

JOSE CABARAL TIU, PETITIONER, VS. FIRST PLYWOOD CORPORATION, RESPONDENT.

G.R. No. 176123. March 10, 2010

Ponente: CARPIO MORALES, J.

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CARPIO MORALES, J.:

The following facts spawned the filing of these two consolidated cases:

On January 14, 1990, petitioner Jose Cabral Tiu (petitioner) and First Plywood Corporation (FPC) entered into an Agreement^[1] whereby as a settlement of FPC's indebtedness to petitioner in the amount of P335,513.70, FPC authorized him to cut and haul 958.61 cubic meters of logs within its timber concession areas in Titay, Zamboanga del Sur and Labason, Zamboanga del Norte. Petitioner was to sell the logs in the name of FPC and keep the proceeds thereof.

Alleging that FPC, through its general manager Edmund Tansengco (Tansengco), prohibited him from entering its timber concession areas in contravention of the aforesaid Agreement, petitioner filed on February 23, 1990 with the Regional Trial Court (RTC) of Pagadian City (Pagadian RTC) a complaint against FPC and Tansengco for specific performance with preliminary mandatory injunction and damages.^[2] The complaint was raffled to Branch 19 and docketed as Civil Case No. 3059 (Pagadian case).

On the basis of a March 22, 1990 Compromise Agreement^[3] forged by petitioner with FPC, represented by Tansengco, the Pagadian RTC, by Decision of March 26, 1990,^[4] rendered a judgment based on the Compromise Agreement, and subsequently issued a writ of execution upon motion of petitioner.^[5]

Then Deputy Sheriff Julio G. Tarongoy (Tarongoy) thereupon issued a Notice of Levy and Sale of Personal Properties dated May 18, 1990, levying upon the personal properties of FPC and Tansengco consisting mainly of motor vehicles, and publishing notice of the sale thereof at public auction on May 23, 1990.^[6]

Meanwhile, by Omnibus Motion dated May 7, 1990, FPC prayed for an Order -

- [D]eclaring that there was no valid service of summons upon complainant FPC, and allowing it to file an Answer to the Complaint within the reglementary period;
- [N]ullifying and setting aside the Compromise Agreement dated March 26, 1990 (sic), as well as the Decision dated March 26, 1990 issued in approval thereof;
- [N]ullifying and setting aside the Writ of Execution dated April 17, 1990; and
- [O]rdering the Sheriff to desist from enforcing the [W]rit of [E]xecution pending the resolution of the motion.^[7] (underscoring supplied)

The auction sale pushed through just the same, as scheduled on May 23, 1990 following which, petitioner, who was the highest bidder thereat, was issued a Certificate of Sale.^[8]

The Pagadian RTC later denied FPC's Omnibus Motion by Order of June 11, 1990.[9]

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FPC thereupon filed on November 26, 1991 with the Regional Trial Court of Manila (Manila RTC) a complaint against petitioner and sheriff Tarongoy for annulment of execution sale with damages, praying for the nullification of the Pagadian case execution sale, the return of the personal properties purchased by petitioner, and for damages.[10]

FPC argued mainly that the execution sale was held without complying with then Section 18[11] (now Section 15), Rule 39 of the Rules of Court requiring a minimum of five days prior notice. The complaint was raffled to Branch 32 and docketed as Civil Case No. 91-59404.

Petitioner and Tarongoy[12] alleged, in their Answer, that FPC had in fact attempted to prevent the Pagadian case execution sale by causing its counsel to file a third-party claim on behalf of respondent Timber Exports, Inc. (TEI) at the originally scheduled sale on May 18, 1990, implying that FPC was, contrary to its claim, properly notified.

