



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

**JUAN TRAJANO a.k.a. JOHNNY
TRAJANO,**

Petitioner,

G.R. No. 190253

Present:

CARPIO, J.,
Chairperson,
BRION,
DEL CASTILLO,
PEREZ, and
PERLAS-BERNABE, JJ.

- versus -

Promulgated:

JUN 11 2014 *HM Catalina Perfecto*

**UNIWIDE SALES WAREHOUSE
CLUB,**

Respondent.

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DECISION

BRION, J.:

We resolve the petition for review on *certiorari*,¹ filed by petitioner Juan Trajano, to challenge the July 29, 2009 decision² and the October 28, 2009 resolution³ of the Court of Appeals (CA) in CA-G.R. SP No. 101815.

¹ Dated January 4, 2010 and filed under Rule 45 of the Rules of Court; *rollo*, pp. 25-48.

² Id. at 9-20; penned by Associate Justice Antonio L. Villamor, and concurred in by Associate Justices Juan Q. Enriquez, Jr. and Celia C. Librea-Leagogo.

³ Id. at 21-23.

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The Factual Antecedents

This petition originated from Uniwide Sales Warehouse Club, Inc.’s (*Uniwide’s*) complaint against Golden Sea Overseas Sales Corp. (*Golden Sea*) and Trajano for a sum of money and damages with prayer for the issuance of a temporary restraining order and a writ of preliminary injunction before the Regional Trial Court (*RTC*) of Parañaque.⁴

Uniwide alleged that it entered into a sales arrangement with Golden Sea and Trajano for the importation of goods from China in 2001. Under this arrangement, Uniwide ordered merchandise from Golden Sea, which delivered the goods to Uniwide. Since Uniwide was under corporate rehabilitation at that time, Trajano allegedly “guarantee[d] the payment”⁵ of the goods to Golden Sea. In turn, Uniwide delivered to Trajano and a certain Vicente Kua post-dated checks payable to “Golden Universal/Cash” or “Golden Sea/Cash” whose face value represented the goods’ purchase price plus a monetary interest rate of 36% per annum.⁶

From January 2002 until the filing of the complaint, Golden Sea delivered ₱178,199,054.60 worth of unsaleable, defective and/or damaged goods as well as merchandise that Uniwide did not agree to purchase. Thus, Golden Sea allegedly agreed to credit in Uniwide’s account the price of these goods, upon which Uniwide requested for credit amounting to ₱163,199,054.60 in its favor. However, Golden Sea did not heed Uniwide’s request; instead, Golden Sea and Trajano encashed all the post-dated checks Uniwide issued (except those maturing from July 2005 to September 2006), which totaled to ₱86,284,028.00.⁷ Aggrieved, Uniwide filed the complaint to get the refund of the total value of misdelivered, unsaleable, defective and/or damaged goods, and to enjoin Golden Sea and Trajano from encashing the remaining post-dated checks in their possession.⁸

The complaint, docketed as **Civil Case No. 05-0265**, was raffled to RTC of Parañaque – Branch 274, which was presided by Judge Fortunito Madrona.⁹ On August 11, 2005, the RTC issued a writ of preliminary injunction prohibiting Golden Sea and Trajano from encashing the post-dated checks.¹⁰ Trajano moved to reconsider the issuance of the writ for lack of factual basis.¹¹ **Subsequently, Trajano filed a motion to post**

⁴ Id. at 62-79.

⁵ Id. at 64.

⁶ Id. at 63-72.

⁷ Id. at 80.

⁸ Id. at 63-72.

⁹ Id. at 10.

¹⁰ Id. at 80.

