

THIRD DIVISION

[G.R. No. 190043, June 21, 2017]

**SANTOS-YLLANA REALTY CORPORATION, PETITIONER, VS.
SPOUSES RICARDO DEANG AND FLORENTINA DEANG,
RESPONDENTS.**

DECISION

VELASCO JR., J.:

Nature of the Case

This petition for review under Rule 45 of the Rules of Court seeks to reverse and set aside the June 17, 2009 Decision^[1] and October 13, 2009 Resolution^[2] of the Court of Appeals (CA) in CA-G.R. CV No. 65768 entitled "*Sps. Ricardo Deang and Florentina Deang v. Santos-Yllana Realty Corp., et. al.*," which affirmed, with modification, the September 16, 1999 Decision^[3] of the Regional Trial Court (RTC) of Manila, Branch 44 in Civil Case No. 98-90087, finding petitioner Santos-Yllana Realty Corporation liable for damages to the respondents spouses Ricardo Deang and Florentina Deang.

Factual Antecedents

Respondent Florentina Deang (Florentina), doing business under the name and style of "Rommel Dry Goods," is a former lessee of Stall No. H-6 at Santos-Yllana Shopping Center, which is located on Miranda Street, Angeles City, Pampanga, and owned and operated by petitioner since 1975.

Due to Florentina's failure to pay her rents and other charges due on the rented stall, petitioner filed a Complaint for Ejectment with Damages against respondents before the Metropolitan Trial Court (MTC) of Angeles City on August 11, 1997. The case was raffled to Branch 1 of the Angeles City MTC and docketed as Civil Case No. 97-311. On October 16, 1997, the MTC rendered a Decision based on a Compromise Agreement that the parties executed.^[4]

On January 16, 1998, petitioner filed a Motion for Execution of the October 16, 1997 Decision due to Florentina's failure to comply with the terms of the Compromise Agreement. Respondents objected, alleging that the amount due to petitioner had already been paid in full. After resolving the objections, the Angeles City MTC issued an Order on February 20, 1998 granting the issuance of the Writ of Execution, and the same was accordingly issued.^[5]

Respondents moved to quash the Writ of Execution on February 26, 1998. On even date, Sheriff Allen Sicat (Sheriff Sicat) of the Regional Trial Court (RTC) of Angeles

City implemented the Writ of Execution and padlocked respondents' stall. The stall, however, was ordered reopened by the MTC within the same day due to the pendency of the Motion for Reconsideration.^[6]

During the hearings on the Motion for Reconsideration, respondents reiterated their claim that they had already paid the rental arrearages and other fees and charges due to petitioner; hence, the Motion for Execution should be rendered moot and academic.^[7] On June 3, 1998, the Angeles MTC issued an Order upholding the Writ of Execution and commanding the sheriff to immediately implement the same. Consequently, on June 5, 1998, Daniel Pangan, Sheriff III of the MTC (Sheriff Pangan), implemented the writ and padlocked respondents' stall, viz:

Whereas, on June 5, 1998, the undersigned implemented the said Writ of Execution by padlocking the subject premises in question located at H-6 Santos-Yllana Shopping Center, Miranda St., Angeles City, together with the representative of the [petitioner] on the same date (June 5, 1998) the undersigned officially turned-over the subject premises to the plaintiff, duly acknowledged receipt by the plaintiff's representative, Juanita de Nucum.^[8]

Aggrieved by the implementation of the Writ of Execution, respondents filed a Complaint for Damages with Prayer for Injunctive Relief against petitioner and Sheriffs Sicat and Pangan before the Manila RTC, Branch 44, alleging that the Writ of Execution was illegally implemented. They claim to have suffered damages as a result of the illegal closure of their stall since important documents, checks, money, and bank books, among others, were locked inside the stall and could not be retrieved, thereby preventing them from operating their business, and causing their business to suffer and their goodwill to be tarnished. Respondents, thus, prayed that judgment be rendered ordering petitioner to pay them P500,000 as actual damages, P250,000 as moral damages, P250,000 as exemplary damages, and P100,000 as attorney's fees, plus P3,000 per appearance fee per hearing.^[9]

Ruling of the RTC

The trial court observed that the undue haste by which the Angeles MTC issued the Writ of Execution violated respondents' right to due process and to question the propriety of the issuance of the Writ. Consequently, it held that the enforcement of the Writ was tainted with malice and bad faith on the part of petitioner.^[10] Due to the illegal closure of their business, respondents' personal properties were detained inside the stall, causing them to incur actual damages and unrealized profit derived from daily sales of P1,000 or a total amount of P500,000. Accordingly, the RTC of Manila, Branch 44 rendered a Decision,^[11] finding for respondents and adjudged petitioner, as well as Sheriffs Sicat and Pangan, jointly and severally liable for the damages being claimed. The trial court disposed of the case in this wise:

