



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

LETICIA DIONA,
represented by her Attorney-in-Fact,
MARCELINA DIONA,
Petitioner.

- versus -

ROMEO A. BALANGUE,
SONNY A. BALANGUE,
REYNALDO A. BALANGUE, and
ESTEBAN A. BALANGUE, JR.,
Respondents.

G.R. No. 173559

Present:

CARPIO, *Chairperson.*
BRION,
DEL CASTILLO,
PEREZ, *and*
PERLAS-BERNABE, *JJ.*

Promulgated:

JAN 07 2013 *del Castillo*

DECISION

DEL CASTILLO, *J.*:

The grant of a relief neither sought by the party in whose favor it was given nor supported by the evidence presented violates the opposing party's right to due process and may be declared void *ab initio* in a proper proceeding.

This Petition for Review on *Certiorari*¹ assails the November 24, 2005 Resolution² of the Court of Appeals (CA) issued in CA-G.R. SP No. 85541 which granted the Petition for Annulment of Judgment³ filed by the respondents seeking to nullify that portion of the October 17, 2000 Decision⁴ of the Regional Trial Court (RTC), Branch 75, Valenzuela City awarding petitioner 5% monthly interest rate for the principal amount of the loan respondents obtained from her. *Memo*

¹ *Id.*, pp. 10-26.

² *CA Rollo*, pp. 80-84; penned by Associate Justice Rebecca De Guia-Salvador and concurred in by Associate Justices Porcia Aliño-Hermachuelos and Aurora Santiago-Lagman.

³ *Id.* at 1-13.

⁴ *Id.*, pp. 60-62; penned by Judge Jaime L. Bautista.

This Petition likewise assails the CA's June 26, 2006 Resolution⁵ denying petitioner's Motion for Reconsideration.

Factual Antecedents

The facts of this case are simple and undisputed.

On March 2, 1991, respondents obtained a loan of ₱45,000.00 from petitioner payable in six months and secured by a Real Estate Mortgage⁶ over their 202-square meter property located in Marulas, Valenzuela and covered by Transfer Certificate of Title (TCT) No. V-12296.⁷ When the debt became due, respondents failed to pay notwithstanding demand. Thus, on September 17, 1999, petitioner filed with the RTC a Complaint⁸ praying that respondents be ordered:

- (a) To pay [petitioner] the principal obligation of ₱45,000.00, with interest thereon *at the rate of 12% per annum*, from 02 March 1991 until the full obligation is paid.
- (b) To pay [petitioner] actual damages as may be proven during the trial but shall in no case be less than ₱10,000.00; ₱25,000.00 by way of attorney's fee, plus ₱2,000.00 per hearing as appearance fee.
- (c) To issue a decree of foreclosure for the sale at public auction of the aforementioned parcel of land, and for the disposition of the proceeds [thereof] in accordance with law, upon failure of the [respondents] to fully pay [petitioner] within the period set by law the sums set forth in this complaint.
- (d) Costs of this suit.

Other reliefs and remedies just and equitable under the premises are likewise prayed for.⁹ (Emphasis supplied)

Respondents were served with summons thru respondent Sonny A. Balangue (Sonny). On October 15, 1999, with the assistance of Atty. Arthur C.

⁵ CA *rollo*, pp. 111-114.

⁶ *Rollo*, p. 193.

⁷ Id. at 191-192.

⁸ Id. at 56-59; docketed as Civil Case No. 241-V-99.

⁹ Id. at 58.

Coroza (Atty. Coroza) of the Public Attorney's Office, they filed a Motion to Extend Period to Answer. Despite the requested extension, however, respondents failed to file any responsive pleadings. Thus, upon motion of the petitioner, the RTC declared them in default and allowed petitioner to present her evidence *ex parte*.¹⁰

Ruling of the RTC sought to be annulled.

