



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

MEGA
CORPORATION,

FISHING

G.R. No. 214781

Petitioner,

Present:

PERLAS-BERNABE, S.A.J.,
HERNANDO,

*Acting Chairperson,***

ZALAMEDA,
ROSARIO, and
MARQUEZ, JJ.

- versus -

ESTATE OF FRANCISCO
FELIPE N. GONZALES,

Respondent.

Promulgated:

MAR 09 2022

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DECISION

HERNANDO, J.:

The present petition for review on *certiorari*¹ assails the March 28, 2014,² July 22, 2014,³ and October 14, 2014⁴ Resolutions of the Court of Appeals (CA) in CA-G.R. CV No. 98791.

* On official business.

** Per Special Order No. Per Special Order No. 2872 dated March 4, 2022.

¹ *Rollo*, pp. 9-30.

² Id. at 31-33. Penned by Associate Justice Jane Aurora C. Lantion and concurred in by Associate Justices Vicente S.E. Veloso and Nina G. Antonio-Valenzuela.

³ Id. at 34.

⁴ Id. at 35-37. Penned by Associate Justice Jane Aurora C. Lantion and concurred in by Associate Justices Vicente S.E. Veloso and Nina G. Antonio-Valenzuela.

Factual Antecedents:

Deceased Francisco Felipe Gonzales y Narciso (deceased Francisco) owned a 1,667-square meter property (subject property) located in North Bay Boulevard, C-3 Road, Navotas, Metro Manila covered by Transfer Certificate of Title No. (TCT) 280406⁵ issued on April 20, 1994. By virtue of a deed of sale in favor of Francisco Gabriel Gonzales III, TCT 280406 was cancelled and TCT 21297⁶ was issued on April 30, 1999 at 11:07 a.m. TCT 21297 was also cancelled on the same day and at the exact time and a new TCT 21299⁷ was issued in the name of Esperanza G. Consigna (Esperanza).

On May 18, 1999, a certain Mercedita Valenciano (Mercedita), acting in a representative capacity for and in behalf of Esperanza, executed an affidavit of loss⁸ of TCTs 280406, 280407, and 280409. Claiming to be the beneficial owner of the properties covered by the said titles, Esperanza, through Mercedita, filed a petition⁹ for the reconstitution of the owner's duplicate copies of the three titles.¹⁰ Thereafter, the RTC of Malabon, Branch 73, issued an Order¹¹ dated June 7, 1999 requiring the publication of the notice and initial hearing on the petition for reconstitution pursuant to Section 13 of Republic Act No. (RA) 26.¹²

On September 19, 1999, the original copy of TCT 280406 was annotated reflecting the issuance of a new owner's duplicate copy pursuant to the Order dated June 7, 1999.¹³

On November 5, 1999, petitioner Mega Fishing Corporation (MFC) purchased the subject property from Esperanza for ₱9,601,920.00 by virtue of a *Kasulatan ng Ganap at Lubos na Bilihan*.¹⁴ Accordingly, TCT 21299 was cancelled and TCT 21926¹⁵ was issued in the name of MFC.¹⁶

Records also reveal that as early as 1989, during the lifetime of Francisco, his last will and testament was submitted to probate before the RTC of Manila and letters testamentary were issued in favor of Teresita as the executrix.¹⁷

In May 2000, the estate of Francisco Felipe N. Gonzales (respondent), through Teresita, filed a case against Esperanza, Mercedita, MFC, Vicente

⁵ Records, Vol. II, p. 66-69.

⁶ Id. at 87-88.

⁷ Id. at 89-90.

⁸ Id. at 70.

⁹ Id. at 74-77.

¹⁰ Id. at 74-76.

¹¹ Id. at 71-73.

¹² Entitled "AN ACT PROVIDING A SPECIAL PROCEDURE FOR THE RECONSTITUTION OF TORRENS CERTIFICATES OF TITLE LOST OR DESTROYED." Approved: September 25, 1946.

¹³ Records, Vol. II, p. 69.

¹⁴ Id., Vol. III, pp. 83-84.

¹⁵ Id. at 78-79.

¹⁶ Id.

¹⁷ Id., Vol. II, p. 64.

