

MARIANO L. DEL MUNDO, PETITIONER, VS. HON. COURT OF APPEALS, JOSE U. FRANCISCO AND GENOVEVA V. ROSALES, RESPONDENTS.

G.R. No. 104576. January 20, 1995

Ponente: VITUG, J.

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VITUG, J.:

Mariano Del Mundo ("Del Mundo") impugns in this petition for review on certiorari the 07th April 1989 decision [1] of the Court of Appeals which has affirmed, with modification, the 29th June 1984 decision [2] of the Regional Trial Court of Quezon City ordering him, together with the Republic Planters Bank ("RPB"), inter alia, to pay jointly and severally herein private respondents, the spouses Jose Francisco and Genoveva Francisco ("Franciscos"), the sum of P200,000.00 by way of actual and moral damages, as well as P6,000.00 of attorney's fees, plus litigation expenses.

The Franciscos are the owners of a parcel of land, with an area of 38,010 square meters, situated in Barrio Anilao, Municipality of Mabini, Province of Batangas, covered by and described in Original Certificate of Title ("OCT") No. 0-3267 of the Registry of Deeds of Batangas. Del Mundo, on the other hand, is the operator of a dive camp resort adjacent to the property.

Some time in June of 1980, Del Mundo proposed a corporate joint venture with the Franciscos for the development of the latter's property. The corporation (to be named the "Anilao Development Corporation") would have a capital stock of One Million (P1,000,000.00) Pesos to be subscribed equally between Del Mundo and the Franciscos. To cover the proposed subscription of the Franciscos, Del Mundo assured the couple that he could get for them a P125,000.00 loan secured by the realty. [3]

The Franciscos executed a special power of attorney ("SPA"), dated 25 July 1980, [4] in favor of Del Mundo authorizing him to obtain a bank loan. The SPA, in part, provided:

"1. To negotiate for a loan with any bank or financial institution, in such amount or amounts as our said attorney-in-fact may deem proper and expedient and under such terms and conditions as he may also deem proper and convenient;

"2. To sign, execute and deliver by way of first mortgage in favor of said bank or financial institution on our property situated in Anilao, Mabini, Batangas, x x x

"3. To receive and receipt for the proceeds of the loan, and to sign such other papers and documents as may be necessary in connection therewith;

"GIVING AND GRANTING unto our said attorney-in-fact full power and authority as we might or could do if personally present and acting in person, and hereby CONFIRMING all that our said attorney-in-fact may lawfully do under and by virtue of these presents."

Only the duplicate copy of the SPA was given to Del Mundo by the Franciscos. The latter kept the original copy

but agreed to have it delivered to Del Mundo once he would have been able to firm up the P125,000.00 financing to cover their (the Franciscos) proposed subscription. [5] Aside from the special power of attorney, the Franciscos, who were then about to depart for abroad, [6] turned over to Del Mundo the physical possession of the real property along with its existing facilities and equipment.

Del Mundo proceeded to the Republic Planters Bank ("RPB") to apply for the loan. After the loan application was approved, Del Mundo executed a deed of real estate mortgage over the Franciscos' property to secure a P265,000.00 loan. The mortgage, however, could not be annotated on the owner's copy of OCT No. 0-3267, then in the possession of the Development Bank of the Philippines ("DBP") which had a previous mortgage lien on it. To obtain said owner's copy, the RPB agreed to assume, and thereafter paid, Franciscos' outstanding indebtedness to the DBP. The latter, despite the payment, refused to release the owner's copy of the certificate of title due to Franciscos' objection. [7] In order to allow the release of the loan proceeds, Del Mundo submitted additional collaterals. The RPB then withdrew its previous payment to the DBP of P22,621.75, and the P265,000.00 loan was forthwith released to Del Mundo. [8]

The joint venture project did not materialize. The Franciscos wrote a demand letter addressed to Del Mundo for the payment of rentals for the use of their property at the rate of P3,000.00 a month (totaling P42,000.00) and for the return of the equipment taken by Del Mundo from the bodega of the Franciscos valued at P15,000.00. [9]

