

SUN BROS. APPLIANCES, INC., PLAINTIFF-APPELLEE, VS. TRINITY LUNCHEONETTE & SOCIAL CLUB CORPORATION, ET AL., DEFENDANTS, THE CAPITAL INSURANCE & SURETY CO., INC., DEFENDANT-APPEL...

G.R. No. L-25335. February 26, 1968

Ponente: BENGZON, J.P., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/cf64bc1406f6/>

BENGZON, J.P., J.:

On October 12, 1962, Sun Bros. Appliances, Inc. sold two air conditioners to Trinity Luncheonette and Social Club Corporation, by virtue of a written contract of conditional sale which provides, among others, that: The air conditioners cost a total of P7,180 (P3,590 each), payable on a monthly installment of P258 after a down payment of P988; title to the property shall vest in the upon full payment of the entire account and only upon complete performance of all other conditions; default in the payment of two installments or violation of paragraph four[1] entitles the seller to retake possession of the property free from all claims whatever, and all sums paid are forfeited as compensation for the use of the property and as liquidated damages for wear and tear.

As of February 1, 1963, Trinity Luncheonette had paid only the down payment, and was in default on installments due since November 18, 1962.

That same day, February 1, 1963, the Sheriff of Ma-nila attached and levied on the properties of Trinity Luncheonette including one of the air conditioners, as a result of the writ of attachment issued by the municipal court of Manila in Civil Case No. 105804 entitled Trinity Investment Co., Inc. v. Trinity Luncheonette and Social Club Corporation, et al. Soon after, on February 9, 1963, Sun Brothers filed a third party claim over the air conditioner with the sheriff's office. Notified by the sheriff of the third party claim, Trinity Investment posted an indemnity bond of P3,600 in favor of the sheriff through Capital Insurance pursuant to section 14, Rule 59 of the Rules of Court.[2] As consideration for the bond, Trinity Investment had earlier, on March 5, 1963, executed an indemnity agreement in favor of Capital Insurance. Con-sequently, the sheriff sold the attached property, includ-ing the air conditioner at a public auction.

The present action is one for damages pursuant to Section 14, Rule 59, of the Rules of Court, brought by Sun Brothers on June 7, 1963 before the City Court of Manila[3] against Trinity Luncheonette, Trinity Investment, the Sheriff of Manila and Capital Insurance. The City Court on November 5, 1963 absolved the sheriff, declared Trinity Luncheonette in default and upholding the validi-ty of the retained-ownership-until-full-payment-condition, ordered Trinity Luncheonette, Trinity Investment, and Ca-pital Insurance, to pay Sun Brothers jointly and several-ly P3,590 (value of one air conditioner) with interest from February 9, 1963 plus P300 attorney's fees and the cost of the suit. As prayed for, Trinity Investment was ordered to pay Capital Insurance whatever the latter paid the plaintiff plus P100 attorney's fees and costs of the suit.

Upon appeal by Capital Insurance[4] the Court of First Instance on April 6, 1965, citing Articles 1478 and 1503 of the Civil Code upheld the validity of the conditional sale and declaring Sun Brothers as owner of the air

conditioner, affirmed the City Court's decision. Its motion for reconsideration having been denied, Capital Insurance now seeks before Us on appeal to be absolved from liability considering that the sheriff himself was absolved and prays to recover from Trinity Investment the 12% rate of interest and 15% attorney's fees as stipulated in the indemnity agreement in its favor.

The validity of the conditional sale is not here questioned. It is claimed by appellant, however, that since the sheriff was absolved from liability, it should also be absolved for the reason that the indemnity bond was made in the sheriff's favor - not the plaintiff's - to answer for damages the sheriff may be held accountable for wrongful attachment and levy; that only the sheriff has a cause of action against appellant and not the plaintiff who was not a party to the bond agreement, and that the sheriff must first be held liable before the appellant may be proceeded against thereunder.

This court has long since held^[5] that the execution of the indemnity bond in favor of the sheriff indemnifying him damages resulting from an unlawful levy and sale of the property, affirmatively establishes the liability of the indemnitor and his bondsmen as principals in the subsequent trespass committed by the sheriff. The bond is equivalent to the personal interference by the indemnitor and his bondsmen. They assume control and direction of the future actions of the sheriff, making them responsible for the continuance of the wrongful possession and sale and conversion of the goods - in other words, for the real damages suffered by the plaintiff.

According to the indemnity agreement, Trinity Investment's obligation matures when Capital Insurance becomes liable under the bond.^[6] The indemnity includes attorney's fees, not less than 15% of the claim^[7] with 12% per annum interest in case of delay.^[8] It is but equitable that the indemnity agreement, not in any way shown to be irregular, be respected. Since the liability of Capital Insurance under the bond is from the date of the filing of the complaint which is June 7, 1963,^[9] it is also from such date that the indemnity obligation matures. Trinity Investment, therefore, started to be in delay from demand by Capital Insurance in its cross-claim on July 25, 1963. And from that date, it is liable for interest.

WHEREFORE, the judgment appealed from is modified only as regards defendant Capital Insurance & Surety Co., Inc.'s cross-claim, in that cross-defendant Trinity, Investment Co., Inc. is ordered to pay said cross-plaintiff interest at the rate of 12% per annum on the amount to be reimbursed, counted from the filing of the cross-claim on July 25, 1963, plus attorney's fees of 15% of the amount of the claim awarded, in lieu of the P100 granted, plus costs. In all other respects, the judgment is affirmed. No costs in this instance.

SO ORDERED.

Concepcion, C.J., Reyes, J.B.L., Dizon, Makalintal, Zaldivar, Sanchez, Ruiz Castro, Angeles, and Fernando, JJ., concur.

[1] Paragraph 4 is a stipulation not to remove the air conditioners from the premises.

[2] Now Section 14, Rule 57.

[3] Civil Case No. 109923.

[4] Trinity Investment did not appeal.

[5] *Alzua and Arnalot v. Johnson*, 21 Phil. 311; *Waite v. Peterson*, 8 Phil. 449, both citing *Lovejoy v. Murray*, 3 Wallace 1-19, 70 U.S. 9-18.

[6] Record on Appeal, p. 38.

[7] Record on Appeal, p. 37.

[8] Record on Appeal, pp. 39-40.

[9] CFI judgment, pp. 104, Record on Appeal.

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.