



Republic of the Philippines
Supreme Court
Manila

SUPREME COURT OF THE PHILIPPINES
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FIRST DIVISION

**NORSK HYDRO (PHILIPPINES),
INC., and NORTEAM
SEATRANSPORT SERVICES,**
Petitioners,

G.R. No. 226771

Present:

PERALTA, J., *Chairperson,*
CAGUIOA,
REYES, J. JR.,
LAZARO-JAVIER,
LOPEZ, JJ.

- versus -

**PREMIERE DEVELOPMENT
BANK, BANK OF THE
PHILIPPINE ISLANDS,
CITIBANK, N.A., SKYRIDER
BROKERAGE INTERNATIONAL,
INC. and MARIVIC - JONG
BRIONES,**

Promulgated:

Respondents.

SEP 16 2020

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DECISION

REYES, J. JR., J.:

Assailed in this Petition for Review on *Certiorari*¹ under Rule 45 of the 1997 Rule on Civil Procedure are the Orders dated February 19, 2016,² and August 5, 2016,³ both promulgated by the Regional Trial Court (RTC), Branch 148, Makati City in Civil Case No. 03-1203 entitled "*Norsk Hydro (Philippines), Inc. and Norteam Seatransport Services v. Premiere Development Bank, Bank of the Philippine Islands, Citibank, N.A., Skyrider Brokerage International, Inc. and Marivic-Jong Briones.*" The said Orders resolved to issue a writ of execution against respondents and enjoined them

¹ *Rollo*, pp. 31-79.

² Penned by Presiding Judge Andres Bartolome Soriano; *id.* at 8-15.

³ *Id.* at 16-21.

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to pay the remaining unpaid obligation amounting to One Million Three Hundred Twenty-Eight Thousand Two Hundred Sixty-Three Pesos and Seven Centavos (₱1,328,263.07) with 6% per annum from November 30, 2015 until fully paid, and costs of suit.

The case stemmed from a Complaint for Sum of Money and Damages with an Application for the Issuance of a Writ of Preliminary Attachment filed on October 9, 2003, by petitioners against herein respondents. Petitioners alleged that respondent Skyrider Brokerage International, Inc. (Skyrider Brokerage) did not remit to the Bureau of Customs (BOC) the 19 crossed manager's check transmitted unto it (Skyrider Brokerage) by petitioner Yara Fertilizers (Philippines), Inc. [formerly known as Norsk Hydro (Philippines), Inc.], for the purpose of payment of the custom duties and taxes for the fertilizers that were imported by the latter.

On April 14, 2010, the RTC rendered a Decision⁴ finding respondents Security Bank Corporation (formerly known as Premiere Development Bank), Skyrider Brokerage, Marivic-Jong Briones (Jong Briones), and the Bank of the Philippine Islands (BPI) jointly and severally liable to petitioners for the amount of ₱26,176,006.06 covering the 18 crossed manager's checks purchased from the BPI, plus interest; finding respondents Security Bank Corporation (Security Bank), Skyrider Brokerage, Jong Briones and the Citibank, N.A. (Citibank) jointly and severally liable to petitioners for the amount of ₱1,907,784.00 covering the Citibank Manager's Check No. 338583 dated November 16, 2001, plus interest; finding respondents BPI and Citibank to have the right to claim reimbursement against respondent Security Bank for whatever amounts they would be obligated to pay herein petitioners; dismissing respondent Security Bank's counterclaim against petitioners for lack of merit; finding respondents Security Bank and Skyrider Brokerage jointly and severally liable to petitioners for the amount of ₱400,000.00 as exemplary damages, and; finding respondents Security Bank, Skyrider and Jong Briones jointly and severally liable to petitioners for the amount of ₱400,000.00 as moral damages, ₱700,000.00 as attorney's fees and litigation expenses, and costs of suit.

Upon appeal, the appellate court rendered a Decision⁵ dated November 20, 2014, denying respondents' appeal and dismissing the instant case for lack of merit. The appellate court affirmed the findings of the RTC that respondents acted in gross, wanton, and inexcusable negligence in the unauthorized encashment and conversion of the subject checks, to the prejudice of herein petitioners.

⁴ Penned by Judge Oscar B. Pimentel, id. at 336-360.

⁵ Penned by Associate Justice Vicente S.E. Veloso, with Associate Justices Jane Aurora C. Lantion and Nina G. Antonio-Valenzuela, concurring; id. at 180-220.

Unsatisfied, respondents filed their Petition for Review on *Certiorari* before this Court on January 27, 2015. On March 16, 2015, this Court issued a Resolution denying the instant petition “for failure to sufficiently show that the appellate court committed any reversible error in the challenged decision as to warrant the exercise by the Court of its discretionary appellate jurisdiction.”

Since no motion for reconsideration was filed, the Resolution dated March 16, 2015, became final and executory and a corresponding Entry of Judgment dated May 26, 2015, was issued by this Court thereon.

Thus, on September 18, 2015, petitioners filed a Motion for Execution of the Decision dated April 14, 2010, issued by the RTC and prayed that they be awarded the amount of ₱109,460,770.61.

Petitioners asserted that in the absence of an expressed stipulation as to the rate of interest that should govern the parties, the legal interest to be imposed or the actual damages awarded in their favor should be 12% per annum, compounded annually from the date of extrajudicial demand up to June 30, 2013. The legal interest to be imposed from July 1, 2013, until full payment by the respondents of their obligation should be six percent (6%) per annum, compounded annually, by virtue of Bangko Sentral ng Pilipinas (BSP) Circular No. 799-13, which fixed such legal interest to the same.

In its Comment, respondent Security Bank contended that the interest on the actual damages awarded should only be imposed at 6% per annum from the date of finality of the Decision on May 26, 2015, until the obligation is fully paid, considering that respondents’ obligation did not arise from a loan or forbearance of money, but as a result of fraud and negligence. Furthermore, there is no basis to impose compounding interest on the said damages, and that the Decision dated April 14, 2010, did not impose interest for the other damages awarded to petitioners, *e.g.*, moral and exemplary damages, and attorney’s fees.

