



Republic of the Philippines  
Supreme Court  
Manila

SECOND DIVISION

**METROPOLITAN  
BANK AND TRUST  
CO.,**

Petitioner,

– versus –

**RADIO PHILIPPINES  
NETWORK, INC.,  
INTERCONTINENTAL  
BROADCASTING  
CORP., AND  
BANAHAW  
BROADCASTING  
CORPORATION,  
THRU THE BOARD OF  
ADMINISTRATORS,**  
Respondents.

**G.R. No. 190517**

Present:

LEONEN, *SAJ.*,  
*Chairperson,*  
LAZARO-JAVIER,  
LOPEZ, M.,  
LOPEZ, J., *and*  
KHO, JR., *JJ.*

Promulgated:

JUL 27 2022

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**D E C I S I O N**

**LOPEZ, M., J.:**

The propriety of the order of execution of a money judgment is the core issue in this petition for review on *certiorari* assailing the Court of Appeals

(CA) Decision<sup>1</sup> dated December 8, 2009 in CA-G.R. SP Nos. 91258 and 94171.

### ANTECEDENTS

On February 17, 1995, the Regional Trial Court (RTC) rendered a judgment in Civil Case No. Q-89-3580 ordering Traders Royal Bank (Traders Royal) and Security Bank and Trust Company (Security Bank) to pay actual damages, exemplary damages, and attorney's fees to Radio Philippines Network (RPN), Intercontinental Broadcasting Corporation (IBC), and Banahaw Broadcasting Corporation (BBC),<sup>2</sup> thus:

WHEREFORE, in view of the foregoing considerations, judgment is hereby rendered in favor of the plaintiffs and against the defendants by:

a) Condemning the defendant Traders Royal Bank to pay actual damages in the sum of Nine Million Seven Hundred Ninety Thousand and Seven Hundred Sixteen Pesos and Eighty[-]Seven Centavos ([P]9,790,716.87) broken down as follows:

- |                        |   |               |
|------------------------|---|---------------|
| 1) To plaintiff RPN-9  | - | ₱4,155,835.00 |
| 2) To plaintiff IBC-13 | - | ₱3,949,406.12 |
| 3) To plaintiff BBC-2  | - | ₱1,685,475.75 |

plus interest at the legal rate from the filing of this case in court;

b) Condemning the defendant Security Bank and Trust Company, being the collecting bank, to reimburse the defendant Traders Royal Bank, all the amounts which the latter would pay to the aforementioned plaintiffs;

c) Condemning both the defendants to pay to each of the plaintiffs the sum of Three Hundred Thousand ([P]300,000.00) Pesos as exemplary damages and attorney's fees equivalent to twenty-five percent of the total amount recovered; and

d) Costs of suit.

SO ORDERED.<sup>3</sup>

Traders Royal and Security Bank appealed to the CA docketed as CA-G.R. No. CV 54656. The CA absolved Security Bank from any liability and held Traders Royal solely liable to RPN, IBC, and BBC for damages and costs of suit.<sup>4</sup> Aggrieved, Traders Royal elevated the case to this Court docketed as

<sup>1</sup> *Rollo*, pp. 66–82; penned by Associate Justice Francisco P. Acosta and concurred in by Associate Justices Juan Q. Enriquez, Jr., Priscilla Baltazar-Padilla (retired Member of this Court), and Michael P. Elbinias; and dissented to by Associate Justice Pampio A. Abarintos.

<sup>2</sup> *Id.* at 67; and 173.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.* at 67; 174.

