Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

DANA S. SANTOS,
Petitioner,

- **versus** -

LEODEGARIO R. SANTOS,
Respondent.

G.R. No. 214593

Present:

PERALTA, *J.*,
Chairperson,
LEONEN,
REYES, A., JR.,
GESMUNDO,* and
HERNANDO, *JJ.*

Promulgated:

July 17, 2019

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DECISION

REYES, A., JR., *J.*:

This is a petition for review on *certiorari*[1] under Rule 45 of the Revised Rules of Court, dated November 24, 2014, assailing two Resolutions of the Court of Appeals (CA) in CA-G.R. SP No. 115420, respectively dated April 15, 2014,[2] which denied petitioner Dana S. Santos' (Dana) Motion to Open and/or Reinstate Petition; and September 26, 2014,[3] which denied Dana's Motion for Reconsideration and/or to Submit Petition for Decision (with Plea to Preserve Marital Union). The case arose from a petition for relief from judgment against the Decision[4] dated June 24, 2009 of the Regional Trial Court (RTC) of Antipolo City, Branch 72, in Civil Case No. 03-6954 declaring the marriage between Dana and respondent Leodegario S. Santos (Leodegario) null and void on the ground of

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* Designated additional member per Raffle dated June 26, 2019 *vice* Associate Justice Henri Jean Paul B. Inting.

1 *Rollo*, pp. 8-28.

2 Penned by Associate Justice Magdangal M. De Leon, with Associate Justices Mario V. Lopez and Socorro B. Inting concurring; id. at 33-39.

3 Id. at 41-43.

4 Rendered by Judge Ruth C. Santos; id. at 70-79.

psychological incapacity under Article 36 of Executive Order No. 209, otherwise known as the Family Code of the Philippines.

The Facts

Dana and Leodegario first met each other in 1982, in a wake, through a common friend. Their relationship developed into a romance. Soon, the couple began living together. Their cohabitation produced two children. As their business ventures prospered, Dana and Leodegario married each other on December 3, 1987, before a Catholic priest. Two more children were born to the couple after the marriage. However, their relationship started to deteriorate as time passed by. Heated arguments and suspicions of infidelity marred their marriage so much, so that in 2001, Dana and Leodegario filed a joint petition for the dissolution of their conjugal partnership, which was granted.[5]

The final straw came on September 11, 2003, when Leodegario filed a petition for declaration of absolute nullity of marriage with the RTC, docketed as Civil Case No. 03-6954, alleging psychological incapacity on the part of Dana. The case was assigned to Branch 72 of the aforesaid court. On April 2, 2004, Dana filed her Answer, alleging that Leodegario filed the petition in order to marry his paramour, with whom he had a son.[6]

The case proceeded to trial on the merits. The Public Prosecutor found no evidence of collusion between Dana and Leodegario. Both parties appeared in the pre-trial conference and marked their documentary exhibits. Leodegario presented as witnesses a clinical psychologist, a former employee of the couple's joint business, and himself. However, when it was Dana's turn to present evidence, her counsel failed to appear despite notice. On February 26, 2009, the trial court issued an Order declaring Dana to have waived her right to present evidence and ordering Leodegario to submit his memorandum, after which the case would be deemed submitted for decision.[7]

On June 24, 2009, the trial court rendered its Decision.[8] It declared the marriage between Dana and Leodegario null and void on the ground of psychological incapacity. The court held that Dana was afflicted with grave, incurable, and juridically antecedent Histrionic Personality Disorder. Dana received a copy of the decision on August 26, 2009.

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5 Id. at 11.
6 Id. at 52-65.
7 Id. at 80.
8 Id. at 70-79.

Dana filed a Notice of Appeal on September 4, 2009; but she withdrew her appeal and instead filed a Petition for Relief from Judgment with the RTC, dated October 19, 2009, alleging that extrinsic fraud and mistake prevented her from presenting her case at the trial. Leodegario filed a comment on the petition.

In an Order[9] dated February 17, 2010, the trial court denied Dana's petition, ruling that there was no sufficient allegation of fraud or mistake in the petition.