In a Decision¹¹ dated October 17, 2000, the RTC granted petitioner's Complaint. The dispositive portion of said Decision reads:

WHEREFORE, judgment is hereby rendered in favor of the [petitioner], ordering the [respondents] to pay the [petitioner] as follows:

- a) the sum of FORTY FIVE THOUSAND (₱45,000.00) PESOS, representing the unpaid principal loan obligation ***plus interest at 5% per month*** [sic] reckoned from March 2, 1991, until the same is fully paid;
- b) ₱20,000.00 as attorney's fees plus cost of suit;
- c) in the event the [respondents] fail to satisfy the aforesaid obligation, an order of foreclosure shall be issued accordingly for the sale at public auction of the subject property covered by Transfer Certificate of Title No. V-12296 and the improvements thereon for the satisfaction of the [petitioner's] claim.

SO ORDERED.¹² (Emphasis supplied)

Subsequently, petitioner filed a Motion for Execution,¹³ alleging that respondents did not interpose a timely appeal despite receipt by their former counsel of the RTC's Decision on November 13, 2000. Before it could be resolved, however, respondents filed a Motion to Set Aside Judgment¹⁴ dated January 26, 2001, claiming that not all of them were duly served with summons. According to the other respondents, they had no knowledge of the case because

¹⁰ See Order dated December 29, 1999, id. at 198; penned by Judge Jaime F. Bautista.

¹¹ Id. at 60-62.

¹² Id. at 62.

¹³ Id. at 63-65.

¹⁴ Id. at 66-69.

their co-respondent Sonny did not inform them about it. They prayed that the RTC's October 17, 2000 Decision be set aside and a new trial be conducted.

But on March 16, 2001, the RTC ordered¹⁵ the issuance of a Writ of Execution to implement its October 17, 2000 Decision. However, since the writ could not be satisfied, petitioner moved for the public auction of the mortgaged property,¹⁶ which the RTC granted.¹⁷ In an auction sale conducted on November 7, 2001, petitioner was the only bidder in the amount of ₱420,000.00. Thus, a Certificate of Sale¹⁸ was issued in her favor and accordingly annotated at the back of TCT No. V-12296.

Respondents then filed a Motion to Correct/Amend Judgment and To Set Aside Execution Sale¹⁹ dated December 17, 2001, claiming that the parties did not agree in writing on any rate of interest and that petitioner merely sought for a 12% *per annum* interest in her Complaint. Surprisingly, the RTC awarded 5% monthly interest (or 60% *per annum*) from March 2, 1991 until full payment. Resultantly, their indebtedness inclusive of the exorbitant interest from March 2, 1991 to May 22, 2001 ballooned from ₱124,400.00 to ₱652,000.00.

In an Order²⁰ dated May 7, 2002, the RTC granted respondents' motion and accordingly modified the interest rate awarded from 5% monthly to 12% *per annum*. Then on August 2, 2002, respondents filed a Motion for Leave To Deposit/Consign Judgment Obligation²¹ in the total amount of ₱126,650.00.²²

¹⁵ See Order dated March 16, 2001, *id.* at 79.

¹⁶ See Manifestation, *id.* at 84-85.

¹⁷ See Order dated May 7, 2001, *id.* at 80; penned by Judge Floro P. Alejo.

¹⁸ *Id.* at 204.

¹⁹ *Id.* at 205-212.

²⁰ CA *rollo*, pp. 36-38; penned by Acting Presiding Judge Dionisio C. Sison.

²¹ *Rollo*, pp. 217-219.

²² In their Comment, *id.* at 178-190, respondents alleged that their Motion for Leave To Deposit/Consign Judgment Obligation remained unresolved as the same was overtaken by petitioner's Petition for *Certiorari* filed with the CA.

Displeased with the RTC's May 7, 2002 Order, petitioner elevated the matter to the CA *via* a Petition for *Certiorari*²³ under Rule 65 of the Rules of Court. On August 5, 2003, the CA rendered a Decision²⁴ declaring that the RTC exceeded its jurisdiction in awarding the 5% monthly interest but at the same time pronouncing that the RTC gravely abused its discretion in subsequently reducing the rate of interest to 12% *per annum*. In so ruling, the CA ratiocinated:

Indeed, We are convinced that the Trial Court exceeded its jurisdiction when it granted 5% monthly interest instead of the 12% per annum prayed for in the complaint. However, the proper remedy is not to amend the judgment but to declare that portion as a nullity. Void judgment for want of jurisdiction is no judgment at all. It cannot be the source of any right nor the creator of any obligation (**Leonor vs. CA, 256 SCRA 69**). No legal rights can emanate from a resolution that is null and void (**Fortich vs. Corona, 312 SCRA 751**).