G.R. No. 138510. Meantime, Traders Royal and Bank of Commerce (BankCom) entered into a Purchase and Sale Agreement (PSA). The Bangko Sentral ng Pilipinas approved the agreement on the condition that the parties must set up a ₱50,000,000.00 escrow fund to be kept for fifteen (15) years. Accordingly, Traders Royal deposited the required amount with the Metropolitan Bank and Trust Co. (Metrobank).<sup>5</sup> On October 10, 2002, the Court in G.R. No. 138510 affirmed with modification the CA's judgment in CA-G.R. No. CV 54656. The Court deleted the award of exemplary damages but granted attorney's fees to RPN, IBC, and BBC. The parties' motions for reconsideration were denied. In April 2003, the Court's judgment in G.R. No. 138510 became final and executory.<sup>6</sup>

Thereafter, RPN, IBC, and BBC filed their respective motions before the RTC for the issuance of a writ of execution and subpoena *duces tecum* requiring Metrobank to submit a detailed report of the status of the escrow fund.<sup>7</sup> On March 31, 2004, the RTC granted the motion for issuance of the subpoena. Thus, Metrobank submitted a report showing that the escrow fund had already been depleted.<sup>8</sup> The RTC then issued another subpoena directing BankCom to present the list of Traders Royal's assets and liabilities that it assumed and ordering Metrobank to submit documents of withdrawals from the escrow fund.<sup>9</sup> BankCom and Metrobank moved to quash the subpoena.

On August 15, 2005, the RTC granted the motion for the issuance of a writ of execution on all of Traders Royal's assets, the escrow fund, and the properties included in the PSA,<sup>10</sup> viz:

WHEREFORE, premises considered, [RPN, et al.'s] motion for execution dated 18 July 2003 and supplemental motion for execution dated 20 January 2004, are GRANTED. Accordingly, let a Writ of Execution be issued to execute the judgment, as modified, **against any and all assets of TRB found anywhere in the Philippines**, including those subject of the merger/consolidation in the guise of the Purchase and Sale Agreement with Bank of Commerce, **and/or against the Escrow Fund established by TRB and Bank of Commerce with the Metropolitan Bank and Trust Company.**

SO ORDERED. (Emphases in the original)

Metrobank filed a Motion for Clarification and/or Reconsideration *Ad Cautelam* and asserted that it is not a party in the case and that there is nothing that the RTC could execute against it. Also, Metrobank underscored the RTC's lack of jurisdiction to determine RPN, IBC, and BBC's right to proceed against the escrow fund. On February 22, 2006, the RTC upheld the order of execution and clarified that the escrow account is included only as a possible source of

<sup>5</sup> Id. at 67-68.

<sup>6</sup> Id. at 184-185.

<sup>7</sup> Id. at 12.

<sup>8</sup> Id. at 126; and 131.

<sup>9</sup> Id. at 149-150.

<sup>10</sup> Id. at 165.

funds to satisfy the award. The RTC pointed out its power to determine all issues of facts and law in aid of enforcing the final judgment.<sup>11</sup>

Dissatisfied, BankCom and Metrobank filed petitions for *certiorari* with the CA docketed as CA-G.R. SP Nos. 91258 and 94171. BankCom and Metrobank argued that a separate proceeding against the escrow fund is necessary. On December 8, 2009, the CA dismissed the petitions and ruled that the RTC did not act with grave abuse of discretion when it directed the issuance of a writ of execution against the escrow fund. The determination of whether the escrow fund had been exhausted is a question which the RTC can properly resolve as an incident of the execution of a final judgment.<sup>12</sup>

Hence, this petition for review on *certiorari*. Metrobank questions the RTC's jurisdiction over its person and maintains that it is not a party to the case nor a judgment debtor against whom the money judgment could be enforced. Metrobank insists that any action against the escrow fund must be ventilated in a separate action.<sup>13</sup> On the other hand, RPN, IBC, and BBC argue that the RTC has jurisdiction over Metrobank as Traders Royal's escrow agent. Likewise, the RTC can compel Metrobank to account for and be liable for the funds held in escrow pursuant to its general supervisory control over the process of execution.<sup>14</sup>

## RULING

The petition is partly meritorious.

