

THIRD DIVISION

[CA-G.R. SP NO. 133994, January 20, 2015]

BDO UNIBANK INC., PETITIONER, VS. HON. JUDGE MARIA GRACIA A. CADIZ-CASACLANG (PRESIDING JUDGE OF THE REGIONAL TRIAL COURT OF PASIG BRANCH 155), ELISEO BORLONGAN, JR., ROBERTO HARINA IV, AND REGISTER OF DEEDS OF PASIG CITY, RESPONDENTS

DECISION

GONZALES-SISON, M., J.:

This resolves the instant petition for certiorari and prohibition, with application for temporary restraining order and writ of preliminary injunction^[1] ("Petition"), wherein petitioner prays for the nullification of the Orders of Public Respondent, Presiding Judge of Regional Trial Court, Branch 155, of Pasig City (hereinafter, "Pasig RTC"), in Civil Case No. 73761, entitled *Eliseo C. Borlongan, Jr. v. Equitable PCI Bank*^[2], dated 28 August 2013 and 6 December 2013, for having been issued without or in excess of jurisdiction, or with grave abuse of discretion amounting to lack or excess of jurisdiction. In the 28 August 2013 Order^[3], the RTC granted plaintiff-private respondent Eliseo Borlongan, Jr.'s ("Borlongan") Motion for Reconsideration from the RTC's Order dated 31 May 2013, dismissing the case, and ordered its reinstatement, disposing:

" WHEREFORE, premises considered, the plaintiff's Motion for Reconsideration is partially GRANTED. Accordingly, the above-entitled case is REINSTATED with the *qualification* that the plaintiff's cause of action for the annulment of the surety agreements executed by Carmelita C. Borlongan and all other documents that originated or emanated therefrom shall *remain dismissed for lack of jurisdiction*.

Meanwhile, defendant bank is hereby directed to file its Answer to the other subsisting causes of action within the remaining reglementary period.

SO ORDERED." (Italics by the RTC.)

In the 6 December 2013 Order^[4], the RTC denied defendant- petitioner's Motion for Partial Reconsideration, disposing:

" Acting on the "Motion for Partial Reconsideration (Re: Order dated 28 August 2013) filed by defendant Banco De Oro Unibank, Inc., and it appearing that the matters raised therein had already been sufficiently passed upon in the Order dated 28 August 2013, and thus, there are no cogent substantial reasons to disturb the assailed ruling, the instant Motion for Reconsideration is hereby DENIED for lack of merit. x x x

SO ORDERED.”

The antecedents are as follows:

On 27 January 2003, petitioner filed a Complaint for Collection of Sum of Money and Damages^[5] against Tancho Corporation, Juan See, Co See, William Cotaoco, Vicente Cotaoco, Elso Cotaoco, Gerard So, Carmelita Borlongan, Aida Go, and Adelaida Tung. This was docketed as *Equitable PCI Bank Corporation v. Tancho Corporation, et. al.* Carmelita Borlongan is the wife of respondent Borlongan. Petitioner sued Carmelita for failing to comply with a surety agreement signed in favor of Tancho Corporation, and alleged that despite foreclosure of a real estate mortgage, there remained a deficiency of Php32,543, 856.96, with interest.

The RTC hearing the case, RTC Makati Branch 134 (the “Makati RTC”), upon petitioner's application, issued a Writ of Attachment ordering respondent Sheriff Harina IV to attach the properties of the defaulting sureties, including a parcel of land at Sampaguita Road, Valle Verde 2, Pasig City (the “subject property”), covered by Transfer Certificate of Title (“TCT”) No. 0241, and registered to Carmelita Tung Borlongan, described in the TCT as “married to respondent Borlongan”. A Notice of Levy was duly annotated on the TCT.

Respondent Borlongan and his wife were declared in default; subsequently, on 29 November 2007, the RTC rendered judgment in favor of petitioner, and held defendants jointly and severally liable to pay petitioner the sum of the deficiency, with interest, and attorney's fees^[6]. The Decision later attained finality.

Petitioner thereafter moved for execution and for the sale of the subject property, which the RTC granted. In the ensuing public auction, petitioner was the highest bidder. On 13 January 2010, the RTC issued a Certificate of Sale^[7] in favor of petitioner, subject to the one year redemption period allowed by law. The Certificate of Sale was annotated on the TCT; later, on 21 December 2012, the RTC issued an Officer's Final Deed of Sale^[8], there being no exercise of the right to redeem by Carmelita Borlongan.

