

SECOND DIVISION

[G.R. No. 174542, August 03, 2015]

**KAREN GO, PETITIONER, VS. LAMBERTO ECHAVEZ,
RESPONDENT.**

DECISION

BRION, J.:

Before this Court is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court assailing the March 30, 2006 Decision^[1] and August 15, 2006 Resolution^[2] of the Court of Appeals^[3] (CA) in CA-G.R. No. SP No. 77310.

The assailed CA decision dismissed the Petition for *Certiorari* and Prohibition^[4] under Rule 65 of the Rules of Court, and ruled that Branch 39 of the Regional Trial Court (RTC) of Misamis Oriental committed no grave abuse of discretion in: (i) granting the respondent's Motion for Execution, and in issuing the Writ of Execution on May 12, 2003; and (ii) denying the petitioner's Motion for Reconsideration^[5] on May 27, 2003. The challenged CA resolution, on the other hand, denied the petitioner's Motion for Reconsideration.

The Antecedents

Petitioner Karen Go (Go) is engaged in buying and selling motor vehicles and heavy equipment under the business name Kargo Enterprises (*Kargo*). Nick Carandang (*Carandang*) is Kargo's Manager at its General Santos City Branch.^[6]

On December 20, 1996, Kargo^[7] and Carandang entered into a Contract of Lease with Option to Purchase^[8] (*lease contract*) over a Fuso Dropside Truck (*truck*). The lease contract stipulated that Kargo would execute a Deed of Absolute Sale over the truck upon Carandang's full payment of five equal monthly installments of P78,710.75.^[9] If he failed to pay any of the installments, Carandang should return the truck and forfeit his payments as rentals. The lease contract also prohibited Carandang from assigning his rights, as lessee-buyer, to third persons.^[10]

Carandang failed to pay the installments^[11] prompting Go to demand the return of the truck.^[12] Carandang, instead of returning the truck, sold it to respondent Lamberto Echavez (*Echavez*) without Go's knowledge. Later, Go learned about the sale but did not know to whom the truck was sold.^[13] Hence, on April 30, 1997, Go filed before the RTC a Complaint^[14] for Replevin, docketed as Civil Case No. 97-271, against Carandang and John Doe.^[15]

The RTC issued the Writ of Replevin; and on May 17, 1997, the sheriff seized the

truck from Echavez.^[16]

On August 5, 1997, Echavez filed his Answer^[17] with Cross-Claim and Counterclaim. Echavez denied knowledge of the lease contract, and claimed that he bought the truck in good faith and for value from Kargo through Carandang.^[18] According to Echavez, Go could not deny Carandang's authority to sell Kargo's trucks because she represented to the public that Carandang was Kargo's manager.

In his counterclaim,^[19] Echavez alleged that from the time the truck was seized, he had missed many of his deliveries for his seeds and fertilizer business **causing him actual damages in terms of unrealized income amounting to P10,000.00 per week**. For his cross-claim, Echavez prayed that Carandang should be held liable if the RTC ruled in Go's favor.^[20]

Carandang, however, failed to answer the Complaint and the Cross-claim despite receipt of summonses. Hence, the RTC declared him in default.

After trial on the merits, the RTC held Go and Carandang solidarity liable to Echavez for damages. The RTC found that: (i) Echavez purchased the truck from Kargo, through Carandang, in good faith and for value; and (ii) Go is estopped from denying Carandang's authority to sell the truck. The dispositive portion of the **February 11, 2000 Judgment** reads:

WHEREFORE, in view of the foregoing and considering the preponderance of evidence in favor of the defendant Lamberto Echavez, the complaint against him is hereby DISMISSED. Upon convincing proof of the counterclaim, judgment is hereby rendered ordering the plaintiff and defendant Nick Carandang to jointly and severally pay or indemnify herein defendant Lamberto Echavez of the following:

1. ***P10,000.00 per week as actual damages from the time the subject motor vehicle was seized from defendant Echavez, that is, on May 17, 1997;***
2. P300,000.00 by way of moral damages;
3. P50,000.00 as exemplary damages;
4. P50,000.00 as litigation expenses and P50,000.00 as attorney's fees, exclusive of the sum of P3,000.00 as appearance fee for every hearing. The damages and attorney's fees awarded by the Court is pursuant to the ruling by the Supreme Court in National Power Corporation vs. CA, GR# 122195, July 23, 1998; ***and to restitute unto defendant Lamberto Echavez the motor vehicle seized on replevin*** or to refund to the said defendant, the payment made for the said vehicle and to pay the costs. [Emphasis supplied.]

On February 29, 2000, Go moved for reconsideration arguing that the RTC failed to consider the Lease Contract, and that the actual damages awarded to Echavez were not supported by evidence.^[21]

On April 17, 2000, the RTC granted in part Go's Motion for Reconsideration holding Carandang liable to Go for the truck's value^[22] plus damages. The RTC, however, maintained that Echavez is entitled to his counterclaim.^[23] Thus, the April 17, 2000 Order preserved the dispositive portion of the February 11, 2000 Judgment but added a new paragraph ordering Carandang to pay Go damages, litigation expenses, and attorney's fees.^[24]

On April 25, 2000, Go appealed the Judgment to the CA, docketed as **C.A. G.R. No. CV-68814**.

Meanwhile, on Echavez's motion, the RTC allowed partial execution of the Judgment pending appeal. *Thus, on May 5, 2000, Go delivered to Echavez another truck as substitute for the truck previously seized.*^[25]

On June 4, 2002, **CA. G.R. No. CV-68814** was dismissed since Go had failed to serve and file the required number of copies of her appellant's brief.^[26] Go moved for reconsideration, but the CA denied her motion. Thus, on October 2, 2002, the CA entered in its book of entries the dismissal of CA. G.R. No. CV-68814.^[27]

On April 8, 2003, Echavez moved for execution of the RTC's Judgment. Before the RTC could act on the Motion for Execution, Go filed a **Motion for Clarification**^[28] alleging that the P10,000.00 per week award: (i) will roughly amount to P1,600,000.00, which is more than double the truck's value; (ii) erroneously assumed that the truck was "continually (sic) hired and running without maintenance for a period of nearly three years"; (iii) "is not an 'actual' damage;" and (iv) is inequitable, highly speculative, and will unjustly enrich Echavez. Pending clarification, Go prayed that the RTC hold the issuance of the writ of execution.

Echavez opposed Go's motion for being dilatory.

In her Reply with **Manifestation**,^[29] Go argued that the February 11, 2000 Judgment, as modified by the April 17, 2000 Order, is unenforceable because it contains materially conflicting rulings. Go argues that since the RTC held Carandang liable on the lease contract, it also upheld the provision^[30] prohibiting Carandang from assigning his rights to third persons. In effect, the RTC invalidated Carandang's transfer of the truck to Echavez and recognized Go's ownership. Thus, the counterclaim should be dismissed because Go, as owner, had the right to recover the truck from Echavez.

On May 12, 2003, RTC Judge Downey C. Valdevilla denied Go's Motion for Clarification and Manifestation, and issued the Writ of Execution. Go moved for reconsideration, but the RTC denied her motion.

On June 4, 2003, Go filed with the CA a Petition for Certiorari and Prohibition with Preliminary Injunction & Temporary Restraining Order alleging that the RTC

committed grave abuse of discretion amounting to lack or excess of jurisdiction in executing a Judgment that: (i) contains materially conflicting rulings; and (ii) will result in Echavez's unjust enrichment. Go prayed that the CA stop the RTC from implementing the Writ of Execution.

The CA's Decision

In its Decision dated March 30, 2006, the CA denied Go's petition for *certiorari*.

