



Republic of the Philippines  
Supreme Court  
Manila

SECOND DIVISION

THE LINDEN SUITES, INC.,

*Petitioner,*

G.R. No. 211969

Present:

PERLAS-BERNABE, *SAJ.*,

*Chairperson,*

HERNANDO,

INTING,

GAERLAN, and

DIMAAMPAO, *JJ.*

- versus -

MERIDIEN FAR EAST  
PROPERTIES, INC.,

*Respondent.*

Promulgated:

OCT 04 2021

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DECISION

**HERNANDO, J.:**

Assailed in this Petition for Review on *Certiorari*<sup>1</sup> are the July 18, 2013 Decision<sup>2</sup> and the March 31, 2014 Resolution<sup>3</sup> of the Court of Appeals (CA) in CA-G.R. SP No. 121311.

The CA affirmed the February 18, 2011 Order<sup>4</sup> of the Regional Trial Court (RTC) denying petitioner Linden Suites Inc.'s (petitioner) Urgent Motion to Examine Judgment Obligor.<sup>5</sup>

<sup>1</sup> *Rollo*, pp. 41-66.

<sup>2</sup> *Id.* at 68-73; penned by Associate Justice Eduardo B. Peralta, Jr. and concurred in by Associate Justices Vicente S.E. Veloso and Jane Aurora C. Lantion.

<sup>3</sup> *Id.* at 75-76.

<sup>4</sup> *CA rollo*, pp. 24-27; penned by Judge Louis P. Acosta.

<sup>5</sup> *Id.* at 163-185.

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**The Antecedent Facts:**

The Linden Suites Inc. (petitioner) filed on November 18, 2005 a complaint<sup>6</sup> for damages against respondent Meridien Far East Properties, Inc. (respondent) before the RTC, Branch 70 of Pasig City,<sup>7</sup> which was docketed as Civil Case No. 69023. Petitioner averred that while doing excavation works for the construction of the Linden Suites in Ortigas, Pasig City, it discovered that the concrete retaining wall of the adjacent building, One Magnificent Mile (OMM), owned by respondent, had encroached on its property line.

Petitioner then informed respondent about the encroachment which, in turn, immediately instructed its workers to remove the same. However, respondent's workers were unable to finish it and a substantial part still needed to be removed. Petitioner was consequently compelled to hire a contractor to complete the demolition. It then demanded payment of the cost of the additional works it conducted in the amount of ₱3,980,468.50, but respondent refused, which led to the filing of the complaint.

The RTC, in its Decision<sup>8</sup> dated November 18, 2005, adjudged respondent liable for the cost of the demolition, actual and compensatory damages, and attorney's fees. The dispositive portion the judgment reads:

WHEREFORE, foregoing premises considered, judgment is hereby rendered ordering the defendant Meridien Far East Properties, Inc. (MFEPJ) to pay plaintiff Linden Suites, Inc. (LSI) the following:

1. PHP3,980,468.50, plus legal interest thereon from the date of final demand, 21 August 2000 until such amount is fully paid;
2. PHP1,000,000.00 as actual and compensatory damages;
3. PHP500,000.00 as and by way of attorney's fees, and the
4. costs of suit.

SO ORDERED.<sup>9</sup>

The CA affirmed the RTC's Decision but modified it by deleting the award of actual and compensatory damages.<sup>10</sup>

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<sup>6</sup> Id. at 77-82.

<sup>7</sup> Stationed in Taguig City.

<sup>8</sup> *Rollo*, pp. 112-118.

<sup>9</sup> Id. at 118.

<sup>10</sup> Id. at 132-141.

In turn, this Court affirmed the CA Decision in a Resolution<sup>11</sup> dated August 27, 2008, there being no reversible error in the assailed judgment. Respondent's subsequent motion for reconsideration<sup>12</sup> was denied by this Court, thus, an Entry of Judgment was subsequently issued on January 23, 2009.<sup>13</sup>

Considering that the RTC Decision had already attained finality, petitioner filed a motion for issuance of a writ of execution<sup>14</sup> before the RTC, which it granted in its Order<sup>15</sup> dated August 6, 2009.

Thereafter, on April 5 and 14, 2010, Sheriff Marco A. Boco attempted to serve the writ on respondent in its office address in Makati City but failed. Petitioner then advised the sheriff to serve the writ to respondent at 2/F, Soho Central Condominium located in Mandaluyong City, its registered address in its 2006 General Information Sheet (GIS) that was filed before the Securities and Exchange Commission (SEC).

