

## SECOND DIVISION

[ G.R. No. 199654, October 03, 2018 ]

**ISIDRO A. BAUTISTA, PETITIONER, V. TERESITA M. YUJUICO,  
RESPONDENT.**

### DECISION

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

This is a petition for review on *certiorari*<sup>[1]</sup> filed under Rule 45 of the Rules of Court, praying for the reversal of the Court of Appeals' (CA) Decision<sup>[2]</sup> dated December 8, 2011 in CA-G.R. CR No. 32900. In this decision, the CA affirmed the Decision dated November 3, 2008 of the Regional Trial Court (RTC) of Manila,<sup>[3]</sup> finding petitioner Isidro A. Bautista (Isidro) liable for indirect contempt of court, and directing him to pay a fine of Thirty Thousand Pesos (Php 30,000.00), attorney's fees in the same amount, plus the costs of suit.

#### Factual Antecedents

This case arose from a complaint for expropriation filed by the City of Manila against respondent Teresita M. Yujuico (Teresita). Teresita was the registered owner of a property with an approximate area of 3,979.10 square meters (subject property),<sup>[4]</sup> covered by Transfer Certificates of Title Nos. 71541, 71548, 24423, 71544 and 71546, situated along Solis Street, near Juan Luna Street, in Manila's Second District.<sup>[5]</sup> The City of Manila intended to use the subject property for the construction of the Francisco Benitez Elementary School.<sup>[6]</sup> For this purpose, the City Council of Manila enacted an ordinance, which provided that an amount equivalent to the current fair market value of the subject property will be allocated out of the Special Education Fund.<sup>[7]</sup> The case was docketed as Civil Case No. 96-79699, and raffled to Branch 15 of the RTC of Manila.

The complaint for expropriation was granted in the Decision dated June 30, 2000 of the RTC, which fixed the fair market value of the subject property at Php 18,164.80 per sq m, while the improvements were valued at Php 978,000.00. In total, the City of Manila was directed to pay the amount of Php 73,257,555.00 as just compensation for the subject property and its improvements, minus the amount of Php 5,363,289.00 already deposited with the trial court. This means that the City of Manila was liable for the balance of Php 67,894,266.00, with interest at the rate of 6% *per annum* from the time the City of Manila took possession of the subject property on July 15, 1997, until its full payment to Teresita.<sup>[8]</sup>

The judgment on just compensation became final and executory. On June 28, 2001, the RTC of Manila issued a Writ of Execution commanding the deputy sheriff to commence the execution of the Decision dated June 30, 2000.<sup>[9]</sup> The sheriff

thereafter served a Notice of Garnishment on the funds of the City of Manila in the Land Bank of the Philippines, YMCA Branch, Manila (Land Bank, YMCA Branch).<sup>[10]</sup>

The City of Manila moved to quash the notice of garnishment. But the RTC denied this motion in its Order dated August 2, 2001 on the basis of the City of Manila's earlier manifestation. Its manifestation before the trial court pertained to the appropriation made by the City School Board (CSB) of Manila, in the amount of Php 36,403,170.00, for the expropriation of the subject property. Since Teresita has received the amount of Php 5,363,289.00 earlier deposited with the trial court, the RTC directed the release of the remaining amount of Php 31,039,881.00 deposited with Land Bank.<sup>[11]</sup>

The trial court further directed the CSB to pass a resolution for the payment of the remaining balance due to Teresita within 30 days from notice. The order was served on the CSB of Manila on August 3, 2001.<sup>[12]</sup>

On August 14, 2001, Teresita followed up the status of CSB's compliance with this directive. She likewise submitted a manifestation with the trial court on August 30, 2001, requesting the City of Manila and the CSB to notify her once they have passed the required resolution.<sup>[13]</sup> Regrettably, the 30-day period lapsed but neither the City of Manila nor the CSB replied to Teresita. She thus sent a formal letter of demand on September 10, 2001, seeking their compliance with the RTC's Order dated August 2, 2001.<sup>[14]</sup>

Teresita also filed a petition for *mandamus* on June 7, 2002, impleading the officials and members of the CSB as respondents.<sup>[15]</sup> In her petition, Teresita sought to compel the passage of a resolution appropriating the necessary amount for the payment of the remaining balance of the just compensation awarded in her favor.<sup>[16]</sup> The *mandamus* petition was docketed as Civil Case No. 02-103748, and assigned to Branch 15 of the RTC of Manila.

In a Decision<sup>[17]</sup> dated October 9, 2002, the trial court granted Teresita's petition for *mandamus*, and directed the CSB to pass the resolution for the appropriate amount:

WHEREFORE, premises considered, the petition is GRANTED, and the [CSB] are hereby ordered to immediately pass a resolution appropriating the necessary amount; and the corresponding disbursement thereof, for the full and complete payment of the remaining balance of the court-adjudged compensation due and owing to [Teresita].