Dana filed a motion for reconsideration, which the trial court denied in an Order[10] dated April 22, 2010. Aggrieved, she filed a petition for *certiorari* with the CA,[11] ascribing grave abuse of discretion on the part of the trial court when it denied her petition for relief and allowed the Decision dated June 24, 2009 to stand despite her inability to present her evidence. After a further exchange of pleadings, the appellate court, in a Resolution[12] dated February 7, 2011, referred Dana's petition to the Philippine Mediation Center.

On June 6, 2011, under the auspices of the appellate court mediator, Dana and Leodegario entered into a compromise agreement,[13] where they agreed to transfer the titles to their conjugal real properties in the name of their four common children. On June 16, 2011, Dana moved for the archival of the case. On July 19, 2011, the CA issued a Resolution[14] declaring the case closed and terminated by virtue of the compromise agreement and ordering the issuance of entry of judgment.

On July 3, 2012, Dana filed a Manifestation[15] alleging that Leodegario was not complying with the compromise agreement. She reiterated this allegation in her Motion to Reopen and/or Reinstate the Petition[16] which she filed on August 14, 2012. Ordered by the appellate court to comment on the Motion to Reopen, Leodegario countered that he has complied with the essential obligations under the compromise agreement. He, subsequently, filed a Manifestation showing such compliance, attaching the copies of the transfer certificates of title with the required annotations thereon, deeds of sale in favor of their common children, and the new transfer certificates of title in the names of their common children.[17]

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9 Id. at 91-94.
10 Id. at 103.
11 Docketed as CA-G.R. SP No. 115420; id. at 104-127.
12 Id. at 148.
13 Id. at 149-150.
14 Id. at 151.
15 Id. at 154-156.
16 Id. at 157-161.
17 Id. at 37.

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Resolution dated April 15, 2014

On April 15, 2014, the Former 15th Division of the CA rendered the first assailed Resolution[18] denying Dana's Motion to Reopen, thusly:

> **WHEREFORE**, the motion to open and/or reinstate the petition is hereby DENIED for lack of merit. Respondent's manifestation showing compliance with the compromise agreement is hereby NOTED.
>
> **SO ORDERED**.[19]

The appellate court noted Leodegario's Manifestation showing his compliance with the terms of the compromise agreement; on the other hand, it found that Dana did not make any allegation or showing of her compliance with the terms of the compromise agreement. It then concluded that the motion was unmeritorious since Dana, as a party to the compromise agreement herself, should also prove her faithful compliance therewith.

Undaunted, Dana filed a Motion for Reconsideration and/or to Submit Petition for Decision (with Plea to Preserve Marital Union),[20] asserting that the compromise agreement was never intended to settle the issue of the validity and subsistence of her marriage to Leodegario.

Resolution dated September 26, 2014

On September 26, 2014, the Former 15th Division of the CA rendered the second assailed Resolution[21] denying Dana's Motion for Reconsideration and/or to Submit Petition for Decision, disposing, thus:

> **WHEREFORE**, the Motion for Reconsideration and/or to Submit Petition for Decision is DENIED for lack of merit.
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> **SO ORDERED**.[22]

The appellate court found the Motion for Reconsideration and/or to Submit Petition for Decision unmeritorious. It held that the marital ties between Dana and Leodegario had been severed by the trial court's decision of June 24, 2009; hence, the compromise agreement did not involve the validity of their marriage but only their property relations. Furthermore, the appellate court found that Dana, in her Motion to Archive Case, had

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18 Id. at 32-39.
19 Id. at 39.
20 Id. at 162-166.
21 Id. at 40-43.
22 Id. at 43.

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conceded her intention to have the case dismissed upon compliance with the stipulations of the Compromise Agreement.[23]

Aggrieved, Dana filed the present petition for review on *certiorari* before this Court on November 24, 2014. The Office of the Solicitor General (OSG) and Leodegario filed their respective Comments on the petition.