Ruling of the RTC

On February 19, 2016, the RTC issued an Order⁶, granting the Motion for Execution and ordered that a writ of execution be issued in favor of petitioners, to wit:

Accordingly and in accordance with the foregoing discussions, defendants['] remaining obligation under the subject Decision as of November 30, 2015 should be computed as follows:

⁶ Id. at 64-67.

Computation of legal interest due on the Actual Damages Awarded in the amount of [P]28,083,790.02 from judicial demand to finality of judgment

Period Covered: October 09, 2003 (date of judicial demand) – May 26, 2015 (date of finality of the decision).

$\text{P}28,083,790.02 \times 6\% \times 11 \text{ years, } 7 \text{ months and } 17 \text{ days} = \text{P}19,596,714.72$

$\text{P}19,596,714.72$ – interest due on the actual damages from judicial demand up to finality of judgment

+ $\text{P}28,083,790.02$ – actual damages awarded (value of the Manager's checks)

$\text{P}47,680,504.74$ – principal amount with interest due as of May 26, 2015.

Computation of legal interest due on the actual damages from date of finality of judgment until November 30, 2015

Period Covered: May 26, 2015 to November 30, 2015

$\text{P}47,680,504.74 \times 6\% \times 6 \text{ months \& } 4 \text{ days} = \text{P}1,461,766.68$

$\text{P}1,461,766.68$ – interest due from the finality of judgment until November 30, 2015

+ $\text{P}47,680,504.74$ – principal amount with interest due as of May 26, 2015

$\text{P}49,142,271.42$ – Total amount due with legal interest from October 9, 2003 to November 30, 2015.

Computation of legal interest due on the Moral and Exemplary Damages Awarded in the amount of P400,000.00 each from the date of decision until its finality

Period Covered: April 14, 2010 (date of Decision) to May 26, 2015 (finality of the decision)].

$\text{P}400,000[.00] \times 6\% \times 5 \text{ years, } 1 \text{ month and } 12 \text{ days} = \text{P}122,789[.00]$

$\text{P}400,000[.00]$ – moral damages awarded

+

$\text{P}122,789[.00]$ – interest due on the moral damages from the date of the decision until its finality.

$\text{P}522,789[.00]$ – moral damages due with interest from rendition of the subject decision until finality.

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Computation of legal interest on moral damages from the date of finality until November 30, 2015.

Period Covered: May 26, 2015 (finality of decision) to November 30, 2015.

$\text{₱}522,789[.00] \times 6\% \times 6 \text{ months \& } 7 \text{ days} = \text{₱}16,027.46$

$\text{₱}522,789[.00]$ – moral damages due with interest from rendition of the subject decision until its finality

+

$\text{₱}16,027.46$ – interest due on the moral damages awarded from finality of decision until November 30, 2015

$\text{₱}538,816.46$ – total moral damages due with interest from April 14, 2010 until November 30, 2015.

The aforesaid amount is also similar to the exemplary damages due as of November 30, 2015 since both moral and exemplary damages [amount] to $\text{₱}400,000[.00]$ each.

Computation of legal interest on Attorney's fees from the date the decision was rendered until its finality

Period Covered: April 14, 2010 (date of the decision was rendered) to May 26, 2015 (date of finality of the decision)

$\text{₱}700,000[.00] \times 6\% \times 5 \text{ years, } 1 \text{ month \& } 12 \text{ days} = \text{₱}214,880.84$

$\text{₱}214,880.84$ -- interest due on the attorney's fees awarded from the date of the decision until its finality

+

$\text{₱}700,000[.00]$ – Attorney's fees awarded by the Court

$\text{₱}914,880.84$ – Attorney's fees with interest from the date of the decision until its finality

Computation of legal interest on Attorney's fees from the date of the finality of the decision until November 30, 2015.

$\text{₱}914,880.84 \times 6\% \times 6 \text{ months \& } 1 \text{ day} = \text{₱}27,696.79$

$\text{₱}27,696.79$ – interest due on the attorney's fees from the date of finality of the Decision until November 30, 2015.

+

$\text{₱}914,880.84$ – Attorney's fees with interest from the date of decision until its Finality

$\text{₱}942,477.63$ – Total amount of Attorney's fees from April 10, 2010 (date of decision) until November 30, 2015.

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Total Monetary Award due to the plaintiffs as of November 30, 2015.

₱49,142,271.42 – Actual Damages with interest
 + ₱538,816.46 – Moral Damages with interest
 ₱538,816.46 – Exemplary damages with interest
 ₱942,477.63 – Attorney's fees

₱51,162,381.97

- ₱49,834,118.90 – amount paid by the defendant SBC duly acknowledged by the plaintiffs

₱1,328,263.07 – remaining unpaid obligation of the defendants as of November 30, 2015.

Base[d] on the foregoing, the remaining unpaid obligation of the defendants as of November 30, 2015 is ₱1,328,263.07. The said amount is without prejudice to any additional interest that may properly be imposed until full payment or satisfaction of the obligation.

WHEREFORE, premises considered, the Motion for Execution is **GRANTED**.

Accordingly, based on the abovementioned computation and taking into consideration the payment made by the defendant SBC (formerly Premiere Bank), let a writ of execution be issued on the remaining unpaid obligation of the defendant as of November 30, 2015 in the amount of ₱1,328,263.07, with interest of 6% per *[annum]* beginning on said date and until fully paid, plus cost of suit. The Deputy Sheriff of this Court is hereby ordered to implement the writ.

SO ORDERED.