By Decision of July 16, 2001, the Manila RTC ruled in favor of FPC, disposing thus:

WHEREFORE, JUDGMENT is hereby rendered in favor of the plaintiff corporation, FIRST PLYWOOD CORPORATION, ORDERING defendants JULIO G. TARONGOY and JOSE CABARAL TIU jointly and severally:

- But first, annulling and nullifying the Execution Sale conducted on May 23, 1990 described in the Certificate of Sale issued May 23, 1990 (Exhibit C);
- Ordering defendant JOSE CABARAL TIU to return to the plaintiff corporation the equipment and items, mostly vehicles and trucks acquired by him by virtue and in consequence of the aforesaid sale or to pay to plaintiff company, jointly and solidarily, the value of the motor vehicles, trucks, crankshaft, and propeller shaft described and listed in par. 8 (Complaint);
- Ordering defendants, jointly and solidarily, to indemnify plaintiff as damages for having deprived (sic) of the possession and use of the aforescribed properties, equipment and items, in the amounts for each as averred in par. 2 (a), (b), (c) and (d) of Complaint;
- Ordering defendants, jointly and solidarily, to pay plaintiff P150,000 by way of attorney's fees, and costs.[13] (underscoring supplied)

In finding for FPC, the Manila RTC held that no notice of sale of personal property on execution was posted in three public places not less than five days prior to the Pagadian case execution sale held on May 23, 1990, resulting in its nullity.[14]

On FPC's motion, the Manila RTC issued a writ of execution on May 22, 2006,[15] prompting Sheriff Salvador Dacumos to issue a notice of levy on execution on May 25, 2006[16] upon the real properties of petitioner located in Pagadian City.

Petitioner challenged the Manila RTC Decision via a petition for annulment of judgment[17] before the Court of Appeals in Cagayan de Oro City which forwarded the same to the Court of Appeals, Manila for appropriate action.[18]

The appellate court dismissed the petition outright by Resolution of August 23, 2006,[19] holding that petitioner was not able to establish his claim of extrinsic or collateral fraud, which refers to any fraudulent act of the prevailing party committed outside of the trial whereby the unsuccessful party has been prevented from exhibiting

his case fully;[20] and that having participated in the proceedings before the Manila RTC in which he claimed the amount of P73,739 representing the remaining balance (which was not realized from the Pagadian case execution sale), attorney's fees of P50,000 and expenses of litigation, petitioner was estopped from assailing the jurisdiction of the Manila RTC.[21]

His motion for reconsideration having been denied by Resolution dated December 5, 2006,[22] petitioner comes before this Court through the present Petition for Review on Certiorari[23] bearing G.R. No. 176123.

Petitioner argues that, among other things, estoppel does not lie against him as the issue of lack of jurisdiction was raised in the Manila RTC through his pleading styled as a Comment on the Pleadings Relative to the Other Civil Cases Filed by Plaintiff Before Other Courts.

FPC maintains, on the other hand,[24] that a separate action to annul an execution sale which did not comply with the notice requirements is allowed; and that petitioner's petition for annulment of judgment filed with the appellate court was fatally defective, it not having explained how the ordinary remedies of new trial, appeal and petition for relief from judgment were no longer available through no fault of his.

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In the meantime, in January 1991, respondents TEI and Angel Domingo (Domingo), claiming to be the owners of some of the personal properties purchased by petitioner at the Pagadian case execution sale, filed a complaint for annulment of execution sale with damages against petitioner, Sheriff Tarongoy and Country Bankers Insurance Corporation (CBIC) with the RTC of Antipolo City (Antipolo RTC). The complaint was later amended to implead as plaintiffs William Tiosic, Francisco Tansengco, Rafael Tansengco, Guillermo Tansengco, Ma. Angeli Tansengco, Reuben Asuncion, Ma. Teresa San Agustin and Alvin Sebastian, alleged stockholders of TEI.[25]

The plaintiffs in the Antipolo RTC case prayed for the nullification of the sale at the Pagadian case execution sale of the properties which they claimed to belong to them, and the return to them of those properties. The complaint was raffled to Branch 74 and docketed as Civil Case No. 90-1867.

CBIC was impleaded as a defendant allegedly on account of its issuance of the bond filed by petitioner in favor of TEI and Domingo who had filed third-party claims on the properties sold at the Pagadian case execution sale.[26]

For their part, petitioner and Tarongoy contended that TEI and its alleged successors-in-interest/co-plaintiffs had no legal capacity to sue as TEI's corporate existence had expired; and that the properties in dispute belonged to FPC at the time of the levy.[27]

