

THIRD DIVISION

[G.R. NO. 137884, March 28, 2008]

**THE INSULAR LIFE ASSURANCE COMPANY, LTD., PETITIONER,
V.S. TOYOTA BEL-AIR, INC., RESPONDENT.**

DECISION

AUSTRIA-MARTINEZ, J.:

Before the Court is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, assailing the Decision^[1] dated September 30, 1998 of the Regional Trial Court (RTC), Branch 148, Makati City in Civil Case No. 98-2075 which nullified the Writ of Execution dated August 12, 1998 issued by the Metropolitan Trial Court (MeTC), Branch 63, Makati City in Civil

Case No. 59089, and the RTC Order^[2] dated March 5, 1999 denying the Motion for Reconsideration.

The principal issue raised in the present petition pertains to the propriety of the decision of the RTC in declaring as void the writ of execution issued by the MeTC and in ordering the consignment of rentals. Being pure questions of law, direct resort to this Court is proper under Section 2(c), Rule 41 of the Rules of Court.

The factual antecedents of the case are as follows:

Toyota Bel-Air, Inc. (Toyota) entered into a Contract of Lease^[3] over a 3,700-square meter lot and building owned by Insular Life Assurance Company, Ltd. (Insular Life) in Pasong Tamo Street, Makati City, for a five-year period, from April 16, 1992 to April 15, 1997. Upon expiration of the lease, Toyota remained in possession of the property. Despite repeated demands, Toyota refused to vacate the property. Thus, on January 28, 1998, Insular Life filed a Complaint^[4] for unlawful detainer against Toyota in the MeTC.

On July 3, 1998, MeTC rendered a Decision,^[5] the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered in favor of [Insular Life] and against [Toyota]. The Court hereby orders [Toyota]:

1. and all persons claiming possession of the premises through [Toyota], to vacate the leased properties and return possession thereof to [Insular Life];
2. to pay reasonable compensation at the rate of P585,640.00 **a month until possession of the subject premises is surrendered** to the [Insular Life].
3. to pay attorney's fees in the sum of P50,000.00;
4. to pay expenses of litigation in the amount of P20,000.00;

5. to pay the costs of the suit.

SO ORDERED.^[6] (Emphasis supplied).

On July 23, 1998, Insular Life filed a Motion for Execution^[7] of the decision. Toyota, on the other hand, filed a Notice of Appeal^[8] of the decision. Subsequently, Insular Life filed a Notice of Partial Appeal^[9] of the decision insofar as the issue of monthly compensation was concerned. Both parties, however, later filed separate motions to withdraw their respective appeals.^[10]

On August 12, 1998, the MeTC issued an Order approving the withdrawal of notice of appeal of both parties. It also issued a Writ of Execution,^[11] on the following premise:

WHEREAS, in a certain action for "EJECTMENT" of the following described premises, to wit: a parcel of Land and Building located at Pasong Tamo, Makati City under TCT No. 64737 of the Registry of Deeds of Rizal, x x x judgment was rendered on the 3rd day of July, 1998 that [Insular Life] and all persons claiming under him/her/them have restitution of the premises and also that he/she/they recover the sum of P585,640.00 a month **from April 15, 1997** until possession of the subject premises is surrendered to plaintiff; to recover the sum of P50,000.00 as and for attorney's fees; P20,000.00 as expenses of litigation and costs of suit.

^[12] x x x (Emphasis supplied)

Subsequently, the Deputy Sheriff of the MeTC executed the writ by levying on Toyota's personal and real properties, and garnishing its bank accounts. He scheduled the auction of the levied properties on August 28, 1998.

On August 24, 1998, Toyota filed a Petition for *Certiorari*^[13] with prayer for injunctive relief in the RTC. It charged the MeTC with grave abuse of discretion in issuing the Writ of Execution since the writ amended the dispositive portion of the decision it sought to execute by giving retroactive effect to the payment of reasonable compensation of P585,640.00 by the inclusion of the phrase "from April 15, 1997."

On August 27, 1998, the RTC issued a temporary restraining order (TRO) enjoining the auction sale of Toyota's levied properties.^[14]

On August 28, 1998, Insular Life filed with the MeTC a Motion to Clarify Decision Dated July 3, 1998^[15] praying that the court issue an order clarifying the dispositive portion of the Decision dated July 3, 1998.

