



Republic of the Philippines
Supreme Court
Baguio City

SECOND DIVISION

MALAYAN BANK SAVINGS
AND MORTGAGE BANK,
Petitioner,

G.R. No. 252790

- versus -

HOLCIM PHILIPPINES, INC.,
Respondent.

Present:
LEONEN, S.A.J., Chairperson,
LAZARO-JAVIER,
LOPEZ, M.
LOPEZ, J., and
KHO, JR., JJ.

Promulgated:

APR 12 2023

X-----X

DECISION

KHO, JR., J.:

Before the Court is a Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court assailing the Decision² dated October 30, 2019 and the Resolution³ dated July 3, 2020 of the Court of Appeals (CA) in CA-G.R. SP No. 152067, which annulled and set aside the Resolutions dated June 3, 2016⁴ and June 9, 2017⁵ of the Regional Trial Court of Makati City, Branch 61

¹ Dated August 25, 2020; *rollo*, pp. 9-37.

² *Id.* at 46-55. Penned by Associate Justice Ronaldo Roberto B. Martin and concurred in by Associate Justices Fernanda Lampas Peralta and Danton Q. Bueser of the Second Division, Court of Appeals, Manila.

³ *Id.* at 57-59.

⁴ *Id.* at 144-172. Penned by Assisting Judge Maria Amitaith S. Fider-Reyes of Branch 61, Regional Trial Court, Makati City.

⁵ *Id.* at 173-175. Penned by Acting Presiding Judge Maria Amitaith S. Fider-Reyes of Branch 61, Regional Trial Court, Makati City.

(RTC) in Civil Case No. 11-445. The CA found that the RTC gravely abused its discretion in granting petitioner Malayan Bank Savings and Mortgage Bank's (Malayan) Comment with Omnibus Motion⁶ to lift order of default and setting the Complaint filed by respondent Holcim Philippines, Inc. (Holcim) for pretrial.

The Facts

Holcim filed a Complaint⁷ for sum of money against Malayan on May 16, 2011, docketed as Civil Case No. 11-445. The case was raffled to Branch 61 of the RTC of Makati City, then presided over by former Judge J. Cedrick O. Ruiz (Judge Ruiz). Holcim filed the Complaint when Malayan allegedly reneged on its obligation to honor the irrevocable letter of credit that it issued in favor of Holcim. Accordingly, the Complaint prayed for actual damages in the amount of PHP 19,999,980.00, exemplary damages in the amount of PHP 1,000,000.00, and at least PHP 500,000.00 as attorney's fees and litigation expenses. After seeking two extensions to file its answer, Malayan filed a Motion to Dismiss⁸ instead, alleging that the Complaint's verification and certification were signed by a person who was not authorized to do so; that the Complaint failed to state a cause of action; and that the RTC lacked jurisdiction over the subject matter of the Complaint.⁹ Judge Ruiz denied the Motion to Dismiss in a Resolution¹⁰ dated November 14, 2011.

Holcim then filed a Motion¹¹ to declare Malayan in default for failing to file a responsive pleading to the Complaint. Despite receipt of the copy of the Motion, Malayan filed no opposition or comment. Thus, in an Order¹² dated February 17, 2012, the RTC granted the Motion and declared Malayan in default. Upon receipt of the order of default, Malayan filed a Motion¹³ to admit its answer to the Complaint,¹⁴ claiming that its counsel mistakenly believed that the Answer had been filed on its intended filing date, and only found out that it was not filed when he received the RTC's Order of default. Malayan's counsel also admitted that the intended filing date for the Answer—January 16, 2012—was already belated, since he received the order denying his Motion to Dismiss on December 14, 2011. Malayan explained that there was delay because its counsel needed to take care of his ailing mother, who was suffering from a degenerative disease.¹⁵

⁶ *Id.* at 550–551.

⁷ *Id.* at 186–336, with Annexes.

⁸ *Id.* at 337–346.

⁹ *Id.* at 47.

¹⁰ *Id.* at 363–372. Penned by Presiding Judge J. Cedrick O. Ruiz of Branch 61, Regional Trial Court, Makati City.

¹¹ *Id.* at 373–377.

¹² *Id.* at 380. Signed by Presiding Judge J. Cedrick O. Ruiz of Branch 61, Regional Trial Court, Makati City.

¹³ *Id.* at 381–388.

¹⁴ *Id.* at 381–400.

