LEONCIO S. SOLIDUM, PETITIONER, VS. COURT OF APPEALS (FIFTEENTH DIVISION) AND INSULAR LIFE ASSURANCE CO. LTD., RESPONDENTS.

G.R. NO. 161647. June 22, 2006

Ponente: PUNO, J.

Read online (full-text search, related cases, audio case brief): https://batas.org/library/g-r-no-161647/

PUNO, J.:

Petitioner Leoncio S. Solidum appeals via petition for review on certiorari the Decision and the Resolution of the Court of Appeals dated September 29, 2003 and January 12, 2004, respectively, which gave due course to the petition for certiorari of private respondent Insular Life Assurance Co. Ltd. (Insular). Petitioner avers that there are other plain, adequate and speedy remedies available to Insular under the ordinary course of law. Hence, respondent court should have dismissed the petition. He further contends that being a mere garnishee, Insular is not a party to the case and cannot avail of the writ of certiorari.

The instant case originated from a complaint for collection for a sum of money which petitioner filed against Unified Capital Management Corporation (UNICAP) with the Regional Trial Court of Makati – Branch 135. Petitioner obtained favorable judgment on May 20, 1999 but was not able to get full payment from UNICAP. Thus, he went after UNICAPï¿½s debtors. It appears that one of the debtors, Susan Yee Soon, executed on September 17, 1997 two (2) Deeds of Relative Assignment[1] to UNICAP. The Deeds assigned to UNICAP "all moneys that may be payable to [Susan Yee Soon] and [her] beneficiary/ies from the basic proceeds" of life insurance policies No. A001122766 and No. A001122777 issued by Insular.

On July 9, 1999, Sheriff Artemio Cruz served upon Insular the first Notice of Garnishment[2] which ordered Insular not to dispose of "all sums of money, credits, shares, interest, accounts receivables and collectibles" arising from the aforementioned policies. A second Notice of Garnishment[3] dated August 23, 1999 reiterated the first Notice.

In a letter[4] dated August 30, 1999, Atty. Renato S. de Jesus from the Legal Affairs of Insular gave the assurance that it "shall hold the release of any sums (sic) of money, credits, shares, interest, account receivables and collectibles of the subject policies."

On April 17, 2000, the sheriff wrote Insular requesting for the release of the garnished credits but this time, Insular refused.[5] In a letter[6] of the same date, Insular averred that the "basic policy proceeds" may only be paid upon the occurrence of the risk subject of the insurance – i.e., the death of Susan Yee Soon, and further, depending on any lien, charge or indebtedness that Insular may have on the policies.

Petitioner filed a Motion in the trial court to direct Insular to comply with its Orders and Notices of Garnishment. On July 18, 2000, the trial court ordered Insular to release to petitioner "the annual dividend xxx due and payable on 17 September 1999 and the subsequent dividends payable every anniversary date of the policy xxx and such all money, credits, shares, interest, account receivables and collectibles of xxx Susan Yee Soon under [the policies]."[7] In a letter[8] dated August 7, 2000, Insular again hedged in complying with the Order. It argued that

what was assigned in the Deeds of Relative Assignment was limited to the total face value of the policies. It did not include dividends arising from the policies.

Petitioner then filed a Manifestation and Motion[9] dated December 7, 2000 praying that the trial court issue an Order directing Insular to comply with the Order of July 18, 2000. The Manifestation and Motion was granted on January 4, 2001.[10] Insular filed an Omnibus Motion[11] dated January 24, 2001 requesting for a clarification of the issues and a reconsideration of the Order dated July 18, 2000. After comment by the petitioner,[12] the trial court, in an Order[13] dated February 19, 2001, denied the Omnibus Motion for lack of merit.

Still, Insular refused to release the garnished amounts. On June 1, 2001, petitioner moved for the issuance of an Order directing the sheriff to collect the proceeds of the policies.[14] Insular opposed.[15] Acting on the motion, the court issued its questioned Order[16] on August 7, 2001 directing the sheriff "to xxx collect xxx from the garnishee Insular xxx the proceeds of [P]olicy Nos. A001122766 and A001122777 xxx in the total sum of PhP1,616,900.64." Again, Insular filed a Motion for Reconsideration[17] on August 21, 2001 which petitioner opposed.[18]

On September 18, 2001, the trial court conducted a summary hearing to resolve the motion for reconsideration. Insular presented the sole testimony of its Customer Servicing Department Head, Mr. Jose A. Padilla. He testified that Susan Yee Soon obtained a P550,000.00 loan from each of the subject policies from UNICAP. As security for the loans, she assigned to UNICAP her policies taken from Insular.[19] He presented photocopies of the Policy Loan Agreement for Policy No. A001122777,[20] the Deeds of Relative Assignment of the subject policies,[21] and the Statement of Loan Transaction for Policy No. A001122766.[22] Insular formally offered its evidence on November 16, 2001 and all the documentary evidence was admitted by the trial court. However, upon Partial Motion for Reconsideration of petitioner that the Policy Loan Agreement for Policy No. A001122777 was inadmissible for lack of proof of due execution and authenticity, the court excluded the questioned document. In its Order dated June 7, 2002, it denied Insular's Motion for Reconsideration, viz.:

> On the Motion for Reconsideration, the issues raised therein are mere rehash of the arguments previously considered and resolved by the Court. Moreover, the exclusion of Exhibits "E", "E-1" and "F" leaves the movant with no evidence of the loan agreement between the policyholder Susan Yee Soon and the movant. There being no such evidence, the movant has no basis to withhold the proceeds of the policy. Thus, the Court hereby orders the reiteration of the Order dated 07 August 2001.[23]

Insular filed a Petition for Certiorari with the Court of Appeals. It alleged that the judge gravely abused his discretion when he issued the questioned Order despite its adverse claim on the garnished amounts.

The Court of Appeals gave due course to the petition. It then annulled and set aside the August 7, 2001 and June 7, 2002 Orders of the trial court.[24] Petitioner moved for reconsideration but the motion was denied in a Resolution dated January 12, 2004. Hence, this Petition for Review on Certiorari raising the lone issue:

> WHETHER OR NOT PUBLIC RESPONDENT COURT OF APPEALS ERRED AND/OR COMMITTTED GRAVE ABUSE OF DISCRETION TANTAMOUNT TO LACK OF JURISDICTION IN TAKING COGNIZANCE OF THE PETITION FOR CERTIORARI FILED BY PRIVATE RESPONDENT GARNISHEE INSULAR DESPITE OF THE FACT THAT SAID GARNISHEE IS NOT A PARTY IN THE CASE, BUT A THIRD[-]PARTY CLAIMANT.[25]

We grant the petition.

Garnishment is a species of attachment or execution for reaching any property pertaining to a judgment debtor which may be found owing to such debtor by a third person. It cites some stranger to the litigation who is debtor to one of the parties to the action. Such debtor stranger becomes a forced intervenor, and the court, having

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

acquired jurisdiction over his person by means of citation, requires him to pay his debt, not to his former creditor, but to the new creditor, who is creditor in the main litigation. It is merely a case of involuntary novation by the substitution of one creditor for another.[26]

Garnishment involves at least three (3) persons: the judgment creditor, the judgment debtor, and the garnishee, or the person cited who in turn is supposed to be indebted to the judgment creditor.[27] In case the garnishee asserts his own rights over the garnished property, Section 16 of Rule 39 provides the remedies, viz.:

> Section 16. Proceedings where property claimed by third person. - If the property levied on is claimed by any person other than the judgment obligor or his agent, and such person makes an affidavit of his title thereto or right to the possession thereof, stating the grounds of such right or title, and serves the same upon the officer making the levy and a copy thereof upon the judgment obligee, the officer shall not be bound to keep the property, unless such judgment obligee, on demand of the officer, files a bond approved by the court to indemnify the third-party claimant in a sum not less than the value of the property levied on. In case of disagreement as to such value, the same shall be determined by the court issuing the writ of execution. No claim for damages for the taking or keeping of the property may be enforced against the bond unless the action therefor is filed within one hundred twenty (120) days from the date of the filing of the bond.
>
> The officer shall not be liable for damages for the taking or keeping of the property, to any third-party claimant if such bond is filed. Nothing herein contained shall prevent such claimant or any third person from vindicating his claim to the property in a separate action, or prevent the judgment obligee from claiming damages in the same or a separate action against a third-party claimant who filed a frivolous or plainly spurious claim.
>
> When the writ of execution is issued in favor of the Republic of the Philippines, or any officer duly representing it, the filing of such bond shall not be required, and in case the sheriff or levying officer is sued for damages as a result of the levy, he shall be represented by the Solicitor General and if held liable therefor, the actual damages adjudged by the court shall be paid by the National Treasurer out of such funds as may be appropriated for the purpose.

In the case at bar, it is plain that private respondent Insular, as garnishee, did not avail any of the remedies provided by the rules. After it was impleaded as garnishee, it wrote letters to the trial court, initially not contesting petitioner's right to the basic proceeds of Susan Yee Soon's insurance policies. Later on, however, it changed its stance and resisted payment by filing an Omnibus Motion and Motions for Reconsideration of the orders of the trial court. It even appealed to respondent court via a petition for certiorari.

Trite to state, certiorari is an extraordinary remedy when there is no appeal, nor any plain, speedy and adequate remedy in the ordinary course of law. It is filed when a tribunal, board or officer exercising judicial or quasi-judicial functions has acted without or in excess of its or his jurisdiction, or with grave abuse of discretion amounting to lack or excess of jurisdiction.[28]

We have held that neither an appeal nor a petition for certiorari is the proper remedy from the denial of a third-party claim.[29] In the case of Northern Motors, Inc. v. Coquia,[30] the petitioner filed, among others, a third-party claim which was denied by the respondent judge in the disputed resolution. Northern Motors, Inc. thereafter filed a petition for certiorari to nullify the resolution and order of the respondent judge. In resolving whether the respondent judge acted with grave abuse of discretion in denying petitioner's third-party claim, the Court held:

> Pursuant to [Section 17,[31] Rule 39 of the Revised Rules of Court], a third-party claimant has two remedies, such as, an action for damages against the sheriff to be brought within 120 days from the filing of the bond, and a separate and independent action to vindicate his claim to the property. In the case at bar, petitioner's and intervenor's remedy against the bond proved to be unavailing because of the disputed order of the respondent

> Judge cancelling the indemnity bond. Such an order as well as the order denying a motion to reconsider the same in effect discarded or quashed the third-party claims. What then would the remedy be of the third-party claimants?
>
> In the recent case of Serra vs. Rodriguez, xxx this Court (First Division), thru Mr. Justice Makasiar, ruled:From the denial of a third-party claim to defeat the attachment caused to be levied by a creditor, neither an appeal nor a petition for certiorari is the proper remedy. The remedy of petitioner would be to file a separate and independent action to determine the ownership of the attached property or to file a complaint for damages chargeable against the bond filed by the judgment creditor in favor of the provincial sheriff.

In Lara vs. Bayona, L-7920, May 10, 1955, this Court, thru Mr. Justice Concepcion, later Chief Justice, in denying the petition for certiorari to set aside the order of the lower court quashing the third-party claim of a chattel mortgagee, held:Pursuant to this provision, nothing contained therein shall prevent petitioner "from vindicating his claim to the property by any proper action." Neither does the order complained of deprive petitioner herein of the opportunity to enforce his alleged rights by appropriate proceedings. In short, he has another "plain, speedy and adequate remedy in the ordinary course of law," and, hence is not entitled either to a writ of certiorari or to a writ of prohibition.[32] (Emphases supplied.)

The Court further held that since the third-party claimant is not one of the parties to the action, he could not, strictly speaking, appeal from the order denying its claim, but should file a separate reivindicatory action against the execution creditor or a complaint for damages against the bond filed by the judgment creditor in favor of the sheriff.[33] The rights of a third-party claimant should be decided in a separate action to be instituted by the third person. In fine, the appeal that should be interposed, if the term "appeal" may be properly employed, is a separate reivindicatory action against the execution creditor or complaint for damages to be charged against the bond filed by the judgment creditor in favor of the sheriff.[34]

IN VIEW WHEREOF, the petition is GRANTED. The Decision and the Resolution of the Court of Appeals in CA-G.R. SP No. 72637 dated September 29, 2003 and January 12, 2004, respectively, are ANNULLED and SET ASIDE.

SO ORDERED.

Sandoval-Gutierrez, Corona, Azcuna, and Garcia, JJ., concur.

---

[1] Annexes "E" & "F," Petition for Certiorari; CA rollo, 31-32.

[2] Annex "J," Petition for Review on Certiorari; rollo, 75.

[3] Annex "K," id.; id. at 76.

[4] Annex "O," id.; id. at 79.

[5] Annex "P," id.; id. at 80.

[6] Annex "Q," id.; id. at 81.

[7] Annex "S," id.; id. at 83.

[8] Annex "W," Petition for Certiorari; CA rollo, 49-50.

[9] Annex "W," Petition for Review on Certiorari; rollo, 87-90.

[10] Annex "X," id.; id. at 91.

[11] Annexes "Y"-"Y-3," id.; id. at 92-95.

[12] Annex "Z," id.; id. at 96-100.

[13] Annex "AA," id.; id. at 101.

[14] Annex "BB," id.; id. at 102-106.

[15] Annex "EE," Petition for Certiorari; CA rollo, 80-89.

[16] Annex "CC," Petition for Review on Certiorari; rollo, 107.

[17] Annex "EE," id.; id. at 109-115.

[18] Annex "FF," id.; id. at 116-120.

[19] Comment, 3; id. at 128.

[20] Exhibits "E" & "E-1"; CA rollo, 31-32.

[21] Exhibits "H" & "I"; id. at 36-37.

[22] Exhibits "F" & "F-1"; id. at 38.

[23] Order, Annex "GG," Petition for Review on Certiorari; rollo, 121.

[24] CA Decision, 9; id. at 43.

[25] Petition for Review on Certiorari, 17; id. at 28.

[26] Tayabas Land Co. v. Sharruf, G.R. No. L-15499, February 9, 1921, 41 Phil. 382, 387.

[27] Ibid.

[28] Section 1, Rule 65, 1997 Rules on Civil Procedure.

[29] Serra v. Rodriguez, G.R. No. L-25546, April 22, 1974, 56 SCRA 538, 540. See also Santos v. Mojica, 10 Phil. 318, 321 (1964).

[30] G.R. No. L-40018, March 21, 1975, 63 SCRA 200.

[31] Now Section 16.

[32] Supra Note 30 at 204. Citations omitted.

[33] Bayer Philippines, Inc. v. Agana, No. L-38701, April 8, 1975, 63 SCRA 355, citing Queblar v. Garduño, infra.

[34] Lorenzana v. Cayetano, No. L-37051, August 31, 1977, 78 SCRA 485; Queblar v. Garduño, 67 Phil. 316 (1939).

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

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.