

PHILIPP BROTHERS OCEANIC, INC., PETITIONER, VS. HONORABLE COURT OF APPEALS, BANK OF THE PHILIPPINE ISLANDS AND SAN GRACE MINING CORPORATION, RESPONDENTS.

G.R. Nos. 105416-17. June 25, 2003

Ponente: AZCUNA, J.

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AZCUNA, J.:

Before this Court are four consolidated petitions for review on certiorari all filed under Rule 45 of the Rules of Court. The first two petitions, G.R. Nos. 105416 and 105417, were filed by Phillip Brothers Oceanic, Inc. (Philbro Oceanic) to assail the decision of the Court of Appeals in CA-G.R. CV Nos. 19682 and 19683,[1] while the third petition, G.R. No. 111863, also filed by Philbro Oceanic, seeks to assail the decision of the Court of Appeals in CA-G.R. CV No. 16380.[2] The fourth petition, G.R. No. 143715, was filed by the Spouses Pelagio de Gracia and Adelina de Gracia (Spouses de Gracia), against the decision of the Court of Appeals in CA-G.R. CV No. 46341.[3]

Facts Common to All Petitions

On March 25, 1980, a contract was entered into between Phillip Brothers Hong Kong, Ltd. (Philbro H.K.) and San Grace Mining Corporation (Sagramco). In the contract, referred to by the parties as Contract No. 930562-P, Sagramco agreed to sell and ship to Philbro H.K. at least 9,000 metric tons of chrome ore not later than December 31, 1980. In consideration for the delivery of the chrome ore, Philbro H.K. agreed to open a letter of credit in the sum of US\$195,000, under which Sagramco would be allowed to withdraw advances to be charged against Sagramco's future deliveries of chrome ore.[4]

On April 29, 1980, Philbro H.K. opened the aforesaid letter of credit with the Bank of the Philippine Islands (BPI) and the full amount of US\$195,000 was drawn by Sagramco. On August 4, 1980, to secure the advances, Sagramco executed a chattel mortgage in favor of Philbro H.K. over the following personal properties:[5]

- a) One Kawasaki Shovel Loader;
- b) One Kimko Payloader;
- c) One Ford Bronco Ranger; and
- d) Two Komatsu Crawler Tractors.

Aside from the dollar advance obtained from Philbro H.K., Sagramco separately received peso advances from Philbro Oceanic, Philbro H.K.'s principal corporation. As of December 31, 1983, Sagramco's indebtedness under the peso advance amounted to P1,946,356.60.[6]

Sagramco was able to produce the following chrome ore: 1) 1,180 metric tons of chrome ore valued at US\$108,426.36; 2) 834.01 metric tons of chrome ore valued at US\$65,223.86; and 3) 1,800 metric tons of chrome ore valued at US\$162,000.[7]

On July 28, 1980, Sagramco and its corporate officers, the Spouses de Gracia, obtained from BPI a P300,000

loan. On October 28, 1980, Sagramco and the Spouses de Gracia were granted by BPI another loan in the amount of P700,000.[8] The two loans were secured by real estate mortgages[9] executed by the Spouses de Gracia in favor of BPI.[10] As further security, Sagramco executed a Deed of Assignment in favor of BPI, assigning the proceeds of the letter of credit which Philbro H.K. opened with BPI, and trust receipts and quedans over the 1,800 metric tons of chrome ore already produced and stockpiled in the warehouse of Philbro Oceanic in Kauswagan, Cagayan de Oro City.[11]

On January 5, 1982, Philbro H.K. assigned to Philbro Oceanic all its rights, interests and collectibles from Sagramco arising from Contract No. 930562-P and from the deed of chattel mortgage securing the same.[12]

Of the US\$195,000 advanced to Sagramco, US\$108,426.36 were liquidated through the first delivery of 1,180 metric tons of chrome ore shipped to Philbro H.K. Thereafter, Sagramco was able partially to liquidate the account through the local sale of the 834.01 metric tons of chrome ore.[13] The 1,800 metric tons of chrome ore, however, remained stockpiled inside the warehouse of Philbro Oceanic and is the subject of the present controversy.