SO ORDERED.<sup>[18]</sup>

The CSB moved for the reconsideration of this decision but the trial court denied this motion. The Decision dated October 9, 2002 granting the petition for *mandamus* eventually became final and executory. Teresita moved for the execution of this judgment, which the trial court granted in its Order<sup>[19]</sup> dated March 12, 2003.

On March 14, 2003, the CSB filed a petition for relief from judgment, with a prayer for the issuance of a temporary restraining order and a writ of preliminary injunction. The CSB argued that, due to excusable negligence, they failed to appeal from the judgment of the trial court granting the petition for *mandamus*. While the

prayer for injunctive relief was denied, the trial court nonetheless granted the CSB's petition for relief in an Order<sup>[20]</sup> dated June 25, 2004.

Aggrieved, Teresita challenged the trial court's Order dated June 5, 2004 before this Court via a petition for review on *certiorari* under Rule 45 of the Rules of Court.<sup>[21]</sup> The case was docketed as G.R. No. 164282, entitled "*Teresita M. Yujuico v. Hon. Jose L. Atienza, Jr., et al.*"

In a Decision promulgated on October 12, 2005, the Court ruled that it was improper for the trial court to grant the CSB's petition for relief from judgment. The Court rejected the CSB's argument that the failure of the clerk from the Office of the City Legal Officer (OCLO) of Manila to notify the handling lawyer is "a pardonable oversight."<sup>[22]</sup> The Court therefore held that:

WHEREFORE, the petition is GRANTED. The Order of the trial court dated 25 June 2004, granting respondents' Petition for Relief from Judgment is REVERSED and SET ASIDE and **its Decision dated 9 October 2002, ordering respondents to immediately pass a resolution for the payment of the balance of the court-adjudged compensation due petitioner, is REINSTATED.**

Let a copy of this Decision be furnished the [CA] for its information and guidance in relation to CA-G.R. No. 86692 entitled *Teresita M. Yujuico v. Hon. Jose L. Atienza, Jr., et al.*

**SO ORDERED.**<sup>[23]</sup> (Emphasis Ours)

The Court's ruling in G.R. No. 164282 eventually attained finality, and an Entry of Judgment was issued on February 8, 2006.<sup>[24]</sup> On April 25, 2006, Teresita again moved for the execution of judgment, which the CSB opposed.<sup>[25]</sup> The trial court denied the CSB's opposition and granted Teresita's motion. In its Order dated June 6, 2006, the RTC directed the issuance of a writ of execution,<sup>[26]</sup> which ordered the sheriff of Branch 15, RTC of Manila to execute the judgment.<sup>[27]</sup>

In the meantime, on October 16, 2007, the CSB issued Resolution No. 700, series of 2007, which resolved to pay the amount of Php37,809,345.47 to Teresita as complete payment for the expropriation of the subject property.<sup>[28]</sup>

Following this resolution, a Notice of Garnishment dated January 11, 2008 was sent to the Land Bank, YMCA Branch, addressed to the attention of Branch Manager Isidro, garnishing CSB's properties in the possession of the bank.<sup>[29]</sup> On January 17, 2008, a Sheriff's Report was issued stating that neither the Land Bank nor Isidro, has replied to the order of garnishment.<sup>[30]</sup>

Notably, prior to the issuance of the sheriff's report, the Assistant Vice President of Land Bank, Atty. Rosemarie M. Osoteo (Atty. Osoteo), sent a letter dated January 16, 2008 to the sheriff, in response to the notice of garnishment. In this letter, Atty. Osoteo informed the sheriff that the CSB "does not have any existing garnishable/leviable account, property or asset with [Land Bank, YMCA Branch] as of this date."<sup>[31]</sup> Atty. Osoteo further stated that despite the issuance of Resolution No. 700, they have no record of any deposit account in the name of the City of Manila that was opened for purposes of paying the claim. She likewise informed the

sheriff that the Notice of Garnishment was referred to the City of Manila for appropriate action.<sup>[32]</sup>

Having failed to obtain the payment of just compensation, Teresita filed a Motion for Examination pursuant to Sections 36 to 38, Rule 39 of the Rules of Court.<sup>[33]</sup> The trial court granted the motion in its Order<sup>[34]</sup> dated February 11, 2008.

The examination proceeded on February 28, 2008. During this hearing, Isidro testified that upon receiving the Notice of Garnishment dated January 11, 2008, he referred the matter to the Land Bank Litigation Department.<sup>[35]</sup> Isidro further stated that the City of Manila maintained an account with the YMCA Branch, which was denominated as the Special Education Fund (SEF), an account separate from the General Fund.<sup>[36]</sup>

On April 28, 2008, the trial court issued an Order directing the Land Bank, YMCA Branch to apply the amount stated in CSB Resolution No. 700 for the satisfaction of the award of just compensation to Teresita, viz.:

Considering that the [CSB] had already issued Resolution No. 700 Series of 2007, approving the release of P37,809,345.47 for the expropriation of the 2,834.1[-sq-m] lot currently occupied by the Francisco Benitez Elementary School, the branch manager of Land Bank YMCA Branch is hereby directed to apply the said amount to the satisfaction of the judgment in this case pursuant to Section 40, Rule 39 of the Rules of Court.

