

****Title:** City of Dagupan v. Maramba**

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****Facts:****

1. ****Lease Agreement and Construction:****

- Ester F. Maramba held a 25-year DENR miscellaneous lease on a 284-square-meter property in Poblacion, Dagupan City.
- In 1974, she constructed a commercial fish center on the property.

2. ****Demolition Incident:****

- On December 20, 2003, Dagupan City demolished the commercial fish center without directly notifying Maramba, allegedly threatening to seize the property.

3. ****Initial Complaint:****

- Maramba, through her attorney-in-fact Johnny Ferrer, filed a complaint for injunction and damages, seeking P10 million in actual damages (handwritten correction in the complaint) and P500,000 as moral damages and attorney's fees.

4. ****Trial Court Decision:****

- On July 30, 2004, the Regional Trial Court granted Maramba P10 million as actual damages, P500,000 as moral damages, and P500,000 as attorney's fees.

5. ****Motion for Reconsideration by Dagupan City:****

- Filed on August 26, 2004, but lacked the required notice of hearing. Maramba opposed the motion and requested to strike it off the record.
- Trial court denied the motion on procedural grounds on October 21, 2004.

6. ****Petition for Relief from Judgment:****

- Filed by Dagupan City on October 29, 2004, claiming attorney negligence and procedural errors.
- Denied on November 18, 2004, emphasizing that negligence of counsel binds the client.

7. ****Subsequent Trial Court Modification:****

- On August 25, 2005, the trial court, now with Judge Silverio Q. Castillo, granted the petition for relief and reduced damages from P10 million to P75,000 for actual damages, P20,000 for moral damages, and P20,000 for attorney's fees.

8. ****Appeal to the Court of Appeals:****

- Maramba appealed. The Court of Appeals reversed the modified decision on June 15, 2006, emphasizing procedural errors and lack of jurisdiction to amend a final judgment.

9. ****Petition to the Supreme Court:****

- Dagupan City filed the present petition contesting the Court of Appeals' decision.

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****Issues:****

1. ****Lack of Notice of Hearing and Excusable Negligence:****

- Can the lack of notice of hearing in a motion for reconsideration be considered excusable negligence, allowing a petition for relief from judgment?

2. ****Timeliness of Petition for Relief:****

- Was the petition for relief from judgment filed within the prescribed period?

3. ****Modification of Final Judgment:****

- Did the Court of Appeals err in ruling that a final judgment cannot be substantively amended or corrected?

4. ****Proof of Actual Damages:****

- Must actual damages be substantiated with concrete evidence to be awarded?

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****Court's Decision:****

1. ****Excusable Negligence and Procedural Validity:****

- Mistake or negligence in omitting the notice can be excusable if it borders on extrinsic fraud or results in substantial injustice. Dagupan City's oversight in this case was excusable.
- The Supreme Court found that Maramba had the opportunity to oppose, fulfilling procedural fairness.

2. ****Timeliness of Filing:****

- The filing of the petition for relief was within the statutory period: filed within 60 days after learning the denial of the motion for reconsideration.

3. ****Modifying Final Judgments:****

- The trial court acted within its authority under the specific factual context, considering substantial justice over procedural technicality, especially given the unusual attorney negligence.

4. **Substantiation of Actual Damages:**

- Maramba's evidence material (P75,000 value in the contract and no concrete proof for higher claims) justifies reducing the award.

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Doctrine:

- **Equitable Relief in Case of Excusable Negligence:** Courts can grant relief from judgment when counsel's negligence borders on extrinsic fraud or leads to unreasonable damages contrary to substantiated facts (Rule 38, Rules of Court).
- **Proof Required for Actual Damages:** Only substantiated pecuniary losses backed by competent proof can be awarded as actual damages (Article 2199, Civil Code).

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Class Notes:

- **Petition for Relief from Judgment (Rule 38):** Key elements include grounds such as fraud, accident, mistake, or excusable negligence, and the need for timely filing - within 60 days from awareness of the judgment.
- **Immutability of Final Judgments:** Generally, final judgments cannot be altered unless due to excusable negligence causing substantial injustice; however, exceptions exist when higher interests of justice demand.
- **Proof of Damages:** Actual damages must be proven with specific evidence (i.e., receipts, valuations), aligning with the principle that courts should not rely on speculation or unsubstantiated claims.

Historical Background:

- **Judicial Review and Procedural Justice:** Reflects the balance in Philippine jurisprudence between rigid procedural adherence and equitable considerations, especially in municipal governance and property rights cases. The decision signifies a stance towards correcting procedural missteps to prevent unjustified enrichment and protect public funds.