

## SECOND DIVISION

[ G.R. NO. 135830, September 30, 2005 ]

**JUAN DE DIOS CARLOS, PETITIONER, VS. FELICIDAD SANDOVAL, ALSO KNOWN AS FELICIDAD S. VDA. DE CARLOS OR FELICIDAD S. CARLOS OR FELICIDAD, SANDOVAL DE CARLOS, AND TEOFILO CARLOS II, RESPONDENTS.**

[G.R. NO. 136035]

**SIDDCOR (NOW MEGA PACIFIC) INSURANCE CORPORATION, PETITIONER, VS. FELICIDAD SANDOVAL VDA. DE CARLOS AND TEOFILO CARLOS II, SIDDCOR (NOW MEGA PACIFIC) RESPONDENTS.**

[G.R. NO. 137743]

**INSURANCE CORPORATION, PETITIONER, VS. HON. COURT OF APPEALS (FORMER SPECIAL FOURTH DIVISION), HON. ALBERTO L. LERMA AND/OR THE REGIONAL TRIAL COURT OF THE CITY OF MUNTINLUPA, BRANCH 256, FELICIDAD SANDOVAL, ALSO KNOWN AS FELICIDAD S. VDA. DE CARLOS OR FELICIDAD S. CARLOS OR FELICIDAD SANDOVAL CARLOS OR FELICIDAD SANDOVAL VDA. DE CARLOS AND TEOFILO CARLOS II, RESPONDENTS.**

### D E C I S I O N

**TINGA, J.:**

These consolidated petitions emanated from a civil case filed by Juan de Dios Carlos ("Carlos") against respondents Felicidad Sandoval ("Sandoval") and Teofilo Carlos II (Teofilo II) docketed with the Regional Trial Court (RTC) of Muntinlupa City as Civil Case No. 95-135.

In his *Complaint* before the RTC, Carlos asserted that he was the sole surviving compulsory heir of his parents, Felix B. Carlos and Felipa Elemia,<sup>[1]</sup> who had acquired during their marriage, six parcels of land (subject properties). His brother, Teofilo ("Teofilo"), died intestate in 1992. At the time of his death, Teofilo was apparently married to Sandoval, and cohabiting with her and their child, respondent Teofilo II. Nonetheless, Carlos alleged in his *Complaint* that Teofilo and Sandoval were not validly married as they had not obtained any marriage license.<sup>[2]</sup> Furthermore, Carlos also asserted that Teofilo II could not be considered as Teofilo's child. As a result, Carlos concluded that he was also the sole heir of his brother Teofilo, since the latter had died without leaving any heirs.

Carlos also claimed that Teofilo, prior to their father Felix's death in 1963,

developed a scheme to save the elder Carlos's estate from inheritance taxes. Under the scheme, the properties of the father would be transferred to Teofilo who would, in turn, see to it that the shares of the legal heirs are protected and delivered to them. Felix assented to the plan, and the subject properties were transferred in the name of Teofilo. After Teofilo's death, Carlos entered into certain agreements with Sandoval in connection with the subject properties. Carlos did so, believing that the latter was the lawful wife of his brother Teofilo. Subsequently though, Carlos discovered that Sandoval and his brother were never validly married, as their marriage was contracted without a marriage license.<sup>[3]</sup>

Carlos now sought to nullify these agreements with Sandoval for want of consideration, the premise for these contracts being non-existent. Thus, Carlos prayed of the RTC to declare the alleged marriage between Teofilo and Sandoval *void ab initio*, provided that Teofilo died without issue, order that new titles covering the subject properties be issued in the name of Carlos, and require Sandoval to reconstitute Carlos in the amount of P18,924,800.00.<sup>[4]</sup>

Carlos likewise prayed for the issuance of the provisional relief of preliminary attachment. The RTC issued an *Order* dated 7 September 1995 granting the prayer for preliminary attachment, and on 15 September 1995, a writ of preliminary attachment. Carlos posted a bond for P20,000,000.00 issued by herein petitioner

SIDDCOR Insurance Corporation (SIDDCOR).<sup>[5]</sup> Shortly thereafter, a *Notice of Garnishment* was served upon the Philippine National Bank (PNB) over the deposit accounts maintained by respondents.

Respondents filed an *Urgent Motion to Discharge the Writ of Attachment*, which was opposed by Carlos. On 4 December 1995, the RTC rendered an order denying the motion. This caused respondents to file a *Petition for Certiorari* with the Court of Appeals, seeking to set aside the RTC order granting the writ of preliminary attachment denying the motion for the discharge of the writ. This case was docketed as CA-G.R. SP No. 39267.<sup>[6]</sup>

On 27 February 1996, the Court of Appeals Second Division promulgated its *Decision* in CA-G.R. SP No. 39267, wherein it granted the *Petition for Certiorari* and ordered the discharge and dissolution of the Writ of Attachment and Notice of Garnishment.<sup>[7]</sup> The Court of Appeals found that there was no sufficient cause of action to warrant the preliminary attachment, since Carlos had merely alleged general averments in order to support his prayer.<sup>[8]</sup> Carlos elevated the said *Decision* to this Court by way of *Petition for Review on Certiorari*, which was docketed as G.R. No. L-125717. In a *Resolution* dated 21 October 1996, the Court denied Carlos's *Petition*, and thus the Court of Appeals' *Decision* ordering the dissolution of the Writ of Attachment and Notice of Garnishment became final.

