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FIRST DIVISION

[G.R. No. L-44050. July 16, 1985]

CARMEN SIGUENZA and HELENA SIGUENZA, *petitioners, vs.* **HON. COURT OF APPEALS and SPOUSES PEDRO QUIMBO and LEONADIZA QUIMBO,** *respondents.*

SYLLABUS

1. **CIVIL LAW; DAMAGES; COMPENSATORY DAMAGES; WHEN AWARD OF COMPENSATORY DAMAGES PATENTLY ERRONEOUS.**— Resolving now the merits of the case, we find that the orders of the trial court ordering the petitioners to pay the private respondents ₱100,000.00 for compensatory damages is patently erroneous because no proof whatsoever was presented or could be presented by the private respondents to show that they had *actually* suffered pecuniary loss in that amount. In fact, the whole amount of ₱100,000.00 had no basis at all except the respondents' mere allegation that they, absent the malice, bad faith, and unlawful and deceitful acts of the petitioners, "could have then constructed a residential house worth ₱100,000.00; that the same residential house cannot now be constructed at that amount, but very likely at more than three hundred percent more; such difference constitutes an actual damage on the part of the plaintiffs (respondents) which are directly logically and naturally caused by the aforesaid acts of defendants (petitioners) for which said defendants are liable."

2. **ID.; ID.; ID.; REQUIRES PROOF OF ACTUAL PECUNIARY LOSS.**— In the present case, the respondents were not able to prove any actual losses suffered as a result of the petitioners' wrongful acts because they have not even started the construction of their house on the disputed lots. Any alleged pecuniary loss which they claim to have suffered because of the delay in the commencement of construction is purely speculative and cannot be the basis of compensatory damages as provided by law.

3. **ID.; ID.; MORAL AND EXEMPLARY; WHEN AWARD EXCESSIVE.**— As regards the awards of ₱50,000.00 moral damages and ₱25,000.00 exemplary damages, we hold that such

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awards are far too excessive compared to the actual losses sustained by the respondents. They are without bases considering that the spouses had only paid a downpayment in the amount of ₱3,040.00 and had not yet occupied the property nor introduced improvements thereon at the time they discovered the fraud perpetrated against them by the petitioners.

APPEARANCES OF COUNSEL

Jose Batiguin and *Pedro T. Abella* for petitioners.
Hilario G. Davide, Jr. for private respondents.

D E C I S I O N

GUTIERREZ, JR., *J.*:

This is a petition to review the decision of the Court of Appeals, now Intermediate Appellate Court, which denied the petition for *certiorari* and *mandamus* for lack of merit and its resolutions denying the two motions for reconsideration which were subsequently filed.

Apart from the background issue of an allegedly excessive award of damages facing the lower courts, there was the question of whether or not the petitioners' appeal was perfected on time.

The private respondents, spouses Pedro and Leonadiza Quimbo filed a complaint before the Court of First Instance of Cebu against petitioners Carmen and Helena Siguenza together with Bert Osmeña and Associates for breach of contract and payment of damages.

The complaint alleged that the petitioners entered into a contract with the spouses Quimbo for the sale of two lots purportedly owned by Carmen and Helena Siguenza, and which were identified as Lot Nos. 1 and 2, Block 1, Phase II of the Clarita Village; that the said lots were to be paid in the total amount of ₱15,200.00 of which the amount of ₱3,040.00 was to be paid upon the execution of the contract of sale and the

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balance of ₱12,160.00 to be paid in monthly installments and that subsequently, however, the spouses Quimbo discovered that as early as 1969, the petitioners had already sold and conveyed the same lots to Irenea D. Maningo and that both are now covered by Transfer Certificates of Titles Nos. T-48546 and T-48547 in the name of the latter. The complaint further alleged that because of this double sale, the spouses Quimbo demanded from the petitioners the return of their downpayment but the latter refused and that as a consequence of the deceit and misrepresentation employed upon them by said petitioners, the spouses were also prevented from constructing their house worth ₱100,000.00 on the lots which if constructed at the present would cost them three hundred (300%) percent more than the original amount.