CBIC, on the other hand, denied having issued the alleged bond, claiming that the same was not even in the prescribed legal form.[28] It also filed a cross-claim against petitioner and a third-party complaint against Perfecto Mondarte, Jr. (Mondarte) and Cesar Dacal (Dacal), petitioner's co-signers in an indemnity agreement wherein they made a joint and several undertaking to reimburse it for whatever amount it may be held liable to pay pursuant to the bond.[29]

The Antipolo RTC dismissed respondents TEI and Domingo's complaint as well as the counterclaim, cross-claim and third-party complaint by Decision of September 19, 2005.[30] It found that while the therein plaintiffs had satisfactorily proven ownership of the questioned properties, TEI and FPC were essentially one and the same entity, it appearing that a majority of the directors and officers of TEI were also directors and officers of FPC; that the plaintiffs' witness, Tansengco, admitted being the Chairman of the Board and Chief Executive Officer of both TEI and FPC; and that FPC cannot be allowed to hide behind TEI to defraud its creditors and work an injustice.

Respondents TEI and Domingo[31] appealed to the CA.

By Decision of November 16, 2007,[32] the appellate court reversed the Antipolo RTC Decision, finding that the doctrine of piercing the veil of corporate fiction was incorrectly applied, there being no showing that TEI and Domingo had control over FPC and used it to commit fraud or any dishonest and unjust act; and that as found by the Antipolo RTC, TEI and Domingo sufficiently proved their ownership of the questioned properties.

The appellate court thus ordered herein petitioner to pay TEI and Domingo temperate damages for the questioned properties with legal interest; held CBIC solidarily liable with petitioner to the extent of the amount indicated in the surety bond which was determined to have been regularly issued; and declared petitioner, Mondarte and Dacal solidarily liable to reimburse CBIC pursuant to the indemnity agreement they co-signed, without prejudice to Mondarte and Dacal's right of reimbursement against petitioner.

Petitioner's Motion for Reconsideration having been denied by Resolution dated November 6, 2008,[33] he filed the Petition for Review on Certiorari[34] docketed as G.R. No. 185265.

Petitioner posits that, among other things, TEI had no personality to file the complaint with the Antipolo RTC, its corporate life having expired before such filing; that neither did TEI's supposed stockholders have any personality to file the amended complaint as there was no prior conveyance to them of the properties being claimed by TEI; that the invoices and bills of lading presented by TEI and Domingo as evidence were devoid of any particulars to prove that the properties referred to therein were the same ones levied upon in the Pagadian case; and that the appellate court's pronouncements on indemnity in favor of CBIC and right of reimbursement in favor of Mondarte and Dacal were erroneous since they did not appeal from the Antipolo RTC Decision.

TEI and Domingo, in their Comment,[35] contend that the factual questions raised by petitioner cannot be the subject of a petition for review; that the stockholders of TEI had the personality to file the complaint with the Antipolo RTC as successors-in-interest and beneficial owners of TEI's assets, without need for any deed of conveyance; that the doctrine of piercing the corporate veil does not apply as there was no wrongdoing for which the veil was used as a shield; and that they have sufficiently proven their ownership of the questioned properties as found by the trial court and affirmed by the appellate court.

CBIC, in turn, avers that the grant of its cross-claim against petitioner and third-party complaint against Mondarte and Dacal was proper as it was impleaded as an appellee before the appellate court.[36]

On petitioner's motion, the Court, by Resolution of March 11, 2009,[37] consolidated G.R. No. 185265 with G.R. No. 176123 since both petitions sprang from the Pagadian case and essentially involve the same issue of validity of the execution sale.

Both petitions are meritorious.

The key to resolving the petitions lies in the validity of the Pagadian case execution sale.

The presumption of regularity in the performance of official function here applies. Conformably, any party alleging irregularities vitiating an auction sale must come forward with clear and convincing proof.[38]

In G.R. No. 176123, FPC has not discharged its burden of proof. Apart from its bare allegations, it has not come forward with any evidence, let alone a clear and convincing one, of non-compliance with the requirement of a minimum of five days prior notice of sale of property on execution. Hence, in the absence of contrary evidence, the presumption prevails that the sheriff performed his official duty of posting the notices of sale within the reglementary period.[39] In finding otherwise, the Manila RTC placed the burden of proof on the sheriff without jurisprudential basis.