The Issues

Dana raises the following issues for resolution by this Court:

> 1) Whether or not the assailed resolutions of the CA, which terminated her case by reason of the compromise agreement, were erroneous for being contrary to the State's legal mandate to defend the sanctity of marriage;
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> 2) Whether or not the assailed resolutions of the CA, which in effect upheld the order of the trial court dismissing her petition for relief, violated her right to due process; and
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> 3) Whether or not the CA erred in ruling that the trial court's decision declaring the marriage void had attained finality despite the filing of the petition for relief from judgment.[24]

Dana argues that she never intended to compromise the issue of the validity of her marriage, as this cannot be the subject of compromise under Article 2035 of the New Civil Code. She further asserts that under Article 2041 of the New Civil Code, as applied in *Miguel v. Montanez*,[25] she is entitled to simply consider the compromise agreement as rescinded, since Leodegario committed a breach of the agreement. Dana also claims that the termination of the case on the basis of the compromise agreement violated her right to due process, since she was unable to present her side of the controversy. Lastly, she contends that the appellate court erred in ruling that the trial court decision declaring the marriage void had become final, claiming that her petition for relief amounted to a motion for new trial, the filing of which is one of the requirements for filing an appeal under A.M. No. 02-11-10-SC.[26]

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23 Id.

24 Id. at 196-205.

25 680 Phil. 356 (2012).

26 The Rule on Declaration of Absolute Nullity of Void Marriages and Annulment of Voidable Marriages.

The *defensor vinculi*, in his Comment, asserts that Dana's failure to file a motion for reconsideration or an appeal paved the way for the trial court judgment to attain finality. Due to Dana's failure to file an appeal in accordance with Section 20 of A.M. No. 02-11-10-SC, the OSG now contends, as the appellate court similarly concluded, that the trial court decision had attained finality.

Ruling of the Court

The petition has no merit.

The core issue in this petition is the propriety of setting aside the judgment upon compromise rendered by the court *a quo*. Dana maintains that the judgment should be vacated because of Leodegario's alleged breach of their compromise; and because she did not intend to compromise the issue of the validity of her marriage. To bolster her stand, she invokes Sections 1 and 2, Article XV of the Constitution and urges the State to uphold, or at least try to uphold, her marriage. Leodegario, on the other hand, asserts the binding force of the trial court's decision and the judgment on compromise, claiming that the courts *a quo* acted according to law and jurisprudence in rendering the assailed judgments.

It must be borne in mind that Civil Case No. 03-6954 is a proceeding for the declaration of nullity of the marriage between Dana and Leodegario on the ground of psychological incapacity. The applicable substantive laws are, therefore, the Family Code and the New Civil Code, while the governing procedural law is A.M. No. 02-11-10-SC, with the Rules of Court applying suppletorily.[27]

In the case at bar, the CA[28] and the OSG[29] both concluded that the trial court decision had attained finality after Dana's inability to file an appeal therefrom. The two resolutions of the appellate court presuppose that the judgment on the validity of Dana and Leodegario's marriage had attained finality. Dana, on the other hand, asserts that it had not.

The Court agrees with the conclusion of the CA and the *defensor vinculi* regarding the finality of the RTC decision; however, we do not agree with their assertions as to the effect of the decision on the subsequent proceedings *a quo*.

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27 A.M. No. 02-11-10-SC, Section 1.

28 Resolution dated September 26, 2014, *rollo*, p. 42.

29 Comment of the OSG, id. at 199-200.

There is indeed no showing in the record that Dana moved for reconsideration or new trial from the RTC decision. She, nevertheless, filed an appeal. However, probably cognizant of the proscription in Section 20[30] of A.M. No. 02-11-10-SC, which makes the filing of a motion for reconsideration or a motion for new trial a precondition for filing an appeal, she withdrew her appeal and filed a petition for relief from judgment.

There is no provision in A.M. No. 02-11-10-SC prohibiting resort to a petition for relief from judgment in a marriage nullity case. Furthermore, the said Rule sanctions the suppletory application of the Rules of Court[31] to cases within its ambit. It cannot, therefore, be said that Dana availed of an inappropriate remedy to question the decision of the trial court. Indeed, the trial court admitted Dana's petition for relief, heard the parties on the issues thereon, and rendered an order denying the petition. Dana then properly and seasonably assailed the order of denial via *certiorari* to the CA. It is, therefore, clear that the proceedings in Civil Case No. 03-6954 continued even after the trial court had rendered judgment and even after the lapse of the 15-day period for appealing the decision.

Nevertheless, considering the nature and office of a petition for relief, which is to set aside a *final* judgment,[32] the Court cannot agree with Dana's assertion that the decision of the RTC in Civil Case No. 03-6954 had not attained finality. In fact, the decision has already been annotated in their marriage contract.[33] This finding, however, does not detract from the fact that the proceedings in Civil Case No. 03-6954 *continued* even after the trial court had rendered judgment, precisely because Dana filed a petition for relief from that judgment. From the denial of her petition, she sought recourse to the appellate court. The appellate court, in dismissing the case upon the parties' compromise on their conjugal properties, invoked the finality of the RTC decision as a bar to the litigation of the other issues raised by Dana's petition. This conclusion is untenable.