On June 3, 2010, Sheriff Boco proceeded to the said condominium to serve the writ. However, Atty. Rufo B. Baculi (Atty. Baculi), the Legal and Administrative Officer of Meridien East Realty and Development Corporation (MERDC), informed him that it was Meridien Development Group, Inc. (MDGI), not respondent, which owned the office in the said address. Atty. Baculi showed a GIS issued by the SEC as proof that the occupant of the said address was indeed MDGI. As a result, Sheriff Boco returned the writ unserved as per Sheriff's Return<sup>16</sup> dated June 18, 2010.

Petitioner observed that the 2006 GIS of respondent and 2009 GIS of MERDC stated the same officers, to wit: (a) Jose E.B. Antonio as Chairman; (b) Ricardo P. Cueva as Chief Executive Officer; (c) Rafael G. Yaptinchay as President; (d) Benito A. Obra, Jr. as Vice-President and President; (e) Efrenilo C. Cayanga as Corporate Secretary; and (f) Ma. Melinda A. Zuniga as Assistant Corporate Secretary. The officers were likewise shareholders of both corporations and had similar residential addresses.

Thus, on November 8, 2010, petitioner filed an Urgent Motion to Examine Judgment Obligor<sup>17</sup> before RTC of Pasig City, the same trial court which rendered the final judgment. It prayed that respondent's officers be directed to appear before the court for an examination of the income and properties owned

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<sup>11</sup> Id. at 142.

<sup>12</sup> Id. at 143.

<sup>13</sup> Id. at 144.

<sup>14</sup> Id. at 119-124.

<sup>15</sup> Id. at 145.

<sup>16</sup> Id. at 160.

<sup>17</sup> Id. at 161-167.

by respondent for the satisfaction of the RTC Decision. Petitioner also sought the grant by the trial court of other reliefs as are just and equitable.

Respondent, on the other hand, argued for the dismissal of the motion alleging that the persons sought to be examined are not the judgment obligors in the RTC Decision. It also claimed that their examination is a violation of the doctrine of separate corporate personality. Respondent further asserted that the officers cannot be required to appear before RTC Pasig City as they reside in Makati City, where respondent's office sits.

### **Ruling of the Regional Trial Court:**

In its Order<sup>18</sup> dated February 18, 2011, the RTC denied petitioner's motion and ruled that respondent's officers cannot be subjected to an examination as they do not reside in its territorial jurisdiction. Further, to call upon the officers to ascertain the properties and income of respondent for purposes of satisfying the execution of the final judgment would be violative of the doctrine of separate juridical entity.

The *fallo* of the RTC Order reads:

WHEREFORE, premises considered, plaintiff's Urgent Motion to Examine Judgment Obligor is hereby DENIED for being devoid of merit.

SO ORDERED.<sup>19</sup>

Petitioner sought a reconsideration<sup>20</sup> but the RTC denied it in an Order<sup>21</sup> dated July 8, 2011. Hence, it filed a Petition for *Certiorari*<sup>22</sup> before the CA arguing that the RTC gravely abused its discretion amounting to lack and/or excess of jurisdiction in issuing the assailed Orders.

### **Ruling of the Court of Appeals:**

In its assailed July 18, 2013 Decision,<sup>23</sup> the CA dismissed the petition for lack of grave abuse of discretion on the part of the RTC. It held that under Section 36, Rule 39 of the Rules of Court, a judgment obligor cannot be compelled to appear before a court or commissioner outside the province or city in which he or she resides or is found.

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<sup>18</sup> Id. at 203-206.

<sup>19</sup> Id. at 206.

<sup>20</sup> Id. at 207-216.

<sup>21</sup> Id. at 231.

<sup>22</sup> Id. at 232-249.

<sup>23</sup> Id. at 68-73.

Applying the said provision, the CA ruled that since respondent's principal business address is in Makati City, it is clearly not within the trial court's territorial jurisdiction. Hence, the RTC of Pasig City cannot compel its officers to appear before the said trial court for an examination or before an appointed commissioner.

The *fallo* of the CA Decision reads:

WHEREFORE, premises considered, the instant Petition for Certiorari dated September 16, 2011 is hereby DISMISSED.

