

**JUAN DE DIOS CARLOS, PETITIONER, VS. FELICIDAD SANDOVAL,
ALSO KNOWN AS FELICIDAD S. VDA. DE CARLOS OR FELICIDAD S.
CARLOS OR FELICIDAD, SANDOVAL DE CARLOS, AND TEOFILO
CARLOS II,...**

G.R. NO. 135830. September 30, 2005

Ponente: TINGA, J.

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TINGA, J.:

These consolidated petitions emanated from a civil case filed by Juan de Dios Carlos ("Carlos") against respondents Felicidad Sandoval ("Sandoval") and Teofilo Carlos II (Teofilo II) docketed with the Regional Trial Court (RTC) of Muntinlupa City as Civil Case No. 95-135.

In his Complaint before the RTC, Carlos asserted that he was the sole surviving compulsory heir of his parents, Felix B. Carlos and Felipa Elemia,[1] who had acquired during their marriage, six parcels of land (subject properties). His brother, Teofilo ("Teofilo"), died intestate in 1992. At the time of his death, Teofilo was apparently married to Sandoval, and cohabiting with her and their child, respondent Teofilo II. Nonetheless, Carlos alleged in his Complaint that Teofilo and Sandoval were not validly married as they had not obtained any marriage license.[2] Furthermore, Carlos also asserted that Teofilo II could not be considered as Teofilo's child. As a result, Carlos concluded that he was also the sole heir of his brother Teofilo, since the latter had died without leaving any heirs.

Carlos also claimed that Teofilo, prior to their father Felix's death in 1963, developed a scheme to save the elder Carlos's estate from inheritance taxes. Under the scheme, the properties of the father would be transferred to Teofilo who would, in turn, see to it that the shares of the legal heirs are protected and delivered to them. Felix assented to the plan, and the subject properties were transferred in the name of Teofilo. After Teofilo's death, Carlos entered into certain agreements with Sandoval in connection with the subject properties. Carlos did so, believing that the latter was the lawful wife of his brother Teofilo. Subsequently though, Carlos discovered that Sandoval and his brother were never validly married, as their marriage was contracted without a marriage license.[3]

Carlos now sought to nullify these agreements with Sandoval for want of consideration, the premise for these contracts being non-existent. Thus, Carlos prayed of the RTC to declare the alleged marriage between Teofilo and Sandoval void ab initio, provided that Teofilo died without issue, order that new titles covering the subject properties be issued in the name of Carlos, and require Sandoval to restitute Carlos in the amount of P18,924,800.00.[4]

Carlos likewise prayed for the issuance of the provisional relief of preliminary attachment. The RTC issued an Order dated 7 September 1995 granting the prayer for preliminary attachment, and on 15 September 1995, a writ of preliminary attachment. Carlos posted a bond for P20,000,000.00 issued by herein petitioner

SIDDCOR Insurance Corporation (SIDDCOR).[5] Shortly thereafter, a Notice of Garnishment was served upon the Philippine National Bank (PNB) over the deposit accounts maintained by respondents.

Respondents filed an Urgent Motion to Discharge the Writ of Attachment, which was opposed by Carlos. On 4 December 1995, the RTC rendered an order denying the motion. This caused respondents to file a Petition for Certiorari with the Court of Appeals, seeking to set aside the RTC order granting the writ of preliminary attachment denying the motion for the discharge of the writ. This case was docketed as CA-G.R. SP No. 39267.[6]

On 27 February 1996, the Court of Appeals Second Division promulgated its Decision in CA-G.R. SP No. 39267, wherein it granted the Petition for Certiorari and ordered the discharge and dissolution of the Writ of Attachment and Notice of Garnishment.[7] The Court of Appeals found that there was no sufficient cause of action to warrant the preliminary attachment, since Carlos had merely alleged general averments in order to support his prayer.[8] Carlos elevated the said Decision to this Court by way of Petition for Review on Certiorari, which was docketed as G.R. No. L-125717. In a Resolution dated 21 October 1996, the Court denied Carlos's Petition, and thus the Court of Appeals' Decision ordering the dissolution of the Writ of Attachment and Notice of Garnishment became final.

In the meantime, the hearing on Carlos's Complaint ensued before the RTC. Respondents duly filed their Answer and thereafter filed a Motion for Summary Judgment. Carlos opposed the motion and countered with his own Motion for Summary Judgment. On 8 April 1996, the RTC rendered a summary judgment in favor of Carlos. Carlos's victory was wholesale, with the RTC making the following pronouncements:

- Declaring the marriage between defendant Felicidad Sandoval and Teofilo Carlos solemnized at Silang, Cavite, on May 14, 1962, evidenced by the Marriage Contract submitted in this case, null and void ab initio for lack of the requisite marriage license;
- Declaring that the defendant minor, Teofilo S. Carlos II, is not the natural, illegitimate, or legally adopted child of the late Teofilo E. Carlos;
- Ordering defendant Sandoval to pay and restitute to plaintiff the sum of P18,924,800.00, together with the interest thereon at the legal rate from date of filing of the instant complaint until fully paid;
- Declaring plaintiff as the sole and exclusive owner of the parcel of land, less the portion adjudicated to the plaintiffs in Civil Case No. 11975, covered by TCT No. 139061 of the Register of Deeds of Makati City, and ordering said Register of Deeds to cancel said title and to issue another title in the sole name of plaintiff herein;
- Declaring the Contract, Annex K of the Complaint, between plaintiff and defendant Sandoval null and void, and ordering the Register of Deeds of Makati City to cancel TCT No. 139058 in the name of Teofilo Carlos, and to issue another title in the sole name of the plaintiff herein;
- Declaring the Contract, Annex M of the Complaint, between plaintiff and defendant Sandoval null and void;
- Ordering the cancellation of TCT No. 210877 in the names of defendant Sandoval and defendant minor Teofilo S. Carlos II and ordering the Register of Deeds of Manila to issue another title in the exclusive name of plaintiff herein.
- Ordering the cancellation of TCT No. 210878 in the names of defendant Sandoval and defendant minor Teofilo S. Carlos II and ordering the Register of Deeds of Manila to issue another title in the sole name of plaintiff herein.[9]

Upon promulgation of the Summary Judgment, Carlos moved before the RTC for execution pending appeal. The RTC granted the motion for execution pending appeal upon the filing of a bond.[10] On 27 May 1996, the RTC

issued a Writ of Execution.

Meanwhile, respondents filed a Motion for Reconsideration of the Summary Judgment, which was denied in an Order dated 20 May 1996. Respondents then appealed the RTC Decision to the Court of Appeals, wherein such appeal was docketed as CA-G.R. CV No. 53229. The case was raffled to the appellate courts' Fourteenth Division for completion of records. Sandoval and Carlos also filed a Petition for Certiorari with Temporary Restraining Order dated 2 June 1996. This special civil action primarily attacked the allowance of execution pending appeal, and prayed for the annulment of the Order granting execution pending appeal, and of the Writ of Execution