In *Samia v. Medina*,[34] which involved the application of the statutory ascendant of Rule 38 in the old Code of Civil Procedure, the Court held:

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30 **SEC. 20.** *Appeal.* —

(1) Pre-condition. — No appeal from the decision shall be allowed unless the appellant has filed a motion for reconsideration or new trial within fifteen days from notice of judgment.

(2) Notice of appeal. — An aggrieved party or the Solicitor General may appeal from the decision by filing a Notice of Appeal within fifteen days from notice of denial of the motion for reconsideration or new trial. The appellant shall serve a copy of the notice of appeal on the adverse parties.

31 Pertinently, Section 1 of Rule 38 provides that the petition for relief from judgment shall be filed in the same court that rendered the assailed judgment or final order; and that the petition shall be filed in the *same case.*

32 *Aboitiz International Forwarders, Inc. v. CA*, 522 Phil. 452, 465 (2006).

33 *Rollo*, p. 234.

34 56 Phil. 613 (1932).

> There is a great deal of similarity between an order granting a motion for a new trial based upon "accident or surprise which ordinary prudence could not have guarded against" under section 145 of the Code of Civil Procedure, and an order granting a motion for a new trial based upon "mistake, inadvertence, surprise, or excusable neglect," under section 113 of the Code of Civil Procedure, as both set aside the judgment, order, or proceeding complained of; both call for a new trial, and in both the injured party may question the order granting the motion for the new trial upon appeal from the new judgment rendered upon the merits of the case. The only fundamental difference lies in this, that while the judgment, order, or proceeding coming under section 145 of the Code of Civil Procedure is not final, that coming under section 113 is final. But this does not alter the nature or effect of the order granting the new trial, for **this order does not put an end to the litigation in the sense that the party injured thereby has no other remedy short of appeal; he may question the propriety of the new trial on appeal from an adverse judgment rendered after such trial.**[35] (Emphasis and underscoring Ours)

In *Servicewide Specialists, Inc. v. Sheriff of Manila*,[36] decided prior to the enactment of the 1997 Rules of Civil Procedure, the Court held:

> There is no question that a judgment or order denying relief under Rule 38 is final and appealable, unlike an order granting such relief which is interlocutory. However, the second part of the above-quoted provision (that in the course of an appeal from the denial or dismissal of a petition for relief, a party may also assail the judgment on the merits) may give the erroneous impression that in such appeal the appellate court may reverse or modify the judgment on the merits. This cannot be done because the judgment from which relief is sought is already final and executory. x x x
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> The purpose of the rule is to enable the appellate court to determine not only the existence of any of the grounds relied upon whether it be fraud, accident, mistake or excusable negligence, but also and primarily the merit of the petitioner's cause of action or defense, as the case may be. If the appellate court finds that one of the grounds exists and, what is of decisive importance, that the petitioner has a good cause of action or defense, it will reverse the denial or dismissal, set aside the judgment in the main case and remand the case to the lower court for a new trial in accordance with Section 7 of Rule 38.[37] (Citations omitted)

The 1997 Rules of Civil Procedure changed the nature of an order of denial of a petition for relief from judgment, making it unappealable[38] and, hence, assailable only *via* a petition for *certiorari*.[39] Nevertheless, the appellate court, in deciding such petitions against denials of petitions for relief, remains tasked with making a factual determination, *i.e.*, whether or not the trial court committed grave abuse of discretion in denying the petition. To do so, it is still obliged, as *Service Specialists* instructs, to

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35 Id. at 613-614.
36 229 Phil. 165 (1986).
37 Id. at 173-174.
38 1997 RULES OF CIVIL PROCEDURE, Rule 41, Section 1(a).
39 *Azucena v. Foreign Manpower Services*, 484 Phil. 316, 325-326 (2004).