¹⁵ *Id.* at 382–383.

1/26/12

In a Resolution¹⁶ dated March 19, 2012, the RTC denied Malayan's Motion to Admit Answer and upheld its default order. Citing the Rules of Court, Rule 9, Section 3(b),¹⁷ the RTC held that a motion to admit answer is not the proper relief from an order of default; rather, the remedy is to move for the setting aside of the default order. Even if the motion were to be considered a motion to set aside the default order, the RTC held that it must still be denied since: (a) it was not under oath; (b) there was no proper showing that the failure to answer was due to fraud, accident, mistake, or excusable negligence; and (c) Malayan failed to assert a meritorious defense.¹⁸ Malayan moved to reconsider,¹⁹ which was denied by the RTC. Thus, Malayan elevated the issue to the CA through a Petition for *Certiorari*,²⁰ ascribing grave abuse of discretion on the part of the RTC.

In a Decision²¹ dated September 17, 2014, the CA dismissed the Petition and upheld the RTC's order of default.²² Malayan then filed a *certiorari* Petition²³ with this Court, which was denied in a Resolution²⁴ dated June 29, 2015 for: (a) being filed out of time; (b) failure to submit a valid verification and certification against forum shopping; (c) failure to submit proof that the affiant in the verification and certification was authorized to cause the preparation of the Petition and to sign the verification and certification; and (d) for failing to show that the CA reversibly erred in its Decision. The Court's Resolution became final on October 22, 2015.²⁵ For ease of reference, these proceedings shall be referred to as "default order case."

Meanwhile, as the default order case progressed, the proceedings in the main case before the RTC also continued and on May 2, 2013, the RTC promulgated its Decision²⁶ in Holcim's favor, ordering Malayan to pay

¹⁶ *Id.* at 401-403.

¹⁷ Section 3. *Default; declaration of.*-If the defending party fails to answer within the time allowed therefor, the court shall, upon motion of the claiming party with notice to the defending party, and proof of such failure, declare the defending party in default. Thereupon, the court shall proceed to render judgment granting the claimant such relief as his pleading may warrant, unless the court in its discretion requires the claimant to submit evidence. Such reception of evidence may be delegated to the clerk of court.

....

(b) *Relief from order of default.*-A party declared in default may at any time after notice thereof and before judgment file a motion under oath to set aside the order of default upon proper showing that his or her failure to answer was due to fraud, accident, mistake or excusable negligence and that he has a meritorious defense. In such case, the order of default may be set on such terms and conditions as the judge may impose in the interest of justice.

¹⁸ *Rollo*, p. 403.

¹⁹ *Id.* at 404-411.

²⁰ Dated August 8, 2012; *id.* at 471-521. Docketed as CA-G.R. SP. No. 125996.

²¹ *Id.* at 522-531. Penned by Associate Justice Eduardo B. Peralta, Jr. and concurred in by Associate Justices Magdangal M. De Leon and Stephen C. Cruz.

²² *Id.* at 531.

²³ Dated April 7, 2015; *id.* at 585-611.

²⁴ *Id.* at 612-613. Signed by then Division Clerk of Court Edgar O. Aricheta.

²⁵ *See* Entry of Judgment; *id.* at 616-617. Signed by Deputy Clerk of Court and Chief Judicial Records Officer Basilia T. Ringol.

²⁶ *Id.* at 449-464. Penned by Presiding Judge J. Cedrick O. Ruiz.

Amo

Holcim PHP 19,999,980.00 as actual damages; PHP 1,000,000.00 as exemplary damages; and PHP 1,668,552.48 as attorney's fees and litigation expenses.²⁷ On January 7, 2014, the RTC issued a Writ of Execution²⁸ upon Holcim's Motion. The Writ was issued by Judge Maria Amifait S. Fider-Reyes (Judge Fider-Reyes) in her capacity as Assisting Judge, taking over from Judge Ruiz, who was suspended on April 29, 2013 by virtue of his conviction by the Sandiganbayan for violating Section 3(e) of Republic Act No. (RA) 3019.²⁹ Judge Ruiz was convicted on the same date.³⁰

