

## FIRST DIVISION

[ G.R. NO. 157911, September 19, 2006 ]

**SPOUSES MANUEL A. AGUILAR AND YOLANDA C. AGUILAR,  
PETITIONERS, VS. THE MANILA BANKING CORPORATION,  
RESPONDENT.**

### D E C I S I O N

**AUSTRIA-MARTINEZ, J.:**

The sad and lamentable spectacle that this case presents, that is, the execution of a final and executory decision forestalled by perpetual dilatory tactics employed by a litigant, makes a blatant mockery of justice. The Court cannot countenance, and in fact, condemns, the outrageous abuse of the judicial process by Spouses Manuel A. Aguilar and Yolanda C. Aguilar (petitioners) and their counsel.

Before the Court is a Petition for Review on *Certiorari* under Rule 45 of the 1997 Rules of Civil Procedure assailing the Decision<sup>[1]</sup> dated October 29, 2002 of the Court of Appeals (CA) in CA-G.R. SP No. 71849 which dismissed petitioners' Petition for *Certiorari*, and the CA Resolution<sup>[2]</sup> dated April 29, 2003 which denied petitioners' Motion for Reconsideration.

The procedural antecedents and factual background of the case are as follows:

Sometime in 1979, petitioners obtained a P600,000.00 loan from the Manila Banking Corporation (respondent), secured by a real estate mortgage over their 419-square meter property located at No. 8 Piña St., Valle Verde, Pasig City, covered by Transfer Certificate of Title (TCT) No. 11082. When petitioners failed to pay their obligation, the mortgaged property was extra-judicially foreclosed. Respondent was the winning bidder at public auction sale on May 20, 1982. Consequently, a Certificate of Sale was issued in its favor on June 23, 1982.

Subsequently, on May 30, 1983, instead of redeeming the property, petitioners filed a complaint for annulment of the foreclosure sale of the property before the Regional Trial Court, Branch 165, Pasig City (RTC Branch 165), docketed as Civil Case No. 49793. While the case was pending, the parties entered into a compromise agreement.<sup>[3]</sup>

Under the Compromise Agreement dated January 23, 1987, the petitioners admitted the validity of the extra-judicial foreclosure and agreed to purchase the property from respondent for P2,548,000.00. Parties agreed that the amount of P100,000.00 shall be payable upon execution of the agreement and the balance of P2,448,000.00, which shall earn twenty-six per cent (26%) interest per annum, shall be payable in eighteen installments from February 23, 1987 to July 27, 1988. They further agreed that in case of default: (a) all outstanding installments and/or interest thereon shall be immediately due; (b) petitioners shall immediately vacate

the property and deliver possession thereof to respondent; (c) respondent shall be entitled to register all documents needed to transfer title over the property in their favor; and, (d) respondent shall be entitled to ask for the execution of the judgment or an ancillary remedy necessary to place it in possession of the property. On January 30, 1987, RTC Branch 165 adopted and approved the Compromise Agreement.<sup>[4]</sup>

Petitioners failed to pay the balance of P2,448,000.00 within the eighteen-installment period from February 23, 1987 to July 27, 1988. A year and three months later, or on October 20, 1989, respondent filed a Motion for Issuance of Writ of Execution to enforce the Decision dated January 30, 1987.<sup>[5]</sup>

On November 28, 1989, RTC Branch 165 issued an Order granting the motion and issuing a writ of execution: (a) directing petitioners to immediately vacate the property and surrender possession to the respondent; (b) directing the Register of Deeds of Metro Manila, District II to register any and all documents needed to transfer title over the property to respondent and to issue a new certificate of title respondent's favor free from any liens, adverse claims and/or encumbrances; (c) issuing a writ of possession in respondent's favor to place it in possession of the property.<sup>[6]</sup>

However, on January 22, 1990, petitioners filed a Manifestation praying for deferment of the enforcement of the writ of execution until July 31, 1990 because petitioners have a pending proposal for the settlement of their judgment debt.<sup>[7]</sup> The manifestation was with the conformity of respondents.<sup>[8]</sup> On January 24, 1990, RTC Branch 165 issued an Order granting the motion and holding in abeyance the enforcement of the writ of execution until July 31, 1990.<sup>[9]</sup> However, no settlement was reached by the parties during the period.

