

FOOD TERMINAL, INC., PETITIONER, VS. COURT OF APPEALS AND TAO DEVELOPMENT, INC., RESPONDENTS.

G.R. No. 120097. September 23, 1996

Ponente: FRANCISCO, J.

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FRANCISCO, J.:

Petitioner Food Terminal, Inc. (FTI) is a government owned and controlled corporation engaged in the business of providing storage services and bonded warehousing to the public for a fee. Sometime in the first quarter of 1984, petitioner FTI and herein private respondent entered into a contract of storage whereby private respondent deposited in petitioner's cold storage 22,716 bags (approximately 567,900 kilos) of yellow granex onions and 2,853 bags (approximately 71,300 kilos) of red creole onions. These onions were intended for export to Japan. During the first week of May, an ammonia leak penetrated through petitioner's storage facilities and caused damage on private respondent's goods, as a consequence of which, the onions were rendered unfit for export.

Private respondent filed a complaint for damages demanding payment of the actual value of the goods, unrealized profits, exemplary damages and attorney's fees. Finding petitioner negligent in the performance of its duties, the lower court rendered judgment in favor of private respondent as follows:

"ACCORDINGLY, judgment is hereby rendered:

1. Ordering defendant Food Terminal, Inc. to pay plaintiff TAO Development, Inc. the amount of P2,429,055.00 as actual damages representing the loss sustained by plaintiff;
2. Ordering said defendant to pay said plaintiff the amount of P800,000.00 as damages it sustained in paying interest on the cash advance of US\$100,000.00 from plaintiff's Japanese buyer;
3. Ordering said defendant to pay said plaintiff the amount of P1,534,005.00 as unearned profits; and
4. Ordering said defendant to pay said plaintiff the amount of P100,000.00 as attorney's fees.

The above amounts shall earn interest at the rate of 12 per cent per annum from May 15, 1984 until fully satisfied.

In addition, defendant is, likewise, ordered to pay the costs of the suit.

SO ORDERED."[1]

On appeal, public respondent Court of Appeals (CA) affirmed the decision of the lower court with modification, to wit:

"WHEREFORE, in view of the foregoing, the decision appealed from is hereby AFFIRMED with MODIFICATIONS. Accordingly, judgment is hereby rendered as follows:

- a) Ordering the defendant Food Terminal, Inc. to pay appellee TAO Development, Inc. the amount of P2,400,168.00 as actual damages representing the loss sustained by the appellee;

b) Ordering said appellant to pay said appellee the amount of P1,534,005.00 as unearned profits; and

c) Ordering said appellant to pay said appellee the amount of P100,000.00 as attorney's fees.

The above amounts shall earn interest at the rate of 12% per annum from May 15, 1984 until fully satisfied."

No costs.

IT IS SO ORDERED."[2]

Hence, this petition on both questions of fact and law.

It is contended that the lower court and public respondent CA erred in finding petitioner negligent. Petitioner alleges that the damage to the onions was due to their poor quality, their propensity to deteriorate rapidly, and private respondent's delay in their disposal.

The contention, we note, is premised on a review of the factual findings of the CA and the lower court, matters not ordinarily reviewable in a petition for review on certiorari. Well-established is the rule that factual findings of the trial court and the CA are entitled to great weight and respect[3] and will not be disturbed on appeal save in exceptional circumstances,[4] none of which obtains in the case at bench. On the contrary, the finding of the trial court and the CA that the damage caused to private respondent's goods is due to petitioner's negligence is sufficiently supported by the evidence on record. Hence, on this ground, the petitioner's contention must fail.

Petitioner likewise argues that the CA erred in affirming the rate of interest imposed by the lower court in its decision. This contention is well-taken. The CA incorrectly applied the provisions of Central Bank Circular No. 416 which provides:

"By virtue of the authority granted to it under Section 1 of Act 2655, as amended known as the 'Usury Law', the Monetary Board in its Resolution No. 1622 dated July 29, 1974, has prescribed that the rate of interest for the loan, or forbearance of any money, goods, or credits and the rate allowed in judgments, in the absence of express contract as to such rate of interest, shall be twelve (12%) per cent per annum. This circular shall take effect immediately."

The above circular refers to legal interest in a loan or forbearance of money, or to cases where money is transferred from one person to another and the obligation to return the same or a portion thereof is adjudged.[5] Any other monetary judgment which does not involve or which has nothing to do with loans or forbearance of any money, goods or credit does not fall within its coverage for such imposition is not within the ambit of the authority granted to the Central Bank.[6] When an obligation not constituting a loan or forbearance of money is breached then an interest on the amount of damages awarded may be imposed at the discretion of the court at the rate of 6% per annum[7] in accordance with Art. 2209[8] of the Civil Code. Indeed, the monetary judgment in favor of private respondent does not involve a loan or forbearance of money, hence the proper imposable rate of interest is six (6%) per cent. However, as declared in the case of *Eastern Shipping Lines, Inc. vs. CA*[9], the interim period from the finality of the judgment awarding a monetary claim and until payment thereof, is deemed to be equivalent to a forbearance of credit. Thus, from the time the judgment becomes final until its full satisfaction, the applicable rate of legal interest shall be twelve percent (12%).

ACCORDINGLY, the appealed decision is hereby AFFIRMED with the following modification:

a) Ordering petitioner Food Terminal, Inc. to pay private respondent TAO Development, Inc. the amount of P2,400,168.00 as actual damages representing the loss sustained by the private respondent;

b) Ordering petitioner to pay private respondent the amount of P1,534,005.00 as unearned profits; and

c) Ordering petitioner to pay private respondent the amount of P100,000.00 as attorney's fees.

These amounts shall earn interest at the rate of SIX PER CENT (6%) per annum from May 15, 1984 until fully satisfied, but before judgment becomes final. From the date of finality of the judgment until the obligation is totally paid, A TWELVE PER CENT (12%) interest, in lieu of the SIX PER CENT (6%) interest, shall be imposed.

SO ORDERED.

Narvasa, C.J., (Chairman), Davide, Jr., Melo, and Panganiban, JJ., concur.

[1] Decision dated December 16, 1991, pp. 13-14; Rollo, pp. 56-57.

[2] Decision dated April 28, 1995, p. 13; Rollo, p. 69.

[3] *Tay Chun Suy vs. CA*, 229 SCRA 151.

[4] The circumstances are: (1) When the conclusion is a finding grounded entirely on speculation, surmises, or conjectures; (2) when the inference made is manifestly absurd, mistaken, or impossible; (3) when there is grave abuse of discretion in the appreciation of facts; (4) when the judgment is premised on a misapprehension of facts; (5) when the findings are conflicting; and (6) when the Court of Appeals in making its findings went beyond the issues of the case and the same are contrary to the admissions of both appellant and appellee (*Verendia vs. CA*, 217 SCRA 417).

[5] *Pilipinas Bank vs. CA*, 225 SCRA 268.

[6] *GSIS vs. CA*, 218 SCRA 233.

[7] *Eastern Shipping Lines, Inc. vs. CA*, 234 SCRA 78.

[8] "If the obligation consists in the payment of a sum of money, and the debtor incurs in delay, the indemnity for damages, there being no stipulation to the contrary, shall be the payment of the interest agreed upon, and in the absence of stipulation, the legal interest, which is six percent per annum."

[9] *Supra*, Note 7.

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