¹¹ Id. at 81-136.

counterbond to lift the writ of preliminary injunction.¹² Uniwide opposed this,¹³ and filed a motion for ocular inspection of the goods to support its opposition to the motion to post counterbond.¹⁴

On December 22, 2005, the RTC issued an order: (1) sustaining the issuance of the writ of preliminary injunction; (2) granting Uniwide's motion for ocular inspection; and (3) deferring the resolution of Trajano's motion to post counterbond pending the ocular inspection of the subject goods.¹⁵

On January 11, 2006, Trajano sought a partial reconsideration of the December 22, 2005 order insofar as the RTC held that his motion to post counterbond would only be resolved after the ocular inspection. Trajano claimed that Uniwide entered into a *contract of sale* with Golden Sea for the importation of merchandise. On the other hand, Uniwide entered into a *contract of loan* with Trajano for the payment of these imported goods. Consequently, the determination of whether Golden Sea should credit in Uniwide's account the total value of misdelivered, unsaleable, defective and/or damaged goods was a separate matter from Uniwide's contractual obligation to pay Trajano the matured loan. The condition of the purchased goods was irrelevant with respect to Uniwide's obligation to pay him the overdue loan. Trajano thus prayed that he be allowed to post a counterbond and to encash the post-dated checks.¹⁶ **On the same date, Golden Sea and Trajano also separately moved for the voluntary inhibition of Judge Madrona for his alleged bias towards Uniwide.¹⁷**

On January 12, 2006, Trajano filed a supplemental motion to his motion for partial reconsideration dated January 11, 2006. In his supplemental motion, Trajano called the trial court's attention to the statement of Uniwide's counsel during the August 5, 2005 hearing that the agreement for the credit of misdelivered, unsaleable, defective and/or damaged goods only involved Uniwide and Golden Sea.¹⁸

On February 15, 2006, Judge Madrona recused himself from the case,¹⁹ but Uniwide moved to reconsider his voluntary inhibition. Thereafter, the case was re-raffled to the RTC of Parañaque – Branch 195, which was presided by Judge Aida Estrella Macapagal. Uniwide contested the re-raffling of the case due to its pending motion for

¹² Id. at 137-139.

¹³ Id. at 30.

¹⁴ Id. at 140-145.

¹⁵ Id. at 146-148.

¹⁶ Id. at 157-160.

¹⁷ Id. at 149-156; *rollo* in G.R. No. 193972, Annex "A."

¹⁸ *Rollo*, pp. 161-163.

¹⁹ Id. at 164-167.

reconsideration of Judge Madrona's voluntary inhibition. **On June 30, 2006, Judge Madrona denied Uniwide's motion for reconsideration** and the records of the case were subsequently transferred to Branch 195.²⁰

On March 17, 2006, Trajano filed a petition for *certiorari* with prayer for the issuance of a temporary restraining order and a writ of preliminary injunction docketed as **CA-G.R. SP No. 93492** before the CA. **In his petition, Trajano sought to dissolve the writ enjoining him from encashing the post-dated checks.²¹ On January 22, 2008, the CA dissolved the writ of preliminary injunction with respect to Trajano for lack of factual basis.²² The CA held that Uniwide failed to prove that it had a clear and unmistakable right to be protected that warrants the issuance of the writ.²³ This decision eventually became final and entry of judgment was made on February 27, 2008.²⁴**

Meanwhile, on March 29, 2006, Trajano filed before the RTC motions to resolve his motion to post counterbond and for partial reconsideration dated January 11, 2006.²⁵ Trajano reiterated his motion to resolve on May 22, 2007.²⁶

On August 28, 2006, Uniwide assailed Judge Madrona's inhibition from the case²⁷ in a petition for *certiorari* docketed as CA-G.R. SP No. 95885 before the CA.²⁸ Uniwide argued that Judge Madrona's perceived bias in its favor was unfounded, and that the preservation of the parties' trust and confidence was an insufficient ground for Judge Madrona's inhibition.²⁹

The RTC Ruling

Due to the pendency of CA-G.R. SP No. 95885, the RTC issued an order dated June 19, 2007 deferring the resolution of Trajano's motions to post counterbond and for partial reconsideration dated January 11, 2006. The RTC held that the issue of whether Judge Madrona should hear Civil Case No. 05-0265 presented a jurisdictional question that prevented Branch 195 from resolving Trajano's pending motions.³⁰

²⁰ Id. at 11-12; and 78-279.