On 10 December 1996, in CA-G.R. CV No. 53229, respondents filed a Motion for Judgment On the Attachment Bond. They noted that the Court of Appeals had already ruled that the Writ of Preliminary Attachment issued by the RTC was improperly granted and that its Decision, as affirmed by the Supreme Court, had attained finality. Accordingly, they were entitled to damages under Section 20, Rule 57 of the then Rules of Civil Procedure, which governed claims for damages on account of unlawful attachment. In support of their allegation of damages, they cite the Notice of Garnishment served on PNB Malolos Branch, where Felicidad Carlos maintained deposits amounting to P15,546,121.98.[11] Also presented in support of the motion was a Notice of Delivery/Payment by the RTC Sheriff, directing the PNB Malolos Branch to deliver the amounts previously garnished by virtue of the Writ of Execution dated 27 May 1996;[12] a Manifestation filed by PNB dated 19 July 1996 in CA-G.R. SP No. 40819, stating that PNB had already delivered to the RTC Sheriff on 27 June 1996 the amount of P15,384,509.98 drawn against the accounts of Carlos; and a Certification to the same effect issued by the PNB Malolos Branch. In an Addendum to Motion for Judgment on the Attachment Bond, respondents additionally prayed for moral and exemplary damages.[13]

After various pleadings were duly filed by the parties, the Court of Appeals Special Fourth Division issued a Resolution dated 23 March 1998, certifying that all the necessary pleadings have been filed, and that the case may already be referred to the Raffle Committee for assignment to a ponente for study and report. The same Resolution likewise denied without elaboration a Motion to Dismiss on the ground of forum-shopping filed earlier by Carlos.[14]

On such denial, Carlos filed a Motion for Reconsideration. Respondents likewise filed a Motion for Partial Reconsideration dated 17 April 1998, arguing that under the Revised Internal Rules of the Court of Appeals (RIRCA), the case may be re-raffled for assignment for study and report only after there is a resolution that the case is deemed submitted for decision.[15] They pointed out that re-raffle could not yet be effected, as there were still pending incidents, particularly the motions for reconsideration of Carlos and themselves, as well as the Motion for Judgment on Attachment Bond.

On 26 June 1998, the Court of Appeals Former Special Fourth Division promulgated two resolutions.[16] The first, in response to Carlos's Motion for Reconsideration, again denied Carlos's Motion to Dismiss the Appeal and Motion for Suspension, but explained the reasons for such denial.

The second resolution is at the center of the present petitions. The assailed Resolution agreed with respondents that it was first necessary to resolve the pending incidents before the case could be re-raffled for study and report. Accordingly, the Court of Appeals proceeded to rule on these pending incidents. While the first resolution dwelt on the pending motions filed by Carlos, this Resolution tackled the other matter left unresolved, the Motion for Judgment on Attachment Bond. The Court of Appeals found the claim for damages meritorious, citing the earlier decisions ruling that Carlos was not entitled to the preliminary attachment. Invoking Section 20, Rule 57 of the Rules of Court, as well as jurisprudence,[17] the Court of Appeals ruled that it was not necessary for the determination of damages on the injunction bond to await the decision on appeal.

The Court of Appeals then proceeded to determine to what damages respondents were entitled to. In ruling that the award of actual damages was warranted, the court noted:

It is also not disputed that the PNB, on June 27, 1996, issued two manager's checks: MC No. 938541 for P4,932,621.09 and MC 938542 for P10,451,888.89 payable to the order of "Luis C. Bucayon II, Sheriff IV, RTC, Branch 256, Muntinlupa", duly received by the latter in the total amount of PESOS FIFTEEN MILLION THREE HUNDRED EIGHTY FOUR THOUSAND FIVE HUNDRED NINE & 98/100 (P15,384,509.98), drawn against the accounts of Ms. Felicidad Sandoval Vda. de Carlos which were earlier garnished for the satisfaction of the above-mentioned writ of attachment (Annex "E", Motion for Judgment on the Attachment Bond, pp. 7-8)[18]

....

The contention of [Carlos] that the writ of attachment was not implemented falls flat on the face of the manifestation of PNB that the delivery of the garnished P15,384,509.98 to him was effected through the sheriff.[19]

The Court of Appeals found that moral and exemplary damages were not warranted, there being no malice in pursuing the attachment. The appellate court also found the claim of P2,000,000.00 for attorney's fees as excessive, and reduced the sum by half. Correspondingly, the dispositive portion of the assailed Resolution reads:

WHEREFORE, premises considered, judgment is hereby rendered against the attachment bond, ordering SIDDCOR INSURANCE CORPORATION and plaintiff-appellee to pay defendants-appellants, jointly and severally, the sum of P15,384,509.98 and 12% interest per annum from June 27, 1996 when the unlawful garnishment was effected until fully paid and P1,000,000.00 as attorney's fees with 6% interest thereon from the trial court's decision on April 8, 1986 until fully paid.

SO ORDERED.[20]

Both Carlos and SIDDCOR filed their respective motions for reconsideration of the Resolution. For their part, respondents filed a Motion for Immediate Execution dated 7 August 1998 in regard to the Resolution of 26 June 1998 awarding them damages.

In the Resolution dated 10 October 1998,[21] the Court of Appeals denied the motions for reconsideration and granted the Motion for Immediate Execution. In granting the Motion for Immediate Execution, the Court of Appeals cited the reasons that the appeal to be undertaken from the 26 June 1998 Resolution was patently dilatory; that there were no material and substantial defenses against the motion for judgment on the attachment bond, rendering the appeal pro-forma and dilatory; that Sandoval was of advanced age and might not enjoy the fruits of the judgment on the attachment bond; and that immediate execution would end her suffering due to the arbitrary garnishment of her account pursuant to an improper attachment.[22]

In its Motion for Reconsideration, SIDDCOR explicitly assailed the allowance of the Motion for Immediate Execution.[23] This was denied by the Court of Appeals in a Resolution dated 22 December 1998.[24]

From these antecedents, the following petitions were filed before this Court:

G.R. No. 135830

This Appeal by Certiorari with Prayer for Temporary Restraining Order/Preliminary Injunction dated 26 October 1998 filed by Carlos assailed the two resolutions of the Court of Appeals both dated 26 June 1998, as well as the Resolution of 10 October 1998, which denied Carlos's motion for reconsideration. Carlos argues that the Court of Appeals, through the Former Special Fourth Division, could not have resolved the Motion for Judgment on the Attachment Bond since the case had not yet been re-raffled under the two-raffle system for study and report; that

the Court of Appeals erred in resolving the motion without conducting any hearing; that the Court of Appeals had no jurisdiction over the motion as the docketing fees had not yet been filed; that the motion for judgment, which did not contain any certification against forum-shopping, was an application subject to the requirements of certification against forum-shopping; that there was no supporting evidence to support the award of damages; and that the Court of Appeals committed grave abuse of discretion in denying the Motion for Reconsideration without advertent to specific reasons mentioned for the denial of each issue.[25]

Carlos likewise ascribes grave abuse of discretion to the Court of Appeals in its other Resolution dated 26 June 1998 for its refusal to dismiss CA-G.R. CV No. 53229 on the ground of forum-shopping, adding that the appellate court should have deferred resolution of the Motion for Judgment on the Attachment Bond considering the prejudicial question raised in Carlos's motion to dismiss the main case on the ground of forum-shopping.

G.R. No. 136035

This concerns a Petition for Review filed by SIDDCOR, likewise challenging the Resolution of 26 June 1998 of the Court of Appeals and the 10 October 1998 Resolution wherein Siddcor's Motion for Reconsideration, among others, was denied. Siddcor argues therein that the Court of Appeals erred in ruling on the motion for damages without awaiting judgment in the main case; granting that damages may be awarded, these should encompass only such damages incurred during the pendency of the appeal; and that a hearing was necessary to prove the claim for damages and the appellate court erred in granting the award for damages despite lack of hearing.

