

**JOSE ARAÑAS AND LUISA QUIJENCIO ARAÑAS, PETITIONERS, VS.
HON. EDUARDO C. TUTAAN, AS JUDGE OF THE COURT OF FIRST
INSTANCE OF QUEZON CITY, AND UNIVERSAL TEXTILE MILLS, INC.,
RESPO...**

G.R. No. 52807. February 29, 1984

Ponente: TEEHANKEE, J.

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TEEHANKEE, J.:

In a decision rendered on May 3, 1971 by the now defunct Court of First Instance of Rizal, Branch V, at Quezon City, in Civil Case No. Q-4689 thereof, entitled "Jose Arañas, et al. vs. Juanito Castañeda, et al.," the said court declared that petitioner Luisa Quijencio as plaintiff (assisted by her spouse co-petitioner Jose Arañas) was the owner of 400 shares of stock of respondent Universal Textile Mills, Inc. (UTEX) as defendant issued "in the names of its co-defendants Gene Manuel and B.R. Castañeda, including the stock dividends that accrued to said shares, and ordering defendant Universal Textile Mills, Inc. to cancel said certificates and issue new ones in the name of said plaintiff Luisa Quijencio Arañas and to deliver to her all dividends appertaining to same, whether in cash or in stocks."

In a motion for clarification and/or motion for reconsideration, respondent UTEX manifested, inter alia, that "(I)f this Honorable Court by the phrase 'to deliver to her all dividends appertaining to same, whether in cash or in stocks,' meant dividends properly pertaining to plaintiffs after the court's declaration of plaintiffs' ownership of said 400 shares of stock, then as defendant UTEX has always maintained it would rightfully abide by whatever decision may be rendered by this Honorable Court since such would be the logical consequence after the declaration or ruling in respect to the rightful ownership of the said shares of stock." The motion for clarification was granted by the trial court which ruled that its judgment against UTEX was to pay to Luisa Quijencio Arañas the cash dividends which accrued to the stocks in question after the rendition of this decision excluding cash dividends already paid to its co-defendants Gene Manuel and B.R. Castañeda which accrued before its decision and could not be claimed by the petitioners-spouses, as follows:

"This in mind, clarification of the dispositive portion of the decision as aforequoted is indeed necessary, and thus made as to ordain the payment to plaintiff Luisa Quijencio Arañas of cash dividends which accrue to the stocks in question after the rendition of this decision. Cash dividends already paid to defendants which accrued before this decision may not, therefore, be claimed by plaintiffs."

Apparently satisfied with the clarification, UTEX neither moved for reconsideration of the order nor appealed from the judgment. Subsequently, the trial court granted the motion for new trial of the two co-defendants Manuel and Castañeda, and after such new trial, it rendered under date of October 23, 1972 its decision against them which was substantially the same as its first decision of May 3, 1971 which had already become final and executory as against UTEX, declaring petitioners-spouses the owners of the questioned shares of stock in the names of aforementioned co-defendants Castañeda and Manuel and ordering the cancellation of the certificates in

their names and to issue new ones in the names of petitioners.

Co-defendants Castañeda and Manuel appealed this judgment of October 23, 1972 against them to the Court of Appeals (now Intermediate Appellate Court), which rendered on September 1, 1978 its judgment affirming in toto the trial court's judgment. Said co-defendants sought to appeal the appellate court's adverse judgment on a petition for review with this Court, which rendered its Resolution of March 7, 1979 denying the petition for review for lack of merit and the judgment against the defendants accordingly became final and executory.

At petitioners' instance, the lower court issued a writ of execution and a specific order of December 5, 1979 directing UTEX

"1. To effect the cancellation of the certificates of stock in question in the names of B. R. Castañeda and Gene G. Manuel and the issuance of new ones in the names of the plaintiffs;

"2. To pay the amount of P100, 701. 45 representing the cash dividends that accrued to the same stocks from 1972 to 1979 with interest thereon at the rate of 12% per annum from the date of the service of the writ of execution on October 3, 1979 until fully paid."

