



**Republic of the Philippines
Supreme Court
Manila**

FIRST DIVISION

SOLIDBANK CORPORATION,
Petitioner,

G.R. No. 142983

- versus -

Present:

**GOYU & SONS, INC., GO SONG
HIAP, BETTY CHIU SUK YING,
NG CHING KWOK, YEUNG SHUK
HING, AND THEIR RESPECTIVE
SPOUSES, and MALAYAN
INSURANCE COMPANY, INC.,**
Respondents,

SERENO, *CJ.*,
Chairperson,
LEONARDO-DE CASTRO,
BERSAMIN,
VILLARAMA, JR.,* and
PEREZ, *JJ.*

**RIZAL COMMERCIAL BANKING
CORPORATION,**
Respondent (Intervenor),

Promulgated:

NOV 26 2014

X ----- X

DECISION

LEONARDO-DE CASTRO, J.:

This is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court assailing the Resolutions of the Court of Appeals dated June 23, 1997¹ and April 28, 2000² in CA-G.R. CV No. 51894, which required petitioner Solidbank Corporation (SOLIDBANK) to reconstitute with legal interest the amount withdrawn by SOLIDBANK from the fire insurance proceeds deposited in *custodia legis* with the Regional Trial Court (RTC) of Manila.

Respondent Goyu & Sons, Inc. (GOYU), with individual respondents Go Song Hiap, Betty Chiu Suk Ying, Ng Ching Kwok, and Yeung Shuk Hing as guarantors (INDIVIDUAL GUARANTORS), incurred various obligations to SOLIDBANK in connection with the financing of GOYU's business as exporter of solid doors. Said obligations were presented by SOLIDBANK through the following exhibits before the trial court:

* Per Special Order No. 1885 dated November 24, 2014.

¹ *Rollo*, pp. 114-131; penned by Associate Justice Corona Ibay-Somera with Associate Justices Emeterio C. Cui and Salvador J. Valdez, Jr., concurring.

² *Id.* at 133-141.

Ami

Exhibit KK –	₱37,277,134.61
Exhibit FF and GG –	₱1,093,124.71
Exhibit II –	₱423,129.17
Exhibit JJ –	₱900,000.00 ³

As additional security, GOYU obtained several fire insurance policies issued by respondent Malayan Insurance Company, Inc. (MICO). On January 10, 1992 and February 11, 1992, respectively, GOYU endorsed two of these policies in favor of SOLIDBANK to answer for all the obligations incurred by GOYU to SOLIDBANK.⁴ The two fire insurance policies are particularly described as follows:

POLICY NO.	AMOUNT	DATE ISSUED	EXPIRY DATE
ACIA/F-114-07402	₱ 32,252,125.29	9/16/91	10/19/92
CIA/F-114-07525	₱ 6,603,586.43	11/20/91	12/05/92 ⁵

The endorsements of the above policies bear the conformity of MICO’s agent.

On April 27, 1992, fire gutted one of the buildings of GOYU. GOYU filed a claim for indemnity with MICO, which was, however, denied by the latter on the ground that the insurance policies were the subject of writs of attachment issued by various courts or otherwise claimed by other creditors of GOYU. Respondent-Intervenor Rizal Commercial Banking Corporation (RCBC), one of GOYU’s creditors, also filed with MICO a claim for the proceeds of GOYU’s insurance policies, including fire insurance policy numbers F-114-07402 and F-114-07525. RCBC claims that the insurance policies in question were purchased by GOYU pursuant to the terms and conditions of the mortgage executed by GOYU to ensure the payment of its obligations with RCBC. MICO likewise denied RCBC’s claims on the same ground.

On April 6, 1993, GOYU filed against MICO, RCBC, and two RCBC officers a **complaint for specific performance and damages** in the RTC of Manila. The complaint was docketed as **Civil Case No. 93-65442 and raffled to Branch 3** of said court. The complaint prayed, among other things, that MICO be ordered to pay GOYU the total amount of ₱74,040,518.50 representing ten insurance policies it secured from MICO including fire insurance policy numbers F-114-07402 and F-114-07525.

In the meantime, SOLIDBANK filed an **action for collection of sum of money with prayer for a writ of preliminary attachment**, also with the RTC of Manila, which was docketed as **Civil Case No. 92-62749, and raffled to Branch 14** of said court, against GOYU, the INDIVIDUAL GUARANTORS with their spouses, and MICO.

³ Id. at 15.
⁴ Id. at 73.
⁵ Id. at 76.

The subsequent developments on Civil Cases No. 93-65442 and 92-62749 are chronicled separately for simplification.

