

LAND BANK OF THE PHILIPPINES, PLAINTIFF-APPELLEE, VS. SEAIR, INCORPORATED & JOHN DOE, DEFENDANTS-APPELLANTS.

Ponente: REYES, JR., J.C., J.

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REYES, JR., J.C., J.:

Before Us is an appeal from the September 27, 2012 Decision (Rollo, pp. 38-51) of the Regional Trial Court (RTC) of Angeles City, Branch 58, in Civil Case No. 9159, the dispositive portion of which reads as follows:

“WHEREFORE, in view of the foregoing disquisition, judgment is hereby rendered as follows:

On the original complaint of LAND BANK OF THE PHILIPPINES as against defendant SEAIR, INC.:

- Ordering defendant SEAIR, INC. to pay plaintiff LAND BANK OF THE PHILIPPINES the amount of THREE HUNDRED FORTY TWO THOUSAND PESOS (P342,000.00) representing the value of the subject motor vehicle;
- Ordering defendant SEAIR, INC. to pay plaintiff LAND BANK OF THE PHILIPPINES the amount of FIVE THOUSAND SEVEN HUNDRED SEVENTEEN PESOS AND 58/100 CENTAVOS (P5,717.58) representing filing fees and premium paid for the replevin bond; and
- Ordering defendant SEAIR, INC. to pay plaintiff the amount equivalent to 25% of the total amount due and demandable as reasonable attorney's fees;

Defendant SEAIR, INC. counterclaim is dismissed for lack of merit.

On the third party complaint of defendant/third party plaintiff SEAIR, INC. as against third party defendant Edgardo Manuel Decena:

- Ordering third party defendant Decena to pay defendant/ third party plaintiff SEAIR, INC., the amount of THREE HUNDRED FORTY TWO THOUSAND PESOS (P342,000.00) representing the value of the subject motor vehicle, having used the same for his own and personal benefit;
- Ordering third party defendant Decena to pay defendant/third party plaintiff SEAIR, INC., the amount of FIVE THOUSAND SEVEN HUNDRED SEVENTEEN PESOS AND 58/100 CENTAVOS (P5,717.58) representing filing fees and premium paid for the replevin bond; and
- Ordering third party defendant Decena to pay defendant/third party plaintiff SEAIR, INC., the amount equivalent to 25% of the total amount due and demandable as reasonable attorney's fees.

Third Party Defendant Edgardo Manuel Decena's counterclaim is dismissed for lack of merit.

SO ORDERED” (Rollo, pp. 50-51).

The instant case arose from a Complaint for Replevin plus damages filed by plaintiff-appellee Land Bank of the Philippines (Land Bank) against defendants-appellants Seair, Incorporated (Seair) and John Doe.

Records would show that in July 1996, plaintiff-appellee Land Bank became the assignee of a certain Promissory

Note with Chattel Mortgage in the principal amount of Php760,848.00 executed by defendant-appellant Seair in favor of Carworld, Incorporated (Carworld) covering one (1) unit of motor vehicle (1996 Mitsubishi Lancer 1600) 4 DR with Motor No. 4G92A-B5387 and Serial No. CB4ASR-03083 under a dealer-generated transaction. Pursuant to the said transaction, Carworld (the dealer) would sell on installment basis a motor vehicle to defendant-appellant Seair, and Carworld then would assign its rights to plaintiff-appellee Land Bank, which in turn, will assume responsibility in collecting the amortization from Seair. As a result thereof, an auto loan was obtained by defendant-appellant Seair from plaintiff-appellee Land Bank.

The said promissory note is payable in forty-eight (48) monthly installments amounting to Php15,851.00, inclusive of interest, commencing on August 30, 1996. However, defendant-appellant Seair defaulted in the payment of its loan obligation under the terms and conditions set forth in the promissory note with chattel mortgage, such that the unpaid amount become due and demandable. This failure of defendant-appellant Seair, prompted plaintiff-appellee Land Bank to demand the presentation of the subject motor vehicle for inspection and appraisal.

