

## THIRD DIVISION

[ G.R. No. 146157, February 13, 2009 ]

**LA CAMPANA DEVELOPMENT CORPORATION (FORMERLY LA CAMPANA FOOD PRODUCTS INC.), PETITIONER, VS. DEVELOPMENT BANK OF THE PHILIPPINES, RESPONDENT.**

### D E C I S I O N

**CHICO-NAZARIO, J.:**

Before Us is a Petition for Review on *Certiorari* under Rule 45 of the Revised Rules of Court filed by La Campana Development Corporation (petitioner La Campana) assailing the *Decision*<sup>[1]</sup> and *Resolution*,<sup>[2]</sup> promulgated on 31 August 2000 and 21 November 2000, respectively, by the Court of Appeals in CA-G.R. SP No. 48773, entitled, "Development Bank of the Philippines vs. The Regional Trial Court, Branch No. 76, Quezon City, Presided by the Hon. Monina A. Zeñarosa, La Campana Food Products Inc. (now known as La Campana Development Corporation), and The Register of Deeds of Quezon City."

The present Petition stemmed from a *Motion for the Issuance of a Writ of Execution*<sup>[3]</sup> filed by Development Bank of the Philippines (respondent DBP) on 7 January 1997, which prayed for the implementation of the 3 November 1994 *Decision*<sup>[4]</sup> of the Court of Appeals in CA-G.R. CV No. 34856, entitled, "*La Campana Food Products, Inc. v. Development Bank of the Philippines, et al.*"

The antecedents of the aforementioned *Motion* are as follows:

Sometime in 1968, petitioner La Campana obtained a foreign currency loan that was guaranteed by respondent DBP. To protect the latter, petitioner La Campana executed a real estate mortgage over its properties. Petitioner La Campana, however, failed to pay the interest due on said loan; thus, all the promissory notes became due and respondent DBP, in compliance with the contract of guaranty abovementioned, had to remit payment to petitioner La Campana's creditor. When respondent DBP demanded reimbursement from petitioner La Campana to no avail, the former instituted extrajudicial foreclosure proceedings for the mortgaged properties of the latter.

In order to stay the foreclosure of its mortgaged properties, petitioner La Campana filed a complaint with the Court of First Instance (CFI) of Rizal, Branch IX, for payment of the (1) retained portion of the dollar loan; (2) damages for unearned and expected profits for the failure of respondent DBP to release the proceeds of the dollar loan in its entirety; (3) exemplary damages; and (4) attorney's fees. The sale at public auction of the mortgaged properties eventually pushed through, with respondent DBP being the highest bidder. Accordingly, the complaint of petitioner La Campana was amended to include the nullification of the foreclosure sale. On 3 December 1985,<sup>[5]</sup> the abovementioned complaint eventually reached this Court

and therein we ruled in favor of respondent DBP. We held that the latter did not act capriciously and whimsically in allocating to the numerous creditors of petitioner La Campana the proceeds of the dollar loan, considering that such act was sanctioned by the Discretionary Clause found in the Mortgage Agreement executed by the parties.

On 27 May 1986, petitioner La Campana instituted another complaint against respondent DBP, and impleaded the Register of Deeds of Quezon City, for the cancellation of real estate mortgage and release of titles of the mortgaged properties on the ground that respondent DBP had already lost whatever right it had to the foreclosed properties which it acquired at public auction sometime in 1972 or more than ten (10) years ago, because it failed to register the Certificates of Sale covering the same.<sup>[6]</sup> The same was filed with the Regional Trial Court (RTC) of Quezon City, Branch 76, docketed as Civil Case No. Q-47948.

On 5 October 1990, the RTC rendered judgment<sup>[7]</sup> in favor of respondent DBP. Petitioner La Campana was ordered, *inter alia*, to (1) deliver possession of the subject properties to respondent DBP; and (2) pay such sums of money unlawfully collected or received by way of rentals and/or fruits from the subject properties to respondent DBP until such time that possession thereof had been restored to the latter.

Upon motion of petitioner La Campana, however, in an *Order*<sup>[8]</sup> dated 22 March 1991, the RTC reversed its earlier ruling.

Respondent DBP appealed the aforementioned to the Court of Appeals.

