

# FIRST DIVISION

[ G.R. No. 226771, September 16, 2020 ]

**NORSK HYDRO (PHILIPPINES), INC., AND NORTEAM SEATRANSPORT SERVICES, PETITIONERS, VS. PREMIERE DEVELOPMENT BANK, BANK OF THE PHILIPPINE ISLANDS, CITIBANK, N.A., SKYRIDER BROKERAGE INTERNATIONAL, INC. AND MARIVIC - JONG BRIONES, RESPONDENTS.**

## DECISION

**REYES, J. JR., J.:**

Assailed in this Petition for Review on *Certiorari*<sup>[1]</sup> under Rule 45 of the 1997 Rule on Civil Procedure are the Orders dated February 19, 2016,<sup>[2]</sup> and August 5, 2016,<sup>[3]</sup> both promulgated by the Regional Trial Court (RTC), Branch 148, Makati City in Civil Case No. 03-1203 entitled "*Norsk Hydro (Philippines), Inc. and Norteam Seatransport Services v. Premiere Development Bank, Bank of the Philippine Islands, Citibank, N.A., Skyrider Brokerage International, Inc. and Marivic-Jong Briones.*" The said Orders resolved to issue a writ of execution against respondents and enjoined them to pay the remaining unpaid obligation amounting to One Million Three Hundred Twenty-Eight Thousand Two Hundred Sixty-Three Pesos and Seven Centavos (P1,328,263.07) with 6% per annum from November 30, 2015 until fully paid, and costs of suit.

The case stemmed from a Complaint for Sum of Money and Damages with an Application for the Issuance of a Writ of Preliminary Attachment filed on October 9, 2003, by petitioners against herein respondents. Petitioners alleged that respondent Skyrider Brokerage International, Inc. (Skyrider Brokerage) did not remit to the Bureau of Customs (BOC) the 19 crossed manager's check transmitted unto it (Skyrider Brokerage) by petitioner Yara Fertilizers (Philippines), Inc. [formerly known as Norsk Hydro (Philippines), Inc.], for the purpose of payment of the custom duties and taxes for the fertilizers that were imported by the latter.

On April 14, 2010, the RTC rendered a Decision<sup>[4]</sup> finding respondents Security Bank Corporation (formerly known as Premiere Development Bank), Skyrider Brokerage, Marivic-Jong Briones (Jong-Briones), and the Bank of the Philippine Islands (BPI) jointly and severally liable to petitioners for the amount of P26,176,006.06 covering the 18 crossed manager's checks purchased from the BPI, plus interest; finding respondents Security Bank Corporation (Security Bank), Skyrider Brokerage, Jong-Briones and the Citibank, N.A. (Citibank) jointly and severally liable to petitioners for the amount of P1,907,784.00 covering the Citibank Manager's Check No. 338583 dated November 16, 2001, plus interest; finding respondents BPI and Citibank to have the right to claim reimbursement against respondent Security Bank for whatever amounts they would be obligated to pay herein petitioners; dismissing respondent Security Bank's counterclaim against petitioners for lack of merit; finding respondents Security Bank and Skyrider

Brokerage jointly and severally liable to petitioners for the amount of P400,000.00 as exemplary damages, and; finding respondents Security Bank, Skyrider and Jong Briones jointly and severally liable to petitioners for the amount of P400,000.00 as moral damages, P700,000.00 as attorney's fees and litigation expenses, and costs of suit.

Upon appeal, the appellate court rendered a Decision<sup>[5]</sup> dated November 20, 2014, denying respondents' appeal and dismissing the instant case for lack of merit. The appellate court affirmed the findings of the RTC that respondents acted in gross, wanton, and inexcusable negligence in the unauthorized encashment and conversion of the subject checks, to the prejudice of herein petitioners.

Unsatisfied, respondents filed their Petition for Review on *Certiorari* before this Court on January 27, 2015. On March 16, 2015, this Court issued a Resolution denying the instant petition "for failure to sufficiently show that the appellate court committed any reversible error in the challenged decision as to warrant the exercise by the Court of its discretionary appellate jurisdiction."

Since no motion for reconsideration was filed, the Resolution dated March 16, 2015, became final and executory and a corresponding Entry of Judgment dated May 26, 2015, was issued by this Court thereon.

Thus, on September 18, 2015, petitioners filed a Motion for Execution of the Decision dated April 14, 2010, issued by the RTC and prayed that they be awarded the amount of P109,460,770.61.

Petitioners asserted that in the absence of an expressed stipulation as to the rate of interest that should govern the parties, the legal interest to be imposed or the actual damages awarded in their favor should be 12% per annum, compounded annually from the date of extrajudicial demand up to June 30, 2013. The legal interest to be imposed from July 1, 2013, until full payment by the respondents of their obligation should be six percent (6%) per annum, compounded annually, by virtue of Bangko Sentral ng Pilipinas (BSP) Circular No. 799-13, which fixed such legal interest to the same.

In its Comment, respondent Security Bank contended that the interest on the actual damages awarded should only be imposed at 6% per annum from the date of finality of the Decision on May 26, 2015, until the obligation is fully paid, considering that respondents' obligation did not arise from a loan or forbearance of money, but as a result of fraud and negligence. Furthermore, there is no basis to impose compounding interest on the said damages, and that the Decision dated April 14, 2010, did not impose interest for the other damages awarded to petitioners, *e.g.*, moral and exemplary damages, and attorney's fees.