From the foregoing, the remedy of [the respondents] is to have the Court declare the portion of the judgment providing for a higher interest than that prayed for as null and void for want of or in excess of jurisdiction. A void judgment never acquire[s] finality and any action to declare its nullity does not prescribe (**Heirs of Mayor Nemencio Galvez vs. CA, 255 SCRA 672**).

WHEREFORE, foregoing premises considered, the Petition having merit, is hereby **GIVEN DUE COURSE**. Resultantly, the challenged May 7, 2002 and September 5, 2000 orders of Public Respondent Court are hereby **ANNULLED** and **SET ASIDE** for having been issued with grave abuse of discretion amounting to lack or in excess of jurisdiction. No costs.

SO ORDERED.²⁵ (Emphases in the original; italics supplied.)

Proceedings before the Court of Appeals

Taking their cue from the Decision of the CA in the special civil action for *certiorari*, respondents filed with the same court a Petition for Annulment of Judgment and Execution Sale with Damages.²⁶ They contended that the portion of the RTC Decision granting petitioner 5% monthly interest rate is in gross violation of Section 3(d) of Rule 9 of the Rules of Court and of their right to due process. According to respondents, the loan did not carry any interest as it was the

²³ Docketed as CA-G.R. SP No. 73360.

²⁴ *Rollo*, pp. 102-108; penned by Associate Justice Jose L. Sabio, Jr. and concurred in by Associate Justices B. A. Adefuin-De La Cruz and Hakim S. Abdulwahid.

²⁵ *Id.* at 107.

²⁶ *CA rollo*, pp. 1-3.

verbal agreement of the parties that in lieu thereof petitioner's family can continue occupying respondents' residential building located in Marulas, Valenzuela for free until said loan is fully paid.

Ruling of the Court of Appeals

Initially, the CA denied due course to the Petition.²⁷ Upon respondents' motion, however, it reinstated and granted the Petition. In setting aside portions of the RTC's October 17, 2000 Decision, the CA ruled that aside from being unconscionably excessive, the monthly interest rate of 5% was not agreed upon by the parties and that petitioner's Complaint clearly sought only the legal rate of 12% *per annum*. Following the mandate of Section 3(d) of Rule 9 of the Rules of Court, the CA concluded that the awarded rate of interest is void for being in excess of the relief sought in the Complaint. It ruled thus:

WHEREFORE, [respondents'] motion for reconsideration is **GRANTED** and our resolution dated October 13, 2004 is, accordingly, **REVERSED** and **SET ASIDE**. In lieu thereof, another is entered ordering the **ANNULMENT OF**:

(a) public respondent's impugned October 17, 2000 judgment, insofar as it awarded 5% monthly interest in favor of [petitioner]; and

(b) all proceedings relative to the sale at public auction of the property titled in [respondents'] names under Transfer Certificate of Title No. V-12296 of the Valenzuela registry.

The judgment debt adjudicated in public respondent's impugned October [17, 2000] judgment is, likewise, ordered **RECOMPUTED** at the rate of 12% per annum from March 2, 1991. No costs.

SO ORDERED.²⁸ (Emphases in the original.)

Petitioner sought reconsideration, which was denied by the CA in its June 26, 2006 Resolution.²⁹

²⁷ See Resolution promulgated on October 13, 2004, *id.* at 58-60; penned by Associate Justice Rebecca De Guia-Salvador and concurred in by Associate Justices Portia Aliño-Hormachuelos and Aurora Santiago-Lagman.

²⁸ *Id.* at 84.

²⁹ *Id.* at 111-114.