²¹ Id. at 168-236; Trajano assailed the RTC orders dated August 6 and December 22, 2005 in CA-G.R. SP No. 93492.

²² Id. at 237-249.

²³ Id. at 247.

²⁴ Id. at 250.

²⁵ Id. at 251-253.

²⁶ Id. at 334-336.

²⁷ Uniwide assailed the RTC orders dated February 15, 2006 and June 30, 2006 in CA-G.R. SP No. 95885.

²⁸ Id. at 280-333.

²⁹ *Rollo* in G.R. No. 193972, pp. 9-23.

³⁰ *Rollo*, p. 337.

After the RTC denied³¹ Trajano's motion for reconsideration³² in an order dated October 15, 2007, **he filed a petition for *certiorari* assailing the June 19 and October 15, 2007 orders before the CA.**³³ The case was docketed as **CA-G.R. SP No. 101815.**

The CA Ruling in CA-G.R. SP No. 101815

In a decision dated July 29, 2009, the CA upheld the RTC rulings deferring the resolution of Trajano's motions and suspending the proceedings in Civil Case No. 05-0265 during the pendency of CA-G.R. SP No. 95885. Citing *Eternal Gardens Memorial Park v. Court of Appeals*³⁴, the CA ruled that judicial courtesy prompted the RTC to await the final determination of CA-G.R. SP No. 95885 before taking cognizance of Trajano's motions and continuing with the proceedings in Civil Case No. 05-0265.³⁵

Trajano filed the present petition³⁶ after the CA denied³⁷ its motion for reconsideration.³⁸

The Petition

In the present petition, Trajano insists that the RTC should decide on his pending motions since the propriety of a judge's inhibition does not determine the RTC's jurisdiction over the subject matter of the case. He points out that jurisdiction is vested in the court, not in its branch or in the judge presiding the case. Trajano also opines that whether Judge Madrona correctly recused himself from the case merely involves the exercise of jurisdiction, not of jurisdiction itself. Trajano further asserts that the CA incorrectly applied the principle of judicial courtesy since the disposition of his motions before the RTC would not render the propriety of Judge Madrona's voluntary inhibition moot.³⁹

The Respondent's Position

³¹ Id. at 349.

³² Id. at 338-348.

³³ Id. at 350-373.

³⁴ 247 Phil. 387-398 (1988).

³⁵ *Supra* note 2.

³⁶ *Supra* note 1.

³⁷ *Supra* note 3.

³⁸ *Rollo*, pp. 437-454.

³⁹ *Supra* note 1.

In its *Comment*,⁴⁰ Uniwide claims that Trajano's petition is in fact an appeal from the June 19 and October 15, 2007 orders of the RTC since he did not raise the issue of "whether the CA correctly found that Judge Macapagal did not commit grave abuse of discretion" in deferring the resolution of Trajano's pending motions. Thus, Trajano incorrectly availed of a Rule 45 petition in assailing the RTC's interlocutory orders. Uniwide also points out that Trajano failed to show that Judge Macapagal gravely abused his discretion in issuing the June 19 and October 15, 2007 orders. Lastly, Uniwide prays for the outright denial of the petition because it lacks competent evidence of Trajano's identity in its verification page.

Proceedings in CA-G.R. SP No. 95885 and G.R. No. 193972

In a decision dated May 5, 2010, the CA ruled that the events that had transpired before Branch 274 of the Parañaque RTC provoked the parties' suspicions that Judge Madrona prejudged the case, which warranted his inhibition.⁴¹ The CA also denied Uniwide's motion for reconsideration,⁴² prompting Uniwide to elevate the case before the Supreme Court in *Uniwide Sales Warehouse Club, Inc. v. Golden Sea Overseas Sales Corp.*, docketed as G.R. No. 193972, before the Court's First Division.⁴³

The Issues

This case presents to us the following issues:

- (1) Whether the petition should be denied outright for procedural infirmities; in particular:
 - (a) Whether the petition lacks proper verification; and
 - (b) Whether the petition availed of the proper remedy in appealing the CA decision dated January 3, 2008 and resolution dated October 28, 2009;
- (2) Whether the resolution of Trajano's motion to post counterbond,⁴⁴ motion for partial reconsideration,⁴⁵ and supplemental motion to the motion for partial reconsideration⁴⁶ is already moot and academic; and

⁴⁰ Id. at 466-472.