"*determine not only the existence of any of the grounds relied upon whether it be fraud, accident, mistake or excusable negligence, but also and primarily the merit of the petitioner's cause of action or defense, as the case may be.*"[40] Stated otherwise, the finality of the RTC decision cannot bar the appellate court from determining the issues raised in the petition for relief, if only to determine the existence of grave abuse of discretion on the part of the trial court in denying such petition. While a Rule 38 Petition does not stay the execution of the judgment,[41] the grant thereof reopens the case for a new trial;[42] and thus, if merit be found in Dana's *certiorari* petition assailing the trial court's denial of her petition for relief, the case will be reopened for new trial.

The CA, therefore, erred in refusing to reopen Dana's petition on the basis of the finality of the trial court decision.

The Court now resolves the question regarding the propriety of setting aside the judgment on compromise.

On one hand, the immutability and immediate effect of judgments upon compromise is well-settled. In *Magbanua v. Uy*,[43] it was held that:

> When a compromise agreement is given judicial approval, it becomes more than a contract binding upon the parties. Having been sanctioned by the court, it is entered as a determination of a controversy and has the force and effect of a judgment. It is immediately executory and not appealable, except for vices of consent or forgery. The nonfulfillment of its terms and conditions justifies the issuance of a writ of execution; in such an instance, execution becomes a ministerial duty of the court.[44]

However, like any other judgment, a judgment upon compromise which is contrary to law is a void judgment; and "[a] void judgment or order has no legal and binding effect. It does not divest rights, and no rights can be obtained under it; all proceedings founded upon a void judgment are equally worthless."[45]

On the other hand, Article 2035(2) and Article 5 of the New Civil Code provide:

> ART. 2035. No compromise upon the following questions shall be valid:

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40 *Servicewide Specialists, Inc. v. Sheriff of Manila*, supra note 36, at 173-174.

41 Rule 38, Section 5. *See also Lui Enterprises, Inc. v. Zuellig Pharma Corp., et al.*, 729 Phil. 440, 472 (2014).

42 Rule 38, Section 6.

43 497 Phil. 511 (2005).

44 Id. at 519.

45 *American Power Conversion Corporation; American Power Conversion Singapore PTE. LTD; American Power Conversion (A.P.C.), B.V.; American Power Conversion (Phils.) B.V.; David W. Plumer, Jr.; George Kong; and Alicia Hendy v. Jayson Yu Lim*, G.R. No. 214291, January 11, 2018, citing *Go v. Echavez*, 765 Phil. 410, 424 (2015).

x x x x

(2) The validity of a marriage or a legal separation;

x x x x

ART. 5. Acts executed against the provisions of mandatory or prohibitory laws shall be void, except when the law itself authorizes their validity.

Again, the Court reiterates, at the risk of being repetitive, that the petition which gave rise to these proceedings is for the declaration of *nullity* of Dana and Leodegario's marriage. Dana's petition for *certiorari* with the CA, which is nothing but a consequence of the proceedings before the RTC, alleges the fraudulent deprivation of her chance to refute and controvert Leodegario's allegations and to present her side of the issue, which she also lays down in her petition. The core issue of Dana's petition is, therefore, the *validity* of her marriage to Leodegario. The termination of the case by virtue of the compromise agreement, therefore, necessarily implies the settlement by compromise of the issue of the validity of Dana and Leodegario's marriage.

In *Uy v. Chua*,[46] which also involves an issue not subject to compromise under Article 2035, the Court held:

> The Compromise Agreement between petitioner and respondent, executed on 18 February 2000 and approved by RTC-Branch 9 in its Decision dated 21 February 2000 in Special Proceeding No. 8830-CEB, obviously intended to settle the question of petitioner's status and filiation, *i.e.*, whether she is an illegitimate child of respondent. In exchange for petitioner and her brother Allan acknowledging that they are not the children of respondent, respondent would pay petitioner and Allan P2,000,000.00 each. **Although unmentioned, it was a necessary consequence of said Compromise Agreement that petitioner also waived away her rights to future support and future legitime as an illegitimate child of respondent. Evidently, the Compromise Agreement dated 18 February 2000 between petitioner and respondent is covered by the prohibition under Article 2035 of the Civil Code.**[47] (Emphasis and underscoring Ours)

In a long line of cases,[48] the Court has censured and punished lawyers, and even judges, who have drafted agreements to dissolve marriages or to sanction adulterous relations. The rule applies *a fortiori* to the CA. It was, therefore, erroneous for the appellate court to terminate Dana's suit - which puts in issue the validity of her marriage - by virtue of the execution of the

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46 616 Phil. 768 (2009).

