

**LOURDES DE LA RAMA, PLAINTIFF AND APPELLEE, VS. AUGUSTO R. VILLABOSA, ET AL., DEFENDANTS, LUZON SURETY COMPANY, INC., DEFENDANT AND APPELLANT.**

*G.R. No. L-17927. June 29, 1963*

Ponente: LABRADOR, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/4fb84b6cd2d7/>

---

**LABRADOR, J.:**

Appeal from an order of the Court of First Instance-of Negros Occidental, dated August 6, 1960, Hon. Jose R. Querubin, presiding, issuing a fourth alias writ of execution directing the sheriff of Manila to enforce the judgment of the Court of Appeals on the sum of P33,002.72 out of a total of P71,533.99 garnished by the sheriff after judgment of the Court of First Instance, and especially in so far as it denies a petition of defendant-appellant for an order against the sheriff of Manila and plaintiff to pay to appellant or return to him the sum of P39,998.42 plus interest and costs.

The background of the present appeal is as follows: Plaintiff-lessor Lourdes de la Rama brought an action in the Court of First Instance of Negros Occidental, against defendant lessee Augusto R. Villarosa and the latter's surety, the Luzon Surety Co., Inc. for judicial confirmation of the cancellation, rescission and annulment of a contract of lease of sugar land, Annex "A", and the payment of the unpaid balance of the rental for the 1953-54 sugarcane crop year, the rental for the 1954-55 crop year, rental and partly the reasonable value for the use and occupation of the leased premises for the 1955-56 crop year, with stipulated attorney's fees, and interests, etc On June 25, 1955, the court rendered a partial summary judgment decreeing the lease rescinded, cancelled and annulled from the 14th day, of January 1955 and ordering defendant Augusto R. Villarosa to surrender and deliver to plaintiff or her representatives the possession of the leased premises, etc. After trial the court rendered a decision dated March 28, 1957' ordering the lessee and his surety to pay:

"(a)

Unpaid balance of rental for the the 1953-54 crop year

P11,885.35

(b)

Unpaid balance of rental for the 1954-55 crop year

18,799.31

(c)

Unpaid balance partly or rental and partly of reasonable value of the use and occupation of the lease premises for the 1955-56 crop year

21,318.92

(d)

10% for attorney's fees stipulated in paragraph 4 (e) of the lease contract aforesaid base upon the total of the sums stated in (a) , (b) and (c) above

P5,200.36"

On January 22, 1958, the lower court issued an order for the immediate execution of the above judgment. Again on August 8, 1959, the lower court, upon motion of plaintiff-appellee Lourdes de la Rama, issued an order for the issuance of a third alias writ of execution directing the sheriff of Manila to satisfy the judgment dated March 28, 1957. Accordingly, the sheriff of Manila garnished the deposit of defendant-appellant with the Philippine Trust Co. to the amount of P71,533.99, and required the latter not to deliver, transfer or otherwise dispose of the said amount belonging to the defendant, to any person except to the sheriff, or suffer the penalties prescribed by law. The Philippine Trust Co., employing with such notice, set aside the amount of P71,533.99 out of the deposit of the defendant-appellant in its possession for the benefit of the sheriff of Manila and the plaintiff-appellee.

In the meantime and on July 5, 1958, the Luzon Surety Co., Inc. perfected an appeal and the record on appeal was forwarded to the Honorable Court of Appeals and docketed therein as CA-G.R. No. 23537-R.

The garnishee, the Philippine Trust Co., refused to deliver to the sheriff of Manila, the amount garnished by the latter to satisfy the writ of execution, so the lower court on September 3, 1959, ordered said company to pay the sheriff out of the deposit of the Luzon Surety Co., Inc. the amount stated in the amended garnishment dated August 18, 1959. On September 18, 1959, before the order could be complied with by the garnishee, the defendant Luzon Surety Co. filed a petition for certiorari with preliminary injunction with the Court of Appeals (CA-G.R. No. 25322-R) against plaintiff-appellee, the Court of First Instance of Negros Occidental, the sheriff of Manila and the Philippine Trust Co. Upon filing of the petition the sheriff of Manila was enjoined from enforcing the order of September 3, 1959, against the Philippine Trust Co. So the garnishee did not deliver to the sheriff of Manila any portion of the amount garnished and plaintiff-appellee never received any amount either in full or partial satisfaction of the original judgment of the trial court then under execution.

On January 14, 1960, the Court of Appeals issued a joint decision on the main case (CA-G.R. No. 23537-R) and on the petition for certiorari (CA-G.R. No. 25322-R).

The dispositive portion of the decision reads:

"Defendant Luzon Surety is hereby ordered to pay the sum of P24,864.78, solidarity with defendant-Villarosa, to plaintiff Lourdes de la Rama, in regard to the sums mentioned in sub-paragraphs (a), (b) and (d) above and for the reasons mentioned elsewhere in this decision, plus the legal interest on the sum of P24,864.78 from the time of the filing of the complaint until full payment, even if addition of such legal interest would make its judgment debt in excess of the liability of P25,000.00 stated in the bond."