Beginning of the Controversy

On January 5, 1982, BPI sought to take possession of the 1,800 metric tons of chrome ore by filing with the Regional Trial Court of Misamis Oriental, Branch 22, a complaint against Sagramco for delivery of personal property with a prayer for a writ of replevin. It was docketed as Civil Case No. 8288. BPI alleged in its complaint that, by virtue of the trust receipts, it is the owner of the 1,800 metric tons of chrome ore held in trust by Sagramco and is, therefore, entitled to take possession of the said chrome ore.[14]

A writ of replevin was issued by the RTC of Misamis Oriental. When the branch sheriff attempted to enforce the writ, Philbro Oceanic filed a third party-claim alleging that it is the rightful owner of the 1,800 metric tons of chrome ore.[15] On January 20, 1982, Philbro Oceanic filed Civil Case No. 8322 for injunction against Sagramco, with the same branch of the RTC of Misamis Oriental that issued the writ of replevin, in order to prevent the removal of the chrome ore from its warehouse. By agreement of the parties, Civil Cases Nos. 8288 and 8322 were consolidated and jointly tried. The RTC of Misamis Oriental also ordered the chrome ore to be sold at public auction to prevent its further deterioration.[16]

In addition to filing Civil Case No. 8322 for injunction, Philbro Oceanic also filed a complaint-in-intervention in Civil Case No. 8288, to claim ownership over the chrome ore. The complaint-in-intervention was admitted on January 4, 1983.[17]

Notwithstanding the filing of the two complaints in Civil Cases Nos. 8288 and 8322, Philbro Oceanic also filed a third complaint against Sagramco, for judicial foreclosure of chattel mortgage, with the RTC of Makati City. It was docketed as Civil Case No. 240.[18]

On February 21, 1984, BPI also instituted a separate action for judicial foreclosure of real estate mortgage against the Spouses de Gracia. BPI alleged that the two promissory notes, totaling P1,000,000, remained unpaid, thus giving BPI the right to foreclose on the security. The foreclosure case was filed with the RTC of Misamis Oriental, Branch 17, and docketed as Civil Case No. 9488.[19]

The Assailed Decisions and the Issues Raised

G.R. Nos. 105416-17

On June 17, 1988, the RTC of Misamis Oriental rendered a decision, the dispositive portion of which reads as follows:[20]

WHEREFORE, judgment is hereby rendered as follows:

On BPI's complain

- The replevin case for possession of the 1,800 metric tons of chrome ore is hereby dismissed;
- Defendant SAGRAMCO is ordered to pay BPI the amount of P300,000.00 with interest of 1% per month or 12% per annum and additional 2% service charge from the time the obligation became due until fully paid;
- Defendant SAGRAMCO is likewise ordered to pay the amount of P700,000.00 to BPI with 9% interest per annum from the time the obligation became due until fully paid;
- Attorney's fees is hereby fixed at 10% per annum as provided in the promissory notes, on the liquidated balance;

Intervenor Philbro's complaint for injunction in Civil Case No. 8322 as well as its complaint in intervention in Civil Case No. 8288 are dismissed.

On the counterclaim, the intervenor is condemned to pay to defendant SAGRAMCO the following:

- The amount of \$148,360.52 representing excess payment to the red clause or dollar advance;
- P500,000.00 representing damages of credit standing of defendant SAGRAMCO;
- P50,000.00 representing attorney's fees and as reimbursement of the expenses of litigation.

The amount of P1,131,497.35 representing the proceeds of the auction sale of the chrome ore in question which is now deposited with the Office of the Provincial Treasurer upon orders of the Court shall constitute as first payment of intervenor Philbro to Sagramco.

SO ORDERED.

