

**TEODORO N. FLORENDO, PETITIONER, VS. HON. JUDGE LUIS R. RUIZ,
CICERO D. CALDERON, ROBERT B. SILLIMAN AND SILLIMAN
UNIVERSITY, RESPONDENTS.**

G.R. No. 64571. February 21, 1989

Ponente: GANCAYCO, J.

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GANCAYCO, J.

Before anything else, it is important to state that the merits of this case are not in issue. To be resolved in this petition for certiorari and mandamus is the correct interpretation of the dispositive portion of the Decision of the Court of Appeals in CA-G.R. No. 54616, dated August 29, 1980, which has long become final and executory.

The antecedent facts in the instant case are as follows:

Petitioner Teodoro N. Florendo was hired by respondent Silliman University as an assistant in its legal counsel office on July 1, 1949. On or before July 14, 1953, by action of the Board of Trustees of respondent university, petitioner was promoted to regular status. On June 26, 1956, petitioner was informed that he was fully employed as a member of the faculty and as secretary of the college of law of respondent university.

On or before March 20, 1962, for reasons unknown to him, petitioner was relieved as college secretary. Later or on May 23, 1962, he was informed that his name did not appear in the list of teachers in the same college for the incoming school year. Petitioner protested his dismissal but to no avail. Hence, on September 3, 1962, he filed a complaint for breach of contract with the Court of First Instance of Negros Oriental against Dr. Merton Munn, the Dean of Instruction of respondent university, and all the private respondents herein.

After due hearing, the lower court found, among others that petitioner was terminated from his employment without just cause and without being given the opportunity to be heard; that private respondents, defendants therein, were guilty of bad faith in not fulfilling their agreement with petitioner; and that as a direct result of his illegal dismissal, petitioner suffered besmirched reputation, wounded feelings, mental anguish, moral shock and social humiliation therefore entitling him to moral and exemplary damages.[1]

On October 31, 1972, the trial court, with Judge Cipriano Vamenta, Jr. presiding, rendered a Decision with the following dispositive portions:

"IN VIEW OF ALL THE FOREGOING, Judgment is hereby rendered:

(a) Condemning the defendant to pay plaintiff jointly and severally the sum of FIFTEEN THOUSAND PESOS (P15,000.00) in concept of moral damages, and FIFTEEN THOUSAND PESOS (P15,000.00) AS EXEMPLARY DAMAGES;

(b) Ordering defendants to pay plaintiff the sum of ONE THOUSAND EIGHT HUNDRED NINETY PESOS AND SEVENTEEN CENTAVOS (P1,890.17) as retirement and group annuity funds;

(c) Condemning the defendant to pay plaintiff jointly and severally the sum of SIX THOUSAND PESOS

(P6,000.00) as attorney's fees;

(d) dismissing defendants' Counterclaim for lack of legal basis; and

(e) With costs against the defendants.

SO ORDERED."[2]

Both parties appealed to the Court of Appeals. On August 29, 1980 the appellate court rendered a Decision with the following dispositive portion, subject of this petition:

"WHEREFORE, except as modified herein-above the decision of the CFI of Negros Oriental dated October 31, 1972 is affirmed in all respect, with the modification that defendants-appellants, except defendant-appellant Merton Munn, are ordered to pay jointly and severally, the amounts stated in the dispositive portion of the decision, including the sum of P1,400.00 in concept of compensatory damages, with interest at the legal rate from the date of the filing of the complaint until fully paid.

SO ORDERED."[3]

Private respondents files a petition with this Court questioning the said Decision, However, on October 19, 1981, said petition was denied for lack of merit.

On June 22, 1982, the Court of Appeals transmitted the records of the case to the Court of First Instance of Negros Oriental together with its Decision dated August 29, 1980 and the Entry of Judgment dated February 15, 1982.

On August 27, 1982, petitioner filed a "Motion for Issuance of an Order for a Writ of Execution of Judgment" with the Court of First instance of Negros Oriental. On December 16, 1982, the trial court, issued the writ of execution sought ---

"As prayed for by the plaintiff, it appearing that the judgment in this case has already become final and executory;

Let a writ of execution of the enforcement of the judgment modified by the Honorable Court of Appeals in its decision promulgated on August 29, 1980, in the following amounts:

P15,000.00 - in concept of moral damage

15,000.00 - in concept of exemplary damages

P1,890.00 - retirement and group annuity funds

6,000.00 - as attorney's fees

3,842.20 - as costs against defendants

1,400.00 - in the concept of compensatory damage.

or a total sum of P43,132.37 as principal obligation of the defendants with interest at 6% per annum from September 3, 1962 up to July 28, 1974 and 12% interest per annum from July 29, 1974 until fully paid.

