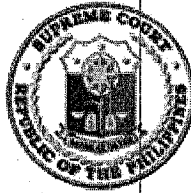


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Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

CONNIE L. SERVO,

Petitioner,

G.R. No. 234401

Members:

- versus -

PERALTA, C.J., Chairperson,
CAGUIOA,
REYES, J., JR.,
LAZARO-JAVIER, and
INTING*, JJ.

**PHILIPPINE DEPOSIT
INSURANCE CORPORATION,**

Respondent.

Promulgated:

DEC 05 2019

X-----X

DECISION

LAZARO-JAVIER, J.:

The Case

This Petition for Review on *Certiorari* assails the Resolution dated September 22, 2017 of the Court of Appeals in CA-G.R. SP No. 152398 dismissing petitioner Connie L. Servo's action for *certiorari* on ground of lack of jurisdiction.

Antecedents

By Affidavit dated August 22, 2014, petitioner filed a claim for deposit insurance with respondent Philippine Deposit Insurance Corporation (PDIC). She essentially alleged that sometime in October 2011, she lent Teresita Gutierrez Five Hundred Thousand Pesos (P500,000.00) for the repair of the latter's bus units. On January 19, 2012, petitioner met with Gutierrez at the Rural Bank of San Jose Del Monte to receive the latter's loan payment. For this purpose, petitioner opened a time deposit account with the bank under

Special Savings Deposit (SSD) Account No. 001 03-00904-1. Per her agreement with Gutierrez, the latter's name was used as the account holder since she was a preferred bank client.¹

A few years later, however, the bank was closed down. Consequently, petitioner filed with PDIC her claim for deposit insurance, together with certain documents.

She claimed to have verbally informed Eliza Dela Peña, one of the bank tellers, that the Five Hundred Thousand Pesos (P500,000.00) deposited in SSD Account No. 001 03-00904-1 was held in trust for her by Gutierrez. She also categorically stated that she was the exclusive owner of SSD Account No. 001 03-00904-1.²

By letter dated August 27, 2014, PDIC, through its Claims Deposit Department, denied petitioner's claim for deposit insurance, citing as ground the absence of any bank records/documents indicating that petitioner, not Gutierrez, owned the account.

On October 30, 2014, petitioner filed a Request for Reconsideration (RFR). Under letter³ dated July 16, 2015, PDIC denied petitioner's RFR, this time citing as ground petitioner's alleged failure to submit documents showing that the "break-up and transfer of Legitimate Deposit to the transferee is for a Valid Consideration." PDIC emphasized that petitioner was not even a relative within the second degree of consanguinity or affinity of Gutierrez.

Petitioner consequently filed the action below, imputing grave abuse of discretion on PDIC for denying her claim for deposit insurance, albeit she submitted the necessary documents in support of her claim. Assuming the documents were incomplete, she was not given the chance to submit additional documents nor called to a clarificatory meeting, as provided in Sections 4(b) and 4(c) of Regulatory Issuance No. 2011-03.

On the other hand, PDIC riposted that the Regional Trial Court (RTC) has no jurisdiction over the subject matter of the petition as the same fell exclusively within its quasi-judicial jurisdiction. It emphasized that there was no grave abuse of discretion amounting to lack or excess of jurisdiction when after evaluation and analysis of available bank documents, it arrived at the conclusion that petitioner was not entitled to deposit insurance.⁴

* Additional member per Special Order No. 2726.

¹ *Rollo*, p. 40.

² *Id.*

³ *Id.* at 28.

⁴ *Id.* at 41.

The Trial Court's Ruling

By Decision⁵ dated July 27, 2017, the trial court sustained PDIC's argument and dismissed the case on ground of lack of jurisdiction, *viz*:

WHEREFORE, in view of the foregoing circumstances, judgment is rendered in favor of Philippine Deposit Insurance Corporation. For lack of jurisdiction, the instant case is ordered **DISMISSED without prejudice**. Fittingly, the court holds its hands tightly in not passing upon the other issue.