G.R. No. 137743

The third petition for adjudication, a Petition for Certiorari under Rule 65 with Prayer for Temporary Restraining Order or Preliminary Injunction, was also filed by SIDDCOR. This petition, dated 8 March 1999, specifically assails the allowance by the Court of Appeals of the immediate execution of the award of damages, made through the resolutions dated 10 October 1998 and 22 December 1998.

SIDDCOR hereunder argues that Section 2, Rule 39 of the Rules of Civil Procedure requires that execution of a judgment or final order pending appeal may be made only on motion of the prevailing party and may be made "even before the expiration of the period to appeal." [26] Respondents had argued in their Motion for Immediate Execution that the judgment sought to be executed (that on the attachment bond) was interlocutory and not appealable, yet cited rulings on execution pending appeal under Section 2, Rule 39 in support of their position. SIDDCOR cites this inconsistency as proof of a change of theory on the part of respondents which could not be done for the theories are incompatible. Such being the case, SIDDCOR argues, the Court of Appeals gravely abused its discretion in granting immediate execution since respondents had filed its motion on the premise that the award on the judgment bond was interlocutory and not appealable. SIDDCOR also claims that the judgment on the attachment bond is not interlocutory, citing *Stronghold Insurance Co., Inc. v. Court of Appeals* [27] wherein it was ruled that such indeed constitutes a final and appealable order.

SIDDCOR points out that no hearing was conducted on the Motion for Immediate Execution despite the requirement in Section 2, Rule 39 that "discretionary execution may only issue upon good reasons to be stated in a special order after due hearing." SIDDCOR likewise notes that the motion granting immediate execution was granted in the very same resolution which had denied the motion for reconsideration of the resolution sought to be immediately executed. For SIDDCOR, such constituted a denial of procedural due process insofar as its statutory right to appeal was concerned, as the resolution that it intended to appeal from was already the subject of immediate execution.

Finally, SIDDCOR contests the special reasons cited by the Court of Appeals in granting the Motion for

Immediate Execution.

Facts Arising Subsequent to the Filing of Instant Petitions

On 7 May 1999, the Court of Appeals issued a Writ of Execution directing the enforcement of the judgment on the attachment bond.[28] However, in a Resolution dated 9 June 1999, this Court through the First Division issued a Temporary Restraining Order, enjoining the enforcement of the said Writ of Execution.

On 15 October 2002, the Court of Appeals First Division rendered a Decision[29] on the merits of CA-G.R. CV No. 53229, setting aside the Summary Judgment and ordering the remand of the case for further proceedings.[30] Both parties filed their respective motions for reconsideration.[31] In addition, Carlos filed a motion to inhibit the author of the assailed decision, Justice Rebecca de Guia-Salvador,[32] who thereafter agreed to inhibit herself.[33] Then on 7 August 2003, the Court of Appeals Former First Division issued a Resolution deferring action on the motions for reconsideration in light of the temporary restraining order issued by this Court until the resolution of the present petitions.

The factual background may be complicated, but the court need only concern itself with the propriety of the judgment on the attachment bond and the subsequent moves to secure immediate execution of such judgment. Should this Court be called upon to tackle the merits of the original action, Carlos's complaint, it shall be in the review of the final resolution of the Court of Appeals in CA-G.R. CV No. 53229.

Consolidation of Issues in

G.R. Nos. 135830 and 136035

The petitions in G.R. Nos. 135830 and 136035 are concerned with the award of damages on the attachment bond. They may be treated separately from the petition in G.R. No. 137743, which relates to the immediate execution of the said award.

We consolidate the main issues in G.R. Nos. 135830 and 136035, as follows: (1) whether the assailed judgment on the attachment bond could have been rendered, as it was, prior to the adjudication of the main case; (2) whether the Court of Appeals properly complied with the hearing requirement under Section 20, Rule 57 prior to its judgment on the attachment bond; and (3) whether the Court of Appeals properly ascertained the amount of damages it awarded in the judgment on the attachment bond.

Resolving these issues requires the determination of the proper scope and import of Section 20, Rule 57 of the 1997 Rules of Civil Procedure. The provision governs the disposal of claims for damages on account of improper, irregular or excessive attachment.

SECTION 20. Claim for damages on account of improper, irregular or excessive attachment.—An application for damages on account of improper, irregular or excessive attachment must be filed before the trial or before appeal is perfected or before the judgment becomes executory, with due notice to the attaching obligee or his surety or sureties, setting forth the facts showing his right to damages and the amount thereof. Such damages may be awarded only after proper hearing and shall be included in the judgment on the main case.

If the judgment of the appellate court be favorable to the party against whom the attachment was issued, he must claim damages sustained during the pendency of the appeal by filing an application in the appellate court with notice to the party in whose favor the attachment was issued or his surety or sureties, before the judgment of the appellate court becomes executory. The appellate court may allow the application to be heard and decided by the trial court.

Nothing herein contained shall prevent the party against whom the attachment was issued from recovering in the same action the damages awarded to him from any property of the attaching obligee not exempt from

execution should the bond or deposit given by the latter be insufficient or fail to fully satisfy the award.
(Emphasis supplied.)

Section 20 essentially allows the application to be filed at any time before the judgment becomes executory. It should be filed in the same case that is the main action, and cannot be instituted separately.[34] It should be filed with the court having jurisdiction over the case at the time of the application.[35] The remedy provided by law is exclusive and by failing to file a motion for the determination of the damages on time and while the judgment is still under the control of the court, the claimant loses his right to damages.[36]

There is no question in this case that the Motion for Judgment on the Attachment Bond filed by respondents on 10 December 1996 was properly filed since it was filed with the Court of Appeals during the pendency of the appeal in the main case and also as an incident thereto. The core questions though lie in the proper interpretation of the condition under Section 20, Rule 57 that reads: "Such damages may be awarded only after proper hearing and shall be included in the judgment on the main case." Petitioners assert that there was no proper hearing on the application for damages and that the Court of Appeals had wrongfully acted on the application in that it resolved it prior to the rendition of the main judgment.

"Such Damages May Be Awarded
Only After Proper Hearing...."

We first discuss whether the "proper hearing" requirement under Section 20, Rule 57 had been satisfied prior to the award by the Court of Appeals of damages on the attachment bond.

Section 20 of Rule 57 requires that there be a "proper hearing" before the application for damages on the attachment bond may be granted. The hearing requirement ties with the indispensable demand of procedural due process. Due notice to the adverse party and its surety setting forth the facts supporting the applicant's right to damages and the amount thereof under the bond is essential. No judgment for damages may be entered and executed against the surety without giving it an opportunity to be heard as to the reality or reasonableness of the damages resulting from the wrongful issuance of the writ.[37]

In *Paramount Insurance v. Court of Appeals*,[38] the Court held that under the rule, it was neither mandatory nor fatal that there should be a separate hearing in order that damages upon the bond can be claimed, ascertained and awarded.[39] What is necessary only is for the attaching party and his surety or sureties to be duly notified and given the opportunity to be heard.[40]

In this case, both Carlos and SIDDCOR were duly notified by the appellate court of the Motion for Judgment on the Attachment Bond and were required to file their respective comments thereto.[41] Carlos and SIDDCOR filed their respective comments in opposition to private respondents' motion.[42] Clearly, all the relevant parties had been afforded the bare right to be heard on the matter.

Concededly, the facts of this case differ from that in *Paramount*, wherein the award of damages was predicated under Section 8, Rule 58, and the trial on the merits included the claim for damages on the attachment bond. The Court did note therein that the counsel of the surety was present during the hearings.[43] In this case, unlike in *Paramount*, there were no open court hearings conducted by the Court of Appeals, and it is precisely this absence that the petitioners assert as fatal.