SO ORDERED."[4]

On January 4, 1983, private respondents filed a "Motion for Reconsideration" which petitioner opposed.

When the judiciary was reorganized at that time, Judge Vamenta had to discontinue taking cognizance of the case and the same was re-raffled to the sala of respondent Judge Luis R. Ruiz. On March 22, 1993, Judge Ruiz issued

an Order modifying the Order of Judge Vamenta dated December 16, 1982, thus:

"WHEREFORE, the Order of the Court dated December 16, 1982 is hereby modified, that only compensatory damages should earn interest at 6% per annum from the date of the filing of the Complaint until fully paid.

Let a Writ of Execution be issued against the defendants."[5]

Believing that Judge Ruiz erred in modifying the order of Judge Vamenta, petitioner filed a "Motion for Reconsideration" on March 28, 1983. However, said motion for reconsideration was denied by respondent Judge Ruiz in an order issued on May 13, 1983.

Hence, this petition, with petitioner maintaining that Judge Ruiz committed a grave abuse of discretion when he modified the previous order issued by Judge Vamenta.

The different interpretations of the two judges - Judge Vamenta and Judge Ruiz - of the dispositive portion of the Decision of the Court of Appeals can be readily seen in the two conflicting Orders they issued.

Petitioner insists that the Order of Judge Vamenta, which states that respondents must pay interest on the compensatory damages and on all the amounts stated in the Decision of the Court of First Instance at 6% per annum, from September 3, 1982 up to July 28, 1974 and 12% per annum from July 29, 1974 up to its full payment, is the correct one. Private respondents, on the other hand, maintain that the Order of respondent Judge Ruiz which mandates the payment by private respondents of only 6% interest per annum on compensatory damages alone is in conformity with the dictates of the dispositive portion in question.

Clearly then, the correct interpretation of the dispositive portion of the Decision of the Court of Appeals in CA-G.R. No. 54616 involves two issues. The first issue is on what amounts should interest be paid by private respondents. The second issue involves the exact amount of interest allowed by the Court of Appeals.

With regard to the first issue, We rule in favor of petitioner. A careful study of the dispositive portion of the Decision of the Court of Appeals would reveal that indeed, the intention of the Court of Appeals was to allow interest not only on compensatory damages but also on all the amounts specified in the dispositive portion of the Decision of the lower court. This is easily discerned in the following wording:

"x x x defendants-appellants x x x, are ordered to pay, jointly and severally, THE AMOUNTS STATED IN THE DISPOSITIVE PORTION OF THE DECISION, INCLUDING THE SUM OF P1,400.00 IN CONCEPT OF COMPENSATORY DAMAGES, WITH INTEREST AT THE LEGAL RATE FROM THE DATE OF THE COMPLAINT UNTIL FULLY PAID."[6] (Emphasis supplied.)

The foregoing explicitly orders the payment of legal interest on all the amounts stated in the dispositive portion of the Decision of the lower court and on the additional amount of P1,400.00 as compensatory damages. We cannot agree with Judge Ruiz that it was the intention of the Court of Appeals to award interest only on compensatory damages. Had this been true, the Court of Appeals would not have used the word "including" to connect the additional amount of P1,400.00 as compensatory damages to the original amounts stated in the Decision of the trial court. Instead, the Court of Appeals would have separately classified its disposition on compensatory damages making it definite and evident that only such compensatory damages should earn interest.

The construction of the dispositive portion itself leads this Court to believe that interest must be paid not only on compensatory damages but likewise on all the amounts originally stated in the Decision of the Court of First Instance. The use of a comma in between the phrases "including the sum of P1,400.00 in Concept of compensatory damages" and "with interest at the legal rate x x x" applies not only to the preceding phrase "including the sum of P1,400.00 in concept of compensatory damages" but also to, the earlier phrase "the amounts

stated in the dispositive portion of the decision."