On May 8, 2014, in connection with Judge Ruiz's conviction and acting on "numerous concerns" regarding several of his decisions, orders, and actions, the Court, through the Office of the Court Administrator (OCA), issued a Memorandum³¹ to Judge Fider-Reyes, directing her to "review carefully, if not refrain from acting thereon, any pending issues, motions or requests on cases where decisions, orders or actions were allegedly issued and/or undertaken by Judge Ruiz after his conviction..."³² On June 30, 2014, the OCA issued another Memorandum³³ to Judge Fider-Reyes, directing her and her successors to maintain the status *quo* in several cases handled or decided by Judge Ruiz, including the decision on the Complaint in this case. The OCA stated that it appeared that several of Judge Ruiz's decisions were antedated to "make it seem that they were validly issued..."³⁴ Subsequently, an administrative case was filed against Judge Ruiz, docketed as A.M. No. RTJ-14-2400.

In Judge Ruiz's administrative case, the Court issued a Resolution³⁵ dated October 13, 2014, recalling all decisions, writs, and processes issued pursuant to several decisions penned by him, including the May 2, 2013 decision on the Complaint.³⁶ Acting on the resolution, the RTC, through Judge Fider-Reyes, issued an Order *Ad Cautelam*³⁷ dated February 17, 2015 recalling the May 2, 2013 Decision and all orders issued pursuant to it. The RTC also directed the parties to file their comment to the Order *Ad Cautelam*, failing which, the case shall be submitted for decision. Malayan submitted a Comment with Omnibus Motion³⁸ on March 12, 2015, which included a prayer to lift the order of default³⁹ issued in 2012. Malayan argued that since the Court recalled Judge Ruiz's May 2, 2013 Decision, then a motion to lift the order of default may still be filed since there is no judgment yet on the case.⁴⁰

²⁷ *Id.* at 464.

²⁸ *Id.* at 465-467. Issued by Assisting Judge Maria Amifait S. Fider-Reyes.

²⁹ Entitled "Anti-Graft and Corrupt Practices Act," approved on August 17, 1960.

³⁰ *Rollo*, p. 48.

³¹ *Id.* at 468. Signed by Court Administrator Jose Midas P. Marquez.

³² *Id.* Emphasis supplied.

³³ *Id.* at 469-470.

³⁴ *Id.* at 470.

³⁵ *Id.* at 534-536. Signed by then Division Clerk of Court Edgar O. Aricheta.

³⁶ *Id.* at 534-535.

³⁷ *Id.* at 537-538.

³⁸ *Id.* at 550-559.

³⁹ *Id.* at 556.

⁴⁰ *Id.* at 555.

Ali

In a Resolution⁴¹ dated April 20, 2015, the Court, in Judge Ruiz's administrative case, directed Judge Fider-Reyes to decide some of the cases with the recalled decisions, including the Complaint here.⁴²

Thus, on August 11, 2015, the RTC issued an Order directing the parties to comment on the Court's April 20, 2015 Resolution, after which the case would be submitted for decision. Upon receipt of the parties' comments, the RTC deemed the case submitted for decision through an Order⁴³ dated October 29, 2015. Malayan moved to reconsider,⁴⁴ arguing that the RTC must first resolve its Comment with Omnibus Motion, particularly the Motion to lift the order of default, before submitting the case for decision.⁴⁵

Holcim opposed the Motion for Reconsideration, arguing that: (1) the Court did not authorize recalling the orders of Judge Ruiz *prior to* his May 2, 2013 Decision, including the default order; (2) the Motion for Reconsideration is rendered moot because the issue of Malayan's default was already settled by the Court when it affirmed the CA's Decision finding no grave abuse of discretion on the part of the RTC when it declared Malayan in default; and (3) the propriety of the default already constitutes the *law of the case* between the parties.⁴⁶

The RTC Ruling

In a Resolution⁴⁷ dated June 3, 2016, the RTC granted Malayan's Motion for Reconsideration.⁴⁸ The RTC held that the Court's April 20, 2015 Resolution directing it to decide the Complaint calls for its exercise of judicial power, which necessarily includes the power to reopen or retry a case, issue an order lifting the default, expunge the evidence previously presented, and admit Malayan's Answer. Further, the RTC held that justice and fair play demand that given the "unique circumstances" present in the case and the "original Judge who handled it," the present Judge should be allowed an opportunity to "see the nature of the evidence proposed to be presented, before denying the option outright." The RTC also issued a notice of pretrial.⁴⁹

⁴¹ *Id.* at 614–615.

⁴² *Id.* at 614.