The Court finds that petitioner properly availed of the remedy of a petition for annulment of judgment in

challenging the Manila RTC Decision. In his petition with the appellate court, he did not limit his ground to extrinsic fraud, as he invoked as well the Manila RTC's lack of jurisdiction to annul the proceedings in the Pagadian RTC which is a court of co-equal and coordinate jurisdiction.

Since petitioner's petition raised lack of jurisdiction, he did not have to allege that the ordinary remedies of new trial, reconsideration or appeal were no longer available through no fault of his. This is so because a judgment rendered or final order issued by the RTC without jurisdiction is null and void and may be assailed any time either collaterally or in a direct action, or by resisting such judgment or final order in any action or proceeding whenever it is invoked.[40]

Verily, the Manila RTC lacked jurisdiction over the nature of the action filed by FPC. The Pagadian RTC which rendered the decision and ordered the execution sale should settle the whole controversy.[41] Pursuant to the principle of judicial stability, the judgment or order of a court of competent jurisdiction, Pagadian RTC in this case, may not be interfered with by any court of concurrent jurisdiction (i.e., another RTC), for the simple reason that the power to open, modify or vacate the said judgment or order is not only possessed by but is restricted to the court in which the judgment or order is rendered or issued.[42]

Resultantly, the Manila RTC Decision of July 16, 2001 is void for lack of jurisdiction. As such, it, as well as all subsequent orders proceeding therefrom, should have been annulled by the appellate court.

A judgment rendered by a court without jurisdiction is null and void and may be attacked anytime. It creates no rights and produces no effect. It remains a basic fact in law that the choice of the proper forum is crucial, as the decision of a court or tribunal without jurisdiction is a total nullity. A void judgment for want of jurisdiction is no judgment at all. All acts performed pursuant to it and all claims emanating from it have no legal effect.[43]

Respecting G.R. No. 185265, the Court finds that the action lodged with the Antipolo RTC was essentially the same as that filed with the Manila RTC. The relief sought was also the annulment of the Pagadian case execution sale. Hence, the Antipolo RTC was similarly bereft of jurisdiction over the nature of the action. This should have been its basis for dismissing the complaint.

The various branches of the RTC, having as they do have the same or equal authority and exercising as they do concurrent and coordinate jurisdiction, should not, cannot and are not permitted to intervene with their respective cases, much less with their orders or judgments.[44] A contrary rule would lead to confusion and seriously hamper the administration of justice.[45]

The Court sees through the ruse being peddled by FPC.

More than a year after it failed to obtain a reversal of the judgment based on compromise agreement in the Pagadian case, and long after the conclusion of the execution sale pursuant thereto, FPC sought to alter the adverse results of the Pagadian RTC final and executory Decision by filing a complaint for annulment of the Pagadian execution sale with damages with the Manila RTC - a court of concurrent and coordinate jurisdiction.

FPC had also previously caused a defunct sister company, TEI, and its so-called "stockholders" to lodge another complaint for annulment of the same Pagadian case execution sale with damages with the Antipolo RTC - another court of concurrent and coordinate jurisdiction as the Pagadian RTC.

This Court would be the last to sanction such a brazen abuse of remedies and disrespect of judicial stability. What is clear is that FPC is feebly attempting to disturb the effects of a judgment that, by its failure to appeal, had long become final and been the subject of execution. This cannot be allowed without running afoul of the settled doctrine of finality of judgment.

Once a judgment attains finality, it becomes immutable and unalterable. A final and executory judgment may no longer be modified in any respect, even if the modification is meant to correct what is perceived to be an erroneous conclusion of fact or law, and regardless of whether the modification is attempted to be made by the court rendering it or by the highest court of the land.[46]

Litigation must end and terminate sometime and somewhere, and it is essential to an effective administration of justice that once a judgment has become final, the issue or cause involved therein should be laid to rest.[47] Utmost respect and adherence to this principle must always be maintained by those who wield the power of adjudication. Any act which violates it must be struck down.[48]

WHEREFORE, the petitions are GRANTED.

In G.R. No. 176123, the challenged August 23, 2006 Resolution of the Court of Appeals dismissing petitioner's petition is SET ASIDE. The Manila RTC Decision of July 16, 2001 in Civil Case No. 91-59404 is DECLARED null and void.

