

FILINVEST CREDIT CORPORATION, PETITIONER, VS. COURT OF APPEALS AND FELIX ANGELES, RESPONDENTS.

G.R. No. 100644. September 10, 1993

Ponente: QUIASON, J.

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QUIASON, J.:

This is a petition for certiorari under Rule 65 of the Revised Rules of Court to nullify the decision of the Court of Appeals in CA-G.R. No. CV-15653 entitled "Felix Angeles v. Filinvest Finance and Leasing Corporation, represented by its President."

The case CA-G.R. No. CV-15653 of the Court of Appeals was an appeal by Filinvest Finance & Leasing Corporation from the decision of the Regional Trial Court, Branch 38, San Jose City, in Civil Case No. SJC-279. The Filinvest Credit Corporation, petitioner herein, was a co-defendant in said civil case but which did not appeal from the decision. The Court of Appeals, dismissed the complaint as against Filinvest Finance & Leasing Corporation but held Filinvest Credit Corporation liable for all the damages due Felix Angeles, private respondent herein. Hence, this petition under Rule 65 of the Revised Rules of Court.

There is no dispute that, as found by the Court of Appeals, respondent Felix Angeles purchased from Armark Motor Works and Body Builders an Isuzu passenger jeepney for P57,408.00, payable at a monthly installment of P2,392.00. To secure payment, private respondent executed a promissory note and a deed of chattel mortgage in favor of the seller. The latter assigned the promissory note and chattel mortgage of respondent Angeles to Filinvest Finance & Leasing Corporation, which in turn, assigned them to Filinvest Credit Corporation on December 7, 1983.

As respondent Angeles failed to either pay his installment payments on time or pay the correct amount of the installments, the Filinvest Credit Corporation filed an action for replevin in the Regional Trial Court, Branch 42, Pampanga and had the passenger jeepney seized.

In turn, respondent Angeles filed on December 14, 1983, an action for replevin to recover said vehicle with damages against Filinvest Finance and Leasing Corporation with the Regional Trial Court, Branch 38, San Jose City. Filinvest Finance and Leasing Corporation moved to dismiss the complaint, alleging, inter alia, that it had assigned the obligation of respondent Angeles to Filinvest Credit Corporation and that it was not the party that seized the vehicle.

After the trial court denied the motion to dismiss, respondent Angeles moved on August 20, 1984 to amend the complaint, by impleading Filinvest Credit Corporation as defendant and alleging that said party was the one which committed the tortious act of wrongfully seizing the vehicle subject of the replevin suit.

Paragraphs 4 and 5 of the complaint, as amended, read as follows:

"4. That plaintiff had faithfully and religiously paid his monthly installment/obligation to the defendant Philinvest (sic) Credit Corporation as directed by the other defendant Philinvest (sic) Finance & Leasing

Corporation, from November, 1981 continuously up to December, 1983 as evidenced by receipts of the payment duly issued by the defendant Philinvest (sic) Credit Corporation;

"5. That on December 7, 1983 and without notice to and/or (sic) knowledge of plaintiff, defendant Philinvest Credit Corporation acting through its agents, unjustifiably repossessed and/or seized through force and violence from defendant's driver the aforescribed Isuzu passenger jeepney to the damage and prejudice of the plaintiff" (Rollo, p. 32).

After summons was served on Filinvest Credit Corporation, it filed a motion to dismiss the amended complaint on the ground of respondent Angeles' failure to prosecute. The motion to dismiss was denied. Filinvest Credit Corporation thereupon filed its answer with counterclaim.

