

## THIRD DIVISION

[ G.R. No. 91885, August 07, 1996 ]

**REPUBLIC OF THE PHILIPPINES, PETITIONER, VS. COURT OF APPEALS AND LAUREANO BROS., CO., INC., RESPONDENTS.**

### DECISION

**PANGANIBAN, J.:**

Does the period of time during which the legality of the sale of the judgment debtor's property was being challenged before the Court of Appeals and this Court interrupt or suspend the running of the five-year period for enforcement of a judgment by motion?

This question is dealt with anew in this petition for review under Rule 45 to set aside the Decision<sup>[1]</sup> of the Court of Appeals<sup>[2]</sup> promulgated on November 27, 1989 and the Resolution<sup>[3]</sup> denying reconsideration, promulgated on January 17, 1990 in CA-G.R. CV No. 17628 entitled *Republic of the Philippines vs. Laureano Bros., Co., Inc., et al.*

#### The Facts

It appears that under a contract (date not indicated in the pleadings), private respondent Laureano Brothers, Inc., undertook to supply petitioner Republic of the Philippines with plumbing materials for the use of the National Water and Sewerage Authority (NAWASA) which procurement was financed by the United States Government through the International Cooperation Administration (ICA). However, all the materials delivered by private respondent to NAWASA were rejected because they did not conform to the agreed specifications. Refusing to refund the money paid for said materials, private respondent was sued by the Republic in the then Court of First Instance of Manila docketed as Civil Case No. 44566.

A decision was rendered by the trial court based on a compromise agreement whereby private respondent agreed to pay the petitioner the amount of US\$358,882.02 or its equivalent in Philippine pesos. A disagreement on the rate of exchange for conversion of the dollars into pesos was settled by this Court in G.R. No. L-25055<sup>[4]</sup> by fixing such rate at P3.91 per US\$1.00. This judgment became final and executory on July 27, 1968.

Thereafter, the then CFI ordered the attachment of the property of the defendant consisting of a 5,000 sq. m. lot with a two-storey building erected thereon located along Pasong Tamo Extension, Makati. Upon motion of petitioner, a writ of execution was issued on September 2, 1972.

It further appears that while an attachment was made and a writ of execution issued, actual enforcement of the writ was delayed because of several alternative

payment proposals made by private respondent, including several extensions of the time to pay. At private respondent's request the petitioner thru the National Economic Development Authority (NEDA) authorized said respondent to look for buyers of the attached property. Upon receipt of a formal offer to buy, private respondent remitted an earnest money of P10,000.00 to NEDA.

On April 16, 1973, the trial court issued an order authorizing private respondent to sell the attached property. On May 31, 1973, Firma Techno Machineries, Inc. purchased the said lot and building through a deed of sale registered on June 1, 1973. Thereafter, private respondent remitted to NEDA the net proceeds of P881,004.01 deducting P68,995.99 representing taxes.

On December 10, 1973, NEDA disapproved said sale on the ground that the price was too low and that the conditions imposed by the trial court were not followed. NEDA thus returned the two checks it received (P10,000.00 earnest money and P881,004.01 net proceeds of the sale) and filed an action to annul the sale.

The Court of First Instance of Manila nullified the sale on the ground that there had been an undue delay on the part of private respondent in delivering the net proceeds of the sale. The Court of Appeals however reversed the trial court, upheld the sale and ruled that the delay, if any, was caused by NEDA's procrastination in accepting payment. The CA decision was affirmed by this Court.<sup>[5]</sup>

On November 7, 1985, petitioner sent a letter of demand asking for the turn-over of the net proceeds of the sale, but private respondent ignored said demand. Hence, on May 12, 1986, petitioner filed a motion for the issuance of a writ of execution which however was denied by the trial court on the ground that the five-year period allowed by the Rules has lapsed, the running of said period not having been interrupted or suspended while the question of the legality of the sale of respondent's property was pending in the Court of Appeals and this Court. On appeal, the respondent Court rendered the assailed Decision affirming *in toto* the trial court.-

Its motion for reconsideration having been denied, petitioner now comes to this Court via this petition for review.

### **The Issues**

Petitioner<sup>[6]</sup> sets forth the issues as follows:

- "1. Whether or not the five-year period within which to enforce the decision in Civil Case No. 44566 was interrupted by the period when the question of the legality of the sale of respondent's properties was pending in the Court of Appeals and before this Honorable Court.
2. Whether or not the doctrine of estoppel applies to respondent.
3. Whether or not the Court of Appeals' questioned Decision dated November 27, 1989 is contrary to its decision in CA-G.R. No. 07105 and to the decision of (the Supreme Court) in G.R. No. L-52774 (133 SCRA 505) upholding the legality of the sale."

### **The First Issue: Five-Year Period for Execution**

There is no question that the decision in favor of the Republic has not been satisfied and the private respondent has not paid its obligation under such judgment. The only question is HOW such decision shall be enforced against the obligor. Under the Rules,<sup>[7]</sup> a "judgment may be executed within five (5) years from the date of its entry or from the date it becomes final and executory. After the lapse of such time, and before it is barred by the statute of limitations, a judgment may be enforced by action."

In the present case, the decision sought to be enforced became final and executory on July 27, 1968. Upon petitioner's motion, a writ of execution was issued on September 2, 1972, well within said five-year period. However, the petitioner's attention became focused on the validity of the sale of the Pasong Tamo property -- which was previously attached but not levied upon -- instead of on the enforcement of the issued writ. This dispute was settled with finality only in 1984 with this Court's final ruling in G.R. No. L-52774. Hence, chronologically speaking, the motion for execution filed on May 12, 1985 was almost seventeen (17) years after the decision became final and executory. Petitioner, however, maintains that the period during which the question of the legality of the sale had been pending should not be taken into account in the computation of the five years.

To be sure, there had been many instances where this Court allowed execution by motion even after the lapse of five years, upon meritorious grounds.<sup>[8]</sup> These exceptions have one common denominator, and that is: the delay is caused or occasioned by actions of the judgment debtor and/or is incurred for his benefit or advantage.

While it is true that in the present case, the concerned officers of the Republic could be faulted for their inaction or neglect, or at the very least for their NAIVETE or GULLIBILITY in giving in to and entertaining the various proposals and importunings of the debtor, yet it cannot be denied that, while the delay may not have been caused by direct acts of said debtor, it was nevertheless occasioned by said debtor's own initiatives and unarguably resulted in immeasurable benefits to it. For one thing, NEDA's grant of authority to private respondent to sell the attached property, as pointed out by then Solicitor General Francisco I. Chavez and which is not denied by the respondent, enabled the latter to realize a broker's fee of P50,000.00. Had such property been levied upon through the writ issued in 1972 and sold at public auction, respondent would not have gained anything and the decision could have been satisfied there and then. So too, the delay in execution definitely gave the judgment debtor the opportunity to use the proceeds of the sale.

Under the peculiar circumstances of this case, namely, that (a) a writ having been issued within the five-year period, (b) an attachment on real property having been duly made, (c) sale thereof having been made through the active intervention of the judgment debtor who selected the buyer and earned a commission in the process, and (d) the delayed enforcement having been indirectly caused by the importunings of, and having unarguably resulted in benefits to the judgment debtor, we therefore hold that the five-year period allowed for enforcement of the judgment by motion, and for that matter, the ten-year prescriptive period allowed by law<sup>[9]</sup> for enforcement by action, are deemed to have been effectively interrupted or suspended by the period during which the legality or validity of the sale was being