

FIRST DIVISION

[G.R. No. 138131, March 12, 2002]

SOLIDBANK CORPORATION, PETITIONER, VS. COURT OF APPEALS AND PRUDENTIAL GUARANTEE AND ASSURANCE, INC., RESPONDENTS.

DECISION

YNARES-SANTIAGO, J.:

This is a petition for review under Rule 45 of the Rules of Court, seeking to annul the January 27, 1999 Decision and the April 13, 1999 Resolution of the Court of Appeals^[1] in CA-G.R. SP No. 48982 which reversed and set aside the Order dated August 28, 1998 and the July 10, 1998 Writ of Execution issued by the Regional Trial Court of Manila, Branch 49,^[2] in Civil Case No. 94-70505.

The controversy involves the execution of the July 27, 1995 Decision^[3] of the Regional Trial Court of Manila, Branch 49, in Civil Case No. 94-70505, entitled "*Solidbank Corporation, Plaintiff versus Wear Me Garments Manufacturing Inc., Angelita Amparo Go, and spouse Arnold A. Go, Leonila Cui, Prudential Guarantee and Assurance Inc., and Oriental Assurance Corporation, Defendants.*" The dispositive portion of the said Decision reads:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff and against the defendants as follows:

1.1. Holding that the plaintiff is entitled to be paid under the loan of P1.2 Million and under the five trust receipts the sum of P4,797,294.88, plus interests and other charges from December 29, 1992, until fully paid;

1.2. Holding defendants WEAR ME, Angelita Amparo Go and spouse, Arnold A. Go, jointly and severally liable to pay the plaintiff the above amounts;

1.3. Prudential Guarantee and Assurance, Inc. and Oriental Assurance Corporation, are held jointly and severally liable to pay the plaintiff, together with defendants WEAR ME, Angelita Amparo Go and her spouse, and Arnold A. Go, the above amounts but limited to the extent of the insurance coverage representing the insurance coverage assigned to Solidbank Corporation under the two (2) fire insurance policies;

1.4. Leonila Cui is held jointly and severally liable to the plaintiff, together with all the defendants, but only with respect to the loan of P1.2 million and the accrued interest and penalties.

2. Ordering all the defendants jointly and severally to pay the plaintiff a

sum equal to 10% of the amounts above payable plus the costs of the suit.^[4]

The foregoing decision became final and executory on February 23, 1998.

On motion of petitioner, the trial court issued a writ of execution on July 10, 1998 addressed to Sheriffs Gerry C. Duncan and Carmelo Cachero, commanding them as follows:

NOW THEREFORE, we command you that of the goods and chattels of Prudential Guarantee and Assurance, Inc. and defendants WEAR ME GARMENTS MANUFACTURING, INC., ANGELITA AMPARO GO and spouse, and (*sic*) ARNOLD GO, jointly and severally, you cause to be made the insurance coverage assigned to Solid Bank, plus interest and other charges from December 29, 1992 until fully paid, all in Philippine Currency, together with your lawful fees for the service of this execution, all in money of the Philippines, and that you render the same to the plaintiff aside from your fees in this execution.

But if sufficient personal property cannot be found to satisfy execution and lawful fees thereon, then you are commanded that of the lands buildings of the said defendants, you cause to be made the sums of money in the manner required by law and the Rules of Court.^[5]

Pursuant to the said writ, a demand letter dated July 13, 1998 was sent to private respondent assessing it with the following amounts, to wit:

Collectible from Prudential Guarantee:

Sum Insured	5,000,000.00
Add: Int. at 12% (12.29.92 to 7.15.98) 2024 days	3,373,333.33

	8,373,333.33
Add: 10% Atty's Fees	837,333.33

	9,210,666.66 ^[6]

On July 14, 1998, a Notice of Garnishment was served on the Philippine Commercial International Bank (PCI Bank), Manila Branch, as a result of which, private respondent's deposit therein in the amount of P2.3 million was garnished in satisfaction of the writ.

On July 17, 1998, private respondent paid the execution amount of P9,210,666.66, "SUBJECT TO THE FINAL DETERMINATION OF THE LIABILITY OF PRUDENTIAL GUARANTEE AND ASSURANCE INC. UNDER THE JUDGMENT IN SAID CASE DATED JULY 27, 1995."^[7]

On July 20, 1998, private respondent filed a motion to correct the Writ of Execution. Private respondent contended that the phrase "interest and other charges" in the writ should be deleted and that it should be refunded the excess,

after deducting from the amount of P9,210,666.66 the insurance coverage amounting to P5 million, and the 10% attorneys fees, in the amount of P500,000.00, plus the cost of suit.