SO ORDERED.<sup>[37]</sup>

On April 30, 2008, the sheriff issued a Notice to Deliver Amount of Judgment and/or Follow Up in Garnishment, addressed to the Manager of the Land Bank, YMCA Branch.<sup>[38]</sup>

On the same day, the sheriff attempted to serve a copy of the Order dated April 28, 2008 and the Notice dated April 30, 2008 to Isidro. Since Isidro was out of their office at that time, the sheriff made a second attempt to personally serve the order on May 2, 2008.<sup>[39]</sup>

On May 5, 2008, the OCLO of Manila, through Atty. Renato G. Dela Cruz (Atty. Dela Cruz), sent a letter to Isidro in reference to the garnishment of the City of Manila's SEF.<sup>[40]</sup> Atty. Dela Cruz stated in his letter that the disbursement of funds cannot be allowed unless the certificates of title over the subject property are transferred in the name of the City of Manila. Since Teresita supposedly refused to surrender the owner's duplicate copy of the titles, the City of Manila was compelled to stop the order of payment. Atty. Dela Cruz further stated that the local officials concerned may be held liable if the payment or the garnishment of the amount should push through without the prior transfer of the title.<sup>[41]</sup>

Consequently, the Land Bank, through Atty. Osoteo, replied to the sheriff in a letter dated May 7, 2008. Atty. Osoteo stated that since the subject funds are public property, the account of the City of Manila may not be garnished.<sup>[42]</sup> Also, considering the earlier objections of the OCLO of Manila, Atty. Osoteo informed the

sheriff that they cannot release the amount of Php 37,809,345.47. The sheriff was then advised to coordinate with the City of Manila for this purpose.<sup>[43]</sup>

Failing again to execute the judgment, the sheriff submitted his report dated May 8, 2008, which stated that Isidro refused to comply with the order unless there is a specific direction from the OCLO of Manila.<sup>[44]</sup> Unsatisfied with the action of Land Bank, Teresita filed a Petition for Indirect Contempt dated May 15, 2008, impleading Isidro in his capacity as the Branch Manager of the Land Bank, YMCA Branch.<sup>[45]</sup> She argued that Isidro unjustifiably failed to comply with the lawful orders of the trial court directing the payment of just compensation in her favor. Teresita thus prayed to hold Isidro liable for indirect contempt and for the award of damages in the amount of Php 500,000.00.<sup>[46]</sup>

Isidro filed his Comment on June 26, 2008.<sup>[47]</sup> Thereafter, the trial court conducted oral arguments on the petition for indirect contempt on June 30, 2008.<sup>[48]</sup> The parties were also granted 30 days to submit their respective memoranda.<sup>[49]</sup>

### **Ruling of the RTC**

After the submission of their memoranda, the RTC promulgated its Decision<sup>[50]</sup> dated November 3, 2008, granting the petition for indirect contempt:

WHEREFORE, premises considered, judgment is hereby rendered finding [ISIDRO], Branch Head of Land Bank-YMCA Branch, Guilty of indirect contempt under Sections 3(b) and (d), Rule 71 of the Rules of Court. He is hereby ordered to pay a fine of Thirty Thousand Pesos (P30,000.00) upon the finality of this judgment.

[Isidro] is also ordered to pay attorney's fees in the amount of P30,000.00 plus costs of suit.

SO ORDERED.<sup>[51]</sup>

The trial court ruled that there was no justifiable reason for the Land Bank, YMCA Branch, through its Branch Manager Isidro, to refuse compliance with the order of payment of just compensation.<sup>[52]</sup> The City of Manila already has an existing fund with the Land Bank for this purpose.<sup>[53]</sup> Isidro therefore should have complied with the directive to release the amount to Teresita.

Disagreeing with the decision of the RTC, Isidro moved for the reconsideration of its Decision dated November 3, 2008.

Pending the resolution of Isidro's motion in the indirect contempt case, a Notice of Garnishment/Follow-up in Garnishment and/or to Deliver Amount of Judgment dated November 5, 2008, was again sent to Isidro in relation to the *mandamus* case.<sup>[54]</sup> This was soon followed by a Sheriff's Notice to Deliver Money Judgment on November 19, 2008.<sup>[55]</sup>

When the sheriff failed to secure the payment of just compensation, he submitted his report dated November 20, 2008 to the trial court where he observed that:

On this date, November 20, 2008, in accompany of Mr. Roberto Dayao (*sic*), [Teresita's] authorized representative, we talked anew with