

****Title:****

Blas C. Britania vs. Hon. Lilia Mercedes Encarnacion A. Gepty and Melba C. Panganiban, G.R. No. 150820, May 8, 2019

****Facts:****

1. ****Initial Loan Agreement:**** On July 13, 2011, Blas Britania (Britania) and Melba Panganiban (Panganiban) executed an agreement wherein Britania loaned Panganiban PHP 1,500,000 with an interest of PHP 100,000, payable in monthly installments of PHP 40,000 starting August 2011. The loan was secured by a 120-square meter property.
2. ****Second Agreement and Default:**** Panganiban failed to comply, leading to another agreement on February 14, 2012, with a new payment scheme. Despite demands, Panganiban did not pay.
3. ****Judicial Foreclosure and Defense:**** Britania initiated a judicial foreclosure on November 16, 2012. Panganiban, in her defense, claimed various payments and personal hardships, arguing the property couldn't be foreclosed as it was not owned by her but by Florencia Francisco.
4. ****Trial Court Decision:**** The RTC, on June 30, 2015, denied the foreclosure but ordered Panganiban to pay PHP 1,193,000 plus interest and fees. A writ of execution was issued on January 29, 2016.
5. ****Execution and Subsequent Motions:**** Panganiban's personal properties were levied and sold in April 2016. Britania then filed a motion to examine Panganiban alleging fraudulent transfer of the property and moved to cite Panganiban for contempt.
6. ****Trial Court Denial:**** The court denied Britania's motions on November 18, 2016, and March 30, 2017, suggesting another legal action for the alleged fraudulent transfer.
7. ****Court of Appeals Affirmation:**** The CA affirmed the RTC's decision on May 8, 2019, supporting the trial court's findings and rulings.
8. ****Supreme Court Petition:**** Britania filed a petition to the Supreme Court under Rule 45 seeking reversal of the CA decision.

****Issues:****

1. **Right to Examine Judgment Debtor under Section 36, Rule 39:** Whether Britania was entitled to examine Panganiban concerning her property under this rule.
2. **Indirect Contempt:** Whether Panganiban's non-appearance at the hearing and alleged property transfer justified citing her for indirect contempt.

Court's Decision:

1. **Section 36, Rule 39 Examination:** The Supreme Court held that the trial court correctly denied Britania's motion as the 120-square meter property was not part of the judgment and was owned by a third party. Invalid mortgage claims could not be revived post finality.
2. **Indirect Contempt:** The Supreme Court ruled that Panganiban's non-appearance did not amount to contempt. The court's discretion and the compassionate approach taken by the RTC toward the respondent were supported.

Doctrine:

1. **Finality of Judgment:** Once a judgment becomes final and executory, it becomes immutable and unalterable.
2. **Rule on Examination of Judgment Debtor:** Entitlement to examination under Section 36, Rule 39, pertains only to the obligor's property and income at hand.
3. **Contempt of Court:** Courts must exercise the power judiciously and sparingly, basing decisions on clear, specifically defined acts of contempt.

Class Notes:

- **Doctrine of Immutability of Judgment:** A final judgment cannot be altered or modified (*Esguerra v. Holcim Philippines, Inc.*).
- **Section 36, Rule 39 of the Rules of Court:** This rule gives the judgment obligee the right to examine the judgment obligor regarding his property and income only if the judgment remains unsatisfied.
- **Indirect Contempt Procedures:** Requires a written charge and an opportunity for the respondent to be heard (Section 3, Rule 71 of the Rules of Court).

- **Elements of Indirect Contempt:** Acts such as disobedience to a court order or any improper conduct impeding justice.

Historical Background:

The case reflects ongoing issues in Philippine jurisprudence concerning enforcement of monetary judgments and the boundaries of creditor's rights. The doctrine of finality of judgment ensures the conclusive end to litigation, while the rules protecting judgment debtors from unnecessary harassment by creditors are essential in maintaining fair judicial processes. This decision underlines the need for clear and lawful procedures in post-judgment actions.