Attorney's fees in favor of BPI were later amended to specify that the 10% shall be based on the unliquidated balance of the promissory notes.[21]

BPI and Philbro Oceanic appealed the decision of the RTC of Misamis Oriental. On April 30, 1982, the Court of Appeals rendered a decision affirming in toto the appealed decision except for the following modifications:[22]

- On the complaint of BPI, the interest payable on the P300,000.00 loan is increased to 16% per annum and SAGRAMCO is ordered further to pay a penalty of 1% per month on the amount due in addition to the interest and service charge.
- On the counterclaim of SAGRAMCO, the award for damages for the credit standing of SAGRAMCO is reduced to P300,000.00 and the awards of P50,000.00 as attorney's fees and P10,000.00 as litigation expenses are deleted.

Only Philbro Oceanic elevated the decision of the Court of Appeals to this Court for review. The petition, which was docketed as G.R. Nos. 105416-17, presents the following assignment of errors:[23]

- The Court of Appeals erred in ruling that the proceeds of all the chrome ore delivered by Sagramco should be applied in settlement of the dollar advance of US\$195,000, thereby entitling Sagramco to a refund of US\$148,360.52.
- The Court of Appeals erred in ruling that if the decision in the foreclosure case in Civil Case No. 240 filed before the Regional Trial Court of Makati is affirmed on appeal, Philbro Oceanic would have been paid twice for the supposed dollar account balance of Sagramco of US\$86, 573.64.
- The Court of Appeals erred in ruling that the issue of the demandability of the peso advance from Sagramco

by Philbro Oceanic is not material to the issues raised on appeal.

- The Court of Appeals erred in ruling that Philbro Oceanic is liable to Sagramco in the amount of P300,000 for the latter's ruined business standing.

5. The Court of Appeals erred in not finding Sagramco and BPI liable to Philbro Oceanic for litigation expenses and attorney's fees.

G.R. No. 111863

On March 31, 1987, after due hearing, the RTC of Makati rendered a decision in Civil Case No. 240 in favor of Philbro Oceanic and ordered the foreclosure of the chattel mortgage:[24]

WHEREFORE, judgment is hereby rendered in favor of plaintiff and against the defendant, as follows:

(1) Ordering the defendant to pay plaintiff the following:

a) US\$86,573.64 or its equivalent in Philippine Pesos, computed at the rate of exchange prevailing as of December 31, 1980, plus interest thereon at the rate of 12% per annum from January 1, 1981 until fully paid.

b) P1,285,732.85, plus interest thereon at the rate of 12% per annum from April 1, 1981 until fully paid.

c) P123,021.90 plus interest thereon from August 11, 1980 until fully paid.

d) P238,820.00 as litigation expenses, plus legal interest thereon from the date hereof until fully paid.

e) P132,901.00 as and for attorney's fees.

(2) Foreclosing the chattel mortgage dated August 4, 1980 and ordering the sale of the mortgaged properties in a sheriff's sale, with the proceeds thereof to be applied as and in payment of the amounts awarded in paragraphs 1 (a), 1 (b), 1 (c), (d) and 1 (e) above.

(3) Dismissing defendant's counterclaim.

(4) Ordering the defendant to pay the costs of this suit.

SO ORDERED.

Sagramco appealed the decision of the RTC of Makati to the Court of Appeals. On September 8, 1993, the Court of Appeals set aside the decision of the trial court and issued a new one, as follows:[25]

WHEREFORE, in view of the foregoing considerations, the decision appealed from is hereby REVERSED AND SET ASIDE and another one is entered ordering the appellee PHILBRO Oceanic, Inc. to pay appellant SAGRAMCO the amount of One Hundred Ninety-Nine Thousand Two Hundred Seventy-Nine Pesos and Five Centavos (P199,279.05) as actual damages and Five Hundred Thousand Pesos (P500,000.00) as moral damages.

The case is hereby remanded to the court a quo for the purpose of determining and awarding the amount of the insurance premiums to be reimbursed by SAGRAMCO to PHILBRO Oceanic, Inc. in accordance with this decision, the 12% interest thereon, per annum, and the 5% of the sum of said amounts (but in no case less than P15,000.00, exclusive of all costs and fees allowed by law) as attorney's fees.

