



Republic of the Philippines  
Supreme Court  
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, First Division, issued a Resolution dated January 6, 2020 which reads as follows:*

**“G.R. No. 248119 (*Flora San Diego Sison v. Goethe Institute Philippines Represented by Dr. Ulrich Nowak*)**

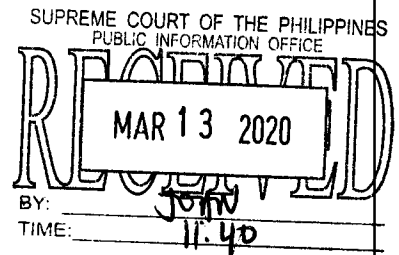
Petitioner seeks affirmative relief from the Court via the present petition for review on certiorari against the dispositions of the Court of Appeals affirming her obligation to refund the security deposit of ₱600,000 to respondent and to pay legal interest and attorney’s fees. She reiterates her argument in the courts below that she was justified in retaining the security deposit for respondent’s failure to account for the purported damaged portions in the leased premises and to settle its unpaid rental arrears. She also faults the trial court anew for giving due weight to respondent’s documentary exhibits.

Petitioner thus raises factual issues, *i.e.*, the presence of damaged portions in the leased premises due to respondent’s fault and respondent’s failure to fully settle its outstanding rent. These issues require a review of the evidence, thus, are beyond the ambit of Rule 45 of the Rules of Court which only allows errors of law to be raised. Not being a trier of facts, this Court cannot take cognizance of factual issues, let alone, examine, review, or evaluate the evidence all over again.<sup>1</sup> Nothing on record here shows that it falls

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<sup>1</sup> *Carbonell v. Carbonell-Mendes*, 762 Phil. 529, 536-537 (2015).



within the recognized exceptions.<sup>2</sup>

In any event, the trial court's factual findings, when affirmed by the Court of Appeals, as in this case, are binding and conclusive on this Court.<sup>3</sup> Both the trial court and the Court of Appeals here found petitioner to have unjustifiably withheld respondent's security deposit. In fact, thirteen (13) years have already lapsed since the lease contracts and their extension expired, without petitioner returning the full amount of the security deposit owing to respondent.

Justice delayed is justice denied. To further entertain this petition would certainly compound the serious injustice the respondent has been made to suffer for more than a decade now.

Lastly, petitioner is not entitled to the liberal application of the rules of procedure. Liberality in the interpretation and application of procedural rules can only be invoked in proper cases and under justifiable causes and circumstances and only by deserving litigants.<sup>4</sup> Petitioner's inexplicable failure to present evidence in the proceedings below was due to her own fault. No one else's. She must, therefore, face the consequences of her own omission and deficiency.

All told, the Court of Appeals did not err in affirming petitioner's liability for the return of the security deposit of ₱600,000 and the payment of legal interest and attorney's fees. In accordance with this Court's recent ruling in *Lara's Gifts & Decors, Inc. v. Midtown Industrial Sales, Inc.*,<sup>5</sup> however, we modify the amount of interest as follows:

1. In the absence of stipulated interest, in a loan or forbearance of money, goods, credits, or judgments, the rate of interest on the principal amount shall be the prevailing legal interest prescribed by the *Bangko Sentral ng Pilipinas (BSP)*, *i.e.*,

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<sup>2</sup> In *Carbonell v. Carbonell-Mendes*, the Court enumerated the following exceptions: (1) when the conclusion is grounded on speculations, surmises, or conjectures; (2) when the inference is manifestly mistaken, absurd, or impossible; (3) when there is grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of fact are conflicting; (6) when there is no citation of specific evidence on which the factual findings are based; (7) when the findings of an absence of facts are contradicted by the presence of evidence on record; (8) when the findings of the Court of Appeals are contrary to those of the trial court; (9) when the Court of Appeals manifestly overlooked certain relevant and undisputed facts that, if properly considered, would justify a different conclusion; (10) when the findings of the Court of Appeals are beyond the issues of the case; and (11) when such findings are contrary to the admissions of both parties.

