



Republic of the Philippines
Supreme Court
Baguio City

FIRST DIVISION

SPOUSES WELTCHIE RAYMUNDO
and EMILY RAYMUNDO,

Petitioners,

G.R. No. 195317

Present:

SERENO, C.J.,
Chairperson,
LEONARDO-DE CASTRO,
BERSAMIN,
VILLARAMA, JR., and
REYES, JJ.

- versus -

LAND BANK OF THE PHILIPPINES,
substituted by PHILIPPINE
DISTRESSED ASSET ASIA PACIFIC
[SPV-AMC] 2, INC.,

Respondents.

Promulgated:

APR 03 2013

X-----X

RESOLUTION

REYES, J.:

The instant petition¹ was filed by Spouses Weltchie Raymundo and Emily Raymundo (petitioners) questioning the Decision² dated September 16, 2009 of the Court of Appeals (CA) in CA-G.R. SP No. 79945 which upheld the Order³ dated May 9, 2003 of the Regional Trial Court (RTC) of Kalibo, Aklan, Branch 7, in Civil Case No. 5613, denying the petitioners' Motion for Leave to File Amended and Supplemental Complaint and for

¹ Rollo, pp. 1-1-21.

² Penned by Associate Justice Florito S. Macalino, with Associate Justices Manuel M. Barrios and Samuel H. Gaerlan, concurring; id. at 23-30.

³ Rendered by Judge Virgilio Luna Paman; id. at 65-66.

Admission of the Same⁴ and the Order⁵ dated July 18, 2003 denying the motion for reconsideration thereof.

The antecedents are as follows:

Sometime in 1996, the petitioners availed of the loan packages offered by the Land Bank of the Philippines (LBP) for the development of their resort complex in Kalibo, Aklan. As security thereof, they executed real and chattel mortgages which were later foreclosed due to their failure to pay loan obligations.

On October 16, 1998, the petitioners filed a Complaint⁶ for annulment of loan documents, to which the LBP moved to dismiss on the ground that the said complaint did not state a cause of action.⁷

The instant case was in its pre-trial stage when the petitioners requested for the suspension of proceedings, manifesting that they were exploring the possibility of either taking out the loan from LBP or settle the case altogether. The petitioners further manifested that within 30 days, they would file the appropriate pleading either for the withdrawal of the case or for the continuation of proceedings. On June 28, 2001, the RTC issued an order archiving the instant case.⁸

On April 9, 2002, the petitioners filed the Motion for Leave to File Amended and Supplemental Complaint and for Admission of the Same.

Finding that the motion was merely intended to delay the proceedings, the RTC denied the same in the Order⁹ dated May 9, 2003. Moreover, the RTC stated that:

[C]omparing the original complaint with that of the amended complaint, it is very apparent that plaintiffs are trying to change their cause of action from Annulment of [L]oan documents to Specific Performance. The consistent ruling is that amendment of pleading may be resorted to, subject to the condition that amendment sought do [sic] not alter the cause of action of the original complaint (*Guzman-Castillo vs. CA*, 159 SCRA 220).

⁴ Id. at 50-51.

⁵ Id. at 71-73.

⁶ Id. at 34-37.

⁷ Id. at 39.

⁸ Id. at 123.

⁹ Id. at 65-66.

WHEREFORE, premises considered, the Motion to File Amended and Supplemental Complaint is DENIED for lack of merit. This case is ordered de-archived [sic] and restored to the calendar of the Court.

The continuation of the pre-trial is set on JUNE 16, 2003 at 10:30 A.M.

SO ORDERED.¹⁰

Denying the petitioners' motion for reconsideration thereof in the Order¹¹ dated July 18, 2003, the RTC even added that while it realized that a "change of cause of action was already omitted as a ground to dismiss;"¹² it was, nonetheless, not convinced to reconsider its previous order because:

[B]ased on the record of postponements (November 13, 2000, January 17, 2001, March 7, 2001, June 28, 2001) all at the instance of the plaintiffs for various pretexts that they are negotiating with the defendant Bank, this Court reiterates it has no doubt that the filing of the Motion for Leave to File Amended and Supplemental Complaint is just to delay the proceedings.¹³

Aggrieved, the petitioners filed a petition for *certiorari*¹⁴ under Rule 65 before the CA. On September 16, 2009, the CA rendered the assailed decision affirming the orders of the RTC. The motion for reconsideration was likewise denied; hence, this petition.

After being required to file a Comment,¹⁵ the LBP and Philippine Distressed Asset Asia Pacific (SPV-AMC) 2, Inc., (herein referred to as PDAS2), a corporation organized and existing under and pursuant to the laws of the Republic of the Philippines, filed a Joint Manifestation and Motion for Substitution of Parties¹⁶ on July 13, 2011 alleging in the main that pursuant to Republic Act (R.A.) No. 9182,¹⁷ as amended by R.A. No. 9343, LBP absolutely sold, assigned and conveyed to PDAS2, on a "without recourse" basis, all of LBP's rights, title and interests, in all obligations arising out of or in connection with, or directly or indirectly related to the acquired subject property, as evidenced by the Deed of Absolute Sale dated January 14, 2009 executed by them. Thus, LBP prayed that it be substituted by PDAS2 in this case.¹⁸

¹⁰ Id.

¹¹ Id. at 71-73.

¹² Id. at 72.

¹³ Id. at 72-73.

¹⁴ Id. at 74-80.

