



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

ACTIVE WOOD PRODUCTS CO.,
INC., Represented by its President
and Chairman, Chua Tiong Sio,
Petitioner,

G.R. No. 240277

Present:

PERLAS-BERNABE, J.,
Chairperson,
HERNANDO,
DELOS SANTOS,
GAERLAN,* and
BALTAZAR-PADILLA,** JJ.

- versus -

STATE INVESTMENT HOUSE,
INC.,

Respondent.

Promulgated:

HEIRS OF RODRIGUEZ,

Intervenor.

14 OCT 2020

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DECISION

DELOS SANTOS, J.:

The Case

This is a Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court seeking to reverse and set aside the Decision² dated January 30, 2018 and the Resolution³ dated June 25, 2018 of the Court of Appeals (CA) in CA-G.R. SP No. 151996, affirming the Joint Decision⁴ dated September 5, 2016 and the Order⁵ dated March 28, 2017 of the Regional

* Designated as additional member in lieu of Associate Justice Henri Jean Paul B. Inting per Raffle dated October 12, 2020.

** On leave.

¹ *Rollo*, pp. 13-46.

² Penned by Associate Justice Apolinario D. Bruselas, Jr., with Associate Justices Socorro B. Inting and Rafael Antonio M. Santos, concurring; id. at 48-64.

³ Penned by Associate Justice Apolinario D. Bruselas, Jr., with Associate Justices Pablito A. Perez and Rafael Antonio M. Santos, concurring; id. at 65-66.

⁴ Not attached to the *rollo*.

⁵ Not attached to the *rollo*.

Trial Court (RTC) of Malolos City, Bulacan, Branch 18, which declared that: (1) the action of State Investment House, Inc. (SIHI) against Active Wood Products Co., Inc. (AWP) has not prescribed; (2) AWP failed to prove that it had fully paid its obligation with SIHI; and (3) SIHI is allowed to proceed with the extrajudicial foreclosure of real estate mortgage against AWP.

Facts and Antecedent Proceedings

As narrated by the CA in its assailed Decision, the facts and the antecedent proceedings of the instant case are as follows:

On 07 June 1982, AWP filed a Complaint for Injunction with Prayer for Temporary Restraining Order (TRO) and Writ of Preliminary Injunction against SIHI to prevent the extrajudicial foreclosure of the real estate mortgage it had executed in favor of SIHI. AWP alleged that the real estate mortgage contracts were given as securities for the payment of credit accommodations in the total amount of [P]6,420,490.00. AWP asserted that by allowing it to pay the interest and related charges even after the maturity dates of the promissory notes that it had executed in favor of SIHI, the latter has expressly novated the terms and conditions stipulated in those documents. Thus, it claimed that SIHI could not foreclose the mortgaged properties based on the stipulations in the original real estate mortgage contracts and promissory notes particularly the acceleration clause which rendered due and demandable the entire loan obligation if not paid on the maturity dates. The injunction case, docketed as Civil Case No. 6518-M, was originally raffled to Branch 20 of the Regional Trial Court (RTC) of Malolos City, Bulacan.

On 09 June 1982, the RTC issued a TRO. On 10 November 1982, the RTC ordered AWP to post an injunction bond of [P]6M. The RTC then issued another *Order* on 17 December 1982 that restrained the foreclosure of the real estate mortgage to maintain the status quo.

In its *Answer with Compulsory Counterclaim*, SIHI countered that the real estate mortgage contracts over a parcel of land situated in the Municipality of Bigaa, Province of Bulacan were given as securities for the payment of credit accommodations in the total amount of [P]5,612,398.80 which obligation had been restructured several times upon the request of AWP. In addition, AWP executed *Financing Agreements* on 09 October 1979 and 23 January 1981, whereby AWP agreed to pay SIHI additional 12% per [annum] in case of default in the payment of the obligations on their respective maturity dates and a penalty of a minimum amount of [P]50 or 2% per month, whichever is [higher,] as liquidated damages. It added that on 05 November 1981, AWP's past due obligation was restructured and AWP negotiated a check worth [P]6,430,490.09 which would become due on 03 December 1981. AWP sought another extension of payment on its unpaid obligation for which it negotiated another check in the same amount which would fall due on 13 January 1982. It claimed that AWP's obligation as of 11 May 1982, inclusive of interest and charges was [P]6,875,682.02. It made repeated demands upon AWP to pay its overdue account but the latter failed and refused to do so. On the allegation of novation, it maintained that AWP's original obligation was not extinguished because it was restructured

several times.

By way of counterclaim, SIHI prayed for damages, attorney's fees and litigation expenses.