Since Del Mundo failed to settle with the Franciscos, the latter sued Del Mundo, along with the RPB, for annulment of the mortgage, as well as for damages, before the Regional Trial Court of Quezon City. The Franciscos asserted that Del Mundo made use of their property for his sole benefit and purpose, and that the use of the property could not have been availed of by Del Mundo himself had it not been for the latter's proposal to put up the joint venture. After trial, the trial court rendered judgment, dated 29 June 1984, [10] in favor of the Franciscos thusly:

"(1) Declaring the real estate mortgage (Exh. E) executed by defendant Mariano Del Mundo in favor of defendant Republic Planters Bank on January 10, 1981, null and void ab initio;

"(2) Declaring the unauthorized payments made by defendant Republic Planters Bank to the Development Bank of the Philippines for the account of plaintiffs as null and void;

"(3) Ordering defendant Mariano L. del Mundo to pay to plaintiffs the sum of P42,000.00 as reasonable rental payment for the use and occupancy of plaintiffs' property, plus P15,000.00 representing the value of equipment taken by said defendant from plaintiffs;

"(4) Ordering defendants jointly and severally, to pay to plaintiffs the sum of P200,000.00 as actual and moral damages, plus P6,000.00 as attorney's fees and litigation expenses, plus costs;

"(5) Ordering plaintiffs to reimburse defendant Republic Planters Bank the sum of P67,000.00;

"(6) Dismissing defendants' counterclaims for lack of merit." [11]

Both parties appealed the decision to the Court of Appeals. While the appeal was pending, Jose Francisco died; he was substituted by his heirs. On 07 April 1989, the Court of Appeals rendered its now assailed decision [12] which decreed:

"WHEREFORE, the appealed decision is hereby AFFIRMED in all respects subject to the modification that plaintiff-appellants be absolved of any liability to appellant bank." [13]

On its assumption that the decision had already become final and executory, the Court of Appeals made an entry of judgment on 28 September 1989. [14] Thus, RPB, some time in October 1990, paid Genoveva Francisco and

the substituted heirs the amount of P209,126.00, the extent to which RPB was held to be jointly and solidarily liable with Del Mundo conformably with the appellate court's decision (affirming that of the trial court). [15] The Franciscos acknowledged the payment and manifested that "(t)he only amount not satisfied x x x (was) the amount due solely from defendant Mariano L. Del Mundo" pursuant to that portion of the judgment -

'3) Ordering defendant Mariano L. Del Mundo to pay to plaintiffs the sum of P42,000.00 as reasonable rental payment for the use and occupancy of plaintiff's property, plus P15,000.00 representing the value of equipment taken by said defendant from plaintiffs;'" [16]

When Del Mundo learned, for the first time, that a writ of execution pursuant to the appellate court's decision was sought to be implemented against his property on 09 October 1990, he filed on the very next day, or on 10 October 1990, an urgent manifestation with motion to lift the entry of judgment against him alleging non-service of the assailed decision. [17] The appellate court acted favorably on Del Mundo's motion and, "in the interest of justice," [18] he was also allowed to file his own motion for reconsideration. He did in due time. [19]

After Del Mundo's motion for reconsideration was denied on 18 March 1992, the present petition was seasonably instituted assigning three alleged errors; viz:

"A.

"RESPONDENT C.A. ERRED IN AFFIRMING THE TRIAL COURT'S FINDING THAT PRIVATE RESPONDENTS HAVE A CAUSE OF ACTION AGAINST PETITIONER DESPITE THE TOTAL ABSENCE OF DAMAGE ON THE PART OF PRIVATE RESPONDENTS.

"B.

"RESPONDENT C.A. ERRED IN AFFIRMING THE TRIAL COURT'S DECISION DESPITE THE FACT THAT SAID DECISION DOES NOT STATE THE FACTS AND THE LAW ON WHICH IT IS BASED IN GROSS VIOLATION OF SEC. 9, ART. X OF THE 1973 CONSTITUTION THEN IN FORCE AND EFFECT.