47 Id. at 780.

48 *Espinosa, et al. v. Atty. Omaña*, 675 Phil. 1 (2011); *Albano v. Mun. Judge Gapusan*, 162 Phil. 884 (1976); *Selanova v. Judge Mendoza*, 159-A Phil. 360 (1975); *Balinon v. De Leon, et al.*, 94 Phil. 277 (1954); *In re: Atty. Roque Santiago*, 70 Phil. 66 (1940); *Biton v. Momongan*, 62 Phil. 7 (1935); and *Pañganiban v. Borromeo*, 58 Phil. 367 (1933).

compromise agreement which only covers the property relations of the spouses. While these issues are intertwined, a compromise of the latter issue should not and cannot operate as a compromise of the former, per Article 2035 of the Civil Code.

The Court cannot give its imprimatur to the dismissal of the case at bar even if, as the appellate court held, it was Dana's intention[49] to have the case terminated upon the execution of the compromise agreement. Nevertheless, the Court agrees with the appellate court when it ruled that the scope of the compromise agreement is limited to Dana and Leodegario's property relations *vis-à-vis* their children, as Article 2036 of the Civil Code provides that "[a] compromise comprises only those objects which are definitely stated therein, or which by necessary implication from its terms should be deemed to have been included in the same." As held by the appellate court:

> The agreement makes no mention of the marital ties between [Leodegario] and [Dana] but is limited only to their property relations vis-à-vis their children.[50]

However, despite the error committed by the appellate court, absent vices of consent or other defects, the compromise agreement remains valid and binding upon Dana and Leodegario, as they have freely and willingly agreed to, and have already complied with, the covenants therein. The agreement operates as a partial compromise on the issue of the disposition of the properties of the marriage.

Nevertheless, the Court is constrained to uphold the appellate court's decision, because the trial court's denial of Dana's petition for relief from judgment does not amount to grave abuse of discretion.

While the remaining issues in the petition partake of a factual nature, the Court deems it necessary to write *finis* to this case at this level in order to avoid remanding the case to the appellate court. It has been held that "remand is not necessary if the Court is in a position to resolve a dispute on the basis of the records before it; and if such remand would not serve the ends of justice."[51] A careful perusal of the petitions filed by Dana before the trial court, the appellate court, and this Court betrays the lack of allegations sufficient to support a petition for relief from judgment under Rule 38.

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49 *Rollo*, p. 43. *See* also Manifestation filed by petitioner Dana, *rollo*, p. 155.

50 Id. at 42-43.

51 *Canlas v. Republic of the Phils.*, 746 Phil. 358, 381 (2014).

Jurisprudence provides that fraud, as a ground for a petition for relief, refers to extrinsic or collateral fraud[52] which, in turn, has been defined as fraud that prevented the unsuccessful party from fully and fairly presenting his case or defense and from having an adversarial trial of the issue, as when the lawyer connives to defeat or corruptly sells out his client's interest. Extrinsic fraud can be committed by a counsel against his client when the latter is prevented from presenting his case to the court.[53] In *Lasala v. National Food Authority*,[54] the Court defined extrinsic fraud in relation to parties represented by counsel, *viz.*:

> Extrinsic fraud x x x refers to "any fraudulent act of the prevailing party in litigation committed outside of the trial of the case, where the defeated party is prevented from fully exhibiting his side by fraud or deception practiced on him by his opponent, such as by keeping him away from court, by giving him a false promise of a compromise, or where an attorney fraudulently or without authority connives at his defeat."
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> Because extrinsic fraud must emanate from the opposing party, extrinsic fraud concerning a party's lawyer often involves the latter's collusion with the prevailing party, such that his lawyer connives at his defeat or corruptly sells out his client's interest.
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> In this light, we have ruled in several cases that a lawyer's mistake or gross negligence does not amount to the extrinsic fraud that would grant a petition for annulment of judgment.
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> We so ruled not only because extrinsic fraud has to involve the opposing party, but also because the negligence of counsel, as a rule, binds his client.[55] (Citations omitted)

Given this definition, the Court found the following circumstances sufficient to make out a case for extrinsic fraud:

> The party in the present case, the NFA, is a government agency that could rightly rely solely on its legal officers to vigilantly protect its interests. The NFA's lawyers were not only its counsel, they were its employees tasked to advance the agency's legal interests.
>
> Further, the NFA's lawyers acted negligently several times in handling the case that it appears deliberate on their part.
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> First, Atty. Mendoza caused the dismissal of the NFA's complaint against Lasala by negligently and repeatedly failing to attend the hearing for the presentation of the NFA's evidence-in-chief. Consequently, the NFA lost its chance to recover from Lasala the employee benefits that it allegedly shouldered as indirect employer.