Meanwhile, on 28 June 1983, SIHI filed a *Petition for Extrajudicial Foreclosure* with the Office of the Provincial Sheriff of Bulacan.

On 28 November 1983, the RTC directed the issuance of a Writ of Preliminary Injunction upon filing of an injunction bond. Ex-officio [P]rovincial [S]heriff Victorino P. Evangelista, however, still proceeded with the foreclosure sale on 29 November 1983 and sold the mortgaged properties to SIHI as [the] highest bidder for a total bid price of [P]7.5M.

On 13 December 1983, AWP filed an Omnibus Motion to cite [S]heriff Evangelista in contempt of court and to nullify the public auction sale.

On 14 February 1984, SIHI filed a *Petition for Writ of Possession* which was raffled to Branch 14 and docketed as LRC Case No. P-39-85. Thereafter, it was consolidated with the original complaint for Injunction initiated by AWP, Civil Case No. 6518-M.

In an *Order* issued on 27 February 1984, the RTC nullified the auction sale conducted by Sheriff Evangelista but denied the motion to cite [S]heriff Evangelista in contempt of court.

On 17 April 1984, the RTC issued a Writ of Preliminary Injunction in favor of AWP and ordered SIHI and the ex-officio provincial sheriff of Malolos, Bulacan to refrain from proceeding with the foreclosure sale of the mortgaged properties.

SIHI challenged the 27 February 1984 and 17 April 1984 *Orders* before the then Intermediate Appellate Court (IAC) which reversed the RTC. On *certiorari*, however, the Supreme Court reversed the IAC and upheld both the 27 February 1984 order that nullified the auction sale and the 17 April 1984 order that issued a writ of preliminary injunction.

Upon motion, AWP filed an *Amended Complaint* dated 23 January 1985 wherein it alleged that the real estate mortgage was null and void because what it secured was not a loan but merely an assignment of receivables. Subsequently, AWP filed a *Motion to Admit Supplemental Complaint* dated 23 August 1990 to implead [S]heriff Evangelista as an additional defendant and to pray for attorney's fees, actual and moral damages. The RTC dismissed the amended complaint with respect to the inclusion of [S]heriff Evangelista as a defendant. AWP filed a petition for review with the Supreme Court but the latter dismissed the petition.

On 25 January 1999, SIHI filed a motion to set the case for pre-trial with respect to the supplemental complaint for additional damages. AWP, on the other hand, moved to cancel the pre-trial conferences set by the RTC.

On 07 June 1999, AWP filed an Omnibus Motion and prayed for the following:

- “1. That the eight (8) Real Estate Mortgage(s) be declared fully paid and automatically extinguished and/or;
2. That said eight (8) Real Estate Mortgage(s) be also declared barred by the statute of limitation(s);
3. That the seventeen (17) Comprehensive Security Agreement(s); the four AGREEMENTS also (barred) by prescription and be declared without force and effect;
4. The alleged Real Estate Mortgages be both declared null and void and also (barred) by statute of limitations;
5. And all (petitioner’s) claims or cause(s) of actions be dismissed, thereafter the above entitled case be dismissed without pronouncement as to (costs).”

The RTC denied AWP’s omnibus motion. AWP moved for a reconsideration which was likewise denied by the RTC. AWP went to the Court via a Petition for *Certiorari* with a prayer for a TRO and/or a writ of preliminary injunction (SP No. 55616). On 15 February 2000, the Court issued a resolution that enjoined the RTC from deciding Civil Case No. 6518-M. The TRO was, however, lifted on 09 March 2000. Eventually, on 07 March 2008, the Court dismissed the petition for *certiorari* for lack of merit and affirmed the RTC’s denial of AWP’s omnibus motion.

Consequently, records of Civil Case No. 6518-M and LRC Case No. P-39-85 were forwarded to the RTC, Branch 18, for further proceedings.⁶

Ruling of the RTC

On September 5, 2016, the RTC rendered a Joint Decision.⁷ The dispositive portion reads:

WHEREFORE, in view of the foregoing findings and reasons, a JOINT JUDGMENT is hereby rendered resolving and ordering:

- 1). That the ten-year prescriptive period of the mortgage action has not lapsed;
- 2). That AWP had defaulted in the full payment of its mortgage indebtedness to SIHI before and after the nullified foreclosure [on] November 29, 1983;
- 3). That the petition for extrajudicial foreclosure of real estate mortgage filed by SIHI in 1983 against AWP and the initial stage of the extrajudicial foreclosure proceedings before the November 29, 1983 foreclosure sale remain valid;
- 4). The lifting and setting aside of the Order of November 28, 1983 and the corresponding Writ of Preliminary Injunction;
- 5). The dismissal of the main action of Injunction filed by AWP;
- 6). Allowing SIHI to proceed with the Extrajudicial Foreclosure proceeding taking into consideration the stage when the Foreclosure Sale [on] November 29, 1983 and the Sheriff’s Certificate of Sale were nullified, in accordance with Act No. 3135, as Amended; and
- 7). The dismissal of SIHI’s and AWP’s respective claims for damages and attorney’s fees against each other for lack of preponderance

⁶ *Rollo*, pp. 49-54. (Italics in the original; citations omitted)

⁷ Not attached to the *rollo*.

of evidence and proof.