WHEREFORE, in view of the foregoing, and the case having been proved by preponderance of evidence, this Court renders judgment by ordering the defendants jointly and severally, to pay plaintiffs the following, to wit:

1. Actual damages in the amount of Five Hundred Thousand (P500,000.00) Pesos;
2. Moral Damages in the amount of Two Hundred Fifty Thousand (P250,000.00) Pesos;
3. Exemplary Damages in the amount of Two Hundred Fifty Thousand (P250,000.00) Pesos;
4. Attorney's Fees in the amount of P100,00.00, plus P3,000.00 appearance fee;
5. Plus costs of suit.

SO ORDERED.^[12]

Dissatisfied, petitioner elevated the ruling on appeal.

Ruling of the CA

Echoing the observation of the RTC, the CA found that the sheriffs failed to observe the notice requirement mandated under Section 10(c)^[13] of Rule 39 in the implementation of the Writ of Execution. The CA ruled that regardless of whether petitioner was adjudged rightfully entitled to the possession of the stall, the sheriffs are mandated to observe due process prescribed in the afore-stated Rule in ejecting respondents.^[14] The appellate court, however, relieved petitioner from any fault arising out of the manner of implementation of the Writ of Execution. Aside from being the successful party-litigant in the ejectment case, the CA noted that there was no showing that petitioner was complicit with the sheriffs' implementation of the Writ.^[15]

Despite the foregoing findings, the CA adjudged petitioner liable for damages to respondents. Except for the actual damages awarded, which were found to be unsubstantiated, the CA sustained the rest of the damages awarded by the trial court. The decretal portion of the CA Decision reads:

WHEREFORE, in view of the foregoing, the September 16, 1999 Decision of the Regional Trial Court (RTC) of Manila, Branch 44, in Civil Case No. 98-90087 is AFFIRMED with MODIFICATION in that the award for actual damages is hereby DELETED for insufficiency of evidence and the award for moral damages is reduced from P250,000.00 to 100,000.00; the exemplary damages, from P250,000.00 to P100,000.00 and the attorney's fees, from P100,00.00 to P50,000.00

SO ORDERED.

Petitioner moved for, but was denied, reconsideration in the CA's October 13, 2009 Resolution. Hence, this petition.

Relying on the CA's pronouncement in the adverted Decision that it "cannot ascribe any fault on the part of [petitioner] as to the manner of implementing the writ," and that "records is bereft of any showing that the defendant-appellant corporation has a hand in the non-compliance with the notice requirement mandated by law,"^[16] petitioner asserts that it cannot be charged jointly and severally with Sheriffs Sicat and Pangan for any damage caused upon respondents due to the implementation of the Writ of Execution. Prescinding from this conclusion, the damages awarded, according to petitioner, do not find support in the body of the decision.

In their Comment^[17] on the petition, respondents assert that the sheriffs' acts were upon the order and/or instruction of petitioner, who later benefited from them.

Respondents further appeal for the Court to reinstate the award of actual damages and reimpose the amounts of moral and exemplary damages and attorney's fees fixed in the RTC's Decision.

Petitioner, in its Reply^[18] to respondents' Comment, reiterates its earlier asseverations that it did not have a hand in the implementation of the writ of execution, and further argues that the CA's Decision as to damages had become final and can no longer be modified or altered as nowhere in the records does it show that respondents moved for reconsideration or filed an appeal of the said Decision.

Issue

Succinctly, the sole issue for the resolution of this Court is whether or not the CA erred in sustaining the moral and exemplary damages awarded, including attorney's fees, despite its finding that petitioner had no participation in the implementation of the Writ of Execution.

Ruling of the Court

The petition is meritorious. The joint and solidary liability of petitioner has no factual and legal basis.

It is undisputed that petitioner succeeded in securing a favorable judgment in the ejectment case; therefore, it was well within its right to move for the execution of the MTC's Decision pursuant to Sec. 19, Rule 70 of the Rules of Court. The rule allows for the immediate execution of judgment in the event that judgment is rendered against the defendant in an unlawful detainer or forcible entry case, provided that certain conditions are met, viz:

Section 19. Immediate execution of judgment; how to stay same. — If judgment is rendered against the defendant, execution shall issue immediately upon motion unless an appeal has been perfected and the