

FIRST DIVISION

[G.R. No. 97556, July 29, 1996]

**DAMASO S. FLORES, PETITIONER, VS. COURT OF APPEALS
(THIRTEENTH DIVISION) AND ROLANDO R. LIGON,
RESPONDENTS.**

[G.R. NO. 101152. JULY 29, 1996]

**DAMASO S. FLORES, PETITIONER, VS. COURT OF APPEALS
(FORMER SPECIAL FIFTH DIVISION); HON. BERNARDO P.
ABESAMIS AS PRESIDING JUDGE OF RTC OF QUEZON CITY,
BRANCH 85; HON. MANUELA F. LORENZO AS EX-OFFICIO
SHERIFF OF QUEZON CITY; AND ROLANDO R. LIGON,
RESPONDENTS.**

D E C I S I O N

HERMOSISIMA, JR., J.:

The age old legal principle of immutability of judgments already final and executory, is placed under the crucible of a critical adjudication in this case in view of vital evidence though *post litem motam*. Wisely put, the general rule is that a final judgment of the Supreme Court cannot be altered or modified by the lower court regardless of any occasional injustice. The equity of a particular case must yield to the overmastering need of certainty and unalterability of judicial pronouncements. Any amendment or alteration which substantially affects a final and executory judgment, is null and void for lack of jurisdiction.

The issue posed in this case is: Can the lower court, notwithstanding the foregoing age old principle, render nugatory the writ of execution issued pursuant to a final and executory judgment considering the advent of a supervening event which would render the judgment to be impossible of enforcement?

Before the Regional Trial Court,^[1] private respondent Rolando R. Ligon filed suit^[2] against petitioner Damaso S. Flores for the payment of sums of money. Admittedly, petitioner had been extended loan accommodations by private respondent, the unpaid liabilities of petitioner having amounted to P2,069,700.00 as of September 30, 1985.

Facing up to this court litigation, petitioner entered into a Compromise Agreement with private respondent. The agreement was, as prayed for by both parties, approved and made the basis of a decision^[3] rendered by the court a quo.

Petitioner acknowledged in the Compromise Agreement that he had two (2) separate obligations to private respondent: first, an unsecured obligation in the amount of P1,069,700.00; and second, an obligation in the amount of P800,000.00

secured by a mortgage on a particular property hereinafter referred to as the Parañaque Cockpit Stadium. Both obligations were to earn 4% interest per month. Petitioner also acknowledged that the past due interest up to September 30, 1985 amounted to P200,000.00. The said Compromise Agreement included a commitment on petitioner's part to pay the aforesaid obligations in a series of installments the schedule of which was clearly spelled out in the said agreement.

Petitioner further bound himself, in case of default in the payment of any of the said installments, (1) to pay private respondent within thirty (30) days from date of default; (2) in case of non-payment within and upon expiration of the said 30-day period, to deliver within ten (10) days sufficient collateral or security acceptable to private respondent; (3) in case of non-delivery of such collateral or security, [a] to pay the entire remaining outstanding obligation; [b] to vacate and turn over the possession, use and administration of the Parañaque Cockpit Stadium to private respondent; and [c] to allow the latter to operate and manage the said Parañaque Cockpit Stadium as his own, immediately, if the outstanding unpaid obligation amounted to P500,000.00 or more; or after non-payment within and upon the expiration of a grace period of ninety (90) days, if the outstanding unpaid obligation was P500,000.00 or less. In case of non-compliance by petitioner with any of the aforesaid conditions, private respondent shall be entitled to the immediate issuance of a writ of execution to enforce the provisions of the Compromise Agreement and to collect petitioner's outstanding and unpaid obligation.

To secure the performance of his contractual obligation under the Compromise Agreement, petitioner made it clear that, in case of default, he, as the then lessee-operator of the Parañaque Cockpit Stadium, shall allow private respondent to use, operate, possess and manage the said stadium, to the exclusion of petitioner.

Consequently, in compliance with the Compromise Agreement, petitioner paid the accrued interest in the amount of P200,000.00. He also paid, by cashier's check, P300,000.00 as first installment, which allegedly included interest thereon.

Private respondent encashed said check on March 14, 1986. This notwithstanding, private respondent filed, on March 19, 1986, an ex-parte motion for execution of judgment, allegedly on the ground of violation of the Compromise Agreement; apparently, private respondent believed that such payment fell short of the amount stipulated in the Compromise Agreement.

The court a quo issued an order of execution on March 19, 1986. Reconsideration thereof having been sought by petitioner, execution was postponed in order to give petitioner more time to pay the deficiency balance. All events that transpired after the order of execution were embodied in an order, dated April 10, 1986, from which order petitioner, upon failing to pay within the 15-day grace period, interposed an appeal to the Court of Appeals on April 25, 1986, which appeal was docketed as CA-G.R. CV No. 10259.

In the meantime, on April 18, 1986, private respondent surreptitiously bought the Parañaque Cockpit Stadium, subject of the compromise, from the heirs of Claro Cortes.^[4] Issued in private respondent's name were Transfer Certificates of Title evidencing his ownership of the said property.^[5]

On May 9, 1986, private respondent filed with the court a quo a motion for execution pending appeal. This was granted in a Special Order, dated May 22, 1986. By virtue thereof, private respondent was placed in possession of the Parañaque Cockpit Stadium on May 23, 1986.