<sup>3</sup> *Supra* note 1.

<sup>4</sup> *Building Care Corp./Leopard Security & Investigation Agency, et al. v. Macaraeg*, 700 Phil. 749, 755 (2012) (citing *Marohomsalic v. Cole*, 570 Phil. 420, 429 (2008)).

<sup>5</sup> G.R. No. 225433, August 28, 2019.

six percent (6%) *per annum*, which shall be computed from default, *i.e.*, from extrajudicial or judicial demand in accordance with Article 1169 of the Civil Code, until fully paid. There will be no compounding of interest, unless such is expressly stipulated by law or regulation.<sup>6</sup>

2. Interest due on the principal amount accruing as of judicial demand shall separately earn legal interest at the prevailing rate prescribed by the BSP from the time of judicial demand until fully paid.<sup>7</sup>

**WHEREFORE**, the petition is **DENIED**. The Decision dated February 28, 2019 and Resolution dated July 4, 2019 of the Court of Appeals in CA-G.R. CV No. 111167 are **AFFIRMED** with **MODIFICATION**:

Petitioner **Flora San Diego Sison** is **DIRECTED** to return to respondent Goethe Institute Philippines the security deposit of ₱600,000 and to pay:

1. Legal interest of twelve percent (12%) *per annum* on the security deposit from extrajudicial demand on April 15, 2006 until June 30, 2013 and thereafter, six percent (6%) *per annum* on the security deposit from July 1, 2013 until fully paid;<sup>8</sup>
2. Legal interest of six percent (6%) *per annum* on the legal interest due on the security deposit from judicial demand on February 23, 2016 until fully paid;<sup>9</sup>
3. Attorney's fees of ₱50,000, plus legal interest thereon of six percent (6%) *per annum* computed from finality of this Resolution until fully paid; and
4. Costs of suit.

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<sup>6</sup> *Lara's Gifts & Decors, Inc. v. Midtown Industrial Sales, Inc.*, G.R. No. 225433, August 28, 2019.

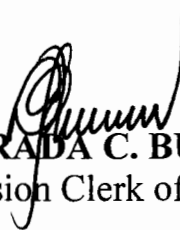
<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

**SO ORDERED.” Lopez, J., on official leave.**

Very truly yours,



**LIBRADA C. BUENA**  
Division Clerk of Court <sup>Jan 14</sup>  
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Court of Appeals (x)  
Manila  
(CA-G.R. CV No. 111167)

DESTURA AND ASSOCIATES  
LAW OFFICES  
Counsel for Respondent  
Units 3004-3005 & 3607, Cityland Pasong  
Tamo Tower, 2210 Don Chino Roces  
Avenue, 1200 Makati City

The Hon. Presiding Judge  
Regional Trial Court, Branch 143  
1200 Makati City  
(Civil Case No. 16-180)

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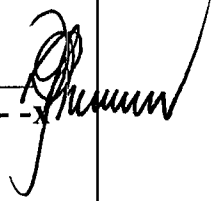
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**G.R. No. 248119 – Flora San Diego Sison, petitioner, versus Goethe Institute Philippines represented by Dr. Ulrich Nowak, respondent.**

Promulgated:  
**JAN 06 2020**



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**SEPARATE OPINION**

**CAGUIOA, J.:**

The dispute involves an action by a lessee against a lessor for the unreturned security deposit given at the beginning of the lease. The dispositive portion of the *ponencia* states:

**WHEREFORE**, the petition is **DENIED**. The Decision dated February 28, 2019 and Resolution dated July 4, 2019 of the Court of Appeals in CA-G.R. CV No. 111167 are **AFFIRMED** with **MODIFICATION**:

Petitioner **Flora San Diego Sison** is **DIRECTED** to return to respondent Goethe Institute Philippines the security deposit of ₱600,000 and to pay:

1. Legal interest of twelve percent (12%) *per annum* on the security deposit from extrajudicial demand on April 15, 2006 until June 30, 2013 and thereafter, six percent (6%) *per annum* on the security deposit from July 1, 2013 until fully paid;
2. Legal interest of six percent (6%) *per annum* on the legal interest due on the security deposit from judicial demand on February 23, 2016 until fully paid;
3. Attorney’s fees of ₱50,000, plus legal interest thereon of six percent (6%) *per annum* computed from finality of this Resolution until fully paid; and
4. Costs of suit.