The RTC ruled that since there was no definite finding as to when the final demand made by petitioners were actually received by the respondents. It found proper to impose the legal interest on the actual damages from the time of judicial demand, or from the time of the filing of the instant complaint on October 9, 2003, up to the finality of the Decision on May 26, 2015. Also, the actual damages awarded with legal interest shall likewise earn legal interest at the rate of 6% per annum from the finality of the Decision until full satisfaction thereof.

Furthermore, the legal interest due on the moral and exemplary damages, and attorney's fees is deemed read into the decision. The computation of the legal interest at 6% per annum thereon shall start at the time the Decision dated April 14, 2010, was rendered by the RTC, when it was already quantified or liquidated, and fixed by the court.

However, the RTC found no basis to impose a compounding interest on the damages awarded in favor of petitioners because there exists no contract stipulating the same, nor was it imposed by the RTC in its Decision.

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Finally, the RTC noted the payment made by respondents in the amount of ₱49,834,118.90 as partial payment of their obligation under the Decision dated April 14, 2010.

In its Order dated August 5, 2016, the RTC partially granted petitioners' motion for reconsideration, finding that based on the testimonies of the petitioners' witnesses, the last demand letter was sent to respondents on June 25, 2003. All other claims of petitioners were denied by the RTC, given that its decision had already attained finality. Thus, the RTC recomputed the legal interest due on the actual damages, as such:

Accordingly, based on the aforesaid discussions, the legal interest due on the Actual damages should be recomputed as follows:

Computation of legal interest due on the Actual Damages Awarded in the amount of P28,083,790.02 from extra[-]judicial demand to finality of judgment

Period Covered: June 25, 2003 (date of extra[-]judicial demand) – May 26, 2015 (date of finality of the decision).

₱28,083,790.02 x 6% x 11 years, 11 months and 1 day =
₱20,084,590.48

-₱20,084,590.48 – interest due on the actual damages from extra-judicial demand up to finality of Judgment.

+₱28,083,790.02 – actual damages awarded (value of the Manager's checks)

₱48,168,380.50 – principal amount with interest due as of May 26, 2015

Computation of legal interest due on the actual damages from date of finality of judgment until November 30, 2015

Period Covered: May 26, 2015 to November 30, 2015.

₱48,168,380.50 x 6% x 6 months & 4 days = ₱1,477,163.64

₱1,477,163.64 – interest due from the finality of judgment until November 30, 2015

+
₱48,168,380.50 – principal amount with interest due as of May 26, 2015.

₱49,645,544.14 – Total amount due with legal interest from October 9, 2003 to November 30, 2015.

The computation of the legal interests on the moral [damages], exemplary damages and attorney's fees remains the same.

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As of November 30, 2015 the following, except for the costs of suit, are the total monetary award due to plaintiffs:

P49,645,544.14	– Actual Damages with interest
+ P 538,816.46	– Moral Damages with interest
P 538,816.46	– Exemplary damages with interest
P 942,477.63	– Attorney's fees
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P51,665,654.69	
- P49,834,118.90	– amount paid by defendant SBC duly acknowledged by the plaintiffs.
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P 1,831,535.79	– remaining unpaid obligation of the defendant SBC as of November 30, 2015.

The aforesaid amount likewise earned a 6% interest per [*annum*] from November 30, 2015 to March 30, 2016 in the amount of P36,630.72 computed as follows:

$$P1,831,535.79 \times 6\% \times 4 \text{ mos.} = P36,630.72$$

The records show that on March 22, 2016, the parties filed a Joint Manifestation dated March 21, 2016 stating that plaintiffs received One Million Three Hundred Twenty[-]Eight Thousand and Two Hundred Sixty Three and 07/100 Pesos (P1,328,263.07) as additional payment based on the execution order issued by this Court. Said amount should be deducted from the total unpaid obligation of the defendant SBC.

Meanwhile, the costs of suit based on Official Receipt Nos. 18624972 and 1839475 both dated October 09, 2003 representing payments of docketing and filing fees amounts to Sixty One Thousand Seven Hundred Seventy-Two and 58/100 (P 61,772.58).

The final computation then of the remaining unpaid obligation of the defendant SBC is as follows:

P1,831,535.79	– remaining unpaid obligation of the defendant SBC as of November 30, 2015.
+ [P]36,630.72	– interest from December 1, 2015 to March 30, 2016
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P1,868,166.51	
- [P]1,328,263.07	– additional payment of SBC on March 22, 2016
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P 539,903.44	– remaining unpaid obligation of defendant SBC as of March 30, 2016 which is subject to a 6% interest per annum from April 1, 2016 until the obligation is fully paid and;
P 61,772.58	– costs of suit

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WHEREFORE, premises considered, the Motion for Reconsideration is **PARTLY GRANTED**.

Accordingly, based on the abovementioned computation and taking into consideration the payment made by the defendant SBC (formerly Premiere Bank), in the amount ₱1,328,263.07, the remaining unpaid obligation of the defendants to be executed as of March 30, 2016, is ₱539,903.44 with 6% interest per annum from April 1, 2016 until the obligation is fully paid, and costs of suit in the amount of ₱61,772.58.

SO ORDERED.

Hence, this Petition.

The Issues

THE COURT *A QUO* COMMITTED GRAVE AND REVERSIBLE ERROR CONSIDERING THAT THE ACTUAL DAMAGES AWARDED IN THE *DECISION* IN FAVOR OF THE PETITIONERS IN THE TOTAL AMOUNT OF PHP28,083,790.02 CONSTITUTES A FOREBEARANCE OF MONEY, WHICH RESPONDENT SECURITY BANK EVEN ADMITTED. HENCE, THE IMPOSABLE INTEREST IS TWELVE PERCENT (12%) PER ANNUM FROM THE DATE OF EXTRA-[JUDICIAL DEMAND UP ON 25 JUNE 2003 TO 30 JUNE 2013, AND SIX PERCENT (6%) PER ANNUM FROM 01 JULY 2013 UNTIL FULLY SATISFIED, PURSUANT TO THE HONORABLE COURT'S RULING IN *NACAR VS. GALLERY FRAMES*, G.R. NO. 189871, 703 SCRA 439 (2013)].