"C.

"RESPONDENT C.A. ERRED IN AFFIRMING THE TRIAL COURT'S DECISION ORDERING PETITIONER AND CO--DEFENDANT REPUBLIC PLANTERS BANK ("RPB") TO PAY PRIVATE RESPONDENTS, JOINTLY AND SEVERALLY, THE SUM OF P200,000.00 AS ACTUAL AND MORAL DAMAGES PLUS ATTORNEY'S FEES, AND COSTS/EXPENSES OF LITIGATION."

We see partial merit in the petition.

In its 29th June 1984 decision, the trial court, after summarizing the conflicting asseverations of the parties, went on to discuss, and forthwith to conclude on, the kernel issue of the case in just two paragraphs, to wit:

"The evidence disclose that defendant RPB executed said mortgage with del Mundo, although the original of said special power--of-attorney and the original of the owner's duplicate certificate of title was not presented to it and without requiring its registration. Under the circumstances, the mortgage to defendant RPB was irregularly executed, justifying annulment of said mortgage in its favor.

"However, the evidence disclose that plaintiffs has received the sum of P45,000.00 from del Mundo, and the sum of P22,300.00 was paid to DBP (Exh. F) and applied to plaintiffs' previous loan with DBP, as part of an agreement between plaintiffs and del Mundo, or a total of P67,300.00. Plaintiffs are, therefore, duty bound to make reimbursement of said amount to RPB, as they cannot be allowed to enrich themselves at RPB's expense and prejudice." [20]

After that brief disquisition, the trial court disposed of the case by ordering Del Mundo and RPB, inter alia, jointly and severally to pay the Franciscos the sum of P200,000.00 as actual and moral damages, P6,000.00 as attorney's fees, and litigation expenses plus costs.

It is understandable that courts, with their heavy dockets and time constraints, often find themselves with little to spare in the preparation of decisions to the extent most desirable. We have thus pointed out that judges might learn to synthesize and to simplify their pronouncements. [21] Nevertheless, concisely written such as they may be, decisions must still distinctly and clearly express, at least in minimum essence, its factual and legal bases. [22]

The two awards - one for actual damages and the other for moral damages - cannot be dealt with in the aggregate; neither being kindred terms nor governed by a coincident set of rules, each must be separately identified and independently justified. A requirement common to both, of course, is that an injury must have been sustained by the claimant. The nature of that injury, nonetheless, differs for while it is pecuniary in actual or compensatory damages, [23] it is, upon the other hand, non-pecuniary in the case of moral damages. [24]

A party is entitled to an adequate compensation for such pecuniary loss actually suffered by him as he has duly proved. [25] Such damages, to be recoverable, must not only be capable of proof, but must actually be proved with a reasonable degree of certainty. [26] We have emphasized that these damages cannot be presumed, [27] and courts, in making an award must point out specific facts which could afford a basis for measuring whatever compensatory or actual damages are borne. [28]

Moral damages, upon the other hand, may be awarded to compensate one for manifold injuries such as physical suffering, mental anguish, serious anxiety, besmirched reputation, wounded feelings and social humiliation. These damages must be understood to be in the concept of grants, not punitive [29] or corrective [30] in nature, calculated to compensate the claimant for the injury suffered. [31] Although incapable of exactness and no proof of pecuniary loss is necessary in order that moral damages may be awarded, the amount of indemnity being left to the discretion of the court, [32] it is imperative, nevertheless, that (1) injury must have been suffered by the claimant, and (2) such injury must have sprung from any of the cases expressed in Article 2219 [33] and Article 2220 [34] of the Civil Code. A causal relation, in fine, must exist between the act or omission referred to in the Code which underlies, or gives rise to, the case or proceeding, on the one hand, and the resulting injury, on the other hand; i.e., the first must be the proximate cause and the latter the direct consequence thereof.

A judicious review of the records in the case at bench, indeed, fails to show that substantial legal basis was shown to support the herein questioned collective award for the questioned damages. We are, therefore, constrained to disregard them.