On September 14, 1998, the MeTC issued an Order,^[16] clarifying paragraph 2 of the dispositive portion of the Decision dated July 3, 1998 to read as: "2. **to pay reasonable compensation in the amount of P585,640.00 as of April 15, 1997** until possession of the subject premises is surrendered to plaintiff."^[17]

On September 25, 1998, Toyota filed with the RTC a Motion to Consignate P1,171,280.00 in favor of Insular Life and to submit the case for decision.^[18] The amount of P1,171,280.00 represented the reasonable compensation for the months of July and August 1998.

Five days later, or on September 30, 1998, the RTC rendered the herein assailed Decision,^[19] holding that the MeTC acted with grave abuse of discretion in issuing the Writ of Execution dated August 12, 1998 by giving retroactive effect to the reasonable compensation judgment of P585,640.00 by inserting the date "April 15, 1997" which was not provided for in the dispositive portion of the MeTC Decision; that the clarificatory order issued by the MeTC did not cure the ambiguity in the decision since it omitted the phrase "a month" as originally stated in the Decision; that considering the Writ of Execution is void, the levy effected by the Sheriff is also void; and that consignment of rentals is proper since Toyota has been in possession of the property since July 3, 1998.

On October 13, 1998, Insular Life filed a Motion for Reconsideration^[20] of the RTC Decision. On the same day, it filed with the MeTC a Second Motion to Clarify Decision Dated July 3, 1998.^[21]

On October 28, 1998, the MeTC issued its second clarificatory order to correct paragraph 2 of the dispositive portion of the Decision dated July 3, 1998 to read as: **"2. [t]o pay reasonable compensation at the rate of P585,640.00 a month as of April 15, 1997** until possession of the subject premises is surrendered to the plaintiff."^[22]

On March 5, 1999, the RTC issued an Order^[23] denying Insular Life's motion for reconsideration.

On April 19, 1999, Insular Life then filed herein Petition for Review on *Certiorari*^[24] with this Court anchored on the following grounds:

I

THE RTC COMMITTED A GRAVE ABUSE OF DISCRETION TANTAMOUNT TO LACK OR IN EXCESS OF ITS JURISDICTION IN VOIDING THE WRIT OF EXECUTION ISSUED BY THE MTC.

i. THE WRIT OF EXECUTION IS IN HARMONY WITH THE INTENT, SPIRIT AND TERMS OF THE MTC'S DECISION DATED JULY 3, 1998.

ii. THE WRIT OF EXECUTION IS VALID AND ENFORCEABLE.

iii. THE RTC SANCTIONED TBA'S CRAFTY CIRCUMVENTION OF THE RULES.

II

ASSUMING ARGUENDO THAT THE MTC EXCEEDED ITS JURISDICTION IN ORDERING IN THE WRIT OF EXECUTION THAT THE REASONABLE COMPENSATION BE COMPUTED FROM APRIL 15, 1997, STILL, THE RTC COMMITTED A GRAVE ABUSE OF DISCRETION TANTAMOUNT TO LACK OR IN EXCESS OF ITS JURISDICTION IN VOIDING THE ENTIRE WRIT OF EXECUTION.

III

THE RTC COMMITTED A GRAVE ABUSE OF DISCRETION TANTAMOUNT TO LACK OR IN EXCESS OF ITS JURISDICTION IN ORDERING IN THE CERTIORARI PROCEEDING A QUO THE CONSIGNATION OF RENTALS.

IV

THE RTC COMMITTED A GRAVE ABUSE OF DISCRETION TANTAMOUNT TO LACK OR IN EXCESS OF ITS JURISDICTION IN NOT DISMISSING THE CERTIORARI PETITION A QUO FOR TBA (PETITIONER BELOW) HAD A PLAIN, SPEEDY AND ADEQUATE REMEDY IN THE COURSE OF LAW AND DID NOT AVAIL OF THE SAME.^[25]

Insular Life contends that the case falls within the recognized exceptions to the rule that only the dispositive portion of the decision controls the execution of judgment; that the pleadings, findings of fact and conclusion of law expressed in the text of the MeTC's Decision dated July 13, 1998 should be resorted to, to clarify the ambiguity in the dispositive portion of the decision; that the intent to order payment of rent as reasonable compensation from April 15, 1997, when possession became unlawful, can be inferred from the text of the decision; that the RTC should not have nullified the entire Writ of Execution since only the matter of reasonable compensation from April 15, 1997 was at issue; that consignment of rentals was improper since the office of a writ of *certiorari* is to correct defects in jurisdiction solely and the legal requisites for a valid consignment were not present; and that Toyota failed to resort to available remedies before availing itself of the extraordinary remedy of *certiorari*. On the matter of the compromise agreement, Insular Life reiterated that the agreement was a conditional compromise agreement which was voided for Toyota's failure to comply with the conditions.^[26]

