

**\*\*Title:\*\*** Philippine Business Bank vs. Felipe Chua: An Analysis of Interlocutory Orders and Final Judgments

**\*\*Facts:\*\***

The case stems from a derivative suit filed on March 22, 2002, by Tomas Tan, a stockholder and Treasurer of CST Enterprises, Inc., against Philippine Business Bank (PBB) and others, including Felipe Chua. Tan alleged unauthorized financial transactions involving CST properties as collateral, executed by John Dennis Chua under a secretary's certificate falsely authorized during a CST board meeting. These transactions led to loans from PBB totaling P91,100,000.00, guaranteed by Felipe Chua among others.

Upon CST's failure to service the loans, PBB moved for Partial Summary Judgment against Felipe Chua for signing as a co-maker on six promissory notes amounting to P75,000,000.00. The Regional Trial Court (RTC) granted this motion on July 27, 2005, ordering Chua to pay PBB the specified amount with interest and costs.

Chua's subsequent appeal was ruled improper by the RTC, citing that a special civil action for certiorari under Rule 65 should have been filed instead. With the appeal period lapsed, the RTC, on December 16, 2005, declared the judgment final and executory, leading to an execution sale of Chua's properties.

Chua filed a petition for certiorari and mandamus with the Court of Appeals (CA), which partly affirmed the RTC's decisions but ruled the execution improper as the partial summary judgment was interlocutory, not final, and hence could not be executed.

**\*\*Issues:\*\***

1. Whether the CA erred in recalling the writ of execution and setting aside its implementation based on the assertion that the Partial Summary Judgment has not become final and executory.
2. The nature of Partial Summary Judgment in the context of Rule 35 of the Rules of Civil Procedure and whether it can be considered a final judgment warranting execution.

**\*\*Court's Decision:\*\***

The Supreme Court affirmed the CA's rulings, holding that:

1. **\*\*Partial Summary Judgment Nature:\*\*** It is interlocutory, not final, serving to simplify

trials by resolving certain matters while leaving others for further proceedings. It cannot become final and executory for execution purposes.

2. **Certiorari as a Remedy:** The CA correctly found that certiorari was not the appropriate remedy for Chua as the partial summary judgment did not finalize the case, focusing instead on the interlocutory nature of the judgment.

3. **Implications of the Decision on Liability as a Solidary Debtor:** The Court rejected PBB's argument that there's no substantial controversy involving liability as a solidary debtor, emphasizing that the resolution of the main case's issues could affect Chua's right to reimbursement.

#### **Doctrine:**

- **Interlocutory Orders versus Final Judgments:** Clarifies that partial summary judgments are interlocutory orders meant to resolve specific issues without disposing of the whole case, unlike final judgments which conclusively determine the parties' rights.

#### **Class Notes:**

- **Partial Summary Judgment** is interlocutory, utilized to settle undisputed facts or claims mid-litigation, and does not conclude the action or permit execution.

- **Final Judgment** resolves all issues among parties, offering relief and concluding the case.

- Rule 35 of the 1997 Rules of Civil Procedure governs summary judgments, emphasizing prompt case resolution when facts are clear.

- Legal remedies against interlocutory orders include revisiting at trial or final judgment rather than immediate appeals or execution actions.

#### **Historical Background:**

This case highlights the procedural complexities in distinguishing between interlocutory orders and final judgments within Philippine legal proceedings. It underscores the importance of correctly identifying the nature of judicial decisions for appeals and the execution of judgments, reflecting the judiciary's commitment to due process and judicial efficiency.