

SOLIDBANK CORPORATION, PETITIONER, VS. COURT OF APPEALS AND PRUDENTIAL GUARANTEE AND ASSURANCE, INC., RESPONDENTS.

G.R. No. 138131. March 12, 2002

Ponente: YNARES-SANTIAGO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-138131/>

YNARES-SANTIAGO, J.:

This is a petition for review under Rule 45 of the Rules of Court, seeking to annul the January 27, 1999 Decision and the April 13, 1999 Resolution of the Court of Appeals[1] in CA-G.R. SP No. 48982 which reversed and set aside the Order dated August 28, 1998 and the July 10, 1998 Writ of Execution issued by the Regional Trial Court of Manila, Branch 49,[2] in Civil Case No. 94-70505.

The controversy involves the execution of the July 27, 1995 Decision[3] of the Regional Trial Court of Manila, Branch 49, in Civil Case No. 94-70505, entitled “Solidbank Corporation, Plaintiff versus Wear Me Garments Manufacturing Inc., Angelita Amparo Go, and spouse Arnold A. Go, Leonila Cui, Prudential Guarantee and Assurance Inc., and Oriental Assurance Corporation, Defendants.” The dispositive portion of the said Decision reads:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff and against the defendants as follows:

1.1. Holding that the plaintiff is entitled to be paid under the loan of P1.2 Million and under the five trust receipts the sum of P4,797,294.88, plus interests and other charges from December 29, 1992, until fully paid;

1.2. Holding defendants WEAR ME, Angelita Amparo Go and spouse, Arnold A. Go, jointly and severally liable to pay the plaintiff the above amounts;

1.3. Prudential Guarantee and Assurance, Inc. and Oriental Assurance Corporation, are held jointly and severally liable to pay the plaintiff, together with defendants WEAR ME, Angelita Amparo Go and her spouse, and Arnold A. Go, the above amounts but limited to the extent of the insurance coverage representing the insurance coverage assigned to Solidbank Corporation under the two (2) fire insurance policies;

1.4. Leonila Cui is held jointly and severally liable to the plaintiff, together with all the defendants, but only with respect to the loan of P1.2 million and the accrued interest and penalties.

2. Ordering all the defendants jointly and severally to pay the plaintiff a sum equal to 10% of the amounts above payable plus the costs of the suit.[4]

The foregoing decision became final and executory on February 23, 1998.

On motion of petitioner, the trial court issued a writ of execution on July 10, 1998 addressed to Sheriffs Gerry C. Duncan and Carmelo Cachero, commanding them as follows:

NOW THEREFORE, we command you that of the goods and chattels of Prudential Guarantee and Assurance,

Inc. and defendants WEAR ME GARMENTS MANUFACTURING, INC., ANGELITA AMPARO GO and spouse, and (sic) ARNOLD GO, jointly and severally, you cause to be made the insurance coverage assigned to Solid Bank, plus interest and other charges from December 29, 1992 until fully paid, all in Philippine Currency, together with your lawful fees for the service of this execution, all in money of the Philippines, and that you render the same to the plaintiff aside from your fees in this execution.

But if sufficient personal property cannot be found to satisfy execution and lawful fees thereon, then you are commanded that of the lands buildings of the said defendants, you cause to be made the sums of money in the manner required by law and the Rules of Court.[5]

Pursuant to the said writ, a demand letter dated July 13, 1998 was sent to private respondent assessing it with the following amounts, to wit:

Collectible from Prudential Guarantee:

Sum Insured

5,000,000.00

Add: Int. at 12% (12.29.92 to 7.15.98) 2024 days

3,373,333.33

8,373,333.33

Add: 10% Atty's Fees

837,333.33

9,210,666.66[6]

On July 14, 1998, a Notice of Garnishment was served on the Philippine Commercial International Bank (PCI Bank), Manila Branch, as a result of which, private respondent's deposit therein in the amount of P2.3 million

was garnished in satisfaction of the writ.

On July 17, 1998, private respondent paid the execution amount of P9,210,666.66, "SUBJECT TO THE FINAL DETERMINATION OF THE LIABILITY OF PRUDENTIAL GUARANTEE AND ASSURANCE INC. UNDER THE JUDGMENT IN SAID CASE DATED JULY 27, 1995." [7]

On July 20, 1998, private respondent filed a motion to correct the Writ of Execution. Private respondent contended that the phrase "interest and other charges" in the writ should be deleted and that it should be refunded the excess, after deducting from the amount of P9,210,666.66 the insurance coverage amounting to P5 million, and the 10% attorneys fees, in the amount of P500,000.00, plus the cost of suit.