Plainly, there is no express requirement under the rule that the hearing be done in open court, or that the parties be allowed to confront adverse witnesses to the claim of damages on the bond. The proper scope of the hearing requirement was explained before *Paramount* in *Peroxide Philippines Corp. v. Court of Appeals*,[44] thus:

. . . [It] is undeniable that when the attachment is challenged for having been illegally or improperly issued,

there must be a hearing with the burden of proof to sustain the writ being on the attaching creditor. That hearing embraces not only the right to present evidence but also a reasonable opportunity to know the claims of the opposing parties and meet them. The right to submit arguments implies that opportunity, otherwise the right would be a barren one. It means a fair and open hearing.

From this pronouncement, we can discern that the "proper hearing" contemplated would not merely encompass the right of the parties to submit their respective positions, but also to present evidence in support of their claims, and to rebut the submissions and evidence of the adverse party. This is especially crucial considering that the necessary elements to be established in an application for damages are essentially factual: namely, the fact of damage or injury, and the quantifiable amount of damages sustained. Such matters cannot be established on the mere say-so of the applicant, but require evidentiary support. At the same time, there was no equivocal statement from the Court in *Peroxide* that the hearing required under the rule should be a full-blown hearing on the merits

In this case, we rule that the demands of a "proper hearing" were satisfied as of the time the Court of Appeals rendered its assailed judgment on the attachment bond. The circumstances in this case that we consider particularly telling are the settled premises that the judicial finding on the wrongfulness of the attachment was then already conclusive and beyond review, and that the amount of actual damages sustained was likewise indubitable as it indeed could be found in the official case record in CA-G.R. CV No. 53229. As a result, petitioners would have been precluded from either raising the defenses that the preliminary attachment was valid or disputing the amount of actual damages sustained by reason of the garnishment. The only matter of controversy that could be litigable through the traditional hearing would be the matter of moral and exemplary damages, but the Court of Appeals appropriately chose not to award such damages.

Moreover, petitioners were afforded the opportunity to counter the arguments extended by the respondents. They fully availed of that right by submitting their respective comments/oppositions. In fine, the due process guarantee has been satisfied in this case.

It should be noted that this case poses a situation different from what is normally contemplated under Section 20, Rule 57—wherein the very wrongfulness of the attachment remains one of the issues in contention in the main case. In such a case, there would be a greater demand for a more extensive hearing on the application of damages. The modality of hearing should remain within the discretion of the court having jurisdiction to hear the application for damages. The only demand, concordant to due process, would be the satisfaction of the right to be heard, to present evidence, and to rebut the evidence and arguments of the opposing party.

Some disquisition is necessary on whether or not, as petitioners submit, a full-blown hearing in open court is compulsory under Section 20, Rule 57. To impose this as a mandatory requirement would ultimately prove too onerous to our judicial system. Perhaps such a demand would be less burdensome on the regional trial courts, which, as a matter of routine, receive testimonial or documentary evidence offered *de novo*, and to formulate conclusions on the admissibility and credibility of the same.

However, a different situation applies if it is the Court of Appeals or the Supreme Court before which the application for damages is filed. Both these courts, which are capacitated to receive and act on such actions, are generally not triers of facts, and do not, in the course of daily routine, conduct hearings. It is partly for such reason that Section 20, Rule 57 authorizes these appellate courts to refer the application for damages to the trial court for hearing and decision. The trial courts are functionally attuned to ascertain and evaluate at the first instance the necessary factual premises that would establish the right to damages. Still, reference of the application for damages to the trial court is discretionary on the part of the appellate courts. The latter, despite their traditional appellate jurisdiction and review function, are still empowered under Section 20 to rule on the application for damages, notwithstanding the factual dimension such question presents.

To impose as mandatory on the Court of Appeals or the Supreme Court to hear the application for damages through full-blown hearings in open court is supremely unwise and beyond the demands of Section 20, Rule 57. The effect would be unduly disruptive on the daily workflow of appellate courts such as the Court of Appeals and the Supreme Court, which rarely conduct open court hearings. Neither could the Court see what is so markedly special about an application for damages, fact-oriented as it may be, that would require it to be heard by the appellate courts in open court when no such mandatory rule applies to other judicial matters for resolution that are also factual in nature.

For example, the review of death penalty convictions by the Court of Appeals and the Supreme Court necessitates a thorough evaluation of the evidence presented, notwithstanding the prior factual appreciation made by the trial court.[45] Notwithstanding the factual nature of the questions involved, there is no rule requiring the Court of Appeals or the Supreme Court to call death penalty cases for hearing or oral argument. If no such mandatory rule for hearing is imposed on the appellate courts when the supreme penalty of death is involved, why then should an exceptional rule be imposed in the case for the relatively insignificant application for damages on the attachment bond?

If open court hearings are ever resorted to by appellate courts, such result from the exercise of discretion rather than by imposition by statute or procedural rule. Indeed, there is no existing statute, procedural rule, or jurisprudential fiat that makes it mandatory on the Court of Appeals or the Supreme Court to conduct an open-court hearing on any matter for resolution. There is nothing demonstrably urgent with an application for damages under Section 20, Rule 57 that would necessitate this Court to adopt an unprecedented rule mandating itself or the Court of Appeals to conduct full-blown open court hearings on a particular type of action.

This pronouncement does not contradict our ruling in *Hanil Development v. IAC*,[46] which Carlos interprets as requiring the Court of Appeals to conduct a proper hearing on an application for damages on the attachment bond. *Hanil* concerned the refusal by the Intermediate Appellate Court (now Court of Appeals) to take cognizance of the application for damages on the attachment bond, such refusal being reversed by the Court, which ruled that the Intermediate Appellate Court (IAC) had jurisdiction to accept and rule on such application. While the Court therein recognized that the IAC was empowered to try cases and conduct hearings, or otherwise perform acts necessary to resolve factual issues in cases,[47] it did not require the appellate court to conduct a hearing in open court, but merely to reinstate the application for damages.

Admittedly, the dispositive portion of *Hanil* required the Court of Appeals to conduct hearings on the application for damages,[48] but nowhere in the decision was a general rule laid down mandating the appellate court to conduct such hearings in open court. The ascertainment of the need to conduct full-blown hearings is best left to the discretion of the appellate court which chooses to hear the application. At the same time, the Court cautions the appellate courts to carefully exercise their discretion in determining the need for open-court hearings on the application for damages on the attachment bond. The Court does not sanction the indolent award of damages on the attachment bond by the appellate court without affording the adverse party and the bonding company concerned the opportunity to present their sides and adduce evidence in their behalf, or on the basis of unsubstantiated evidence.

"...And Shall be Included in the
Judgment on the Main Case"

Section 20, Rule 57 does state that the award of damages shall be included in the judgment on the main case, and seemingly indicates that it should not be rendered prior to the adjudication of the main case.