No costs in both instances.

SO ORDERED.⁸

Feeling aggrieved, AWP filed a Motion for Reconsideration⁹ but it was denied by the RTC. Consequently, it appealed the Joint Decision of the RTC to the CA.¹⁰

Meanwhile, a certain Deogenes O. Rodriguez (Rodriguez) filed a Motion for Leave to Intervene¹¹ asserting ownership and possession of the properties sought to be foreclosed. SIHI opposed the said motion. In an Order¹² dated January 30, 2017, the RTC denied the said motion on the ground that it should have been filed before the rendition of judgment. Rodriguez sought for reconsideration but the RTC denied his motions with finality. He also filed an appeal before the CA.¹³

In compliance to the CA's Order¹⁴ dated September 26, 2017, SIHI filed a Memorandum,¹⁵ which, however, discussed issues pertaining to Rodriguez' appeal only and nothing about AWP's appeal. SIHI claimed that it did not receive a copy of the Notice of Appeal filed by AWP on February 22, 2017, and that it received AWP's Memorandum on November 16, 2017. After verification with the CA's Judicial Records Division of AWP's filing of appeal, SIHI filed a Manifestation and Motion to Admit Attached Amended Memorandum¹⁶ dated December 1, 2017. AWP opposed SIHI's belated filing of the said amended memorandum, claiming that it furnished SIHI a copy of the Notice of Appeal.¹⁷

The Ruling of the CA

In its Decision¹⁸ dated January 30, 2018, the CA rejected SIHI's claim that AWP's appeal should be dismissed for failure to furnish a copy of the Notice of Appeal. The CA found from the records that AWP sent a copy of the said notice through a private courier to SIHI. On the other hand, in accepting the Motion to Admit Amended Memorandum as timely-filed, the CA maintained that SIHI was able to explain its reasons for the amendment

⁸ *Rollo*, p. 49.

⁹ Not attached to the *rollo*.

¹⁰ *Rollo*, p. 55.

¹¹ Not attached to the *rollo*.

¹² Not attached to the *rollo*.

¹³ *Rollo*, pp. 55-56.

¹⁴ Not attached to the *rollo*.

¹⁵ Not attached to the *rollo*.

¹⁶ Not attached to the *rollo*.

¹⁷ Not attached to the *rollo*.

¹⁸ *Rollo*, pp. 48-64.

of the memorandum.¹⁹

In the main, the CA denied both appeals filed by AWP and Rodriguez. The dispositive portion of the Decision reads:

WHEREFORE, we deny the appeal of Active Wood Products Co., Inc. and we deny the appeal of Deogenes O. Rodriguez. The *Joint Decision* of 05 September 2016 and the *Order* of 28 March 2017 are hereby AFFIRMED.

IT IS SO ORDERED.²⁰

The CA dismissed the appeal of Rodriguez for failure to file a memorandum, pursuant to Section 1, Rule 50 of the Rules of Court.

As regards AWP's appeal, the CA sustained the RTC's finding that SIHI's right to foreclose the real estate mortgage has not yet prescribed. Applying *Tambunting, Jr. v. Spouses Sumabat*,²¹ the CA held that the running of the 10-year prescriptive period was effectively stopped when AWP filed a complaint for injunction with prayer for a writ of preliminary injunction and temporary restraining order on June 7, 1982 against SIHI. The period commenced to run again on September 5, 2016 when such case was dismissed and the writ of preliminary injunction was accordingly lifted by the RTC. Moreover, the CA found that SIHI sufficiently showed that it sent demand letters to AWP on July 30, 1982 and August 2, 1982, which also interrupted the running of the prescriptive period pursuant to Article 1155²² of the Civil Code.²³

The CA also gave credence to SIHI's possession of documents pertaining to AWP's obligation and agreed with the RTC that AWP failed to discharge its burden of proving full payment. Notably, the CA ruled that AWP's willingness to pay supposed lawful rates of interest and charges on the original secured loan obligation was a clear admission of its obligation to SIHI.²⁴

Issues

The issues for the Court's resolution are:

¹⁹ Id. at 57.

