

Title:

Linden Suites, Inc. v. Meridien Far East Properties, Inc.

Facts:

Linden Suites, Inc. (Petitioner) filed a complaint for damages against Meridien Far East Properties, Inc. (Respondent) in the Regional Trial Court (RTC) of Pasig City after discovering a retaining wall encroachment during construction, requiring the Petitioner to hire a contractor for demolition. Respondent refused to pay the related costs. The RTC favored the Petitioner, awarding demolition costs and damages. The Court of Appeals (CA) upheld the judgment but removed the actual and compensatory damages. The final judgment became executory, but the writ of execution remained unserved as the Respondent's address had discrepancies. Petitioner filed an Urgent Motion to Examine Judgment Obligor, seeking to assess Respondent's officers' properties for satisfying the judgment. The RTC denied the motion, which was then upheld by the CA. Petitioner's recourse was a Petition for Review on Certiorari before the Supreme Court.

Issues:

1. Whether the RTC can examine Respondent's officers to satisfy the judgment.
2. Whether the CA erred in finding no grave abuse of discretion by RTC.
3. Whether the doctrine of separate corporate personality prohibits examination of Respondent's officers for property disclosure.

Court's Decision:

The Supreme Court granted the petition, reversing the CA's decision. The Court recognized that:

1. The RTC, as the court rendering the judgment, has supervisory control over the execution and can order the examination of the judgment obligor. The doctrine of separate corporate personality does not apply in this scenario as the examination aims to disclose Respondent's properties for satisfaction of the judgment, not to hold the officers personally liable.
2. The RTC should have granted the examination once the writ was returned unsatisfied, using auxiliary writs or processes necessary for the execution of its final judgment.
3. The CA committed reversible error in affirming the RTC's decision not to allow the officers' examination, considering that the CA findings did not involve a capricious and whimsical exercise of judgment amounting to grave abuse of discretion.

Doctrine:

The court which rendered judgment has supervisory control over the execution of its decision. This includes issuing orders necessary to satisfy the judgment, including examining judgment obligors. The principle of finality of judgment and its immutability limits the court's power to alter final and executory decisions, with certain exceptions such as clerical errors or subsequent unjust circumstances.

#### Class Notes:

- Supreme Court decisions serve as the final arbiter of legal disputes in the Philippines.
- The principle of finality of judgment means a decision becomes immutable once it becomes executory.
- A writ of execution issued by the court must be satisfied; if returned unsatisfied, the court can order the examination of the judgment obligor.
- The doctrine of separate juridical personality distinguishes a corporation's liabilities from its officers or shareholders except in cases of fraud or evasion of an existing obligation.
- Courts are empowered to amend procedures to ensure conformity with law and justice, especially in the execution phase of a judgment.

#### Historical Background:

This case highlights the judicial process of executing judgments in the Philippine legal system. It emphasizes the importance of the finality of court decisions, the supervisory role courts play over executed judgments, and the limitation on the doctrine of separate corporate personality in the context of executing judgments. The case stands as a manifestation of post-trial procedures, specifically the challenges in the execution phase when a writ of execution is not satisfied.