The rule, which guarantees a right to damages incurred by reason of wrongful attachment, has long been

recognized in this jurisdiction.[49] Under Section 20, Rule 57 of the 1964 Rules of Court, it was provided that there must be first a judgment on the action in favor of the party against whom attachment was issued before damages can be claimed by such party.[50] The Court however subsequently clarified that under the rule, "recovery for damages may be had by the party thus prejudiced by the wrongful attachment, even if the judgment be adverse to him." [51]

The language used in the 1997 revision of the Rules of Civil Procedure leaves no doubt that there is no longer need for a favorable judgment in favor of the party against whom attachment was issued in order that damages may be awarded. It is indubitable that even a party who loses the action in main but is able to establish a right to damages by reason of improper, irregular, or excessive attachment may be entitled to damages. This bolsters the notion that the claim for damages arising from such wrongful attachment may arise and be decided separately from the merits of the main action. As noted by the Court in *Philippine Charter Insurance Corp. v. Court of Appeals*: [52]

The surety does not, to be sure, become liable on its bond simply because judgment is subsequently rendered against the party who obtained the preliminary attachment. The surety becomes liable only when and if "the court shall finally adjudge that the applicant was not entitled to the attachment." This is so regardless of the nature and character of the judgment on the merits of the principal claims, counterclaims or cross-claims, etc. asserted by the parties against each other. Indeed, since an applicant's cause of action may be entirely different from the ground relied upon by him for a preliminary attachment, it may well be that although the evidence warrants judgment in favor of said applicant, the proofs may nevertheless also establish that said applicant's proffered ground for attachment was inexistent or specious and hence, the writ should not have issued at all; i.e., he was not entitled thereto in the first place. In that event, the final verdict should logically award to the applicant the relief sought in his basic pleading, but at the same time sentence him—usually on the basis of a counterclaim—to pay damages caused to his adversary by the wrongful attachment. [Emphasis supplied.]

Moreover, a separate rule—Section 8, Rule 58— covers instances when it is the trial court that awards damages upon the bond for preliminary injunction of the adverse party. Tellingly, it requires that the amount of damages to be awarded be claimed, ascertained, and awarded under the same procedure prescribed in Section 20 of Rule 57.

In this case, we are confronted with a situation wherein the determination that the attachment was wrongful did not come from the trial court, or any court having jurisdiction over the main action. It was rendered by the Court of Appeals in the exercise of its certiorari jurisdiction in the original action reviewing the propriety of the issuance of the Writ of Preliminary Attachment against the private respondents. Said ruling attained finality when it was affirmed by this Court.

The courts are thus bound to respect the conclusiveness of this final judgment, deeming as it does the allowance by the RTC of preliminary attachment as improper. This conclusion is no longer subject to review, even by the court called upon to resolve the application for damages on the attachment bond. The only matter left for adjudication is the proper amount of damages.

Nevertheless, Section 20, Rule 57 explicitly provides that the award for damages be included in the judgment on the main case. This point was apparently not lost on the Court of Appeals when it rendered its Resolution dated 23 March 1998, certifying that the case may now be referred to the Raffle Committee for assignment to a ponente. The appellate court stated therein: "The Resolution of defendants-appellants' motion for judgment on the attachment may be incorporated in the decision by the ponente for study and report," [53] and such observation is in conformity with Section 20.

However, this reasoning was assailed by respondents, who argued that the motion for judgment on the attachment bond was a pending incident that should be decided before the case can be re-raffled to a ponente for decision.

Respondents may be generally correct on the point that a case can only be deemed submitted for decision only after all pending incidents are resolved. Yet since Section 20, Rule 57 provides that their application for damages on the attachment bond "shall be included in the judgment on the main case," it is clear that the award for damages need not be resolved before the case is submitted for decision, but should instead be resolved and included in the judgment on the main case, or the decision on the Appeal by Certiorari filed by the respondents.

Thus, the action of the Court of Appeals in resolving the application for damages even before the main judgment was issued does not conform to Section 20, Rule 57. However, the special particular circumstances of this case lead us to rule that such error is not mortal to the award of damages.

As noted earlier, the award of damages was made after a proper hearing had occurred wherein all the concerned parties had been given the opportunity to present their arguments and evidence in support and in rebuttal of the application for damages. The premature award of damages does not negate the fact that the parties were accorded due process, and indeed availed of their right to be heard.

Moreover, we are compelled to appreciate the particular circumstance in this case that the right of private respondents to acquire relief through the award of damages on account of the wrongful preliminary attachment has been conclusively affirmed by the highest court of the land. This differs from the normal situation under Section 20, Rule 57 wherein the court having jurisdiction over the main action is still required to ascertain whether the applicant actually has a right to damages. To mandatorily require that the award of damages be included in the judgment in the main case makes all the sense if the right to damages would be ascertained at the same time the main judgment is made. However, when the said right is already made viable by reason of a final judgment which is no longer subject to review, there should be no unnecessary impediments to its immediate implementation.

And finally, any ruling on our part voiding the award of damages solely for the reason that it was not included in the judgment on the main case, and remanding the motion to the Court of Appeals for proper adjudication together with the main case may exhibit fealty to the letter of the procedural rule, but not its avowed aims of promoting a just and speedy disposition of every action and proceeding. After all, if we were to compel the Court of Appeals to decide again on the application for damages and incorporate its ruling in the judgment on the main action, the appellate court will be examining exactly the same evidence and applying exactly the same rules as it already did when it issued the assailed resolution awarding damages on the bond. This would be unnecessarily redundant especially considering that the Supreme Court had already affirmed that there was wrongful attachment in this case.

There is also the fact that remanding the question of damages, singly for the purpose of adhering to the letter of the procedural rule, would further prolong the resolution of the main case, which has been with the Court of Appeals for more than nine years now.[54] Our Rules of Court precisely requires liberal construction of the procedural rules to promote the objective of securing a just, speedy and inexpensive disposition of every action and proceeding.[55] With this precept, all the more justification is supplied for allowing the award for damages despite its apparent prematurity, if it is in all other respects proper.

The same reasons apply in resolving the question of whether the Court of Appeals could have decided the Motion for Judgment on the Attachment Bond considering that the case had not yet been re-raffled under the two-raffle system for study and report. Under Section 5, Rule 3 of the RIRCA, a case filed with the Court of Appeals undergoes two raffles for assignment to a particular Justice. The first raffle is made for completion of records.[56] Afterwards, "all raffled appealed cases, the records of which have been completed and submitted for decision, shall be re-raffled for assignment to a Justice for study and report." [57]

The fact that Section 20, Rule 57 provides that the award of damages on the attachment bond "shall be included in the judgment on the main case" necessarily implies that it is to be made only after the case has been re-raffled for study and report, and concurrently decided with the judgment of the ponente in the main case. Again, the Court of Appeals failed to consider Section 20, Rule 57 when it acted upon the application even before the second raffle was made.

Had Section 20, Rule 57 been faithfully complied with, a different Justice of the Court of Appeals would have penned the ruling on the application for damages, in accordance with the RIRCA. Yet this circumstance does not outweigh the other considerations earlier mentioned that would warrant a liberal interpretation of the procedural rules in favor of respondents. The parties had adduced all their arguments and evidence before the Court of Appeals, and indeed, these were appreciated on first instance by Justice Demetria, who eventually penned the assailed resolutions. There was already a final determination that the attachment was wrongful. And any delay brought about by requiring that it be the ponencia, determined after the second raffle, who decides the application for damages may bear pro forma adherence to the letter of the rule, but would only cause the delay of the resolution of this long-pending case. Procedural rules are designed, and must therefore be so interpreted as, to give effect to lawful and valid claims and not to frustrate them.[58]

Even SIDDCOR acknowledges that there are recognized instances where the award of damages or judgment on the attachment bond may not be included in the decision on the main case, such as if the main case was dismissed for lack of jurisdiction and no claim for damages could have been presented in the main case.[59]

Scope of Damages

Properly Awardable

Next, we examine the particular award of damages made in this case, consisting of P15,384,509.98, plus interest, as well as P1,000,000.00 as attorney's fees. There seems to be no dispute that the former amount constituted the amount drawn against the account of Sandoval by reason of the writ of execution issued by the trial court on 27 May 1996. This fact was confirmed by the PNB, in its Manifestation dated 19 July 1996, confirming the garnishment.