After trial, the Regional Trial Court, promulgated its decision in favor of respondent Angeles. The dispositive portion of the decision reads as follows:

"WHEREFORE, this Court hereby renders judgment for the plaintiff and against the defendant finding:

"1. That the mortgaged vehicle, an Isuzu passenger type jeepney with Motor No. 494695, Chassis No. SPM-16-75-81-C, with all its accessories which defendant has forcibly taken from plaintiff's driver be turned over to the plaintiff, and should the turn over of the possession be impossible, to pay the plaintiff the amount of P55,860.00 representing the amount paid by plaintiff to the defendant;

2. Ordering the defendant to pay plaintiff the amount of P20,000.00 for reasonable loss of earnings;

3. Ordering the defendant to pay plaintiff the amount of P10,000.00 as moral damages;

4. Ordering the defendant Filinvest Credit Corporation to pay the plaintiff P10,000.00 for and as attorney's fees;

5. To pay plaintiff the amount of P2,000.00 as litigation expenses; and

6. To pay the cost of suit" (Rollo, pp. 11-12; underlining supplied).

Believing that the decision only ordered it to pay the sum of P10,000.00 for and as attorney's fees, Filinvest Credit Corporation did not appeal therefrom and just paid respondent Angeles the sum of P10,000.00. Believing that it was the "defendant" referred to in the decision, Filinvest Finance and Leasing Corporation appealed.

The Court of Appeals adopted the findings of fact of the trial court but it specified that while the promissory note and chattel mortgage in question were originally assigned to Filinvest Finance and Leasing Corporation, the latter assigned its rights thereon to Filinvest Credit Corporation. The Court of Appeals also made explicit that it was Filinvest Credit Corporation that unlawfully seized the vehicle of respondent Angeles. The dispositive portion of the decision of the Court of Appeals reads as follows:

"WHEREFORE, in view of the foregoing, defendant-appellant, FINANCE, is pronounced to be without liability under the judgment appealed from. As to defendant CREDIT, who (sic) did not interpose any appeal, the judgment is AFFIRMED with the modification that in case the subject vehicle cannot be returned to plaintiff-appellee, the amount of P56,358.00 representing the downpayment (P18,000.00) plus the amount paid on the Promissory Note (P38,358.00, should be paid to plaintiff-appellee" (Rollo, p. 45).

Filinvest Credit Corporation now comes to us, complaining that the Court of Appeals cannot increase the amount of damages to be paid by it, when neither it, as a co-defendant, nor respondent Angeles, as plaintiff, appealed from the decision of the trial court, particularly the portion thereof ordering "[t]he defendant Filinvest Credit Corporation to pay the plaintiff P10,000.00 and as attorney's fees."

The comedy of legal errors started with the careless drafting of the decision of the trial court. The ambiguity of the decision, which spawned the confusion, can be shown by reproducing it in full, as follows:

"REPUBLIC OF THE PHILIPPINES

REGIONAL TRIAL COURT

THIRD JUDICIAL REGION

BRANCH 38

SAN JOSE CITY

FELIX ANGELES, Civil Case No. SJC-279

Plaintiff,

- versus -

FILINVEST FINANCE &

LEASING CORP. rep. by

its President,

Defendant.

X -----
----- X

D E C I S I O N

"The present (sic) is for recovery of possession of an Isuzu passenger jeep with damages filed by plaintiff against the defendant, the complaint alleging in essence, that plaintiff purchased from Armark Motor Works and Body Builders an Isuzu passenger jeepney at a cost price of P57,408.00 payable in two (2) years at a monthly installment of P2,392.00, the installment to commence in November 1981. To secure payment plaintiff has (sic) executed a promissory note and a deed of chattel mortgage in favor of Armark Motor Works and Body Builders executed (sic) a deed of assignment of plaintiff's obligation in favor of the defendant; despite the monthly payments made by plaintiff to the defendant, without prior notice to and knowledge of the former, the latter seized said jeepney to the damage and prejudice of the plaintiff; plaintiff seeks to recover not only the possession of the jeepney but also damages and attorney's fees.

On April 25, 1984, the Court acting on defendant's motion to dismiss and the opposition filed thereto, has denied (sic) the former's motion, hence, on May 15, 1984, defendant filed its answer admitting only paragraph 3 of plaintiff's complaint and denied the rest thereof; it has set up (sic) affirmative defenses of improper laying of venue; that defendant is not the real party in interest and that plaintiff's claim has been waived, abandoned or has been extinguished. As a final thrust, defendant in its counterclaim seeks for damages, litigation expenses and attorney's fees.

On May 16, 1984, plaintiff filed a reply to defendant's counterclaim alleging that defendant's claim for damages is baseless.

