

LEONARDO C. PADILLA, PETITIONER, VS. RIZAL SURETY & INSURANCE CO., RESPONDENT.*G.R. No. 14747. January 28, 1961*

Ponente: LABRADOR, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-14747/>**LABRADOR, J.:**

Petitioner Leonardo C. Padilla instituted this proceeding in this Court by a petition for certiorari to review the decision of the Court of Appeals in CA-G. R. No. 20018-R, entitled "Rizal Surety and Insurance Company, plaintiff-appellant vs. Evaristo Zulueta and Leonardo C. Padilla, defendants, Leonardo C. Padilla, defendant-appellant," claiming that said decision is erroneous insofar as it dismissed his appeal on the judgment for P1,500, and is an abuse of discretion insofar as it orders the return of the case to the Court of First Instance for a trial of the claim for damages collectible against his redelivery bond.

The facts before the Court of Appeals are as follows: On March 19, 1948, the Rizal Surety and Insurance Company executed a promissory note as indorser-guarantor-joint maker for and with Zulueta in favor of the Philippine National Bank for P4,000, with interest at 6% per annum, in consideration of the obligation assumed by it as guarantor of a loan of P4,000 granted to Zulueta by the Philippine National Bank. Zulueta in turn signed an indemnity agreement whereby he bound himself to indemnify the plaintiff against any and all damages, losses, penalties, charges and expenses which plaintiff may sustain or incur by virtue of the execution of the promissory note. Zulueta also executed a chattel mortgage covering the Oldsmobile car that he had purchased with the P4,000 borrowed from the Philippine National Bank. This chattel mortgage was registered on June 1, 1948 in the Office of the Register of Deeds of Manila. This chattel mortgage was not reported to the Motor Vehicle Office until April 25, 1952.

On June 16, 1948, Zulueta sold the car to Filemon M. Salcedo and the corresponding certificate of registration was issued in favor of the latter. On February 1, 1949, Salcedo in turn sold the car to defendant Leonardo C. Padilla and certificate of registration under the Motor Vehicle Law was issued in favor of Leonardo C. Padilla.

The action was presented by the Rizal Surety & Insurance Company on May 24, 1952 in the Court of First Instance of Manila. In its first cause of action plaintiff prays that defendant Evaristo Zulueta be ordered to pay plaintiff the amount of the promissory note that it had executed jointly with Zulueta in favor of the Philippine National Bank. In the second cause of action the execution of the chattel mortgage over the Oldsmobile car is alleged, and it is prayed that during the pendency of the action the sheriff take the car into custody and thereafter dispose of it in accordance with Section 14 of the Chattel Mortgage Law, applying the proceeds of the sale to the satisfaction of the judgment. The surety bond in favor of the plaintiff and the chattel mortgage are attached to the complaint. Defendant's answer contains denials for lack of knowledge and information sufficient to form a belief as to the truth of material averments made in the complaint, and, the defense that notice of the chattel mortgage covering the Oldsmobile car was not given to the Motor Vehicles Office until April 25, 1952.

On May 24, 1952, the Court of First Instance issued an order to the sheriff to take delivery of the Oldsmobile car,

then detained by Evaristo Zulueta, and on May 29, 1952, Leonardo C. Padilla filed a third-party claim thereto. On June 9, 1952, Zulueta presented a motion to suspend the delivery of the automobile to the plaintiff; on June 19, 1952, he presented the redelivery bond under Section 5 of Rule 62 and asked that the order to the sheriff to take the Oldsmobile into custody be suspended, and that Padilla be allowed to retain the same. This bond was signed jointly by Leonardo C. Padilla and the Manila Surety & Insurance Company. By virtue of this bond the court set aside the order for the sheriff to take the automobile into custody and allowed the defendant Padilla to retain possession thereof.

Trial having been held, the judge of the Court of First Instance rendered judgment on September 13, 1956, (1) sentencing Evaristo Zulueta to pay plaintiff P4,018.45 with interest at 10% per annum, etc., (2) ordering defendant Leonardo C. Padilla to deliver to the plaintiff the Oldsmobile car in 10 days from the receipt of the decision; in case Padilla fails to deliver the car he shall pay to the plaintiff the sum of P1,500.00 with legal interest from May 24, 1952, the date of the filing of the complaint; (3) reserving to the plaintiff the right to proceed against Leonardo C. Padilla and the latter's surety, the Manila Surety & Fidelity Company, Inc., on the counterbond; and (4) reserving the right of Leonardo C. Padilla to proceed against the estate of Filemon M. Salcedo.