SO ORDERED.<sup>24</sup>

Petitioner's motion for reconsideration was subsequently denied by the CA in its Resolution<sup>25</sup> dated March 31, 2014.

Hence, this Petition for Review on *Certiorari*.

Petitioner argued that the CA erred in interpreting the prohibition under Section 36 which refers to any court except the court which rendered the judgment.

#### Issue

May the RTC, as the court that rendered judgment on petitioner's complaint, examine respondent's officers?

#### Our Ruling

The petition is impressed with merit.

**The RTC's error in judgment is tantamount to grave abuse of discretion amounting to lack or excess of jurisdiction.**

A writ of *certiorari* under Rule 65 is an extraordinary remedy limited to correction of errors of jurisdiction or grave abuse of discretion amounting to lack or excess of jurisdiction.<sup>26</sup> It aims to keep the inferior court within the

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<sup>24</sup> Id. at 72-73.

<sup>25</sup> Id. at 75-76.

<sup>26</sup> *Tagle v. Equitable PCI Bank*, 575 Phil. 384, 396 (2008).

bounds of its jurisdiction or to preclude it from committing grave abuse of discretion amounting to lack or excess of jurisdiction.<sup>27</sup> The burden lies on the petitioner who must prove that the lower court gravely abused its discretion tantamount to lack or excess of jurisdiction.<sup>28</sup> Mere abuse of discretion is therefore not enough to warrant a *certiorari* proceeding.<sup>29</sup>

Grave abuse of discretion is defined as a capricious or whimsical exercise of judgment that is so patent and gross as to amount to an evasion of positive duty or a virtual refusal to perform a duty enjoined by law.<sup>30</sup>

In *Yu v. Judge Reyes-Carpio*,<sup>31</sup> the Court elucidated:

The term “grave abuse of discretion” has a specific meaning. An act of a court or tribunal can only be considered as with grave abuse of discretion when such act is done in a “capricious or whimsical exercise of judgment as is equivalent to lack of jurisdiction.” The abuse of discretion must be so patent and gross as to amount to an “evasion of a positive duty or to a virtual refusal to perform a duty enjoined by law, or to act at all in contemplation of law, as where the power is exercised in an arbitrary and despotic manner by reason of passion and hostility.” Furthermore, the use of a petition for certiorari is restricted only to “truly extraordinary cases wherein the act of the lower court or quasi-judicial body is wholly void.” From the foregoing definition, it is clear that the special civil action of certiorari under Rule 65 can only strike an act down for having been done with grave abuse of discretion if the petitioner could manifestly show that such act was patent and gross. x x x<sup>32</sup>

A judicious review of this case shows that the CA erred when it held that there was no grave abuse of discretion on the part of the RTC in denying petitioner’s motion for examination of respondent’s officers.

**The RTC as the judgment court has supervisory control over the execution of its judgment.**

It is settled that the court which rendered the judgment has supervisory control over the execution of its judgment.<sup>33</sup> It does not, however, give the court the power to alter or amend a final and executory decision in the absence of the recognized exceptions, namely: (a) if there is a need to correct clerical errors which cause no prejudice to any party, (b) void judgments, and; (c) if

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<sup>27</sup> See *id.*

<sup>28</sup> *Intec Cebu Inc. v. Court of Appeals*, 788 Phil. 31, 42 (2016).

<sup>29</sup> See *Estalilla v. Commission on Audit*, G.R. No. 217448, September 10, 2019.

<sup>30</sup> *Cruz v. People of the Philippines*, 812 Phil. 166, 173 (2017).

<sup>31</sup> 667 Phil. 474 (2011)

<sup>32</sup> *Id.* at 481-482.

<sup>33</sup> *Kukan International Corporation v. Reyes*, 646 Phil. 210, 224 (2010).

circumstances transpire after the finality of the decision which render its execution unjust and inequitable.<sup>34</sup>

This Court expounded on the supervisory control of the judgment court in *Kukan International Corporation v. Reyes*,<sup>35</sup> to wit:

In *Carpio v. Doroja*, the Court ruled that the deciding court has supervisory control over the execution of its judgment:

A case in which an execution has been issued is regarded as still pending so that all proceedings on the execution are proceedings in the suit. There is no question that the court which rendered the judgment has a general supervisory control over its process of execution, and this power carries with it the right to determine every question of fact and law which may be involved in the execution.