Civil Case No. 93-65442 (complaint for specific performance and damages filed by GOYU against MICO, RCBC and RCBC officers in the RTC of Manila, Branch 3) (*redocketed on appeal as CA-G.R. CV No. 46162*)

On October 12, 1993, Branch 3 of the RTC of Manila issued an interlocutory order requiring the proceeds of GOYU's ten insurance policies (including fire insurance policy numbers F-114-07402 and F-114-07525) to be deposited with the said court, less ₱14,938,080.23 (which were the subject of writs of attachment from various courts in connection with claims from GOYU's other creditors, namely Urban Bank, Alfredo Sebastian, and Philippine Trust Company). Pursuant thereto, MICO deposited on January 7, 1994 the amount of ₱50,505,594.60.

On June 29, 1994, the RTC rendered judgment in a favor of GOYU and ordered its clerk of court "to release immediately to [GOYU] the amount of ₱50,000,000.00 deposited with the Court by [MICO], together with all the interests earned thereon." The dispositive portion of the decision read:

WHEREFORE, judgment is hereby rendered in favor of the plaintiff [GOYU] and against the defendants, Malayan Insurance Company, Inc. and Rizal Commercial Banking Corporation, ordering the latter as follows:

1. For defendant Malayan Insurance Co., Inc.:

a. To pay [GOYU] its fire loss claims in the total amount of ₱74,040,518.58 less the amount of ₱50,000,000.00 which is deposited with this Court;

b. To pay [GOYU] damages by way of interest for the duration of the delay since July 27, 1992 (ninety days after defendant insurer's receipt of the required proof of loss and notice of loss) at the rate of twice the ceiling prescribed by the Monetary Board, on the following amounts:

1) ₱50,000,000.00 — from July 27, 1992 up to the time said amount was deposited with this Court on January 7, 1994;

2) ₱24,040,518.58 — from July 27, 1992 up to the time when the writs of attachment were received by defendant Malayan;

2. For defendant Rizal Commercial Banking Corporation:

a. To pay [GOYU] actual and compensatory damages in the amount of ₱2,000,000.00;

3. For both defendants Malayan and RCBC:

a. To pay [GOYU], jointly and severally, the following amounts:

1) ₱1,000,000.00 as exemplary damages;

2) ₱1,000,000.00 as, and for, attorneys fees;

3) Costs of suit

and on the Counterclaim of defendant RCBC, ordering [GOYU] to pay its loan obligations with defendant RCBC in the amount of ₱68,785,069.04, as of April 27, 1992, with interest thereon at the rate stipulated in the respective promissory notes (without surcharges and penalties) per computation, pp. 14-A, 14-B & 14-C.

FURTHER, the Clerk of Court of the Regional Trial Court of Manila is hereby ordered to release immediately to [GOYU] the amount of ₱50,000,000.00 deposited with this Court by defendant Malayan, together with all the interest earned thereon.⁶

GOYU, MICO, and RCBC filed separate appeals which were consolidated with the Court of Appeals. MICO and RCBC contested their liability to GOYU, while GOYU was unsatisfied by the amounts awarded. The Court of Appeals, in its Decision dated December 18, 1996, increased the amounts awarded to GOYU:

WHEREFORE, the decision of the lower court dated June 29, 1994 is hereby modified as follows:

1. FOR DEFENDANT MALAYAN INSURANCE CO., INC.:

a) To pay [GOYU] its fire loss claim in the total amount of ₱74,040,518.58 less the amount of ₱50,505,594.60 (per O.R. No. 3649285) plus deposited in court and damages by way of interest commencing July 27, 1992 until the time [GOYU] receives the said amount at the rate of thirty-seven (37%) percent per annum which is twice the ceiling prescribed by the Monetary Board.

2. FOR DEFENDANT RIZAL COMMERCIAL BANKING CORPORATION:

a) To pay [GOYU] actual and compensatory damages in the amount of ₱5,000,000.00.

3. FOR DEFENDANTS MALAYAN INSURANCE CO., INC., RIZAL COMMERCIAL BANKING CORPORATION, UY CHUN BING AND ELI D. LAO:

⁶

CA rollo, pp. 224-225.

a) To pay [GOYU] jointly and severally the following amounts:

1. ₱1,500,000.00 as exemplary damages;

2. ₱1,500,000.00 as and for attorney's fees.

4. And on RCBC's Counterclaim, ordering the plaintiff Goyu & Sons, Inc. to pay its loan obligation with RCBC in the amount of ₱68,785,069.04 as of April 27, 1992 without any interest, surcharges and penalties.