Several demand letters were sent by plaintiff-appellee Land Bank to defendant-appellant Seair for the latter to pay in full the outstanding loan obligation or in the alternative, to deliver/surrender the mortgaged motor vehicle for the purpose of foreclosure. Said demands however, were not heeded by defendant-appellant Seair such that plaintiff-appellee Land Bank was constrained to file the instant complaint for replevin with damages against defendant-appellant Seair and a John Doe, with a prayer for the payment of the sum of money for the value of the vehicle should the same be not returned.

On January 4, 1999, defendant-appellant Seair filed its Answer with Affirmative and Special Defenses and Counterclaim (Records, pp. 70-73) alleging therein that on July 3, 1996, Ramona Lopez Ty executed the said promissory note without the consent and authority of the Board of Directors of defendant-appellant Seair. Without the authority of the Board of Directors through a valid and legal resolution, the act of Ramona Lopez Ty in entering into a contract of indebtedness shall not be binding upon defendant-appellant Seair as it is ultra vires and contrary to the mandate of the Corporation Code.

Thereafter, defendant-appellant Seair filed a Motion for Leave of Court to file a Third Party Complaint. In the Order dated January 22, 1999, summons was ordered issued upon Third Party defendant Espilo Leyco, Jr. who signed as a co-maker of the promissory note. Thereafter, third-party defendant Leyco, Jr. filed his Answer with Counterclaim and Motion to Dismiss (Records, pp. 112-117). On July 14, 1999, defendant-appellant Seair filed a Motion (Records, pp. 149-151) alleging that the subject motor vehicle is in the possession of one Edgar Manuel Decena thereby making the latter an indispensable party. Defendant-appellant Seair, then prayed that the John Doe in the complaint filed by plaintiff-appellee Land Bank be changed into the name of Edgardo Manuel Decena. Defendant-appellant Seair (at its own instance) amended its Third-Party Complaint this time impleading Edgar Manuel Decena and his spouse as Third-party defendants. Third-party defendants Edgar Manuel Decena and his spouse filed their Answer to the Amended Third Party Complaint. Meanwhile, a Compromise Agreement (Records, pp. 260-261) was submitted by defendant-appellant Seair (as third-party plaintiff) and third-party defendant Espilo Leyco, Jr.

Pre-trial was conducted after which trial on the merits ensued wherein both original parties (plaintiff-appellee Land Bank and defendant-appellant Seair) presented their respective documentary and testimonial evidence. Third-party defendant Edgar Manuel Decena failed to present his evidence and his right to present the same was considered as waived.

On September 27, 2012, the RTC of Angeles City issued the now appealed Decision, finding for plaintiff-appellee

Land Bank and ordering defendant-appellant Seair to pay a certain amount representing the value of the motor vehicle, the filing fees and premium paid for the replevin bond and attorney's fees. The RTC likewise ruled in favor of third-party plaintiff Seair and ordered third-party defendant Manuel Edgar Decena to pay a certain amount representing the value of the motor vehicle, the filing fees and premium paid for the replevin bond and attorney's fees. The dispositive portion of the RTC's decision is reproduced in full at the early part of this decision.

Dissatisfied, defendant-appellant Seair filed an appeal under Rule 41 of the 1997 Rules of Civil Procedure and raised the following issues for this Court's consideration:

- SHOULD DEFENDANT-APPELLANT INC. BE HELD LIABLE FOR ULTRA VIRES ACTS COMMITTED BY RAMONA LOPEZ TY?
- SHOULD DEFENDANT-APPELLANT, INC. BE HELD LIABLE FOR THE NEGLIGENCE OF THE PLAINTIFF-APPELLEE?
- SHOULD DEFENDANT-APPELLANT BE AWARDED MORAL, EXEMPLARY DAMAGES AND ATTORNEY'S FEES? (See: Rollo, p. 25)

The case at bar is an action for replevin with damages. For a writ of replevin to issue, all that the applicant must do is to file: (1) an affidavit showing that (a) he/it is the owner/ is entitled to the possession of the property claimed, (b) the property is wrongfully detained by the adverse party, (c) the property has not been distrained or taken for a tax assessment or a fine pursuant to law, or seized under a writ of execution or preliminary attachment, or otherwise placed under custodia legis, (d) the actual market value of the property and (2) a bond double the value of the property as stated in the affidavit (See: Section 2, Rule 60 of the 1997 Rules of Court; Navarro vs. Escobido, 606 SCRA 1, 21 [2009]).