The pre-trial conference having been terminated, the hearing on the merits commenced on August 17, 1984 until the submission of the case for decision on September 7, 1987.

Running through the gamut of plaintiff's evidence are two main propositions:

First, that the term of payments expressly stipulated in the promissory note has been waived amounting to an

amendment of the contract thru the acceptance by the defendant of a lesser amount and defendant had tacitly acquiesced to delayed payments amounting to a ratification of an amended contract.

Second, that the defendant having acquiesced in accepting lesser and delayed payments has acted in bad faith when it forcibly took possession of the mortgaged vehicle and disposed of it, hence, it should be held accountable for the damages sustained by the plaintiff.

The terms of payments as expressly stipulated in the promissory note, Exh. A on plaintiff's theory has been amended because:

1. On three (3) different occasions particularly in February 1982, April 1982 and May 1982, when the fourth, sixth and seventh monthly installments became due and payable, instead of the defendant availing of its right to foreclose the mortgage, have (sic) acquiesced in accepting the delayed payments of the monthly amortizations as clearly shown by O.R. No. 128297, Exh. B-1 for the month of January 1982; O.R. No. 060245, Exh. B-2 for the month of March 1982; and O.R. No. 042685, Exh. B-4 for the month of June 1982.

2. That all of the amortizations paid by the plaintiff and received by the defendant were duly receipted for by the defendant as evidenced by official receipts, Exhs. B, B-1 to B-25, covering the months of November 1981 up to December 1983, but for the months of February, April and May 1982, and the said payments are lesser than what was originally and expressly stipulated in the promissory note.

The Court subscribed to the theory of the plaintiff, otherwise, defendant would, when the plaintiff failed to pay the first installment which fell due on November 21, 1981 and when plaintiff made less payments on December 18, 1981 and on January 21, 1982 have foreclosed the mortgage. The continued acceptance of the plaintiff's payments which were very much lesser than what was previously and expressly stipulated in the promissory note and the number of delayed payments, all the more, indicate a concrete revelation (sic) that the contract between the herein parties as regards the manner or mode of payments which benefited the defendant has been amended, amounting to an implied ratification of the contract (*Acuña vs. Batoc Producers Cooperative Marketing Association, Inc.*, L-20333, June 30, 1967, SCRA 526). The desire of the plaintiff to live up to and comply with the terms and conditions of the contract is show (sic) by his payments, Exhs. B, B-1 to B-25 and indicative of the good faith of the plaintiff in settling his obligations to the defendant. The acceptance of the partial payments by the defendant constitutes an implied ratification of the amended terms of payments which precludes a rejection of the amended terms of payment (*Federation of United Namarco Distributors, Inc. vs. National Marketing Corporation*, L-17819, March 31, 1962, 4 SCRA 867).

The defendant having tolerated and acquiesced in accepting lesser and delayed payments has acted in utmost bad faith because:

1. After having implied (sic) amended or modified the express stipulation in the promissory note amounting to the ratification of lesser payments without the benefit of notice and demand upon the plaintiff in accordance with paragraph 4 of the Chattel Mortgage x x x, the defendant forcibly took possession of the mortgaged vehicle and worst of all, have sold the same to the damage and prejudice of the plaintiff.

The forcible taking of the mortgaged vehicle took place on December 7, 1983, by four persons who boarded the jeep being driven by Rolly Alcantara along España Street in Manila while en route to Vito Cruz. Reaching the round table, they told Alcantara that the jeep run (sic) over a child and Alcantara definitely sure that there was no incident of said nature, has (sic) suggested to the four persons that they see the owner of the jeep for any possibility that the other driver could be responsible for it, but instead of heeding to Alcantara's suggestion, the four persons forced Alcantara to get-off the jeep with one of them poking his gun against Alcantara and forced him to board the service car of the four persons (t.s.n. R. Alcantara, October 10, 1985, pp. 16 to 18). Because of apprehension and nervousness thinking that what transpired is a case of carjacking and to be the end of the world for him, Alcantara lost consciousness and regained consciousness only in San Fernando, Pampanga, where he was handed a piece of paper which he signed having been asked to; at that point in time,

Alcantara did not know the whereabouts of the jeep (Ibid, pp. 23 and 24); Alcantara handed the document to the plaintiff three days after the forcible taking of the same (Ibid, p. 19), of which document, Exh. C, purports to show that the mortgaged vehicle was surrendered to the defendant, when in truth and in fact was forcibly taken from Rolly Alcantara.

