

FIRST DIVISION

[G.R. No. 112830, February 01, 1996]

JERRY ONG, PETITIONER, VS. COURT OF APPEALS AND RURAL BANK OF OLONGAPO, INC., REPRESENTED BY ITS LIQUIDATOR, GUILLERMO G. REYES, JR. AND DEPUTY LIQUIDATOR ABEL ALLANIGUE, RESPONDENTS.

DECISION

BELLOSILLO, J.:

The jurisdiction of a regular court over a bank undergoing liquidation is the issue in this petition for review of the decision of the Court of Appeals.^[1]

On 5 February 1991 Jerry Ong filed with the Regional Trial Court of Quezon City a petition for the surrender of TCT Nos. 13769 and 13770 pursuant to the provisions of Secs. 63(b) and 107 of P.D. 1529^[2] against Rural Bank of Olongapo, Inc. (RBO), represented by its liquidator Guillermo G. Reyes, Jr. and deputy liquidator Abel Allanigue.^[3] The petition averred inter alia that -

2. The RBO was the owner in fee simple of two parcels of land including the improvements thereon situated in Tagaytay City x x x particularly described in TCT Nos. 13769 and 13770 x x x

3. Said parcels of land were duly mortgaged by RBO in favor of petitioner on December 29, 1983 to guarantee the payment of Omnibus Finance, Inc., which is likewise now undergoing liquidation proceedings of its money market obligations to petitioner in the principal amount of P863,517.02 x x x

4. Omnibus Finance, Inc., not having seasonably settled its obligations to petitioner, the latter proceeded to effect the extrajudicial foreclosure of said mortgages, such that on March 23, 1984, the City Sheriff of Tagaytay City issued a Certificate of Sale in favor of petitioner xxx

5. Said Certificate of Sale x x x was duly registered with the Registry of Deeds of Tagaytay City on July 16, 1985, as shown in the certified true copies of the aforementioned titles x x x

6. Respondents failed to seasonably redeem said parcels of land, for which reason, petitioner has executed an Affidavit of Consolidation of Ownership which, to date, has not been submitted to the Registry of Deeds of Tagaytay City, in view of the fact that possession of the aforesaid titles or owner's duplicate certificates of title remains with the RBO.

7. To date, petitioner has not been able to effect the registration of said parcels of land in his name in view of the persistent refusal of respondents, despite demand, to surrender RBO's copies of its owner's certificates of title for the parcels of land covered by TCT Nos. 13769 and 13770.^[4]

Respondent RBO filed a motion to dismiss on the ground of *res judicata* alleging that petitioner had earlier sought a similar relief from Br. 18 of the Regional Trial Court of Tagaytay City, which case was dismissed with finality on appeal before the Court of Appeals.

In a supplemental motion to dismiss, respondent RBO contended that it was undergoing liquidation and, pursuant to prevailing jurisprudence, it is the liquidation court which has exclusive jurisdiction to take cognizance of petitioner's claim.

On 7 May 1991 the trial court denied the motion to dismiss because it found that the causes of action in the previous and present cases were different although it was silent on the jurisdictional issue. Accordingly, respondent RBO filed a motion for reconsideration but the same was similarly rejected in the order of June 11, 1991 holding that: (a) subject parcels of land were sold to petitioner through public bidding on 23 March 1984 and, consequently, said pieces of realty were no longer part of the assets of respondent RBO; and, (b) in the same token, subject lots were no longer considered assets of respondent RBO when its liquidation was commenced by the Central Bank on 9 November 1984 and when the petition for assistance in its liquidation was approved by the Regional Trial Court of Olongapo City on 30 May 1985.

On 5 July 1991 respondent RBO filed a manifestation and urgent motion for reconsideration arguing that the validity of the certificate of sale issued to petitioner was still at issue in another case between them and therefore the properties covered by said certificate were still part and parcel of its assets.

Still unpersuaded by respondent RBO's arguments, the trial court denied reconsideration in its order of 18 September 1991 prompting the bank to elevate the case to respondent Court of Appeals by way of a petition for certiorari and prohibition. On 12 February 1992 respondent court rendered a decision annulling the challenged order of the court a quo dated 19 June 1991 which sustained the jurisdiction of the trial court as well as the order of 18 September 1991 denying reconsideration thereof. Moreover, the trial judge was ordered to dismiss Civil Case No. Q-91-8019 without prejudice to the right of petitioner to file his claim in the liquidation proceedings (Sp. Proc. No. 170-0-85) pending before Br. 73 of the Regional Trial Court of Olongapo City.^[5]

In reversing the trial court the appellate court noted that Sec. 29, par. 3, of R.A. 265 as amended by P.D. 1827^[6] does not limit the jurisdiction of the liquidation court to claims against the assets of the insolvent bank. The provision is general in that it clearly and unqualifiedly states that the liquidation court shall have jurisdiction to adjudicate disputed claims against the bank. "Disputed claims" refer to all claims,