

OFELIA FAUNI REYES AND NOEL FAUNI REYES, PETITIONERS, VS. THE INSULAR LIFE ASSURANCE CO., LTD., RESPONDENT.

G.R. No. 180098. April 02, 2014

Ponente: BRION, J.

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BRION, J.:

We resolve the petition for review on certiorari[1] filed by petitioners Ofelia Fauni Reyes and Noel Fauni Reyes (the petitioners) to challenge the decision[2] dated April 16, 2007 of the Court of Appeals (CA) in CA-G.R. SP No. 94994.

The Factual Antecedents

On September 9 and 16, 1998, Joseph Fauni Reyes took out two life insurance policies from respondent Insular Life Assurance Company, Ltd. (Insular Life), designating the petitioners as his beneficiaries. In September and October 1998, Insular Life issued Insurance Policy Nos. A001440747 and A001440758, respectively, with a total face value of P8,000,000.00 in favor of Joseph.[3]

On October 19, 1998, a charred body inside the trunk of a burnt BMW car that Joseph owned was found in Ternate, Cavite. The petitioners, believing that the charred body belonged to Joseph, filed a claim for death benefits before Insular Life. The latter, however, denied the claim in a letter dated September 30, 1999 on the grounds of Joseph's alleged misrepresentation and concealment of material facts in life insurance applications.[4]

On October 6, 1999, Insular Life filed against the petitioners a complaint for rescission of insurance contracts and damages before the Regional Trial Court (RTC) of Makati – Branch 57. Insular Life also impleaded Joseph as a defendant on the theory that he was still alive.[5]

Insular Life alleged in its complaint that Joseph's death was not sufficiently established by preponderance of evidence. Insular Life also asserted that Joseph concealed that there was a threat to his life at the time of the application.[6] It relied on Ofelia's sworn statement that Joseph had knowledge of the threat to his life. The sworn statement stated that Joseph had noticed that a car was trailing behind his car two months before the tragic incident. Also, a suspicious man went to Joseph's auto supply at ten o'clock in the evening to ask for water a month before his alleged demise.[7] Insular Life further claimed that Joseph engaged in a wagering scheme when he took out numerous life insurance policies despite his knowledge of the danger to his life and without informing it of the subsistence of other life insurance policies.[8] Lastly, Insular Life insisted that Joseph misrepresented that his annual income was P800,000.00 when his income tax return only reflected an annual income of P38,453.00.[9]

Proceedings before the RTC

In a decision dated March 8, 2006, the RTC dismissed the complaint for insufficiency of evidence. The RTC gave probative value to the National Bureau of Investigation (NBI) officials' testimonies that the charred body was Joseph's. The RTC also observed that Insular Life failed to present sufficient evidence that Joseph had knowledge of the threat to his life and of the subsistence of other life insurance policies on September 16, 1998.

The RTC further relied on the admission of Mr. Jose Odena, Insular Life's lay underwriter, that it was the soliciting agent who filled out the information on Joseph's annual income in the Agent's Confidential Report.

The RTC ordered Insular Life to pay the petitioners: (1) the face value of the insular policies in the total amount of P8,000,000.00; (2) moral damages in the amount of P100,000.00; (3) exemplary damages in the amount of P50,000.00; and (4) attorney's fees in the amount of P100,000.00.[10]

On March 28, 2006, Insular Life filed a notice of appeal with the RTC. On March 31, 2006, the petitioners moved for the execution of the RTC decision pending appeal, citing as ground Ofelia's old age who was then 69 years old. Upon posting of bond, the RTC issued a writ of execution in favor of the petitioners on June 8, 2006.[11]

Proceedings before the CA and the Court

Insular Life filed a petition for certiorari before the CA seeking to nullify the writ of execution pending appeal. Insular Life argued that the RTC had no more jurisdiction over the case when it issued the writ as the main case was already appealed to the CA. Insular Life also insisted that old age did not qualify as a "good reason" under Section 2, Rule 39 of the Rules of Court for the RTC to allow the execution pending appeal.[12]

The CA ruled in favor of Insular Life and annulled the writ of execution. The CA held that "old age" was a condition that was peculiar and personal to Ofelia alone, and not to Noel.[13] On September 28, 2007, the petitioners moved to reconsider the CA decision, but to no avail.[14] On October 30, 2007, the petitioners filed the present petition before the Court, assailing the CA's annulment of the writ of execution.[15]

Meanwhile, on November 28, 2008, the CA promulgated a decision on the main case affirming in toto the RTC decision. The CA additionally observed that Insular Life merely relied on the photocopy of Ofelia's sworn statement that Joseph had knowledge of the danger to his life. The CA ruled that this sworn statement had no probative value for being hearsay and for being violative of the best evidence rule. The CA also denied Insular Life's motion for reconsideration in a resolution dated September 18, 2009.[16]

Subsequently, Insular Life filed a petition for review on certiorari before the Court assailing the November 28, 2008 decision and the September 18, 2009 resolution of the CA.[17] The petition was docketed as G.R. No. 189605 and raffled to the Supreme Court – Third Division. We denied the petition with finality for lack of merit in a resolution dated March 15, 2010.[18] On May 12, 2010, we issued an entry of judgment in G.R. No. 189605.[19]

The Issue

The case comes to us with the sole issue of whether the petitioners are entitled to execution pending appeal.