The Clerk of Court of the Regional Trial Court of Manila is hereby ordered to immediately release to Goyu & Sons, Inc. the amount of ₱50,505,594.60 (per O.R. No. 3649285) deposited with it by Malayan Insurance Co., Inc., together with all the interests thereon.⁷

The case eventually reached this Court on petitions by RCBC and MICO, which were docketed as G.R. Nos. 128833, 128834 and 128866. On April 20, 1998, this Court rendered its Decision in the consolidated cases, reversing the Decision of the Court of Appeals by ordering, among other things, the Clerk of Court to release the amount of ₱50,505,594.60 including the interests earned to RCBC instead of GOYU:

WHEREFORE, the petitions are hereby GRANTED and the decision and resolution of December 16, 1996 and April 3, 1997 in CA-G.R. CV No 46164 are hereby REVERSED and SET ASIDE, and a new one entered:

1. Dismissing the Complaint of private respondent GOYU in Civil Case No. 93-65442 before Branch 3 of the Manila Regional Trial Court for lack of merit;

2. Ordering Malayan Insurance Company, Inc. to deliver to Rizal Commercial Banking Corporation the proceeds of the insurance policies in the amount of ₱51,862,390.94 (per report of adjuster Toplis & Harding [Far East], Inc., Exhibits "2" and "2-1"), less the amount of ₱50,505,594.60 (per O.R. No. 3649285);

3. Ordering the Clerk of Court to release the amount of ₱50,505,594.60 including the interests earned to Rizal Commercial Banking Corporation;

4. Ordering Goyu & Sons, Inc. to pay its loan obligation with Rizal Commercial Banking Corporation in the principal amount of ₱107,246,887.90, with interest at the respective rates stipulated in each promissory note from January 21, 1993 until finality of this judgment, and surcharges at 2% and penalties at 3% from January 21, 1993 to March 9, 1993, minus payments made by Malayan Insurance Company, Inc. and the proceeds of the amount deposited with the trial court and its earned interest. The total amount due RCBC at the time of the finality of this

⁷

Id. at 719.

judgment shall earn interest at the legal rate of 12% in lieu of all other stipulated interests and charges until fully paid.

The petition of Rizal Commercial Banking Corporation against the respondent Court in CA-G.R. CV [No.] 48376 is DISMISSED for being moot and academic in view of the results herein arrived at. Respondent Sebastian's right as attaching creditor must yield to the preferential rights of Rizal Commercial Banking Corporation over the Malayan insurance policies as first mortgagee.⁸

Civil Case No. 92-62749 (action for collection of sum of money with prayer for a writ of preliminary attachment filed by SOLIDBANK against GOYU, INDIVIDUAL GUARANTORS and their spouses, and MICO in the RTC of Manila, Branch 14) (redocketed on appeal as CA-G.R. CV No. 51894)

On November 16, 1993, RCBC filed a Motion for Intervention, claiming that the two insurance policies in question were purchased by GOYU pursuant to the terms and conditions of the mortgage executed by GOYU to ensure the payment of its obligations with RCBC. The RTC denied the motion in an Order dated March 15, 1995 on the ground that RCBC's rights may be fully protected in a separate proceeding, in particular, Civil Case No. 93-65442.

On March 28, 1995, RCBC filed a Notice of Appeal with the RTC, assailing the denial of its Motion for Intervention.⁹

On November 28, 1995, the RTC rendered its Decision in favor of SOLIDBANK, the dispositive portion of which reads:

WHEREFORE, and in view of the foregoing considerations, judgment is hereby rendered ordering defendants Goyu and Sons, Inc., Go Song Hiap, Betty Chiu Suk Ying, Ng Ching Kwok, Yeung Shuk Hing to pay jointly and severally to plaintiff [SOLIDBANK] the following amounts:

- a. On the first up to the thirteenth causes of action, the sum of ₱34,321,677.94 plus interest and other charges from 15 August 1992, until fully paid;
- b. On the thirty-first cause of action, the sum of ₱1,278,044.97 plus interest and other charges from 15 August 1992, until fully paid;
- c. On the thirty-second cause of action, the sum of ₱491,252.97 plus interest and other charges from 15 August 1992, until fully paid;

⁸ *Rizal Commercial Banking Corporation v. Court of Appeals*, 352 Phil. 101, 128-129 (1998).

⁹ CA rollo, p. 129.

d. On the thirty-third cause of action, the sum of ₱112,868.44 plus interest and other charges from 15 August 1992 until fully paid;

e. On the thirty-fourth cause of action, the sum of ₱121,135.85 plus interests and other charges from 15 August 1992 until fully paid;

f. On the thirty-fifth cause of action, the sum of ₱951,154.44 plus interest and other charges from 15 August 1992 until fully paid; and

g. ₱20,000.00 as and for attorney's fees and the costs of the suit.