The CA ruled that the RTC's Judgment does not contain materially conflicting rulings. Go merely failed to grasp the correctness of the ruling.^[31]

The CA reminded Go that in the main case, she sued two defendants: (i) Carandang, in his capacity as buyer of the truck; and (ii) Echavez, as possessor and owner of the truck.^[32] According to the CA, the RTC can give due course to the complaint against Carandang and dismiss it in so far as Echavez is concerned.^[33] This is because, unlike Carandang, Echavez successfully proved his defense and counterclaim.^[34] Considering that there is nothing to clarify, the RTC's execution of Judgment did not constitute abuse, much less grave abuse of discretion.

The CA opined that the award of P10,000.00 per week as actual damages is exorbitant. However, it admitted that its opinion no longer matters because the Judgment had already become final.

Go moved for reconsideration, but the CA denied her motion.

The Petition for Review on Certiorari

Go claims that the RTC decided the case contrary to law, jurisprudence, and regular procedure calling for the exercise of this Court's power of supervision.^[35] She argues that:

1. The February 11, 2000 Judgment, modified by the April 17, 2000 Order, did not finally resolve or dispose of the action because the RTC made two conflicting rulings which, unless clarified, renders the Judgment unenforceable.^[36]
2. An execution of the award of actual damages, amounting to P10,000.00 per week from May 17, 1997, will amount to an unjust enrichment of the respondent.^[37]

Thus, Go prays, among others, that this Court: (i) **set aside the RTC's Judgment dated February 11, 2000, and its Order dated April 17, 2000**; (ii) nullify all proceedings in respect to the execution in Civil Case No. 97-271; (iii) **declare Go not liable on Echavez's counterclaim**.^[38]

The Case for the Respondent

Echavez claims that the RTC's Judgment does not contain materially conflicting

rulings, hence, there is nothing to clarify.^[39] According to Echavez, the present petition should be dismissed because it seeks the "recalibration" of the RTC's findings of fact and law.^[40] Echavez points out that this Court is not a trier of facts, and that a petition for *certiorari* cannot substitute for a lost appeal.^[41]

The Issues Raised

The parties' arguments, properly joined, present to us the following issues:

- 1) Whether the February 11, 2000 judgment, as modified by the April 27, 2000 order, contains materially conflicting rulings.
- 2) Whether the actual damages awarded to Echavez can still be modified.

The Court's Ruling

We deny the petition for lack of merit.

The Judgment does not contain materially conflicting rulings

We are not persuaded by Go's claim that the Judgment, as modified by the April 17, 2000 Order, contains two materially conflicting rulings.

Go has read too many assumptions in the April 17, 2000 Order. The RTC never invalidated the sale between Carandang and Echavez; it simply recognized Carandang's obligations to Go for breach of contract. The lease contract bound only Go and Carandang because Echavez was found to be a buyer in good faith and for value.

The flaw in Go's argument springs from her misconception that Echavez's counterclaim is a component part of the main action. The Rules of Court define a counterclaim as any claim which a defending party may have against an opposing party.^[42] Sec. 1, Rule 3 of the Rules of Court also states that the term "plaintiff" may refer to the counterclaimant or cross-claimant while the term "defendant" may refer to the defendant in the counterclaim, or in the cross-claim. Thus, when Echavez filed his Counterclaim in Civil Case No. 97-271, he became the *plaintiff* in the counterclaim, while Go became the *defendant*.

We also note that Go's complaint against Carandang is separate from the complaint against Echavez because they were not sued as alternative defendants. As the CA correctly put it, Carandang was sued based on the lease contract; while Echavez was impleaded as possessor of the truck.

In effect, there are four causes of action in Civil Case No. 97-271: **first**, Go's complaint against Carandang based on the Lease Contract; **second**, Go's complaint against Echavez, as possessor of the truck; **third**, Echavez's counterclaim against Go; and **fourth**, Echavez's cross-claim against Carandang.