SO ORDERED.

Aggrieved by the decision of the Court of Appeals, Philbro Oceanic instituted G.R. No. 111863 seeking to reinstate the RTC of Makati's decision based on the following assigned errors:[26]

- The Court of Appeals erred in disregarding the admissions made during trial of respondent's own witness

regarding the meaning and import of the documents executed between the parties.

- The Court of Appeals erred in finding that Philbro Oceanic can only foreclose the Chattel Mortgage to cover the insurance premiums paid by Philbro Oceanic despite the admitted and undisputed violations of the terms of the same by mortgagor Sagramco.
- The Court of Appeals erred in not requiring Sagramco to pay costs of suit.
- The Court of Appeals erred in awarding P500,000 to Sagramco in moral damages.

G.R. No. 143715

On August 13, 1993, the RTC of Misamis Oriental, rendered a decision in Civil Case No. 46341 in favor of BPI:[27]

WHEREFORE, premises considered, the Court finds, by preponderance of evidence, a case in favor of the plaintiff and against the defendant spouses, and hereby orders pursuant to law, the foreclosure of mortgages executed by the defendants in favor of plaintiff, as evidenced by Exhibits "A" to "J" and the sale of the real estate properties covered by the said mortgages at public auction and to apply the proceeds thereof, to the payment of the amount on the two (2) promissory notes (Exhibits "K" and "K-I") which have long become due and payable, plus whatever interest, penalties, charges and attorney's fees maybe recoverable by the plaintiff from the defendants, as embodied and provided for in the said promissory notes with costs against the defendants.

SO ORDERED.

The decision was later amended to allow the Spouses de Gracia ninety days within which to make good on the promissory notes.[28]

Spouses de Gracia appealed the decision of the trial court to the Court of Appeals, where it was affirmed in its entirety.[29] Hence, Spouses de Gracia instituted G.R. No 143715, raising the following issues:[30]

- Whether or not the two trust receipts and the real estate mortgage to secure the loan consisting of two promissory notes for P300,000 and P700,000, respectively, in favor of BPI could be separately pursued through suits for replevin and foreclosure.
- Whether or not BPI, in filing two separate complaints to collect the loan amounting to P1,000,000, is guilty of splitting its cause of action or forum-shopping.
- Whether or not favorable judgment in the replevin suit, finding Sagramco liable to BPI for the amount of P1,000,000, constitutes res judicata to the foreclosure suit.

The Court's Rulings

G.R. Nos. 105416-17

The first assigned error argues that not all the chrome ore delivered by Sagramco should be used to pay for the dollar advances obtained from Philbro H.K. It is asserted by Philbro Oceanic that any chrome ore produced after 1980 was intended to be applied instead to the payment of the peso advances obtained from Philbro Oceanic, i.e., the 834 and 1,800 metric tons of chrome ore.

The Court does not sustain this view.

Philbro Oceanic and Philbro H.K. are two separate and distinct juridical entities from which Sagramco is obligated separately under two different agreements. Philbro H.K. agreed to provide Sagramco with dollar advances under Contract No. 930562-P, while Philbro Oceanic granted peso advances to Sagramco by virtue of

their letter agreement dated March 28, 1980.

While Contract No. 930562-P contains a stipulation to liquidate the dollar advance, drawn on the letter of credit, with Sagramco's future deliveries of chrome ore, no such stipulation was made in the March 28, 1980 letter agreement. In fact, a reading of the letter agreement reveals that the peso advance was simply an unsecured and interest bearing loan:[31]

San Grace Mining Corporation
Carmen Road, Barrio Carmen
Cagayan de Oro City

Attention: Mr. Pelagio de Gracia Jr.

Gentlemen:

Re: Contract No. 930562-P

We refer to our several discussions wherein you advised that from time to time you may require financing for your working capital requirements. At our sole discretion, we may agree to provide you with such financing. Our agreement to advance you any amount of money is to be studied by us on a case to case basis, and the granting of an advance for one particular requirement will not prejudice or have any bearing whatsoever to any further request for advances.