⁴³ *Id.* at 618–619. Signed by Acting Presiding Judge Maria Amifait S. Fider-Reyes of Branch 61, Regional Trial Court, Makati City.

⁴⁴ *Id.* at 620–627.

⁴⁵ *Id.* at 625–626.

⁴⁶ *Id.* at 629–646.

⁴⁷ *Id.* at 144–172.

⁴⁸ *Id.* at 171.

⁴⁹ *Id.* at 166–171.

Holcim moved to reconsider,⁵⁰ which the RTC denied in a Resolution⁵¹ dated June 9, 2017. Aggrieved, Holcim filed a Petition for *Certiorari*⁵² before the CA.

The CA Ruling

In a Decision⁵³ dated October 30, 2019, the CA granted Holcim's Petition and accordingly, ordered the nullification of the assailed RTC ruling.⁵⁴

In finding that the RTC gravely abused its discretion, the CA held that the order of default had become final and immutable, considering that: (a) the order of default was the subject of a Petition for *Certiorari* that was denied by the CA; (b) the Petition for Review on *Certiorari* assailing the CA decision was also denied by this Court; and (c) an Entry of Judgment was issued, certifying that the case judgment became final on October 22, 2015. Further, the CA pointed out that the Court's October 13, 2014 Order in the administrative case recalled all decisions, writs, and processes issued *pursuant to* the May 2, 2013 Decision and should not apply to orders issued *before* the Decision.⁵⁵

Malayan then sought reconsideration, which the CA denied in a Resolution⁵⁶ dated July 3, 2020. Hence, this Petition for Review.⁵⁷

The Issue Before the Court

The issue before the Court is whether the CA erred in ruling that the RTC committed grave abuse of discretion in issuing the assailed Resolutions.

In the instant Petition, Malayan argues that the CA erred in annulling the assailed resolutions of the RTC. Specifically, it argues that the RTC committed no grave abuse of discretion in issuing the assailed Resolutions since: (1) following the Rules of Court, Malayan may still move to lift the order of default at any time before the judgment; (2) the finality of the Decision upholding the default order is not a bar to filing a motion to lift said order since in the prior proceedings, the issue was whether the RTC committed grave abuse of discretion in issuing the default order, while in the Motion to Lift the Default Order, the issue is whether grounds exist (i.e., fraud,

⁵⁰ *Id.* at 686-713.

⁵¹ *Id.* at 173-175.

⁵² Dated August 15, 2017; *id.* at 60-139.

⁵³ *Id.* at 46-55.

⁵⁴ *Id.* at 54.

⁵⁵ *Id.* at 52-54.

⁵⁶ *Id.* at 57-59.

⁵⁷ *Id.* at 9-37.

accident, mistake, or excusable negligence) to set aside the default order; and (3) the RTC, pursuant to the Court's directive to decide the case, is authorized to exercise full discretion in resolving the case.⁵⁸

In its Comment,⁵⁹ Holcim maintains that the CA correctly ascribed grave abuse of discretion to the RTC in issuing the assailed Resolutions. Primarily, it argues that: (a) the RTC violated the doctrine of immutability of judgments when it ignored the finality of the Court's June 29, 2015 Resolution in the default order case, which ruled that no grave abuse of discretion attended the issuance of the default order; (b) the finality of this Resolution constitutes the "law of the case" between the parties, which the RTC violated; and (c) the RTC exceeded its authority to decide the case when it set aside the default order, considering that the Court did not authorize it to recall said order.⁶⁰

Malayan filed a Motion to Admit⁶¹ dated November 11, 2021, where it insisted that the RTC had the full discretion and authority to set aside the default order.

The Court's Ruling

The Petition is without merit.

Verily, the Court is tasked to determine whether the CA correctly ascribed grave abuse of discretion on the part of the RTC when the latter granted the Motion to declare Malayan in default. In this regard, the Court, in *Yu v. Judge Reyes-Carpio*,⁶² through Associate Justice Presbitero J. Velasco, Jr., reiterated the specific meaning of "grave abuse of discretion" as follows:

An act of a court or tribunal can only be considered as with grave abuse of discretion when such act is done in a "capricious or whimsical exercise of judgment as is equivalent to lack of jurisdiction." The abuse of discretion must be so patent and gross as to amount to an "evasion of a positive duty or to a virtual refusal to perform a duty enjoined by law, or to act at all in contemplation of law, as where the power is exercised in an arbitrary and despotic manner by reason of passion and hostility." Furthermore, the use of a petition for *certiorari* is restricted only to "truly extraordinary cases wherein the act of the lower court or quasi-judicial body is wholly void." From the foregoing definition, it is clear that the special civil action of *certiorari* under Rule 65 can only strike an act down for having been done with grave abuse of discretion if the petitioner could manifestly show that such act was patent and gross.⁶³

⁵⁸ *Id.* at 21–36.