On 3 November 1994, the appellate court decided<sup>[9]</sup> the appeal, docketed as CA-G.R. CV No. 34856, in favor of the bank and declared that "while non-registration of the certificates of title under the name of DBP may not be binding on innocent third parties, La Campana - which has lost its rights of ownership for its failure to redeem - cannot invoke such non-registration as against DBP. After all, registration under the Torrens System is not a mode of acquiring ownership."<sup>[10]</sup> The dispositive portion reads:

1. ORDERING La Campana Food Products, Inc. to surrender to the Development Bank of the Philippines the possession of the properties covered by the Transfer Certificate (sic) of Title Nos. 33035, 33036, 45869, 45870, 45871, 42868 and 23617;
2. ORDERING La Campana Food Products, Inc. to pay the Development Bank of the Philippines such sums of money unlawfully collected and/or received by way of rentals from the properties covered by the aforementioned TCT's;<sup>[11]</sup>

Undaunted, petitioner La Campana came to this Court and filed two (2) petitions - a petition for review on *certiorari*, docketed as G.R. No. 120257 and a petition for *certiorari*, docketed as G.R. No. L-124107.

On 7 August 1995, we resolved<sup>[12]</sup> to deny the appeal by *certiorari* in view of the non-compliance with the requirement that a verified statement of the date of filing

of its motion for reconsideration before the Court of Appeals must be submitted with the petition. Similarly, the special civil action for *certiorari* was dismissed in a *Resolution*<sup>[13]</sup> dated 20 May 1996 for failure of petitioner La Campana to show that grave abuse of discretion had been committed by the appellate court. The foregoing resolutions became final and executory and were entered in the Book of Entries of Judgments on 18 March 1996<sup>[14]</sup> and 2 September 1996,<sup>[15]</sup> respectively.

In view of the foregoing, on 9 January 1997, respondent DBP filed with the RTC of Quezon City, Branch 76, a *Motion for Issuance of Writ of Execution*<sup>[16]</sup> for the implementation of the *3 November 1994 Decision* of the Court of Appeals in CA-G.R. CV No. 34856, *i.e.*, for petitioner La Campana to 1) surrender to respondent DBP the possession of the subject properties; and 2) render an accounting of all the sums of money "unlawfully collected and/or received by way of rentals from the properties" covering the period from 1 May 1976 until the possession thereof had been completely surrendered to it.

On 12 February 1997, respondent DBP filed a supplement<sup>[17]</sup> to the aforesaid motion in order to make of record that La Campana Food Products, Inc. had changed its name to La Campana Development Corporation; and that Transfer Certificates of Title Nos. 33035, 33036, 45869, 45870, 45871, 42868 and 23617 had been reconstituted as Transfer Certificates of Title Nos. RT-10014 (33035), RT 10013 (33036), RT-10011 (45869), RT-1009 (45870), RT-10010 (45871), RT-10012 (42868) and RT-10015 (23617).

Petitioner La Campana opposed<sup>[18]</sup> the supplemental motion on the ground that the "decision (sought to be implemented) is incomplete"<sup>[19]</sup> as it is "totally silent as to what amount was unlawfully collected and from what period up to what period is covered by the said decision x x x."<sup>[20]</sup> Further, it was of the view that since TCT Nos. 33035, 33036, 45069 (sic), 45870, 45871, 42868 and 23617 had all been cancelled by the Register of Deeds of Quezon City and new ones issued in the new name of petitioner La Campana, *i.e.*, La Campana Development Corporation, the portion of the decision involving said titles cannot now be executed.

In reply<sup>[21]</sup> to the opposition, respondent DBP maintained that (1) reconstitution of the titles would not render impossible a compliance with the decision, because what was to be surrendered by petitioner La Campana was the possession of the properties; and (2) the change of name of petitioner La Campana had no effect on the execution of the decision. Respondent then manifested that on 17 February 1997, the titles to the subject properties had already been consolidated in its name, as follows:

<u>Former Title Nos.</u>	<u>Reconstituted (La Campana) Title Nos.</u>	<u>Present (DBP) Title Nos.</u>
1. TCT No. 33035	TCT No. RT- 10014 (33035)	TCT No. N- 171476
2. TCT No. 33036	TCT No. RT- 10013 (33036)	TCT No. N- 171475
3. TCT No. 45869	TCT No. RT- 10011 (45869)	TCT No. N- 171473
4. TCT No. 45870	TCT No. RT- 1009	TCT No. N-

	(45870)		171471
5. TCT No. 45871	TCT No. RT- 10010	TCT No. N-	
	(45871)	171472	
6. TCT No. 42868	TCT No. RT- 10012	TCT No. N-	
	(42868)	171474	
7. TCT No. 23617	TCT No. RT- 10015	TCT No. N-	
	(23617)	171477	

On 31 March 1997, the RTC<sup>[22]</sup> issued an *Order*<sup>[23]</sup> granting respondent DBP's motion for issuance of a writ of execution stating that:

The Decision is clear and unequivocal. The Court of Appeals orders La Campana to surrender the possession of the properties to DBP and not the possession of the certificate of titles (sic) covering said properties. Hence, the cancellation of the titles by virtue of a reconstitution will not render it impossible for La Campana to comply with the foregoing order, x x x. The properties mentioned in the decision refer to no other than those which are the subject of this instant case x x x.