Respondents' burden in proving damages in this case was considerably lessened by the fact that there was already a final judgment, no longer subject to review, that the preliminary attachment allowed by the trial court was indeed wrongful. Hence, all that was necessary to be proved was the amount of damage actually sustained by respondents by reason of the wrongful attachment. It is unquestioned that by virtue of the writ of preliminary attachment, a Notice of Garnishment was served upon the PNB over deposit accounts maintained by respondents. Said Notice of Garnishment placed under the control of the RTC all the accounts maintained by respondents, and prevented the transfer or disposition of these accounts.[60] Then the subsequent Writ of Execution dated 27 May 1996 ordered the delivery to Carlos of these accounts earlier subjected to garnishment.[61]

Clearly, the amount of actual pecuniary loss sustained by respondents has been well established. The Manifestation submitted by the PNB further affirmed the actual amount seized by Carlos, an amount which could not have been acquired had it not been for the writ of preliminary attachment which was wrongfully issued.

Carlos lamely argues in his petition that there was no concrete or supporting evidence to justify the amount of actual damages, a claim that is belied by the official case records. The more substantive argument is presented by SIDDCOR, which submits that any damages that may be awarded to respondents can include only those that were incurred, if any, during the pendency of the appeal. But this contention is belied by Section 4, Rule 57 of the 1997 Rules of Civil Procedure, which provides that the bond issued for preliminary attachment is conditioned that the applicant "will pay all the costs which may be adjudged to the adverse party and all damages which he may

sustain by reason of the attachment, if the court shall finally adjudge that the applicant was not entitled thereto." [62]

The case *Paramount Insurance Corp. v. Court of Appeals* [63] is instructive. It discusses the scope of the bond executed by upon an application for preliminary injunction, [64] which similarly covers "all damages which [may be] sustain[ed] by reason of the injunction or temporary restraining order if the court should finally decide that the applicant was not entitled thereto." [65] The surety in that case claimed that it could be liable "only to the amount of damages accruing from the time the injunction bond was issued until the termination of the case, and not from the time the suit was commenced." [66] In rebutting this claim, the Court ruled:

. . . Rule 58, Section 4(b), provides that a bond is executed in favor of the party enjoined to answer for all damages which he may sustain by reason of the injunction. This Court already had occasion to rule on this matter in *Mendoza v. Cruz*, where it held that "(t)he injunction bond is intended as a security for damages in case it is finally decided that the injunction ought not to have been granted. It is designed to cover all damages which the party enjoined can possibly suffer. Its principal purpose is to protect the enjoined party against loss or damage by reason of an injunction." No distinction was made as to when the damages should have been incurred. [67]

Our ruling in *Philippine Charter Insurance Corp. v. Court of Appeals*, relied upon by the Court of Appeals, squarely applies to this case:

Under the circumstances, too, there can be no gainsaying the surety's full awareness of its undertakings under its bond: that, as the law puts it: "the plaintiff will pay all costs which may be adjudged to the defendant(s), and all damages which may be sustained by reason of the attachment, if the same shall finally be adjudged to have been wrongful and without cause," and that those damages plainly comprehended not only those sustained during the trial of the action but also those during the pendency of the appeal. This is the law, and this is how the surety's liability should be understood. The surety's liability may be enforced whether the application for damages for wrongful attachment be submitted in the original proceedings before the Trial Court, or on appeal, so long as the judgment has not become executory. The surety's liability is not and cannot be limited to the damages caused by the improper attachment only during the pendency of the appeal. That would be absurd. The plain and patent intendment of the law is that the surety shall answer for all damages that the party may suffer as a result of the illicit attachment, for all the time that the attachment was in force; from levy to dissolution. . . .

The fact that the second paragraph of the rule speaks only of "damages sustained during the pendency of the appeal" is of no moment; it obviously proceeds from the assumption in the first paragraph that the award for the damages suffered during the pendency of the case in the trial court was in fact "included in the final judgment" (or applied for therein before the appeal was perfected or the judgment became executory); hence, it states that the damages additionally suffered thereafter, i.e., during the pendency of the appeal, should be claimed before the judgment of the appellate tribunal becomes executory. It however bears repeating that where, as in the case at bar, the judgment of the Trial Court has expressly or impliedly sustained the attachment and thus has given rise to no occasion to speak of, much less, file an application for damages for wrongful attachment, and it is only in the decision of the Court of Appeals that the attachment is declared wrongful and that the applicant "was not entitled thereto," the rule is, as it should be, that it is entirely proper at this time for the application for damages for such wrongful attachment to be filed—i.e., for all the damages sustained thereby, during all the time that it was in force, not only during the pendency of the appeal. . . . [68]

The rule is thus well-settled that the bond issued upon an application for preliminary attachment answers for all damages, incurred at whatever stage, which are sustained by reason of the attachment. The award of actual damages by the Court of Appeals is thus proper in amount. However, we disagree that the rate of legal interest be counted from the date of the "unlawful garnishment," or on 27 June 1996. Properly, interest should start to accrue

only from the moment it had been finally determined that the attachment was unlawful, since it is on that basis that the right to damages comes to existence. In this case, legal interest commences from the date the Court of Appeals decision in CA-G.R. SP No. 39267 became final, by reason of its affirmation by this Court.

The award of attorney's fees in the amount of P1,000,000.00 is also questioned before this Court, considering that the Court of Appeals did not award moral or exemplary damages. The general rule may be that an award of attorney's fees should be deleted where the award of moral and exemplary damages are eliminated.[69] Nonetheless, attorney's fees may be awarded under the Civil Code where the court deems it just and equitable that attorney's fees and expenses of litigation should be recovered,[70] even if moral and exemplary damages are unavailing.[71]

Particularly, the Court has recognized as just and equitable that attorney's fees be awarded when a party is compelled to incur expenses to lift a wrongfully issued writ of attachment.[72] The amount of money garnished, and the length of time respondents have been deprived from use of their money by reason of the wrongful attachment, all militate towards a finding that attorney's fees are just and equitable under the circumstances. However, we deem the amount of P1,000,000.00 as excessive, and modify the award of attorney's fees to P500,000.00 which represents merely approximately three percent of the actual damages suffered by and awarded to respondents. We also delete the imposition of legal interest made by the Court of Appeals on the awarded attorney's fees.

Other Issues Raised in G.R. No. 135830

The issues raised in G.R. No. 136035 have been dispensed with, and the remaining issues in G.R. No. 135830 are relatively minor. There is no need to dwell at length on them.

Carlos insists that respondents were liable to have paid docket fees upon filing of their Motion for Judgment on Attachment Bond, on the theory that they claimed therein for the first time the alleged damages resulting from the dissolved attachment. The said motion is characterized as an initiatory proceeding because it is claimed therein for the first time, the damages arising from the attachment. In the same vein, Carlos argues that the absence of a certification against forum-shopping attached to the motion renders the said motion as fatal. Again, it is pointed out that initiatory pleadings must contain the said certification against forum-shopping.