2. The plaintiff unaware of the filing of Civil Case No. 6807, Regional Trial Court, Branch XLII, San Fernando, Pampanga, on June 8, 1983, has made six more payments; P1,000.00 on August 8, 1983 under O.R. No. 034202, Exh. B-20; P1,000.00 on September 22, 1983 under O.R. No. 002721, Exh. 003026, Exh. B-22; P1,000.00 on November 7, 1983 under O.R. 003751, Exh. B-23; P2,000.00 on November 23, 1983 under O.R. No. 047722, Exh. B--25; and P1,000.00 on December 1, 1983 under O.R. No. 081062, Exh. B-24, and the defendant in evident bad faith received said payments as shown by said receipts, the latest of which payment was on December 1, 1983 without informing plaintiff about the case it has filed. The total payments made by the plaintiffs amounted to P55,860.00 including the P18,000.00 which he has paid at the time of the delivery of the vehicle.

Anent this, the Court observes the undue advantage taken of by the defendant against the plaintiff which is adjoined by Article 19 and 22 of the Civil Code. The act of receiving amortization payments, especially to after the defendant has already filed Civil Case No. 6807 is not consistent with justice and good faith and the principle of unjust enrichment at the expense of another.

To justify the seizure of the vehicle, the defendant tried to show that it has filed a replevin case before the Regional Trial Court, Branch XLVII, San Fernando, Pampanga, docketed as Civil Case No. 6807 where the Court has issued an Order authorizing the Sheriff or proper officer of that Court to take custody of the mortgaged vehicle but far short of showing any proof that the said order was carried out in compliance with Sections 4 and 8, Rule 60 of the Rules of Court. This, to the mind of the Court, reveals the point that the seizure was not clearly and indubitably shown in the Court's order, Exh. B, defendant, and Exh. D, plaintiff:

"xxx it appearing that the issues are not yet joined despite the fact that the complaint was filed way back on June 8, 1983; let this case be, as it is hereby dismissed without prejudice and without pronouncement as to costs."

Clear to the Court is the fact that the mortgaged vehicle is a passenger jeep and being driven by Rolly Alcantara from 5:00 a.m. to 5:00 p.m. where the plaintiff derives a daily net income of P130.00 in what is practiced and known as boundary paid by Alcantara, aside from the income derived therefrom after 5:00 p.m. when he (plaintiff) purposely drives the vehicle (t.s.n. F. Angeles, October 10, 1985, pp. 7 and 8). Evident, likewise, to negate the posture of the defendant that it has not taken the mortgaged vehicle by force is a receipt, Exh. 1, defendant, which is Exh. C, plaintiff, showing clearly and indubitably that the mortgaged vehicle was taken from plaintiff's driver Rolly Alcantara and not from the plaintiff. If there is truth in the receipt that the vehicle was surrendered to the defendant, there is no need for Rolly Alcantara to be brought to San Fernando, Pampanga.

From the foregoing, the Court has come to the following conclusions:

1. The mortgaged vehicle was forcibly taken somewhere at the round table while en route to Vito Cruz, Manila, by four persons one of whom poked his gun at plaintiff's driver, Rolly Alcantara;
2. That the plaintiff has been earning a net income of P130.00 a day for a period of five (5) months when said jeep was forcibly taken by the four persons who identified themselves as police officers and has thus deprived the plaintiff of a legitimate earning from said jeepney;
3. That the defendant has acted in evident bad faith when it took the jeepney by force from the plaintiff's driver and when it still received the payments fully aware that as of June 8, 1983, it has already instituted a case against the plaintiff at the RTC in San Fernando, Pampanga;
4. That the plaintiff having proven that he has a right to the possession of the mortgaged vehicle must be

restored in his possession by virtue of Article 539 of the Civil Code; corollary thereto, he is entitled to damages under Articles 19, 20, 23, 2199 and 2208, likewise, of the Civil Code. His demand for damages under Articles 19, 30 and 23 and attorney's fees incidental to the filing of this action is granted; and

