

FIRST DIVISION

[G.R. No. 127851, June 02, 2011]

CORONA INTERNATIONAL, INC., PETITIONER, VS. THE COURT OF APPEALS AND THE PHILIPPINE COCONUT AUTHORITY, RESPONDENTS.

D E C I S I O N

YNARES-SANTIAGO, J.:

May funds of the Philippine Coconut Authority, a public corporation, be garnished on account of an execution pending appeal?

This is the pivotal issue raised in the instant petition for review which assails the January 22, 1997 Decision of respondent Court of Appeals in CA-G.R. SP No. 42829^[1] holding that such funds are public funds exempt from garnishment.

The facts are simple:

On September 10, 1996, the Regional Trial Court of Quezon City, Branch 99, rendered a Decision^[2] in Civil Case No. Q-93-14581, entitled "*Corona International, Inc., Plaintiff versus Philippine Coconut Authority, Defendant*", disposing of the case as follows -

"WHEREFORE, in view of all the foregoing premises, judgment is hereby rendered -

1. Ordering the defendant to pay plaintiff the total sum of P9,082,068.00 representing the balance of the contract price for Phase III of the project, the 10% retention for Phases I, II and III of the project, and the contract price for Phase IV of the project;
2. Ordering the defendant to indemnify plaintiff the sum equal to two (2%) per centum of P9,082,068.00 monthly from date of the filing of the complaint up to March 30, 1995, as actual and for damages;
3. Ordering the defendant to indemnify plaintiff the sum equal to 1 and ½% per cent of P9,082.068.00 monthly from March 30, 1995 up to the time the full amount is fully paid, as and by way of actual damages;
4. The sum of P1,000,000.00 as and for attorney's fee; plus the costs of the suit.

The counterclaim interposed by the defendant is hereby dismissed for lack of evidence to sustain it.

SO ORDERED."^[3]

On September 25, 1996, petitioner filed a Motion for Execution of Judgment Pending Appeal to which private respondent filed an Opposition. After hearing, the trial court granted the motion for execution pending appeal "if only to prevent the irreparable collapse of" petitioner's business operations. It also considered the appeal taken by

private respondent as "patently unmeritorious and would only result in the delay of the final disposition of the case." It, however, required petitioner to post a Twenty Million (P20,000,000.00) bond to protect private respondent in the event its decision is reversed on appeal.

With the filing by petitioner of the required bond, a writ of execution was issued, on the strength of which funds of private respondent with the Land Bank of the Philippines, in the amount of Seventeen Million Five Hundred Twenty Nine Thousand Three Hundred Sixty Three Pesos and Seventy Six Centavos (P17,529,363.76), was garnished. The bank, however, refused to release the said amount, prompting petitioner to file a Motion to Require Release of Bank Deposit.

Meanwhile, on December 5, 1996, private respondent filed a Motion to Quash Writ of Execution Pending Appeal and Notice of Garnishment alleging that it had not yet received a copy of the Order granting petitioner's Motion for Execution of Judgment Pending Appeal which allowed the garnishment of its funds with the Land Bank of the Philippines. It further contended that the bond filed by petitioner did not bear the court's approval. Finally, it expressed its readiness to file a supersedeas bond to stay execution of the court's judgment. Petitioner filed its Opposition on December 10, 1996.

On December 11, 1996, the trial court issued an Order^[4] denying private respondent's Motion to Quash and ordered the Land Bank of the Philippines to release and turn over to the court sheriff the garnished fund of private respondent immediately upon its receipt of said Order.

Private respondent then filed a petition for *certiorari* with respondent Court of Appeals. On January 22, 1997, the Court of Appeals rendered the assailed Decision, nullifying and setting aside the Order of the trial court granting the execution pending appeal. It also issued a writ of preliminary injunction enjoining the court sheriff from enforcing both the Writ of Execution and Notice of Garnishment against private respondent.

Hence, the instant petition for review anchored upon the following grounds -

"I

THE RESPONDENT COURT OF APPEALS ERRED, AS A MATTER OF LAW, IN HOLDING THAT THE TRIAL COURT COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OF OR EXCESS OF JURISDICTION IN ISSUING THE ORDER (ANNEX "F") ALLOWING EXECUTION PENDING APPEAL, AND ORDER (ANNEX "I") ORDERING THE GARNISHEE TO RELEASE AND TURN OVER THE FUNDS OF RESPONDENT PCA TO DEPUTY SHERIFF JOSE G. MARTINEZ.

II

THE COURT OF APPEALS ERRED, AS A MATTER OF LAW, IN ENTERTAINING ISSUES NOT RAISED IN THE LOWER COURT TO SUPPORT ITS DECISION REVERSING THE CHALLENGED ORDERS.

III

THE COURT OF APPEALS ERRED, AS A MATTER OF LAW, IN HOLDING THAT THE PHILIPPINE COCONUT AUTHORITY IS AN AGENCY OF THE