

Title: Rene Knecht and Knecht, Inc. vs. United Cigarette Corp., represented by Encarnacion Gonzales Wong, and Eduardo Bolima, Sheriff, Regional Trial Court, Branch 151, Pasig City

Facts:

Rose Packing Company, Inc. (Rose Packing), owns three parcels of land in Rizal, one of which was mortgaged with the Philippine Commercial and Industrial Bank (PCIB). On October 26, 1965, Rose Packing agreed to sell these lands to the United Cigarette Corporation (UCC) for P800,000.00. UCC paid P80,000.00 as earnest money but discovered that Rose Packing's actual obligation with the PCIB exceeded the amount UCC agreed to assume. Due to unfulfilled conditions and Rose Packing's actions in bad faith, UCC filed a complaint against Rose Packing and Rene Knecht in March 1966, resulting in a 1969 Decision that ordered Rose Packing to convey the lands to UCC under certain conditions, including paying the overdraft line obligation with the PCIB.

Rose Packing appealed, and after several legal and extrajudicial maneuvers, including foreclosure and transfer of titles, UCC's corporate life expired on March 30, 1973, with Alberto Wong as its trustee/liquidator. Rose Packing also got dissolved in 1986, with Knecht, Inc. liquidating its assets. The enforcement of judgment in Civil Case No. 9165 became a matter of contention over the years, leading to this Supreme Court case.

Issues:

1. Whether the judgment in Civil Case No. 9165 is still enforceable despite UCC's dissolution and the expiration of its three-year liquidation period.
2. Whether the November 8, 1995 second alias writ of execution and its subsequent execution orders violated the terms of the judgment or due process.
3. Whether the second alias writ of execution had expired and become *functus officio*.

Court's Decision:

Issue 1: The Court ruled that the judgment in Civil Case No. 9165 is still enforceable, basing its decision on the provision of the law that protects the rights of a dissolved corporation (Section 145 of the Corporation Code). UCC's right to execute the judgment through its trustee/liquidator Encarnacion Gonzales Wong is valid and does not impair the dissolved corporation's rights or remedies.

Issue 2: The Court found that the second alias writ of execution did not vary the terms of the judgment or deprive Knecht, Inc. of property without due process. The execution pertained to the same parcel of land involved in the final judgment of Civil Case No. 9165, despite

changes in its title.

Issue 3: The Court clarified that under the 1997 Rules of Civil Procedure, the life span of a writ of execution is unlimited as long as the judgment has not been fully satisfied, therefore the writ had not expired and was enforceable.

Doctrine:

Protection of Dissolved Corporation's Rights: Rights or remedies in favor of a corporation, or any liabilities against it, are not removed or impaired by the subsequent dissolution of the corporation (Section 145 of the Corporation Code).

Liberality in Rules of Court: The Rules of Court should be liberally construed to promote the objective of securing just, speedy, and inexpensive disposition of every action and proceeding (Section 6, Rule 1 of the 1997 Rules of Civil Procedure, as amended).

Class Notes:

- Rights of dissolved corporations are preserved by law, allowing for litigation to continue for the enforcement of judgments (Section 145, Corporation Code).
- The execution of a judgment is not confined to the three-year liquidation period of a dissolved corporation.
- Rigid interpretations of procedural rules that frustrate substantial justice are discouraged.
- Writs of execution have an unlimited life span under the 1997 Rules of Civil Procedure until the judgment is satisfied.

Historical Background:

This case illustrates the complex legal landscape faced by corporations in the Philippines, especially concerning contractual disputes and the execution of judgments. The lengthy series of appeals and legal maneuvers portrayed highlight the diligence required in legal proceedings, which can span beyond the life of the parties involved, and the necessity for finality in litigation to maintain the integrity and efficiency of the judicial system.