The Court's Ruling

We deny the petition.

The petition has already been rendered moot and academic with the entry of judgment in G.R. No. 189605

The existence of an actual case or controversy is a condition precedent for the court's exercise of its power of adjudication. An actual case or controversy exists when there is a conflict of legal rights or an assertion of opposite legal claims between the parties that is susceptible or ripe for judicial resolution.[20] In negative terms, a justiciable controversy must neither be conjectural nor moot and academic. There must be a definite and concrete dispute touching on the legal relations of the parties who have adverse legal interests. The reason is that the issue

ceases to be justiciable when a controversy becomes moot and academic; otherwise, the court would engage in rendering an advisory opinion on what the law would be upon a hypothetical state of facts. The disposition of the case would not have any practical use or value as there is no actual substantial relief to which the applicant would be entitled to and which would be negated by the dismissal or denial of the petition.[21]

There is a final judgment when the court has adjudicated on the merits of the case or has categorically determined the rights and obligations of the parties in the case. A final judgment, once rendered, leaves nothing more to be done by the court.[22] Consequently, a final judgment also becomes executory by operation of law; it becomes a fact upon the lapse of the reglementary period to appeal if no appeal or motion for new trial or reconsideration is filed or perfected. It becomes incumbent for the clerk of court to enter in the book of entries the judgment and the date of finality of the judgment shall also be deemed to be the date of the entry of judgment.[23] Thereafter, the prevailing party is entitled to a writ of execution, and the issuance of the writ becomes the court's ministerial duty.[24]

In the present case, the issue of the propriety of discretionary execution has already been rendered moot and academic with our denial of Insular Life's petition and issuance of the entry of judgment in G.R. No. 189605. This means that our affirmation of the lower courts' rulings on the main case has become final and executory. Consequently, the issue of whether the petitioners are entitled to discretionary execution pending appeal no longer presents any justiciable controversy. It becomes the RTC's ministerial duty to issue a writ of execution in favor of the petitioners who are now entitled to execution as a matter of right.

In relation to this, Section 6, Rule 39 of the Rules of Court provides that a final and executory judgment or order may be executed on motion within five years from the date of its entry. A judgment may also be enforced by action after the lapse of five years and before it is barred by the statute of limitations. The revived judgment may then be enforced by motion within five years from the date of its entry.

WHEREFORE, premises considered, the petition is hereby DENIED for being moot and academic. No costs.

SO ORDERED.

Sereno,[*] C.J., Carpio, (Chairperson), Del Castillo, and Perez, JJ., concur.

[*] Designated as Additional Member in lieu of Associate Justice Estela M. Perlas Bernabe, per Raffle dated March 31, 2014.

[1] Dated October 30, 2007 and filed under Rule 45 of the Rules of Court; rollo, pp. 3-131.

[2] Id. at 132-141; penned by Associate Justice Estela M. Perlas-Bernabe (now a member of this Court), and concurred in by Associate Justices Renato C. Dacudao and Rosmari D. Carandang.

[3] Rollo, p. 133.

[4] Id. at 133-134.

[5] Id. at 134-135.

[6] Id. at 135.

[7] Rollo in G.R. No. 189605, p. 24.

[8] Rollo, p. 135; The other life insurance companies are Ayala Life Insurance Corp., Philam Life Insurance Corp., and Philippines Axa Life Insurance Corp.

[9] Id. at 134.

[10] Id. at 172-184.

[11] Id. at 136.

[12] Id. at 137.

[13] Supra note 2.

[14] Id. at 69.

[15] Id. at 3-131.

[16] Id. at Annex A.

[17] Rollo in G.R. No. 189605, pp. 80-139.

[18] Id. at 427.

[19] Id. at 428.

[20] Arevalo v. Planters Development Bank, G.R. No. 193415, April 18, 2012, 670 SCRA 262-263.

[21] Sarmiento v. Magsino, G.R. No. 193000, October 16, 2013; Korea Exchange Bank v. Judge Gonzales, 520 Phil. 691, 701 (2006); Desaville, Jr. v. Court of Appeals, 480 Phil. 22, 26-27 (2004); Royal Cargo Corporation v. Civil Aeronautics Board, 465 Phil. 719-720, 725 (2004).

[22] Calderon v. Roxas, G.R. No. 185595, January 9, 2013, 688 SCRA 330-331, 338; and Philippine Business Bank v. Chua, G.R. No. 178899, November 15, 2010, 634 SCRA 636-637, 648-649.

[23] RULES OF COURT, Rule 36, Section 2; RULES OF COURT, Rule 39, Section 1.

[24] RULES OF COURT, Rule 39, Section 1; and Mindanao Terminal and Brokerage Service, Inc. v. Court of Appeals, G.R. Nos. 163286, 166025 & 170269, August 22, 2012, 678 SCRA 623, 635.

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