Prefatorily, it must be stressed that all the issues between the parties are deemed resolved and laid to rest once a judgment becomes final.<sup>15</sup> No other action can be taken on the decision<sup>16</sup> except to order its execution.<sup>17</sup> Here, it is undisputed that the RTC's judgment in Civil Case No. Q-89-3580 declaring Traders Royal liable to pay actual damages and attorney's fees to RPN, IBC and BBC had attained finality. Corollarily, the RTC is correct in issuing a writ of execution. Nevertheless, the RTC should have confined the order of execution in a manner prescribed in the rules. Apropos is Section 9, Rule 39 of the Revised Rules of Court, which provides how judgments for money shall be enforced, to wit:

SEC. 9. *Execution of judgments for money, how enforced.* —

(a) *Immediate payment on demand.* — **The officer shall enforce**

<sup>11</sup> Id. at 213–215.

<sup>12</sup> Id. at 66–82. Penned by Associate Justice Francisco P. Acosta, with the concurrence of Associate Justices Juan Q. Enriquez, Jr., Priscilla Baltazar-Padilla (retired member of the Court), and Michael P. Elbinias. Associate Justice Pampio A. Abarintos dissented.

<sup>13</sup> Id. at 27; 31–34.

<sup>14</sup> Id. at 342–351.

<sup>15</sup> *Ang v. Grageda*, 523 Phil. 830 (2006).

<sup>16</sup> *Natalia Realty, Inc. v. Judge Rivera*, 509 Phil. 178 (2005).

<sup>17</sup> *Times Transit Credit Coop., Inc. v. NLRC*, 363 Phil. 386 (1999).

**an execution of a judgment for money by demanding from the judgment obligor the immediate payment of the full amount stated in the writ of execution and all lawful fees.** The judgment obligor shall pay in cash, certified bank check payable to the judgment obligee, or any other form of payment acceptable to the latter, the amount of the judgment debt under proper receipt directly to the judgment obligee or his authorized representative if present at the time of the payment. The lawful fees shall be handed under proper receipt to the executing sheriff who shall turn over the said amount within the same day to the clerk of court of the court that issued the writ.

If the judgment obligee or his authorized representative is not present to receive payment, the judgment obligor shall deliver the aforesaid payment to the executing sheriff. The latter shall turn over all the amounts coming into his possession within the same day to the clerk of court of the court that issued the writ, or if the same is not practicable, deposit said amounts to a fiduciary account in the nearest government depository bank of the Regional Trial Court of the locality.

The clerk of said court shall thereafter arrange for the remittance of the deposit to the account of the court that issued the writ whose clerk of court shall then deliver said payment to the judgment obligee in satisfaction of the judgment. The excess, if any, shall be delivered to the judgment obligor while the lawful fees shall be retained by the clerk of court for disposition as provided by law. In no case shall the executing sheriff demand that any payment by check be made payable to him.

**(b) Satisfaction by levy. — If the judgment obligor cannot pay all or part of the obligation in cash, certified bank check or other mode of payment acceptable to the judgment obligee, the officer shall levy upon the properties of the judgment obligor of every kind and nature whatsoever which may be disposed of for value and not otherwise exempt from execution giving the latter the option to immediately choose which property or part thereof may be levied upon, sufficient to satisfy the judgment. If the judgment obligor does not exercise the option, the officer shall first levy on the personal properties, if any, and then on the real properties if the personal properties are insufficient to answer for the judgment.**

The sheriff shall sell only a sufficient portion of the personal or real property of the judgment obligor which has been levied upon.

When there is more property of the judgment obligor than is sufficient to satisfy the judgment and lawful fees, he must sell only so much of the personal or real property as is sufficient to satisfy the judgment and lawful fees.

Real property, stocks, shares, debts, credits, and other personal property, or any interest in either real or personal property, may be levied upon in like manner and with like effect as under a writ of attachment.

(c) *Garnishment of debts and credits.* — **The officer may levy on debts due the judgment obligor and other credits, including bank deposits, financial interests, royalties, commissions, and other personal property not capable of manual delivery in the possession or control of third parties.** Levy shall be made by serving notice upon the person owing such debts or having in his possession or control such credits to which the judgment obligor is entitled. The garnishment shall cover only such amount as will satisfy the judgment and all lawful fees.