SO ORDERED.⁶ (Emphasis in the original)

The trial court recognized that since PDIC is a quasi-judicial agency which performed the assailed quasi-judicial action, the case should have been brought up to the Court of Appeals.⁷

The trial court cited Section 5(g) of Republic Act (RA) 3591 (PDIC Charter), as amended by RA 10846, providing that actions of PDIC shall be final and executory, and may only be restrained or set aside by the Court of Appeals through a petition for *certiorari*.⁸

Proceedings before the Court of Appeals

In her subsequent special civil action for *certiorari* before the Court of Appeals, petitioner argued that PDIC was not among the quasi-judicial bodies enumerated under Section 1, Rule 43 of the Rules of Court whose decisions and rulings are appealable via a petition for review with the Court of Appeals. Also, the mere fact that PDIC performs quasi-judicial functions does not make it co-equal with the RTCs. Too, considering that the rulings of the Department of Finance are appealable to the Court of Tax Appeals, the latter having the same rank as the Court of Appeals, it cannot be said that the rulings of PDIC, an instrumentality operating under the Department of Finance, are appealable to the Court of Appeals alone.⁹

She also implored the Court of Appeals to treat her petition as a petition for *certiorari* against PDIC's denial of her claim in the interest of substantial justice.¹⁰

The Court of Appeals' Ruling

By Resolution¹¹ dated September 22, 2017, the Court of Appeals dismissed the petition for lack of jurisdiction. It ruled that the jurisdictional

⁵ Penned by Acting Presiding Judge Phoeve C. Meer; *Id.* at 40-44.

⁶ *Id.* at 43.

⁷ *Id.* at 42.

⁸ *Id.* at 43.

⁹ *Id.* at 50-53.

¹⁰ *Id.* at 54.

¹¹ Penned by Associate Justice Ma. Luisa C. Quijano-Padilla and concurred in by Now Supreme Court Associate Justice Rodil Zalameda and Associate Justice Carmelita Salandanan Manahan; *Id.* at 22-24.

issue involved, being a pure legal question, should have been filed with this Court pursuant to Rule 45 of the Revised Rules of Court.¹²

The Present Petition

Petitioner now prays that the aforesaid resolution be reversed and set aside, and the main case be remanded to the proper court for resolution on the merits.

Issue

Did the Court of Appeals err in dismissing the petition for *certiorari* on ground of lack of jurisdiction?

Ruling

Under Section 9 of Batas Pambansa Bilang 129 (BP 129), the Court of Appeals has jurisdiction over petitions for *certiorari*, viz:

Section 9. Jurisdiction. – The Court of Appeals shall exercise:

1. **Original jurisdiction to issue writs of mandamus, prohibition, certiorari, habeas corpus, and quo warranto, and auxiliary writs or processes, whether or not in aid of its appellate jurisdiction;**
2. Exclusive original jurisdiction over actions for annulment of judgements of Regional Trial Courts; and
3. Exclusive appellate jurisdiction over all final judgements, resolutions, orders or awards of Regional Trial Courts and quasi-judicial agencies, instrumentalities, boards or commission, including the Securities and Exchange Commission, the Social Security Commission, the Employees Compensation Commission and the Civil Service Commission, Except those falling within the appellate jurisdiction of the Supreme Court in accordance with the Constitution, the Labor Code of the Philippines under Presidential Decree No. 442, as amended, the provisions of this Act, and of subparagraph (1) of the third paragraph and subparagraph 4 of the fourth paragraph of Section 17 of the Judiciary Act of 1948.

The Court of Appeals shall have the power to try cases and conduct hearings, receive evidence and perform any and all acts necessary to resolve factual issues raised in cases falling within its original and appellate jurisdiction, including the power to grant and conduct new trials or Appeals must be continuous and must be completed within three (3) months, unless extended by the Chief Justice. (*as amended by R.A. No. 7902*) (emphasis supplied)

¹² *Id.* at 23.

Verily, the Court of Appeals here erred when it dismissed petitioner's special civil action for *certiorari* on ground that since the case involves a pure question of law, the same falls within this Court's exclusive jurisdiction.

For one, Section 9 of BP 129 vests concurrent jurisdiction in the regional trial courts, the Court of Appeals, and the Supreme Court over special civil actions and auxiliary writs and processes. The law does not distinguish whether the issues involved are pure factual or legal issues or mixed issues of fact and law for the purpose of determining which of the courts should take cognizance of the case.

For another, the jurisdiction of the Court of Appeals to issue extraordinary writs, such as a petition for *certiorari vis-à-vis* the hierarchy of courts, was eloquently enunciated in *Gios-Samar, Inc., etc. v. Department of Transportation and Communications, et al.*,¹³ viz:

In 1981, this Court's original jurisdiction over extraordinary writs became concurrent with the CA, pursuant to *Batas Pambansa Bilang* 129 (BP 129) or the Judiciary Reorganization Act of 1980. **BP 129 repealed RA No. 296 and granted the CA with "[o]riginal jurisdiction to issue writs of *mandamus*, *prohibition*, *certiorari*, *habeas corpus*, and *quo warranto*, and auxiliary writs or processes, whether or not in aid of its appellate jurisdiction."** x x x

xxx

xxx

xxx

This so-called "policy" was reaffirmed two years later in *People v. Cuaresma*, which involved a petition for *certiorari* challenging the quashal by the City Fiscal of an Information for defamation on the ground of prescription. In dismissing the petition, this Court reminded litigants to refrain from directly filing petitions for extraordinary writs before the Court, unless there were special and important reasons therefor. We then introduced the concept of "hierarchy of courts," to wit:

x x x This Court's original jurisdiction to issue writs of *certiorari* (as well as *prohibition*, *mandamus*, *quo warranto*, *habeas corpus* and *injunction*) is not exclusive. It is shared by this Court with Regional Trial Courts (formerly Courts of First Instance), which may issue the writ, enforceable in any part of their respective regions. It is also shared by this Court, and by the Regional Trial Court, with the Court of Appeals (formerly, Intermediate Appellate Court), although prior to the effectivity of *Batas Pambansa Bilang* 129 on August 14, 1981, the latter's competence to issue the extraordinary writs was restricted to those "in aid of its appellate jurisdiction." This concurrence of jurisdiction is not, however, to be taken as according to parties seeking any of the writs an absolute, unrestrained freedom of choice of the court to which application therefor will be directed. There is after all a hierarchy of courts. That hierarchy is determinative of the venue of appeals, and should also serve as a general determinant of the appropriate forum for petitions for the

¹³ G.R. No. 217158, March 12, 2019.

extraordinary writs. A becoming regard for that judicial hierarchy most certainly indicates that petitions for the issuance of extraordinary writs against first level ("inferior") courts should be filed **with the Regional Trial Court, and those against the latter, with the Court of Appeals.** A direct invocation of the Supreme Court's original jurisdiction to issue these writs should be allowed only when there are special and important reasons therefor, clearly and specifically set out in the petition. This is established policy. x x x (Citations omitted; emphasis supplied)

Too, *Saint Mary Crusade to Alleviate Poverty of Brethren Foundation, Inc. v. Judge Riel*¹⁴ ordained:

Fourthly, the filing of the instant special civil action directly in this Court is in disregard of the doctrine of hierarchy of courts. Although the Court has concurrent jurisdiction with the Court of Appeals in issuing the writ of certiorari, direct resort is allowed only when there are special, [extraordinary] or compelling reasons that justify the same. The Court enforces the observance of the hierarchy of courts in order to free itself from unnecessary, frivolous and impertinent cases and thus afford time for it to deal with the more fundamental and more essential tasks that the Constitution has assigned to it. There being no special, important or compelling reason, the petitioner thereby violated the observance of the hierarchy of courts, warranting the dismissal of the petition for certiorari. (Citations omitted)

There is no compelling reason for the Court of Appeals here not to adhere to and observe the hierarchy of courts.


In any event, although the Court of Appeals erred in dismissing the case, we will no longer remand the case to the Court of Appeals to avert any further delay in its resolution. The Court, therefore, deems it prudent to resolve once and for all, here and now, the issue of jurisdiction involving PDIC.

Petitioner asserts that the amendatory provisions under RA 10846 should not be applied to her case considering that her claim was denied on July 16, 2015 or prior to the effectivity of RA 10846 on June 11, 2016.

In truth, however, when petitioner initiated the action for *certiorari* before the trial court on August 19, 2016, RA 10846 was already effective. Verily, petitioner should have complied with the procedures laid down thereunder, among them, the grant of exclusive original jurisdiction to PDIC on matters involving bank deposits and insurance; and the remedy granted to the claimants in case of an adverse PDIC ruling.

On this score, Section 5(g) of RA 3591, as amended by RA 10846, provides that the actions of PDIC on matters relating to insured deposits and

¹⁴ 750 Phil. 57, 68 (2015).



deposit liabilities may only be assailed before the Court of Appeals via a Petition for Certiorari under Rule 65 of the Revised Rules of Court, viz:

SECTION 7. Section 4 of the same Act is accordingly renumbered as Section 5, and is hereby amended to read as follows:

DEFINITION OF TERMS

SEC. 5. As used in this Act –

x x x x

(g) x x x x x x x x x x

The actions of the Corporation taken under Section 5(g) shall be final and executory, and **may only be restrained or set aside by the Court of Appeals, upon appropriate petition for certiorari** on the ground that the action was taken in excess of jurisdiction or with such grave abuse of discretion as to amount to a lack or excess of jurisdiction. The petition for certiorari may only be filed **within thirty (30) days from notice of denial of claim for deposit insurance.** (Emphasis supplied)

