

THIRD DIVISION

[G.R. No. 174411, July 02, 2014]

**CITY OF DAGUPAN, REPRESENTED BY THE CITY MAYOR
BENJAMIN S. LIM, PETITIONER, VS. ESTER F. MARAMBA,
REPRESENTED BY HER ATTORNEY-IN-FACT JOHNNY FERRER,
RESPONDENT.**

DECISION

LEONEN, J.:

A petition for relief from judgment under Rule 38 is an equitable remedy which allows courts to review a judgment tainted with neglect bordering on extrinsic fraud. In this case, total damages in the amount of P11 million was awarded in spite of the evidence on record. The motion for reconsideration of such judgment filed by the legal officer of the City of Dagupan inexplicably omitted the required notice for hearing. Considering the damage that would be suffered by the local government, such mistake was so glaring as to raise suspicion that it was contrived to favor the plaintiff.

We are asked in this petition^[1] filed by the City of Dagupan through its then mayor, Benjamin S. Lim, to: (1) reverse the Court of Appeals' decision and resolution and (2) declare that the damages awarded to respondent Ester F. Maramba are excessive. Petitioner, thus, prays that this court affirm the trial court's August 25, 2005 and November 30, 2005 rulings *in toto*.^[2]

Respondent Ester F. Maramba was a grantee of a Department of Environment and Natural Resources (DENR) miscellaneous lease contract^[3] for a 284-square-meter property in Poblacion, Dagupan City, for a period of 25 years.^[4] Sometime in 1974, she caused the construction of a commercial fish center on the property.^[5]

On December 20, 2003, petitioner city caused the demolition of the commercial fish center, allegedly without giving direct notice to Maramba and with threat of taking over the property.^[6]

This prompted Maramba, through her attorney-in-fact, Johnny Ferrer, to file a complaint for injunction and damages with prayer for a writ of preliminary injunction and/or temporary restraining order.^[7]

The complaint alleged that the demolition was unlawful and that the "complete demolition and destruction of the previously existing commercial fish center of plaintiff is valued at Five Million (P10,000,000.00) pesos."^[8] The word, "ten," was handwritten on top of the word, "five."

In the complaint's prayer, Maramba asked for a judgment "ordering defendant

corporation to pay plaintiff the amount of Ten Thousand (P10,000.00) pesos for the actual and present value of the commercial fish center completely demolished by public defendant.”^[9] The word, “million,” was handwritten on top of the word, “thousand,” and an additional zero was handwritten at the end of the numerical figure.

The handwritten intercalation was not explained in any part of the records and in the proceedings.

She also prayed for P5 million as moral damages and P500,000.00 as attorney’s fees.^[10]

On July 30, 2004, the trial court decision,^[11] penned by Judge Crispin C. Laron, ruled in favor of Maramba and awarded P10 million as actual damages:

WHEREFORE, judgment is rendered in favor of the plaintiff and against the defendant as follows:

1. Ordering the defendant City of Dagupan to pay the plaintiff the amount of Ten Million (10M) Pesos for the actual and present value of the commercial fish center which was completely demolished;
2. Ordering the public defendant to pay Php500,000.00 as moral damages;
3. Ordering the defendant to pay plaintiff the amount of Php500,000.00 as attorney’s fees;
4. Ordering the public defendant to pay the cost of suit; and
5. The writ of preliminary injunction is made permanent.^[12]

On August 26, 2004, petitioner city filed a motion for reconsideration. Maramba filed an opposition on the ground that the motion was not set for hearing. The opposition prayed that the motion be stricken off the records.^[13]

On October 21, 2004, the trial court denied petitioner city’s motion for lack of notice of time and place of hearing, thus, “the motion for reconsideration is not entitled to judicial cognizance.”^[14] In a separate order on the same date, the trial court also granted Maramba’s motion for execution and ordered that “a writ of execution [be] issue[d] in the above-entitled case upon submission of the certificate of finality.”^[15]

Petitioner city then filed a petition for relief with prayer for preliminary injunction dated October 29, 2004, together with an affidavit of merit.^[16] The city alleged that “the decision, were it not for the City Legal Officer’s mistake, negligence and gross incompetence, would not have been obtained by the plaintiff, or should have been reconsidered or otherwise overturned, the damage award in the total amount of P11M being not only unconscionable and unreasonable, but completely baseless.”^[17]

On November 18, 2004, the trial court denied petitioner city's petition for relief and ordered that the writ of execution dated October 26, 2004 be implemented.^[18] The court stressed that "[t]he negligence of counsel binds the client."^[19] Petitioner city filed for reconsideration.^[20]

On August 25, 2005, the trial court, through acting Judge Silverio Q. Castillo, granted the petition for relief and consequently modified its July 30, 2004 decision. It reduced the award of actual damages from P10 million to P75,000.00:

WHEREFORE, in the highest interest of justice and equity, the petition for relief from judgment is hereby granted. Consequently, the Decision is accordingly modified.

The amount of actual damages is hereby reduced from Ten Million Pesos to P75,000.00.

"(O)ne is entitled to an adequate compensation for such pecuniary loss suffered by him as duly proved. (Article 2199, Civil Code)

In this case, the plaintiff Ester Maramba was only able to prove the amount of P75,000.00 as the appraised value of the improvements made on the leased premises.

She was not able to show proof of the P5 million amount of improvements made on the establishment, as she was claiming to have been made.

Too, she did not show any single receipt for her travelling expenses and for the car rental she made during her stay in the country for the purpose of prosecuting this case.