In G.R. No. 185265, the November 16, 2007 Decision of the Court of Appeals which reversed the decision of the Antipolo RTC is SET ASIDE. The September 19, 2005 Decision of the Antipolo RTC in Civil Case No. 90-1867 dismissing the complaint is REINSTATED but on a different ground -- lack of jurisdiction.

SO ORDERED.

Puno, C.J., (Chairperson), Leonardo-De Castro, Bersamin, and Villarama, Jr., JJ., concur.

[1] Record, Vol. I, G.R. No. 176123 , pp. 250-251.

[2] Id. at 244-249.

[3] Id. at 125-128.

[4] Record, Vol. II, G.R. No. 176123, pp. 383-387.

[5] Id. at 528-531.

[6] Id. at 540-541.

[7] Id. at 538.

[8] Id. at 542-543.

[9] Id. at 544-557.

[10] Id. at 583-589.

[11] The applicable rule then read:

Sec. 18. Notice of sale of property on execution. - Before the sale of property on execution, notice thereof must be given as follows:

(a) In case of perishable property, by posting written notice of the time and place of the sale in three public places in the municipality or city where the sale is to take place, for such time as may be reasonable, considering the character and condition of the property;

(b) In case of other personal property, by posting a similar notice in three public places in the municipality or city where the sale is to take place, for not less than five (5) nor more than ten (10) days; x x x

[12] Record, Vol. II, G.R. No. 176123, pp. 590-593.

[13] Id. at 611-612.

[14] Id. at 610.

[15] Id. at 622-624.

[16] Id. at 625-629.

[17] CA rollo, G.R. No. 176123, pp. 1-21.

[18] Id. at 57-59.

[19] Penned by Associate Justice Celia Librea-Leagogo, with the concurrence of Associate Justices Rodrigo Cosico and Edgardo Sundiam; id. at 61-68.

[20] Id. at 65.

[21] Id. at 66.

[22] Id. at 101-107.

[23] Rollo, G.R. No. 176123, pp. 11-44.

[24] Id. at 219-230.

[25] Record, Vol. II, G.R. No. 176123, pp. 558-564.

[26] Id. at 566.

[27] Rollo, G.R. No. 185265, pp. 136-138.

[28] Id. at 122.

[29] Id. at 128-130.

[30] Record, Vol. II, G.R. No. 176123, pp. 565-582.

[31] Rollo, G.R. No. 185265, pp. 157-158.

[32] Penned by Associate Justice Mariflor Punzalan Castillo, with the concurrence of Associate Justices Marina Buzon and Rosmari Carandang; id. at 52-78.

[33] Id. at 79-82.

[34] Id. at 9-51.

[35] Id. at 328-351.

[36] Id. at 356-359.

[37] Id. at 317-318.

[38] Vide *Batong Buhay Gold Mines, Inc. v. Dela Serna*, G.R. No. 86963, August 6, 1999, 312 SCRA 22, 42.

[39] *Baluyut v. Poblete*, G.R. No. 144435, February 6, 2007, 514 SCRA 370, 383; *Development Bank of the Philippines v. Court of Appeals*, 451 Phil. 563, 573 (2003).

[40] *Spouses Galura v. Math-Agro Corporation*, G.R. No. 167230, August 14, 2009.

[41] Vide *Crystal v. Court of Appeals*, No. L- 35767, April 15, 1988, 160 SCRA 79, 84.

[42] Vide *Philippine Commercial International Bank v. Court of Appeals*, G.R. No. 114951, July 17, 2003, 406 SCRA 575, 602.

[43] *Calanza v. Paper Industries Corporation of the Philippines*, G.R. No. 146622, April 24, 2009.

[44] Vide *Philippine Commercial International Bank v. Court of Appeals*, *supra* note 42.

[45] *Atty. Javier v. Court of Appeals*, 467 Phil. 404, 430 (2004).

[46] *Dacanay v. Yrastorza, Sr.*, G.R. No. 150664, September 3, 2009.

[47] *Heirs of San Pedro v. Garcia*, G.R. No. 166988, July 3, 2009.

[48] Vide *Sumalo Homeowners Association of Hermosa, Bataan v. Litton*, G.R. No. 146061, August 31, 2006, 500 SCRA 385, 397.

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