All the aforesaid requisites were complied with by plaintiff-appellee Land Bank (See: Records, pp. 15-16; 18-20). As things stand, there is no dispute with regard to the existence of a loan obligation as evidenced by the Promissory Note with Chattel Mortgage executed by defendant-appellant Seair in favor of the dealer Carworld and assigned to plaintiff-appellee Land Bank. There is also no question as regards the fact of non-payment of said loan obligation which prompted plaintiff-appellee Land Bank to foreclose the chattel mortgage. Thus, being an unpaid mortgagee, plaintiff-appellee Land Bank is entitled to the delivery thereof and has the right to possess the subject motor vehicle.

Defendant-appellant Seair, for its part, raised the defense that Ramona Lopez Ty, as President of Seair, was not armed with any authority to contract an auto loan. It denied the validity of the Secretary's Certificate used by Ramona Lopez Ty to obtain the said loan. It claimed that the signatory of the said Secretary's Certificate, a certain Ligaya Garcia, does not exist and she was not even appointed by the Board as the Corporate Secretary of Seair. By averring those defenses, the burden of proof to show that indeed Ramona Lopez Ty is not authorized and the Secretary's Certificate is a bogus, is now shifted to defendant-appellant Seair. Thus, it is a rule on evidence that he who alleges has the burden of proving his allegation by preponderance of evidence or greater weight of credible evidence (See: Dela Llana vs. Biong, G.R. No. 182356, December 4, 2013). The reason for this rule is that bare allegations, unsubstantiated by evidence, are not equivalent to proof (ibid.). In short, mere allegations are not evidence (ibid.).

Defendant-appellant, however, failed to discharge the said burden. It failed to prove by preponderance of evidence the invalidity of the Secretary's Certificate and the lack of authority of the said Ligaya Garcia to issue the same as well as the lack of authority of Ramona Lopez Ty to contract a loan obligation. There were two Secretary's Certificate adduced by plaintiff-appellee Land Bank as evidence: (1[st]) is the one that certifies the election of

Ramona Lopez Ty as the President and Ligaya Garcia as the Corporate Secretary (See: Secretary's Certificate, Records, pp. 464-465); (2[nd]) is the one that is issued by Ligaya Garcia certifying that in a special board meeting held on July 1, 1996, it was resolved by the Board that its President Mrs. Ramona Lopez Ty is authorized to negotiate with Carworld for the purchase of 5 corporate vehicle which will be financed by plaintiff-appellee Land Bank.

What further bolstered the two Certificates' authenticity and due execution is the fact that it was duly acknowledged before a notary public, with the 1st Secretary Certificate being on file with the Securities and Exchange Commission (SEC). Having been notarized, the said Certificates are public documents, thus accorded the benefit of certain presumptions. As held by the Supreme Court:

“Being a public document, it enjoys the presumption of regularity. It is a prima facie evidence of the truth of the facts stated therein and a conclusive presumption of its existence and due execution. To overcome this presumption, there must be clear and convincing evidence. Absent such evidence, as in this case, the presumption must be upheld” (Chua vs. Westmont Bank, 667 SCRA 56, 66 [2012]).