The counterclaim of Goyu is hereby dismissed for lack of merit.

Ordering Malayan to pay to [SOLIDBANK] ₱9,828,305.07 with legal rate of interest from this date until the full amount is paid.

The counterclaim of Malayan is likewise dismissed for lack of merit.¹⁰

The RTC ruled that the endorsements in the two insurance policies made SOLIDBANK the beneficiary in the said policies.¹¹

On December 14, 1995, SOLIDBANK filed a Motion for Execution Pending Appeal. MICO, GOYU, and SOLIDBANK thereafter filed separate Notices of Appeal with the RTC. Civil Case No. 92-62749 in Branch 14 of the RTC of Manila was redocketed on appeal as CA-G.R. CV No. 51894.

On December 28, 1995, SOLIDBANK filed a Motion for Execution against all defendants except MICO.¹² On January 23, 1996, the RTC ordered that "a writ of execution issue for the enforcement of the Decision with respect to all the defendants except Malayan."¹³ On the same day, a writ of execution was issued by Sheriff Conrado Bejar of the RTC of Manila. On February 5, 1996, said sheriff served a Notice of Garnishment to the Clerk of Court of the RTC of Manila requesting the delivery of the amount of ₱23,070,730.83 to said sheriff to be applied to the partial satisfaction of the Writ of Execution issued in Civil Case No. 92-62749.¹⁴ On February 8, 1996, SOLIDBANK withdrew the amount of ₱22,493,682.58 as evidenced by the Disbursement Voucher issued therefor.¹⁵

On June 5, 1996, RCBC filed with the Court of Appeals in CA-G.R. CV No. 51894 an Urgent Motion for Restitution and to Cite Solidbank Corporation, its President, Deogracias N. Vistan, Sheriff Conrado L. Bejar, and Atty. Jennifer H. Dela Cruz-Buendia in Contempt of Court. RCBC

¹⁰ *Rollo*, pp. 91-92.

¹¹ *Id.* at 87.

¹² SOLIDBANK claims that the November 28, 1995 Decision had become final and executory on the ground that the Motion for Reconsideration previously filed by GOYU had no Notice of Hearing.

¹³ *CA rollo*, p. 47.

¹⁴ *Id.* at 48.

¹⁵ *Id.* at 62.

claims that SOLIDBANK has no legal right or authority to implement the writ of execution and notice of garnishment in Civil Case No. 92-62749 by withdrawing ₱22,493,682.58 from the ₱50,505,594.60 deposited by MICO pursuant to a court order in Civil Case No. 93-65442 and docketed on appeal as CA-G.R. CV No. 46162. RCBC claims that SOLIDBANK and its impleaded officers' refusal to cause the restitution of the amount withdrawn constitutes unlawful interference with the proceedings of the court.¹⁶ On the other hand, SOLIDBANK and its impleaded officers filed a motion, among other things, to declare RCBC in contempt for forum shopping and for failure to disclose that RCBC's attempt to intervene had been denied by the trial court.

On November 6, 1996, the Court of Appeals rendered its Resolution on various motions filed by the parties, ordering thus:

WHEREFORE, premises considered, the Court hereby DENIES the urgent motion of RCBC for restitution and to cite Solidbank Corporation, its President, and the court officers in contempt of court for lack of merit. Movant-intervenor RCBC and its counsels are hereby admonished against engaging in forum-shopping and WARNED that a repetition of the same or similar acts will be dealt with more severely. No costs.¹⁷

According to the appellate court, SOLIDBANK had the legal authority to withdraw the amount by virtue of the final and executory judgment rendered in its favor by Branch 14 of the RTC of Manila in Civil Case No. 92-62749. RCBC cannot complain about said withdrawal, not only because it was not a party to said case, but also because its motion to intervene was denied by the RTC.¹⁸

RCBC filed a Motion for Reconsideration of the November 6, 1996 Resolution of the Court of Appeals.

On June 23, 1997, the Court of Appeals issued the first assailed Resolution setting aside its November 6, 1996 Resolution and ordering SOLIDBANK to restitute the amount withdrawn by it with interest. The *fallo* of the June 23, 1997 Resolution reads:

WHEREFORE, premises considered, the Court hereby resolves to reconsider and set aside its resolution of November 6, 1996. The Court hereby orders plaintiff-appellant Solidbank Corporation to restitute to the Clerk of Court of the Regional Trial Court of Manila the sum of ₱22,493,862.58, including legal interest thereon until actual and full restitution subject to the outcome of Civil Case No. 93-65442 entitled "Goyu & Sons, Inc. v. Malayan Insurance Company, Inc., Rizal Commercial Banking Corporation" redocketed on appeal as CA-G.R. CV No. 46162. Further, the Court denies intervenor-appellant RCBC's

¹⁶ *Rollo*, p. 102.