In *People v. Subido*,^[7] the issue resolved by this Court pertained to the correct interpretation of the dispositive portion of the Decision of the Court of First Instance of Manila in a certain criminal case which reads:

"From the facts above stated the Court finds the accused guilty of libel and he is hereby sentenced to three (3) months of arresto mayor with the accessory penalties of the law, to pay a fine of five hundred (P500.00) pesos, to indemnify the offended party, Mayor Arsenio, in the sum of ten thousand (P10,000.00) pesos, with subsidiary imprisonment in case of insolvency, and to pay the costs."^[8]

The issue to be resolved was whether or not the accused, under the above-written dispositive portion, should serve subsidiary imprisonment in case of insolvency for non-payment of either the fine of P500.00 or the indemnity of P10,000.00 or whether he should be required to serve subsidiary imprisonment only in case of non-payment of the indemnity.

This Court speaking through Mr. Justice Martin, resolved the issue this way:

"A careful scrutiny of the decision of the trial court reveals that the clause with subsidiary imprisonment in case of the insolvency is separated by a comma (,) from the proceeding clause is hereby sentenced to three months of arresto mayor with the accessory penalties of the law, to pay a fine of five hundred (P500.00) pesos, to indemnify the offended party, Mayor Arsenio Lacson, in the sum of Ten Thousand Pesos (P10,000.00) pesos. (sic) The use of a comma (,) in the part of the sentence is to make (the phrase) 'the subsidiary imprisonment in case of insolvency' refer not only to non-payment of the indemnity, but also to non-payment of the fine.

"If the lower court intended to make the phrase 'with subsidiary imprisonment in case of insolvency' refer to non-payment indemnity only and not of the non-payment of the fine, it would have omitted the comma (,) after the phrase 'to indemnify the offended party, Mayor Arsenio Lacson in the amount of P10,000.00 pesos, so that the decision of the lower court would read:

From the facts above stated the Court finds the accused guilty of libel and he is hereby sentenced to three (3) months of arresto mayor, to pay a fine of five hundred (P500.00) pesos, to indemnify the offended party, Mayor Arsenio Lacson, in the sum of ten thousand (P10,000.00) pesos with subsidiary imprisonment in case of insolvency, and to pay the costs."^[9]

Had the Court of Appeals really intended to allow interest only on compensatory damages, its dispositive portion would have been worded this way:

xxx defendants-appellants x x x, are ordered to pay jointly and severally the following:

- (1) the amounts stated in the dispositive portion of the Decision; and
- (2) the sum of P1,400.00 in concept of compensatory damages with interest at the legal rate from the date of the complaint until fully paid.

As to the issue on the correct amount of interest to be paid, it is to be noted that the Court of Appeals ordered the payment of interest "at the legal rate" from the time of the filing of the complaint. On this matter, We agree with Judge Ruiz that the legal rate of interest to be applied is 6% per annum as provided for under Article 2209 of the Civil Code.^[10] Central Bank Circular No. 416 dated July 29, 1974, which fixes the legal rate of interest at 12% per annum is not applicable here since the circular applies only to loans or forbearance of money, goods or credits and court judgments thereon.^[11] Said circular does not apply to actions based on a breach of employment contract like the case at bar.

WHEREFORE, the Order of Judge Luis R. Ruiz dated March 22, 1983 is hereby MODIFIED in that all the amounts specified in the dispositive portion of the Decision of the Court of First Instance and the sum of

P1,400.00 as compensatory damages shall earn interest of six percent (6%) per annum from the time the complaint was filed until the same is fully paid. Considering that this case has been pending for more than twenty-six (26) years, the immediate execution of this Decision is in order, No costs.

SO ORDERED.

Narvasa, Cruz, Griño-Aquino, and Medialdea, JJ., concur.

[1] Page 46, Rollo.

[2] Page 3, Rollo.

[3] Pages 48 and 49, Rollo.

[4] Page 19, Rollo.

[5] Page 18, Rollo.

[6] Pages 48 and 49, Rollo.

[7] 66 SCRA 545 (1975).

[8] Ibid. at 546 and 547.

[9] 66 SCRA 549-550.

[10] Art. 2209 of the New Civil Code reads:

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

[11] Central Bank Circular No. 416; In *Reformina vs. Tomol, Jr.*, 139 SCRA 260, it was held that the judgment spoken of and referred to in CD Circular No. 146 are judgments in litigation involving loans of forbearance of any money, goods or credits. Any Other kind of monetary Judgment which has nothing to do with, nor involving loans or forbearance of any money, goods or credits does not fall within the coverage of the said law it is not within the ambit of the authority granted to the Central Bank.

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