In the meantime, the hearing on Carlos's *Complaint* ensued before the RTC. Respondents duly filed their *Answer* and thereafter filed a *Motion for Summary Judgment*. Carlos opposed the motion and countered with his own *Motion for Summary Judgment*. On 8 April 1996, the RTC rendered a summary judgment in favor of Carlos. Carlos's victory was wholesale, with the RTC making the following pronouncements:

1. Declaring the marriage between defendant Felicidad Sandoval and Teofilo Carlos solemnized at Silang, Cavite, on May 14, 1962, evidenced by the Marriage Contract submitted in this case, null and void ab initio for lack of the requisite marriage license;
2. Declaring that the defendant minor, Teofilo S. Carlos II, is not the natural, illegitimate, or legally adopted child of the late Teofilo E. Carlos;
3. Ordering defendant Sandoval to pay and retribute to plaintiff the sum of P18,924,800.00, together with the interest thereon at the legal rate from date of filing of the instant complaint until fully paid;
4. Declaring plaintiff as the sole and exclusive owner of the parcel of land, less the portion adjudicated to the plaintiffs in Civil Case No. 11975, covered by TCT No. 139061 of the Register of Deeds of Makati City, and ordering said Register of Deeds to cancel said title and to issue another title in the sole name of plaintiff herein;
5. Declaring the Contract, Annex K of the Complaint, between plaintiff and defendant Sandoval null and void, and ordering the Register of Deeds of Makati City to cancel TCT No. 139058 in the name of Teofilo Carlos, and to issue another title in the sole name of the plaintiff herein;
6. Declaring the Contract, Annex M of the Complaint, between plaintiff and defendant Sandoval null and void;
7. Ordering the cancellation of TCT No. 210877 in the names of defendant Sandoval and defendant minor Teofilo S. Carlos II and ordering the Register of Deeds of Manila to issue another title in the exclusive name of plaintiff herein.
8. Ordering the cancellation of TCT No. 210878 in the names of defendant Sandoval and defendant minor Teofilo S. Carlos II and ordering the Register of Deeds of Manila to issue another title in the sole name of plaintiff herein.<sup>[9]</sup>

Upon promulgation of the *Summary Judgment*, Carlos moved before the RTC for execution pending appeal. The RTC granted the motion for execution pending appeal upon the filing of a bond.<sup>[10]</sup> On 27 May 1996, the RTC issued a *Writ of Execution*.

Meanwhile, respondents filed a *Motion for Reconsideration of the Summary Judgment*, which was denied in an *Order* dated 20 May 1996. Respondents then appealed the RTC *Decision* to the Court of Appeals, wherein such appeal was docketed as CA-G.R. CV No. 53229. The case was raffled to the appellate courts' Fourteenth Division for completion of records. Sandoval and Carlos also filed a *Petition for Certiorari with Temporary Restraining Order* dated 2 June 1996. This special civil action primarily attacked the allowance of execution pending appeal, and prayed for the annulment of the *Order* granting execution pending appeal, and of the *Writ of Execution*

On 10 December 1996, in CA-G.R. CV No. 53229, respondents filed a *Motion for Judgment On the Attachment Bond*. They noted that the Court of Appeals had already ruled that the *Writ of Preliminary Attachment* issued by the RTC was improperly granted and that its *Decision*, as affirmed by the Supreme Court, had attained finality. Accordingly, they were entitled to damages under Section 20, Rule 57 of the then Rules of Civil Procedure, which governed claims for damages on account of unlawful attachment. In support of their allegation of damages, they cite the Notice of Garnishment served on PNB Malolos Branch, where Felicidad Carlos maintained deposits amounting to P15,546,121.98.<sup>[11]</sup> Also presented in support of the motion was a Notice of Delivery/Payment by the RTC Sheriff, directing the PNB Malolos Branch to deliver the amounts previously garnished by virtue of the *Writ of Execution* dated 27 May 1996;<sup>[12]</sup> a *Manifestation* filed by PNB dated 19 July 1996 in CA-G.R. SP No. 40819, stating that PNB had already delivered to the RTC Sheriff on 27 June 1996 the amount of P15,384,509.98 drawn against the accounts of Carlos; and a Certification to the same effect issued by the PNB Malolos Branch. In an *Addendum to Motion for Judgment on the Attachment Bond*, respondents additionally prayed for moral and exemplary damages.<sup>[13]</sup>