Issues

Hence, this Petition anchored on the following grounds:

- I. THE HONORABLE COURT OF APPEALS COMMITTED GRAVE AND SERIOUS ERROR OF LAW WHEN IT GRANTED RESPONDENTS' PETITION FOR ANNULMENT OF JUDGMENT AS A SUBSTITUTE OR ALTERNATIVE REMEDY OF A LOST APPEAL.
- II. THE HONORABLE COURT OF APPEALS COMMITTED GRAVE AND SERIOUS ERROR AND MISAPPREHENSION OF LAW AND THE FACTS WHEN IT GRANTED RESPONDENTS' PETITION FOR ANNULMENT OF JUDGMENT OF THE DECISION OF THE REGIONAL TRIAL COURT OF VALENZUELA, BRANCH 75 DATED OCTOBER 17, 2000 IN CIVIL CASE NO. 241-V-99, DESPITE THE FACT THAT SAID DECISION HAS BECOME FINAL AND ALREADY EXECUTED CONTRARY TO THE DOCTRINE OF IMMUTABILITY OF JUDGMENT.³⁰

Petitioner's Arguments

Petitioner claims that the CA erred in partially annulling the RTC's October 17, 2000 Decision. She contends that a Petition for Annulment of Judgment may be availed of only when the ordinary remedies of new trial, appeal, petition for relief or other appropriate remedies are no longer available through no fault of the claimant. In the present case, however, respondents had all the opportunity to question the October 17, 2000 Decision of the RTC, but because of their own inaction or negligence they failed to avail of the remedies sanctioned by the rules. Instead, they contented themselves with the filing of a Motion to Set Aside Judgment and then a Motion to Correct/Amend Judgment and to Set Aside Execution Sale.

Petitioner likewise argues that for a Rule 47 petition to prosper, the same must either be based on extrinsic fraud or lack of jurisdiction. However, the allegations in respondents' Rule 47 petition do not constitute extrinsic fraud because they simply pass the blame to the negligence of their former counsel. In

³⁰ *Rollo*, p. 10.

addition, it is too late for respondents to pass the buck to their erstwhile counsel considering that when they filed their Motion to Correct/Amend Judgment and To Set Aside Execution Sale they were already assisted by their new lawyer, Atty. Reynaldo A. Ruiz, who did not also avail of the remedies of new trial, appeal, etc. As to the ground of lack of jurisdiction, petitioner posits that there is no reason to doubt that the RTC had jurisdiction over the subject matter of the case and over the persons of the respondents.

While conceding that the RTC patently made a mistake in awarding 5% monthly interest, petitioner nonetheless invokes the doctrine of immutability of final judgment and contends that the RTC Decision can no longer be corrected or modified since it had long become final and executory. She likewise points out that respondents received a copy of said Decision on November 13, 2000 but did nothing to correct the same. They did not even question the award of 5% monthly interest when they filed their Motion to Set Aside Judgment which they anchored on the sole ground of the RTC's lack of jurisdiction over the persons of some of the respondents.

Respondents' Arguments

Respondents do not contest the existence of their obligation and the principal amount thereof. They only seek quittance from the 5% monthly interest or 60% *per annum* imposed by the RTC. Respondents contend that Section (3)d of Rule 9 of the Rules of Court is clear that when the defendant is declared in default, the court cannot grant a relief more than what is being prayed for in the Complaint. A judgment which transgresses said rule, according to the respondents, is void for having been issued without jurisdiction and for being violative of due process of law.

Respondents maintain that it was through no fault of their own, but through the gross negligence of their former counsel, Atty. Coroza, that the remedies of

new trial, appeal or petition for relief from judgment were lost. They allege that after filing a Motion to Extend Period to Answer, Atty. Coroza did not file any pleading resulting to their being declared in default. While the said lawyer filed on their behalf a Motion to Set Aside Judgment dated January 26, 2001, he however took no steps to appeal from the Decision of the RTC, thereby allowing said judgment to lapse into finality. Citing *Legarda v. Court of Appeals*,³¹ respondents aver that clients are not always bound by the actions of their counsel, as in the present case where the clients are to lose their property due to the gross negligence of their counsel.

With regard to petitioner's invocation of immutability of judgment, respondents argue that said doctrine applies only to valid and not to void judgments.

Our Ruling

The petition must fail.

We agree with respondents that the award of 5% monthly interest violated their right to due process and, hence, the same may be set aside in a Petition for Annulment of Judgment filed under Rule 47 of the Rules of Court.