On August 28, 1998, the trial court issued the assailed Order denying private respondent's motion. It sustained the assessment and computation made by the sheriffs and justified the same as follows:

The 12% interest appearing on the Sheriffs' computation was taken from clause 29 of the Policy No. 209407 issued by defendant Prudential Guarantee and Assurance, Inc., the pertinent portion of which is hereunder quoted, thus:

x x x, Refusal or failure to pay the loss or damage within the time prescribed herein will entitle the assured to collect the interest on the proceeds of the policy for the duration of the delay, at the rate of twice the ceiling prescribed by the Monetary Board, unless such failure or refusal to pay is based on the grounds that the claim is fraudulent.[8]

Aggrieved, private respondent filed a petition for certiorari with the Court of Appeals which granted the petition and set aside the assailed Order and Writ of Execution issued by the trial court. The decretal portion of the respondent court's decision states:

WHEREFORE, the petition is GRANTED. The assailed RTC ORDER of August 18, 1998 and the WRIT OF EXECUTION, dated July 9, 1998, in Civil Case No. 94-70505 are hereby REVERSED AND SET ASIDE. A new Order is entered:

- Declaring that the liability of the petitioner herein as per the Decision rendered on July 27, 1995, which has become final and executory, is limited to FIVE (P5,000,000.00) MILLION PESOS, Philippine currency, the extent of the coverage of the insurance policies assigned or endorsed to the respondent Solid Bank Corporation by spouses Angelita Amparo Go and Arnold Go; plus the amount equivalent to ten (10%) of the said 5 million, or P500,000.00, Philippine Currency; and the cost of suit.

- Ordering the respondent Solid Bank Corporation to refund to petitioner the amount of P3,710,666.66 which is the amount paid by petitioner to respondent Solid Bank Corporation, in excess of petitioner's liability under the judgment, plus interest from July 17, 1998 until date of refund, based on current interest rate within the said period.

- Ordering the Sheriff to forthwith lift immediately the garnishment on petitioner's bank deposit with the Philippine Commercial & International Bank (PCI Bank), amounting to 2.3 million, Philippine Currency, plus interest from date of garnishment to the date of lifting of the said garnishment, based on current bank interest rates within the said period.

SO ORDERED.[9]

A motion for reconsideration of the aforequoted decision was denied by the Court of Appeals on April 13, 1999.

Hence, the instant petition.

I

IN HOLDING THAT THE JOINT AND SEVERAL LIABILITY OF THE PRIVATE RESPONDENT UNDER THE DECISION OF THE LOWER COURT DATED 27 JULY 1995 HAS BEEN LIMITED TO THE EXTENT OF THE COVERAGE OF THE FIRE INSURANCE POLICIES AND DID NOT PROVIDE FOR PAYMENT OF INTEREST TO THE PETITIONER, THE HONORABLE COURT OF APPEALS TOTALLY IGNORED THE DISPOSITIVE PORTION OF THE SAID DECISION AND THE JUDICIAL ADMISSION MADE BY THE PRIVATE RESPONDENT.

II

THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN NOT HOLDING THAT THE CASE OF “VILLANUEVA VS. COURT OF APPEALS” APPLIES TO THE INSTANT CASE CONSIDERING THAT, LIKE IN THE INSTANT CASE, THERE WAS NO PROVISION IN THE DISPOSITIVE PORTION OF THE DECISION OF THE TRIAL COURT WHICH DECREED THE PAYMENT OF INTEREST.

III

THE HONORABLE COURT OF APPEALS SERIOUSLY ERRED IN PENALIZING THE PETITIONER WITH INTEREST PAYMENTS ON THE AMOUNT OF P3,710,666.66 IT ORDERED PETITIONER TO REFUND TO THE PRIVATE RESPONDENT DESPITE THE ABSENCE OF ANY FINDING BY THE APPELLATE COURT THAT THE COMPUTATION DONE BY THE PUBLIC RESPONDENTS WAS DONE IN BAD FAITH OR WAS TAINTED WITH MALICE OR FRAUD, AND DESPITE ITS OWN FINDING THAT PETITIONER IS ENTITLED TO INTEREST AND CHARGES AS A RESULT OF THE INSTANT CONTROVERSY.

IV

THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN ORDERING THE LIFTING OF THE GARNISHMENT ON PRIVATE RESPONDENT’S DEPOSIT WITH PCI BANK AMOUNTING TO P2.3 MILLION DESPITE ITS OWN PRONOUNCEMENT THAT PETITIONER SHOULD PAY THE COST OF SUIT (sic).

