

SHUGO NODA & CO. LTD. AND SHUYA NODA, PETITIONERS, VS. THE HON. COURT OF APPEALS HABALUYAS ENTERPRISES, INC. AND DR. SALLY B. HABALUYAS, AS ADMINISTRATRIX OF THE ESTATE OF PEDRO...

G.R. No. 107404. March 30, 1994

Ponente: VITUG, J.

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VITUG, J.:

May an order of execution of judgment still be the subject of an appeal or a review on certiorari? This sole issue is raised in the case at bench.

Respondent appellate court, speaking through Mr. Justice Antonio M. Martinez, gave a concise statement of the case.

On 12 February 1976, herein petitioners filed a complaint for a sum of money and damages (Civil Case No. 82 3305) with the Regional Trial Court, Branch 36, Manila, against Habaluyas Enterprises, Inc., the late Atty. Pedro J. Habaluyas (represented in this case by Dr. Sally J. Habaluyas), and the Citizen Bank and Trust Company (now the Associated Bank). Pending the trial on the merits, a written compromise was reached by the parties, embodying the following stipulations:

"Plaintiffs Shugo Noda & Co., Ltd. and Shuya Noda and defendants Habaluyas Enterprises, Inc. and Pedro J. Habaluyas, assisted by respective counsel, respectfully move for partial judgment based on the following compromise:

"1. That specific performance shall be ordered of the agreements of March 22, 1973 and April 19, 1974 (Annexes 'A' and 'F' of complaint) wherein defendant Habaluyas Enterprises, Inc. agreed to exclusively sell and ship to plaintiff Shugo Noda & Co., Ltd. or its order all its exportable logs at prevailing export market prices;

"2. That the agreements (Annexes 'A', 'B', 'C', 'D', 'E', 'F', 'G', 'H', and 'I' of the complaint), including commitment to be fully responsible for Orient Leasing (Hongkong) Ltd.'s financial assistances as contained in the Annexes 'A' and 'F' of the complaint and the time deposit of US\$400,000.00 made by plaintiff Chuya Noda with the Associated Citizens Bank as alleged in the complaint are in force and effect save that the obligations arising from financial assistances extended by plaintiffs contracted by herein defendants, the Habaluyases, in the said agreements are restructured so that the status of the loan of defendant Habaluyas Enterprises, Inc. from plaintiff Shugo Noda & Co., Ltd. is in the aggregate amount of US\$805,394.55 confirmed by both plaintiffs and defendants with interest computed as of December 31, 1978 and embodied in a settlement between the parties herein xerox copies whereof are hereto attached as Annexes 'A', 'A-1' and 'B' of this compromise agreement;

"3. That the status of the loan of defendant Habaluyas Enterprises, Inc. from plaintiff Shugo Noda & Co., Ltd., is as stated in the summary attached hereto as Annexes 'A', 'A-1' hereof, with interest computed as of

December 31, 1978, confirmed with an aggregate balance due to plaintiff at US\$805,394.55 with 8% interest per annum from January 1, 1979 by plaintiff Shugo Noda & Co., Ltd. and defendant Habaluyas Enterprises, Inc.;

"4. That defendants shall continue to pay the aforesaid account to plaintiffs by remitting fifteen (15%) per cent from the gross proceeds of export or local sales of logs and lumber until the total account including 8% interest per annum is fully settled;

"5. That the Tanaka sawmill shall be installed by defendants within the shortest time possible;

"6. That the above-entitled case shall be continued by plaintiffs and defendants as against defendant Associated Citizens Bank;

"7. That the parties hereto will cooperate to the end that plaintiff's dollar deposit with defendant Associated Citizens Bank shall be reinstated and the interest of said deposit be withdrawn as soon as possible by defendant Habaluyas Enterprises, Inc. for its own account and benefit;

"8. That the receivership shall be dissolved as it is hereby prayed to be dissolved; but, if defendants Habaluyases should default in or violate any of the obligations under the aforesaid agreements as embodied in this compromise, then one of the receivers, Atty. Nordy Diploma, or if he should be incapable or should refuse the designation, another designated by plaintiffs shall act as receiver in accordance with law to manage the business and all its facilities and carry into effect or pursue the specific performance of the aforesaid agreements in this compromise.

"WHEREFORE, they respectfully pray that partial judgment be rendered accordance with the foregoing compromise, without costs."[1]

The trial court approved the compromise agreement, and rendered, on 30 October 1979, the partial judgment prayed for, viz:

"WHEREFORE, finding the motion for judgment based on compromise to be not contrary to law, customs, good morals, public policy and public order, the same is hereby ordered approved, and the court hereby renders judgment ordering the parties to comply strictly with all the terms and conditions stated therein which are hereby incorporated by way of reference as an integral part of the dispositive portion of this decision. No costs.

"SO ORDERED."[2]

Some time in 1981, a motion for execution of judgment was filed by petitioners with the trial court, alleging that private respondents had failed to faithfully comply with the judgment. In an order, dated 03 September 1984, the trial court denied the motion for lack of merit after finding that private respondents had already satisfied, in full, the obligation. Petitioners filed a motion to set aside the order and to conduct a new trial on the ground that the trial court erred in crediting some shipments made before the compromise agreement which had supposedly been theretofore considered in fixing the then outstanding obligation, as well as in doubly crediting subsequent shipments, all pointed out in the motion for new trial. The trial court, in an order, dated 29 April 1985, granted the motion. The case was elevated to this Court on certiorari (docketed G.R. No. 70895). On 05 August 1985, the Second Division of this Court granted the petition and reversed the lower court's order. The decision, however, was reconsidered by this Court en banc, in its resolution of 30 May 1986, which upheld the 29th April 1985 order of the trial court.

