Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

PINEWOOD MARINE (PHILS.), INC.,	**G.R. No. 179789**
Petitioner,	Present:
- versus -	PERALTA, *J.*,* *Chairperson*, DEL CASTILLO,** VILLARAMA, JR., REYES, and JARDELEZA, *JJ.*
EMCO PLYWOOD CORPORATION, EVER COMMERCIAL CO., LTD., DALIAN OCEAN SHIPPING CO., and SHENZHEN GUANGDA SHIPPING CO.,	
Respondents.	Promulgated: **June 17, 2015**

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RESOLUTION

REYES, *J.*:

Before the Court is a petition for review on *certiorari*[1] assailing the Decision[2] dated June 21, 2006 and Resolution[3] dated August 8, 2007 of the Court of Appeals (CA) in CA-G.R. CV No. 58909. The CA affirmed *in toto* the Decision[4] rendered on May 14, 1997 by the Regional Trial Court (RTC)

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* Designated as Acting Chairperson per Special Order No. 2059 dated June 17, 2015 *vice* Associate Justice Presbitero J. Velasco, Jr.

** Designated as Acting Member per Special Order No. 2060 dated June 17, 2015 *vice* Associate Justice Presbitero J. Velasco, Jr.

1 *Rollo*, pp. 7-40.

2 Penned by Associate Justice Romulo V. Borja, with Associate Justices Ramon R. Garcia and Antonio L. Villamor, concurring; id. at 43-60.

3 Id. at 61-73.

4 Rendered by Judge Cipriano B. Alvizo, Jr.; id. at 199-211.

of Butuan City, Branch 4 in Civil Case No. 4374, an action for replevin, attachment and damages. The dispositive portion of the RTC decision is quoted below:

> WHEREFORE, decision is rendered in favor of plaintiff [EMCO Plywood Corporation (EMCO)] against defendant Ever Commercial Co., Ltd. [Ever] and [Ever] is ordered to pay [EMCO]:
>
> (a) the sum of Sixteen Million Six Hundred Eighty[-]Six Thousand Forty[-]Eight Pesos and Forty[-]Six Centavos (P16,686,048.46) representing damages plus Six Percent (6%) interest on said amount from the filing of the Complaint until [Ever] fully pays the same.
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> As to the cross[-]claim of defendant Ever, the Court finds defendants [Shenzhen Guangda Shipping Co. (Shenzhen)] and/or charterer/owner of the vessel "TAO HUA LING" and Pinewood Marine (Phils.)[,] [Inc. (Pinewood)] to be jointly and severally liable to defendant Ever and are ordered to pay [Ever]:
>
> (a) the amount of Sixteen Million Six Hundred Eighty[-]Six Thousand Forty[-]Eight Pesos and Forty[-]Six Centavos (P16,686,048.46), plus six percent (6%) interest thereon from the filing of the complaint until full payment thereof, by way of reimbursement and indemnification;
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> (b) the amount of Two Million Pesos (P2,000,000.00) as damages, plus Six Percent (6%) interest thereon; and
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> (c) attorney's fees in the amount of One Hundred Seventy-Three Thousand [Six Hundred] Pesos (P173,600.00).[5]
>
> SO ORDERED.[6]

Antecedents

The CA aptly summed up as follows the facts of the case leading to the rendition of the RTC decision:

> On December 11, 1995, [EMCO] filed a Complaint for "Replevin, Attachment and Damages" impleading the following as defendants namely: [Shenzhen], Dalian Ocean Shipping Company x x x, [Pinewood], the vessel MV Tao Hua Ling, and its Unknown Owner and/or Demise Charterer and the Master of said vessel. In its Amended Complaint, EMCO impleaded, additionally, [Ever as the vessel's charterer].

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5 The amount in words does not match the numerical figure, but the CA corrected the typographical error by inserting in the assailed decision the words "Six Hundred," id. at 47.

6 Id. at 210-211.

EMCO is primarily engaged in the business of manufacturing plywood and the subject matter of its replevin action was its cargo of 2,638 pieces of PNG round logs fresh cut from Papua New Guinea, with a total invoice value of US $691,898.62. EMCO had entered into a contract with [Ever] for the loading, transporting and unloading of the logs at Butuan City, Philippines. EMCO had paid [Ever] the full freight of its cargo in the amount of US $ 241,223.04. [Ever] then chartered the vessel MV Tao Hua Ling from Kanetomi (HK) Ltd., which, in turn, chartered the said vessel from defendant [Shenzhen]. The local ship agent of the latter, [Pinewood], represents it in the Philippines.

The subject cargo was loaded on board the said vessel. Sometime thereafter, EMCO received a letter, dated December 5, 1995, from the law office of Sycip Salazar Hernandez [Gatmaitan &] Associates informing EMCO that their client, [Shenzhen], the "disponent owner" of the vessel Tao Hua Ling, was exercising its lien over the cargo of logs for unpaid demurrage, detention and deviation. The letter further advised EMCO that [Shenzhen] had instructed both the master of the vessel and its ship agent, [Pinewood], to exercise the shipowner's lien on the cargo. A similar letter was also sent to the Collector of Customs, Port of Masao, Butuan, Agusan del Norte, requesting the latter to withhold the discharge of the cargo for the said reason. Whereupon, the Bureau of Customs District II, sub-port of Nasipit, issued a memorandum directing the inspector of the vessel to withhold delivery of the cargo to EMCO.

EMCO objected to the withholding of the cargo and assailed the lien as invalid. EMCO nonetheless offered a compromise with defendants and even declared its willingness to put up a bond in the amount of US $300,000.00 for the release of the cargo. From [Ever], it demanded the immediate release of the logs. For its part, [Ever] took the initiative to effect the release of the logs to the extent of negotiating with the shipowner and other defendants. But all these were to no avail.