THE COURT *A QUO* COMMITTED GRAVE AND REVERSIBLE ERROR CONSIDERING THAT PURSUANT TO *NFF INDUSTRIAL CORPORATION VS. G&L ASSOCIATED BROKERAGE*, G.R. NO. 178169, 745 SCRA 73 (2015), THE INTEREST EARNED AND ACCRUED SHALL BE COMPOUNDED ANNUALLY.

THE COURT *A QUO* COMMITTED GRAVE AND REVERSIBLE ERROR IN NOT CONSIDERING INTEREST AS REGARDS THE COSTS OF SUIT.⁷

The Court's Ruling

The petition is without merit.

⁷ Id. at 45.

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The Decision dated April 14, 2010, had already become final and executory; conclusiveness of judgment applies in this case

At the onset, the Decision dated April 14, 2010, has long attained finality after the Entry of Judgment was issued on May 26, 2015. It is well-settled that once a judgment attains finality, it becomes immutable and unalterable. It may not be changed, altered, or modified in any way even if the modification were for the purpose of correcting an erroneous conclusion of fact or law.⁸

This Court had the occasion to explain the doctrine of finality of judgments, thus:

The doctrine of finality of judgment is grounded on fundamental considerations of public policy and sound practice, and that, at the risk of occasional errors, the judgments or orders of courts must become final at some definite time fixed by law; otherwise, there would be no end to litigations, thus setting to naught the main role of courts of justice which is to assist in the enforcement of the rule of law and the maintenance of peace and order by setting justiciable controversies with finality.⁹

Despite the finality of the Decision dated April 14, 2010, petitioners insist that respondents' obligation is considered a loan or forbearance, and not due to fraud or negligence. A perusal of the said decision had already settled this issue, to wit:

It is the Court findings under the evidence presented that **defendant [Skyrider Brokerage] and defendant [Jong Briones] are part of the conspiracy in the commission of the fraud against the plaintiff.** In the first place, plaintiff engaged defendant [Skyrider Brokerage] wherein the General Manager is defendant [Jong Briones] to pay the taxes due to the government because of the importation of fertilizers abroad. Plaintiff has not authorized said defendants to hire a broker or an agent to do the work for them. But then defendants Skyrider [Brokerage] and [Jong Briones], allegedly hired a certain David Banga to do the work for them for a fee of 10% of the amount being given by plaintiff to defendants Skyrider [Brokerage] and [Jong Briones]. David Banga does not appear to be a licensed customs broker, but the one licensed is [Jong Briones], hence David Banga has no personality when to transact business [*sic*] with the Bureau of Customs regarding payment of taxes for others unless he is properly authorized by the principal herein, which is the plaintiff. But then the plaintiff did not authorize David Banga to act for and in their behalf.

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⁸ *Heirs of Sagum v. Heirs of Lagman*, G.R. No. 241920, November 7, 2018.

⁹ *GSIS v. Group Management Corporation*, 666 Phil. 277, 305 (2011).

With respect to the issue on the liability of Premiere Bank against herein plaintiffs, it was clearly established by the testimonies and evidence presented that Premiere Bank should be held liable for damages suffered by the plaintiff.

First, defendant Premiere Bank admitted that it allowed a certain Mr. Arthur Espino to deposit the subject checks in Account Numbers 01-00-780-1 and 0-5-02687-8 in its Pedro Gil Branch on the mere representation of Arthur Espino, using a photocopy of the alleged Certification of Business Name of plaintiff Norteam that he was allegedly the president thereof. Defendant Premiere being a banking institution, it is duly bound to ensure extraordinary diligence in dealing with clients.

Second, defendant Premiere Bank stamped the subject checks with the notation: 'prior endorsement and/or lack of endorsement guaranteed'.

Third, there is deliberate and/or negligent act on the part of Manuel Agoncillo, manager of the Pedro Gil Branch of defendant Premiere Bank, in transacting the subject checks to the prejudice of plaintiff Yara Fertilizers and Norteam Transport.

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However, although defendants BPI and Citibank N.A. was not proven to have any knowledge or involvement in any anomaly or irregularity on the subject checks as it cleared and paid the amount of the Manager's checks in reliance on the endorsement stamp of the Premiere Bank as the collecting bank, it cannot at all escape responsibility to plaintiff Norsk Hydro and Norteam being the banks who issued the subject Manager's Check. By issuing the subject checks and clearing the same, **it has the duty to reimburse the credited amount on the account of Plaintiffs** subject however to its right to claim reimbursement to defendant Premiere Bank who indorsed and warranted all prior endorsement upon which defendants BPI and Citibank relied into."¹⁰ (Emphasis supplied)

Any right, fact, or matter in issue directly adjudicated or necessarily involved in the determination of an action before a competent court in which judgment is rendered on the merits is conclusively settled by the judgment therein and cannot again be litigated between the parties and their privies, whether or not the claim, demand, purpose, or subject matter of the two actions is the same.¹¹ Thus, the findings of the RTC as to the nature of the source of respondents' obligation to petitioner cannot now be questioned anew by the latter and so late in the proceedings.

¹⁰ *Rollo*, p. 351.

¹¹ *Social Security Commission v. Rizal Poultry and Livestock Association*, 665 Phil. 198, 205-206 (2011).

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The obligation of respondents to petitioners is based on fraud or negligence, and not on loan or forbearance

Assuming *arguendo* that petitioners can raise into issue that the source of respondents' obligation is from a loan or forbearance, and not from fraud or negligence, this Court rules in the negative.

