

FILINVEST CREDIT CORPORATION, PETITIONER, VS. HON. COURT OF APPEALS AND SPOUSES EDILBERTO AND MARCIANA TADIAMAN, RESPONDENTS.

G.R. No. 115902. September 27, 1995

Ponente: DAVIDE, JR., J.

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DAVIDE, JR., J.:

This petition for review on certiorari seeks to set aside the decision of the Court of Appeals in CA-G.R. CV No. 30231[1] affirming in toto the decision of the Regional Trial Court (RTC) of San Fernando (Pampanga), Branch 46, in Civil Case No. 6599.[2]

The antecedent facts are summarized by the Court of Appeals as follows:

Defendants-appellees, spouses Edilberto and Marciana Tadiaman, residents of Cabanatuan City, purchased a 10-wheeler Isuzu cargo truck from Jordan Enterprises, Inc., in Quezon City, in installments. Said spouses executed a promissory note for P196,680.00 payable in 24 monthly installments in favor of Jordan Enterprises, Inc., and a Chattel Mortgage over the motor vehicle purchased to secure the payment of the promissory note. Jordan Enterprises, Inc. assigned its rights and interests over the said instruments to Filinvest Finance and Leasing Corporation, which in turn assigned them to plaintiff-appellant Filinvest Credit Corporation.

Subsequently, the spouses Tadiaman defaulted in the payment of the installments due on the promissory note, and plaintiff-appellant filed an action for replevin and damages against them with the court below. Upon motion of the plaintiff-appellant, a writ of replevin was issued, and the truck was seized in the province of Isabela, by persons who represented themselves to be special sheriffs of the court, but who turned out to be employees of the plaintiff-appellant. The truck was brought by such persons all the way back to Metro Manila.

Thereafter, defendant spouses filed a counterbond, and the lower court ordered the return of the truck. This was not immediately implemented because the defendant spouses were met with delaying tactics of the plaintiff-appellant, and when they finally recovered the truck, they found the same to be "cannibalized". This was graphically recounted in the report (Exhibit "3") of Deputy Sheriff Anastacio Dizon, who assisted the spouses in recovering the vehicle, excerpts of which are as follows:

"On February 14, 1983, the undersigned contacted Mr. Villanueva, Branch Manager of the FILINVEST at Bo. Dolores, San Fernando, Pampanga and he gave the information that the said Isuzu Cargo Truck, subject of the aforesaid Court Order, was already delivered to their main garage at Bo. Talon, Las Pinas, Metro Manila. Mr. Villanueva further told the undersigned that in order to effectively enforce the aforementioned Court Order, the undersigned should discuss the matter with Mr. Telesforo (Jun) Isidro, Collection in-charge, and Mr. Gaspar Antonio delos Santos, Vice President for Branch Administration of the FILINVEST main office at Makati, Metro Manila.

On February 18, 1983, defendant Marciana Tadiaman, Atty. Benites and the undersigned contacted Messrs. Gaspar Antonio delos Santos and Telesforo (Jun) Isidro at the main office, FILINVEST at Paseo de Roxas,

Makati, Metro Manila and we discussed the smooth retaking of possession by the defendants of the 10-wheeler Isuzu Cargo Truck with motor No. E 120-22041, Serial No. SPM 710164864. Messrs. Delos Santos and Isidro alternatively argued that the Traveler's Insurance Company is one of the black listed Insurance firm, so much so, it is only the company's lawyer who can direct the delivery of the above-cited Cargo Truck to us. They told us to wait for the arrival of their lawyer at 5:40 p.m., and we agreed that in the meantime that their lawyer is not around, the said vehicle would not be transferred to any other place.

Came 5:30 P.M., but the company's lawyer never arrived and we were told to go back on February 21, 1983. Mr. delos Santos finally told us that the company will not deliver to us the said Cargo Truck until and after their company lawyer would say so.