⁵⁹ *Id.* at 1280–1420, including Annexes.

⁶⁰ *Id.*

⁶¹ *Id.* at 1424–1426.

⁶² 667 Phil. 474 (2011) [Per J. Velasco, Jr., First Division].

⁶³ *Id.* at 481–482, citing *Beluso v. Commission on Elections*, 635 Phil. 436, 442–443 (2010) [Per J. Peralta, *En Banc*]; *De Vera v. De Vera*, 602 Phil. 877, 886 (2009) [Per J. Nachura, Third Division]; *Fajardo v.*

Central to the wielding of judicial power and to the proper exercise of judicial discretion is the knowledge and proper application of basic rules and procedures and established rules of law. In several cases,⁶⁴ the Court has proclaimed that manifest ignorance or disregard of fundamental rules of law is tantamount to an evasion of a positive duty or to a virtual refusal to perform a duty enjoined by law, or to act at all in contemplation of law.⁶⁵ It is a grave abuse of a tribunal's discretion.

Given the foregoing, and after a circumspect review of the records, the Court agrees with the CA ruling.

I

To recapitulate, Malayan was declared in default through the RTC Order dated February 17, 2012 penned by former Judge Ruiz. Instead of filing a motion under oath to set aside the default order as required under the Rules of Court, Rule 9, Section 3(b), Malayan filed a Motion to Admit its Answer, reasoning that its counsel neglected to follow up the filing of the Answer because he was then preoccupied with his mother's illness.

The RTC then denied this Motion, ruling that it did not comply with the requirements of the rules, particularly: (1) it was not made under oath; (2) there was no allegation of fraud, accident, mistake, or excusable negligence; and (3) Malayan failed to state that it had a meritorious defense.

Thereafter, the CA found no grave abuse of discretion on the part of the RTC. Instead, it noted that while Malayan tried to explain why it failed to file an answer, it gave no reason for its failure to oppose the Motion praying for its default, despite receipt thereof. It also echoed the RTC and held that the Motion to admit Malayan's Answer did not comply with the requirements provided in the Rules of Court, Rule 9, Section 3(b). Finally, it affirmed the RTC's rejection of the reasons proffered for the failure to file a responsive pleading, emphasizing the fact that the deadline to file a responsive pleading had been previously extended twice; that despite being told that it had availed of the wrong remedy, Malayan still failed to file the proper motion; and that Malayan's counsel is in fact a law firm and not an individual lawyer, which

CA, 591 Phil. 146, 153 (2008) [Per Acting C.J. Quisumbing, Second Division]; and *J.L. Bernardo Construction v. CA*, 381 Phil. 25 (2000) [Per J. Gonzaga-Reyes, Third Division].

⁶⁴ See *Gacad, Jr. v. Judge Corpuz*, G.R. No. 216107, August 3, 2022 [Per J. Hernandez, First Division]; *People v. Celorio*, G.R. No. 226335, June 23, 2021 [Per J. Carandang, First Division]; *Abutin v. San Juan*, G.R. No. 247345, July 6, 2020 [Per J. Leonen, Third Division]; *Comilang and Suñega-Lagman v. Judge Belen*, 689 Phil. 134 (2012) [Per Curiam, En Banc]; *Malampad v. Judge Xenos*, G.R. Nos. 244413 & 244415-15, February 18, 2020 [Per J. Carandang, En Banc]; *Cruz v. People*, 812 Phil. 166 (2017) [Per J. Leonen, Second Division]; and *Bases Conversion and Development Authority v. Callangan, Jr.*, G.R. No. 241168, August 22, 2022 [Per SAJ Leonen, Second Division].