A loan or forbearance of money, goods, or credit describes a contractual obligation whereby a lender or creditor has refrained during a given period from requiring the borrower or debtor to repay the loan or debt then due and payable.¹² Forbearance of money, goods or credits, therefore, refers to arrangements other than loan agreements, where a person acquiesces to the temporary use of his money, goods, or credits pending the happening of certain events or fulfillment of certain conditions.¹³

Clearly, the instant case does not involve a loan or forbearance of money but due to fault or negligence by herein respondents. To reiterate, respondents' obligation does not involve an acquiescence to the temporary use of a party's money but a performance of a particular service, specifically for respondent Skyrider Brokerage to compute the custom duties and taxes of petitioners, and transmit the payment to the same to the BOC for the release of the imported fertilizers. Respondent Security Bank, on the other hand, was obligated to not encash the crossed manager's checks because it was not an authorized agent bank of the BOC nor was it authorized to receive the payment of custom duties and taxes on behalf of the same. In turn, respondents BPI and Citibank were obligated not to release the amounts covered by the said checks, which are not payable to the order of respondent Security Bank.

Thus, this Court reiterates the guidelines in computing for the legal interest to an award of actual and compensatory damages, as follows:

1. When the obligation is breached, and it consists in the payment of a sum of money, i.e., a loan or forbearance of money, the interest due should be that which may have been stipulated in writing. Furthermore, the interest due shall itself earn legal interest from the time it is judicially demanded. In the absence of stipulation, the rate of interest shall be 6% per annum (formerly 12% per annum) to be computed from default, i.e., from judicial or extrajudicial demand under and subject to the provisions of Article 1169 of the Civil Code.

¹² *S.C. Megaworld Construction and Development Corporation v. Engr. Parada*, 717 Phil. 752, 771 (2013).

¹³ *Estores v. Spouses Supangan*, 686 Phil. 86, 99 (2012).

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2. **When an obligation, not constituting a loan or forbearance of money, is breached, an interest on the amount of damages awarded may be imposed at the discretion of the court at the rate of 6% per annum.** No interest, however, shall be adjudged on unliquidated claims or damages, except when or until the demand can be established with reasonable certainty. Accordingly, where the demand is established with reasonable certainty, the interest shall begin to run from the time the claim is made judicially or extra-judicially (Art. 1169, Civil Code), but when such certainty cannot be so reasonably established at the time the demand is made, the interest shall begin to run only from the date the judgment of the court is made (at which time the quantification of damages may be deemed to have been reasonably ascertained). The actual base for the computation of legal interest shall, in any case, be on the amount finally adjudged.
3. When the judgment of the court awarding a sum of money becomes final and executory, the rate of legal interest, whether the case falls under paragraph 1 or paragraph 2, above, shall be 6% per *annum* from such finality until its satisfaction, this interim period being deemed to be by then an equivalent to a forbearance of credit.¹⁴

Given the foregoing, the rate of legal interest to be imposed upon the obligation of respondents shall be 6% per annum at the time of judicial or extra-judicial demand by petitioners.

The interest imposed upon respondents' obligation to petitioners is simple interest, not compounding interest

This Court had settled that the payment of monetary interest shall only be due only if: 1) there was an express stipulation for the payment of interest, and; 2) the agreement for such payment was reduced into writing.¹⁵ It is not enough that the payment of interest shall be stipulated and reduced into writing, for the purpose of imposing compounded interest, but should also state the manner in which such interest should be earned.¹⁶ In this case, since the records are bereft of any indication that the parties agreed to the imposition of compounding interest, nor was the RTC's decision forthcoming with details of the same, in default of any stipulation regarding the manner of earning the interest, simple interest shall accrue.

¹⁴ *Arco Pulp and Paper, Co. v. Lim*, 737 Phil. 133, 158-159 (2014).

¹⁵ *Spouses Albos v. Spouses Embisan*, 748 Phil. 907, 915 (2014).

¹⁶ *Id.* at 916.

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In the case of *Philippine American Accident Insurance v. Flores*,¹⁷ we held that:

The judgment which was sought to be executed ordered the payment of simple “legal interest” only. It said nothing about the payment of compound interest. Accordingly, when the respondent judge ordered the payment of compound interest, he went beyond the confines of his own judgment which had been affirmed by the [CA] and which had become final. x x x **Therefore, in default of any equivocal wording in the contract, the legal interest stipulated by the parties should be understood to be simple, not compounded.**¹⁸ (Emphasis supplied)

The aforementioned case is clear that the presence of stipulated or conventional interest accrued at the time of judicial demand is required, in order to impose a compounded interest. Nowhere in the complaint herein, was it alleged that the parties had stipulated that respondents’ obligation will earn interest. In cases where no interest had been stipulated by the parties, no accrued conventional interest could further earn interest upon judicial demand.¹⁹

Petitioners’ misplaced reliance on our ruling in *NFF Industrial Corporation v. G&L Associated Brokerage*,²⁰ serve them no purpose. In the said case, respondent G&L Associated Brokerage’s liability to petitioner was based on a loan or forbearance of money, as evidenced by the filing of complaint for sum of money against the former. Furthermore, this Court imposed legal interest on respondent’s G&L Associated Brokerage’s obligation, compounded annually, on appeal and before the decision had attained finality thereafter. Evidently, the factual antecedents of the cited case are not aligned with the instant case herein, despite petitioners’ insistence that such distinction made by the RTC is “irrelevant” and “unavailing” thereof.

This Court also takes note that while petitioners consider the factual differences between *NFF Industrial* and the instant case as “minute” and do not affect the issue of whether the legal interest imposed herein, should be simple or compounded, they heavily relied on the same distinction in arguing that respondents’ obligation is considered as loan or forbearance of money, and not based on fraud or negligence. Petitioners cannot have their cake and eat it, too.

¹⁷ 186 Phil. 563 (1980).

¹⁸ Id. at 565-566.

¹⁹ *David v. Court of Appeals*, 375 Phil. 177 (1999).

²⁰ 750 Phil 69 (2015).