On February 19, 1983, Mr. Felicisimo Hogaldo, Atty. Benites, defendant Marciana Tadiaman, three policemen of Las Piñas, Metro Manila, and the undersigned went directly to the FILINVEST garage at Bo. Talon, Las Piñas, Metro Manila and there contracted Mr. Ismael Pascual, Custodian of all repossessed vehicles of the said company, and Mr. Pedro Gervacio, Security Guard of the company assigned by the Allied Investigation Bureau at 6th Floor, Ramon Santos Bldg. They told us that the 10-wheeler Cargo Truck subject of the above-cited court order is not one of the vehicles listed in their in-coming and out-going ledger books and they told us to examine their books.

Defendant Marciana Tadiaman told Messrs. Pedro Gervacio and Ismael Pascual that she saw the above-mentioned Cargo-Truck last February 14, 1983 at the end corner of the garage. And for that purpose she requested us, including Mr. Pascual and the Security Guard, to inspect the site where the said truck was supposed to have been placed when she for the first time saw it on February 14, 1983.

Unexpectedly, she saw and pointed to us on the site oil leaks on the ground which she believed came from the vehicle we were looking for. We also saw skid marks of tires of a truck starting from the site where the cargo truck was previously placed as pointed to by defendant Marciana Tadiaman up to around 20 meters before reaching the gate of the compound. The other skid marks of tires of a truck was also seen on a portion of a road leading to a compound owned by other person.

Mr. Gervacio and Pascual strongly insisted that they do not know the whereabouts of the said Cargo Truck. The undersigned requested the Policemen of Las Piñas, Metro Manila, Atty. Benites and defendant Marciana Tadiaman to see for ourselves the road leading to a compound owned by another firm, about 1/3 of the length of which road is completely blocked by a big and tall building. It was at this portion where the subject Cargo Truck was placed.

Mr. Ismael Pascual called their main office, FILINVEST, by telephone about the discovery of the whereabouts of said cargo truck by the undersigned. Defendant Marciana Tadiaman to Mr. Pascual that there were missing parts and that other parts of the truck were completely changed with worn-out spare parts. Mr. Pascual told the undersigned that he will only affix his signature on the acknowledgment receipt, below the line "GIVEN BY", if the missing parts and replaced parts were not mentioned in said receipt.

It was because of the said actuations of the plaintiff-appellant that the defendants-appellee [sic] filed a counterclaim for damages. . . ."[3]

After trial, the trial court rendered a decision the dispositive portion of which reads as follows:

WHEREFORE, judgment is hereby rendered on the main action, in favor of plaintiff and against defendants, ordering the latter, jointly and severally, to pay the plaintiff the following sums:

(a) The sum of P88,333.32 which is the balance of the promissory note as of September 26, 1982, with interest thereon at 14% per annum from said date.

(b) The sum equivalent to 25% of the amount sued upon, as and for attorney's fees, that is P88,333.32 plus the

stipulated interest; and

(c) The costs of suit.

On the Counterclaim:

Plaintiff not having successfully rebutted the defendants' evidence respecting damages caused to them by virtue of the illegal seizure of the property, and hiding the truck in some other place not their garage, feigning knowledge that the same had been recorded in their incoming ledger books, the "cannibalizing" done while the truck was in the custody of plaintiff's garage, the frustrations which the defendants had to undergo for two weeks before the truck was finally placed in the hands of Sheriff Dizon, all point to the liability of plaintiff for its failure intentionally or otherwise "to observe certain norms that spring from the fountain of good conscience and guide human conduct to the end that law may approach its supreme ideal, which is the sway and dominance of justice."

WHEREFORE, judgment is rendered in favor of counter-claimants defendants and against plaintiff, ordering the latter to pay to the defendants the following sums:

- (1) Actual damages representing lost spare parts while in the custody of plaintiff in its garage being hidden from defendants, in the sum of P50,000.00;
- (2) P50,000.00 as moral damages;
- (3) P20,000.00 as exemplary damages;
- (4) P20,000.00 as attorney's fee; and
- (5) Proportionate part of the costs adjudged against plaintiff."

