

DOLORES VASQUEZ VDA. DE ARROYO, PETITIONER, VS. COURT OF APPEALS AND JUANA T. DE LA VIÑA, RESPONDENTS.

G.R. No. 60335. April 29, 1983

Ponente: PLANA, J.

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PLANA, J.:

The Court resolved to grant partial due course as regards the grant to private respondent of P30,000.00 moral damages and P10,000.00 attorney's fees, in this appeal by certiorari from the Resolution of the Court of Appeals reconsidering its decision of October 24, 1980 and affirming in toto the judgment of the court a quo in Civil Case No. 53708.

As found by the court a quo and adopted by the Court of Appeals in its October 24, 1980 decision, the facts of the case are:

"On March 12, 1962, plaintiff Juana T. de la Viña and defendant Dolores Vasquez Vda. de Arroyo, entered into an agreement (Exhibit "A") in Manila whereby plaintiff [private respondent herein] agreed to redeem the mortgage of the real property of defendant [petitioner herein] from the Development Bank of the Philippines and that after such redemption, defendant will mortgage the same in favor of any banking or lending institution to which said plaintiff may apply for a loan using the same property as collateral. Aside from the amount to be paid by plaintiff to the Development Bank of the Philippines, plaintiff also agreed to give defendant an additional amount of P10,000.00 upon approval of said loan. This amount together with the amount to be paid to redeem the property from the Development Bank of the Philippines will be considered as a loan to the defendant.

"On the same date, defendant executed a special power of attorney (Exhibit "B") naming plaintiff as her lawful attorney-in-fact to mortgage her real property containing an area of 59 hectares more or less, situated at Guimaras Island, Iloilo City; likewise, on the same date, defendant executed a special power of attorney (Exhibit "C") in favor of plaintiff authorizing the latter to redeem the former's real property which has been mortgaged to the Development Bank of the Philippines. In order to comply with her obligation under the agreement Exhibit "A", plaintiff on April 24, 1962 executed a chattel mortgage in favor of Adrian Fong over her personal properties situated at 4546 Valenzuela, Sta. Mesa, Manila, and 354 Rosario, Manila pursuant to a list marked Exhibit "F-1", to secure the payment of personal loan in the amount of P20,000.00 within sixty (60) days from date of the mortgage (Exhibit "F-2"). With this amount, plaintiff paid to the DBP in Manila, on April 27, 1962, the sum of P12,391.08 representing the redemption price of defendant's property.

"In accordance with the agreement of the plaintiff and defendant, the former applied for a loan with the SSS in the amount of P120,000.00. The special power of attorney, however, signed and executed by defendant in favor of plaintiff authorizing the latter to mortgage the property was incomplete because it did not contain the technical description of the land.

"On May 3, 1962, plaintiff went to Iloilo to request defendant for another special power of attorney to include the technical description of the land and also to get the Torrens Title. Plaintiff and defendant proceeded to the office of the DBP in Iloilo, where plaintiff was informed by the vice president of the bank that the property of

defendant was scheduled for sale at public auction. However, upon presentation of the receipt of payment made by plaintiff in Manila, and paying the additional amount of P92.59 (Exhibit "H"), the defendant's mortgage was cancelled and the Torrens Title released (Exhibits "I" and "J"). Plaintiff then requested defendant to execute a special power of attorney containing the technical description of the property. After some persuasion, she was able to get the special power of attorney prepared and ratified by Notary Public Luis Garganera of Iloilo on May 5, 1962, limiting, however, the loan to be obtained by plaintiff to only P40,000.00 (Exhibit "L").

"Before plaintiff could avail of the second power of attorney marked Exhibit "L", defendant on May 17, 1962, revoked said power of attorney and caused the publication of the revocation in 'The Iloilo Times' issue of June 11, 1962, a provincial newspaper circulated in Iloilo (Exhibit "N"); hence, plaintiff commenced this suit for specific performance and damages. On the other hand, defendant filed a criminal case for estafa against plaintiff with the City Fiscal's Office of Iloilo which, however, appears to have been dismissed upon recommendation of the Fiscal (Exhibit "Z")."

In the reinvestigation of the cited estafa case, Acting City Fiscal Coscolluela of Iloilo found that the complainant (petitioner herein) on March 12, 1962 executed a special power of attorney authorizing the accused (private respondent herein) to mortgage complainant's property and recover what she (accused) had paid to DBP in behalf of complainant; that on April 23, 1962, complainant revoked without any valid cause the said authorization without advising the accused; that on April 27, 1962 the accused paid the DBP loan of complainant out of money she (accused) had borrowed elsewhere so as to avert the foreclosure of complainant's property; that on May 3, 1962, complainant even accompanied the accused to the Iloilo Branch of DBP and obtained the cancellation of the DBP mortgage, the accused still unaware of the revocation by complainant of the special power of attorney; that complainant on May 5, 1962 executed another special power of attorney authorizing the accused to mortgage complainant's property in an amount not exceeding P40,000.00, but subsequently revoked the same without advising the accused, for which reason, the latter on August 8, 1962 obtained a P15,000.00 loan from a certain Paul Perrine (so she could repay the loan she used to redeem complainant's property from DBP) and mortgaged complainant's property to secure repayment of the loan. On the basis of these findings, the Acting City Fiscal found the motion to dismiss the estafa case well-founded, while condemning the complainant not only for her ungratefulness but also for her "criminal designs." (Resolution dated July 24, 1967, Rollo p. 45.)