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The costs of a suit are not considered as monetary award that will earn interest thereon

Finally, petitioners contend that the award of costs of suit in their favor, should also earn legal interest because disregarding the legal interest for costs of suit would be to place the prevailing party at a disadvantage as he will necessarily incur a loss for initiating a legal action to protect his interest because the cost of his money – which is supposed to be approximated by the legal interest – will never be recouped.

This Court finds this argument as tenuous.

Cost, in its ordinary sense, contemplates the amount spent or expenses incurred, in order to purchase or acquire a thing or service, usually in the form of either a price or a fee. In the separate opinion of Justice Bernardo P. Pardo in *GSIS v. Bengson Commercial Buildings, Inc.*,²¹ this Court had the occasion to define what costs of suit are, specifically:

Costs are certain allowances authorized by statute to reimburse the successful party for expenses incurred in prosecuting or defending an action or special proceedings. These costs have their own legal meaning and import, for, as it was said, “costs are in the nature of incidental damages allowed to the successful party to indemnify him[/her] against the expense of asserting his[/her] rights in court, when the necessity of doing so was caused by other’s breach of legal duty.”²²

As such, the costs of filing a suit includes, but not limited to, those found under Sections 9,²³ 10,²⁴ and 11²⁵ of Rule 142 of the Revised Rules of Court.

²¹ 426 Phil. 111(2002).

²² Id.

²³ SEC. 9. Cost in justice of the peace or municipal courts. – In an action or proceeding pending before a justice of the peace or municipal judge, the prevailing party may recover the following costs, and no other:

- (a) For the complaint or answer, two pesos;
- (b) For the attendance of himself[/herself], or his[/her] counsel, or both, on the day of trial, five pesos;
- (c) For each additional day’s attendance required in the actual trial of the case, one peso;
- (d) For each witness produced by him[/her], for each day’s necessary attendance at the trial, one peso, and his lawful traveling fees;
- (e) For each deposition lawfully taken by him[/her] and produced in evidence, five pesos;
- (f) For original documents, deeds, or papers of any kind produced by him[/her], nothing;
- (g) For official copies of such documents, deeds, or papers, the lawful fees necessarily paid for obtaining such copies;
- (h) The lawful fees paid by him[/her] for service of the summons and other process in the action;
- (i) The lawful fees charged against him by the judge of the court in entering and docketing and trying the action or proceedings.

²⁴ SEC. 10. Cost in Court of First Instance [Regional Trial Court]. – In an action or proceeding pending in a Court of First Instance [Regional Trial Court], the prevailing party may recover the following costs, and no other:

- (a) For the complaint or answer, fifteen pesos;
- (b) For his[/her] own attendance; and that his[/her] attorney, down to and including final judgment, twenty pesos;

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As can be gleaned from the foregoing, the costs of suit do not partake the nature of a loan or forbearance of money, or even an obligation, in a strict sense, which is demandable by a party against another, as defined under Article 1156²⁶ in relation to Article 1157²⁷ of the Civil Code. This is strengthened by the fact that the courts can deny the award of the same in favor of the winning litigant, even after presenting proof of its payment. It is rather treated as an expense, that is allowed by law to be reimbursed from a losing party in a suit instituted by a party upon discretion of the courts. Moreover, such reimbursement is strictly limited by the rules and in fact, the prevailing party may recover only the costs provided thereunder, and no other amount may be awarded to the same. Therefore, any costs of suit awarded to a winning litigant cannot earn legal interest, provided for under the rules.

The concept of interest had been made clear in the case of *Siga-an v. Villanueva*,²⁸ wherein this Court had ruled that the kinds of interests that may be imposed in a judgment are monetary interest and compensatory interest, to wit:

Interest is a compensation fixed by the parties for the use or forbearance of money. This is referred to as monetary interest. Interest may also be imposed by law or by courts as penalty or indemnity for damages. This is called compensatory interest. The right to interest applies only by

-
- (c) For each witness necessarily produced by him[/her], for each day's necessary attendance of such witness at the trial, two pesos, and his[/her] lawful traveling fees;
 - (d) For each deposition lawfully taken by him[/her] and produced in evidence, five pesos;
 - (e) For original documents, deeds, or papers of any kind produced by him[/her], nothing;
 - (f) For official copies of such documents, deeds, or papers, the lawful fees necessarily paid for obtaining such copies;
 - (g) The lawful fees charged against him by the judge of the court in entering and docketing and trying the action or proceedings:
- ²⁵ SEC. 11. Cost in Court of Appeals and in Supreme Court. – In an action or proceeding pending in the Court of Appeals and in the Supreme Court, the prevailing party may recover the following costs, and no other:
- (a) For his[/her] own attendance, and that his[/her] attorney, down to and including final judgment, thirty pesos;
 - (b) For official copies of record on appeal and the printing thereof, and all other copies required by the rules of court, the sum actually paid for the same;
 - (c) All lawful fees charged against him[/her] by the clerk of the Court of Appeals or of the Supreme Court, in entering and docketing the action and recording the proceedings and judgment therein and for the issuing of all process;
 - (d) No allowance shall be made to the prevailing party in the Supreme Court or Court of Appeals for the brief transmitted thereto, the prevailing party shall be allowed the same cost for witness fees, depositions, and process and service thereof as he[/she] would have been allowed the same cost for witness fees, depositions, and process and service thereof as he would have been allowed for such items had the testimony been introduced in a Court of First Instance [Regional Trial Court]
- ²⁶ ART. 1156. An obligation is a juridical necessity to give, to do or not to do.
- ²⁷ ART. 1157. Obligations arise from:
- (1) Law;
 - (2) Contracts;
 - (3) Quasi-contracts;
 - (4) Acts or omissions punished by law; and,
 - (5) Quasi-delicts.
- ²⁸ 596 Phil. 760 (2009).

virtue of a contract or by virtue of damages for delay or failure to pay the principal loan on which interest is demanded.²⁹

Verily, the costs of suit do not partake the nature of an award that is granted by the courts, which can earn either monetary interest or compensatory interest.