On 21 January 2013, respondent Eliseo Borlongan filed a Complaint for Annulment of Surety Agreements, Notice of Levy on Attachment, Auction Sale and Other Documents with the Pasig RTC^[9]. In that Complaint, Borlongan, alleged, among others, that he and his wife purchased the property in 1976, during their marriage; that they established their family home on the subject property; and he learned on the Notice of Levy, and its antecedents, only in 2012; that he later filed a Notice of Adverse Claim^[10] to protect his interest; and that the surety agreements did not redound to the benefit of Carmelita Borlongan and respondent Borlongan's family. He added that he was not even a stockholder of the Tancho Corporation, in whose sole favor the surety was executed by his wife. He thus prayed for the nullification of surety agreements and the ensuing notice, sale, and incidental documents thereto.

Petitioner then filed a Motion to Dismiss within the appropriate period^[11]. In its Motion, it asserted that the Pasig RTC lacked jurisdiction to hear Borlongan's Complaint, that the case was barred by *res judicata*, and that respondent failed to state a cause of action.

In an Order dated 31 May 2013, the Pasig RTC dismissed respondent's Complaint, citing lack of jurisdiction. The RTC held that it could not pass upon matters already brought up before the Makati RTC, a court of coordinate jurisdiction. In so doing, the RTC relied on the 2003 case of *Spouses Ching v. Court of Appeals*^[12] (hereinafter, "Ching" or the "Ching case"). It ruled that the husband of a judgment debtor was not a stranger to the case, which status would allow the former to file a separate and independent action to determine the validity of levy and sale of property.

Respondent filed for reconsideration.

On 28 August 2013, the Pasig RTC granted the Motion^[13]. The RTC ruled that the *Ching* case admits of an exception, which was discussed in the 2009 case of *Buado v. Court of Appeals*^[14] (hereinafter, "*Buado*" or the "*Buado* case"). According to the RTC, the spouse of the judgment debtor is entitled to file a third-party claim depending on whether the obligation of the judgment debtor redounded to the benefit of the conjugal partnership, or not; thus, conjugal property, it quoted, cannot be held liable for the personal obligation contracted by one spouse, unless some advantage or benefit is shown to have accrued to the conjugal partnership.

Applying its interpretation, the RTC noted that majority of respondent's causes of action were premised on a claim that the obligation contracted by his wife has not redounded to the benefit of their family, and thus, the levy on their property was illegal. His filing of this separate case thus, albeit with another RTC, is not an encroachment on the jurisdiction of the RTC which heard the first case, as held in *Buado*.

The RTC clarified, however, that it cannot annul the surety agreements signed by his spouse; it agreed with petitioner that respondent had no cause of action to seek nullification since he was not a party to those agreements, and furthermore, even if the obligations are not chargeable to the conjugal property, the separate properties of his spouse, who signed, may still be sought after. It stressed too, that the validity and efficacy of these contracts have already been upheld by the Makati RTC, whose decision has already attained finality.

Thus, the RTC reinstated respondent's dismissed complaint, disposing:

"WHEREFORE, premises considered, the plaintiff's Motion for Reconsideration is partially GRANTED. Accordingly, the above entitled case is REINSTATED with the *qualification* that the plaintiff's cause of action for the annulment of the surety agreements executed by Carmelita C. Borlongan and all other documents that originated or emanated therefrom shall *remain dismissed for lack of jurisdiction*.

Meanwhile, defendant bank is hereby directed to file its Answer to the other subsisting causes of action within the remaining reglementary period.

SO ORDERED." (Italics by the RTC.)

Petitioner filed for reconsideration, but the same was denied by the RTC in the assailed Order dated 6 December 2013.

Hence this petition.

Petitioner relied on the following grounds:

I

THE HONORABLE RESPONDENT JUDGE OF RTC PASIG BRANCH 155 COMMITTED AN ERROR OF JURISDICTION WHEN IT ASSUMED JURISDICTION OVER THE CASE A QUO, WHICH WAS PURPOSELY FILED TO REVERSE, MODIFY, REVIEW THE WRITS, PROCESSES, AND PROCEEDINGS RENDERED BY THE RTC OF MAKATI BRANCH 134 CONSIDERING THAT -

1. A REGIONAL TRIAL COURT HAS NO JURISDICTON TO REVIEW, REVERSE, MODIFY, THE WRITS, NOTICES, ORDERS, AND PROCESSES ISSUED BY ANOTHER REGIONAL TRIAL COURT, A COURT OF EQUAL JURISDICTION.

2. THE STANDING DICTUM IN THIS JURISDICTION IS THAT A SPOUSE, WHO WAS NOT A PARTY TO A SUIT BUT WHOSE CONJUGAL PROPERTY IS BEING EXECUTED ON ACCOUNT OF THE OTHER SPOUSE BEING A JUDGMENT DEBTOR, CANNOT BE DEEMED A STRANGER TO THE SAID SUIT.