SO ORDERED.[4]

Petitioner Filinvest Credit Corporation (hereinafter Filinvest) appealed that portion of the judgment on the counterclaim to the Court of Appeals (CA-G.R. CV No. 30231) and assigned the following errors of the lower court:

I

THE TRIAL COURT ERRED IN AWARDING DAMAGES; ACTUAL, MORAL, EXEMPLARY AND ATTORNEY'S FEES AND PROPORTIONATE PART OF THE COSTS IN FAVOR OF THE DEFENDANTS IN THEIR COUNTER-CLAIMS IN THE ABSENCE OF ANY ACTIONABLE LOSS SUSTAINED BY THEM FOR IT WAS THE DEFENDANTS WHO VIOLATED THEIR PROMISSORY NOTE AND CHATTEL MORTGAGE WITH THE PLAINTIFF.

II

THE TRIAL COURT ERRED IN HOLDING THAT THE PLAINTIFF OR ANY OF ITS REPRESENTATIVES HAD NO RIGHT TO TAKE THE MORTGAGED PROPERTY AFTER THE BREACH OF THE CONDITIONS IN THE PROMISSORY NOTE AND CHATTEL MORTGAGE BY THE DEFENDANTS.[5]

In its decision of 26 May 1994, the Court of Appeals affirmed in toto the decision of the trial court. It found no merit in the appeal. Thus:

The plaintiff-appellant argues that it had the right to seize the truck from the moment that the defendants-appellees defaulted in the payment of the monthly installments, and to institute an action for replevin preliminary to effecting a foreclosure of the property mortgaged extrajudicially. The plaintiff-appellant misses the

point entirely. In the first place, it has not been held liable for filing an action for replevin in order to recover possession of the truck prior to its foreclosure, but for the manner in which it carried out the seizure of the vehicle. It is ironic that, in spite of plaintiff-appellant's apparent recognition of the necessity of legal means for the recovery of the truck, in the end, it utilized illegal means in the actual seizure of the vehicle by having its employees pose as special agents of the court in effecting the same. Plaintiff-appellant even went to the extent of asking the appointment of a special sheriff to enforce the order of seizure, but still had the truck seized by its own people instead. It is as if the plaintiff-appellant utilized the court only to clothe its employees with apparent authority to seize the vehicle concerned.

In the second place, plaintiff-appellant was held liable for hiding the truck and making it difficult for the defendants-appellees to recover the same. Defendants-appell[ees] were able to have the writ of seizure quashed on the basis of a counterbond. Plaintiff-appellant should have been the first to obey the order for the return of the seized truck, considering its avowed adherence to law and order. And yet, it made it difficult for the defendants-appellees to actually recover the vehicle, as reported by the deputy sheriff above.

In the third place, there is un rebutted evidence that the truck was "cannibalized" while in the custody of the plaintiff-appellant. The latter argues that such evidence is not credible, because, if the truck was stripped of vital parts, it could not have been driven by the defendants-appellees all the way back to Cabanatuan City. Plaintiff-appellant conveniently overlooks the testimony of defendant-appellee Mrs. Tadianman that they had to buy the missing parts in order to make the truck run (t.s.n., p. 40, October 2, 1986, Exhibits "9", "10" and "11").[6]

Filinvest now comes to us alleging that the Court of Appeals

(a)

... DECIDED A QUESTION OF SUBSTANCE IN A WAY NOT IN ACCORD WITH LAW AND THE APPLICABLE DECISIONS OF THIS HONORABLE COURT WHEN IT REVERSED THE DECISION OF THE REGIONAL TRIAL COURT OF MANILA, BRANCH 9;

(b)

... ACTED WITH GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OF JURISDICTION WHEN IT SUSTAINED THE ERRONEOUS DECISION OF THE HONORABLE REGIONAL TRIAL COURT BRANCH 46 OF SAN FERNANDO, PAMPANGA;

(c)