In *Peter L. So v. Philippine Deposit Insurance Corp.*,¹⁵ the Court pronounced that the Court of Appeals is vested with jurisdiction over matters relating to the dispositions of PDIC, viz:

We proceed to determine where such petition for *certiorari* should be filed. In this matter, We cite the very provision invoked by the petitioner, *i.e.*, Section 4, Rule 65 of the Rules, as amended by A.M. No. 07-7-12-SC:

Sec. 4. When and where to file the petition. — The petition shall be filed not later than sixty (60) days from notice of the judgment, order or resolution. In case a motion for reconsideration or new trial is timely filed, whether such motion is required or not, the petition shall be filed not later than sixty (60) days counted from the notice of the denial of the motion.

If the petition relates to an act or an omission of a municipal trial court or of a corporation, a board, an officer or a person, it shall be filed with the Regional Trial Court exercising jurisdiction over the territorial area as defined by the Supreme Court. It may also be filed with the Court of Appeals or with the Sandiganbayan, whether or not the same is in aid of the court's appellate jurisdiction. If the petition involves an act or an omission of a quasi-judicial agency, unless otherwise provided by law or these rules, the petition shall be filed with and be cognizable only by the Court of Appeals. x x x

Clearly, a petition for certiorari, questioning the PDIC's denial of a deposit insurance claim should be filed before the CA, not the RTC. This further finds support in Section 22 of the PDIC's Charter, as amended, which states that:

¹⁵ G.R. No. 230020, March 19, 2018.



Section 22. **No court, except the Court of Appeals**, shall issue any temporary restraining order, preliminary injunction or preliminary mandatory injunction against the Corporation for any action under this Act. x x x.

This prohibition shall apply in all cases, disputes or controversies instituted by a private party, the insured bank, or any shareholder of the insured bank. x x x.

xxx xxx xxx

Finally, the new amendment in PDIC's Charter under RA 10846, specifically Section 5(g) thereof, confirms such conclusion, *viz*:

The actions of the Corporation taken under Section 5(g) shall be **final and executory, and may only be restrained or set aside by the Court of Appeals**, upon appropriate petition for *certiorari* on the ground that the action was taken in excess of jurisdiction or with such grave abuse of discretion as to amount to a lack or excess of jurisdiction. The petition for *certiorari* may only be filed within thirty (30) days from notice of denial of claim for deposit insurance. x x x

As it stands, the controversy as to which court has jurisdiction over a petition for *certiorari* filed to question the PDIC's action is already settled. Therefore, We find no reversible error from the findings and conclusion of the court *a quo*. (Emphasis supplied)

Finally, petitioner argues that the Court of Appeals should have treated her petition for *certiorari* as an original action against the assailed PDIC dispositions. She has, in fact, allegedly included in her petition an alternative prayer, thus:

In the alternative, petitioner respectfully prays that the instant petition be treated as a petition for *certiorari* from the PDIC's denial of petitioner's claim for deposit insurance and that said x x x petition be granted by ordering PDIC to pay petitioner the insured amount of P500,000.00 under Special Savings Deposit Account No. 001 03-00904-1.¹⁶

The argument must fail. The Court of Appeals could not have granted petitioner's prayer to consider her petition to have been filed in accordance with the PDIC rules simply because the petition was filed beyond the thirty (30)-day reglementary period prescribed under RA 10846.

Notably, petitioner's RFR was denied on July 16, 2015. She filed her petition for *certiorari* with the Court of Appeals only on September 7, 2017 or more than two (2) years from PDIC's denial of her claim. When the case was brought before the Court of Appeals, there was nothing more for it to act on since the assailed trial court's ruling had already lapsed into finality.

¹⁶ *Rollo*, p. 56.

ACCORDINGLY, the petition is DENIED.

SO ORDERED.



AMY C. LAZARO-JAVIER
Associate Justice

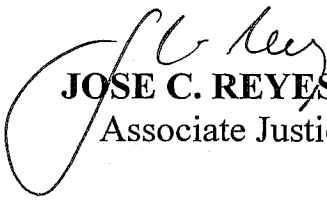
WE CONCUR:




DIOSDADO M. PERALTA
Chief Justice



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice



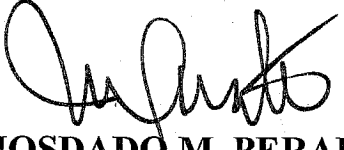
JOSE C. REYES, JR.
Associate Justice



HENRI JEAN PAUL B. INTING
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



DIOSDADO M. PERALTA
Chief Justice