In their answer, petitioners admitted the sale of the lots to the spouses but argued that they had nothing to do with the sale as the one responsible was Bert Osmeña and Associates. Petitioners also alleged that the impleading of Carmen Siguenza as a party defendant had no basis because the lots in dispute were originally registered only in the name of Helena Siguenza.

The other defendant, Bert Osmeña and Associates admitted the sale of the lots to Irenea Maningo but countered that such sale was only for the purpose of enabling the latter to obtain a loan from the Government Service and Insurance System. Since the loan did not materialize, the whole transaction collapsed and during the process of reverting the lots back to the subdivision, the spouses Quimbo showed interest and deposited money for the lots although they were fully aware of the status of the said lots. Bert Osmeña and Associates also alleged that after the downpayment no further installments were paid by the spouses. On March 31, 1975, the trial court rendered judgment in favor of the spouses Quimbo, the dispositive portion of which reads:

"WHEREFORE, based on all the foregoing considerations, judgment is hereby rendered in favor of the plaintiffs and against the defendants ordering the latter:

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"To pay, jointly and severally, the plaintiffs ₱3,040.00, with interest at the legal rate from June 2, 1971 until the same shall have been fully paid; ₱100,000.00 as compensation for the pecuniary loss plaintiffs suffered for failure to construct their residential house; ₱5,610.00 as reimbursement for the rentals plaintiffs paid from January 1972 to September 6, 1974; ₱50,000.00 as moral damages, ₱25,000.00 as exemplary damages; ₱5,000.00 as attorney's fees; and the costs."

On April 14, 1975, the petitioners received a copy of the decision. On April 29, 1975, they filed their motion for reconsideration and on May 14, 1975, they filed another motion captioned as "Amended Motion for Reconsideration and/or New Trial." In this latter motion, the petitioners made an enumeration of the findings and conclusions of the lower court which were allegedly not supported by evidence. The petitioners also attached a "Deed of Partition" dated February 25, 1969 for the purpose of showing that petitioner Carmen Siguenza had no more right over the disputed lots at the time of the sale to the spouses Quimbo, and therefore, should not have been made a party defendant in the complaint.

On May 20, 1975, the trial court issued an order denying both the original and amended motions for reconsideration on the ground that the same were "*pro forma* based as it is on a forgotten evidence — a so-called deed of partition supposedly executed in 1969, which was not introduced by defendants Carmen and Helena Siguenza; x x x."

The petitioners received the copy of the above order on May 27, 1975. On the same day, they filed their notice of appeal, appeal bond, and motion for extension of time to file the record on appeal.

On May 29, 1975, the spouses Quimbo filed a motion for execution of judgment against the petitioners on the ground that the judgment had become final and executory for failure of the petitioners to perfect their appeal on time. The spouses alleged that since the petitioners' motion for reconsideration was *pro forma* for not having been accompanied by an affidavit of merit and verification, said motion did not stop the running of the period to perfect the appeal.

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On June 30, 1975, the trial court issued the writ of execution prayed for by the spouses Quimbo on the grounds that the motions filed by the petitioners were *pro forma* as they were based on forgotten evidence, *i.e.*, the deed of partition, and that said motions were not supported by affidavits of merit thus making them fatally defective. The trial court likewise disapproved the petitioners' notice of appeal, appeal bond, and motion for extension to file a record on appeal for having become academic.

On appeal, the Court of Appeals affirmed the trial court's decision. It ruled that:

"Even granting, however, that the amended motion for reconsideration and/or new trial is not *pro forma*, and was filed on time on May 14, 1975, or on the last day of the 30-day period from receipt by petitioners on April 14, 1975 of the decision, petitioners had to perfect their appeal, *i.e.*, to file the notice of appeal, appeal bond and record on appeal on or before May 28, 1975, the last day following their receipt on May 27, 1975 of the order denying their amended motion for reconsideration and/or new trial (Sec. 3, second paragraph, Rule 41, Rules of Court). It is true that petitioners filed their notice of appeal, appeal bond and motion for extension of 20 days within which to file their record on appeal but the period of 20 days as prayed for in their motion for extension would expire on June 16, 1975. Adding, therefore, the remaining one day from May 27 to May 28, 1975, petitioners would have filed their record on appeal on June 17, 1975. But since their record on appeal, thru their manifestation, was filed only on June 30, 1975 or 13 days after June 17, 1975, the same was filed out of time. Again, while it may be true that petitioners filed on June 26, 1975 a manifestation praying that they be allowed to adopt their record on appeal filed by the other defendant therein, Bert Osmeña & Associates, Inc., said manifestation was likewise filed out of time.

"On these facts alone, it is needless to pass upon whether or not respondent Court committed an error in holding the motions for reconsideration and/or new trial as *pro forma*, or in not acting upon the motion for extension to file record on appeal for the reason that we have here considered as granted the extension of 20 days to petitioner but despite this period, their record on appeal was filed out of time. Besides, petitioners have no right to presume that their motion would be granted. Neither can respondent Court be compelled

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by *mandamus* to approve the appeal when the same was not perfected within the reglementary period."

In this petition, the petitioners maintain that the appellate court committed grave abuse of discretion in holding that they have lost their right to appeal.

We agree.

In the case of *Castro v. Court of Appeals* (132 SCRA 782), we stressed the importance and real purpose of the remedy of appeal and ruled:

"An appeal is an essential part of our judicial system. We have advised the courts to proceed with caution so as not to deprive a party of the right to appeal (*National Waterworks and Sewerage Authority v. Municipality of Libmanan*, 97 SCRA 138) and instructed that every party-litigant should be afforded the amplest opportunity for the proper and just disposition of his cause, freed from the constraints of technicalities (*A-One Feeds, Inc. v. Court of Appeals*, 100 SCRA 590).

"The rules of procedure are not to be applied in a very rigid and technical sense. The rules of procedure are used only to help secure not override substantial justice. (*Gregorio v. Court of Appeals* (72 SCRA 120). Therefore, we ruled in *Republic v. Court of Appeals* (83 SCRA 453) that a six-day delay in the perfection of the appeal does not warrant its dismissal. And again in *Ramos v. Bagasao* (96 SCRA 395), this Court held that the delay of four (4) days in filing a notice of appeal and a motion for extension of time to file a record on appeal can be excused on the basis of equity."

We should emphasize, however, that we have allowed the filing of an appeal in some cases where a stringent application of the rules would have denied it, only when to do so would serve the demands of substantial justice and in the exercise of our equity jurisdiction.

In the case at bar, the petitioners' delay in filing their record on appeal should not be strictly construed as to deprive them of the right to appeal especially since on its face the appeal appears to be impressed with merit.

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In the interest of justice and the speedy disposition of cases, we have also deemed it proper to decide this case on the merits as a remand to the lower court for approval of the appeal, its subsequent elevation to the appellate court and probably, another resort to this Court would only entail undue burden on the parties and needless delays only to obtain the same judgment that could very well be laid down through this petition. Furthermore, we have already promulgated a resolution in the related case of *Bert Osmeña & Associates v. Court of Appeals* (G.R. No. 56545, January 28, 1983, 120 SCRA 395), ordering the petitioners' co-defendants, Bert Osmeña and Associates, to pay the respondents the appropriate amounts due them. A prompt disposition of this present petition would, therefore, enable the private respondents to collect from the petitioners whatever amounts Bert Osmeña and Associates have not yet paid to fully satisfy the liability adjudged against the latter which may be rightly demanded from herein petitioners but not duplicated as this would be unjust enrichment on the part of the respondents.