One year and four months later, petitioners still failed to settle their judgment debt. Consequently, respondent filed on December 2, 1991 a Manifestation reiterating its motion for the issuance of a writ of execution.<sup>[10]</sup> On December 5, 1991, RTC Branch 165 issued an Order granting the manifestation and directing the issuance of a writ of execution to enforce the Decision dated January 30, 1987.<sup>[11]</sup>

To evade the implementation of the writ, petitioners filed on December 20, 1991 an *Ex-Parte* Motion to Recall the Court's Order dated December 5, 1991 claiming that their obligation was novated by the Letter dated June 7, 1991 from respondent's Statutory Receiver.<sup>[12]</sup> In said letter, respondent's Statutory Receiver approved the purchase of the property on installment basis over a three-year period at an interest rate of twelve per cent (12%) with P481,265.00 due on September 30, 1991, P481,265.00 due on September 30, 1992, and P724,064.79 due on September 30, 1993.<sup>[13]</sup>

On December 2, 1992, respondent filed a Manifestation and Motion for Issuance of Alias Writ of Execution manifesting that the Letter dated June 7, 1991 did not novate the Decision dated January 30, 1987 but was a mere accommodation of the petitioners' request for a liberal mode of payment of their account and petitioners still failed to comply with such approved mode of payment.<sup>[14]</sup>

On December 14, 1992, petitioners filed their Comment and Manifestation praying for a humanitarian and liberal judicial dispensation since that they have been paying their obligations to respondent despite delay due to "financial restraints for family subsistence and their children's educational expenses".<sup>[15]</sup>

On February 1, 2000, respondent filed an Urgent *Ex-Parte* Manifestation praying for resolution of the pending incidents.<sup>[16]</sup> On March 3, 2000, petitioners filed their Opposition claiming that Section 6, Rule 39 of the Rules of Court bars execution, by mere motions, of judgment which is more than five years old. On March 14, 2000, respondent filed its Reply stating that the peculiar circumstances of the case warrant its exclusion from the scope of said Rule.

On March 20, 2000, RTC Branch 165 issued its Order which resolved the pending motions with the Court. With respect to petitioner's *ex-parte* motion to recall, the Court said that for failure to comply with Sections 4, 5 and 6 of Rule 15 of the Revised Rules of Court and considering the nature of petitioners' motion, it treated petitioner's motion as a mere scrap of paper.<sup>[17]</sup> As to respondent's motion for issuance of a writ of execution, it granted the same, holding that Section 6, Rule 39 of the Rules of Court does not apply since the delay in the execution of the judgment was due to petitioners who made several alternative payment proposals, requested several extensions of time to pay their account, filed dilatory motions and pleadings and it would be a blatant injustice to allow them to profit from the delays they deliberately caused to escape completely and absolutely the satisfaction of their admitted and confessed obligation by sheer literal adherence to technicality.<sup>[18]</sup>

On March 30, 2000, petitioners filed their Motion for Reconsideration<sup>[19]</sup> but RTC Branch 165 denied it in its Order dated May 30, 2000.<sup>[20]</sup>

On June 20, 2000, petitioners filed a Notice of Appeal<sup>[21]</sup> but RTC Branch 165 denied it in its Order dated August 21, 2000 on the ground that an order of execution is not appealable.<sup>[22]</sup>

Thereafter, petitioners filed a six-page Petition for Review on *Certiorari* with this Court, docketed as G.R. No. 144719, reiterating that the Decision dated January 30, 1987 can no longer be executed on mere motion since it is more than five years old.<sup>[23]</sup>

In a Resolution dated October 11, 2000, the First Division of this Court denied the petition for violation of the rule on hierarchy of courts and failure to show special and important reasons or exceptional and compelling circumstances that justify a disregard of the rule.<sup>[24]</sup> Petitioners filed a Motion for Reconsideration but the Court denied it with finality in its Resolution dated December 11, 2000.<sup>[25]</sup>

Since the Resolution in G.R. No. 144719 became final and executory on January 16, 2001, RTC Branch 165 issued a writ of execution on February 19, 2001 to enforce the Decision dated January 30, 1987.<sup>[26]</sup> On February 23, 2001, the Sheriff issued a Notice for Compliance of the said writ.<sup>[27]</sup>

Undaunted by their previous setbacks, petitioners filed on March 6, 2001 in RTC

Branch 165 an Omnibus Motion to quash the Writ of Execution insisting anew on their novation and prescription theories.<sup>[28]</sup> They also moved for consignation of the amount of their obligation under the Letter dated June 7, 1991 of respondent's Statutory Receiver.

On March 14, 2001, respondent filed an *Ex-Parte* Motion for Order to Divest Plaintiffs' Title and to Direct the Register of Deeds to Transfer Title to Defendant<sup>[29]</sup> based on Section 10, Rule 39 of the 1997 Rules of Civil Procedure. On March 19, 2001, respondent filed its Opposition (to petitioners' Omnibus Motion) and Motion to Cite Plaintiffs in Contempt claiming that the Omnibus Motion is nothing but petitioners' desperate attempt to thwart or delay the payment of their obligations and they should be declared guilty of indirect contempt for their improper conduct calculated to impede, obstruct and degrade the administration of justice.<sup>[30]</sup>

On May 2, 2001, petitioners filed an Urgent Motion for Inhibition.<sup>[31]</sup> While RTC Branch 165 Presiding Judge Marietta A. Legaspi denied the motion for inhibition in her Order dated June 5, 2001, she voluntarily inhibited herself from further participating in the case to show that she has no interest therein.<sup>[32]</sup> Respondent filed a Motion for Partial Reconsideration<sup>[33]</sup> to no avail.<sup>[34]</sup> The case was re-raffled and was assigned to

Branch 268 presided by Judge Amelia C. Manalastas.