¹⁷ *Id.* at 112.

¹⁸ *Id.* at 105-106.

motion to cite Solidbank Corporation, its President Deogracias M. Vistan, Sheriff Conrado L. Bejar and Atty. Jennifer H. Dela Cruz-Buendia in contempt of court for lack of merit. The Court denies consolidation of the instant case with CA-G.R. CV No. 46162 for being moot and academic. Finally, the Court denies the appeal of defendant Goyu & Sons, Inc., et al. for having been filed out of time.¹⁹

The Court of Appeals accordingly reversed itself and ruled this time that no court, other than the one having jurisdiction over the properties in *custodia legis*, has a right to interfere with and change possession over the same.²⁰ Consequently, it is the court in Civil Case No. 93-65442 (redocketed on appeal as CA-G.R. CV No. 46162) which has jurisdiction over the properties in *custodia legis*. The Court of Appeals noted that it does not appear that said court has issued an Order allowing the withdrawal by SOLIDBANK.²¹

SOLIDBANK filed an Omnibus Motion seeking reconsideration of the June 23, 1997 Resolution of the Court of Appeals. During the interim period, this Court issued the aforesaid Decision in G.R. Nos. 128833, 128834 and 128866 dated April 20, 1998, which ordered, among other things, the Clerk of Court to release the amount of ₱50,505,594.60 including the interests earned to RCBC instead of GOYU.

On April 28, 2000, the Court of Appeals, taking judicial notice of the Decision of this Court dated April 20, 1998, issued the second assailed Resolution, the *fallo* of which reads:

WHEREFORE, PREMISES CONSIDERED, plaintiff-appellant Solidbank's Omnibus Motion (For Partial Reconsideration and for Contempt) dated July 14, 1997 is Denied.

The Resolution dated June 23, 1997 is hereby Amended accordingly and plaintiff-appellant Solidbank is Ordered to fully Restitute the principal amount of ₱23,070,730.83 and ₱14,206,403.78 to the Clerk of Court of the Regional Trial Court of Manila, together with legal interest thereon until actual and full restitution.

Plaintiff-appellant Solidbank's Opposition and Omnibus Motion dated June 29, 1999 is also hereby Denied.

The Motion to Cite Solidbank, Sheriff Conrado L. Bejar, and Attys. Jesusa Maningas and Jennifer Buendia in contempt of Court and to cite intervenor RCBC in contempt of Court for forum shopping, is likewise Denied.

Corrollarily, Intervenor-appellant RCBC is hereby Ordered to file [its] brief within thirty (30) days from receipt of this Order.²²

¹⁹ Id. at 130-131.

²⁰ Id. at 124-125.

²¹ Id. at 125.

²² Id. at 140-141.

SOLIDBANK filed the present petition assailing the Resolutions of the Court of Appeals in CA-G.R. CV No. 51894 dated June 23, 1997 and April 28, 2000 on the following grounds:

I

THE HONORABLE COURT OF APPEALS DEPARTED FROM ACCEPTED AND USUAL COURSE OF JUDICIAL PROCEEDING IN ALLOWING RCBC TO INTERVENE IN THE APPEALED CASE AND IN ADMITTING RCBC'S INTERVENTION DESPITE THE FACT THAT RCBC IS NOT A PARTY TO CIVIL CASE NO. 92-62749 (THE COLLECTION CASE) AND SHOULD HAVE REMANDED RCBC'S CLAIM TO THE COURT BELOW FOR RECEPTION OF ITS EVIDENCE.

II

THE HONORABLE COURT OF APPEALS HAD SANCTIONED A DEPARTURE FROM ACCEPTED AND USUAL COURSE OF PROCEEDING WHEN IT ORDERED PETITIONER TO FULLY RESTITUTE THE FUNDS IT HAD WITHDRAWN, THUS REVERSING ITS PREVIOUS RESOLUTION HOLDING THAT PETITIONER SOLIDBANK HAS THE LEGAL AUTHORITY TO WITHDRAW THE AMOUNT OF ₱22,493,682.58 BY VIRTUE OF THE FINAL AND EXECUTORY JUDGMENT.

III

THE HONORABLE COURT OF APPEALS GRAVELY ERRED WHEN IT TOOK JUDICIAL NOTICE OF THE FINAL AND EXECUTORY DECISION OF THE SUPREME COURT IN G.R. NOS. 128[8]33, 128[8]34 AND 128866 WHICH IT ORDERED THE CLERK OF COURT OF THE REGIONAL TRIAL COURT OF MANILA TO RELEASE THE TOTAL PRINCIPAL AMOUNT OF ₱50,505,594.60 TO RCBC DESPITE THE FACT THAT PETITIONER SOLIDBANK WAS NOT A PARTY THERETO, HENCE, IT COULD NOT BE BOUND BY THE SAID JUDGMENT.