Our ruling in *Santo Tomas University Hospital v. Surla*[73] is instructive. It was argued therein that the requirement of the certification against forum-shopping, as contained in Administrative Circular No. 04-94,[74] covered compulsory counterclaims. The Court ruled otherwise:

It bears stressing, once again, that the real office of Administrative Circular No. 04-94, made effective on 01 April 1994, is to curb the malpractice commonly referred to also as forum-shopping. . . . The language of the circular distinctly suggests that it is primarily intended to cover an initiatory pleading or an incipient application of a party asserting a claim for relief.

It should not be too difficult, the foregoing rationale of the circular aptly taken, to sustain the view that the circular in question has not, in fact, been contemplated to include a kind of claim which, by its very nature as being auxiliary to the proceeding in the suit and as deriving its substantive and jurisdictional support therefrom, can only be appropriately pleaded in the answer and not remain outstanding for independent resolution except by the court where the main case pends. Prescinding from the foregoing, the proviso in the second paragraph of Section 5, Rule 8, of the 1997 Rules of Civil Procedure, i.e., that the violation of the anti-forum shopping rule "shall not be curable by mere amendment . . . but shall be cause for the dismissal of the case without prejudice," being predicated on the applicability of the need for a certification against forum shopping, obviously does not include a claim which cannot be independently set up.[75] (Emphasis supplied.)

It is clear that under Section 20, Rule 57, the application for damages on the attachment bond cannot be independently set up, but must be filed in the main case, before the judgment therein becomes final and executory. Santo Tomas squarely applies in determining that no certification against forum-shopping was required in the Motion for Judgment on the Attachment Bond. The same reasoning also sustains a ruling that neither legal fees were required for the filing of the said motion. Section 1, Rule 141 of the Rules of Court provides that legal fees are prescribed upon the filing of the pleading or other application which initiates an action or proceeding.[76] Since the said application for judgment on the attachment bond cannot be considered as an initiatory pleading, as it cannot be independently set up from the main action, it is not likewise chargeable with legal fees.

As to the issue relating to the other Resolution dated 26 June 1998 denying the motion to dismiss appeal on the ground of forum-shopping, we find Carlos's arguments as unmeritorious. Forum-shopping allegedly existed because petitioners had filed two cases before the Court of Appeals, CA-G.R. CV No. 53229, and the Petition for Certiorari with Temporary Restraining Order dated 2 June 1996 attacking the allowance of execution pending appeal. Evidently, the two causes of action in these two petitions are different, CA-G.R. CV No. 53229 being an appeal from the Summary Judgment rendered by the RTC, and the second petition assailing the subsequent allowance by the RTC of execution pending appeal. There is no identity between these two causes of action that would warrant a finding of forum-shopping.

Issues Raised in G.R. No. 137743

To recount, respondents, having obtained a favorable decision on their Motion for Judgment on the Attachment Bond, filed a Motion for Immediate Execution of the award of damages. This was granted by the Court of Appeals in its Resolution dated 16 October 1998, said resolution now specifically assailed by SIDDCOR in G.R. No. 137743.

In their Motion for Immediate Execution, respondents' theory in seeking the immediate execution of the award of damages was that said award was not subject to appeal, the ruling thereupon being an interlocutory order.[77] This position was not adopted by the Court of Appeals in its 16 October 1998 Resolution, which was otherwise favorably disposed to respondents. Instead, the Court of Appeals predicated the immediate execution on the following grounds: (1) that the judicial finding that the writ of preliminary attachment was wrongful was already final and beyond review; (2) there were no material and substantial defenses against the motion for the issuance of the judgment bond; (3) Sandoval was elderly and sickly, without means of livelihood and may not be able to enjoy the fruits of the judgment on the attachment bond; (4) that immediate execution would end her suffering caused by the arbitrary garnishment of her PNB account.

There is no doubt that a judgment on the attachment bond is a final and appealable order. As stated earlier, it is, under normal course, included in the main judgment, which in turn is final and appealable. Respondents admit that they had erred in earlier characterizing the said judgment as an interlocutory order. Still, SIDDCOR argues that such earlier error is fatal, and that the Court of Appeals abused its discretion in ruling on the motion on a theory different from that urged on by respondents.

By no means could respondents be deemed as estopped from changing their legal theory, since the rule on estoppel applies to questions of fact and not questions of law.[78] Moreover, courts are empowered to decide cases even if the parties raise legal rationales other than that which would actually apply in the case. The basis of whether respondents are entitled to immediate execution arises from law, particularly Section 2(a), Rule 39 of the Rules of Court, and not solely on whatever allegations may be raised by the movant.

Thus, we find no grave abuse of discretion on the part of the Court of Appeals, even though it allowed execution pending appeal on a legal basis different from that originally adduced by respondents. After all, the reasoning

ultimately employed by the appellate court is correct, and it hardly would be judicious to require the lower court to adhere to the movant's erroneous ratiocination and preclude the proper application of the law.

We need not review in length the justification of the Court of Appeals in allowing execution pending appeal. The standard set under Section 2(a), Rule 39 merely requires "good reasons," a "special order," and "due hearing." Due hearing would not require a hearing in open court, but simply the right to be heard, which SIDDCOR availed of when it filed its opposition to the motion for immediate execution. The Resolution dated 16 October 1998 satisfies the "special order" requirement, and it does enumerate at length the "good reasons" for allowing execution pending appeal. As to the appreciation of "good reasons," we simply note that the advanced age alone of Sandoval would have sufficiently justified execution pending appeal, pursuant to the well-settled jurisprudential rule.^[79] The wrongfulness of the attachment, and the length of time respondents have been deprived of their money by reason of the wrongful attachment further justifies execution pending appeal under these circumstances.

WHEREFORE, the petitions are DISMISSED. The Temporary Restraining Order issued in the Resolution dated 9 June 1999 is hereby LIFTED. The assailed Resolution of the Court of Appeals Special Fourth Division dated 26 June 1998 is AFFIRMED with the MODIFICATIONS that the legal interest on the award of actual damages should commence from the date of the finality of the Decision of the Court of Appeals in CA G.R. SP No. 39267 and that the award of attorney's fees is in the amount of P500,000. Costs against petitioners.

SO ORDERED.

Puno (chairman), Austria-Martinez, Callejo, Sr., and Chico-Nazario, JJ., concur.

[1] Carlos alleged that there were other compulsory heirs of his parents, but they had waived all their claims, rights and participations in the properties in the estate. See G.R. No. 136035, Rollo, p. 83.

[2] Id. at 87.

[3] Ibid.

[4] Id. at 99-101.

[5] G.R. No. 135830 Rollo, p. 4. SIDDCOR is now known as Mega Pacific Insurance Corporation.

[6] Ibid.

[7] In a Decision penned by then Court of Appeals Justice Fidel T. Purisima, and concurred in by Justices F. Martin, Jr. and C. Carpio-Morales. Justices Purisima and Carpio-Morales were subsequently elevated to the Supreme Court. Justice Purisima has retired from the Court.

[8] Records, p. 31.

[9] G.R. No. 136035, Rollo, pp. 137-138.

[10] Records, p. 163.

[11] Records, p. 18. Sandoval maintained a Savings Account with P546,121.98, a Time Deposit Account of P10,000,000.00, and Treasury Bills worth P5,000,000.00.

[12] Records, p. 34. Strangely enough, the Notice of Delivery/Payment is actually addressed to the Branch Manager of the Bank of the Philippine Islands, Malolos Branch, though respondents characterized the document

in their Motion as having been addressed to the Branch Manager of PNB Malolos. See Records, p. 13.

[13] Records, p. 42.

[14] Records, p. 433.

[15] Id. at 450.

[16] Both resolutions penned by Justice D. Demetria, concurred in by Justices O. Amin and R. Barcelona.