... ACTED WITH GRAVE ABUSE OF DISCRETION AND CONTRARY TO EXISTING LAW AND JURISPRUDENCE WHEN [IT] SUSTAINED THE SPECULATIVE FINDING OF THE RTC THAT THE PETITIONER "CANNIBALIZED" THE MORTGAGED VEHICLE;

(d)

... ERRED GRIEVOUSLY WHEN IT EXONERATED PRIVATE RESPONDENTS FROM PAYING THE PETITIONER ON THE LATTER'S LEGITIMATE CLAIMS UNDER THE COMPLAINT PARTICULARLY ON THE UNPAID PROMISSORY NOTE MADE BY THE PRIVATE RESPONDENTS;

(e)

... ACTED CONTRARY TO LAW WHEN IT IGNORED THE PLAIN ADMISSIONS IN THE ANSWER (AT PARAGRAPH 2, & 3, PAGE 1) OF THE DEFENDANTS (PRIVATE RESPONDENTS) THAT THEY HAVE DULY EXECUTED A PROMISSORY NOTE SECURED BY A DEED OF CHATTEL MORTGAGE

AND THAT THE PRIVATE RESPONDENTS VIOLATED THE TERMS OF THE PROMISSORY NOTE IN FAILING TO PAY THE INSTALLMENTS DUE THEREON FOR NOV. 15, 1981 AND THE SUBSEQUENT 9 INSTALLMENTS OR UP TO AUGUST 15, 1982;

(f)

... ERRED IN REFUSING TO APPLY THE TERMS AND CONDITIONS OF THE PROMISSORY NOTE AND THE DEED OF CHATTEL MORTGAGE SIGNED BY THE PONCES "AS THE LAW BETWEEN THE PARTIES" TO THE CONTRACT SUBJECT OF THE SUIT IN THE RTC.[7]

Additionally, Filinvest maintains that

(g)

THERE IS NO PROOF TO SUSTAIN THE AWARD OF MORAL DAMAGES FOR P50,000.00 ACCORDINGLY THERE IS NO BASIS FOR THE AWARD OF EXEMPLARY DAMAGES.[8]

We gave due course to the petition and required the parties to submit their respective memoranda after the filing of the comment to the petition by the private respondents and of the reply thereto by Filinvest. The parties subsequently filed their memoranda which merely reiterated the arguments in their respective initiatory pleadings.

The only relevant issue in this petition is whether or not the Court of Appeals committed reversible error in dismissing Filinvest's appeal from the decision of the trial court on the private respondents' counterclaim and in affirming in toto the said decision. The first ground raised herein by Filinvest is baseless since the discussions or arguments in Filinvest's petition and memorandum fail to disclose what the decision of Branch 9 of the RTC of Manila is all about. So is the fourth ground, for, the unappealed portion of the trial court's decision did in fact order the private respondents to pay Filinvest the unpaid balance of the promissory note, with interest and attorney's fees. All the other grounds are deemed waived for not having been raised in the appeal to the Court of Appeals. In any event, Filinvest's disquisitions on such irrelevant issues are confounded.

As to the sole issue defined above, the Court of Appeals correctly ruled that Filinvest is liable for damages not because it commenced an action for replevin to recover possession of the truck prior to its foreclosure, but because of the manner it carried out the seizure of the vehicle. Sections 3 and 4, Rule 60 of the Rules of Court are very clear and direct as to the procedure for the seizure of property under a writ of replevin, thus:

Sec. 3. Order. — Upon the filing of such affidavit and bond with the clerk or judge of the court in which the action is pending, the judge of such court shall issue an order describing the personal property alleged to be wrongfully detained, and requiring the sheriff or other proper officer of the court forthwith to take such property into his custody.