⁶⁵ *Spouses Crisologo v. JEW Agro-Industrial Corporation*, 728 Phil. 315, 328 (2014) [Per J. Mendoza, Third Division], citing *National Security and Allied Services, Inc. v. CA*, 580 Phil. 135, 140 (2008) [Per J. Quisumbing, Second Division].

means that the filing of the answer could have been assigned to another, less preoccupied member of the firm.⁶⁶

These rulings were affirmed by the Court in its June 29, 2015 Resolution in G.R. No. 216829, *which attained finality on October 22, 2015.*

Notwithstanding the finality of the Resolution dated June 29, 2015, Malayan attempted to relitigate the issue of its default before the new judge hearing the case, by virtue of its Comment with Omnibus Motion, which included a prayer to lift the default order. It must be noted that Malayan *relied on the same circumstances it earlier cited in praying for the lifting of the default order, which had already been passed upon by the CA, and eventually, the Court in G.R. No. 216829.*

This violated the doctrine of the “law of the case,” a principle which holds that whatever has been irrevocably established as the controlling legal rule or decision between the same parties in the same case continues to be the law of the case, *whether correct on general principles or not*, so long as the facts on which the legal rule or decision was predicated continue to be the facts of the case before the court.⁶⁷

In *Heirs of Timbol, Jr. v. Philippine National Bank*,⁶⁸ the Court, through Associate Justice Antonio T. Carpio, held that the doctrine of the “law of the case” applies when “(1) a question is passed upon by an appellate court, and (2) the appellate court remands the case to the lower court for further proceedings; the lower court and even the appellate courts on subsequent appeal of the case are, thus, bound by how such question had been previously settled.”⁶⁹ The principle equally applies here. In the default order case, the CA and the Court had already passed upon the question of whether the RTC gravely abused its discretion in issuing the default order and delved into the reasons that Malayan cited for its failure to file its Answer. Meanwhile, the main case proceeded until Malayan put forth once again the question of whether the default order should be lifted in light of the same reasons that it invoked in the default order case.

On this issue, Malayan argued that the doctrine of the law of the case, as well as the Court’s ruling in *Banco de Oro-EPCI, Inc. v. Tansipek*,⁷⁰ through Associate Justice Minita V. Chico-Nazario, do not apply to this case. It is sorely mistaken.

⁶⁶ *Rollo*, pp. 525–530.

⁶⁷ *Virata v. Wee*, 813 Phil. 252, 302 (2017) [Per J. Velasco, Jr., Third Division], citing *Vios v. Pantangco, Jr.*, 597 Phil. 705, 718 (2009) [Per J. Brion, Second Division].

⁶⁸ 784 Phil. 854 (2016) [Per J. Carpio, Second Division].

⁶⁹ *Id.* at 871, citing *Lopez v. Esquivel, Jr.*, 604 Phil. 437, 456 (2009) [Per J. Chico-Nazario, Third Division].

⁷⁰ 611 Phil. 90 (2009).

Similar to this case, the trial court's order of default in *Banco de Oro* was assailed through a petition for *certiorari*, and was ultimately upheld by the CA, whose decision became final. When the defaulting party appealed the main case to the CA, he argued again that the trial court erred in declaring him in default. The CA held that the trial court erred in declaring him defaulted and remanded the case. On petition for review on *certiorari*, this Court held that the CA erred in failing to recognize that its earlier dismissal of the petition for *certiorari* assailing the default order constituted a bar to the retrial of the same issue, following the doctrine of the law of the case.

Further, as the Decision of the Court in the default order case became final, it also follows that it may no longer be reversed, following the doctrine of immutability of judgments. In *Uy v. Del Castillo*,⁷¹ the Court, through Associate Justice Estela M. Perlas-Bernabe, explained the doctrine:

Time and again, the Court has repeatedly held that "a decision that has acquired finality becomes immutable and unalterable, and may no longer be modified in any respect, even if the modification is meant to correct erroneous conclusions of fact and law, and whether it be made by the court that rendered it or by the Highest Court of the land. This principle, known as the doctrine of immutability of judgment, has a two-fold purpose, namely: (a) to avoid delay in the administration of justice and thus, procedurally, to make orderly the discharge of judicial business; and (b) to put an end to judicial controversies, at the risk of occasional errors, which is precisely why courts exist. Verily, it fosters the judicious perception that the rights and obligations of every litigant must not hang in suspense for an indefinite period of time. As such, it is not regarded as a mere technicality to be easily brushed aside, but rather, a matter of public policy which must be faithfully complied." However, this doctrine "is not a hard and fast rule as the Court has the power and prerogative to relax the same in order to serve the demands of substantial justice considering: (a) matters of life, liberty, honor, or property; (b) the existence of special or compelling circumstances; (c) the merits of the case; (d) a cause not entirely attributable to the fault or negligence of the party favored by the suspension of the rules; (e) the lack of any showing that the review sought is merely frivolous and dilatory; and (f) that the other party will not be unjustly prejudiced thereby."⁷²