**SO ORDERED.**<sup>1</sup>

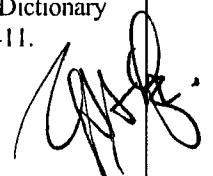
I concur with the *ponencia* except as to the imposition of interest in items 1 and 2 above.

As explained in my *Concurring & Dissenting Opinion* in *Lara’s Gifts & Decors, Inc., v. Midtown Industrial Sales, Inc.*,<sup>2</sup> an unreturned security deposit is neither a loan nor a forbearance of money. A loan is defined under the Civil Code while a forbearance, “in the context of the usury law is a ‘contractual obligation of a lender or creditor to refrain, during a given period of time, from requiring the borrower or debtor to repay a loan or debt then due and payable.’”<sup>3</sup> In other words, a **“forbearance” is or must be**

<sup>1</sup> *Ponencia*, pp. 2-3.

<sup>2</sup> G.R. No. 225433, August 28, 2019.

<sup>3</sup> *Eastern Shipping Lines, Inc. v. Court of Appeals*, 304 Phil. 236, 251 (1994), citing Black’s Law Dictionary (1990 ed., 644), which in turn cited the case of *Hafer v. Spaeth*, 22 Wash. 2d 378, 156 P. 2d 408, 411.



**understood as akin to a loan and must involve 1) an agreement or contractual obligation; 2) to refrain from enforcing payment or to extend the period for the payment of; 3) an obligation that has become due and demandable; and 4) in return for some compensation, i.e., interest.**<sup>4</sup> As said requisites are not present in the instant case, the unreturned security deposit under item 1 should only bear 6% *per annum* interest from extrajudicial demand until full payment.


Further, I find that there is no basis for the imposition of interest on the interest due on the security deposit under item 2 above. Article 2212 of the Civil Code states that “[i]nterest due shall earn legal interest from the time it is judicially demanded, although the obligation may be silent upon this point.” In relation thereto, I reiterate my position that “Article 2212 [of the Civil Code] contemplates the presence of *stipulated* interest x x x which has accrued when demand was *judicially* made. In cases where no monetary interest had been stipulated by the parties, no accrued monetary interest could further earn compensatory interest upon judicial demand.”<sup>5</sup> In other words, **Article 2212 of the new Civil Code contemplates, and therefore applies, only when there exists stipulated or conventional interest.**<sup>6</sup> As no interest was stipulated in the instant case, no interest on interest is due under Article 2212 of the Civil Code.

**WHEREFORE**, I vote that the Decision dated February 28, 2019 and Resolution dated July 4, 2019 of the Court of Appeals in CA-G.R. CV No. 111167 be **AFFIRMED** with **MODIFICATION**, as follows:

Petitioner Flora San Diego Sison is **DIRECTED** to return to respondent Goethe Institute Philippines the security deposit of ₱600,000 and to pay:

1. Legal interest of six percent (6%) *per annum* on the security deposit from extrajudicial demand on April 15, 2006 until fully paid;
2. Attorney’s fees of ₱50,000, plus legal interest thereon of six percent (6%) *per annum* computed from finality of this Resolution until fully paid; and
3. Costs of suit.

SO ORDERED.

  
**ALFREDO BENJAMIN S. CAGUIOA**  
Associate Justice

<sup>4</sup> Supra note 2.

<sup>5</sup> *Isla v. Estorga*, G.R. No. 233974, July 2, 2018, 869 SCRA 410, 421, citing *David v. Court of Appeals*, 375 Phil. 177, 185 (1999).

<sup>6</sup> *Hun Hyung Park v. Eung Won Choi*, G.R. No. 220826, March 27, 2019. Emphasis and underscoring supplied.