

**SEAVAN CARRIER, INC. AND RENATO GACHO Y ABAD, PETITIONERS,
VS. GTI SPORTSWEAR CORPORATION (FORMERLY GTI GARMENTS
INTERNATIONAL CORP.) AND THE HON. ABELARDO M. DAYRIT, IN
HIS CAP...**

G.R. No. 65953. July 16, 1985

Ponente: GUTIERREZ, JR., J.

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GUTIERREZ, JR., J.:

At what point in the execution proceedings of a final judgment does a court lose its jurisdiction over the case? This is the crucial issue in the instant petition. The background facts of the petition are as follows:

Petitioners and private respondents were parties in Civil Case No. R-83-3585 entitled GTI Sportswear Corporation, plaintiff v. Seavan Carrier, Inc., et al., defendants for recovery of a sum of money and damages in the defunct Court of First Instance of Manila.

On September 14, 1981, the trial court rendered a decision in favor of the plaintiffs, the private respondents herein. The defendants below, now petitioners herein were ordered to pay to the plaintiff:

a) P182,053.92 representing the value of 100 cartons of denim jeans lost plus legal rate of interest;

b)

P160,755.00 representing tariff and customs duties paid by the private respondent on the lost items;

c)

P2,400,000.00 representing losses in the goodwill of plaintiff;

d)

20% of said amount as attorney's fees; and

e)

Costs of the proceedings.

This decision, among others, was sought to be reconsidered in an earlier case filed by the petitioners before this Court in connection with Civil Case No. R-83-3585. In that petition (G.R. No. 62130), this Court, on January 12,

1983, issued the following resolution, to wit:

"After deliberating on the petition, the comment filed by the respondents, and the petitioners' reply to the respondents' comment, the Court Resolved to GIVE LIMITED DUE COURSE to the petition only insofar as the allegedly excessive damages awarded by the respondent court in the amount of P2,400,000.00 representing purported losses in the goodwill of the private respondent are concerned and to REQUIRE the parties to submit simultaneously their respective memoranda on the above specific issue within fifteen (15) days from notice hereof. Except for the above issue, the petition is DENIED due course and, therefore, execution may issue upon finality hereof as to the judgment award of P182,053.92 representing the value of 100 cartons of denim jeans lost plus legal rate of interest; the P160,755.00 representing tariff and customs duties paid by the private respondent on the lost items; 20% of the said amount as attorney's fees; and costs of proceedings."

Pursuant to this resolution, the trial court issued an order of partial execution of judgment. Consequently, after the clerk of court issued the correspondent writ of execution, the deputy sheriff issued a "notice of sale on the execution of personal property." The sale at public auction of the personal properties enumerated in an attached list of inventories of the petitioners' personal properties was set on March 21, 1983.

The auction sale was actually conducted by the deputy sheriff on April 11, 1983 with the respondents as the highest bidder offering the sum of P462,000.00 for eleven (11) units of trucks and accessories. On this same day, the parties entered into a collateral agreement, to wit:

"GTI Sportswear Corporation, Inc. and Seavan Carrier, Inc. hereby agree to the following:

"(1) GTI purchases in the auction sale today, April 11, 1983, all the eleven (11) units advertised for auction sale, particularly described as follows:

"(1)

One Unit - Cummins Truck- Plate No. TH-162-GB'80- Body No. 57 - Engine No. RD450-249802-Chassis No. G-314558.

"(2)

One Unit - Man Diesel Truck - Plate No. TH-NVB 471'83 Chassis No. 391-0020.

"(3)

One Unit Man Diesel Truck - Plate No. TH-NVB 473 Body No. 62 Motor No. 2413144-0361111 - Serial No. 2530400440.

"(4)

One Unit TH Truck - Plate No. TH NVZ-928'82 - Body No. 34 - Motor No. RD450- 24040 - Serial No. G-259600

“(5)

One Unit - TH Truck - Plate No. TH-142-GB'80 - Body No. 38 Motor No. LTC-18260 RIZ Serial No. G-260674.

“(6)

One Unit - IH Truck - Plate No. NVB-474 - Body No. 65 Motor No. 108759-66 - Serial No. KGB-15081.

“(7)

One Unit - IH Truck- Plate No. JB-147 - Body No. 43 Motor No. RD450-234271 - Serial No. G-261426.

“(8)

One Unit - IH Truck - Plate No. GB-1240- Body No. 36 - Motor No. RD-406-A-17172 - Chassis No. G-261450.