We reiterated the above holding in *Javier v. Court of Appeals* in this wise: “The said branch has a general supervisory control over its processes in the execution of its judgment with a right to determine every question of fact and law which may be involved in the execution.”

The court’s supervisory control does not, however, extend as to authorize the alteration or amendment of a final and executory decision, save for certain recognized exceptions, among which is the correction of clerical errors. Else, the court violates the principle of finality of judgment and its immutability, concepts which the Court, in *Tan v. Timbal*, defined:

As we held in *Industrial Management International Development Corporation vs. NLRC*:

It is an elementary principle of procedure that the resolution of the court in a given issue as embodied in the dispositive part of a decision or order is the controlling factor as to settlement of rights of the parties. Once a decision or order becomes final and executory, it is removed from the power or jurisdiction of the court which rendered it to further alter or amend it. It thereby becomes immutable and unalterable and any amendment or alteration which substantially affects a final and executory judgment is null and void for lack of jurisdiction, including the entire proceedings held for that purpose. An order of execution which varies the tenor of the judgment or exceeds the terms thereof is a nullity.<sup>36</sup> (Citations Omitted.)

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<sup>34</sup> Id. at 226.

<sup>35</sup> Id.

<sup>36</sup> Id. at 224-226.

The judgment court's supervisory control over the case ensures the enforcement of a party's rights or claims that it has duly recognized. Indeed, a court's mandate to resolve disputes ends upon its adjudication of the litigation. It is only when the party that has secured favorable judgment finally relishes the fruits of its legal calvary that justice may be said to have been duly served. This tenet fortifies a judgment court's so-called supervisory control over decided suits.

Corollarily, Rule 39 of the Rules of Court lays down available remedies and guidelines for the satisfaction of a judgment, including enforcement of a writ of execution, which the winning party may avail of before the judgment court. Among the remedies available to such party to fully enforce the writ of execution is the examination of a judgment obligor.

**A judgment obligee is entitled, as a matter of right, to an order of the court which rendered judgment if the writ of execution issued against the judgment obligor was returned unsatisfied, in whole or in part.**

Section 5 of Rule 135 of the Rules of Court provides that every court has the inherent power to "amend and control its process and orders so as to make them conformable to law and justice". The court, in carrying out its jurisdiction, can thus issue "auxiliary writs, processes and other means necessary to carry it into effect" and to adopt any suitable process or mode of proceeding "which appears conformable to the spirit of the said law or rules".<sup>37</sup>

In *Mejia v. Gabayan*,<sup>38</sup> the Court held:

The general rule is that it is the ministerial duty of the court to order the execution of its final judgment. **However, Rule 135, Section 5(g) of the Rules of Court provides that the trial court may amend and control its process and orders so as to make them conformable to law and justice. It has the inherent power to control, in furtherance of justice, the conduct of its ministerial offices, and of all other persons in any manner connected with a case before it, in every manner appertaining thereto.** The inherent power of the court carries with it the right to determine every question of fact and law which may be involved in the execution. The court may stay or suspend the execution of its judgment if warranted by the higher interest of justice. It has the authority to cause a modification of the decision when it becomes imperative in the higher interest of justice or when

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<sup>37</sup> Section 6, Rule 135, Rules of Court.

<sup>38</sup> 495 Phil. 459-484 (2005).



supervening events warrant it. The court is also vested with inherent power to stay the enforcement of its decision based on antecedent facts which show fraud in its rendition or want of jurisdiction of the trial court apparent on the record. (Emphasis supplied; citations omitted)

In the case at bench, the writ of execution was returned unserved, as shown in the Sheriff's Return dated June 18, 2010. It was therefore imperative for the judgment court to issue an order for examination of respondent after the writ of execution was returned unsatisfied. Such order would have ensured the satisfaction of its judgment, all the more so if it has already attained finality. In other words, the RTC, pursuant to its residual authority, should have issued auxiliary writs and employed processes and other means necessary to execute its final judgment.<sup>39</sup>

Moreover, the RTC disregarded the general prayer for "*other reliefs just and equitable*" by the petitioner in its motion. The general prayer appearing on the motion enables the court to award reliefs supported by the same or other pleadings, by the facts admitted at the trial, and by the evidence adduced by the parties, even if these reliefs are not specifically prayed for in the same.<sup>40</sup>

The trial court should have proceeded to conduct a permissible examination of respondent, through its officers, so as to disclose the properties which can be subjected to execution. The trial court, in denying petitioner's motion, exclusively confined itself with the one and only limitation stated in the provision, thereby ultimately defeating the purpose of the rule, *i.e.* to ascertain the properties or earnings of a judgment obligor that are to be applied to the satisfaction of the judgment.<sup>41</sup> The RTC should have employed other allowable means such as, but not limited to, the submission of documents consisting of a list of properties and income of respondent and the affidavits of concerned officers in relation thereto.