Upon UTEX motion for partial reconsideration alleging that the cash dividends of the stocks corresponding to the period from 1972 to 1979 had already been paid and delivered by it to co-defendants Castañeda and Manuel who then still appeared as the registered owners of the said shares, the lower court issued its order of January 4, 1980 granting said motion of UTEX and partially reconsidered its order "to the effect that the defendant Universal Textile Mills, Inc. is absolved from paying the cash dividend corresponding to the stocks in question to the plaintiffs for the period 1972 to 1979. "

Hence, the present action for certiorari to set aside respondent judge's questioned order of January 4, 1980 as having been issued without jurisdiction and for mandamus to compel respondent judge to perform his ministerial duty of ordering execution of the final and executory judgment against UTEX according to its terms.

The Court finds merit in the petition and accordingly grants the same.

The final and executory judgment against UTEX in favor of petitioners, declared petitioners as the owners of the questioned UTEX shares of stock as againsts its co-defendants Castañeda and Manuel. It was further made clear upon UTEX' own motion for clarification that all dividends accruing to the said shares of stock after the rendition of the decision of August 7, 1971 which for the period from 1972 to 1979 amounted to P100, 701.45 were to be paid by UTEX to petitioners, and UTEX, per the trial court's order of clarification of June 16, 1971 above quoted had expressly maintained "it would rightfully abide by whatever decision may be rendered by this Honorable Court since such would be the logical consequence after the declaration or ruling in respect to the rightful ownership of the said shares of stock."

Consequently, there is no legal nor equitable basis for respondent judge's position "that it would indeed be most unjust and inequitable to require the defendant Universal Textile Mills, Inc. to pay twice cash dividends on particular shares of stocks." [1] If UTEX nevertheless chose to pay the wrong parties, notwithstanding its full knowledge and understanding of the final judgment, that it was liable to pay all dividends after the trial court's judgment in 1971 to petitioners as the lawfully declared owners of the questioned shares of stock (but which could not be enforced against it pending the outcome of the appeal filed by the co-defendants Castañeda and Manuel in the Court of Appeals), it only had itself to blame therefor.

The burden of recovering the supposed payment of the cash dividends made by UTEX to the wrong parties Castañeda and Manuel squarely falls upon itself by its own action and cannot be passed by it to petitioners as innocent parties. It is elementary that payment made by a judgment debtor to a wrong party cannot extinguish the

judgment obligation of such debtor to its creditor. It is equally elementary that once a judgment becomes final and executory, the court which rendered it cannot change or modify the same in any material aspect such as what respondent judge has without authority attempted to do with his questioned order, which would relieve the judgment debtor UTEX of its acknowledged judgment obligation to pay to petitioners as the lawful owners of the questioned shares of stock, the cash dividends that accrued after the rendition of the judgment recognizing them as the lawful owners. (Miranda vs. Tiangco, 96 Phil. 526 [1995]). Execution of a final and executory judgment according to its terms is a matter of right for the prevailing party and becomes the ministerial duty of the court (De los Angeles vs. Victoriano, 109 Phil.12).

ACCORDINGLY, judgment is rendered setting aside the questioned order of January 4, 1980 of respondent judge and a writ of mandamus is hereby issued commanding said respondent judge to order the execution of his judgment against respondent Universal Textile Mills, Inc., pursuant to his first order of June 16, 1971 ordering it to pay the sum of P100, 701. 45, representing the cash dividends that accrued to petitioners' UTEX shares of stock from 1972 to 1979, with interest thereon at the rate of 12% per annum from the date of service of the writ of execution on October 3, 1979 until fully paid, as well as to pay petitioners any subsequent cash dividends that may have been issued by it thereafter, with interest from due date of payment until actual payment, and directing the sheriff to satisfy such judgment out of the properties of respondent UTEX. With costs against respondent UTEX. This judgment is immediately executory.

Plana, Escolin, Gutierrez, Jr., and De La Fuente, JJ., concur.

[1] Record, p. 28.

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