### **Ruling of the RTC**

On February 19, 2016, the RTC issued an Order<sup>[6]</sup>, granting the Motion for Execution and ordered that a writ of execution be issued in favor of petitioners, to wit:

Accordingly and in accordance with the foregoing discussions, defendants['] remaining obligation under the subject Decision as of

November 30, 2015 should be computed as follows:

**Computation of legal interest due on the Actual Damages Awarded in the amount of [P]28,083,790.02 from judicial demand to finality of judgment**

Period Covered: October 09, 2003 (date of judicial demand) - May 26, 2015 (date of finality of the decision)

$P28,083,790.02 \times 6\% \times 11 \text{ years, } 7 \text{ months and } 17 \text{ days} = P19,596,714.72$

P19,596,714.72 - interest due on the actual damages from judicial demand up to finality of judgment

+ P28,083,790.02 - actual damages awarded (value of the Manager's checks)

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**P47,680,504.74** - principal amount with interest due as of May 26, 2015.

**Computation of legal interest due on the actual damages from date of finality of judgment until November 30, 2015**

Period Covered: May 26, 2015 to November 30, 2015

$P47,680,504.74 \times 6\% \times 6 \text{ months } \& \text{ } 4 \text{ days} = P1,461,766.68$

P1,461,766,68 - interest due from the finality of judgment until November 30, 2015

+ P47,680,504.74 - principal amount with interest due as of May 26, 2015

P49,142,271.42 - Total amount due with legal interest from October 9, 2003 to November 30, 2015.

**Computation of legal interest due on the Moral and Exemplary Damages Awarded in the amount of P400,000.00 each from the date of decision until its finality**

Period Covered. April 14, 2010 (date of Decision) to May 26, 2015 (finality of the decision).

$P400,000[.00] \times 6\% \times 5 \text{ years, } 1 \text{ month and } 12 \text{ days} = P122,789[.00]$

P400,900[.00] - moral damages awarded

P122,789[.00] - interest due on the moral damages from the date of the decision until its finality.

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P522,789[.00] - moral damages due with interest from rendition of the subject decision until finality.

**Computation of legal interest on moral damages from the date of finality until November 30, 2015.**

Period Covered: May 26, 2015 (finality of decision) to November 30, 2015

$P522,789[.00] \times 6\% \times 6 \text{ months} \ \& \ 7 \text{ days} = P16,027.46$

P522,789[.00] - moral damages due with interest from rendition of the subject decision until its finality

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P16,027.46 - interest due on the moral damages awarded from finality of decision until November 30, 2015

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**P538,816.46** - total moral damages due with interest from April 14, 2010 until November 30, 2015.

The aforesaid amount is also similar to the exemplary damages due as of November 30, 2015 since both moral and exemplary damages [amount] to P400,000[.00] each.

**Computation of legal interest on Attorney's fees from the date the decision was rendered until its finality**

Period Covered: April 14, 2010 (date of the decision was rendered) to May 26, 2015 (date of finality of the decision)

$P700,000[.00] \times 6\% \times 5 \text{ years}, \ 1 \text{ month} \ \& \ 12 \text{ days} - P214,880.84$

P214.880.84 - interest due on the attorney's fees awarded from the date of the decision until its finality

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P700,000[.00] - Attorney's fees awarded by the Court

**P914,880.84** - Attorney's fees with interest from the date of the decision until its finality

**Computation of legal interest on Attorney's fees from the date of the finality of the decision until November 30, 2015.**

P914,880.84 x 6% x 6 months & 1 day = P27,696.79

P27,696.79 - interest due on the attorney's fees from the date of finality of the Decision until November 30, 2015.

P914,880.84 - Attorney's fees with interest from the date of decision until its Finality

P942,477.63 - Total amount of Attorney's fees from April 10, 2010 (date of decision) until November 30, 2015.

**Total Monetary Award due to the plaintiffs as of November 30, 2015.**

+ P49,142,271.42 - Actual Damages with interest

P538,816.46 - Moral Damages with interest

P538,816.46 - Exemplary damages with interest

P942,477.63 - Attorney's fees

- **P51,162,381.97** - amount paid by the defendant SBC duly  
P49,834,118.90 acknowledged by the plaintiffs

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**P1,328,263.07 - remaining unpaid obligation of the  
defendants as of November 30, 2015.**

Base[d] on the foregoing, the remaining unpaid obligation of the defendants as of November 30, 2015 is P1,328,263.07. The said amount is without prejudice to any additional interest that may properly be imposed until full payment or satisfaction of the obligation.

**WHEREFORE,** premises considered, the Motion for Execution is **GRANTED.**

Accordingly, based on the abovementioned computation and taking into consideration the payment made by the defendant SBC (formerly Premiere Bank), let a writ of execution be issued on the remaining unpaid obligation of the defendant as of November 30, 2015 in the amount of P1,328,263.07, with interest of 6% per [*annum*] beginning on said date and until fully paid, plus cost of suit. The Deputy Sheriff of this Court is hereby ordered to implement the writ.

**SO ORDERED**

The RTC ruled that since there was no definite finding as to when the final demand made by petitioners were actually received by the respondents. It found proper to impose the legal interest on the actual damages from the time of judicial demand, or from the time of the filing of the instant complaint on October 9, 2003, up to the