It is our mutual understanding that such advances shall carry an effective interest rate of 17% per annum (inclusive of commitment fee, serving fee, etc.). Advances shall be due and demandable by December 1980.

If the above is in accordance with your understanding, please sign and return to us the duplicate copy of this letter thereby signifying your agreement thereto.

Very truly yours,

Philipp Brothers Oceanic Inc.

(Sgd.)Jaime B. Briones

CONFORME:

SAN GRACE MINING CORPORATION
(Sgd.)

The rule is that contracts take effect only between the parties, their assigns and heirs.[32] This is the principle of relativity of contracts. In the case at bar, in the absence of any stipulation on the manner of payment for the peso advance in the March 28, 1980 letter agreement, Philbro Oceanic cannot apply the stipulations contained in Contract No. 930562-P. The provisions in Contract No. 930562-P refer only to the obligations of Sagramco to Philbro H.K. and consequently, should only apply to the dollar advance owed to Philbro H.K. Contract No. 930562-P cannot be used to govern the payment of another obligation owed by Sagramco to another entity.

Philbro Oceanic however claims that, subsequently, it was agreed to credit to the peso advance any chrome ore delivered after 1980. Allegedly in support of this contention is a letter sent by Philbro Oceanic to Sagramco, conformed to by the latter, dated December 2, 1980:[33]

San Grace Mining Corporation
Carmen Road, Barrio Carmen
Cagayan de Oro City

Attention: Mr. Pelagio de Gracia Jr.

Gentlemen:

Re: Contract No. 930562-P

Since you are unable to fully deliver the total tonnage of 9,000 metric tons under the subject contract within 1980 and consequently you are unable to pay us all your outstanding advances payable by December 1980 which now totals about P615,000 it is hereby agreed between us that any chromite delivered to our plant after MV IWATE sails shall be credited against this advance until the advance plus interest shall have been fully liquidated.

For purposes of such accreditation, the chromite which is to assay 48% Cr₂O₃ shall be priced at P575.00 per metric ton delivered to Cagayan de Oro City. Should the advance be not yet fully liquidated by March 1981 under the foregoing scheme, you agree that at our option we can call on the Chattel Mortgage dated 4[th] August 1990 to satisfy our advances.

For the sake of good order, please signify your agreement to the above by signing and returning to us one copy of this letter.

Very truly yours,

Philipp Brothers Oceanic Inc.

(Sgd.) Jaime B. Briones

Asst. Vice President

CONFORME:

SAN GRACE MINING CORPORATION

(Sgd.)

Philbro Oceanic argues that the aforementioned letter was executed in relation to the peso advance and clearly signifies the parties' intention to apply to the peso advance any chromite delivered to the plant after MV IWATE sails. Hence, the 834 and 1,800 metric tons of chrome ore, which were delivered to Philbro Oceanic's warehouse after the MV IWATE had sailed, should be credited, not to the dollar advance, but to the peso advance.[34]

The December 2, 1980 letter agreement cannot be considered a modification to Contract No. 930562-P. Philbro Oceanic did not participate in the execution of Contract No. 930562-P in its own right and Philbro Oceanic was yet an assignee of Contract No. 930562-P at the time the letter agreement was made. Hence, for all intents and purposes, Philbro Oceanic was a merely a third party and could not amend a contract it was not an original party to by inserting its own interest and having the chrome ore answer for its own peso advance instead of Philbro H.K.'s dollar advance.

But the most obvious reason for rejecting Philbro Oceanic's claim comes from Philbro Oceanic's very own allegations. Contract No. 930562-P provides that the chrome ore should be credited to the dollar advance. If there is truth to Philbro Oceanic's claim that Contract No. 930562-P only refers to the purchase from Sagramco and the sale to Philbro H.K. of Sagramco's entire production of chrome ore up to the end of 1980, and that it was the intention to credit any chrome ore delivered after 1980 entirely to the peso advance, then Philbro Oceanic's claim over the 834 and 1,800 metric tons of chrome ore, all delivered after 1980, should not be based on the inherited Contract No. 930562-P but solely on the December 2, 1980 letter agreement executed in its own right.