[17] Particularly the cases of Raymundo v. Carpio, 33 Phil. 395 (1904) and Hanil Development Co., Ltd. v. ICA, 228 Phil. 529 (1986). Record, pp. 458-460.

[18] Records, p. 463.

[19] Id. at 468.

[20] G.R. No. 135830, Rollo, p. 59.

[21] Records, pp. 1023-1026.

[22] Id. at 1024-1025.

[23] G.R. No. 137743, Rollo, pp. 96-105.

[24] Id. at 32.

[25] G.R. 135830, Rollo, p. 10.

[26] See Section 2, Rule 39, 1997 Rules of Civil Procedure; Records, p. 1114.

[27] G.R. No. 84979, 6 November 1989, 179 SCRA 117.

[28] G.R. No. 136035 Rollo, pp. 228-231.

[29] Penned by Justice R. de Guia-Salvador, concurred in by Justices C. Garcia (now Associate Justice of this Court) and B. Abesamis.

[30] Records, p. 1565.

[31] Respondents argued that the Court of Appeals should decide the case itself rather than remand the matter to the trial court. Records, pp. 1868-1870.

[32] See Records, pp. 1930-1936.

[33] In a Resolution dated 11 February 2003.

[34] See Paramount Insurance Corp. v. Court of Appeals, 369 Phil. 641 (1999).

[35] A necessary conclusion following our pronouncement in Rivera v. Talavera, 112 Phil. 209 (1961). "Upon the other hand, it was improper for the plaintiffs to ask the Court of First Instance to assess damages against the sureties while the appeal was pending, unless the Court of Appeals had granted permission to do so. The reason is plain: It was the Court of Appeals that had jurisdiction over the case. The trial court had lost jurisdiction upon perfection of the appeal, and could no longer act except to adopt conservatory measures. It follows then . . . that the Court of First Instance could not validly entertain the supplemental complaint seeking to hold the sureties liable, unless the Court of Appeals referred the matter to it."

[36] See Heirs of Maningo v. IAC, G.R. Nos. 73559-62, 26 March 1990, 183 SCRA 691 citing Cantos v. Mair, 36

Phil. 350 (1970); *Japco v. The City of Manila*, 48 Phil. 851 ((1926); *Cruz v. Manila Surety & Fidelity Co., Inc., et al.*, 92 Phil. 699 (1953).

[37] *International Terminal Container Services v. Court of Appeals*, G.R. No. 90530, 7 October 1992, 214 SCRA 456.

[38] 369 Phil. 641 (1999).

[39] *Id.* at 652.

[40] *Ibid.*

[41] Records, p. 69.

[42] See Records, pp. 53-59, 64-66.

[43] *Paramount Insurance Corp. v. Court of Appeals*, *supra* note 34 at 652.

[44] G.R. No. 92813, 31 July 1991, 199 SCRA 882.

[45] "Where life and liberty are at stake, all possible avenues to determine his guilt or innocence must be accorded an accused, and no care in the evaluation of the facts can ever be overdone." *People v. Mateo*, G.R. Nos. 147678-87, 433 SCRA 640 (2004).

[46] *Supra* note 17.

[47] *Id.* at 567.

[48] *Id.* at 570.

[49] See, e.g., *Raymundo v. Carpio*, 33 Phil. 395, 396 (1916).

[50] The relevant portion of Section 20, Rule 57 of the 1964 Rules of Court reads:

SECTION 20. Claim for damages on account of improper, irregular or excessive attachment.—If the judgment on the action be in favor of the party against whom attachment was issued, he may recover, upon the bond given or deposit made by the attaching creditor, any damages resulting from the attachment. Such damages may be awarded only upon application and after proper hearing, and shall be included in the final judgment. The application must be filed before the trial or before appeal is perfected or before the judgment becomes executory, with due notice to the attaching creditor and his surety or sureties, setting forth the facts showing his right to damages and the amount thereof. . . . (Emphasis supplied.)

[51] See *Zaragoza v. Fidelino*, G.R. No. L-29723, 163 SCRA 443 (1988). "It thus seems indeed that the first sentence of Section 20 precludes recovery of damages by a party against whom an attachment is issued and enforced if the judgment be adverse to him. This is not however correct. Although a party be adjudged liable to another, if it be established that the attachment issued at the latter's instance was wrongful and the former had suffered injury thereby, recovery for damages may be had by the party thus prejudiced by the wrongful attachment, even if the judgment be adverse to him. Slight reflection will show the validity of this proposition. For it is entirely possible for a plaintiff to have a meritorious cause of action against a defendant but have no proper ground for a preliminary attachment. In such a case, if the plaintiff nevertheless applies for and somehow succeeds in obtaining an attachment, but is subsequently declared by final judgment as not entitled thereto, and the defendant shows that he has suffered damages by reason of the attachment, there can be no gainsaying that indemnification is justly due the latter."

[52] G.R. No. 88379, 179 SCRA 468 (1989).

[53] Records, p. 433.

[54] As noted earlier, a judgment on the main case was rendered by the Court of Appeals in 2002, but the motions for reconsideration filed by the parties were deferred resolution, pending adjudication of these petitions now before the Court. Supra note 29.

[55] See Section 6, Rule 1, 1997 Rules of Civil Procedure.

[56] See Section 5(a), Rule 3, RIRCA.

[57] See Section 5(b), *ibid*.

[58] Mobil Oil, Philippines v. Court of Appeals, G.R. No. 103072, 20 August 1993, 225 SCRA 486.

[59] G.R. No. 136035, Rollo, p. 42, citing Santos v. Court of Appeals, 95 Phil. 360 (1954).

[60] Records, p. 33.

[61] *Id.* at 34.

[62] Section 4, Rule 57, Rules of Court.

[63] Supra note 34.

[64] Under Section 4(b), Rule 58, Rules of Court.

[65] *Ibid*.

[66] Paramount Insurance Corp. v. Court of Appeals, supra note 34 at 653.

[67] *Ibid*. Emphasis supplied.

[68] Supra note 52 at 477-478.

[69] See PAL v. Miano, 312 Phil. 287 (1995); Ibaan Rural Bank v. Court of Appeals, 378 Phil. 707 (1999); Cathay Pacific v. Spouses Vazquez, 447 Phil. 306 (2003).

[70] See Article 2208(11), Civil Code.

[71] See Escobin v. NLRC, 351 Phil. 973 (1998); People v. Torpio, G.R. No. 138984, 4 June 2004, 342 SCRA 213; Wildvalley Shipping Corp. v. Court of Appeals, G.R. No. 119602, 6 October 2000, 342 SCRA 213.

[72] MC Engineering, Inc. v. Court of Appeals, 429 Phil. 634, 667 (2002); Lazatin v. Twaño, 112 Phil. 733 (1961).

[73] 355 Phil. 804 (1998).

[74] Since incorporated in Section 5, Rule 7, 1997 Rules of Civil Procedure.

[75] Santo Tomas University Hospital v. Surla, supra note 73 at 813-815.

[76] See Section 1, Rule 141, Rules of Court.

[77] G.R. No. 137743, Rollo, pp. 89-90.

[78] Tañada and Macapagal v. Cuenco, 103 Phil. 1093 (1958).

[79] See *Borja v. Court of Appeals*, G.R. No. L-37944, 30 June 1988, 163 SCRA 175; *De Leon v. Soriano*, 95 Phil. 806 (1954); *Philippine Bank of Communications v. Court of Appeals*, 344 Phil. 777 (1997).

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