**The garnishee shall make a written report to the court within five (5) days from service of the notice of garnishment stating whether or not the judgment obligor has sufficient funds or credits to satisfy the amount of the judgment.** If not, the report shall state how much funds or credits the garnishee holds for the judgment obligor. The garnished amount in cash, or certified bank check issued in the name of the judgment obligee, shall be delivered directly to the judgment obligee within ten (10) working days from service of notice on said garnishee requiring such deliver, except the lawful fees which shall be paid directly to the court.

In the event that there are two or more garnishees holding deposits or credits sufficient to satisfy the judgment, the judgment obligor, if available, shall have the right to indicate the garnishee or garnishees who shall be required to deliver the amount due; otherwise, the choice shall be made by the judgment obligee.

The executing sheriff shall observe the same procedure under paragraph (a) with respect to the delivery of payment to the judgment obligee. (Emphases supplied)

Under the rules, the executing officer is required to first demand from the judgment debtors the immediate payment of the full amount stated in the writ of execution and all lawful fees. The executing officer shall demand the payment either in cash, certified bank check or any other mode of payment that is acceptable to the judgment creditor. If the judgment debtors cannot pay the judgment obligation using these methods, they can opt to choose which among their personal properties can be levied upon. If the judgment debtors do not exercise this option immediately or when they are absent or cannot be located, they then waive such right and the executing officer can levy the judgment debtors' personal properties, if any, and then the real properties if the personal properties are insufficient to answer for the judgment.<sup>18</sup> The executing officer may also levy personal property by garnishment by reaching credits belonging to the judgment debtors and owing to them from a stranger to the litigation.<sup>19</sup> In this mode of satisfying the judgment known as garnishment, the executing officer levies on the debts due the judgment debtors including bank deposits, financial interests, royalties, commissions, and other personal property not capable of manual delivery in the possession

<sup>18</sup> *Villarin v. Munasque*, 587 Phil. 257 (2008).

<sup>19</sup> *Caja v. Nanquil*, 481 Phil. 488 (2004).

or under the control of third parties. The levy may be done only if the judgment obligor cannot pay all or part of the obligation in cash or in such other manner acceptable to the judgment obligee.

In this case, the RTC deviated from the manner prescribed in the rules when it directed the enforcement of the money judgment “*against any and all assets of TRB x x x and/or against the Escrow Fund established by TRB and Bank of Commerce with the Metropolitan Bank and Trust Company.*”<sup>20</sup> To reiterate, the execution of a money judgment requires the sheriff to first make a demand on the judgment debtor Traders Royal for the immediate payment of the judgment obligation in cash, certified bank check or any other mode of payment that is acceptable to the judgment creditors RPN, IBC, and BBC. It is only when Traders Royal cannot pay all or part of the obligation may the sheriff resort to the levy of its properties including the escrow fund with Metrobank. In this circumstance, the executing officer must serve a notice upon Metrobank which is then obliged to deliver Traders Royal’s credits to the proper officer issuing the writ. As explained in *National Power Corp. v. Philippine Commercial and Industrial Bank*,<sup>21</sup> it is through the service of the writ of garnishment that the trial court acquires jurisdiction to bind the third person or garnishee to compliance with all its orders and processes, viz:

Garnishment has been defined as a specie of attachment for reaching credits belonging to the judgment debtor and owing to him from a stranger to the litigation. Under this rule, the garnishee [the third person] is obliged to deliver the credits, etc. to the proper officer issuing the writ and “the law exempts from liability the person having in his possession or under his control any credits or other personal property belonging to the defendant x x x if such property be delivered or transferred x x x to the clerk, sheriff, or other officer of the court in which the action is pending.”

A self-evident feature of this rule is that the court is not required to serve summons on the garnishee, nor is it necessary to implead the garnishee in the case in order to hold him liable. As we have consistently ruled, **all that is necessary for the trial court to lawfully bind the person of the garnishee or any person who has in his possession credits belonging to the judgment debtor is service upon him of the writ of garnishment. Through service of this writ, the garnishee becomes a “virtual party” to or a “forced intervenor” in the case, and the trial court thereby acquires jurisdiction to bind him to compliance with all orders and processes of the trial court,** with a view to the complete satisfaction of the judgment of the court.<sup>22</sup> (Emphases supplied.)