Sec. 4. Duty of the officer. — Upon receiving such order the officer must serve a copy thereof on the defendant together with a copy of the application, affidavit and bond, and must forthwith take the property, if it be in the possession of the defendant or his agent, and retain it in his custody. ... (emphasis supplied)

In the instant case, it was not the sheriff or any other proper officer of the trial court who implemented the writ of replevin. Because it was aware that no other person can implement the writ, Filinvest asked the trial court to appoint a special sheriff. Yet, it used its own employees who misrepresented themselves as deputy sheriffs to seize the truck without having been authorized by the court to do so. Filinvest justified its seizure by citing a statement in *Bachrach Motor Co. vs. Summers*,[9] to wit, "the only restriction on the mode by which the mortgagee shall secure possession of the mortgaged property after breach of condition is that he must act in an orderly manner and without creating a breach of the peace, subjecting himself to an action for trespass."

This justification is misplaced and misleading for Bachrach itself had ruled that if a mortgagee cannot obtain possession of a mortgaged property for its sale on foreclosure, it must bring a civil action either to recover such possession as a preliminary step to the sale or to obtain judicial foreclosure. Pertinent portions of Bachrach read as follows:

Where, however, debtor refuses to yield up the property, the creditor must institute an action, either to effect a judicial foreclosure directly, or to secure possession as a preliminary to the sale contemplated in the provision above quoted. He cannot lawfully take the property by force against the will of the debtor. Upon this point the American authorities are even more harmonious than they are upon the point that the creditor is entitled to possession. As was said many years ago by the writer of this opinion in a monographic article contributed to an encyclopedic legal treatise, "if possession cannot be peaceably obtained the mortgagee must bring an action." (Trust Deeds and Power of Sale Mortgages, 28 Am. & Eng. Encyc. of Law, 2d ed., 783.) In the Article of Chattel Mortgages, in Corpus Juris, we find the following statement of the law on the same point: "The only restriction on the mode by which the mortgagee shall secure possession of the mortgaged property after breach of condition is that he must act in an orderly manner and without creating a breach of the peace, subjecting himself to an action to trespass." (11 C.J., 560; see also 5 R.C.L., 462.)

The reason why the law does not allow the creditor to possess himself of the mortgaged property with violence and against the will of the debtor is to be found in the fact that the creditor's right of possession is conditioned upon the fact of default, and the existence of this fact may naturally be the subject of controversy. The debtor, for instance, may claim in good faith, and rightly or wrongly, that the debt is paid, or that for some other reason the alleged default is nonexistent. His possession in this situation is as fully entitled to protection as that of any other person, and in the language of article 446 of the Civil Code he must be respected therein. To allow the creditor to seize the property against the will of the debtor would make the former to a certain extent both judge and executioner in his own cause -- a thing which is inadmissible in the absence of unequivocal agreement in the contract itself or express provision to that effect in the statute.

It will be observed that the law places the responsibility of conducting the sale upon "a public officer;" and it might be supposed that an officer, such as the sheriff, can seize the property where the creditor could not. This suggestion is, we think, without force, as it is manifest that the sheriff or other officer proceeding under the authority of the language already quoted from section 14 of the Chattel Mortgage Law, becomes pro hac vice the mere agent of the creditor. There is nothing in this provision which creates a specific duty on the part of the officer to seize the mortgaged property; and no intention on the part of the law-making body to impose such a duty can be implied. The conclusion is clear that for the recovery of possession, where the right is disputed, the creditor must proceed along the usual channels by action in court. Whether the sheriff, upon being indemnified by the creditor, could safely proceed to take the property from the debtor, is a point upon which we express no opinion. . . .

But whatever conclusion may be drawn in the premises with respect to the true nature of a chattel mortgage, the result must in this case be the same; for whether the mortgagee becomes the real owner of the mortgaged property — as some suppose — or acquires only certain rights therein, it is none the less clear that he has after default the right of possession; though it cannot be admitted that he may take the law into his own hands and wrest the property violently from the possession of the mortgagor. Neither can he do through the medium of a public officer that which he cannot directly do himself. The consequence is that in such case the creditor must either resort to a civil action to recover possession as a preliminary to a sale, or preferably he may bring an action to obtain a judicial foreclosure in conformity, so far as practicable, with the provisions of the Chattel Mortgage Law.[10]

Replevin is, of course, the appropriate action to recover possession preliminary to the extrajudicial foreclosure of

a chattel mortgage. Filinvest did in fact institute such an action and obtained a writ of replevin. And, by filing it, Filinvest admitted that it cannot acquire possession of the mortgaged vehicle in an orderly or peaceful manner. Accordingly, it should have left the enforcement of the writ in accordance with Rule 60 of the Rules of Court which it had voluntarily invoked.

