

PACIFIC MILLS, INC. AND GEORGE U. LIM, PETITIONERS, VS. HON. MANUEL S. PADOLINA in his capacity as Presiding Judge of the RTC Pasig Branch 162 and PHILIPPINE COTTON CORPORATION,...

G.R. No. 141013. November 29, 2000

Ponente: MELO, J.

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MELO, J.:

On June 23, 1983, private respondent Philippine Cotton Corporation (PHILCOTTON) sued petitioners Pacific Mills, Inc. and George U. Lim for collection of a sum of money. On January 11, 1984, PHILCOTTON filed another complaint for collection of a sum of money against petitioners. These two cases, docketed as Civil Cases No. 49881 and 50553, involved four promissory notes amounting to P16,598,725.84 executed by petitioners in favor of PHILCOTTON. The two cases were consolidated and on December 27, 1985, the Regional Trial Court of Pasig found in favor of PHILCOTTON. The judgment was appealed to the Court of Appeals, and thereafter to the Supreme Court as *Pacific Mills, Inc. vs. Court of Appeals* (206 SCRA 317 [1992]) where, ultimately, petitioners were adjudged liable to PHILCOTTON in the amount of P13,998,725.84, with interests, penalties, and attorney's fees, per ponencia of Justice Feliciano with the concurrence of Justices Gutierrez (separate opinion), Bidin, Davide (now Chief Justice), and Romero.

However, after the rendition of the above decision, petitioners alleged that during the pendency of the case before the Court of Appeals, a condonation had been effected by PHILCOTTON in their favor, whereby the interests and penalties awarded by this Court in *Pacific Mills vs. CA* were extinguished. Consequently, petitioners filed a motion for reconsideration with the Court asking that it reduce the amount awarded to PHILCOTTON. The same was denied by the Court due to lack of merit, thusly:

Petitioner raised this question of waiver or condonation only in this Court in its Reply to PHILCOTTON's Comment on the Petition for Review, and then only in a tangential and speculative manner. In its Rejoinder, PHILCOTTON objected to petitioners' speculative attempt to raise a new matter, a factual issue, before this Court. The defense of condonation should have been raised in the Court of Appeals where its authenticity and effectivity could have been litigated. Petitioner allegedly learned of the supposed condonations as early as 12 January 1987, long before petitioner filed its appellants' brief with the Court of Appeals on 30 June 1988. Yet petitioner did not plead and litigate the supposed condonation before the Court of Appeals.

When the decision in *Pacific Mills vs. CA* became final and executory, the same was remanded to the Regional Trial Court of Pasig City for execution. During the hearing for the issuance of a writ of execution, petitioners alleged that they had already made partial payments on the amount covered by the promissory notes and that the penalty charges on the loan had already been condoned by PHILCOTTON as early as January 12, 1987. Petitioners alleged that these circumstances constituted supervening events that merited a deduction in the amount payable by petitioners to PHILCOTTON. The trial court, however, ruled that no supervening event had transpired to merit changing the tenor of the judgment against petitioners. Observed thus Judge Padolina:

After a thorough scrutiny of the records of the case, the Court opined that no supervening events transpired.

The alleged supervening events narrated by the defendants which took place between 1987 to 1988, if true, should have been brought to the attention of the appellate court and/or to the highest tribunal of the land through the filing of the proper motions. However, considering that defendants failed to exercise such right, they are deemed (to have) waived all defenses available to them. Perforce, making the decision of the Supreme Court final and executory.

(p. 156, Rollo)

Undeterred, petitioners once again sought the intercession of the Court of Appeals which acknowledged that, indeed, partial payments had been made by petitioners to PHILCOTTON. Accordingly, in its decision dated July 19, 1999, the appellate court modified the trial court's ruling by taking cognizance of the partial payments, in the amount of P3,597,999.97, made by petitioners to PHILCOTTON. However, the appellate court still found no merit in petitioners' claim that there had been a condonation effected by PHILCOTTON. Aggrieved, petitioners now come to this Court arguing that there was a condonation executed by PHILCOTTON in their favor and that the same qualifies as a valid supervening event.

Petitioners' argument holds no water.

As correctly pointed out by the Court of Appeals, the issue of condonation has already been settled by this Court in its Resolution dated July 27, 1992. Therein, we stated that the issue of condonation was a matter of fact which should have been brought to the attention of the Court of Appeals, as this Court is not a trier of facts. Said resolution having attained finality, the same may no longer be questioned. The general rule is that once a judgment becomes final and executory, said judgment can no longer be disturbed, altered, or modified (*Seavan Carrier, Inc. vs. GTI Sportswear Corp.*, 137 SCRA 580 [1985]). And this rule applies regardless of any possible injustice in a particular case. As this Court has stated, "[a]ll litigation must at last come to an end, however unjust the result of error may appear. Otherwise, litigation would become even more intolerable than the wrong or injustice it is designed to correct. Considering the litigiousness of our people and the volume of litigation being processed in our legal system, the importance of the public policy cannot be overturned (*Reinsurance Company vs. CA*, 198 SCRA 19 [1991]).

Petitioners, however, asseverate that the instant case falls under one of the exceptions to the rule on immutability of judgments, claiming that the fact of condonation constitutes a supervening event which, in the higher interest of justice, calls for the modification of our previous judgment. It bears reiteration that the condonation allegedly took place as early as January 12, 1987, while the instant case was still pending with the Court of Appeals. In *Baclayon vs. CA* (182 SCRA 762 [1990]), we stated:

[A]ttempts to frustrate or put off enforcement of an executory judgment on the basis of facts or events occurring before the judgment became final cannot meet with success. Facts or events bearing on the substance of the obligation subject of the action should ordinarily be alleged during the issue-formulation stage or otherwise by proper amendment, and proved at the trial; if discovered after the case has been submitted but before the decision is rendered, proved after obtaining a reopening of the case; and if discovered after judgment has been rendered but before it becomes final, substantiated at a new trial which the court in its discretion may grant on the ground of newly discovered evidence, pursuant to Rule 37, Rules of Court. Once the judgment becomes executory, the only other remedy left to attempt a material alteration thereof is that provided for in Rule 38 of the Rules of Court (governing petitions for relief from judgments), or an action to set aside the judgment on account of extrinsic, collateral fraud.

There is no other permissible mode of preventing or delaying execution on equitable grounds predicated on facts occurring before finality of judgment.

The alleged condonation purportedly having taken place before the judgment became final, petitioners may not

now claim the same as a supervening event that will justify modifying our previous judgment in this case.

WHEREFORE, the petition is DENIED for lack of merit.

SO ORDERED.

Vitug, Panganiban, and Gonzaga-Reyes, JJ., concur.

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