On September 17, 2001 and January 4, 2002, respondent filed two Motions to Resolve Pending Incidents.<sup>[35]</sup> Despite the fact that Judge Manalastas has not actively participated in the case since she has not acted on the pending incidents, petitioners filed on February 5, 2002 a Motion for Inhibition.<sup>[36]</sup> A day later, on February 6, 2002, Judge Manalastas granted the motion for inhibition.<sup>[37]</sup> Thus, the case was again re-raffled and was assigned to Branch 167 presided by Judge Jesus G. Bersamira. On February 13, 2002, respondent filed again a Motion to Resolve Pending Incidents.<sup>[38]</sup>

On March 22 and 26, 2002, both parties filed separate Urgent Motions to Resolve the case.<sup>[39]</sup> Subsequently, petitioners filed a Manifestation and Motion that the Letter dated June 7, 1991 be marked as their exhibit.<sup>[40]</sup> RTC Branch 167 in its Order dated April 30, 2002 admitted the exhibit over the objections of respondent.<sup>[41]</sup>

On May 24, 2002, RTC Branch 167 rendered its Omnibus Order denying the Omnibus Motion to quash the writ of execution and for consignation, as well as the motion to cite petitioners in contempt and the *ex parte* motion for an order to divest petitioners' title to respondent. It held that there was no novation because there was no incompatibility between the Letter dated June 7, 1991 and the Decision dated January 30, 1987 with the former only providing for a more liberal scheme of payment and grant of reduced interest; that petitioners' claim that respondent's receivership and the Letter dated June 7, 1991 are supervening events which rendered the execution unjust and impossible is unavailing since there is nothing on record to indicate that such circumstances resulted in unfairness and injustice to petitioners if execution of judgment is carried out; that petitioner's claim that the

judgment could no longer be executed by mere motion after the five-year period had elapsed from its finality is specious since any interruption or delay occasioned by petitioners will extend the time within which the judgment may be executed by motion.<sup>[42]</sup>

No motion for reconsideration was filed by the petitioners. Accordingly, RTC Branch 167 issued a Writ of Execution on July 4, 2002.<sup>[43]</sup> On July 23, 2002, the Sheriff issued the Notice for Compliance of the said writ.<sup>[44]</sup>

Petitioners filed on July 26, 2002 a petition for *certiorari* with the CA, docketed as CA-G.R. SP No. 71849.<sup>[45]</sup> They reiterated that the Decision dated January 30, 1987 cannot be executed by mere motion filed on February 1, 2000 since more than five years have elapsed.

On October 29, 2002, the CA denied the petition for *certiorari*.<sup>[46]</sup> It held that since the delays were occasioned by petitioners' own initiative and for their own advantage, the five-year period allowed for the enforcement of the judgment by motion have been interrupted or suspended.

On November 13, 2002, petitioners filed a Motion for Reconsideration <sup>[47]</sup> but the CA denied it in its Resolution dated April 29, 2003.<sup>[48]</sup>

Hence, the present petition anchored on the following grounds:

1. THE HONORABLE COURT OF APPEALS ERRED IN NOT RECOGNIZING THAT PRESCRIPTION HAS SET IN IN THIS CASE CONSIDERING THAT MORE THAN FIVE (5) YEARS, NAY, MORE THAN TEN (10) YEARS, HAD ELAPSED SINCE THE DECISION BASED ON COMPROMISE AGREEMENT BECAME FINAL AND EXECUTORY.
2. THE HONORABLE COURT OF APPEALS ERRED IN NOT RECOGNIZING THAT EVENTS AND CIRCUMSTANCES IN THIS CASE HAVE TRANSPIRED AFTER THE DECISION HAD BECOME FINAL AND EXECUTORY THAT WARRANTS AND CALLS FOR STAY OR PRECLUSION OF EXECUTION, CONSIDERING THAT THE LETTER-APPROVAL OF THE STATUTORY RECEIVER OF RESPONDENT PARTAKES OF AN EXCEPTION TO THE GENERAL RULE WHICH HAS BEEN CONSISTENTLY UPHELD BY THIS HONORABLE SUPREME COURT.
3. THE HONORABLE COURT OF APPEALS ERRED IN NOT RECOGNIZING THAT THE LETTER APPROVAL OF THE STATUTORY RECEIVER NOVATED THE COMPROMISE AGREEMENT AND DECISION BASED ON COMPROMISE AGREEMENT.
4. THE HONORABLE COURT OF APPEALS ERRED IN NOT RECOGNIZING THAT THE EQUITIES OF THE CASE FAVOR HEREIN PETITIONERS.<sup>[49]</sup>

Anent the first ground, petitioners reiterate that under Section 6 of Rule 39, Rules of Court, the execution of the judgment by mere motion was barred by prescription,