⁴¹ *Rollo* in G.R. No. 193972, pp. 27-40.

⁴² Id. at 41-42.

⁴³ Id. at 9-23.

⁴⁴ Dated September 9, 2005.

⁴⁵ Dated January 11, 2006.

⁴⁶ Dated January 12, 2006

- (3) Whether the CA erred in not finding that the RTC committed grave abuse of discretion in suspending the proceedings in Civil Case No. 05-0265.

The Court's Ruling

We find the petition partly meritorious.

I. The petition is not procedurally infirm

A. The petition contains proper verification

Contrary to Uniwide's claim, the records of the case show that the petition's verification page contains Trajano's competent evidence of identity, specifically, Passport No. XX041470.⁴⁷ Trajano's failure to furnish Uniwide a copy of the petition containing his competent evidence of identity is a minor error that this Court may and chooses to brush aside in the interest of substantial justice. This Court has, in proper instances, relaxed the application of the Rules of Procedure when the party has shown substantial compliance with it.⁴⁸ In these cases, we have held that the rules of procedure should not be applied in a very technical sense when it defeats the purpose for which it had been enacted, i.e., to ensure the orderly, just and speedy dispensation of cases.⁴⁹ We maintain this ruling in this procedural aspect of this case.

B. Trajano properly availed of a Rule 45 petition in assailing the January 3, 2008 decision and the October 28, 2009 resolution of the Court of Appeals

We also see no merit in Uniwide's claim that Trajano improperly availed of the present petition for review on *certiorari* in assailing the RTC orders dated June 19 and October 15, 2007. The body of the petition clearly and unequivocally challenges the CA decision dated January 3, 2008 and resolution dated October 28, 2009. A petition for review on *certiorari* under Rule 45 of the Rules of Court invokes the Court's appellate jurisdiction over

⁴⁷ Rollo, p.49; The passport was issued on January 23, 2010 in Manila.

⁴⁸ *Alcantara v. Philippine Commercial and International Bank*, 634 SCRA 48, 59-60, G.R. No. 151349, October 20, 2010; and *Security Bank Corp. v. Indiana Aerospace University*, G.R. No. 146197, 500 Phil. 51, 58 (2005).

⁴⁹ *Serrano v. Galant Maritime Services, Inc.*, 455 Phil. 993, 998-999 (2003).

questions of law that has been decided by the lower courts with finality. The CA decision assailed by the present petition involves its final order regarding the alleged grave abuse of discretion involved in the RTC's interlocutory orders.

This CA decision should not be confused with the RTC's interlocutory orders that had been disputed before the CA, which was correctly contested by Trajano through a petition for *certiorari*. In *J.L. Bernardo Construction v. Court of Appeals*,⁵⁰ we stated that a petition for *certiorari* is an appropriate remedy to assail an interlocutory order: (1) when the tribunal issued such order without or in excess of jurisdiction or with grave abuse of discretion and (2) when the assailed interlocutory order is patently erroneous and the remedy of appeal would not afford adequate and expeditious relief.

Thus, Trajano correctly filed a petition for *certiorari* before the CA in order to strike down **the RTC's interlocutory orders** that he claims to have been issued with grave abuse of discretion. In the same vein, Trajano's present petition for review on *certiorari* is also the proper remedy, as it questions the **CA's final order regarding the RTC's interlocutory orders**.