Worse, the RTC's denial to examine respondent curtailed the execution of its very own final judgment, respondent's liability against petitioner having been already duly recognized by this Court. Had the trial court allowed the examination of respondent through other permissible means, its judgment, which had attained finality in 2009, would have long been executed.

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<sup>39</sup> See *Belizario v. Department of Environment and Natural Resources*, G.R. No. 231001 (Resolution), [March 24, 2021].

<sup>40</sup> *Ohoma v. Office of the Municipal Local Civil Registrar of Aguineldo, Ifugao*, G.R. No. 239584, June 17, 2019.

<sup>41</sup> Section 6, Rule 135, Rules of Court.

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**The doctrine of separate juridical personality is inapplicable in the case at bench.**

To recall, one of the grounds for the denial by the RTC of petitioner's motion for examination is that the examination of respondent's officers would constitute a violation of the doctrine of separate juridical personality. The trial court held that the doctrine applies even if the officers would be examined for the sole purpose of ascertaining respondent's properties and income.

The Court finds the trial court's pronouncement misplaced.

The doctrine of separate juridical personality provides that a corporation has a legal personality separate and distinct from those individuals acting for and in its behalf and, in general, from those comprising it.<sup>43</sup> Any obligation incurred by the corporation, acting through its directors, officers and employees, is therefore its sole liability.<sup>44</sup> This legal fiction may only be disregarded if it is used as a means to perpetrate fraud or an illegal act, or as a vehicle for the evasion of an existing obligation, the circumvention of statutes, or to confuse legitimate issues.<sup>45</sup>

The well-settled doctrine is inapplicable in the case at bench. Petitioner wanted the officers to be examined not for the purpose of passing unto them the liability of respondent as its judgment obligor. In fact, it never averred in the motion any intention to make the officers liable for respondent's obligation due to the latter's purported attempts to evade the execution of the final judgment. What is clear therein is that the sole objective of the examination of the officers was to ascertain the properties and income of respondent which can be subjected for execution in order to satisfy the final judgment and nothing else.

In sum, the Court finds that the CA committed reversible error in finding that the RTC did not gravely abuse its discretion when it denied petitioner's motion to examine respondent's officers.

**WHEREFORE**, the petition is **GRANTED**. The July 18, 2013 Decision and the March 31, 2014 Resolution of the Court of Appeals in CA-G.R. SP No. 121311 are hereby **REVERSED and SET ASIDE**. The Regional Trial Court, Branch 70 of Pasig City, is **DIRECTED** to examine respondent's officers in accordance with this Court's Decision.

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<sup>43</sup> *Heirs of Tan Uy v. International Exchange Bank*, 703 Phil. 477, 484-485 (2013).

<sup>44</sup> *Id.*

<sup>45</sup> *Id.*


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**SO ORDERED.**

  
**RAMON PAUL L. HERNANDO**  
Associate Justice

**WE CONCUR:**

*Please see Concurring Opinion  
M.P.R.*  
**ESTELA M. PERLAS-BERNABE**  
Senior Associate Justice  
Chairperson


  
**HENRI JEAN PAUL B. INTING**  
Associate Justice

  
**SAMUEL H. GAERLAN**  
Associate Justice

  
**JAPAR B. DIMAAMPAO**  
Associate Justice

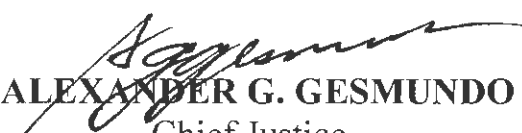
**ATTESTATION**

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

  
**ESTELA M. PERLAS-BERNABE**  
Senior Associate Justice  
Chairperson

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

  
**ALEXANDER G. GESMUNDO**  
Chief Justice