

RIZAL COMMERCIAL BANKING CORPORATION, PETITIONER, VS. FEDERICO A. SERRA, RESPONDENT.

G.R. No. 203241. July 10, 2013

Ponente: CARPIO, J.

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CARPIO, J.:

The Case

This Petition for Review on Certiorari[1] with prayer for the issuance of a Writ of Preliminary Injunction and/or Temporary Restraining Order assails the 16 February 2012[2] and 26 July 2012[3] Orders of the Regional Trial Court of Makati City, Branch 134 (RTC Makati).

The Facts

Respondent Federico A. Serra (Serra) is the owner of a 374 square meter parcel of land located along Quezon Street, Masbate, Masbate. On 20 May 1975, Serra and petitioner Rizal Commercial Banking Corporation (RCBC) entered into a Contract of Lease with Option to Buy, wherein Serra agreed to lease his land to RCBC for 25 years. Serra further granted RCBC the option to buy the land and improvement (property) within 10 years from the signing of the Contract of Lease with Option to Buy.

On 4 September 1984, RCBC informed Serra of its decision to exercise its option to buy the property. However, Serra replied that he was no longer interested in selling the property. On 14 March 1985, RCBC filed a Complaint for Specific Performance and Damages against Serra (Specific Performance case) in the RTC Makati. The RTC Makati initially dismissed the complaint. However, in an Order dated 5 January 1989, the RTC Makati reversed itself and ordered Serra to execute and deliver the proper deed of sale in favor of RCBC.[4]

Serra appealed to the Court of Appeals (CA). On 18 May 1989, Serra donated the property to his mother, Leonida Ablao (Ablao). On 20 April 1992, Ablao sold the property to Hermanito Liok (Liok). A new land title was issued in favor of Liok. Thus, RCBC filed a Complaint for Nullification of Deed of Donation and Deed of Sale with Reconveyance and Damages against Liok, Ablao and Serra (Annulment case) before the RTC of Masbate City (RTC Masbate).

Meanwhile, the CA, and later the Supreme Court, affirmed the order of the RTC Makati in the Specific Performance case. In a Decision dated 4 January 1994, this Court declared that the Contract of Lease with Option to Buy was valid, effective, and enforceable. On 15 April 1994, the decision in the Specific Performance case became final and executory upon entry of judgment.[5]

On 22 October 2001, the RTC Masbate ruled in favor of RCBC, declaring the donation in favor of Ablao and the subsequent sale to Liok null and void.[6] In a Decision dated 28 September 2007, the CA affirmed the RTC Masbate decision. The CA held that the donation to Ablao was simulated and was done solely to evade Serra's obligation to RCBC. Since Ablao had no right to transfer the property and Liok was not a buyer in good faith, the subsequent sale to Liok was likewise null and void.

Thus, Liok filed a Petition for Review on Certiorari, docketed as G.R. No. 182478, while Serra and Ablao filed a Petition for Certiorari, docketed as G.R. No. 182664, before this Court. In separate Resolutions dated 30 June 2008 and 22 October 2008, which became final and executory on 27 August 2008^[7] and 3 March 2009,^[8] respectively, this Court found neither reversible error nor grave abuse of discretion on the CA's part.

On 25 August 2011, RCBC moved for the execution of the decision in the Specific Performance case. RCBC alleged that it was legally impossible to ask for the execution of the decision prior to the annulment of the fraudulent transfers made by Serra. Thus, the period to execute by motion was suspended during the pendency of the Annulment case. On 22 September 2011, Serra filed his comment and opposition to the motion. Serra insisted that the motion for execution was already barred by prescription and laches, and that RCBC was at fault for failing to register as lien in the original title the Contract of Lease with Option to Buy.

In an Order dated 16 February 2012, the RTC Makati denied RCBC's motion for execution. The RTC Makati opined that "[RCBC] should have asked for the execution of the deed of sale and have the same registered with the Registry of Deeds, so that even if [Serra] sold or transferred the subject property to any person the principle of caveat emptor would set in."^[9]

In an Order dated 26 July 2012, the RTC Makati denied RCBC's motion for reconsideration. Thus, RCBC filed this petition.

In a Resolution dated 3 December 2012, this Court granted RCBC's Temporary Restraining Order against the implementation of the questioned Orders upon RCBC's filing of a bond.

The Issue

RCBC raises this sole issue for resolution:

WHETHER OR NOT THE COURT A QUO ERRED IN HOLDING THAT PETITIONER RCBC IS BARRED FROM HAVING ITS 05 JANUARY 1989 DECISION EXECUTED THROUGH MOTION, CONSIDERING THAT UNDER THE CIRCUMSTANCES OBTAINING IN THIS CASE, RCBC WAS UNLAWFULLY PREVENTED BY THE RESPONDENT FROM ENFORCING THE SAID DECISION.^[10]

The Ruling of the Court

The petition has merit.