The authority of Ramona Lopez Ty and Ligaya Garcia, as Seair's President and Corporate Secretary, respectively, being affirmed by the above-mentioned (1[st]) Secretary's Certificate, plaintiff-appellee Land Bank cannot be faulted for now relying on the notarized (2[nd]) Secretary's Certificate (Records, p. 276) issued by Corporate Secretary Ligaya Garcia for the specific purpose of purchasing a motor vehicle which will be financed by plaintiff-appellee Land Bank. Thus, defendant-appellant Seair is now precluded to deny any liability under the promissory note with chattel mortgage entered into by its President who is armed with sufficient authority to negotiate with Carworld for the purpose of purchasing and acquiring motor vehicles.

This Court is also in concurrence with the findings of the RTC when it gave favorable ruling to the Third party Complaint filed by defendant-appellant Seair against third-party defendant Edgardo Manuel Decena (Decena). It appears on record that Decena was in possession of the subject motor vehicle, thus impleading him in this suit for replevin through a third party complaint is proper. Thus:

“Section 12. Third-party complaint. — A third-party complaint is a claim that a defending party may, with leave of court, file against a person not a party to the action, called the third-party defendant, for contribution, indemnity, subrogation or any other relief, in respect of his opponent's claim.”

Records would show that third-party defendant Decena was the former Vice President for Finance and Administration of defendant-appellant Seair. The RTC found as per Decena's Letter to the Chairman of Seair that he is indeed in possession of the subject motor vehicle (See: Letter dated August 18, 1998, Records, p. 350). It was disclosed in the said letter that Decena's refusal to surrender the vehicle is brought about by the fact that he already paid 9 monthly amortizations and he believes that he is entitled to the reimbursement of the amount he paid before he surrenders the said vehicle. After paying the said amortizations, Decena defaulted in his succeeding installment payments. Despite his cessation from his employment with Seair and his default in payment thereof, he continues to use the said motor vehicle for his own personal use. Demands for the surrender of the said motor vehicle were made by both plaintiff-appellee Land Bank and defendant-appellant Seair (Records, p. 348), but third-party defendant Decena refused to do so even if he has no right to retain the same. Having failed to return the possession of the subject motor vehicle despite several demands made against him, then third-party defendant Decena should be made liable to reimburse defendant-appellant Seair for whatever damages the latter had sustained by reason of the present action, particularly the value of the motor vehicle (Php342,000.00 as claimed by plaintiff-appellee Land Bank), the filing fees and the premium paid for the replevin bond (P5,717.58) and 25% of the total amount due as attorney's fees as stipulated in paragraph 8 of the promissory note.

Hence, We see no error on the part of the RTC when it decided in favor of plaintiff-appellee Land Bank as well as third party plaintiff-appellant Seair.

WHEREFORE, the appeal is DISMISSED. The appealed Decision dated September 27, 2012 of the Regional Trial Court of Angeles City, Branch 58, in Civil Case No. 9159 is AFFIRMED but MODIFIED as follows:

“Premises considered, judgment is hereby rendered in favor of plaintiff-appellee Land Bank of the Philippines (LAND BANK), declaring said plaintiff-appellee (LAND BANK) as the lawful owner of the subject motor vehicle (1996 Mitsubishi Lancer 1600) 4 DR with Motor No. 4G92A-B5387 and Serial No. CB4ASR-03083 and ordering defendant-appellant SEAIR to deliver to LAND BANK Bank the aforesaid motor vehicle complete with all the accessories installed therein plus 25% of the outstanding obligation as attorney's fees and Php5,717.58 as filing fees and premium paid for the replevin bond. Should for any reason, SEAIR cannot effect manual delivery of the said motor vehicle to LAND BANK, SEAIR is ordered to pay LAND BANK the value of said car in the amount of Php342,000.00 plus 25% of the outstanding obligation as attorney's fees and Php5,717.58 as filing fees and premium paid for the replevin bond.

Third-party defendant EDGARDO MANUEL DECENA, on the other hand, is ORDERED to reimburse SEAIR of all the damages it sustained by reason of the present suit, particularly Php342,000.00 representing the value of the subject motor vehicle; Php5,717.58 representing filing fees and premium paid for the replevin bond and 25% of the total amount due and demandable as attorney's fees.”

SO ORDERED.

Lopez and Inting, JJ., concur.

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