V

THE HONORABLE COURT OF APPEALS SERIOUSLY ERRED IN NOT HOLDING THAT PRIVATE RESPONDENT IS BARRED AND IS ESTOPPED FROM QUESTIONING THE CORRECTNESS OF THE AMOUNT WHICH IT VOLUNTARILY PAID THE MANILA REGIONAL TRIAL COURT SHERIFFS.[10]

It is a settled general principle that a writ of execution must conform substantially to every essential particular of the judgment promulgated. Execution not in harmony with the judgment is bereft of validity. It must conform, more particularly, to that ordained or decreed in the dispositive portion of the decision.[11]

Corollary thereto, it must be stressed that a judgment which has acquired finality becomes immutable and unalterable, and hence may no longer be modified in any respect except only to correct clerical errors or mistakes — all the issues between the parties being deemed resolved and laid to rest. This is meant to preserve the stability of decisions rendered by the courts, and to dissuade parties from trifling with court processes. One who has submitted his case to a regular court necessarily commits himself to abide by whatever decision the court may render. Any error in the decision which has not been considered in a timely motion for reconsideration or appeal cannot be impugned when such error becomes apparent only during execution. This rule applies with more force in the case of the deciding judge who has limited prerogative during execution of the judgment.[12]

In the case at bar, the dispositive portion of the decision subject of the assailed order and writ of execution specifically limited the liability of private respondent to the following: 1) P5 million, representing the extent of the insurance coverage assigned to petitioner; 2) 10% attorney's fees; and 3) the cost of suit, thus:

X X X X X X X X

1.3 Prudential Guarantee and Assurance, Inc. and Oriental Assurance Corporation, are held jointly and severally liable to pay the plaintiff, together with defendants WEAR ME, Angelita Amparo Go and her spouse, and Arnold A. Go, the above amounts but limited to the extent of the insurance coverage representing the insurance coverage assigned to Solidbank Corporation under the two (2) fire insurance policies;

X X X X X X X X

2. Ordering all the defendants jointly and severally to pay the plaintiff a sum equal to 10% of the amounts above payable plus the costs of the suit.

Clearly, no mention was made as to the payment of interest. If the trial court intended to impose interest on the amount adjudged against private respondent, it would have expressly so stated, but it did not. Hence, it cannot, in the execution of the July 27, 1995 decision, modify the same by ordering private respondent to pay interest. Accordingly, the July 9, 1998 Writ of Execution, imposing interest on the amount for which private respondent was held liable, as well as the Order dated August 18, 1998, sustaining the computation and imposition by the sheriff of a 12% interest on the subject liability, are void.

Moreover, petitioner's argument that the interest mentioned in paragraph 1.1 of the dispositive portion of the July 27, 1995 Decision, which should allegedly be read with paragraph 1.3, likewise apply to the liability of private respondent is untenable. Paragraph 1.1, vis-a-vis paragraph 1.3, provides:

1.1. Holding that the plaintiff is entitled to be paid under the loan of P1.2 Million and under the five trust receipts the sum of P4,797,294.88, plus interest and other charges from December 29, 1992, until fully paid;

1.3. Prudential Guarantee and Assurance, Inc. and Oriental Assurance Corporation, are held jointly and severally liable to pay the plaintiff, together with defendants WEAR ME, Angelita Amparo Go and her spouse, and Arnold A. Go, the above amounts but limited to the extent of the Insurance coverage representing the insurance coverage assigned to Solidbank Corporation under the two (2) fire insurance policies;

The liability of private respondent insurance company to petitioner originated from a Fire Insurance Policy issued by private respondent to defendant WEAR ME, which the latter, in turn, assigned to petitioner by way of additional loan collateral. Notably, the interest referred to in paragraph 1.1 is to accrue from December 29, 1992. This interest cannot pertain to the liability of private respondent insurance company, because the right of action of petitioner against the latter arose only on July 12, 1993, when fire gutted the properties subject of the Fire Insurance Policy. Verily, the interest mentioned in paragraph 1.1 applies only to the amount of the loan payable by WEAR ME and its individual co-defendants specified in paragraph 1.2. Thus, the liability of private respondent is limited to the amount of the insurance coverage plus attorney's fees and the cost of suit.

Similarly, in *Government Service Insurance System v. Court of Appeals*,^[13] it was held that the trial court gravely abused its discretion in ordering the petitioner to pay interest which was never decreed in the decision to be executed, thus:

Petitioner was not ordered to pay interest on the amount it was to hold and deliver to Valencia or to pay attorney's fees. The trial court cannot, therefore, without committing grave abuse of discretion, direct the petitioner to pay interest and attorney's fees. To do so would be to vary the tenor of the judgment against the latter and increase its liability, thereby rendering nugatory the above proviso. Such imposition would mean, as in this case, the delivery of money to Valencia in excess of that belonging to QRSI which the petitioner has been retaining. It is a settled general principle that a writ of execution must conform substantially to every essential particular of the judgment promulgated. Execution not in harmony with the judgment is bereft of validity. It must conform, more particularly, to that ordained or decreed in the dispositive portion of the

decision.