However, it is openly reflected in the records that Philbro Oceanic's third party claim, complaint for intervention

and complaint for injunction, all alleged that Philbro Oceanic is the rightful owner of the chrome ore on the strength of the contract of sale, Contract No. 930562-P.[35] To claim ownership over the subject chrome ore under Contract No. 930562-P is a clear acknowledgment that all the chrome ore delivered by Sagramco thereunder is intended to pay off the dollar advance.

The Court refrains from ruling on the second assignment of error at this point. The issue of double recovery is hereafter discussed under G.R. No. 111863, which concerns the foreclosure case filed by Philbro Oceanic.

With this Court's ruling on the first assignment of error, the third assignment of error must also fail. Philbro Oceanic presented evidence on the liability of Sagramco on both the dollar and peso advance in order to prove its ownership over the chrome ore. The holding by this Court, that the proceeds of the chrome ore should be charged solely to the dollar advance, renders Sagramco's liability for the peso advance immaterial to the issue of ownership.

The Court also finds no merit in the fourth and fifth assignments of errors, i.e., the finding that Philbro Oceanic is liable for Sagramco's ruined business standing and the denial of Philbro Oceanic's prayer to hold Sagramco and BPI liable for litigation expenses and attorney's fees.

The errors assigned pertain to factual findings of the appellate court.[36] As a general rule, the findings of the Court of Appeals upon factual matters are conclusive and ought not to be disturbed. The jurisdiction in cases brought to the Court from the Court of Appeals is limited to review and revisions of errors of law, and this Court is not called upon to analyze and weigh all over again the evidence already considered below.[37]

The basis of the Court of Appeals' finding on the liability of the Philbro Oceanic to Sagramco for the latter's ruined business standing has been clearly set out in both decisions of the RTC of Misamis and Court of Appeals. There is no compelling reason to disturb such findings.

Neither has it been sufficiently demonstrated by Philbro Oceanic that both lower courts erred in denying its claim for litigation expenses and attorney's fees against Sagramco and BPI. Philbro Oceanic's mere allegation that it was compelled to litigate and incur expenses to protect and enforce its claim, does not justify the award of attorney's fees and litigation expenses. The general rule is that attorney's fees cannot be recovered as damages because of the policy that no premium should be placed on the right to litigate.[38]

G.R. No. 111863

Civil Case No. 240, for judicial foreclosure of chattel mortgage, was filed by Philbro Oceanic to answer for both the dollar and peso advances made by Sagramco.

There is no disputing the fact that the chattel mortgage was a security arrangement between Philbro H.K. and Sagramco. It was constituted to guarantee Sagramco's payment of the dollar advance obtained from Philbro H.K. Philbro Oceanic, however, maintains that the same chattel mortgage also secured its own peso advance by virtue of the December 2, 1980 letter agreement.

In the same manner that the principle of relativity of contracts bars Philbro Oceanic from applying the provisions of Contract No. 930562-P, Philbro Oceanic is likewise prevented from making use of the chattel mortgage, entered into exclusively by Philbro H.K. and Sagramco, to secure its peso advance. Philbro Oceanic did not participate in the execution of the chattel mortgage in its own right and was not an assignee of the chattel mortgage at the time the December 2, 1980 letter agreement was made. Being a third party to the security arrangement, Philbro Oceanic cannot avail of the chattel mortgage to remedy the absence of any security for the peso advance. Hence, the chattel mortgage can only secure dollar advance obtained from Philbro H.K. and cannot

be extended to guarantee the payment of peso advance owed to another entity.

Since the chattel mortgage can only be called upon to satisfy the dollar advance obtained from Philbro H.K., it is proper forthwith to dismiss the foreclosure case.