Defendant-appellant and plaintiff-appellee received copies of the decision on September 14, 1956. On October 22, 1956, plaintiff presented a motion for leave to prove the damages on the counterbond as reserved to him in the decision of the trial court. (Record on Appeal, pp. 145-152). On November 24, 1956, the court issued an order sentencing Leonardo C. Padilla and the Manila Surety & Fidelity Co., Inc. (1) to pay plaintiff P1,500.00 with interest at the legal rate from May 24, 1952, and (2) to pay jointly and severally to plaintiff actual damages in the minimum sum of P3,000.00 (Record on Appeal, pp. 166-167). The defendant Leonardo C. Padilla presented an objection to the claim for damages alleging, among others, that the motion for leave to file claim has the effect of amending the decision which has become final. The Court of Appeals found that there was no hearing on this motion and neither do we find any record of such hearing to support the damages of P3,000.00 awarded in the order of November 24, 1956.

Against the order, a motion for reconsideration was filed by Leonardo C. Padilla on December 15, 1956. This was denied on the same day. On January 25, 1957, defendant Leonardo C. Padilla filed a notice "that he appeals to the Court of Appeals from the decision of this Honorable Court in the above entitled case promulgated on September 13, 1956 and modified by its order of November 24, 1956, for the said modified decision is not supported by the evidence on record and is contrary to law and jurisprudence" (Record on Appeal, p. 193).

In the Court of Appeals, the following errors were assigned:

I

The lower court erred in holding that it is not necessary to report to the Motor Vehicles Office a chattel mortgage of a motor vehicle in order to bind a third person.

II

The lower court erred in holding that the registration of a chattel mortgage of a motor vehicle in the chattel mortgage registry of the office of the register of deeds is sufficient to make said chattel mortgage effective against a third person.

III

The lower court erred in not holding that appellant Leonardo C. Padilla is the absolute and sole owner of the Oldsmobile car in question which he acquired by purchase for value and in good faith from the owner thereof,

Filemon M. Salcedo.

IV

The lower court erred in sentencing appellant Leonardo C. Padilla and his surety, The Manila Surety & Fidelity Co., Inc., to pay jointly and severally to plaintiff-appellee the value for the Oldsmobile car in question in the amount of P1,500.00 with legal rate of interest of 6% from the filing of the complaint, May 24, 1952.

V

The lower court erred in sentencing appellant Leonardo C. Padilla and his surety, the Manila Surety & Fidelity Co., Inc., to pay jointly and severally the plaintiff-appellee the sum of P3,000.00 as actual damages with absolutely no evidence proving that appellee suffered actual damages.

VI

The lower court erred in dismissing the counterclaim of appellant against the appellee in the amount of P3,000.00 as expenses of litigation and attorney's fees."

The Court of Appeals held that the four assignments of error, relating to the exemption of a buyer in good faith of an automobile which is mortgaged when the mortgage has not been registered with the Motor Vehicles Office, cannot be considered because the decision of the Court of First Instance of September 13, 1956 had become final and unappealable as to the appellant Leonardo C. Padilla. It held that as he received the copy of the decision on September 14, 1956, it became final as to him on October 14, 1956. The Court of Appeals further held that the claim for damages filed on October 22, 1956 is not a motion for reconsideration which may be considered as modifying the decision. However, it found that there was no trial or hearing on the claim for damages due on the redelivery bond and, therefore, it set aside the order of the court granting the said damages, remanding the case to the court below for the determination of the said damages.

The first four assignments of error were not considered by the Court of Appeals on the ground that Leonardo C. Padilla did not appeal against the decision dated September 13, 1956 (copy of which was received by him the following day) within the thirty-day period provided in the rules. From the time that Padilla received copy of the decision, no action was taken by him either in the form of a motion for reconsideration or otherwise, to indicate his desire to appeal from the same until January 25, 1957. On this date the period for filing a notice of appeal against the decision had long expired and the decision had become final and executory against him. On this appeal his counsel argues that the order of the court of November 24, 1956 fixing the damages due on the redelivery bond at P3,000.00 operated to amend the decision in the main case in such a way that the decision in the main case could still be appealed from within the period of 30 days from the date of said order of November 24, 1956.