The Rules of Court provide that a final and executory judgment may be executed by motion within five years from the date of its entry or by an action after the lapse of five years and before prescription sets in.^[11] This Court, however, allows exceptions when execution may be made by motion even after the lapse of five years. These exceptions have one common denominator: the delay is caused or occasioned by actions of the judgment obligor and/or is incurred for his benefit or advantage.^[12]

In *Camacho v. Court of Appeals*,^[13] we held that where the delays were occasioned by the judgment debtor's own initiatives and for her advantage as well as beyond the judgment creditor's control, the five-year period allowed for enforcement of the judgment by motion is deemed to have been effectively interrupted or suspended.

In the present case, there is no dispute that RCBC seeks to enforce the decision which became final and executory on 15 April 1994. This decision orders Serra to execute and deliver the proper deed of sale in favor of RCBC. However, to evade his obligation to RCBC, Serra transferred the property to his mother Ablao, who then transferred it to Liok. Serra's action prompted RCBC to file the Annulment case. Clearly, the delay in the execution of the decision was caused by Serra for his own advantage. Thus, the pendency of the Annulment case effectively suspended the five-year period to enforce through a motion the decision in the Specific Performance

case. Since the decision in the Annulment case attained finality on 3 March 2009 and RCBC's motion for execution was filed on 25 August 2011, RCBC's motion is deemed filed within the five-year period for enforcement of a decision through a motion.

This Court has reiterated that the purpose of prescribing time limitations for enforcing judgments is to prevent parties from sleeping on their rights.[14] Far from sleeping on its rights, RCBC has pursued persistently its action against Serra in accordance with law. On the other hand, Serra has continued to evade his obligation by raising issues of technicality. While strict compliance with the rules of procedure is desired, liberal interpretation is warranted in cases where a strict enforcement of the rules will not serve the ends of justice.[15]

WHEREFORE, we GRANT the petition. We SET ASIDE the assailed Orders of the Regional Trial Court of Makati City dated 16 February 2012 and 26 July 2012. The Temporary Restraining Order issued by this Court on 3 December 2012 is made permanent. The Regional Trial Court of Makati City is DIRECTED to issue the writ of execution in Civil Case No. 10054 for the enforcement of the decision therein. Costs against petitioner.

SO ORDERED.

Perez, Mendoza,[*] and Perlas-Bernabe, JJ., concur.

[*] Designated additional member per Special Order No. 1484 dated 9 July 2013.

[1] Under Rule 45 of the 1997 Rules of Civil Procedure.

[2] Rollo, pp. 39-42. Penned by Judge Perpetua Atal-Paño.

[3] Id. at 43-44.

[4] Serra v. Court of Appeals, G.R. No. 103338, 4 January 1994, 229 SCRA 60, 66. The RTC Order states:

WHEREFORE, the Court reconsiders its decision dated June 6, 1988, and hereby renders judgment as follows:

1. The defendant is hereby ordered to execute and deliver the proper deed of sale in favor of plaintiff selling, transferring and conveying the property covered by and described in the Original Certificate of Title 0-232 of the Registry of Deeds of Masbate for the sum of Seventy Eight Thousand Five Hundred Forty Pesos (P78,540.00), Philippine currency;
2. Defendant is ordered to pay plaintiff the sum of Five Thousand (P5,000.00) Pesos as attorney's fees;
3. The counter claim of defendant is hereby dismissed; and
4. Defendants shall pay the costs of suit.

[5] Rollo, p. 50.

[6] Rollo (G.R. No. 182664), p. 35. The Decision states:

PREMISES CONSIDERED, the Deed of Donation executed by defendant Federico Serra on May 18, 1989, in favor of his mother Leonida Ablao as well as the Deed of Sale executed by Leonida Ablao on April 10, 1992, in favor of defendant Hermanito Liok are declared null and void. The Register of Deeds of the Province of Masbate is ordered to cancel TCT Nos. 7434 and T-8432.

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[7] Rollo, p. 51.

[8] Id. at 52.

[9] Id. at 41.

[10] Id. at 18.

[11] Rules of Court, Rule 39, Section 6.

[12] Zamboanga Barter Traders Kilusang Bayan, Inc. v. Plagata, G.R. No. 148433, 30 September 2008, 567 SCRA 163; Yau v. Silverio, Sr., G.R. No. 158848, 4 February 2008, 543 SCRA 520; Central Surety and Insurance Company v. Planters Products Inc., 546 Phil. 479 (2007); Francisco Motors Corp. v. Court of Appeals, 535 Phil. 736 (2006); Republic of the Phils. v. Court of Appeals, 329 Phil. 115 (1996).

[13] 351 Phil. 108 (1998).

[14] Republic of the Phils. v. Court of Appeals, *supra* note 12.

[15] Philippine Veterans Bank v. Solid Homes, Inc., G.R. No. 170126, 9 June 2009, 589 SCRA 40 citing Central Surety and Insurance Company v. Planters Products, Inc., 546 Phil. 479 (2007).

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