Resolving now the merits of the case, we find that the orders of the trial court ordering the petitioners to pay the private respondents ₱100,000.00 for compensatory damages is patently erroneous because no proof whatsoever was presented or could be presented by the private respondents to show that they had *actually* suffered pecuniary loss in that amount. In fact, the whole amount of ₱100,000.00 had no basis at all except the respondents' mere allegation that they, absent the malice, bad faith, and unlawful and deceitful acts of the petitioners, "could have then constructed a residential house worth ₱100,000.00; that the same residential house cannot now be constructed at that amount, but very likely at more than three hundred percent more; such difference constitutes an actual damage on the part of the plaintiffs (respondents) which are directly logically and naturally caused by the aforesaid acts of defendants (petitioners) for which said defendants are liable."

In the case of *Sy v. Court of Appeals* (131 SCRA 127), we ruled that an alleged loss of income is not recoverable for being speculative as no receipt or any kind of evidence on the matter

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was presented to prove it. Likewise, in the case of *Seavan Carrier, Inc. v. GTI Sportswear Corp.* (132 SCRA 314-315), quoting *G.A. Machineries, Inc. v. Yaptinchay* (126 SCRA 87), we ruled that for damages under Article 2200 of the Civil Code to be recovered, the best evidence obtainable by the injured party must be presented; and thus, "the bare assertion of the respondent that he lost about ₱54,000.00 and the accompanying documentary evidence presented to prove the amount lost are inadequate if not speculative."

In the present case, the respondents were not able to prove any actual losses suffered as a result of the petitioners' wrongful acts because they have not even started the construction of their house on the disputed lots. Any alleged pecuniary loss which they claim to have suffered because of the delay in the commencement of construction is purely speculative and cannot be the basis of compensatory damages as provided by law.

As regards the awards of ₱50,000.00 moral damages and ₱25,000.00 exemplary damages, we hold that such awards are far too excessive compared to the actual losses sustained by the respondents. They are without bases considering that the spouses had only paid a downpayment in the amount of ₱3,040.00 and had not yet occupied the property nor introduced improvements thereon at the time they discovered the fraud perpetrated against them by the petitioners.

In the case of *San Andres v. Court of Appeals* (116 SCRA 813, we ruled:

"While, indeed, the amount of moral damages is a matter left largely to the sound discretion of a Court. (Art. 2216, Civil Code) we find that the sums of ₱30,000.00 and ₱5,000.00 awarded herein as moral damages and attorney's fees, respectively, by the Court of Appeals, are excessive and should be reduced to more reasonable amounts, considering the attendant facts and circumstances. Moral damages, though incapable of pecuniary estimation, are in the category of an award designed to compensate the claimant for actual injury suffered and not to impose a penalty on the wrongdoer. (*Malonzo v. Galang*, 109 Phil. 16, 20-21, cited in *Enervida v. de la Torre*, 55 SCRA 339)."

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The records will show that the injury suffered by the respondents was not serious or gross and, therefore, out of proportion to the amount of damages generously awarded by the trial court, and subsequently affirmed by the appellate court. We note that a total of ₱188,650.00 in damages was awarded in a case involving a downpayment of ₱3,040.00 on a full purchase price of ₱15,200.00 payable in installments.

We thus, hold that the petitioners are liable for the amount of ₱3,040.00, representing the downpayment made by the private respondents on the lots in dispute, with legal interest from March 26, 1974; and for the amounts of ₱10,000.00 moral damages, ₱5,000.00 exemplary damages, and another ₱5,000.00 as attorney's fees, respectively. Petitioners, however, are not liable for compensatory damages. (See *Bert Osmeña and Associates v. Court of Appeals, supra*).

WHEREFORE, the decision appealed from is hereby MODIFIED. The petitioners Carmen and Helena Siguenza are ordered to pay the private respondents the amounts of ₱3,040.00 with legal interest from March 25, 1974; ₱10,000.00 as moral damages; ₱5,000.00 as exemplary damages and ₱5,000.00 as attorney's fees. To avoid duplication of payments resulting in unjust enrichment, the payment of the aforesaid amounts shall be subject to whatever payments the private respondents may have already received in satisfaction of the same liability by virtue of the earlier judgment rendered in G.R. No. 56545.

SO ORDERED.

Teehankee (Chairman), Melencio-Herrera, Plana, Relova, De la Fuente, and *Alampay, JJ.*, concur.