On this score, Malayan attempted in its Reply⁷³ to remove the present case from the applicability of the doctrine of immutability of judgments. It argued that the issues resolved in the default order case and in the assailed Resolutions are different. In the former, the issue is whether the RTC committed grave abuse of discretion in issuing the default order, while in the latter, the issue is whether the default order may be lifted based on the grounds presented. The logic in this argument is tenuous at best. As pointed out earlier, the Petition for *Certiorari* against the default order went into the propriety of its issuance, as well as whether the grounds that Malayan relied on were

⁷¹ 814 Phil. 61 (2017) [Per J. Perlas-Bernabe, First Division].

⁷² *Id.* at 74-75, citations omitted.

⁷³ *Rollo*, pp. 1427-1450.

sufficient. These are the same facts and grounds that the RTC resolved when Malayan once again sought to have the default order lifted. All told, it resulted in the reversal of a judgment that has already become final and immutable.

A cursory glance at the records will yield that the issue of Malayan's default is already settled. In fact, the RTC need not look far back into its own records to be alerted of the fact that the default order had already been upheld by the CA and this Court. Holcim, in its Opposition⁷⁴ to Malayan's Comment with Omnibus Motion, first alerted the RTC to the fact that at the time, the default order case was pending with the Court. Subsequently, through a Manifestation⁷⁵ dated April 20, 2016, Holcim informed the RTC that the Court issued the Resolution dated June 29, 2015 denying the Petition for Review on *Certiorari* and that such Resolution had attained finality. Finally, when the RTC issued its first assailed Resolution lifting the default order, Holcim filed a Motion for Reconsideration,⁷⁶ reiterating the fact that the Court's Resolution upholding the default order had already become final. Yet, in its second assailed Resolution, the RTC disregarded the finality of the Court's Resolution and denied Holcim's Motion.

It is also glaring that in its disquisition lifting the order of Malayan's default, the RTC never discussed the propriety of the grounds cited by Malayan to justify setting aside the default. The Rules of Court require any party declared in default to set out, under oath, the reasons for its failure to file a responsive pleading. It is for the RTC to determine if these grounds pass muster. Instead, the RTC merely cited its judicial power to order the retrial or reopening of the case, without mentioning or indeed ruling on the grounds cited by Malayan.

At this point, it is helpful to dissect the RTC's reasons for effectively reversing a final Resolution of the Supreme Court, in order to point out their grievous flaws. *First*, it held that when the Court, in the administrative case against Judge Ruiz, gave its directive to decide the cases previously decided by him, the Court did not preclude the RTC's power to conduct a retrial or order the reopening of the case. Such retrial or reopening is, according to the RTC, a "consequence of the judicial power inherent in the trial court."⁷⁷ *Second*, the decision was well within its discretion and a consequence of judicial independence.

Judicial power includes the duty of the court of justice to settle actual controversies involving rights which are legally demandable and enforceable, and to determine whether there has been grave abuse of discretion amounting to lack or excess of jurisdiction on the part of any branch or instrumentality

⁷⁴ *Id.* at 562-582.

⁷⁵ *Id.* at 677-680.

⁷⁶ *Id.* at 686-713.

⁷⁷ *Id.* at 165.

ATC

of the Government.⁷⁸ Involving as it does legally demandable and enforceable rights, the courts who wield such power, this Court included, must ensure that their acts are within the bounds of the Constitution, the law, and settled legal principles. Certainly, a magistrate's judicial power is not curtailed when they are required to issue rulings that recognize and apply the law. Applied to this case, while reopening the case for trial or reception of evidence is within a court's judicial power, it must be done in recognition that certain basic legal principles such as the doctrine of immutability of judgments and the law of the case may—and in this case, must—restrict or reconfigure the court's judicial power.

In taking stock of the status of the cases previously decided by Judge Ruiz, it is incumbent on the RTC to apprise itself of the fact that certain issues may have already been resolved by the higher courts, especially earlier interlocutory orders, which are proper subjects of petitions for *certiorari*. This, the RTC failed to do. In fact, the RTC insisted on reversing the Court's Resolution even after being apprised of the fact of finality.