II

THE HONORABLE RESPONDENT JUDGE, IN ASSUMING JURISDICTION OVER THE CASE A QUO, ERRONEOUSLY RELIED ON CASE (sic) OF SPOUSES ROBERTO BUADO AND VENUS BUADO VS. THE HONORABLE COURT OF APPEALS AND ROMULO NICOL^[15] CONSIDERING THAT -

1. THE BUADO CASE IS NOT THE LATEST JURISPRUDENCE ON THE MATTER. THE BUADO CASE CANNOT ALSO ABANDON THE RULING OF THE HONORABLE SUPREME COURT IN SPOUSES ALFREDO AND ENCARNACION CHING V. COURT OF APPEALS^[16].

2. THE BUADO CASE IS OF LIMITED APPLICATION, THE EXCEPTION RATHER THAN THE RULE, AND SHOULD BE APPLIED ONLY WHEN THE REASON STATED BY THE SUPREME COURT IS PRESENT.

3. DETERMINING FIRST WHETHER THE OBLIGATION REDOUNDED TO THE BENEFIT OF THE CONJUGAL PARTNERSHIP OF GAINS BEFORE IT CAN DETERMINE WHETHER IT HAS JURISDICTION OVER THE CASE WILL RESULT IN ABSURDITY.

Petitioner begins by citing the rule that courts cannot interfere, annul, or overturn the judgments, orders or processes of courts with which they share coordinate jurisdiction. It then presents the ruling in the *Ching* case as an example, stressing the Supreme Court's holding there that "the RTC does not have the authority to nullify the levy and sale on execution that was ordered by the CFI of Manila, a co-equal court".

Petitioner continues on to point out that the ruling in *Ching* was reiterated in the 2010 case of *Imani v. Metrobank, et. al.*^[17] (hereinafter, “*Imani*” or the “*Imani* case”) where the Court similarly held that the remedy of a separate action under Section 16, Rule 39 is no longer available to the non-debtor spouse because he could not be deemed a stranger to the case filed against his wife, and clarifying that the independent and separate action for relief was only available when the execution included one spouse's paraphernal or exclusive property.

Petitioner then contends that the Pasig RTC, in maintaining jurisdiction over Borlongan's Complaint, erred as it had no jurisdiction to do so, for such constituted interference with the orders of a co-equal body, the Makati RTC.

Petitioner also urges that the Pasig RTC erroneously relied on *Buado*, the basis of Borlongan's Motion for Reconsideration. Petitioner avers that *Buado*, decided in 2009, has been superseded by the 2010 *Imani* case. Petitioner contends that even without *Imani*, *Buado* could not be said to have overtaken the 2003 *Ching* case, since *Buado* was only decided by a division of the Supreme Court, not *en banc*^[18].

Petitioner then elaborates that *Buado* cannot be applied in favor of Borlongan for a number of reasons. First, it posits that *Buado* involved circumstances different from the case at bar. *Buado*, petitioner stresses, concerned liability arising from a criminal offense. Second, the property in *Buado* never became the subject of attachment. Lastly, the cause of action in *Buado* arose out of the low selling price of one spouse's exclusive property, and not from the family never benefiting from the obligation.

Anent the last assigned error, petitioner avers that the Pasig RTC, in electing to first determine whether the obligation redounded to the family's benefit, before determining whether it had jurisdiction over Borlongan's Complaint (based on the respondent's standing to sue) would result in absurdity. The RTC, petitioner argues, should have dismissed the case, pursuant the *Ching* ruling, where it was held that “the determination of whether or not the levy and sale of property in execution of a judgment was valid, properly falls within the jurisdiction of the court that rendered the judgment and issued the writ of execution”.

Applying *Buado* blindly, petitioner warns, allows the Pasig RTC to trifle with the orders of another RTC; such would also totally preclude the application of *Ching* and *Imani* in any other instance. Such absurdities, petitioner avers, must be avoided by looking at *Buado* as merely a case for limited application, with *Ching* and *Imani* providing the controlling, general rules.

Lastly, petitioner contends that the civil case below is only a ploy to cover up Borlongan's gross negligence in not taking prompt action.

Petitioner then repleads its allegations to support its application for the issuance of a temporary restraining order and/or writ of preliminary injunction, and, on the basis thereof, make the injunction permanent against the Pasig RTC from hearing or acting on Civil Case No. 73761, nullify the assailed Orders, and order the dismissal of Civil Case No. 73761.

On 26 March 2014, this Court received respondent Borlongan's Comment^[19].