A fierce and protracted battle between petitioner and private respondent over possession of the Parañaque Cockpit Stadium thus ensued involving frequent resorts to the appellate courts and the virtual abuse of the resort to temporary restraining orders as a means to win the tug-of-war between the parties.

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On that day, May 23, 1986, petitioner filed with the Court of Appeals^[6] a Petition for Certiorari, docketed as CA-G.R. SP No. 09061, to question the jurisdiction and authority of the trial court to issue the aforementioned Special Order despite petitioner's opposition thereto to the effect that the motion for execution pending appeal had been filed after the appeal had already been perfected.

In an Amended Decision,^[7] the Court of Appeals declared as null and void the Special Order, dated May 22, 1986; quashed the writ of execution, dated May 23, 1986; and ordered private respondent to return or surrender possession of the Parañaque Cockpit Stadium to petitioner.

Aggrieved by the appellate court's decision, private respondent elevated the case^[8] to us. We denied private respondent's petition for lack of merit, initially in a resolution, dated February 23, 1987,^[9] and then with finality in a resolution dated March 10, 1988.^[10]

It is significant to be reminded at this point that still pending before the Court of Appeals was the main appeal filed by petitioner with respect to the order of the trial court, dated April 10, 1986, which order postponed execution of the decision following alleged breach of the Compromise Agreement by petitioner. He nonetheless appealed from such order because the same allegedly altered the provisions of the Compromise Agreement, particularly as regards the computation of interest. That appeal was docketed as CA-G.R. CV No. 10259.

On October 28, 1987, private respondent leased the Parañaque Cockpit Stadium to one Mr. Sergio Ching.

This Court having upheld the decision of the Court of Appeals dispossessing private respondent of the said stadium, petitioner, on April 4, 1988, filed before the court a quo a motion for execution. This was granted and a writ of execution was issued on April 26, 1988. Upon petitioner's motion, a break-open order was also issued on May 2, 1988. The Deputy Sheriff was unsuccessful in placing petitioner in possession of the cockpit stadium because private respondent refused to leave the premises.

On May 16, 1988, private respondent filed with the Court of Appeals a Petition for Review by Certiorari, docketed as CA-G.R. SP No. 14588, assailing the validity of the order of execution. A temporary restraining order was issued as a consequence of which private respondent continued to be in possession of the Parañaque Cockpit Stadium.

In a resolution, dated June 9, 1988, the consolidation of CA-G.R. SP No. 14588 and CA-G.R. CV No. 10259 was effectuated. Decision[11] in said consolidated cases was promulgated on August 9, 1988. In said decision, anent the principal issue of computation of interest raised in CA-G.R. CV No. 10259, the Court of Appeals found petitioner's own computation to be the one truly reflective of the intention of the parties. As to private respondent's submission in CA-G.R. SP No. 14588 that it is legally and physically impossible for him to turn over possession of the Parañaque Cockpit Stadium to petitioner because he has leased the same to Sergio Ching, the Court of Appeals was not persuaded. Said the appellate court:

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'Sergio Ching is a mere transferee or possessor pendente lite and is also bound by the outcome of the case involving his Lessor. As the SUCCESSOR-IN-INTEREST of Ligon, Sergio Ching merely acquired the rights of Ligon at the time the contract was executed so that when the Supreme Court affirmed the Amended Decision of the Court of Appeals, Ching would have to be bound by said Supreme Court Resolution. Hence, enforcement of the Amended Decision is not physically or legally impossible. Petitioner has merely used the Contract of Lease as a shield to frustrate the final Amended Decision of the Court of Appeals. Certainly, a final judgment that has been affirmed by the Supreme Court can not be rendered inutile by the simple and expedient act of Petitioner of leasing out the property subject thereof. If this would be allowed to happen, then there would be no more respect for the law and our courts.'

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Petitioner has relied heavily on his argument that the existence of a Contract of Lease between him and Sergio Ching constitutes a supervening event that would justify the suspension of the execution of the final judgment of the Court of Appeals, citing as his authority the case of Abellana vs. Dosdos, 13 SCRA 244. Private respondent Flores points out the inapplicability of the Abellana case to the instant case, thus:

'In the Abellana case, the event or circumstances which change the rights of the parties thereto consisted in the negotiation initiated by the plaintiff for the barter of the properties respectively owned by them so that the court had the discretion to suspend the enforcement of the execution in order to accommodate the wishes of the parties to the case. In the Abellana case, the plaintiff did not insist in the execution of the judgment. In the instant case, the alleged supervening event was the very creation of the petitioner, purposely designed to frustrate the enforcement of the Amended Decision of the Court of Appeals. It was obviously entered into by petitioner with full knowledge that the Amended Decision of the Court of Appeals will in all probability be affirmed by the Supreme Court. Hence, said contract executed pendente lite will have to be subject to the outcome of the case then pending before the Supreme Court. The respondent court therefore correctly ruled that the petitioner should suffer for his indiscretion. The facts and

