

### Title:

\*\*Philippine Veterans Bank (PVB) and College Assurance Plan Philippines, Inc. (CAP) vs. Bank of Commerce: A Legal Battle on the Finality and Execution of Court Orders\*\*

### Facts:

In 1991, CAP engaged in a trust agreement with the Trust Service Group of Boston Bank of the Philippines (later BOC), subscribing to Series A and B preferred shares of BOC. By 2005, facing financial difficulties, CAP sought rehabilitation from the RTC of Makati City, which led to the appointment of a Rehabilitation Receiver and the substitution of PVB as CAP's trustee bank.

In 2008, with BSP approval, BOC redeemed CAP's preferred shares but did not pay the accruing interest, prompting the Rehabilitation Court to order BOC to pay the overdue interest to PVB. BOC's request for the reconsideration, hinging on BSP approval for dividend declarations, led to mixed responses from BSP over the years, eventually denying BOC's dividend payment due to its negative financial status.

Both PVB and CAP's motions to execute the Rehabilitation Court's order to release the interest funds were granted, with payments made to CAP's plan holders. However, BOC sought the CA's intervention, leading to the CA setting aside the Rehabilitation Court's orders based on BSP's denial and the supervening financial state of BOC.

### Issues:

1. Whether the CA erred in setting aside the final and executory orders of the Rehabilitation Court.
2. Whether the BSP's denial and BOC's financial condition constituted a supervening event justifying non-execution of the judgment.

### Court's Decision:

The Supreme Court found the CA's decision to set aside the Rehabilitation Court's final and executable orders erroneous, holding that the BSP's late denial and BOC's financial condition did not meet the supervening event criteria sufficient to disrupt the doctrine of immutability of judgments. The petitions by PVB and CAP were granted, reversing and setting aside the CA's decisions.

### Doctrine:

This case reiterates the doctrine of immutability of final judgments, emphasizing that judgments must become final at some definite point in time barring few exceptions, none of

which applied to BOC's claims of a supervening event due to BSP's belated denial.

### Class Notes:

- **Immutability of Judgments**: Once a judgment becomes final, it cannot be altered except for clerical errors, nunc pro tunc entries that cause no prejudice, void judgments, and significant changes in circumstances that render execution unjust or inequitable.
- **Supervening Event**: A new fact or circumstance arising post-judgment that significantly alters the rights or relations of the parties, warranting a stay or modification of execution. The burden of proof lies on the party asserting the supervening event.

### Historical Background:

The intricate legal battle showcases the tension between the principles of finality of judgment and the realities of changing circumstances post-judgment. It underscores the judiciary's role in balancing immutable legal principles with fluid economic conditions and the supervisory powers of financial regulatory bodies like the BSP.