"It is necessary for a party seeking the award of actual damages to produce competent proof or the best evidence obtainable to justify such award." (People v. Carag, 400 SCRA 67).

The Supreme Court has held in a lot of cases that "documentary evidence should be presented to substantiate a claim for damages"

Anent the moral damages, the same is hereby reduced from P500,000.00 to P20,000.00.

"Moral damages are not punitive in nature and were never intended to enrich the claimant at the expense of the defendant." (Samson, Jr. v. Bank of the Philippine Islands, 405 SCRA 607).

The award of attorney's fees is likewise reduced from P500,000.00 to P20,000.00.

"The amount of damages awarded should not be palpably and

scandalously excessive as to indicate that it was the result of prejudice or corruption on the part of the trial court. (Cathay Pacific Airways, Ltd. v. Vasquez, 399 SCRA 207).

Consequently, the Writ of Execution is hereby recalled.

Notify parties and their counsel.

SO ORDERED.^[21]

Aggrieved by this order and the subsequent denial of her motion for reconsideration, Maramba filed a petition for certiorari before the Court of Appeals. She argued that Judge Castillo “acted without jurisdiction as he ha[d] no authority or legal power to substantially amend or correct a final and executory judgment. . . .”^[22] Moreover, Judge Castillo gravely abused his discretion “in granting the petition for relief filed by the other respondent city of Dagupan on the 83rd day from receipt of the judgment or 26 days late.” ^[23]

On June 15, 2006, the Court of Appeals^[24] granted Maramba’s petition for certiorari. It held that petitioner city’s motion for reconsideration lacked a notice of hearing and was a mere scrap of paper^[25] that did not toll the period to appeal. Consequently, the July 30, 2004 decision penned by Judge Laron became final and executory. ^[26] The Court of Appeals also denied reconsideration,^[27] prompting petitioner city to elevate the case before this court.

Petitioner city emphasizes that its motion for reconsideration of the July 30, 2004 decision was timely filed, tolling the prescriptive period to appeal. Since this decision was not yet final, its subsequent modification by the trial court was proper.^[28] The lack of notice of hearing in the motion for reconsideration was due to counsel’s oversight, and a denial of the motion on this ground alone sacrificed substantial rights for mere technicalities.^[29] Petitioner city also cites jurisprudence on the suspension of procedural rules when its strict application would only result in grave injustice.^[30]

Petitioner city agrees that “judgments must be final at some definite date,” but Rule 38 also provides for relief from judgments, orders, and other proceedings. ^[31] It submits that it raised substantial issues in its motion for reconsideration such as the excessive damages awarded by the lower court in its July 30, 2004 decision.^[32] The petition for relief was correctly granted as “counsel’s mistake amounted to extrinsic fraud”^[33] and “to give the plaintiff much more than it was able to prove and allow the faulty decision to be implemented is, truly, a deprivation of defendant of its property without due process.”^[34]

Petitioner city contends that the modification of the July 30, 2004 decision was well established in that only duly proven pecuniary loss may be awarded.^[35] Maramba was only able to prove P75,000.00 as the appraised value of the improvements made on the property.^[36] According to petitioner city, “the proper amount of damages then should not be Five Million Pesos (P5,000,000.00) as alleged in the

complaint, nor Ten Million Pesos (P10,000,000.00) as requested in the prayer of the complaint but only Seventy-five Thousand Pesos (P75,000.00) as embodied in the contract upon which Mrs. Maramba based her claim, the Miscellaneous Lease Agreement.”^[37] In fact, the commercial fish center made of mere G.I. sheets and light metal bars was constructed around 1998, and its value would have depreciated over time.^[38]

Lastly, petitioner city argues that its petition for relief was filed on time. On August 11, 2004, it received a copy of the July 30, 2004 decision penned by Judge Laron. On August 26, 2004, petitioner filed its motion for reconsideration. On October 25, 2004, it received a copy of the October 21, 2004 trial court order denying its motion for reconsideration. Four days later or on October 29, 2004, it filed its petition for relief from judgment.

On the other hand, Maramba maintains that petitioner city is bound by the mistake of its counsel in failing to include a notice of hearing in its motion for reconsideration. This is not excusable negligence that warrants relaxation of the rules.^[39]

Maramba submits that the Court of Appeals correctly sustained the award of damages in the July 30, 2004 trial court decision. Since a special civil action for certiorari was brought before the Court of Appeals, it correctly refrained from resolving factual questions.^[40] Petitioner city then elevated this case on Rule 45, thus, only questions of law may be raised.^[41]

Maramba adds that petitioner city “failed to nail down in the cross-examination, during the trial of private respondent (plaintiff) and her witness (Johnny Ferrer) on the witness stand after their direct testimony on the damages sustained.”^[42]

The July 30, 2004 decision was final and executory and cannot be amended even if the court later discovers that its decision was erroneous.^[43]

In any case, instead of merely amending the July 30, 2004 decision, acting judge should have proceeded as if a motion for new trial had been granted.^[44] This way, “evidence of the damages claimed would have to be taken anew and offered by both parties, and such evidence on the issue of damages would then be complete before the appellate court. . . .” ^[45]

Lastly, Maramba argues that she was equally deprived of due process when acting judge of the trial court granted petitioner city’s petition for relief without conducting a hearing.^[46]

The following issues are for resolution:

- I. Whether the lack of notice of hearing in a motion for reconsideration is excusable negligence that allows the filing of a petition for relief of judgment;
- II. Whether the 60-day period to file a petition for relief from judgment,