We do not agree to the above contention. The decision of September 13, 1956, contains two parts with respect to defendant-appellant Padilla: the first ordering him to return the Oldsmobile car, or upon failure to make such delivery, to pay plaintiff its value of P1,500.00, with legal interest; and the second, reserving to the plaintiff the right to proceed against Padilla and his surety, the Manila Surety & Fidelity Co., Inc., on their counterbond, under Section 10, Rule 62 of the Rules of Court (Record on Appeal, pp. 144-145). No motion for reconsideration of the judgment for the return of the automobile was presented by, Padilla and no notice of appeal from this part of the judgment was made by him until January 25, 1957. The order of the court dated November 24, 1956, fixed the damages recoverable on the redelivery bond and was issued in pursuance of the second part of the original judgment. The award of damages does not modify or change that part of the decision ordering Padilla to return the automobile or pay its value. This award of damages can not be considered as a modification of the original decision, ordering the return of the automobile or the payment of its value.

It is true that in the said order of November 24, 1956, the court ordered him to pay P1,500.00, jointly and severally with the Manila Surety & Fidelity Co., Inc. But this order, the validity of which shall not now be discussed has nothing to do with the first part of the judgment against Padilla alone ordering the return of the automobile or the payment of its value of P1,500.00. This order, making Padilla and his surety jointly and severally responsible was rendered by virtue of the motion for damages on the redelivery bond, and the same was entered in compliance with the reservation made in the original decision. It has nothing to do with the order for Padilla to return the automobile or pay P1,500.00. The order to return the automobile was contained in the original decision, said order to return is against Padilla alone, but the order contained in the order of November 24, 1956 is against Padilla and his surety, jointly and severally, to pay P1,500.00. This is the award made by virtue of the reservation contained in the original decision. This can be seen from the wording of the order of November 24, 1956, which says:

"Upon consideration of plaintiff's motion for leave to file claim for damages, plaintiff's claim for damages on bond of defendants Leonardo C. Padilla and Manila Surety & Fidelity Co., Inc., the opposition thereto of Leonardo C. Padilla and plaintiff's reply to said opposition, the court holds that the claim for damages on the bond of Leonardo C. Padilla and Manila Surety & Fidelity Co., Inc., is meritorious.

In fact whereof, order is hereby issued.

(1) Sentencing defendant Leonardo C. Padilla and Manila Surety & Fidelity Co., Inc., to pay jointly and severally to plaintiff the sum of P1,500.00 with interest thereon at the legal rate of 6% from May 24, 1952, the date of the filing of the complaint, until the sum be fully paid; and

(2) Sentencing defendant Leonardo C. Padilla and the Manila Surety & Fidelity Co., Inc., to pay jointly and severally to plaintiff actual damages in the minimum sum of P3,000.00."

Resuming what We have stated hereinbefore, We hold that the order of November 24, 1956, is not a modification of the original decision insofar as it orders Padilla to return the automobile or pay its value of P1,500.00, so that this latter part of the decision was already final and executory as against Padilla when he presented his notice of appeal dated January 25, 1957. We, therefore, affirm the holding of the Court of Appeals that Padilla can not question the first part of the decision, because he has not appealed therefrom in due time. For this reason also, the first three assignments of error contained in the brief of appellant Padilla may not be considered in this appeal.

The fourth, fifth and sixth assignments of errors contained in the brief of appellant Padilla are as follows:

"Fourth Assignment of Error

That the Court of Appeals erred in holding that a decision in a replevin suit can be appealed independently from the order granting or denying a motion to claim for damages arising from the replevin suit.

Fifth Assignment of Error

That the Court of Appeals erred in holding that the decision of the trial court dated September 13, 1956, was not modified by the order of the same court dated November 24, 1956.

Sixth Assignment of Error

That the Court of Appeals erred in holding that petitioner agreed to deliver the Oldmobile car in question to the respondent and that petitioner admitted that the decision of September 13, 1956 was already final."

It will be noted that the above quoted errors assigned are against the order of the Court of First Instance of November 24, 1956. The Court of Appeals set aside this order of the lower court and ordered the petition for damages on the redelivery bond remanded to the trial court for the submission of evidence, as the record does not

show that any evidence was submitted in support of or against the claim of P3,000.00 damages, or against the part of the order for the payment by Padilla and his bondsmen of the sum of P1,500.00. We do not fully agree with the decision of the Court of Appeals in this respect because it does not appear that plaintiff ever made an offer of any evidence to support the claim for actual damages. However, We refuse to interfere with the discretion of the Court of Appeals in ordering that the case be remanded for the submission of evidence by both parties.

In view of our ruling on the first six errors, it becomes unnecessary to consider the last two.

Wherefore, the petition for certiorari is hereby denied, and the decision of the Court of Appeals affirmed, with costs against the petitioner.

Paras, C. J., Bengzon, Bautista Angelo, Concepcion, Reyes, J. B. L., Barrera, Paredes and Dizon, JJ., concur.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.