¹⁵ Resolution dated March 30, 2011; id. at 83.

¹⁶ Id. at 85-89.

¹⁷ AN ACT GRANTING TAX EXEMPTIONS AND FEE PRIVILEGES TO SPECIAL PURPOSE VEHICLE WHICH ACQUIRE OR INVEST IN NON-PERFORMING ASSETS, SETTING THE REGULAR FRAMEWORK THEREFORE, AND FOR OTHER PURPOSES.

¹⁸ *Rollo*, pp. 126-127.

In the Resolution¹⁹ dated October 10, 2011, the Court noted and granted the aforesaid motion and thereby directed the substitution of PDAS2 as the real party-in-interest. The Court also noted the Comment subsequently filed by the respondents and required the petitioners to file a reply thereto.

On February 3, 2012, PDAS2 filed a Manifestation, Motion to Withdraw, and Motion to Resolve²⁰ manifesting its withdrawal of its opposition to the admission of the amended and supplemental complaint of the petitioners, and praying for the withdrawal of its comment to the instant petition. According to PDAS2, the proceedings involving the admission of the amended and supplemental complaint have caused the suspension of proceedings more than eight years ago, not only of Civil Case No. 5613,²¹ but also that of Civil Case No. 7398²² which were consolidated by the RTC per Order²³ dated June 21, 2006. PDAS2 posits that “[t]he delay occasioned by the proceedings involving the admission of the Amended and Supplemental Complaint has been inordinate and no longer justifies opposing the Petition for Review.”²⁴

On February 6, 2012, PDAS2 filed a Motion to Reopen²⁵ repleading its position in its Manifestation, Motion to Withdraw, and Motion to Resolve and prays for: (a) the reopening of Civil Cases Nos. 5613 and 7398; and (b) resuming the conduct of pre-trial in Civil Case No. 5613.²⁶

On June 27, 2012, the Court issued a Resolution²⁷ noting the Motion to Reopen and resolved to await the reply of the petitioners. A Second Motion to Resolve²⁸ was subsequently filed by PDAS2.

On August 31, 2012, the petitioners filed their reply stating that they join PDAS2 in praying for the resumption of the conduct of the pre-trial in Civil Case No. 5613, and further prays that their motion for admission of amended and supplemental complaint be now granted since PDAS2 has withdrawn its opposition thereto.²⁹

The Court also notes the respondent’s withdrawal of its opposition to the admission of the petitioners’ amended and supplemental complaint, just so the proceedings before the RTC which have been suspended for more

¹⁹ Id. at 124-125.

²⁰ Id. at 135-138.

²¹ The instant Civil Case filed by the petitioners seeking the annulment of the loan extended to them.

²² A Petition for the issuance of a writ of possession filed by LBP against the petitioners; *rollo*, p. 146.

²³ Id. at 139.

²⁴ Id. at 136.

²⁵ Id. at 145-150.

²⁶ Id. at 148.

²⁷ Id. at 164-165.

²⁸ Id. at 166-169.

²⁹ Id. at 177-178.

than eight years may continue. As the records show, the case below is still at its pre-trial stage. Indeed, the inordinate delay is no longer justified by the petitioners' persistence to have their amended complaint admitted. It is incumbent that trial should continue to settle the issues between the parties once and for all. Court litigation which is primarily a search for truth must proceed; and a liberal interpretation of the rules by which both parties are given the fullest opportunity to adduce proofs is the best way to ferret out such truth.³⁰ Concomitantly, neither the parties nor their lawyers should be allowed to dictate the pace by which a case proceeds. The Judge shall see to it that the proceedings are expedited by all means available to him, including the issuance of orders to force the parties to go to trial if a settlement could not be reached within a reasonable time.³¹

With the mutual agreement of the parties to allow the admission of the amended complaint, the Court finds no bar for the proceedings in the RTC to continue.


WHEREFORE, the Decision of the Court of Appeals in CA-G.R. SP No. 79945 dated September 16, 2009 is **SET ASIDE**. The Regional Trial Court of Kalibo, Aklan, Branch 7 is hereby **DIRECTED to ADMIT** the said Amended and Supplemental Complaint, and to proceed with the proceedings in Civil Case Nos. 5613 and 7398 with utmost dispatch.

SO ORDERED.



BIENVENIDO L. REYES
Associate Justice

WE CONCUR:

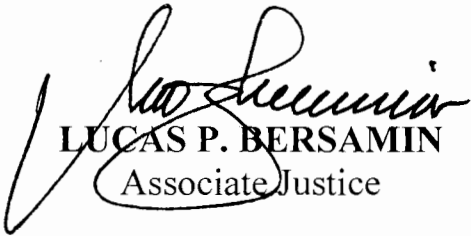


MARIA LOURDES P. A. SERENO
Chief Justice
Chairperson

³⁰ *Mortel v. Kerr*, G.R. No. 156296, November 12, 2012.

³¹ *See* Court Resolution dated July 26, 2006 in A.M. No. RTJ-04-1829, *Re: Corazon Vda. De Lopez v. Judge Roberto S. Javellana, Presiding Judge, Regional Trial Court, Branch 59, San Carlos City, Negros Occidental*.


TERESITA J. LEONARDO-DE CASTRO
Associate Justice


LUCAS P. BERSAMIN
Associate Justice


MARTIN S. VILLARAMA, JR.
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Resolution had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


MARIA LOURDES P. A. SERENO
Chief Justice