As regards the other issues raised by petitioner, the findings of the appellate court, involving such as they do mainly factual matters that are not entirely bereft of substantial basis, must be respected and held binding on this Court.

In passing, we have taken note of the fact that the RPB, itself a judgment co-debtor in solidum with Del Mundo, did not join the latter in this appeal. The Court, accordingly, cannot here and now make any pronouncement on the effects of said bank's payment to Del Mundo under and by virtue of the appellate court's appealed decision.

WHEREFORE, the decision of the Court of Appeals is accordingly MODIFIED by deleting the award of P200,000.00 for actual and moral damages. In all other respects, the appealed decision is AFFIRMED. No costs.

SO ORDERED.

Feliciano, (Chairman), Bidin, Romero, and Melo, JJ., concur.

[1] Penned by Justice Abelardo Dayrit, with the concurrence of Justices Nathanael De Pano, Jr. and Celso Magsino.

[2] Per Judge Willelmo C. Fortun.

[3] Rollo , 81.

[4] Rollo , 76.

[5] Rollo , p. 81.

[6] Ibid., 82.

[7] Brief for Defendant-Appellant Republic Planters Bank, p. 7, C.A. Rollo , p. 29.

[8] Rollo , p. 11.

[9] Rollo , 66.

[10] Annex "C", Comment, Rollo , pp. 81-85.

[11] Rollo , pp. 84-85.

[12] Annex "A", Petition, Rollo , pp. 26-31.

[13] Rollo , p. 31.

[14] C.A. Rollo , p. 77.

[15] Rollo , pp. 78-80.

[16] Rollo , p. 80.

[17] C.A. Rollo , pp. 78-81.

[18] C.A. Rollo , p. 97.

[19] Ibid., pp. 100-115.

[20] Rollo , p. 84.

[21] People v. Amondina, 220 SCRA 6.

[22] See Art. VIII, Sec. 14, 1987 Constitution.

[23] Delos Santos v. Dela Cruz, 37 SCRA 555; Rubio v. CA, 141 SCRA 488.

[24] Art. 2216, Civil Code.

[25] Art. 2199, Civil Code of the Philippines.

[26] Refractories Corporation v. Intermediate Appellate Court, 176 SCRA 539; Choa Tek Hee v. Philippine Publishing Co., 34 SCRA 447.

[27] Capco v. Macasaet, 189 SCRA 561.

[28] *Malonzo v. Galang*, 109 Phil. 16; *Medelo v. Gorospe*, 159 SCRA 248.

[29] *San Miguel Brewery, Inc. vs. Magno*, 21 SCRA 292.

[30] *Agustin v. CA*, 6 June 1990; *Abrogar v. IAC*, 157 SCRA 57; *Buan v. Camaganacan*, 16 SCRA 321.

[31] See *Guita v. CA*, 139 SCRA 576; *Guilcatco v. City of Dagupan*, 171 SCRA 382.

[32] Art. 2216, Civil Code.

[33] ART. 2219. Moral damages may be recovered in the following and analogous cases:

- (1) A criminal offense resulting in physical injuries;
- (2) Quasi-delicts causing physical injuries;
- (3) Seduction, abduction, rape, or other lascivious acts;
- (4) Adultery or concubinage;
- (5) Illegal or arbitrary detention or arrest;
- (6) Illegal search;
- (7) Libel, slander or any other form of defamation;
- (8) malicious prosecution;
- (9) Acts mentioned in article 309;
- (10) Acts and actions referred to in articles 21, 26, 27, 28, 29, 30, 32, 34, and 35.

The parents of the female seduced, abducted, raped, or abused, referred to in No. 3 of this article, may also recover moral damages.

The spouse, descendants, ascendants, and brothers and sisters may bring the action mentioned in No. 9 of this article, in the order named.

[34] ART. 2220. Willful injury to property may be a legal ground for awarding moral damages if the court should find that, under the circumstances, such damages are justly due. The same rule applies to breaches of contract where the defendant acted fraudulently or in bad faith.

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