Garcia (Garcia), and Sarah Principe, seeking to annul and cancel TCT 21297, 21299, and 21926, and the reinstatement of TCT No. 280406.¹⁸

Ruling of the Regional Trial Court:

In its November 22, 2011 Decision,¹⁹ the RTC ruled in favor of the respondent. It found that the new owner's duplicate copy of TCT 280406 in the name of Francisco Felipe Gonzales was null and void for being fraudulently obtained. The RTC stressed that the annotation, specifically, Entry No. 34207/T-280406 on TCT No. 280406, was allegedly made pursuant to the court's Order dated June 7, 1999. However, it noted that the June 7, 1999 Order was not a final decree directing the issuance of a new owner's duplicate copy but merely an order setting the case for initial hearing and requiring the publication of the petition for reconstitution. Additionally, it held that the then Acting Register of Deeds, Garcia, may be personally liable for damages for unlawfully causing the issuance of a new owner's duplicate copy.²⁰

The RTC further ruled that TCTs 21297 and 21299 were both invalidly issued, and therefore null and void. The RTC held that since the owner's duplicate copy is null and void, it could not have given birth to a new and valid TCT 21297. The RTC also found the deed of sale that transferred the subject property from Francisco Felipe Gonzales to Francisco Felipe Gonzales III null and void for bearing forged signatures. Moreover, the notary whom the alleged deed of sale was sworn before was not a commissioned notary public in the City of Manila in 1966 when the said deed was supposedly executed.²¹

Lastly, the RTC found that MFC was not a buyer in good faith for its failure to discharge the burden of proving the same.

The *fallo* of the Decision reads:

WHEREFORE, judgment is hereby rendered in favor of petitioner and against respondents:

1. DECLARING the owner's duplicate copy of TCT No. 280406 issued pursuant to Entry No. 34207/T-380406 as **null and void**.
2. DECLARING the Transfer Certificate of Title No. 21297, Transfer Certificate of Title No. 21299 and Transfer Certificate of Title No. 21926 **null and void**.
3. DIRECTING the Registrar of Deeds of the City of Malabon to cancel Certificate of Title No. 21297, Transfer Certificate of Title No. 21299 and Transfer Certificate of Title No. 21926 from the Registry and revive Transfer Certificate of Title No. 280406 in the name of Francisco Gonzales y Narciso.

¹⁸ Id., Vol. I, pp. 1-7.

¹⁹ Id., Vol. III, pp. 138-150.

²⁰ Id. at 141-149.

²¹ Id.

4. ORDERING respondents/defendants in this case to solidarily pay the plaintiff/petitioner estate of deceased Francisco Felipe Gonzales EXEMPLARY DAMAGES in the amount of ₱1,000,000.00 and ATTORNEY'S FEES in the amount of ₱200,000.

5. With costs.

SO ORDERED.²²

MFC filed a motion for reconsideration²³ of the RTC Decision but it was later denied.²⁴ Thus, MFC filed a notice of appeal.²⁵

Ruling of the Court of Appeals:

In a notice²⁶ dated August 15, 2013, the CA required MFC to file its appellant's brief.

On December 20, 2013, MFC filed a motion to be given the opportunity to file its appeal brief.²⁷ It alleged that it received the notice dated August 15, 2013 sometime in September and had until October 15, 2013 within which to file its brief. However, MFC only discovered the said notice which was apparently filed in another case folder during their year-end inventory in December 2013. Thus, MFC asked for an additional period of 30 days from December 19, 2013, or until January 19, 2014, within which to file its brief, which the CA later granted.²⁸

On February 6, 2014, MFC filed its motion to admit appellant's brief (with attached copy of the appellant's brief).²⁹

In its first assailed March 28, 2014 Resolution,³⁰ the CA denied MFC's motion. It held that MFC failed to file its brief within the reglementary period. It noted that despite the grant of an extension of time to file, it only filed its brief on February 6, 2014 or 18 days after the last day of extension granted by the CA.³¹

On July 22, 2014, the CA issued a Resolution³² closing and terminating the case in view of the fact that no motion for reconsideration and/or petition to the Court was filed by MFC.

²² Id. at 150.

²³ Id. at 154-171.

²⁴ Id. at 194.

²⁵ Id. at 195-196.

²⁶ CA *rollo*, pp. 62-63.

²⁷ Id. at 64-69.