5. Defendant's claim for damages, attorney's fees and litigation expenses, for lack of evidence cannot be granted.

WHEREFORE, this Court hereby renders judgment for the plaintiff and against the defendant finding: xxx" (Rollo, pp. 6-11; underlining supplied)

While there are two defendants in Civil Case No. SJC-279, the Filinvest Finance and Leasing Corporation and Filinvest Credit Corporation, the decision only mentioned a "defendant" except in item 4 of the dispositive portion thereof, which referred to "defendant Filinvest Credit Corporation."

The title of the case as appearing in the decision only mentions a defendant ("Felix Angeles, Plaintiff, versus Filinvest Finance Leasing Corporation, rep. by its President, Defendant").

We have examined the original record of Civil Case No. SJC-279 in order to identify which of the two defendants is the one referred to by the trial court every time it mentions the "defendant" in its decision. The transcripts of the stenographic notes were not of much help because the witnesses just referred to "Filinvest." The documentary evidence, however, showed that while the promissory note executed by respondent Angeles in favor of Armark Motor Works and Body Building was assigned to Filinvest Finance and Leasing Corporation (Exh. A; also Exh. 2) the same note was reassigned by Filinvest Finance and Leasing Corporation to Filinvest Credit Corporation (Exh. G; also Exh. 4). It also appears that respondent Felix had been paying his amortizations to Filinvest Credit Corporation (Exh. B, B-1 to B-24); that it was Filinvest Credit Corporation that filed the action for replevin to recover the passenger jeepney from respondent Angeles in the Regional Trial Court, Branch 42, San Fernando, Pampanga (Exh. D; also Exh. 1; Exh. H, also Exh. 5); and that it was said defendant that forcibly seized the said jeepney (Exh. J, also Exh. 6; Exh. I; also Exh. 7; Exh. K; also Exh. 8).

It was established that Filinvest Finance and Leasing Corporation ceased to have interest in the promissory note and the chattel mortgage executed by him. It was also established that it was Filinvest Credit Corporation that was responsible for the wrongful seizure of the jeepney subject of the chattel mortgage.

All these facts were known to the counsel of Filinvest Credit Corporation. They also knew to whom the trial court was referring every time it mentioned "the defendant" in its decision.

The theory that the Court of Appeals cannot increase the damages imposed by the trial court on petitioner herein, which was neither an appellant nor an appellee in the appeal, is untenable. True, the general rule in appellate procedure is that the reversal of the judgment on appeal is binding only on the parties in the appealed case and cannot prejudice or benefit one who did not appeal or was not made a party to the appeal (*Facundo v. Pabalan*, 4 SCRA 375 [1962]; *Tropical Homes, Inc. v. Fortun*, 169 SCRA 81 [1989]).

Implicit in the general rule is the reversal or modification of the decision of the trial court by the appellate court. The rule therefore is not applicable in a case where the appellate court does not reverse or modify the appealed decision but on the contrary, affirms and clarifies it.

Due to the apparent ambiguity of the decision of the trial court, the remedy of the two defendants was to ask for a clarification from the trial court itself before interposing an appeal. The trial court has jurisdiction to clarify its own decisions even after their finality. (*Locsin v. Paredes*, 63 Phil. 87 [1936]).

But inasmuch as the decision was appealed immediately to the Court of Appeals, the said Court can clarify the

ambiguity in the decision in the course of resolving the assigned errors instead of remanding it to the court of origin.

Where there is an ambiguity, a judgment shall be read in connection with the entire record and construed accordingly. In such a case it is proper to consider the pleadings and the evidence (*Republic v. Delos Angeles*, 41 SCRA 422 [1971]). This is what we, and presumably the Court of Appeals, did.

WHEREFORE, the petition is DISMISSED, there being no grave abuse of discretion on the part of the Court of Appeals.

SO ORDERED.

Cruz, (Chairman), Griño-Aquino, Davide, Jr., and Bellosillo, JJ., concur.

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