However, this Court deems it proper to recompute for the correct accrued legal interest on the award of damages granted to herein petitioners, and imposed upon the respective portions of respondents.

Computation of legal interest due on the actual damages awarded to petitioners in the amount of ₱26,176,006.06 from judicial demand until the finality of judgment against respondents Security Bank, Skyrider Brokerage, Jong Briones, and BPI

Period Covered: June 25, 2003 (date of judicial demand) – May 26, 2015 (date of finality of the decision)

₱26,176,006.06 x 6% x 11 years, 11 months and 1 day (11 + 336/365) = ₱18,721,079.53

₱26,176,006.06 – amount covered by the eighteen (18) crossed manager's checks purchased from BPI

+

₱18,721,079.53 – interest due on the actual damages from judicial demand up to finality of judgment

₱44,897,085.59 – principal amount with interest due as of May 26, 2015.

Computation of legal interest due on the actual damages plus interest awarded to petitioners in the amount of ₱44,897,085.59 from date of finality of judgment until November 30, 2015 against respondents Security Bank, Skyrider Brokerage, Jong Briones, and BPI

Period Covered: Period Covered: May 27, 2015 to November 30, 2015

₱44,897,085.59 x 6% x 6 months and 3 days (186/365) = ₱1,373,850.82

²⁹ Id.

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₱44,897,085.59 – principal amount with interest due as of May 27, 2015
+
₱1,373,850.82 – interest due from finality of judgment until November 30, 2015.

₱46,270,936.41 – total amount due on the actual damages awarded to petitioners against respondents Security Bank, Skyrider Brokerage, Jong Briones, and BPI

Computation of legal interest due on the actual damages awarded to petitioners in the amount of ₱1,907,784.00 from judicial demand until the finality of judgment against respondents Security Bank, Skyrider Brokerage, Jong Briones, and Citibank

Period Covered: June 25, 2003 (date of judicial demand) – May 26, 2015 (date of finality of the decision)

₱1,907,784.00 x 6% x 11 years, 11 months and 1 day (11 + 336/365) =
₱1,364,447.12

₱1,907,784.00 – amount covered by the crossed manager's checks purchased from Citibank

+

₱1,364,447.12 – interest due on the actual damages from judicial demand up to finality of judgment

₱3,272,231.12 – principal amount with interest due as of May 26, 2015.

Computation of legal interest due on the actual damages plus interest awarded to petitioners in the amount of ₱3,272,231.12 from date of finality of judgment until November 30, 2015 against respondents Security Bank, Skyrider Brokerage, Jong Briones, and Citibank

Period Covered: Period Covered: May 27, 2015 to November 30, 2015

₱3,272,231.12 x 6% x 6 months and 3 days (186/365) = ₱100,130.27

₱3,272,231.12 – principal amount with interest due as of May 27, 2015
+
₱100,130.27 – interest due from finality of judgment until November 30, 2015.

₱3,372,361.39 – total amount due on the actual damages awarded to petitioners against respondents Security Bank, Skyrider Brokerage, Jong Briones, and Citibank

Computation of legal interest on moral and exemplary damages awarded to petitioners in the amount of ₱400,000.00 each from the finality of judgment until November 30, 2015 against respondents Security Bank, Skyrider Brokerage, Jong Briones

Period Covered: May 26, 2015 to November 30, 2015

$₱400,000.00 \times 6\% \times 6 \text{ months and } 4 \text{ days } (187/365) = ₱12,240.00$

₱400,000.00 – moral/exemplary damages with interest from the date of finality until November 30, 2015

+

₱12,240.00 – interest due on the moral/exemplary damages from finality of judgment until November 30, 2015.

₱412,240.00 – total amount due on the moral/exemplary damages awarded to petitioners against respondents Security Bank, Skyrider Brokerage, and Jong Briones

The legal interest due on the moral and exemplary damages awarded to petitioners shall be computed at the time of the finality of the judgment, when the amount of damages has already been determined with finality.³⁰

This Court further takes note of the apparent conflict between the dispositive portion of the Decision dated April 14, 2010, and the opinion of the RTC contained in the text or body of the said decision regarding the imposition of exemplary damages against respondent Jong Briones. In the said text or body of the decision, the RTC held respondents Security Bank, Skyrider Brokerage, and Jong Briones solidarily liable for exemplary damages to herein petitioners. However, in the *fallo* of the same, it only held Security Bank and Skyrider Brokerage solidarily liable for exemplary damages, and not respondent Jong Briones.

³⁰ *Sulpicio Lines, Inc. v. Major Karaan, et al.* G.R. No. 208590, October 3, 2018.

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As a rule, when there is a conflict between the dispositive portion or *fallo* of a decision and the opinion of the court contained in the text or body of the judgment, the former prevails over the latter.³¹ Nevertheless, this Court finds that given the facts and circumstances surrounding the conflict between the dispositive portion and the body of the decision, the instant case serves as an exception to the general rule. A careful reading of the entire decision reveals the intention of the RTC to impose an exemplary damage against respondents Security Bank, Skyrider Brokerage, and Jong Briones. It is clear that the non-inclusion of Jong Briones in the dispositive portion of the decision was the result of mere inadvertence or clerical error.

Computation of legal interest due on the attorney's fees awarded to petitioners in the amount of ₱700,000.00 each from the date of decision until the finality of judgment against respondents Security Bank, Skyrider Brokerage, and Jong Briones

Period Covered: April 14, 2010 (date of Decision) to May 26, 2015 (finality of the decision).

₱700,000.00 x 6% x 5 years, 1 month and 12 days (5 + 42/365) =
₱215,040.00

₱700,000.00 – amount of attorney's fees awarded

+

₱215,040.00 – interest due on the attorney's fees from date the decision was rendered until finality of judgment.