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52 *City of Dagupan v. Maramba*, 738 Phil. 71, 90 (2014), citing *Sy Bang, et al. v. Sy, et al.*, 604 Phil. 606, 625 (2009) and *Garcia v. Court of Appeals*, 279 Phil. 242, 249 (1991).

53 *City of Dagupan v. Maramba*, supra, at 91.

54 767 Phil. 285 (2015).

55 Id. at 301-302.

> Atty. Mendoza never bothered to provide any valid excuse for this crucial omission on his part. Parenthetically, this was not the first time Atty. Mendoza prejudiced the NFA; he did the same when he failed to file a motion for reconsideration and an appeal in a prior 1993 case where Lasala secured a judgment of P34,500,229.67 against the NFA.
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> For these failures, Atty. Mendoza merely explained that the NFA's copy of the adverse decision was lost and was only found after the lapse of the period for appeal. Under these circumstances, the NFA was forced to file an administrative complaint against Atty. Mendoza for his string of negligent acts.
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> Atty. Cahucom, Atty. Mendoza's successor in handling the case, notably did not cross-examine Lasala's witnesses, and did not present controverting evidence to disprove and counter Lasala's counterclaim. Atty. Cahucom further prejudiced the NFA when he likewise failed to file a motion for reconsideration or an appeal from the trial court's September 2, 2002 decision, where Lasala was awarded the huge amount of P52,788,970.50, without any convincing evidence to support it.
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> When asked to justify his failure, Atty. Cahucom, like Atty. Mendoza, merely mentioned that the NFA's copy of the decision was lost and that he only discovered it when the period for appeal had already lapsed.
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> The trial court's adverse decision, of course, could have been avoided or the award minimized, if Atty. Cahucom did not waive the NFA's right to present its controverting evidence against Lasala's counterclaim evidence. Strangely, when asked during hearing, Atty. Cahucom refused to refute Lasala's testimony and instead simply moved for the filing of a memorandum.
>
> The actions of these lawyers, that at the very least could be equated with unreasonable disregard for the case they were handling and with obvious indifference towards the NFA's plight, lead us to the conclusion that Attys. Mendoza's and Cahucom's actions amounted to a concerted action with Lasala when the latter secured the trial court's huge and baseless counterclaim award. By this fraudulent scheme, the NFA was prevented from making a fair submission in the controversy.[56]

Lasala has been subsequently reiterated in *Cagayan Economic Zone Authority v. Meridien Vista Gaming Corporation*,[57] where the Court held that:

> [I]n cases of gross and palpable negligence of counsel and of extrinsic fraud, the Court must step in and accord relief to a client who suffered thereby. x x x [F]or the extrinsic fraud to justify a petition for relief from judgment, it must be that fraud which the prevailing party caused to prevent the losing party from being heard on his action or defense. Such fraud concerns not the judgment itself but the manner in which it was

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56 Id. at 303-304.

57 779 Phil. 492 (2016).

obtained. Guided by these pronouncements, the Court in the case of *Apex Mining, Inc. vs. Court of Appeals* wrote:

> If the incompetence, ignorance or inexperience of counsel is so **great** and the error committed as a result thereof is so **serious** that the client, who otherwise has a good cause, is prejudiced and denied his day in court, the **litigation may be reopened** to give the client another chance to present his case. Similarly, when an unsuccessful party has been prevented from fully and fairly presenting his case as a result of his lawyer's professional delinquency or infidelity, the litigation may be reopened to allow the party to present his side. Where counsel is guilty of **gross ignorance, negligence** and **dereliction of duty**, which resulted in the clients being held liable for damages in a damage suit, the client is deprived of his day in court and the **judgment may be set aside on such ground.**[58] (Citations omitted and emphases in the original)