²⁸ Id. at 79-80.

²⁹ Id. at 81-122.

³⁰ Id. at 128-130. Penned by Associate Justice Jane Aurora C. Lantion and concurred in by Associated Justices Vicente S.E. Veloso and Nina G. Antonio-Valenzuela.

³¹ Id. at 129-130.

³² Id. at 133.

On August 22, 2014, MFC filed a motion for reconsideration³³ and a supplemental motion for reconsideration³⁴ which the CA later denied in its October 14, 2014 Resolution.³⁵ The CA noted that MFC received the March 28, 2014 Resolution on April 14, 2014³⁶ but only filed its motion for reconsideration on August 22, 2014 or more than three months after the lapse of the 15-day period within which to submit a motion for reconsideration.

On November 3, 2014, MFC filed a motion for extension of time to file petition for review on *certiorari*³⁷ which was granted by this Court in its February 4, 2015 Resolution.³⁸

In its petition for review on *certiorari*,³⁹ MFC argues that the CA gravely abused its discretion when it did not allow MFC's appeal brief and ordered the case closed and terminated considering that:

(1) The failure of MFC to file its brief within the reglementary period does not have the effect of automatic dismissal of the appeal.

(2) Allowing MFC to be bound by its former counsel's reckless and gross negligence will deprive it of due process of law, result in outright deprivation of property, and/or grave injustice.

(3) Petitioner MFC is a buyer in good faith and for value.⁴⁰

Both parties also submitted their respective memoranda.⁴¹

Our Ruling

The petition is meritorious.

Citing *Government of the Kingdom of Belgium v. Court of Appeals*,⁴² MFC contends that in case of late filing of an appellant's brief, the court has the power to allow an appeal provided that: (a) the circumstances obtaining warrant the court's liberality; (b) that strong considerations of equity justify an exception to the procedural rule in the interest of substantial justice; (c) no material injury has been suffered by the appellee by the delay; (d) there is no contention that the appellees' cause was prejudiced; and (e) there is no motion to dismiss filed. MFC claims that the foregoing circumstances are present in the case at bar, *viz.*:

³³ Id. at 134-141.

³⁴ Id. at 142-155.

³⁵ Id. at 171-173.

³⁶ Id. at 123.

³⁷ Id. at 187-190.

³⁸ Id. at 193.

³⁹ *Rollo*, pp. 9-30.

⁴⁰ Id. at 16.

⁴¹ Id. at 247-261 and 276-292.

⁴² 574 Phil. 380, 397 (2008).

(1) herein respondent did not file a motion to dismiss; (2) there is no contention that respondent's cause was prejudiced; (3) no material injury has been suffered by respondent; (4) MFC duly instructed its former counsel to file the appellant's brief by making numerous follow-ups and reminders to its counsel; and (5) the appellant's brief was only filed a few days late.⁴³

Generally, the rules of procedure must be strictly followed because "the right to appeal is not a natural right or a part of due process; it is merely a statutory privilege, and may be exercised only in the manner and in accordance with the provisions of law. A party who seeks to avail of the right must, therefore, comply with the requirements of the rules, failing which the right to appeal is invariably lost."⁴⁴ Acting on such appeals, the CA has the authority to dismiss an appeal for failure to file the appellant's brief in the exercise of its judicial discretion. However, the CA must still adhere to the fundamentals of justice and fairness, bearing in mind the peculiar circumstances and deciding matters on a case by case basis.⁴⁵

We find the present case similar to *CMTC International Marketing Corp. v. Bhagis International Trading Corp.*,⁴⁶ where this Court has allowed the late filing of the appellant's brief due to its counsel's negligence, to wit:

In the instant case, it is apparent that there is a strong desire to file an appellant's brief on petitioner's part.

When petitioner filed its motion attaching therewith its appellant's brief, there was a clear intention on the part of petitioner not to abandon his appeal. As a matter of fact, were it not for its counsel's act of inadvertently misplacing the Notice to File Brief in another file, petitioner could have seasonably filed its appellant's brief as its counsel had already prepared the same even way before the receipt of the Notice to File Brief.