After various pleadings were duly filed by the parties, the Court of Appeals Special Fourth Division issued a *Resolution* dated 23 March 1998, certifying that all the necessary pleadings have been filed, and that the case may already be referred to the Raffle Committee for assignment to a ponente for study and report. The same *Resolution* likewise denied without elaboration a *Motion to Dismiss* on the ground of forum-shopping filed earlier by Carlos.<sup>[14]</sup>

On such denial, Carlos filed a *Motion for Reconsideration*. Respondents likewise filed a *Motion for Partial Reconsideration* dated 17 April 1998, arguing that under the Revised Internal Rules of the Court of Appeals (RIRCA), the case may be re-raffled for assignment for study and report only after there is a resolution that the case is deemed submitted for decision.<sup>[15]</sup> They pointed out that re-raffle could not yet be effected, as there were still pending incidents, particularly the motions for reconsideration of Carlos and themselves, as well as the *Motion for Judgment on Attachment Bond*.

On 26 June 1998, the Court of Appeals Former Special Fourth Division promulgated two resolutions.<sup>[16]</sup> The first, in response to Carlos's *Motion for Reconsideration*, again denied Carlos's *Motion to Dismiss* the Appeal and *Motion for Suspension*, but explained the reasons for such denial.

The second resolution is at the center of the present petitions. The assailed *Resolution* agreed with respondents that it was first necessary to resolve the pending incidents before the case could be re-raffled for study and report. Accordingly, the Court of Appeals proceeded to rule on these pending incidents. While the first *resolution* dwelt on the pending motions filed by Carlos, this *Resolution* tackled the other matter left unresolved, the *Motion for Judgment on Attachment Bond*. The Court of Appeals found the claim for damages meritorious, citing the earlier decisions ruling that Carlos was not entitled to the preliminary attachment. Invoking Section 20, Rule 57 of the Rules of Court, as well as jurisprudence,<sup>[17]</sup> the Court of Appeals ruled that it was not necessary for the determination of damages on the injunction bond to await the decision on appeal.

The Court of Appeals then proceeded to determine to what damages respondents were entitled to. In ruling that the award of actual damages was warranted, the court noted:

It is also not disputed that the PNB, on June 27, 1996, issued two manager's checks: MC No. 938541 for P4,932,621.09 and MC 938542 for P10,451,888.89 payable to the order of "Luis C. Bucayon II, Sheriff IV, RTC, Branch 256, Muntinlupa", duly received by the latter in the total amount of PESOS FIFTEEN MILLION THREE HUNDRED EIGHTY FOUR THOUSAND FIVE HUNDRED NINE & 98/100 (P15,384,509.98), drawn against the accounts of Ms. Felicidad Sandoval Vda. de Carlos which were earlier garnished for the satisfaction of the above-mentioned writ of attachment (Annex "E", Motion for Judgment on the Attachment Bond, pp. 7-8)<sup>[18]</sup>

. . . .

The contention of [Carlos] that the writ of attachment was not implemented falls flat on the face of the manifestation of PNB that the delivery of the garnished P15,384,509.98 to him was effected through the sheriff.<sup>[19]</sup>

The Court of Appeals found that moral and exemplary damages were not warranted, there being no malice in pursuing the attachment. The appellate court also found the claim of P2,000,000.00 for attorney's fees as excessive, and reduced the sum by half. Correspondingly, the dispositive portion of the assailed *Resolution* reads:

WHEREFORE, premises considered, judgment is hereby rendered against the attachment bond, ordering SIDDCOR INSURANCE CORPORATION and plaintiff-appellee to pay defendants-appellants, jointly and severally, the sum of P15,384,509.98 and 12% interest per annum from June 27, 1996 when the unlawful garnishment was effected until fully paid and P1,000,000.00 as attorney's fees with 6% interest thereon from the trial court's decision on April 8, 1986 until fully paid.

SO ORDERED.<sup>[20]</sup>

Both Carlos and SIDDCOR filed their respective motions for reconsideration of the *Resolution*. For their part, respondents filed a *Motion for Immediate Execution* dated 7 August 1998 in regard to the *Resolution* of 26 June 1998 awarding them damages.

In the *Resolution* dated 10 October 1998,<sup>[21]</sup> the Court of Appeals denied the *motions for reconsideration* and granted the *Motion for Immediate Execution*. In granting the Motion for Immediate Execution, the Court of Appeals cited the reasons that the appeal to be undertaken from the 26 June 1998 *Resolution* was patently dilatory; that there were no material and substantial defenses against the motion for judgment on the attachment bond, rendering the appeal pro-forma and dilatory; that Sandoval was of advanced age and might not enjoy the fruits of the judgment on the attachment bond; and that immediate execution would end her suffering due to the arbitrary garnishment of her account pursuant to an improper attachment.<sup>[22]</sup>