The chattel mortgage is a mere accessory contract.[39] Hence, it should be deemed automatically extinguished upon the satisfaction of the principal obligation. In the case at bar, the delivery of the chrome ore to Philbro Oceanic has fully satisfied the principal obligation, and even resulted in an excess payment.[40] Since there is no more balance due on the dollar advance, there can no longer exist a mortgage to foreclose upon. To allow a foreclosure upon the chattels, even after Philbro Oceanic has been declared the owner of the chrome ore, would result in double indemnity and an unjust enrichment for Philbro Oceanic.

While Sagramco pleaded a counterclaim in the foreclosure case for damages due to the loss of its credit standing, this has been similarly pleaded and damages were already awarded in G.R. Nos. 105416-17. For this reason, Sagramco's counterclaim should be dismissed, and the Court of Appeals' decision granting the same should be modified by deleting it.

G.R. No. 143715

All three assignments of errors in this petition are interrelated and can be reduced to one basic issue: whether or not BPI's filing of the replevin suit for the chrome ore bars the subsequent filing of the foreclosure suit over the parcels of land.

Sagramco claims that the replevin and foreclosure suits were both filed to enforce the collection of the two promissory notes amounting to P1,000,000. Consequently, BPI had effectively split its cause of action and is guilty of forum shopping because the two cases were evidently filed to collect on the same debt. Sagramco also contends that since BPI had already secured a judgment in the replevin case, where Sagramco was ordered to pay P1,000,000 to BPI, such favorable judgment constitutes *res judicata* to the foreclosure case.

After a careful analysis of BPI's complaint in the two cases, the Court finds that one is not a bar to the other. The trust receipts and the real estate mortgage issued in favor of BPI are two separate agreements. When BPI sued separately upon these two agreements, it pleaded different causes of action and prayed for entirely different reliefs.

The replevin suit was filed by BPI on the ground that, under the trust receipts, it is the owner of the chrome ore and is entitled to possession thereof. The replevin suit was therefore filed to recover possession of its alleged property. In contrast, BPI filed the foreclosure case to enforce its rights as an unpaid creditor. BPI alleged that the two promissory notes remained unpaid and that it is seeking to foreclose on the constituted security. This latter suit was filed to enforce the payment of a debt.

However, precisely because the replevin suit is simply an action for the delivery of personal property, the RTC of Misamis Oriental, in Civil Case No. 8288 and Civil Case No. 8322, erred in ordering Sagramco to pay BPI P1,000,000. BPI, as aforestated, was simply enforcing its rights as an owner and sought to possess the chrome ore it allegedly owned. It did not sue as a creditor and was not seeking to enforce a debt.

While it is true that a court may grant relief to a party, even if the party awarded did not pray for it in his pleadings,[41] the filing by BPI of the foreclosure suit in Branch 17 of the RTC of Misamis Oriental divested Branch 22 of the RTC of Misamis Oriental, hearing the replevin suit, of jurisdiction to order the payment of the debt.

The Regional Trial Courts of a province or city, having the same or equal authority and exercising concurrent and

coordinate jurisdiction, should not, cannot, and are not permitted to interfere with their respective cases, much less with their orders or judgments by means of injunction.[42] This rule applies to the different co-equal branches of the same court as well.[43]

In the case at bar, when BPI filed the foreclosure suit with Branch 17, jurisdiction over the subject matter of the debt vested with that branch to the exclusion of all other courts. Branch 22 was therefore without jurisdiction to order Sagramco to pay P1,000,000 to BPI and should have left it up to Branch 17 to decide on the issue of indebtedness. Therefore, the portion of the decision of the RTC of Misamis Oriental, Branch 22, in Civil Cases Nos. 8288 and 8322 declaring Sagramco indebted to BPI for P1,000,000 is not valid.