Verily, the RTC cannot require Metrobank to comply with all its orders and processes absent the service of a writ of garnishment. Yet, the RTC readily assumed that it has jurisdiction over Metrobank as Traders Royal’s escrow

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<sup>20</sup> *Rollo*, p. 165.

<sup>21</sup> 614 Phil. 506 (2009).

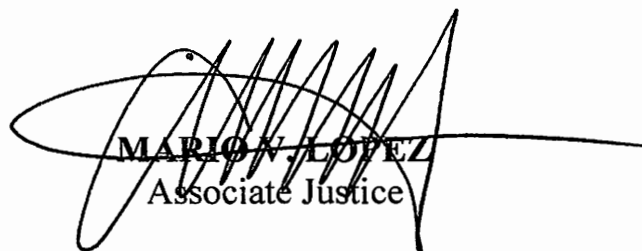
<sup>22</sup> *Supra* at 516.

agent. The RTC even ordered Metrobank to submit a detailed report on the status of the escrow fund and to bring documents of withdrawals from the escrow account. To be sure, the RTC has yet to grant RPN, IBC, and BBC's motion for execution of judgment when it issued the subpoena against Metrobank and prematurely inquired into the status of the escrow account. The prudent course of action for the RTC is to deny the request for subpoena and to issue the order of execution pursuant to Section 9, Rule 39 of the Rules of Court. Indeed, the procedure for the garnishment of debts and credits will allow the RTC to seasonably ascertain the status of the escrow account. The rules require the third person or garnishee to make a written report to the court within five (5) days from service of the notice of garnishment stating whether the judgment debtor has sufficient funds to satisfy the judgment obligation.<sup>23</sup> The written report serves the same purpose as the documents which the subpoena required Metrobank to produce.

On this score, the Court reminds that while the expeditious and efficient execution of court orders and writs is commendable, it should not, under any circumstance, be done by departing from the Rules governing the same.<sup>24</sup> More importantly, every litigation must necessarily come to an end and the prevailing parties must be afforded the fruits of their victory.<sup>25</sup> Notably, this case was decided with finality in 2002 but remains unexecuted up to this day. The Court cannot allow the judgment award to be reduced to a mere empty triumph. The Court now write *finis* to this long legal battle. After all, the execution and satisfaction of the judgment is the life of the law.<sup>26</sup>

**ACCORDINGLY**, the petition is **PARTLY GRANTED**. The Court of Appeals Decision dated December 8, 2009 in CA-G.R. SP Nos. 91258 and 94171 is **AFFIRMED** with **MODIFICATION** in that the Regional Trial Court's Order dated August 15, 2005 is **SET ASIDE** in so far as the escrow fund is concerned.

**SO ORDERED.**

  
**MARIO N. LOPEZ**  
Associate Justice

<sup>23</sup> Section 9(c), Rule 39 of the Rules of Court.

<sup>24</sup> *Miramar Fish Co. Inc. v. Jalon*, 510 Phil. 499 (2005).

<sup>25</sup> *Dizon-Abilla v. Spouses Gobonseng*, 597 Phil. 396 (2009).

<sup>26</sup> *Bongcac v. Sandiganbayan*, 606 Phil. 48 (2009).



**WE CONCUR:**



**MARVIC M.V.F. LEONEN**  
*Senior Associate Justice*  
 Chairperson



**AMY C. LAZARO-JAVIER**  
*Associate Justice*



**JHOSEP Y. LOPEZ**  
*Associate Justice*



**ANTONIO T. KHO, JR.**  
*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.



**MARVIC M.V.F. LEONEN**  
*Senior Associate Justice*  
 Chairperson

**CERTIFICATION**

Pursuant to Section 13, Article VII 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*