While it is true that the decision is silent as to the amount of money to be turned over to DBP, the right of the latter (to) said sum is underscored when the Court of Appeals declared that the buyer at the foreclosure sale becomes the absolute owner of the property purchased if it is not redeemed during the period of one year after the registration of the sale. Thus, being the absolute owner of the subject realties, the DBP is entitled to receive the fruits thereof, which in this case, are the rentals paid by the tenants for the use of the properties.

La Campana insisted that the decision failed to state the period to be covered by the unlawful collection of rentals. This contention is untenable. The Decision clearly points out that La Campana lost its right of ownership when it failed to redeem the properties within one year from the registration of the sale. Considering that the Sheriff's certificate of sale was annotated in the certificate of titles on April 30, 1976 as PE-9167/T-23617, the DBP became the absolute owner of the properties on May 1, 1977. Thus, the period to be considered in determining the amount of collection should start from May 1, 1977 up to the time when the possession of the properties are actually and completely surrendered to DBP.

The dispositive portion of the same reads:

WHEREFORE, let a writ of execution be issued in favour of defendant Development Bank of the Philippines, and have the same secured by the Branch Deputy Sheriff of this Court. Further, Mr. Ricardo S. Tantongco, in his capacity as the incumbent President of La Campana Development Corporation (new corporate name) is hereby ordered to immediately render an accounting stating therein the names of the tenants occupying the properties and their respective monthly/yearly rental payments from May 1, 1977 until the date of complete surrender of the properties to DBP. The Court would like to stress that a change in the corporate name does not create a new corporation and it continues to be responsible under its new name for all the liabilities it had previously incurred.

In a scantily argued *Motion for Reconsideration*,<sup>[24]</sup> petitioner La Campana prayed for the reversal of the aforequoted *Order* of the RTC.

In resolving petitioner La Campana's motion, on 13 June 1997, the RTC modified<sup>[25]</sup> its earlier order. It retained the first part respecting the order directing petitioner La Campana to surrender possession of the subject properties, but it suspended that part ordering the execution of the second paragraph<sup>[26]</sup> of the *3 November 1994 Decision* of the Court of Appeals, "pending [the] filing of a necessary pleading by defendant (DBP) before the appellate court to clarify the exact amount due to Development Bank of the Philippines and receipt of a resolution thereon from said Court."<sup>[27]</sup> It ratiocinated that:

Nowhere in the dispositive portion nor in the body of the decision can be found any reference to or that which indicates the amount of collections to be turned over by La Campana to Development Bank of the Philippines. The Decision is silent on this score.

Settled is the rule that when the judgment of a superior court is remanded to the trial court for execution, the function of the trial court is ministerial only; x x x. Any pronouncement of this Court with respect to the period of computation and the total amount of collections to be paid to Development Bank of the Philippines would be tantamount to modifying or varying the tenor of the decision sought to be executed. A clarification of the judgment on this matter is thereby necessary.<sup>[28]</sup>

Thus, on 19 June 1997, a writ of execution was issued to implement the first paragraph<sup>[29]</sup> of the *3 November 1994 Decision* of the Court of Appeals in CA-G.R. CV No. 34856, commanding the Sheriff to ensure that petitioner La Campana surrender to respondent DBP possession of the properties formerly covered by TCTs No. 33035, No. 33036, No. 45869, No. 45870, No. 45871, No. 42868 and No. 23617.

On 12 August 1997, the subsequent motion of respondent DBP seeking reconsideration of the *13 June 1997 Order* was denied<sup>[30]</sup> by the RTC.

Respondent DBP then went to Court of Appeals to assail the *13 June 1997* and *12 August 1997 Orders* of the RTC by way of a petition for *certiorari*. The petition was docketed as CA-G.R. SP No. 45749. The same, however, was subsequently dismissed "without prejudice," because the *Verification* and *Certification Against Forum Shopping* attached thereto were merely signed by respondent DBP's counsel.<sup>[31]</sup>

On 31 July 1998, respondent DBP re-filed its Petition for *Certiorari* with the Court of Appeals. It was docketed as CA-G.R. SP No. 48773.

On 31 August 2000, the Court of Appeals promulgated a decision,<sup>[32]</sup> the *fallo* of which states:

**IN THE LIGHT OF ALL THE FOREGOING**, the Petition is given due course and is hereby **GRANTED**. The Orders of the Public Respondent, **Annexes "A" and "B" of the Petition**, are hereby set aside and