Parenthetically, it must be observed that the trial court erred in holding that the action for replevin was "not in order as [Filinvest] is not the owner of the property (Sec. 2 par. (a) Rule 60)."[11] It is not only the owner who can institute a replevin suit. A person "entitled to the possession" of the property also can, as provided in the same paragraph cited by the trial court, which reads:

SEC. 2. Affidavit and bond. — Upon applying for such order the plaintiff must show ...

(a)

That the plaintiff is the owner of the property claimed, particularly describing it, or is entitled to the possession thereof; ... (*Italics supplied*)

Upon the default by the mortgagor in his obligations, Filinvest, as a mortgagee, had the right to the possession of the property mortgaged preparatory to its sale in a public auction.[12] However, for employing subterfuge in seizing the truck by misrepresenting its employees as deputy sheriffs and then hiding and cannibalizing it, Filinvest committed bad faith in violation of Article 19 of the Civil Code which provides:

Every person must, in the exercise of his rights and in the performance of his duties, act with justice, give everyone his due, and observe honesty and good faith.

In common usage, good faith is ordinarily used to describe that state of mind denoting honesty of purpose, freedom from intention to defraud, and, generally speaking, means being faithful to one's duty or obligation.[13] It consists of the honest intention to abstain from taking an unconscionable and unscrupulous advantage of another.[14]

This leaves us to the issue of damages and attorney's fees.

In their answer with counterclaim, the private respondents asked for (a) actual damages of P50,000.00 for the spare parts found missing after their recovery of the truck and another P50,000.00 for unearned profits due to the failure to use the truck in their ricemill business; (b) moral damages of P50,000.00 for "the mental anguish, serious anxiety, physical suffering, wounded feelings, social humiliation, moral shock, sleepless nights and other similar injury" which they suffered as a "proximate result of the [petitioner's] illegal, wrongful and unlawful acts"; (c) nominal damages of P30,000.00; (d) exemplary damages of P20,000.00; and (e) attorney's fees of P20,000.00 which they incurred "as a direct result of [petitioner's] illegal and unwarranted actuations and in connection with the defense of this action." [15]

As to actual damages, the petitioner admits that per Exhibits "1," "9," and "10" of the private respondents, only the sum of P33,222.00 — and not P50,000.00 — was "supposedly spent for the alleged lost spare parts." [16] The petitioner may thus be held liable only for such amount for actual or compensatory damages.

Anent the moral damages, the trial court ruled that the acts of the petitioner were in total disregard of Articles 19, 20, and 21 of the Civil Code.[17] It added that the petitioner had not only caused actual damages in lost earnings, but had also caused the private respondents to suffer indignities at the hands of the petitioner's personnel in hiding the truck in question, misleading them, and making them work for the release of the truck for about two weeks, thereby justifying the award of moral damages along with the exemplary and other damages in favor of the private respondents.[18]

We agree with this finding of the trial court. The petitioner's acts clearly fall within the contemplation of Articles 19 and 21 of the Civil Code.[19] The acts of fraudulently taking the truck, hiding it from the private respondents, and removing its spare parts show nothing but a willful intention to cause loss to the private respondents that is punctuated with bad faith and is obviously contrary to good customs. Thus, the private respondents are entitled to the moral damages they prayed for, for under Article 2219 of the Civil Code, moral damages may be recovered in cases involving acts referred to in Article 21 of the same Code.

The private respondents prayed for nominal damages of P30,000.00 which the trial court did not award them. Having failed to appeal this omission by the trial court, we cannot make anymore such award at this point.