As stated earlier, a judgment or action that disregards basic rules or established principles of law constitutes grave abuse of discretion amounting to lack or excess of jurisdiction. Thus, the CA was correct in annulling the assailed resolutions and upholding the RTC's earlier Order dated October 29, 2015, which deemed the case submitted for decision. Consequently, the default order must be considered in force and the assailed Resolutions must be annulled.

II

The Court takes this opportunity to stress that, as stated earlier, part of a court's judicial power is the authority to order whatever may be necessary to perform its duty to settle actual controversies involving legally demandable and enforceable rights. This includes the inherent power to recall, revisit, or correct its own order to make it conformable to law and justice.⁷⁹ This power, however, must be wielded in recognition of settled legal principles that, when applied, may restrict the actions that a court may take in deciding a case. Theoretically, then, had the issue of Malayan's default not been the subject of a final judgment issued by no less than this Court, the RTC would have been acting within its power to take up the issue of Malayan's default anew and lift the default order if it determines that it was issued erroneously. This is so, especially since, as Malayan argued, the recall of Judge Ruiz's Decision meant that a motion to set aside the default order may be filed at any time before judgment is rendered.

⁷⁸ *Defensor-Santiago v. Guingona, Jr.*, 359 Phil. 276 (1998) [Per J. Panganiban, *En Banc*].

⁷⁹ *Chua v. Madrona*, 742 Phil. 98, 110 (2014), *citing* RULES OF COURT, Rule 135, sec. 5(g).

The Court makes this emphasis on a court’s authority because aside from the present case, Judge Ruiz issued decisions in 10 other cases that were recalled by the Court.⁸⁰ Eventually, eight of these cases were directed to be decided by Judge Fider-Reyes or whoever may eventually be assigned to the RTC.⁸¹ For the guidance of the RTC, the Court deems it necessary to reiterate the scope of the Court’s directive recalling the writs, orders, and processes issued *pursuant to* Judge Ruiz’s decisions and directing it to decide the cases.

Thus, the Court’s October’13, 2014 recall order extends only to those issuances that were made *pursuant to* Judge Ruiz’s recalled decisions and not to those made before the decisions were rendered.

ACCORDINGLY, the Petition is **DENIED**. The Decision dated October 30, 2019 and the Resolution dated July 3, 2020 of the Court of Appeals in CA-G.R. SP No. 152067 are hereby **AFFIRMED**. The Regional Trial Court is **DIRECTED** to decide Civil Case No. 11-445 with reasonable dispatch.

SO ORDERED.


ANTONIO T. KHO, JR.
Associate Justice

WE CONCUR:


MARVIC M.V.F. LEONEN
Senior Associate Justice
Second Division


AMY C. LAZARO-JAVIER
Associate Justice


MARIO V. LOPEZ
Associate Justice


JHOSEP V. LOPEZ
Associate Justice

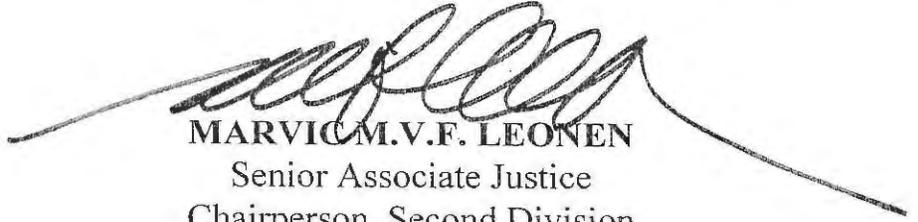
⁸⁰ *Rollo*, pp. 534–536. the Court’s Resolution dated October 13, 2014.

⁸¹ *Id.* at 614–615. the Court’s Resolution dated April 20, 2015 in A.M. No. RTJ-14-2400.



A T T E S T A T I O N

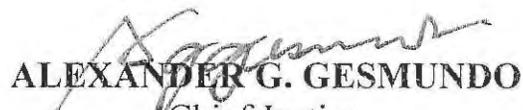
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARVIC M.V.F. LEONEN
Senior Associate Justice
Chairperson, Second Division

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

Pursuant to Article VIII, Section 13 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.



ALEXANDER G. GESMUNDO
Chief Justice