IV

THE HONORABLE COURT OF APPEALS DEPARTED FROM ACCEPTED AND USUAL COURSE OF JUDICIAL PROCEEDING WHEN IT ORDERED FULL RESTITUTION BY PETITIONER SOLIDBANK DESPITE THE FACT THAT IT IS MERELY A COMPLETION COURT, AND THAT THE APPELLATE COURT SHOULD HAVE RE-RAFFLED THIS CASE FOR STUDY AND REPORT.

V

THE HONORABLE COURT OF APPEALS DEPARTED FROM ACCEPTED AND USUAL COURSE OF JUDICIAL PROCEEDING

WHEN IT REVERSED ITS PREVIOUS RULING THAT RCBC AND ITS COUNSEL HAD ENGAGED IN FORUM SHOPPING.²³

**Propriety of the Petition for Review
on *Certiorari* by SOLIDBANK**

This Court has, on several occasions, held that a petition for review on *certiorari* is not the proper remedy for interlocutory orders. A resolution which does not completely dispose of the case on the merits is merely an interlocutory order and, in accordance with Section 1, Rule 41 of the Rules of Court, no appeal may be taken therefrom.²⁴

The assailed Court of Appeals Resolutions dated June 23, 1997 and April 28, 2000 in CA-G.R. CV No. 51894, which required SOLIDBANK to reconstitute with legal interest the amount withdrawn by it from the fire insurance proceeds deposited in *custodia legis* with the RTC of Manila, are very clearly merely interlocutory orders, as they do not dispose of the appeals by Solidbank, GOYU, and MICO on the merits. Accordingly, a petition for review on *certiorari* is not the proper remedy. Instead, where the assailed interlocutory order is patently erroneous and the remedy of appeal would not afford adequate and expeditious relief, the Court allows *certiorari* as a mode of redress.²⁵ As it stands, the petition for review of SOLIDBANK is the wrong remedy and perforce should be dismissed.

On considerations of equity and liberality, this Court can treat the present petition as a Petition for *Certiorari* filed under Rule 65. *Certiorari*, however, requires not a mere error in judgment, but a grave abuse of discretion amounting to lack of or excess of jurisdiction. We shall now proceed to determine whether the appellate court committed grave abuse of discretion in issuing the assailed Resolutions.

**Right of RCBC to intervene in Civil
Case No. 92-62749**

SOLIDBANK claims that the Court of Appeals committed a grave reversible error in allowing RCBC to intervene in the assailed June 23, 1997 Resolution. SOLIDBANK argues that RCBC has no legal, actual and immediate interest in the matter in litigation in Civil Case No. 92-62749 on the ground that the funds withdrawn by SOLIDBANK exclusively belong to it. Assuming *arguendo* that intervention by RCBC is proper, SOLIDBANK maintains that the case should be remanded to the lower court for reception of evidence.²⁶

We disagree with the postulations of SOLIDBANK. This Court cannot pass upon the conflicting rights of SOLIDBANK and RCBC with

²³ Id. at 34-35.

²⁴ *Office of the Ombudsman v. De Chavez*, G.R. No. 172206, July 3, 2013, 700 SCRA 399, 404.

²⁵ Id.

²⁶ *Rollo*, p. 38.

respect to the insurance proceeds as this is **not** a review of the *Decision in the merits* of either CA-G.R. CV No. 46162 (appeal of Civil Case No. 93-65442) or CA-G.R. CV No. 51894 (appeal of Civil Case No. 92-62749), **but** is a review of merely an interlocutory order in the latter case. The trial court's disallowance of RCBC's intervention in the trial on the merits in Civil Case No. 92-62749 is of no moment. The issue in the case at bar is the propriety of the implementation of the writ of execution and notice of garnishment in Civil Case No. 92-62749 by SOLIDBANK's withdrawal from the amount deposited pursuant to a court order in Civil Case No. 93-65442. RCBC's right to intervene in CA-G.R. CV No. 51894 (the appeal of Civil Case No. 92-62749) stems from its right as a party, and now a judgment creditor, in Civil Case No. 93-65442, the case where the funds executed on was in *custodia legis*. Accordingly, neither this Court, nor the lower court (in SOLIDBANK's proposed remanding of the case), should receive new evidence on the conflicting rights of SOLIDBANK and RCBC with respect to the insurance proceeds.