***Annulment of judgment under Rule 47;
an exception to the final judgment rule;
grounds therefor.***

A Petition for Annulment of Judgment under Rule 47 of the Rules of Court is a remedy granted only under exceptional circumstances where a party, without fault on his part, has failed to avail of the ordinary remedies of new trial, appeal, petition for relief or other appropriate remedies. Said rule explicitly provides that it is not available as a substitute for a remedy which was lost due to the party's

³¹ G.R. No. 94457, March 18, 1991, 195 SCRA 418.

own neglect in promptly availing of the same. “The underlying reason is traceable to the notion that annulling final judgments goes against the grain of finality of judgment. Litigation must end and terminate sometime and somewhere, and it is essential to an effective administration of justice that once a judgment has become final, the issue or cause involved therein should be laid to rest.”³²

While under Section 2, Rule 47³³ of the Rules of Court a Petition for Annulment of Judgment may be based only on the grounds of extrinsic fraud and lack of jurisdiction, jurisprudence recognizes lack of due process as additional ground to annul a judgment.³⁴ In *Arcelona v. Court of Appeals*,³⁵ this Court declared that a final and executory judgment may still be set aside if, upon mere inspection thereof, its patent nullity can be shown for having been issued without jurisdiction or *for lack of due process of law*.

Grant of 5% monthly interest is way beyond the 12% per annum interest sought in the Complaint and smacks of violation of due process.

It is settled that courts cannot grant a relief not prayed for in the pleadings or in excess of what is being sought by the party. They cannot also grant a relief without first ascertaining the evidence presented in support thereof. Due process considerations require that judgments must conform to and be supported by the pleadings and evidence presented in court. In *Development Bank of the Philippines v. Teston*,³⁶ this Court expounded that:

³² *Ramos v. Judge Combong, Jr.*, 510 Phil. 277, 281-282 (2005).

³³ Section 2. *Grounds for annulment*. – The annulment may be based only on the grounds of extrinsic fraud and lack of jurisdiction.

x x x x

³⁴ See *Intestate Estate of the Late Nimfa Sian v. Philippine National Bank*, G.R. No. 168882, January 31, 2007, 513 SCRA 662, 667-668.

³⁵ 345 Phil. 250, 264 (1997), citing *Santiago v. Ceniza*, 115 Phil. 493, 495-496 (1962); *Mercado v. Ubay*, G.R. No. 35830, July 24, 1990, 187 SCRA 719, 725; and *Regidor v. Court of Appeals*, G.R. No. 78115, March 5, 1993, 219 SCRA 530, 534.

³⁶ G.R. No. 174966, February 14, 2008, 545 SCRA 422, 429.

Due process considerations justify this requirement. It is improper to enter an order which exceeds the scope of relief sought by the pleadings, absent notice which affords the opposing party an opportunity to be heard with respect to the proposed relief. The fundamental purpose of the requirement that allegations of a complaint must provide the measure of recovery is to prevent surprise to the defendant.

Notably, the Rules is even more strict in safeguarding the right to due process of a defendant who was declared in default than of a defendant who participated in trial. For instance, amendment to conform to the evidence presented during trial is allowed the parties under the Rules.³⁷ But the same is not feasible when the defendant is declared in default because Section 3(d), Rule 9 of the Rules of Court comes into play and limits the relief that may be granted by the courts to what has been prayed for in the Complaint. It provides:

(d) *Extent of relief to be awarded.* – A judgment rendered against a party in default shall not exceed the amount or be different in kind from that prayed for nor award unliquidated damages.

The *raison d'être* in limiting the extent of relief that may be granted is that it cannot be presumed that the defendant would not file an Answer and allow himself to be declared in default had he known that the plaintiff will be accorded a relief greater than or different in kind from that sought in the Complaint.³⁸ No doubt, the reason behind Section 3(d), Rule 9 of the Rules of Court is to safeguard defendant's right to due process against unforeseen and arbitrarily issued judgment. This, to the mind of this Court, is akin to the very essence of due process. It embodies "the sporting idea of fair play"³⁹ and forbids the grant of relief on matters where the defendant was not given the opportunity to be heard thereon.

³⁷ See Section 5, Rule 10 of the Rules of Court.

³⁸ Herrera, Oscar M., Remedial Law, Vol. I, 2007 Edition, pp. 821-822, citing *Lim Toco v. Go Fay*, 80 Phil. 166, 169-170 (1948).

³⁹ Frankfurter, Mr. Justice Holmes and the Supreme Court, pp. 32-33, cited in Cruz, Isagani A., Constitutional Law, 2007 Edition, p. 100.

