Mago (brother of Francisco Mago who owns Structure 77-02518-04 by virtue of a deed of conveyance dated May 7, 1980) and Danilo Macasinag (a renter with pre-emptive right to the subject structure). [5]

On 27 January 1988 the lower court granted the injunction.

On 16 February 1988 private respondent Asis filed a *Motion for Judgment on the Pleadings* to which the NHA filed its *Comment* followed by the former's *Reply*.

On 8 March 1988 the trial court dismissed the petition of private respondent after taking into account the unequivocal admission and recognition by the NHA of the title of Asis.[6] However, not long after or on 30 March 1988, on motion of Asis, an amendatory order was issued modifying a portion of the Order of 8 March thus -

> WHEREFORE x x x x the respondent (*herein public respondent NHA*) is hereby ordered to abide by its commitment to this Court that it will continue to honor the award in favor of the petitioner *(herein private respondent Asis*) and will not disturb his title (TCT No. C-39786) which has become indefeasible and incontrovertible in accordance with law.[7]

Private respondent's counsel received the order of 8 March on 21 March 1988, and by counsel for the NHA on 22 March 1988. Both parties through counsel received the amendatory order on 14 April 1988. Petitioners Mago and Macasinag, on the other hand, learned of the 30 March 1988 Order on 24 May 1988.

On 2 August 1988 petitioner Antonio Mago and Danilo Macasinag filed a *Motion for Leave to Intervene,* and on the same day filed a *Petition for Relief from Judgment/Order*. Private respondent Rolando Asis opposed the *Motion for Leave to*

Intervene contending that it was too late as the questioned order of 30 March 1988 had long become final as no appeal was taken therefrom.

Under Sec. 2, Rule 12, of the Rules of Court, a person may, before or during a trial, be permitted by the court, in its discretion, to intervene in an action if he has legal interest in the matter in litigation, or in the success of either of the parties, or an interest against both, or when he is so situated as to be adversely affected by a distribution or other disposition of property in the custody of the court or of an officer thereof.[8] As for the *Petition for Relief from Judgment/Order*, the same was filed sixty-nine (69) days after movants learned of the order, or beyond the reglementary period of sixty (60) days from notice of judgment, under Sec. 3, Rule 38, of the Rules of Court.[9]

On 30 January 1989 the trial court denied the motion to intervene for lack of merit. It declared at the same time that the *Petition for Relief from Judgment/Order* was "inutile without the movants having been allowed to intervene."[10] Petitioners' motion for reconsideration was similarly rejected.

On appeal petitioners prayed for the liberal interpretation of procedural rules contending that they were indispensable parties and that there were events and circumstances which warranted their intervention in Civil Case No. Q-52319.

In sustaining the trial court, the Court of Appeals ruled that the plea for liberal interpretation of the Rules of Court was not well taken -

> True, Section 2, Rule 1 of the Rules of Court[11] provides 'these rules shall be liberally construed in order to promote their object and to assist the parties in obtaining just, speedy, and inexpensive determination of every action and proceeding,' but jurisprudence qualifies it by enunciating the principle that rules on reglementary periods must be strictly construed against the filer or pleader to prevent needless delays. [12]

The grounds cited by the lower court as affirmed by the Court of Appeals rely purely on the technicalities of procedural law. An in-depth peek into the matter, however, shows that petitioners should have been allowed to intervene and seek relief from judgment, albeit belatedly, in pursuance of their substantial rights.

Admittedly, petitioners' motion for intervention was filed on 2 August 1988 after the amended order of 30 March 1988 had already become final. Section 2, Rule 2, of the Rules of Court expressly states -

> A person may, before or during a trial, be permitted by the court, in its discretion to intervene in an action, if he has legal interest in the matter in litigation, or in the success of either of the parties, or an interest against both, or when he is so situated as to be adversely affected by a distribution or other disposition of property in the custody of the court or an officer thereof.

It must be noted however that petitioners were unaware of the proceedings in Civil Case No. Q-52319. Aside from the obvious fact that they were never impleaded, they were also lulled into believing that all was well. After all, there was a previous

agreement or "*Kasunduan ng Paghahati ng Lote*"[13] which private respondent Asis executed in their favor on 23 May 1980 or before the disputed lot was awarded to Asis by the NHA. In that agreement private respondent voluntarily agreed to divide the awarded lot into two (2) - one-half (1/2) to be retained by him, and the other one-half (1/2) to belong to petitioners. It can be seen from this that private respondent acted in bad faith when he accepted the award erroneously made to him by NHA knowing fully well that a perfected agreement had been forged earlier between him and petitioners. As a matter of record, the NHA even acknowledged its mistake. In its *Comment* on private respondent's *Motion for Judgment on the Pleadings*, NHA admitted -

1. It is true that there appears a mistake committed by the personnel of the Bagong Barrio Project of the respondent in awarding the lot of Francisco Mago, who subsequently conveyed the same property to his brother, Antonio Mago, to herein petitioner;[14]

2. It is also true that there was a recommendation x x x for the cancellation of the aforesaid award;

3. However, for purposes of clarification, said recommendation was referred to the respondent's Legal Department x x x for appropriate action x x x x

4. To be more candid, it is hereby expressly manifested that respondent (NHA) honors and will continue to honor its award of the questioned lot to herein (Asis) and will never disturb the title of the lot issued to said petitioner for the primary reason that said title has become indefeasible and incontrovertible, it being issued in accordance with law;

5. In the light of the foregoing clear and unequivocal manifestations, it is highly improper and uncalled for to enjoin the respondent from cancelling or in any way disturbing the award in favor of the petitioner as there is nothing to enjoin inasmuch as no action to cancel the award of the subject lot in favor of herein petitioner was instituted or forthcoming;

6. Consequently, there is a strong ground of suspicion why herein petitioner keeps on barking at a wrong tree. Petitioner is apparently afraid of the 'ghost' he himself created, e.g., the *'Kasunduan ng Paghahati ng Lote'* x x x which was executed by petitioner in favor of Antonio Mago and Danilo Macasinag. This instrument x x x may be used by said Antonio Mago and Danilo Macasinag as a basis of an action for specific performance against herein petitioner x x x x[15]

These matters should have been taken into account by the courts *a quo* for being of utmost importance in ruling on petitioners' motion for intervention. The permissive tenor of the provision on intervention shows the intention of the Rules to give to the court the full measure of discretion in permitting or disallowing the same. But needless to say, this discretion should be exercised judiciously and only after consideration of all the circumstances obtaining in the case.[16]