It bears stressing at this point then that the rule, which states that **the mistakes of counsel binds (sic) the client, may not be strictly followed where observance of it would result in outright deprivation of the client's liberty or property, or where the interest of justice so requires.** In rendering justice, procedural infirmities take a backseat against substantive rights of litigants. Corollarily, if the strict application of the rules would tend to frustrate rather than promote justice, this Court is not without power to exercise its judicial discretion in relaxing the rules of procedure.

Also, it must be stressed that petitioner had no participatory negligence in the dismissal of its appeal. Hence, the ensuing dismissal of its appeal was completely attributable to the gross negligence of its counsel. For said reason, the Court is not averse to suspending its own rules in the pursuit of justice. Where reckless or gross negligence of counsel deprives the client of due process of law,

⁴³ *Rollo*, pp. 17-19.

⁴⁴ *Manila Mining Corporation v. Amor*, 758 Phil. 268, 277 (2015), citing *Philux v. NLRC*, 586 Phil. 19, 26 (2008).

⁴⁵ *Sps. Bergonia v. Court of Appeals*, 680 Phil. 334, 341 (2012).

⁴⁶ 700 Phil 575 (2012).

or when the interests of justice so require, relief is accorded to the client who suffered by reason of the lawyer's gross or palpable mistake or negligence.

All told, petitioner should be afforded the amplest opportunity for the proper and just determination of his cause, free from the constraints of technicalities.⁴⁷ (Emphasis supplied; citations omitted)

In *Obut v. Court of Appeals*,⁴⁸ We stressed that the Court "cannot look with favor on a course of action which would place the administration of justice in a straightjacket, for then the result would be a poor kind of justice if there would be justice at all."⁴⁹ Thus, the circumstances attending the case should be taken into consideration in excusing non-compliance with rules of procedure bearing in mind that a party's case would better be resolved on the merits rather losing life, liberty, honor or property merely on technicalities.⁵⁰

In the same vein, We find that MFC should be afforded the amplest opportunity for its case to be decided on the merits and not on mere technicalities. When MFC filed its motion with the attached appellant's brief, it was a clear indication that it did not abandon its appeal. We have previously allowed the relaxation of these rigid rules of procedure in order to serve substantial justice in considering (1) **matters of life, liberty, honor or property**; (2) the existence of special or compelling circumstances; (3) the merits of the case; (4) a cause not entirely attributable to the fault or negligence of the party favored by the suspension of the rules; (5) a lack of any showing that the review sought is merely frivolous and dilatory; or (6) the other party will not be unjustly prejudiced thereby.⁵¹

This Court notes that MFC stands to lose its property rights due to a technicality for the belated filing of its appellant's brief attributed to its former counsel's negligence. We are of the view that the belated filing of its brief was an honest mistake and not an attempt to delay the proceedings of the case. Considering the foregoing, We find that the disposition of this case on the merits will best serve the ends of justice. Thus, this Court deems it appropriate to remand the case to the CA for further proceedings.

WHEREFORE, the instant petition is hereby **GRANTED**. Petitioner Mega Fishing Corporation's Appellant's Brief is **ADMITTED**. The case is **REMANDED** to the Court of Appeals which is **DIRECTED** to proceed with the proceedings with dispatch.

⁴⁷ Id. at 582-583. See *Riguer v. Alateo*, 811 Phil. 538 (2017).


⁴⁸ 162 Phil. 731 (1976).

⁴⁹ Id. at 744.

⁵⁰ Id.


⁵¹ *Estalilla v. Commission on Audit*, G.R. No. 217448, September 10, 2019, citing *Barnes v. Judge Padilla*, 482 Phil. 903, 915 (2004).


SO ORDERED.


RAMON PAUL L. HERNANDO
Associate Justice

WE CONCUR:

On official business.
ESTELA M. PERLAS-BERNABE
Senior Associate Justice


RODIL V. ZALAMEDA
Associate Justice


RICARDO R. ROSARIO
Associate Justice


JOSE MIDAS P. MARQUEZ
Associate Justice

ATTESTATION

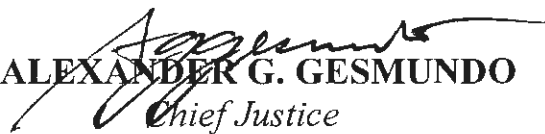
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



RAMON PAUL L. HERNANDO
Associate Justice
Acting Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Acting 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