In the case at bench, the award of 5% monthly interest rate is not supported both by the allegations in the pleadings and the evidence on record. The Real Estate Mortgage⁴⁰ executed by the parties does not include any provision on interest. When petitioner filed her Complaint before the RTC, she alleged that respondents borrowed from her “the sum of FORTY-FIVE THOUSAND PESOS (₱45,000.00), with interest thereon at the rate of 12% per annum”⁴¹ and sought payment thereof. She did not allege or pray for the disputed 5% monthly interest. Neither did she present evidence nor testified thereon. Clearly, the RTC’s award of 5% monthly interest or 60% *per annum* lacks basis and disregards due process. It violated the due process requirement because respondents were not informed of the possibility that the RTC may award 5% monthly interest. They were deprived of reasonable opportunity to refute and present controverting evidence as they were made to believe that the complainant [petitioner] was seeking for what she merely stated in her Complaint.

Neither can the grant of the 5% monthly interest be considered subsumed by petitioner’s general prayer for “[o]ther reliefs and remedies just and equitable under the premises x x x.”⁴² To repeat, the court’s grant of relief is limited only to what has been prayed for in the Complaint or related thereto, supported by evidence, and covered by the party’s cause of action.⁴³ Besides, even assuming that the awarded 5% monthly or 60% *per annum* interest was properly alleged and proven during trial, the same remains unconscionably excessive and ought to be equitably reduced in accordance with applicable jurisprudence. In *Bulos, Jr. v. Yasuma*,⁴⁴ this Court held:

In the case of *Ruiz v. Court of Appeals*, citing the cases of *Medel v. Court of Appeals*, *Garcia v. Court of Appeals*, *Spouses Bautista v. Pilar Development Corporation* and the recent case of *Spouses Solangon v. Salazar*, this Court considered the 3% interest per month or 36% interest *per annum* as excessive

⁴⁰ Supra note 6.

⁴¹ *Rollo*, p. 56.

⁴² *Id.* at 58.

⁴³ *Philippine Charter Insurance Corporation v. Philippine National Construction Corporation*, G.R. No. 185066, October 2, 2009, 602 SCRA 723, 736.

⁴⁴ G.R. No. 164159, July 17, 2007, 527 SCRA 727, 742.

and unconscionable. Thereby, the Court, in the said case, equitably reduced the rate of interest to 1% interest per month or 12% interest *per annum*. (Citations omitted)

It is understandable for the respondents not to contest the default order for, as alleged in their Comment, “it is not their intention to impugn or run away from their just and valid obligation.”⁴⁵ Nonetheless, their waiver to present evidence should never be construed as waiver to contest patently erroneous award which already transgresses their right to due process, as well as applicable jurisprudence.

Respondents’ former counsel was grossly negligent in handling the case of his clients; respondents did not lose ordinary remedies of new trial, petition for relief, etc. through their own fault.

Ordinarily, the mistake, negligence or lack of competence of counsel binds the client. This is based on the rule that any act performed by a counsel within the scope of his general or implied authority is regarded as an act of his client. A recognized exception to the rule is when the lawyers were grossly negligent in their duty to maintain their client’s cause and such amounted to a deprivation of their client’s property without due process of law.⁴⁶ In which case, the courts must step in and accord relief to a client who suffered thereby.⁴⁷

The manifest indifference of respondents’ former counsel in handling the cause of his client was already present even from the beginning. It should be recalled that after filing in behalf of his clients a Motion to Extend Period to Answer, said counsel allowed the requested extension to pass without filing an Answer, which resulted to respondents being declared in default. His negligence was aggravated by the fact that he did not question the awarded 5% monthly

⁴⁵ *Rollo*, p. 183.

⁴⁶ *Legarda v. Court of Appeals*, supra note 31 at 426-427; *Trust International Paper Corporation v. Pelaez*, 531 Phil. 150, 160-161 (2006).