The award of exemplary damages is in order in view of the wanton, fraudulent, and oppressive manner by which the petitioner sought to enforce its right to the possession of the mortgaged vehicle. Article 2232 of the Civil Code provides:

In contracts and quasi-contracts, the court may award exemplary damages if the defendant acted in a wanton, fraudulent, reckless, oppressive, or malevolent manner.

Of course, a plaintiff need not prove the actual extent of exemplary damages, for its determination is addressed to the sound discretion of the court upon proof of the plaintiff's entitlement to moral, temperate, or actual or compensatory damages. Article 2234 of the Civil Code thus provides in part as follows:

While the amount of the exemplary damages need not be proved, the plaintiff must show that he is entitled to moral, temperate or compensatory damages before the court may consider the question of whether or not exemplary damages should be awarded. . . .

The award for attorney's fees must, however, be set aside. There is no question that the petitioner filed in good faith its complaint for replevin and damages to protect its rights under the promissory note and the chattel mortgage. That the private respondents had defaulted in its obligation under the promissory note thereby authorizing the petitioner to seek enforcement of its claim thereunder and proceed against the mortgage of the vehicle was duly recognized by the trial court by its judgment against the private respondents incorporated in the first part of the dispositive portion. The private respondents did not appeal therefrom. There would then be no basis for awarding attorney's fees in favor of the private respondents for whatever physical suffering, mental anguish, serious anxiety, besmirched reputation, wounded feelings, moral shock, social humiliation, or any other similar injury they had suffered, even if proven, were only such as are usually caused to parties haled into court as a defendant and which are not compensable, for the law could not have meant to impose a penalty on the right to litigate.[20]

WHEREFORE, the assailed judgment of the Court of Appeals in CA-G.R. CV No. 30231 as well as that of the Regional Trial Court of San Fernando, Pampanga, Branch 46 in Civil Case No. 6599 on the counterclaim is **AFFIRMED**, subject to the modifications abovestated. As so modified, the petitioner is hereby ordered to pay the private respondents only the following:

- (a) Actual damages in the reduced amount of P33,222.00;
- (b) Moral damages in the amount of P50,000.00; and
- (c) Exemplary damages in the amount of P20,000.00.

No pronouncement as to costs.

SO ORDERED.

Padilla, (Chairman), Bellosillo, and Kapunan, JJ., concur.
Hermosisima, Jr., J., on leave.

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- [1] Rollo, 44-50. Per Hofileña, H., J., Ramirez, P., and Garcia, C., JJ., concurring.
[2] Id., 51-56. Per Judge Norberto C. Ponce.
[3] Rollo, 45-48.
[4] Rollo, 55-56.
[5] Rollo, 48-49.
[6] Rollo, 49-50.
[7] Rollo, 13-14.
[8] Id., 22.
[9] 42 Phil. 3 [1921].
[10] Supra, at pages 6-7, 9-10. See BPI Credit Corp. vs. Court of Appeals, 204 SCRA 601 [1991].
[11] Rollo, 54.
[12] See Bachrach Motor Co. vs. Summers, supra note 9; BPI Credit Corp. vs. Court of Appeals, supra note 10.
[13] Black's Law Dictionary 693 (6th ed. 1990).
[14] Abando vs. Lozada, 178 SCRA 509 [1989]; Farolan vs. Solmac Marketing Corp., 195 SCRA 168 [1991].
[15] Rollo, 76-77.
[16] Petition, 24; Id., 33; Memorandum, 19; Id., 121.
[17] RTC Decision, 3-4; Rollo, 53-54.
[18] Id.; Id.
[19] Article 20 does not apply in this case for it refers to acts that are contrary to law, but there is no allegation, proof, or finding that the petitioner's actions were contrary to any provision of the law.
[20] Espiritu vs. Court of Appeals, 137 SCRA 50 [1985]; PNB vs. Court of Appeals, 159 SCRA 433 [1988]; Ilocos Norte Electric Co. vs. Court of Appeals, 179 SCRA 5 [1989]; Castillo vs. Court of Appeals, 205 SCRA 529 [1992].

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