As in *Lasala,* the Court found sufficient factual justification for the grant of CEZA's petition for relief, *viz.*:

> At the inception, CEZA was already deprived of its right to present evidence during the trial of the case when Atty. Baniaga filed a joint manifestation submitting the case for decision based on the pleadings without informing CEZA. In violation of his sworn duty to protect his client's interest, Atty. Baniaga agreed to submit the case for decision without fully substantiating their defense. Worse, after he received a copy of the decision, he did not even bother to inform his client and the OGCC of the adverse judgment. He did not even take steps to protect the interests of his client by filing an appeal. Instead, he allowed the judgment to lapse into finality. Such reckless and gross negligence deprived CEZA not only of the chance to seek reconsideration thereof but also the opportunity to elevate its case to the CA.[59]

Turning now to the case at bar, it is clear that Dana's allegations in her petition for relief fall way short of the jurisprudential threshold for extrinsic fraud. The Court quotes the allegations Dana made in her petition for relief with the trial court:

> In all candor, [Dana] wanted to present her side of the controversy and all she intended was to take the witness stand. Without her knowing it, however, her time to present her evidence passed without her being able to do so. Her previous counsel did not remind, much less advice [sic], her of the hearing dates to present her case. Particularly, she was not simply aware of the hearings held by this [h]onorable [c]ourt on February 26 and March 26, 2009. She can only surmise that somebody must have maneuvered to impress, if not mislead, the [h]onorable [c]ourt that she was not interested to present her side.

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58 Id. at 503-504.

59 Id. at 507.

> This must be so since after [Dana] confronted her counsel about the promulgation of the Decision without her being able to present evidence, her counsel nonchalantly told her that it was their mutual decision not to present any evidence. This was not what [Dana] thought and knew. In the first place, she filed her Answer to the petition and assailed all the material allegations therein. She found no reason to abandon her case.
>
> **[Dana], by these assertions does not accuse her previous counsel any wrongdoing or neglect, or any other parties probably in cahoots with her said counsel.** But it certainly had caused some harm to and, in fact, defrauded this [h]onorable [c]ourt which was led into believing that [Dana] was not interested in presenting her evidence. Hence, this [h]onorable [c]ourt found that [Dana] failed to appear despite notice as already mentioned above. Had it known that she was interested on [sic] presenting her side, this [h]onorable [c]ourt certainly would not have denied her that right. Otherwise put, by the deception, this Honorable Court was not aware that [Dana] was deprived of her day in court.[60] (Emphasis and underlining Ours)

Dana's petition is anchored on two main allegations: first, that her counsel failed to notify her of the hearings dated February 26 and March 26, 2009; and second, that her counsel nonchalantly told her that it was their mutual decision to not present any evidence. However, she categorically admits that she "does not accuse her previous counsel [of] any wrongdoing or neglect, or any other parties probably in cahoots with her said counsel."[61] Furthermore, the petition makes no specific citation of other acts or circumstances attributable to her counsel that fraudulently deprived Dana of her opportunity to fully ventilate her claims and defenses with the trial court. The acts complained of in the petition constitute neither "gross and palpable negligence" nor corruption or collusion amounting to extrinsic fraud. The general rule, which binds the client to the negligence of her counsel, remains applicable to this case. All told, the trial court did not commit grave abuse of discretion amounting to lack or excess of jurisdiction when it dismissed her petition for relief.

WHEREFORE, premises considered, the petition is hereby **DENIED**. The Resolutions dated April 15, 2014 and September 26, 2014 of the Court of Appeals in CA-G.R. SP No. 115420, are hereby **AFFIRMED** insofar as they declared the proceedings **CLOSED** and **TERMINATED.**

SO ORDERED.

ANDRES B. REYES, JR.
Associate Justice

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60 *Rollo*, pp. 84-85.
61 Id. at 84.

WE CONCUR:

DIOSDADO M. PERALTA
Associate Justice
Chairperson

MARVIC M.V.F. LEONEN
Associate Justice

ALEXANDER G. GESMUNDO
Associate Justice

RAMON PAUL L. HERNANDO
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.

DIOSDADO M. PERALTA
Associate Justice
Chairperson, Third 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.

LUCAS P. BERSAMIN
Chief Justice