⁴⁷ *Legarda v. Court of Appeals*, supra note 31 at 428.

interest despite receipt of the RTC Decision on November 13, 2000.⁴⁸ A simple reading of the dispositive portion of the RTC Decision readily reveals that it awarded exorbitant and unconscionable rate of interest. Its difference from what is being prayed for by the petitioner in her Complaint is so blatant and very patent. It also defies elementary jurisprudence on legal rate of interests. Had the counsel carefully read the judgment it would have caught his attention and compelled him to take the necessary steps to protect the interest of his client. But he did not. Instead, he filed in behalf of his clients a Motion to Set Aside Judgment⁴⁹ dated January 26, 2001 based on the sole ground of lack of jurisdiction, oblivious to the fact that the erroneous award of 5% monthly interest would result to his clients' deprivation of property without due process of law. Worse, he even allowed the RTC Decision to become final by not perfecting an appeal. Neither did he file a petition for relief therefrom. It was only a year later that the patently erroneous award of 5% monthly interest was brought to the attention of the RTC when respondents, thru their new counsel, filed a Motion to Correct/Amend Judgment and To Set Aside Execution Sale. Even the RTC candidly admitted that it "made a *glaring* mistake in directing the defendants to pay interest on the principal loan at 5% per month which is very different from what was prayed for by the plaintiff."⁵⁰

"A lawyer owes entire devotion to the interest of his client, warmth and zeal in the maintenance and defense of his rights and the exertion of his utmost learning and ability, to the end that nothing can be taken or withheld from his client except in accordance with the law."⁵¹ Judging from how respondents' former counsel handled the cause of his clients, there is no doubt that he was grossly negligent in protecting their rights, to the extent that they were deprived of their property without due process of law.

⁴⁸ Per petitioner's allegation.

⁴⁹ Supra note 14.

⁵⁰ CA *rollo*, p. 37.

⁵¹ *Legarda v. Court of Appeals*, supra note 31 at 425.

In fine, respondents did not lose the remedies of new trial, appeal, petition for relief and other remedies through their own fault. It can only be attributed to the gross negligence of their erstwhile counsel which prevented them from pursuing such remedies. We cannot also blame respondents for relying too much on their former counsel. Clients have reasonable expectations that their lawyer would amply protect their interest during the trial of the case.⁵² Here, “[r]espondents are plain and ordinary people x x x who are totally ignorant of the intricacies and technicalities of law and legal procedures. Being so, they completely relied upon and trusted their former counsel to appropriately act as their interest may lawfully warrant and require.”⁵³

As a final word, it is worth noting that respondents’ principal obligation was only ₱45,000.00. Due to their former counsel’s gross negligence in handling their cause, coupled with the RTC’s erroneous, baseless, and illegal award of 5% monthly interest, they now stand to lose their property and still owe petitioner a large amount of money. As aptly observed by the CA:

x x x If the impugned judgment is not, therefore, rightfully nullified, petitioners will not only end up losing their property but will additionally owe private respondent the sum of ₱232,000.00 plus the legal interest said balance had, in the meantime, earned. As a court of justice and equity, we cannot, in good conscience, allow this unconscionable situation to prevail.⁵⁴

Indeed, this Court is appalled by petitioner’s invocation of the doctrine of immutability of judgment. Petitioner does not contest as she even admits that the RTC made a glaring mistake in awarding 5% monthly interest.⁵⁵ Amazingly, she wants to benefit from such erroneous award. This Court cannot allow this injustice to happen.

⁵² *APEX Mining, Inc. v. Court of Appeals*, 377 Phil. 482, 494 (1999).

⁵³ See respondents’ Memorandum, *rollo*, p. 266.

⁵⁴ *CA rollo*, p. 83.

⁵⁵ See paragraph 54 of her Petition, *rollo*, p. 22.

WHEREFORE, the instant Petition is hereby **DENIED** and the assailed November 24, 2005 and June 26, 2006 Resolutions of the Court of Appeals in CA-G.R. SP No. 85541 are **AFFIRMED**.

SO ORDERED.


MARIANO C. DEL CASTILLO
Associate Justice

WE CONCUR:


ANTONIO T. CARPIO
Associate Justice
Chairperson



ARTURO D. BRION
Associate Justice


JOSE PORTUGAL PEREZ
Associate Justice


ESTELA M. PERLAS-BERNABE
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.


ANTONIO T. CARPIO
Associate Justice
Chairperson

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.

**MARIA LOURDES P. A. SERENO***Chief Justice*