On August 28, 1998, the trial court issued the assailed Order denying private respondent's motion. It sustained the assessment and computation made by the sheriffs and justified the same as follows:

The 12% interest appearing on the Sheriffs' computation was taken from clause 29 of the Policy No. 209407 issued by defendant Prudential Guarantee and Assurance, Inc., the pertinent portion of which is hereunder quoted, thus:

x x x, Refusal or failure to pay the loss or damage within the time prescribed herein will entitle the assured to collect the interest on the proceeds of the policy for the duration of the delay, at the rate of twice the ceiling prescribed by the Monetary Board, unless such failure or refusal to pay is based on the grounds that the claim is fraudulent.^[8]

Aggrieved, private respondent filed a petition for certiorari with the Court of Appeals which granted the petition and set aside the assailed Order and Writ of Execution issued by the trial court. The decretal portion of the respondent court's decision states:

WHEREFORE, the petition is GRANTED. The assailed RTC ORDER of August 18, 1998 and the WRIT OF EXECUTION, dated July 9, 1998, in Civil Case No. 94-70505 are hereby REVERSED AND SET ASIDE. A new Order is entered:

1. Declaring that the liability of the petitioner herein as per the Decision rendered on July 27, 1995, which has become final and executory, is limited to FIVE (P5,000,000.00) MILLION PESOS, Philippine currency, the extent of the coverage of the insurance policies assigned or endorsed to the respondent Solid Bank Corporation by spouses Angelita Amparo Go and Arnold Go; plus the amount equivalent to ten (10%) of the said 5 million, or P500,000.00, Philippine Currency; and the cost of suit.
2. Ordering the respondent Solid Bank Corporation to refund to petitioner the amount of P3,710,666.66 which is the amount paid by petitioner to respondent Solid Bank Corporation, in excess of petitioner's liability under the judgment, plus interest from July 17, 1998 until date of refund, based on current interest rate within the said period.
3. Ordering the Sheriff to forthwith lift immediately the garnishment on petitioner's bank deposit with the Philippine Commercial & International Bank (PCI Bank), amounting to 2.3 million, Philippine Currency, plus interest from date of garnishment to the date of lifting of the said garnishment, based on current bank interest rates within the said period.

SO ORDERED.^[9]

A motion for reconsideration of the aforequoted decision was denied by the Court of Appeals on April 13, 1999.

Hence, the instant petition.

I

IN HOLDING THAT THE JOINT AND SEVERAL LIABILITY OF THE PRIVATE RESPONDENT UNDER THE DECISION OF THE LOWER COURT DATED 27 JULY 1995 HAS BEEN LIMITED TO THE EXTENT OF THE COVERAGE OF THE FIRE INSURANCE POLICIES AND DID NOT PROVIDE FOR PAYMENT OF INTEREST TO THE PETITIONER, THE HONORABLE COURT OF APPEALS TOTALLY IGNORED THE DISPOSITIVE PORTION OF THE SAID DECISION AND THE JUDICIAL ADMISSION MADE BY THE PRIVATE RESPONDENT.

II

THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN NOT HOLDING THAT THE CASE OF "VILLANUEVA VS. COURT OF APPEALS" APPLIES TO THE INSTANT CASE CONSIDERING THAT, LIKE IN THE INSTANT CASE, THERE WAS NO PROVISION IN THE DISPOSITIVE PORTION OF THE DECISION OF THE TRIAL COURT WHICH DECREED THE PAYMENT OF INTEREST.

III

THE HONORABLE COURT OF APPEALS SERIOUSLY ERRED IN PENALIZING THE PETITIONER WITH INTEREST PAYMENTS ON THE AMOUNT OF P3,710,666.66 IT ORDERED PETITIONER TO REFUND TO THE PRIVATE RESPONDENT DESPITE THE ABSENCE OF ANY FINDING BY THE APPELLATE COURT THAT THE COMPUTATION DONE BY THE PUBLIC RESPONDENTS WAS DONE IN BAD FAITH OR WAS TAINTED WITH MALICE OR FRAUD, AND DESPITE ITS OWN FINDING THAT PETITIONER IS ENTITLED TO INTEREST AND CHARGES AS A RESULT OF THE INSTANT CONTROVERSY.

IV

THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN ORDERING THE LIFTING OF THE GARNISHMENT ON PRIVATE RESPONDENT'S DEPOSIT WITH PCI BANK AMOUNTING TO P2.3 MILLION DESPITE ITS OWN PRONOUNCEMENT THAT PETITIONER SHOULD PAY THE COST OF SUIT (*sic*).

V

THE HONORABLE COURT OF APPEALS SERIOUSLY ERRED IN NOT HOLDING THAT PRIVATE RESPONDENT IS BARRED AND IS ESTOPPED FROM QUESTIONING THE CORRECTNESS OF THE AMOUNT WHICH IT VOLUNTARILY PAID THE MANILA REGIONAL TRIAL COURT SHERIFFS.^[10]