On 15 February 1991, the Regional Trial Court, Branch 27, to which the case was transferred, ultimately found for herein petitioners, and it adjudged thus:

"WHEREFORE, premises considered, the Motion for execution dated July 31, 1981 and supplemental motion

for execution of judgment dated October 17, 1981 are hereby Granted. Let a writ of execution issue against the defendants Habaluyas Enterprises, Inc. and the estate of Pedro J. Habaluyas, as represented by the administratrix Ma. Sally B. Habaluyas, for the payment by the defendants, jointly and severally, to the plaintiff Shugo Noda & Co. Ltd. of the outstanding balance of the compromise judgment in the sum of US\$609,047.61, with 8% interest per annum after March 31, 1984 on the principal amount of US\$420,000.00 until paid.

“SO ORDERED.”[3]

Private respondents filed a notice of appeal. The trial court, in its order of 11 February 1992, denied due course to the appeal. A motion for reconsideration of the trial court's order was likewise denied on 17 March 1992. Private respondents went to the Court of Appeals which, on 30 September 1992, rendered a decision, viz:

"WHEREFORE, the writ of certiorari prayed for is hereby GRANTED. Consequently, the assailed orders dated February 11, 1992 and March 17, 1992 of the respondent court in Civil Case No. 82-3305 are hereby SET ASIDE and NULLIFIED. Accordingly, the respondent court is hereby directed to give DUE COURSE to the appeal interposed by petitioners and to DESIST from implementing its order dated February 15, 1991 granting private respondent's motion for execution. No cost.

“SO ORDERED.”[4]

A petition for review, dated 29 October 1992, was filed with this Court on 09 November 1992. Finding that no reversible error was committed by the appellate court, the Third Division of this Court, in its resolution of 04 October 1993, denied the petition. Petitioners filed a motion for reconsideration. In its resolution, dated 01 December 1993, the Third Division denied, with finality, the motion for reconsideration. On 27 January 1994, petitioners filed a motion to refer the case en consulta to the Court en banc, contending that the Third Division's resolution of 04 October 1993, in effect, "substantially modified the well-settled doctrine established by a long line of Supreme Court decisions that orders of execution of judgment are not appealable."

If only to avoid any misconception on the part of petitioners, we have decided, despite the Court's time constraints, to come up with this extended resolution.

The rule, indeed, is that while the remedy of appeal is proper in a denial of a motion for execution of judgment,[5] an order, however, granting the issuance of a writ of execution is ordinarily not appealable,[6] the rationale being that the merits of the case should not be delved anew after a final determination has been made thereon with finality. If it were otherwise, there would practically be no end to litigations since the losing party could indefinitely thwart execution by appealing from every order granting an issuance of the writ.[7]

The question, upon the other hand, of whether a judgment has, in fact, been satisfied or not is a matter that can properly be queried on appeal without having to go into or ventilate all over again the merits of the case. Hence, we have, in the past, considered an appeal to be a proper remedy when it is perceived that the order varies, or may not be in consonance with, the essence of the judgment or where the terms of the judgment are not entirely clear, giving room for interpretation, that may thereby render the decision susceptible to misapplication.[8] In these and like cases, the appellate court may, in an appeal, pass upon the legality and correctness of the writ.[9] Given the factual and case settings of the case at bench heretofore expressed, the appellate court, in our view, has observed prudence, most certainly not a reversible error, in directing the court a quo to give due course to the appeal interposed by private respondents.

Furthermore, the courts, in the interest of equity or when justice demands, may so interchangeably treat an appeal as a petition for certiorari under Rule 65 of the Revised Rules of Court, and vice-versa.[10] Concededly, the special civil action of certiorari under Rule 65 of the Revised Rules of Court may be availed of to test, on grounds of grave abuse of discretion, the legal propriety of a writ of execution.[11] An error in the title of the petition is

merely a defect in form that can hardly affect the merits of the case,[12] and which the courts, in its sound judgment, may disregard. It would, of course, be up to the appellate court to determine this matter at the appropriate time once the records would have all been properly elevated to it.

WHEREFORE, the motion to refer the case en consulta to the Court en banc is DENIED. Costs against petitioners.

SO ORDERED.

Feliciano, (Chairman), Bidin, Romero, and Melo, JJ., concur.

[1] Rollo, pp. 44-46.

[2] Rollo, p. 47.

[3] Rollo, p. 70.

[4] Rollo, p. 42.

[5] Socorro vs. Ortiz, 12 SCRA 641.

[6] Far East Realty Investment, Inc., et al. vs. CIR, 160 SCRA 111; J. M. Tuazon & Co., Inc. vs. Jaramillo, 9 SCRA 189.

[7] Nolasco vs. Beltran, 168 SCRA 325.

[8] Reas vs. Bonife, 190 SCRA 493; De Guzman vs. CA, 137 SCRA 730; Uytiepo, et al. vs. Aggabao, 35 SCRA 186; Manasois-Salonga vs. Natividad, 107 Phil. 268.

[9] Reas vs. Bonife, 190 SCRA 495, 501, citing previous cases.

[10] Collector of Internal Revenue vs. Aznar, 102 Phil. 979; see also Lacueva vs. Hermoso, SP-04186-R, 26 February 1976.

[11] City of Manila vs. Court of Appeals, 204 SCRA 362.

[12] Acena vs. Civil Service Commission, 193 SCRA 623.

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