“(9)

One Unit - IH Truck - Plate No. 151 GB'80 - Body No. 47 Motor No. RD450-234381 - Serial No. G-261941.

“(10)

One Unit - IH Truck - Plate No. NVB-461'83 - Body No. 61 Motor No. DV-550836352-Serial No. DO-5316

“(11)

One Unit - TH Truck - Plate No. 475, Body No. 60, Motor No._____ - Serial No.---_____ for the bid price of Four Hundred Sixty-Two Thousand Pesos (P462,000.00)

"(2) However, Seavan Carrier, Inc. is hereby given forty-five (45) days to come up with the entire obligation to GTI, Inc. in the amount of six hundred ninety-seven thousand one hundred forty-two & 58/100 (P697,142.58) including interest (P21,896.48 per month) and expenses at the time of payment shall reconvey to Seavan Carrier, Inc. the aforesaid eleven (11) units in full satisfaction of the judgment.

"GTI SPORTSWEAR CORPORATION

By:

H.R. HIPOLITO

Executive Vice-President

"Seavan Carrier, Inc.

By:

TEOFILO C. LAGO

President"

On the next day, April 12, 1983, the deputy sheriff issued a certificate of sale in favor of the respondents.

On April 25, 1983, the petitioners filed an urgent motion for protective order. The motion alleged that on April 18, 1983, the defendant-company through its president tried to tender the sum of P697,142.58 to secure release of the eleven (11) units of trucks and accessories per agreement but instead, the plaintiffs through counsel were demanding P1,014,585.84; that this amount contained in a "bill of expenses" was more than the satisfaction of the judgment which was only P608,449.62 as computed by the deputy sheriff; that the plaintiff is charging 16.5% interest against the legal rate of 6% as provided for by law and the judgment and that no evidence of the payment of the customs duties of P160,155.00 was presented. The petitioners prayed that the respondents be made to comply with the collateral agreement and that the deputy sheriff be required to make his return itemizing the amounts due and lawful charges incident to the sale.

On May 30, 1983, the trial court issued an order denying the aforesaid motion. A motion for reconsideration was denied in an order dated August 12, 1983. This denial prompted the petitioners to file a notice of appeal which was likewise denied in an order dated October 26, 1983.

On September 28, 1984, this Court promulgated a decision in G. R. No. 62130 modifying the trial court's decision insofar as the P2,400,000.00 award representing losses in the goodwill of respondents was concerned. Except for this award, which was deleted, all the other money awards in Civil Case No. R-83-35185 were affirmed.

The petitioners maintain that there was an irregular execution of the judgment and, therefore, in accordance with the accepted principle that the court has control over the execution of a judgment, there is reason to issue the corresponding protective order to prevent injustice to them. They cite Rule 135 of the Rules of Court. The

petitioners contend that — (1) the total amount of the awards under the judgment is much less than the total bid of the private respondents in the sheriff's sale in the amount of P462,000.00 and (2) "petitioners had always demanded for the production of the receipt of payment to the Bureau of Customs of the sum of P160,155.00 representing duties and taxes; and this is material because the ratio decidendi of the decision of the court a quo that held that there was no exportation of the stolen materials. (sic) Why should duties and taxes be paid without exportation?" Based on these grounds the petitioners prayed that the petition be granted.

The trial court denied the urgent motion for protective order and notice of appeal on the ground that under the circumstances it had no more jurisdiction over the case, the execution proceedings therein having been terminated. In its order dated October 26, 1983, disapproving the appeal, the Court said:

"Before the Court for Resolution is the propriety of defendant Seavan Carrier, Inc.'s Appeal. Defendant seeks to Appeal the Orders of the Court dated May 30, 1983 and August 12, 1983. As was stated in the Order of this Court dated May 30, 1983, there had already been a sale at public auction of the properties of defendant in this case and in accordance therewith, a Certificate of Sale was prepared by the Sheriff. In fact, defendant had indicated its conformity, through its President Teofilo C. Lago, in writing to the bid price of plaintiff (P462,000.00) to the properties subject of the execution. (Notice of Sale dated March 10, 1983).