²⁰ Id. at 64.

²¹ 507 Phil. 94 (2005).

²² Art. 1155. The prescription of actions is interrupted when they are filed before the court, when there is a written extrajudicial demand by the creditors, and when there is any written acknowledgment of the debt by the debtor.

²³ *Rollo*, pp. 58-61.

²⁴ Id. at 61-64.

- (1) Whether or not the CA gravely erred in admitting SIHI's Amended Memorandum;
- (2) Whether or not the CA gravely erred in finding that SIHI's right to foreclose has not prescribed;
- (3) Whether or not the CA gravely erred in finding that AWP's obligation to SIHI was not fully extinguished; and
- (4) Whether or not the injunction issued in favor of AWP should be affirmed.

Our Ruling

The Court denies the petition.

AWP ascribes grave error against the CA when it admitted SIHI's amended memorandum. Without being specific, AWP said that the admission of the said memorandum violated the CA Rules.²⁵

The Court finds that there was no grave error on the part of the CA. SIHI was able to justify its filing of the amended memorandum by showing that: (1) the first memorandum filed on November 2, 2017, which discussed Rodriguez' appeal, was filed within the 30-day non-extendible period as required by the CA; and (2) the filing of the amended memorandum, which was intended to answer AWP's appeal, albeit outside the foregoing 30-day period, was not intended for delay but was only filed because SIHI did not have a copy of AWP's notice of appeal at the outset. In this regard, the Court does not agree with AWP's claim that the admission of SIHI's amended memorandum was prejudicial to its interest and violated its right to due process. As correctly pointed out by the CA, there was no sufficient ground to deny SIHI's Motion to Admit Attached Amended Memorandum.

The disquisition of the remaining issues raised in this case unavoidably requires a re-evaluation of the facts and evidence presented by the parties in the RTC and in the CA. Understandably, this is the reason why AWP, citing intricacies and mix question of facts and law, invokes exception on review of factual findings under Rule 45.

This Court is not a trier of facts, and it is not its function to examine, review, or evaluate the evidence all over again. In *Carbonell v. Carbonell-Mendes*,²⁶ the Court held:

[I]n a petition for review on *certiorari* under Rule 45, the Court is generally limited to reviewing only errors of law. Nevertheless, the Court has enumerated several exceptions to this rule, such as when: (1) the

²⁵ Id. at 21.

²⁶ 762 Phil. 529 (2015).

conclusion is grounded on speculations, surmises or conjectures; (2) the inference is manifestly mistaken, absurd or impossible; (3) there is grave abuse of discretion; (4) the judgment is based on misapprehension of facts; (5) the findings of fact are conflicting; (6) there is no citation of specific evidence on which the factual findings are based; (7) the findings of absence of facts are contradicted by the presence of evidence on record; (8) the findings of the CA are contrary to those of the trial court; (9) the CA manifestly overlooked certain relevant and undisputed facts that, if properly considered, would justify a different conclusion; (10) the findings of the CA are beyond the issues of the case; and (11) such findings are contrary to the admissions of both parties.²⁷

In this case, AWP failed to show that this case falls under any of the exceptions. Pointedly, the Court notes that the factual findings of the RTC that: (1) SIHI's action or claim has not prescribed; and (2) AWP's claim of full payment was not substantiated – were both upheld by the CA. The afore-quoted findings of fact of the RTC, as affirmed by the CA, are binding and conclusive upon this Court.

Even granting that this case is cognizable under the petition for review on *certiorari*, the Court holds that the arguments of AWP are still bound to fail.

In its claim that prescription has already set in against SIHI, AWP reiterates that the extrajudicial foreclosure filed by SIHI was not a judicial action, which allegedly did not interrupt the prescriptive period under Article 1142²⁸ of the Civil Code. Moreover, it retells that the loan was fully paid with a claim of overpayment. And as for its final point, AWP implies that since this Court, in G.R. No. 70144,²⁹ affirmed the nullification of the foreclosure sale held on November 29, 1983, SIHI's right of action on the mortgage has prescribed.

In its Comment,³⁰ SIHI claims that it satisfied all the three (3) modes of interrupting prescription period in Article 1155. *First*, it echoes CA's findings that the filing of the injunction suit on June 7, 1982 effectively stopped the running of the prescription period and the latter commenced to run again on September 5, 2016. *Second*, SIHI also pointed out that AWP never denied the fact that it sent several written extrajudicial demand letters to the latter on July 30, 1982 and August 2, 1982. *Third*, SIHI claims that it also made a judicial demand on its *Answer to Supplemental Complaint* dated July 11, 1991, where judicial foreclosure was prayed as an alternative relief.³¹

²⁷ Id. at 537.