WHEREFORE, premises considered, the Court rules that:

a) In G.R. Nos. 105416 and 105417, the petitions are DENIED. The assailed decision of the Court of Appeals is AFFIRMED, with the MODIFICATION that the portion of the decision of the RTC of Misamis Oriental, Branch 22, in Civil Cases Nos. 8288 and 8322, that declares Sagramco indebted to BPI for P1,000,000, is DELETED.

b) In G.R. No. 111863, the decision of the Court of Appeals is hereby MODIFIED to the extent that Sagramco's counterclaim is DISMISSED.

c) In G.R. No. 143715, the petition is DENIED. The assailed decision of the Court of Appeals is AFFIRMED in toto.

No costs.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Vitug, Ynares-Santiago, and Carpio, JJ., concur.

[1] G.R. Nos. 105416-17, Rollo, pp. 13-38.

[2] G.R. No. 111863, Rollo, pp. 9-32.

[3] G.R. No. 143715, Rollo, pp. 11-31.

[4] G.R. No. 111863, Rollo, p. 35.

[5] G.R. No. 111863, Rollo, p. 36; G.R. Nos. 105416-17, Exhibit file, Sagramco's Defense Exhibit "8."

[6] G.R. Nos. 105416-17, Rollo, p. 48.

[7] G.R. No. 111863, Rollo, p. 36.

[8] G.R. No. 143715, Rollo, pp. 13-14.

[9] TCT Nos. T-15446, T-15447, T-15448, T-15449, T-15450 and T-15756.

[10] G.R. No. 143715, Rollo, p. 54.

[11] G.R. Nos. 105416-17, Rollo, pp. 48-49.

[12] G.R. No. 111863, Rollo, p. 36.

[13] G.R. Nos. 105416-17, Rollo, p. 49.

[14] Id., p. 42.

- [15] Id., p. 43.
- [16] Id., pp. 43-44.
- [17] G.R. Nos. 105416-17, Rollo, p. 44.
- [18] G.R. No. 111863, Rollo, p. 36.
- [19] G.R. No. 143715, Rollo, p. 38.
- [20] G.R. Nos. 105416-17, Records, pp. 1195- 1226.
- [21] Id., pp. 1262-1265.
- [22] G.R. Nos. 105416-17, Rollo, pp. 42- 57.
- [23] Id., pp. 17-18.
- [24] G.R. No. 111863, Records, pp. 908-923.
- [25] G.R. No. 111863, Rollo, pp. 34-45.
- [26] Id., p. 14.
- [27] G.R. No. 143715, Records, pp. 380-386.
- [28] Id., pp. 394-395.
- [29] G.R. No. 143715, Rollo, pp. 32-38.
- [30] Id., p. 22.
- [31] G.R. Nos. 105416-17, Exhibit file, Exhibit Intervenor C.
- [32] Civil Code, Article 1311; Pioneer Insurance v. Fortun, 149 SCRA 248 (1987).
- [33] G.R. Nos. 105416-17, Exhibit file, Exhibit Intervenor D.
- [34] G.R. Nos. 105416-17, Rollo, p. 180.
- [35] Id., pp. 15, 79 and 92.
- [36] One Heart Sporting Club, Inc. v Court of Appeals, 108 SCRA 416 (1981); Traders Royal Bank Employees Union v. NLRC, 269 SCRA 733 (1997).
- [37] Olan v. Court of Appeals, 287 SCRA 504 (1998); David-Chan v. Court of Appeals, 268 SCRA 677 (1997); Benitez v. Court of Appeals, 266 SCRA 243 (1997); Dela Cruz v. Court of Appeals, 265 SCRA 299 (1996); Imperial v. Court of Appeals, 259 SCRA 65 (1996).
- [38] Firestone Tire & Rubber Company of the Philippines v. Chaves, 18 SCRA 356 (1966).
- [39] Manila Surety & Fidelity Co. vs. Velayo, 21 SCRA 515 (1967).
- [40] G.R. Nos. 105416-17, Rollo, p. 53.
- [41] Go Lea Chu, et al. v. Gonzales et al., 22 SCRA 766 (1968).
- [42] Cabigao vs. Del Rosario, 44 Phil. 182 (1922).
- [43] Bacalso et al. vs. Hon. Ramolete, et al., 21 SCRA 519 (1967).

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