On July 25, 1960, the defendant-appellant, invoking the provisions of section 5 of Rule 39, Rules of Court, filed with the lower court a verified motion for the restitution of the amount of P39,998.42 (?) (P71,533.99 minus P33,002.72 equals P38,531.27), plus interest thereon at the rate of 6% per annum from August 18, 1959 until paid. The above amount represents the balance refundable to it after the Court of Appeals modified the decision of the lower court, plus a 6% interest thereon, invoking the provision of Section 5 of Rule 39.

Plaintiff-appellee opposed the motion, alleging that by virtue of the writ of preliminary injunction issued by the Court of Appeals the sheriff of Manila was never able to collect from the Philippine Trust Company any portion of the amount garnished, and so section 5 of Rule 39, invoked by appellant has no application, there being no property belonging to the defendant company which has been delivered to the sheriff or the plaintiff and which

has to be restituted.

On August 6, 1960, the lower court denied the motion of the Luzon Surety Co., Inc. and, finding the counter-motion filed by plaintiff De la Rama well-founded, issued a fourth alias writ of execution directing the sheriff of Manila to enforce the judgment of the Court of Appeals on the sum of P33,002.72 then under garnishment and in the possession of the Philippine Trust Co. plus the legal sheriff's fees, and directing the Philippine Trust Co. to pay the sheriff of Manila the sum of P33,002.72.

"Sec. 5. Effect of reversal of judgment executed.—Where the judgment executed is reversed totally or partially on appeal, the trial court, on motion, after the case is remanded to it, may issue such orders of restitution as equity and justice may warrant under the circumstances (Rules of Court)

There are various reasons why the petition for interest on the balance of the amount garnished cannot be awarded to the defendant-appellant. In the first place the amount garnished was not actually taken possession of by the sheriff, even from the time of the garnishment, because upon the perfection of the defendant-appellant's appeal to the Court of Appeals this Court issued an injunction prohibiting execution of the judgment. The plaintiff-appellee was, therefore, able to secure a full satisfaction of the judgment only upon final judgment of the Court on August 6, 1960. The total sum garnished was not delivered to the sheriff in execution, because the order for the execution of the judgment of the lower court was suspended in time by the appeal and the preliminary injunction issued on appeal.

In the second place, the mere garnishment of funds belonging to a party upon order of the court does not have the effect of delivering the money garnished to the sheriff or to the party in whose favor the attachment is issued. The fund is retained by the garnishee or the person holding the money for the defendant.

The above order of August 6, 1960, is the subject of this appeal to this Court.

The gist of the appellant's appeal is that inasmuch as the full amount of P71,533.99 was garnished but only the sum of P31,535.57 was paid, the amount of the judgment awarded in the Court of Appeals, plaintiff-appellee should pay an interest of 6% of the difference between the total sum actually garnished and the sum obtained by the plaintiff in the final judgment or an interest of 6%, etc. Basis for this petition is Section 5 of Rule 39 which reads as follows:

"The garnishee, or one in whose hands property is attached or garnished, is universally regarded as charged with its legal custody pending the outcome of the attachment or garnishment, unless, by local statute and practice, he is permitted to surrender or pay the garnished property or funds into court, to the attaching officer, or to a receiver or trustee appointed to receive them." (6 Am. Jur. 14)

The effect of the garnishment, therefore, was to require the Philippine Trust Company, holder of the funds of the Luzon Surety Co., to set aside said amount from the funds of the Luzon Surety Co. and keep the same subject to the final orders of the court. In the case at bar there was never an order to deliver the full amount garnished to the plaintiff-appellee; all that was ordered to be delivered after the judgment had become final was the amount found by the Court of Appeals to be due. The balance of the amount garnished, therefore, remained all the time in the possession of the bank as part of the funds of the Luzon Surety Co., although the same could not be disposed of by the owner.

In the third place, the motion by the defendant-appellant for the payment of damages or interest was presented when the judgment had already become final. Damages incident to the issuance of an attachment may only be claimed before final judgment. (Rule 59, Sec. 20). In the case at bar the judgment of the Court of Appeals was issued on January 14, 1960. But the defendant-appellant's request for interest or damages is dated July 22, 1960.

The defendant-appellant's own record on appeal shows that the decision of the Court of Appeals had already become final and executory at the time of the perfection of the appeal to this Court.

A last reason is the absence of any allegation to the effect that the garnishment of appellant's funds in the Philippine Trust Company caused actual damages to defendant-appellant, for example that the funds could not be utilized to pay a pending obligation as a result of which interest was paid on such obligation.

For all the foregoing, the judgment of the court below denying defendant-appellant's petition for interest on its funds garnished is affirmed, with costs against defendant-appellant.

Padilla, Bautista Angelo, Concepcion, Reyes, J. B.L, Barrera, Paredes, Dizon, Regala and Makalintal, JJ., concur.

**ABOUT BATAS.ORG**

# Study smarter at BATAS.org

*The Philippine bar review and law-school companion built around how your brain actually remembers.*

**The complete Philippine law library - free for everyone.**

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

**Audio case-brief lectures.**

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

**Bar review built on the science of memory.**

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

**The full law-school curriculum.**

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

**Mock exams that tell you where you stand.**

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

**A study planner that keeps you on pace.**

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

**Start free at <https://batas.org>**

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.