²⁸ Art. 1142. A mortgage action prescribes after ten years.

²⁹ *Active Wood Products, Inc. v. IAC*, March 26, 1990.

³⁰ *Rollo*, pp. 124-160.

³¹ Id. at 147-148.

Foremost, the Court clarifies that contrary to the allegation of AWP, the Court in G.R. No. 70144 did not make any ruling, much less made any mention, on prescription. While the Court ruled in favor of AWP and affirmed the trial court in nullifying the foreclosure sale, there was no declaration that the right of action by SIHI had already prescribed.

In the main, the Court notes that the CA actually agreed with AWP that extrajudicial foreclosure is not a judicial action that interrupts the running of the prescriptive period in enforcing a right arising from a mortgage. Citing *Tambunting, Jr.* as applicable, the CA then ruled that what effectively stopped the running of the 10-year prescriptive period was AWP's filing of the injunction suit on June 7, 1982. Oddly, AWP did not directly assail and argue against this pronouncement of the CA.

In *Cando v. Spouses Olazo*,³² the Court explained:

[A]n action to enforce a right arising from a mortgage should be enforced within 10 years from the time the right of action accrues; otherwise, it will be barred by prescription and the mortgage creditor will lose his rights under the mortgage. The right of action accrues when the mortgagor defaults in the payment of his obligation to the mortgagee.³³

In the instant case, it is settled that SIHI's right of action started to accrue in 1981, when AWP defaulted in paying its obligation. AWP's defaults can be gleaned from the following undisputed facts: (1) AWP paid interest and related charges even after the maturity dates; (2) the obligation had to be restructured several times upon the request of AWP; and (3) AWP sought extensions of payment on its unpaid obligation.

Under Article 1155, the prescription of action is interrupted when: (1) they are filed before the court; (2) there is a written extrajudicial demand by the creditors; and (3) there is any written acknowledgment of the debt by the debtor.

The Court agrees with the conclusion of the CA that the 10-year prescriptive period was interrupted on June 7, 1982 when AWP filed a complaint for injunction to restrain the intended foreclosure and commenced to run again on September 5, 2016 when the RTC dismissed the complaint and lifted the writ of preliminary injunction. In sum, the Court finds that SIHI's right to foreclose has not prescribed.

On the basis of the foregoing, the Court deems it unnecessary to discuss the other issues and hereby holds that the CA committed no error in affirming the Joint Decision and the Order rendered by the RTC.

³² 547 Phil. 630 (2007).

³³ *Id.* at 637.

As a final word, the Court takes notice that this case has been pending for almost four (4) decades. It has already reached the CA and this Court for at least three (3) times on different issues. Litigation of this case must now end.

The Court seizes this occasion to remind the parties that it is an important fundamental principle in our judicial system that every litigation must come to an end. In *Spouses Atienza v. CA*,³⁴ the Court declared:

Access to courts is guaranteed. But there must be a limit thereto. Once a litigant's rights have been adjudicated in a valid final judgment of a competent court, he should not be granted an unbridled license to come back for another try. The prevailing party should not be harassed by subsequent suits. For, if endless litigations were to be encouraged, then unscrupulous litigants will multiply in number to the detriment of the administration of justice.

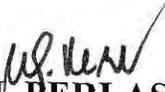
WHEREFORE, the Petition for Review on *Certiorari* is hereby **DENIED**. The Decision dated January 30, 2018 and the Resolution dated June 25, 2018 of the Court of Appeals in CA-G.R. SP No. 151996 are hereby **AFFIRMED**.

SO ORDERED.


EDGARDO L. DELOS SANTOS
Associate Justice

³⁴ 529 Phil. 159 (2006).

WE CONCUR:


ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson

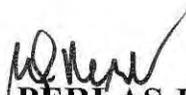

RAMON PAUL L. HERNANDO
Associate Justice


SAMUEL H. GAERLAN
Associate Justice

(On Leave)
PRISCILLA J. BALTAZAR-PADILLA
Associate Justice

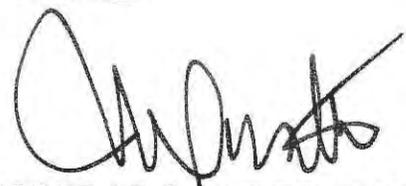
ATTESTATION

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.


ESTELA M. PERLAS-BERNABE
Senior Associate Justice
Chairperson, Second Division

CERTIFICATION

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.


DIOSDADO M. PERALTA
Chief Justice