Toyota claims that the parties had entered into a Compromise Agreement dated May 7, 1999 whereby Toyota was obligated to pay Insular Life P8 million under the following terms and conditions: (a) the delivery of 3 Toyota vehicles worth P1.5 million; (b) the issuance of 12 postdated corporate checks to answer for the balance of P6.5 million in 12 monthly installments; and (c) the posting of a surety bond which shall guarantee payment of installments.^[27] Toyota insists that the Compromise Agreement dated May 7, 1999 should be given effect considering that the preconditions contained in the Compromise Agreement were complied with, or at the very least substantially complied with,^[28] and prayed that the case should be remanded to the lower court for the purpose of approving the Compromise Agreement dated May 7, 1999.^[29]

In a Resolution dated August 8, 2001, the Court remanded the case to the RTC for further proceedings to determine whether Toyota had complied with the conditions contained in the Compromise Agreement dated May 7, 1999 and thereafter elevate its findings and records thereof to the Court.^[30]

In its Compliance^[31] dated March 24, 2003, the RTC found that Toyota failed to comply with conditions in the Compromise Agreement dated May 7, 1999 relating to the issuance of the 12 postdated corporate checks and the posting of a surety bond; that the postdated checks were not accepted since they were drawn from Toyota's garnished Metrobank account; that the checks could have been encashed had Insular Life lifted the garnishment; that the surety bond was rejected for not having been issued by a surety company that is among Insular Life's list of acceptable

surety companies; that as substitute collateral, Toyota offered a Bukidnon real property but Insular Life turned it down since the owner's duplicate of title could not be found and the property was not owned by Toyota but by three corporations; that a subsequent reconstitution of the title and the authorization by the three co-owner corporations to mortgage the Bukidnon real property and to use it to stand as security for the postdated checks failed to entice Insular Life to accept the proposal; and that Toyota acted in good faith in dealing with Insular Life when it tried to comply with the conditions in the Compromise Agreement.

By Resolution^[32] dated August 27, 2003, the Court required both parties to submit supplemental memoranda, taking into account the Compliance dated March 24, 2003 of the RTC.

In its Supplemental Memorandum,^[33] Insular Life maintains that Toyota failed to comply with the conditions relating to the postdated checks and the surety bond; that the garnishment of Toyota's bank accounts was a known fact; that it would have been absolutely foolhardy for Insular Life to cause the immediate lifting of the garnishment upon Toyota's mere delivery to it of the postdated checks; that the lifting of the garnishment is one of the

consequences once all the conditions of the compromise are met; that Toyota admitted in a Letter dated May 21, 1999 to Insular Life its inability to comply with the surety bond requirement; that Toyota's good faith is immaterial; that Toyota cannot claim substantial compliance since it failed to comply with the conditions of the Compromise Agreement.

On the other hand, in its Supplemental Memorandum,^[34] Toyota submits that it substantially complied with the terms of the Compromise Agreement since the compromised amount was reduced from P8 million to P6.5 million upon delivery of the three Toyota vehicles worth P1.5 million; that it could have complied with the requirement of the delivery of 12 postdated checks had Insular Life lifted the garnishment on Toyota's bank accounts effected by virtue of the Writ of Execution dated August 12, 1998; that since the Writ of Execution was voided by the RTC, the garnishment was also nullified; and that Insular Life's unjustified refusal to give due course to the postdated checks, by not lifting the garnishment, prevented said checks from being encashed.

It is necessary to resolve the matter involving the efficacy of the Compromise Agreement between the parties before the merits of the petition can be discussed.

Jurisprudence teaches us that when a contract is subject to a suspensive condition, its birth or effectivity can take place only if and when the event which constitutes the condition happens or is fulfilled,^[35] and if the suspensive condition does not take place, the parties would stand as if the conditional obligation has never existed.
^[36]

In this case, the Compromise Agreement clearly stipulates that it shall become valid and binding only upon the occurrence of all the conditions in the agreement, to wit:

2. This Agreement when signed by the parties shall take effect and shall become valid and binding **only upon the occurrence of all of the following based on a certification or acknowledgment certified and issued by INSULAR LIFE**