₱915,040.00 – attorney's fees with interest due as of May 26, 2015

Computation of legal interest on attorney's fees awarded to petitioners in the amount of ₱915,040.00 each from the finality of judgment until November 30, 2015 against respondents Security Bank, Skyrider Brokerage, Jong Briones

Period Covered: May 27, 2015 to November 30, 2015

₱915,040.00 x 6% x 6 months and 3 days (186/365) = ₱28,000.22

³¹ *PH Credit Corporation v. CA, et al.*, 421 Phil. 821 (2001).

₱915,040.00 – attorney’s fees with interest from the date of finality until November 30, 2015

+

₱28,000.22 – interest due on the attorney’s fees from finality of judgment until November 30, 2015.

₱943,040.22 – total amount due on the attorney’s fees awarded to petitioners against respondents Security Bank, Skyrider Brokerage, and Jong Briones

Total Monetary Award due to the plaintiffs as of November 30, 2015.

₱46,270,936.41 – Actual Damages with interest due against Security Bank, Skyrider Brokerage, Jong Briones, and BPI

+ ₱3,372,361.39 – Actual Damages with interest due against Security Bank, Skyrider Brokerage, Jong Briones and Citibank

+ ₱412,240.00 – Moral Damages with interest due against Security Bank, Skyrider Brokerage, and Jong Briones

+ ₱412,240.00 – Exemplary Damages with interest due against Security Bank, Skyrider Brokerage, and Jong Briones

+ ₱943,040.22 – Attorney’s fees with interest due against Security Bank, Skyrider Brokerage, and Jong Briones

₱51,410,818.02

- ₱49,834,118.90 – amount paid by the Security Bank on November 30, 2015, as acknowledged by the petitioners

₱1,576,699.12 x 6% x 3 months, and 21 days (112/365) = ₱29,326.60

The accrued legal interest from November 30, 2015 until March 21, 2016, in the amount Twenty-Nine Thousand Three Hundred Twenty-Six Pesos and Sixty Centavos (₱29,326.60) shall be divided among the respondents as follows:

₱26,393.94 – legal interest due from respondent Security Bank, Skyrider Brokerage, Jong Briones, and BPI (computed from 90% or ₱46,270,936.41/51,410,818.02)

₱2,052.86 – legal interest due from respondent Security Bank, Skyrider Brokerage, Jong Briones, and Citibank (computed from 7% or ₱3,372,361.39/51,410,818.02)

₱879.80 – legal interest due from respondent Security Bank, Skyrider Brokerage, and Jong Briones (computed from 3% or ₱1,767,520.22/51,410,818.02)

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+ ₱1,576,699.12 – amount due to petitioners as of November 30, 2015
 + ₱29,326.60 – interest due to petitioners from November 30, 2015,
 until March 21, 2016

₱1,606,025.72

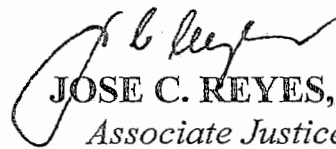
- ₱1,328,263.07 – amount paid by Security Bank on March 21, 2016, as
 admitted by the parties in their Joint Manifestation
 dated March 22, 2016.

₱277,762.65 – amount representing the remaining obligation of
 respondents to petitioners

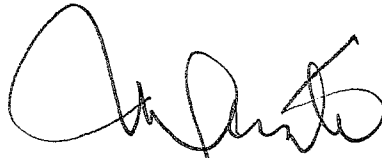
₱61,772.58 – costs of suit due from respondents Security Bank,
 Skyridge Brokerage, and Jong Briones,
 proportionately

WHEREFORE, the instant petition is **DENIED** for lack of merit. The Orders dated February 19, 2016, and August 5, 2016, both promulgated by the Regional Trial Court, Branch 148, Makati City in Civil Case No. 03-1203 is hereby **AFFIRMED**. Respondents Security Bank Corporation (formerly known as Premiere Development Bank), Bank of the Philippine Islands, Citibank, N.A., Skyrider Brokerage International, Inc., and Marivic-Jong Briones are **ORDERED** to pay the amount of Two Hundred Seventy-Seven Thousand Seven Hundred Sixty-Two Pesos and Sixty-Five Centavos (₱277,762.65), in proportion to their respective obligations to petitioners Yara Fertilizers [formerly known as Norsk Hydro (Philippines), Inc.] and NorTEAM Seatransport Services, with legal interest at the rate of 6% per annum at the date of finality of this judgment until full payment thereof, plus costs of suit.

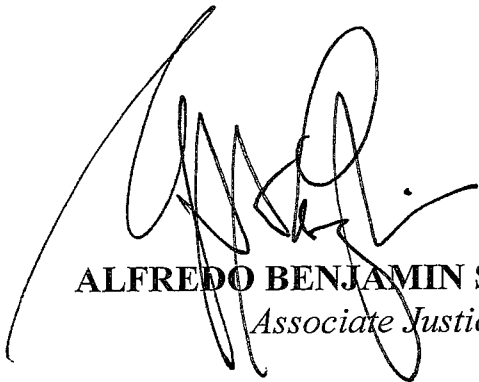
SO ORDERED.


JOSE C. REYES, JR.
 Associate Justice

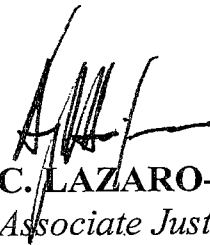
WE CONCUR:



DIOSDADO M. PERALTA
Chief Justice
Chairperson



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice



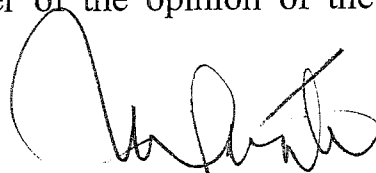
AMY C. LAZARO-JAVIER
Associate Justice



MARIO V. LOPEZ
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



DIOSDADO M. PERALTA
Chief Justice