The cases of Villanueva v. Court of Appeals, et al.,[14] and Rizal Commercial Banking Corporation, et al., v. Court of Appeals, et al.,[15] invoked by petitioner, find no application in the case at bar. It is true that in the said cases the Court upheld the imposition of interest on the liability of the parties concerned. It must be stressed, however, that the decisions modified with respect to the payment of interest, were not final and executory decisions, but rather, decisions subject of petitions for review. The imposition of interest in the said cases, therefore, was perfectly within the authority of the Court. Such is not the case here. The present controversy involving a final and executory judgment is evidently anchored on an entirely different factual milieu. Hence, petitioners' reliance on the said cases is misplaced.

The Court of Appeals correctly ruled that the payment by private respondent of the entire amount of P9,210,666.66, will not estop it from questioning the same. Worthy of note is the receipt of said payment where private respondent expressly made a reservation that the payment is "SUBJECT TO THE FINAL DETERMINATION OF THE LIABILITY OF PRUDENTIAL GUARANTEE AND ASSURANCE INC. UNDER THE JUDGMENT IN SAID CASE DATED JULY 27, 1995." At any rate, even in the absence of the foregoing, the obligation of petitioner to return to respondent the amount in excess of what is due to it stands, pursuant to the ancient principle that no one shall unjustly enrich oneself at the expense of another.[16]

So, also, the Court sustains the lifting of the garnishment on the P2.3 million deposit of private respondent with the PCI Bank, as the amount of P9,210,666.66 paid by private respondent could very well cover the cost of suit charged against private respondent.

However, we find merit in the third issue raised by petitioner. The interest imposed by the respondent court on the amount refundable to private respondent in excess of P9,210,666.66, is in the concept of damages which must have factual and legal basis. As no justification was given by the respondent court, the award of interest cannot be affirmed. Moreover, it would be iniquitous to hold petitioner liable for the errors committed by the trial court and the sheriffs concerned in the execution of the decision. Hence, the interest imposed by respondent Court of Appeals should be deleted.

In view of the deletion of the award of interest, the amount refundable to private respondent, which the respondent court set at P3,710,666.66, should be recomputed. From the P9,210,666.66 paid by private respondent, the following amounts must be deducted: 1) P5 million as insurance coverage; 2) P500,000.00, representing 10% attorney's fee; and 3) the costs of suit.

WHEREFORE, in view of the foregoing, the January 27, 1999 Decision and the April 13, 1999 Resolution of the Court of Appeals in CA-G.R. SP No. 48982 are AFFIRMED with the MODIFICATION that the interest imposed on the amount refundable to private respondent is deleted. The trial court is hereby ordered to determine the cost of suit, which in addition to the P5,000,000.00 insurance coverage and the P500,000.00 attorneys fees, should be deducted from the amount of P9,210,666.66. Any excess should forthwith be refunded to private respondent.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Puno, and Kapunan, JJ., concur.

[1] Twelfth Division, composed of Associate Justices Corona Ibay-Somera (ponente and chairman); Oswaldo D. Agcaoili (member); and Teodoro P. Regino (member).

[2] Presided by Judge Concepcion S. Alarcon-Vergara.

[3] Penned by Judge Salvador P. De Guzman, Jr.

[4] Rollo, p. 78.

[5] Rollo, p. 92.

[6] Rollo, p. 98.

[7] Rollo, p. 173.

[8] Rollo, p. 96.

[9] Rollo, pp. 62-63.

[10] Rollo, pp. 27-28.

[11] Government Service Insurance System v. Court of Appeals, 218 SCRA 233, 250 [1993]; citing Paylago v. Nicolas, 189 SCRA 272 [1990]; Philippine Virginia Tobacco Administration v. Gonzales, 92 SCRA 172 [1972]; Gabaya v. Mendoza, 113 SCRA 400 [1982]; Pamantasan Ng Lungsod Ng Maynila v. Intermediate Appellate Court, 143 SCRA 311 [1986]; Laingco v. Camilo, 130 SCRA 144 [1984].

[12] Johnson & Johnson (Phils.), Inc. v. Court of Appeals, 262 SCRA 298, 309-310 [1996]; citing Korean Airlines Co., Ltd. v. Court of Appeals, 247 SCRA 599 [1995]; Lim v. Jabalde, 172 SCRA 211 [1989]; Calalang v. Register of Deeds of Quezon City, 231 SCRA 88 [1994]; Alabanzas v. Intermediate Appellate Court, 204 SCRA 304 [1991].

[13] Supra.

[14] 294 SCRA 90 [1998].

[15] 289 SCRA 292 [1998].

[16] Citibank v. Court of Appeals, 280 SCRA 459, 475 [1997].

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.