"True enough, the Court had lost its jurisdiction over the case since the proceedings therein had long been terminated. The Decision of September 14, 1981, which was received on September 22, 1981 by defendant, had long become final and executory. And which decision (of September 14, 1981) was affirmed by the Supreme Court on Certiorari in its Resolution of January 17, 1983. Rightly so, this Court was constrained to rule that in view of the present status of the case it had lost jurisdiction to issue such Protective Order prayed for by defendant, thus, giving rise to the Orders of May 30, 1983 and August 12, 1983. Thereafter defendant filed a Notice of Appeal on the said Orders of May 30, 1983 and August 12, 1983 which orders denied the (a) Urgent Motion for Issuance of Protective Order and the (b) Motion for Reconsideration of the Order of May 30, 1983 respectively. Plaintiff filed an Opposition and/or Motion to Dismiss Appeal as well as a Reply to the Opposition (to Dismiss Appeal) of defendant. It is basic as well as fundamental that incidental orders cannot be the subject of an Appeal. x x x."

The general rule is "A case in which an execution has been issued is regarded as still pending so that all proceedings on the execution are proceedings in the suit. There is no question that the court which rendered the judgment has a general supervisory control over its process of execution, and this power carries with it the right to determine very question of fact and law which may be involved in the execution." (Vda. de Paman v. Señeris, 115 SCRA 709). Moreover, it has been stated that it is "when the judgment has been satisfied that the same passes beyond review, for satisfaction thereof is the last act and end of the proceedings. Payment produces permanent and irrevocable discharge." (Moran, Comments on the Rules of Court, 1979 ed. Vol. II, p. 405)

Applying the foregoing principles to the case at bar, we rule that contrary to the trial court's findings, the execution proceedings of the subject judgment had not yet been terminated when the petitioners filed their urgent motion for protective order. The certificate of sale issued by the deputy sheriff in favor of the private respondents was only for the satisfaction of P462,000.00 which obviously is not a full satisfaction of the judgment. This can be gleaned from the fact that a total amount of P608,000.00 to be recovered from the petitioners by the private respondents pursuant to the judgment was arrived at by the deputy sheriff as evidenced by the "notice of sale of personal property." (Annex 2, Memorandum for private respondents) Moreover, the parties' collateral agreement itself shows that the P462,000.00 was but a partial satisfaction of the judgment.

Hence, the trial court, pursuant to its supervisory control over the execution of the judgment should have ordered a hearing on the motion to determine the actual amount to be recovered by the private respondents for the full satisfaction of the judgment. The determination of the exact liability of the petitioners in faithful compliance with

the judgment of the court is vital considering that the judgment itself did not fix the exact liability due to the private respondents and that the petitioners in the motion alleged that the private respondents were asking for more than the legal rate of interest. Obviously, these are questions of fact and law which are directly involved in the execution of the judgment.

It is to be emphasized, however, that the petitioners at this stage of the proceedings may no longer question the propriety of the P462,000.00 bid of the private respondent in relation to the properties sold at public auction. At no instance did the petitioners raise an objection to the P462,000.00 bid of the private respondents on the levied properties. In fact, as observed by the court, the president of the petitioner company signified his conformity with the bid as evidenced by the "notice of sale on execution of personal property." (Annex 2-A, Memorandum for private respondents).

Moreover, a certificate of sale on these properties in favor of the private respondents had already been issued on April 12, 1983 for a partial satisfaction of the judgment. In effect, this part of the judgment, having been satisfied, has passed beyond review. It is this part of the execution proceedings involving the auction sale of the levied properties in the amount of P462,000.00 over which the trial court has lost its jurisdiction but not the entire proceedings.

Anent the petitioners' objections to their paying the sum of P160,155.00, representing duties and taxes, unless the private respondents present the receipts of payment from the Bureau of Customs, suffice it to say that this amount was awarded to the private respondents by virtue of the dispositive portion of the judgment, subject of the execution proceedings. In the case of *Fabular v. Court of Appeals* (119 SCRA 329) citing the earlier case of *Robles v. Timorio* (107 Phil. 809), we ruled:

xxx xxx xxx

"x x x It is settled that the only portion of a decision that becomes the subject of execution is that ordained or decreed in the dispositive part. Whatever may be found in the body of the decision can only be considered as part of the reasons or conclusions of the court and while they may serve as guide or enlightenment to determine the ratio decidendi, what is controlling is what appears in the dispositive part of the decision."

xxx xxx xxx

Hence, the petitioners can not escape their liability to pay the award of P160,155.00 representing duties and taxes.

CONSIDERING THE FOREGOING, the petition is hereby GRANTED. The questioned orders are SET ASIDE. The regional trial court which succeeded the respondent court of first instance is directed to conduct a hearing guided by our findings to determine the exact amount of the petitioners' liability to the private respondents.

SO ORDERED.

Teehankee, (Chairman), Melencio-Herrera, Plana, Relova, De La Fuente, and Alampay, JJ., concur.

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