II. The issue of whether the CA erred in finding no jurisdictional error in the June 19 and October 15, 2007 orders of the RTC is already moot and academic

Amidst the myriad of procedures that the parties had taken before the lower courts and this Court, the main focus of the controversy — *i.e.*, whether the CA erred in not finding a jurisdictional error on the June 19 and October 15, 2007 orders of the RTC — no longer presents a justiciable controversy. **The CA and the parties have overlooked the crucial fact that the CA, in CA-G.R. SP No. 93492, had already dissolved the writ of preliminary injunction that enjoined Trajano from encashing the subject post-dated checks.** Moreover, the dissolution of the writ had long become final and executory on February 27, 2008.

In its June 19 and October 15, 2007 orders, the RTC deferred the resolution of Trajano's motions to post counterbond and for partial reconsideration dated January 11, 2006. These motions were filed to **lift the writ of preliminary injunction**. In addition, the motion for partial reconsideration questioned **the RTC's suspension of its ruling on the**

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G.R. No. 105827, January 31, 2000, 324 SCRA 24, 34.

motion to post counterbond pending its ocular inspection of the subject goods. In turn, the order commanding the examination of the goods stemmed from Uniwide's motion for ocular inspection **in support of its opposition to Trajano's motion to post counterbond.**

In other words, the gist of the controversy in **CA-G.R. SP No. 101815** that are now the subject of the present petition *pertains to the posting of counterbond to dissolve the writ of preliminary injunction, which had already been lifted with respect to Trajano in CA-G.R. SP No. 93492.* Thus, Trajano is no longer entitled to any substantial relief on his pending motions before the RTC as the writ of preliminary injunction *itself* had already been dissolved **with finality.**

We also note that Trajano himself admitted that the subject post-dated checks had already become stale.⁵¹ A stale check is one which has not been presented for payment within a reasonable time after its issue; it is valueless and, therefore, should not be paid.⁵² For these reasons, we hold that this issue has been rendered moot and academic.

III. The RTC should continue with the proceedings in Civil Case No. 05-0265 during the pendency of G.R. No. 193972

Trajano alleges in his petition that the RTC did not set the case for trial⁵³ due to the pendency of CA-G.R. SP No. 95885 and subsequently, G.R. No. 193972. The mere pendency of a special civil action for *certiorari* commenced in relation to a case pending before a lower court does not automatically interrupt the proceedings in the lower court. A petition for *certiorari* does not divest the lower courts of jurisdiction validly acquired over the case pending before them. A petition for *certiorari*, unlike an appeal, is an original action; it is not a continuation of the proceedings in the lower court. It is designed to correct only errors of jurisdiction, including grave abuse of discretion amounting to lack or excess of jurisdiction.⁵⁴

Under Section 7, Rule 65 of the Rules of Court, the higher court should issue against the public respondent a temporary restraining order or a writ of preliminary injunction in order to interrupt the course of the principal case.⁵⁵ The petitioner in a Rule 65 petition has the burden of proof to show

⁵¹ Rollo, pp. 43-46.

⁵² *The International Corporate Bank v. Spouses Gueco*, 404 Phil. 356, 366 (2001).

⁵³ Rollo, p. 26.

⁵⁴ *Madrigal Transport, Inc. v. Lapanday Holding Corp.*, 479 Phil. 769-771, 778-782 (2004).

⁵⁵ RULES OF COURT, Rule 65, Section 7.

that there is a meritorious ground for the issuance of an injunctive writ or order to suspend the proceedings before the public respondent. He should show the existence of an urgent necessity for the writ or order, so that serious damage may be prevented. Nonetheless, even if an injunctive writ or order is issued, the lower court retains jurisdiction over the principal case.⁵⁶

Indeed, we introduced in *Eternal Gardens Memorial Park v. Court of Appeals*⁵⁷ the **principle of judicial courtesy to justify the suspension of the proceedings before the lower court even without an injunctive writ or order** from the higher court. In that case, we pronounced that “[d]ue respect for the Supreme Court and **practical and ethical considerations should have prompted the appellate court to wait for the final determination of the petition [for *certiorari*] before taking cognizance of the case** and trying to render moot exactly what was before this [C]ourt.”⁵⁸ We subsequently reiterated the concept of judicial courtesy in *Joy Mart Consolidated Corp. v. Court of Appeals*.⁵⁹