**Right of SOLIDBANK to withdraw
from the amount in custodia legis in
Civil Case No. 93-65442**

When the proceeds of fire insurance policy numbers F-114-07402 and F-114-07525 were placed under *custodia legis* of Branch 3 of the RTC of Manila in Civil Case No. 93-65442,²⁷ they were placed under the sole control of such court beyond the interference of all other co-ordinate courts. We have held that property attached or garnished by a court falls into the *custodia legis* of that court for the purposes of **that civil case only**. Any relief against such attachment and the execution and issuance of a writ of possession that ensued subsequently could be disposed of only in that case.²⁸

This long-standing jurisprudence was applied in 2002 in *Yau v. The Manila Banking Corporation*.²⁹ In said case, Esteban Yau was the judgment creditor of Ricardo Silverio by virtue of the final and executory decision of the RTC of Cebu in Civil Case No. CEB-2058. Yau learned that the only asset of Silverio that can be found for the satisfaction of the judgment was his proprietary membership share in the Manila Golf and Country Club (Manila Golf), which was already subject to a prior levy on preliminary attachment obtained by Manila Banking Corporation (Manilabank) in Civil Case Nos. 90-513 and 90-271 in the RTC of Makati. The sheriff in the Cebu case nevertheless levied on the Silverio share. Yau emerged as the highest bidder at the public auction sale and the corresponding Certificate of Sale was issued in his name. When Manila Golf refused Yau's request to be issued a certificate of proprietary membership share, Yau filed a motion in Civil Case No. CEB-2058 to direct such issuance, which was granted by the

²⁷ CA rollo, pp. 33-34.

²⁸ *Rejuso v. Estipona*, 164 Phil. 506, 509 (1976), citing *National Power Corporation v. De Veyra*, 113 Phil. 622, 624 (1961).

²⁹ 433 Phil. 701 (2002).

RTC of Cebu. Without filing a motion for reconsideration, Manilabank filed a Petition for *Certiorari* with the Court of Appeals. The Court of Appeals granted the petition and nullified the Order of the RTC of Cebu. This Court, in affirming the Decision of the Court of Appeals, held that the Order of the RTC of Cebu was a patent nullity:

This Court has settled that as a general rule, the filing of a motion for reconsideration is a condition *sine qua non* in order that *certiorari* shall lie. However, there are settled exceptions to this Rule, one of which is where the assailed order is a patent nullity, as where the court *a quo* has no jurisdiction, which is evident in this case.

The Notice of Garnishment of the Silverio share upon Manila Golf brought the property into the *custodia legis* of the court issuing the writ, that is, the RTC Makati City Branch 64, beyond the interference of all other co-ordinate courts, such as the RTC of Cebu, Branch 6. “The garnishment of property operates as an attachment and fastens upon the property a lien by which the property is brought under the jurisdiction of the court issuing the writ. It is brought into *custodia legis*, under the sole control of such court. A court which has control of such property, exercises exclusive jurisdiction over the same, retains all incidents relative to the conduct of such property. No court, except one having supervisory control or superior jurisdiction in the premises, has a right to interfere with and change that possession.”³⁰ (Citations omitted.)

In the case at bar, therefore, the order to deposit the proceeds of fire insurance policy numbers F-114-07402 and F-114-07525 brought the amount garnished into the *custodia legis* of the court issuing said order, that is, the RTC of Manila, Branch 3, beyond the interference of all other co-ordinate courts, such as the RTC of Manila, Branch 14. Accordingly, just as the sheriff in *Yau* was found to have improperly levied on the garnished share in Manila Golf, the act of the sheriff in Civil Case No. 92-62749 in the case at bar in levying on the deposited insurance proceeds was likewise a patent nullity. Citing *Parco v. Court of Appeals*,³¹ we further held in *Yau* that while jurisdiction is vested in the court and not in any particular branch or judge:

[A]s a corollary rule, the various branches of the Court of First Instance [now RTC] of a judicial district are a coordinate and co-equal courts [where] one branch stands on the same level as the other. Undue interference by one on the proceedings and processes of another is prohibited by law. In the language of this Court, the various branches of the Court of First Instance of a province or city, having as they have the same or equal authority and exercising as they do concurrent and coordinate jurisdiction should not, cannot, and are not permitted to interfere with their respective cases, much less with their orders or judgments.³²

³⁰ Id. at 709-710.

³¹ 197 Phil. 240, 256-257 (1982).

³² *Yau v. The Manila Banking Corporation*, supra note 29 at 711.

