

THIRD DIVISION

[G.R. No. 141013, November 29, 2000]

**PACIFIC MILLS, INC. AND GEORGE U. LIM, PETITIONERS, VS.
HON. MANUEL S. PADOLINA in his capacity as Presiding Judge of
the RTC Pasig Branch 162 and PHILIPPINE COTTON
CORPORATION, RESPONDENTS.**

DECISION

MELO, J.:

On June 23, 1983, private respondent Philippine Cotton Corporation (PHILCOTTON) sued petitioners Pacific Mills, Inc. and George U. Lim for collection of a sum of money. On January 11, 1984, PHILCOTTON filed another complaint for collection of a sum of money against petitioners. These two cases, docketed as Civil Cases No. 49881 and 50553, involved four promissory notes amounting to P16,598,725.84 executed by petitioners in favor of PHILCOTTON. The two cases were consolidated and on December 27, 1985, the Regional Trial Court of Pasig found in favor of PHILCOTTON. The judgment was appealed to the Court of Appeals, and thereafter to the Supreme Court as *Pacific Mills, Inc. vs. Court of Appeals* (206 SCRA 317 [1992]) where, ultimately, petitioners were adjudged liable to PHILCOTTON in the amount of P13,998,725.84, with interests, penalties, and attorney's fees, per *ponencia* of Justice Feliciano with the concurrence of Justices Gutierrez (separate opinion), Bidin, Davide (now Chief Justice), and Romero.

However, after the rendition of the above decision, petitioners alleged that during the pendency of the case before the Court of Appeals, a condonation had been effected by PHILCOTTON in their favor, whereby the interests and penalties awarded by this Court in *Pacific Mills vs. CA* were extinguished. Consequently, petitioners filed a motion for reconsideration with the Court asking that it reduce the amount awarded to PHILCOTTON. The same was denied by the Court due to lack of merit, thusly:

Petitioner raised this question of waiver or condonation only in this Court in its Reply to PHILCOTTON's Comment on the Petition for Review, and then only in a tangential and speculative manner. In its Rejoinder, PHILCOTTON objected to petitioners' speculative attempt to raise a new matter, a factual issue, before this Court. The defense of condonation should have been raised in the Court of Appeals where its authenticity and effectivity could have been litigated. Petitioner allegedly learned of the supposed condonations as early as 12 January 1987, long before petitioner filed its appellants' brief with the Court of Appeals on 30 June 1988. Yet petitioner did not plead and litigate the supposed condonation before the Court of Appeals.

When the decision in *Pacific Mills vs. CA* became final and executory, the same was remanded to the Regional Trial Court of Pasig City for execution. During the hearing