We, however, have qualified and limited the application of judicial courtesy in *Go v. Abrogar*⁶⁰ and *Republic v. Sandiganbayan*.⁶¹ In these cases, we expressly delimited the application of judicial courtesy to maintain the efficacy of Section 7, Rule 65 of the Rules of Court, and held that the principle of judicial courtesy applies only “**if there is a strong probability that the issues before the higher court would be rendered moot and moribund as a result of the continuation of the proceedings in the lower court.**” Through these cases, we clarified that the principle of judicial courtesy remains to be the exception rather than the rule.⁶²

From these perspectives, the appellate court erroneously applied the principle of judicial courtesy in the current case. There is no strong probability that the issue of the propriety of Judge Madrona’s voluntary inhibition in CA-G.R. SP No. 95885 would be rendered moot and academic by the continuation of the proceedings in the trial court.

Furthermore, whether Judge Madrona properly inhibited himself from the case does not pose any jurisdictional problem in resolving the issues in

⁵⁶ *Herrera*, Remedial Law III, 2006 Ed., p. 363.

⁵⁷ *Supra* note 34.

⁵⁸ *Id.* at 387-388, 394.

⁵⁹ G.R. No. 88705, June 11, 1992, 209 SCRA, 746.

⁶⁰ 446 Phil. 228-229, 238 (2003).

⁶¹ 525 Phil. 806, 810 (2006).

⁶² See also *Garcia v. Sandiganbayan*, 532 Phil. 340, 350 (2006).

Civil Case No. 05-0265. We agree with Trajano that jurisdiction vests in the trial court, not in the judges. We also point out in this respect that the various branches of the RTC of Parañaque are coordinate and co-equal courts whose totality constitutes only one RTC. Each of the RTC's branches is not a court separate and distinct from the other branches. When a complaint is filed before one branch or judge, jurisdiction does not attach to this branch or judge alone, to the exclusion of the others. Trial may be had or proceedings may continue by and before another branch or judge. The different branches in the RTC of Parañaque do not possess jurisdictions independent of and incompatible with each other.⁶³

WHEREFORE, premises considered, we **PARTLY GRANT** the petition. The resolution of petitioner Juan Trajano's motion to post counterbond dated September 9, 2005, motion for partial reconsideration of the order allowing ocular inspection dated January 11, 2006, and supplemental motion to the motion for partial reconsideration dated January 12, 2006 is hereby declared **MOOT AND ACADEMIC**. The Regional Trial Court of Parañaque – Branch 195 is hereby ordered to **CONTINUE** with the proceedings in Civil Case No. 05-0265.

SO ORDERED.



ARTURO D. BRION
Associate Justice

WE CONCUR:




ANTONIO T. CARPIO
Associate Justice
Chairperson

⁶³ *Bacalso v. Ramolete*, G.R. No. L-22488, October 26, 1967, 21 SCRA 519, 524; *Maloles II v. Phillips*, 381 Phil. 193-194 (2000); *People v. Gorospe*, G.R. No. L-51513, May 15, 1984; and *Municipality of Daet v. Court of Appeals*, 182 Phil. 84, 104 (1979).

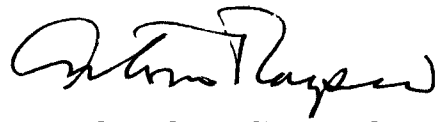

MARIANO C. DEL CASTILLO
Associate Justice


JOSE PORTUGAL PEREZ
Associate Justice


ESTELA M. PERLAS-BERNABE
Associate Justice


A T T E S T A T I O N

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ANTONIO T. CARPIO
Associate Justice
Chairperson, Second Division

C E R T I F I C A T I O N

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision 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