We further note that the October 12, 1993 Order of Branch 3 directing MICO to deposit with the court the proceeds of the 10 fire insurance policies even explicitly provided:

WHEREFORE, defendant Malayan Insurance Corp., Inc., is hereby directed to deposit in Court the proceeds for the ten (10) fire insurance policies purchased from them by plaintiff, to wit:

x x x x

9. Policy No. F-114-07402

10. Policy No. F-114-07525.

after deducting the amount of ₱14,938,085.23 therefrom, immediately upon receipt of this order, **withdrawal of which shall not be allowed except upon order of this court.**

Whatever legal fees is required relative to this deposit shall be deducted from the interest of the amount deposited upon withdrawal of the same.³³ (Emphasis supplied.)

In what appears to be an attempt to mislead this Court, SOLIDBANK furthermore argues³⁴ that the Court of Appeals completely disregarded the certification issued by MICO which stated that “[s]aid amount of Php 23,070,730.83 forms part of the above-listed sums deposited in *custodia legis* x x x awaiting final judgment in Civil Case No. 92-62749, RTC-Manila Br. 14.”³⁵

There is no question that the funds were deposited in court pursuant to the Order of Branch 3 of the RTC of Manila in Civil Case No. 93-65442.³⁶ SOLIDBANK does not dispute this fact, nor even claim that the funds were deposited pursuant to an order of Branch 14 in Civil Case No. 92-62749.

Finally, SOLIDBANK assails the April 28, 2000 Resolution of the Court of Appeals for taking judicial notice of the Decision of this Court in G.R. Nos. 128833, 128834 and 128866, arguing that SOLIDBANK is not a party thereto and should not be bound by the judgment therein.

Far from making SOLIDBANK bound by the judgment in Civil Case No. 93-65442 (CA-G.R. CV No. 46162 in the Court of Appeals; G.R. Nos. 128833, 128834 and 128866 in this Court), the Court of Appeals in CA-G.R. CV No. 51894 (Civil Case No. 92-62749 in the trial court) actually strictly enforced the delineation of the two cases when it found the levy in Civil Case No. 92-62749 of the garnished insurance proceeds in Civil Case No. 93-65442 to be improper and ordered the restitution of the amount withdrawn by SOLIDBANK. As discussed above, **SOLIDBANK has no**

³³ CA rollo, p. 34.

³⁴ Rollo, p. 46.

³⁵ Id. at 42.

³⁶ CA rollo, pp. 33-34.

right to withdraw from the amount in *custodia legis* in Civil Case No. 93-65442, not because SOLIDBANK is bound by the judgment therein (which it is not), but **precisely because it is not a party in said case**. The property garnished is under the sole control of the court in Civil Case No. 93-65442 for the purposes of that civil case only. This is true as long as the property remains in *custodia legis* in Civil Case No. 93-65442, regardless of even whether this Court has rendered a Decision in the appeal of said case.

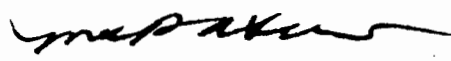
In view of all the foregoing, we find that the Court of Appeals was not in error, much less in grave abuse of discretion, when it found the levy in Civil Case No. 92-62749 of the garnished insurance proceeds in Civil Case No. 93-65442 to be improper and ordered the restitution of the amount withdrawn by SOLIDBANK. Accordingly, the present petition should be denied.

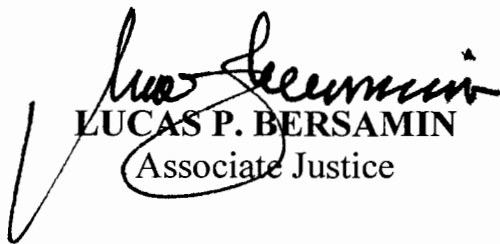
WHEREFORE, the present Petition for Review on *Certiorari* under Rule 45 of the Rules of Court is **DENIED** for lack of merit. The Resolutions of the Court of Appeals dated June 23, 1997 and April 28, 2000 in CA-G.R. CV No. 51894 are hereby **AFFIRMED**.

SO ORDERED.


TERESITA J. LEONARDO-DE CASTRO
Associate Justice

WE CONCUR:


MARIA LOURDES P. A. SERENO
Chief Justice
Chairperson

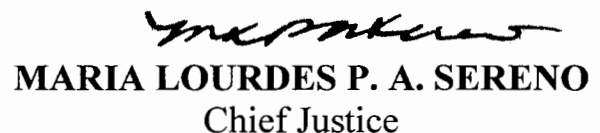

LUCAS P. BERSAMIN
Associate Justice


MARTIN S. VILLARAMA, JR.
Associate Justice


JOSE PORTUGAL PEREZ
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.


MARIA LOURDES P. A. SERENO
Chief Justice