The trial court on January 29, 1975 decided in favor of the herein private respondent—

"WHEREFORE, judgment is hereby rendered sentencing Dolores Vasquez Vda. de Arroyo to pay unto the plaintiff Juana T. de la Viña the sum of P12,391.08 with legal interest thereon from the filing of the complaint on April 17, 1963 until the same is fully paid, the further sum of P10,000.00 by way of moral damages arising from defendant's violation of the contract marked Exhibit "A" and for publishing the notice of revocation in Iloilo Times and for filing the baseless and unwarranted criminal case for estafa against plaintiff in the office of the Provincial Fiscal of Iloilo. Defendant is finally sentenced to pay the amount of P10,000.00 by way of attorney's fees and expenses of litigation. With costs against defendant's counterclaim is dismissed."

On motion of the herein private respondent, the dispositive portion of January 29, 1975 decision was amended by the lower court on June 4, 1975, thus—

"WHEREFORE, judgment is hereby rendered sentencing Dolores Vasquez Vda. de Arroyo to pay unto Juana T. de la Viña the sum of P15,000.00 with legal interest thereon from the filing of the complaint on April 17, 1963, until the same is fully paid; the further sum of P30,000.00 by way of moral damages arising from defendant's violation of the contract marked Exhibit "A" and for publishing the Notice of Revocation in the Iloilo Times. Defendant is further sentenced to pay the amount of P10,000.00 by way of attorney's fees and expenses of litigation. Costs against the defendant. For insufficiency of evidence, defendant's counterclaim is dismissed."

Deciding the herein petitioner's appeal from the adverse decision of the trial court, the Court of Appeals, on October 24, 1980, stated—

"A very significant conclusion of the lower court is that which found the defendant-appellant as having been clearly motivated by bad faith in executing Exhibit "A", and which conclusion is principally predicated upon the fact that, after plaintiff-appellee had redeemed the property of defendant-appellant from the Development Bank of the Philippines with money of plaintiff-appellee, which she herself borrowed, thus staving off the foreclosure of appellant's properties, she, without just cause, revoked the Special Power of Attorney which she executed on May 5, 1962 (Exhibit "L") and even caused the publication of the revocation in the 'The Iloilo Times' in its June 11, 1962 issue, and even filed a criminal case of estafa against plaintiff-appellee in the City Fiscal's Office which, however, had been dismissed.

"We do not share with the trial court's conclusion of bad faith, as having attended the execution of Exhibit "A".

...

".....

"By and large, We find that there is no concrete and substantial basis for the award of moral and exemplary damages because We find the evidence of bad faith to be dwindling into a legal and factual obscurity and increasingly blurred to a vanishing point. The award for moral damages and attorney's fees shall, therefore, be deleted from the appealed judgment.

"It is, however, proper that appellant should pay or reimburse to appellee the amount she used in paying appellant's indebtedness with the DBP which resulted to the release of the DBP's mortgage lien on appellant's property.

"In view of the foregoing considerations, except as above modified, the amended judgment appealed from is hereby affirmed in all other aspects."

On reconsideration, however, the Court of Appeals issued the questioned Resolution of March 2, 1982, stating that—

"The Court finds the said Motion for Reconsideration to be meritorious. We find that there was bad faith on the part of the appellant for there was no necessity for the publication of the revocation of the power of attorney, nor for the filing of criminal charges since the parties could have amicably talked things over first.

"The decision of this Court promulgated on October 24, 1980 is therefore modified by deleting therefrom the following:

'By and large, We find that there is no concrete and substantial basis for the award of moral and exemplary damages because We find the evidence of bad faith to be dwindling into legal and factual obscurity and increasingly blurred to a vanishing point. The award for moral damages and attorney's fees shall, therefore, be deleted from the appealed judgment.'

"WHEREFORE, the judgment of the court a quo dated January 26, 1975, as amended by the Order dated June 4, 1975 is hereby affirmed in toto."

Petitioner's motion to reconsider this Resolution was denied on March 31, 1982.

In the instant petition for review on certiorari, the above Modificatory Resolution of the Court of Appeals—which found bad faith on the part of petitioner to have been sufficiently established and, on that basis, affirmed the trial court's award of moral damages and attorney's fees—is assailed. The private respondent filed its comment on the petition. Required to file a reply, the petitioner did not comply.

Since the established facts clearly sustain the conclusion that the petitioner has acted in bad faith, as found by both

the trial court and the Court of Appeals, the Resolution under review must be affirmed. Nevertheless, we feel that under the circumstances, a reduction of the award of moral damages from P30,000.00 to P15,000.00 and attorney's fees from P10,000.00 to P5,000.00, is warranted.

WHEREFORE, subject to the foregoing modification, the Resolution under review is hereby affirmed.

SO ORDERED.

Teehankee (Chairman), Melencio-Herrera, Vasquez, Relova and Gutierrez, Jr., JJ., concur.

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