The day following the filing of EMCO's complaint, the [RTC] issued the writ of replevin. Whereupon, the logs were released and delivered to EMCO.

In its Amended Complaint, EMCO had also sought the attachment of the vessel MV Tao Hua Ling. Since the vessel had left [the] Philippine territory, EMCO did not pursue this relief.

In addition to replevin and attachment, EMCO sought to recover damages for the unwarranted refusal of defendants to release the cargo.

All the defendants, except [Ever], filed a motion to dismiss citing improper venue as their sole ground. The [RTC] denied the motion. **[Ever] filed its Answer with compulsory counterclaim and cross-claim. The rest of the defendants failed to answer and, upon motion, were declared in default pursuant to the [RTC's] Order dated June 17, 1996**.[7] (Citations omitted and emphasis ours)

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7 Id. at 44-46.

Ruling of the RTC

Pre-trial and trial on the merits ensued. On May 14, 1997, the RTC rendered its decision directing Ever to pay EMCO damages and interests. The RTC also granted Ever's cross-claim against Shenzhen, Dalian Ocean Shipping Co. and Pinewood, who were ordered to reimburse Ever for its liability to EMCO and additionally, to pay damages, interests and attorney's fees.[8]

The RTC explained that Section 1505 of the Customs and Tariff Code exclusively enumerates the nature of the claims that give rise to a lien, to wit, (1) freight, (2) lighterage, or (3) general average. Since a lien anchored on claims for demurrage and detention is not included in the enumeration, the withholding of EMCO's cargo for delivery or release was unwarranted.[9]

The RTC further declared that EMCO is not privy to the charter party agreements executed among Shenzhen, Kanetomi (HK) Ltd. (Kanetomi) and Ever.[10]

The RTC likewise took note of the fact that apart from Ever, the rest of the defendants were declared in default and were unable to present evidence to prove their claims. EMCO and Ever, on the other hand, had amply established that the claims for demurrage, detention, and deviation were "baseless, excessive, unreasonable and invalid" and that the presence of defective vessel winches was due to the defendants' own fault and negligence.[11]

EMCO suffered damages by reason of the baseless withholding of delivery of the logs. Mr. Max Alcantara (Alcantara), Vice President, and Nelva G. Mandap (Mandap), a senior accounting staff, testified on the amount of damages suffered by EMCO.[12]

Alcantara testified that EMCO incurred operational losses at the rate of □1,500,000.00 per day due to the unavailability of the logs used as raw materials, which caused production delay and prevented the company from complying with contracts already entered into with buyers. Alcantara also stated that the value of the cargo depreciated at the rate of $1 per cubic meter daily since the delay in the release of the logs affected their moisture content and other attributes.[13]

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8 Id. at 199-211.
9 Id. at 203-204.
10 Id. at 204.
11 Id. at 204-205.
12 Id. at 204-206.
13 Id. at 205.

Alcantara likewise expressed that EMCO incurred expenses of □500,000.00 for attorney's fees and □450,000.00 for bond premium and other legal costs.[14]

Mandap, on her part, testified that EMCO's sales for the month of December in 1995 only amounted to □48,576,927.34, a 20% or about □17,000,000.00 drop from its average monthly sales of □65,000,000.00. She also stated that EMCO registered a net loss of □10,686,924.05 for the month of December in 1995. While EMCO earns an average monthly income of □450,000.00, in the said month, a net loss was instead registered.[15]

Mandap further testified that the delay in the delivery of the logs caused EMCO to incur additional labor costs of □2,092,748.85 as its employees had to be paid their salaries even if no work was done due to the lack of raw materials. The deterioration cost of $1 per cu m per day due to the exposure of the logs to the elements during the withholding of their delivery yielded the total sum of □2,956,372.56.[16]

Ever, having breached its contractual obligation to immediately deliver and cause the discharge of the logs from the vessel, was thus ordered by the RTC to pay EMCO the following:

Operational Losses (Net Loss) - -	□10,686,924.05
Labor cost - - - - - - - - - - - - - - - -	□ 2,092,748.85
Deterioration cost - - - - - - - - - - -	□ 2,956,375.56
Attorney's fees - - - - - - - - - - - - -	□ 500,000.00
Miscellaneous Expenses - - - - - - - (Bond Premium, legal costs)	□ 450,000.00
Total -	□16,686,048.46[17]

However, the RTC found that Ever did not directly participate in the unjustified withholding of the logs and even negotiated for the prompt release thereof. On the other hand, Shenzhen and/or the charterer/owner of Tao Hua Ling, the vessel's master and the local ship agent, Pinewood, acted in bad faith in recklessly withholding the logs causing Ever to breach its obligation to EMCO. Hence, Ever has a right to seek for reimbursement and indemnification from Kanetomi. Moreover, the incident also strained Ever's business relationship with EMCO and tarnished the former's reputation.

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14 Id. at 206.
15 Id. at 205-206.
16 Id. at 206.
17 Id. at 206-207.

Consequently, the RTC also directed Shenzhen and/or the charterer/owner of Tao Hua Ling to pay Ever the amounts of (1) □2,000,000.00 as a reasonable estimate of the profits Ever would be deprived of as a result of the incident, and (2) □173,600.00 as attorney's fees. The RTC declared as well that under the Code of Commerce, Pinewood is solidarily liable with Shenzhen and/or charterer/owner of Tao Hua Ling in reimbursing and indemnifying Ever.[18]

The Proceedings After the Rendition of the RTC Decision

On June 28, 1997, V.E. Del Rosario & Partners (Del Rosario) entered its appearance as counsel and filed a notice of appeal in behalf of Shenzhen, Pinewood and Dalian.[19]

On January 18, 1999, Del Rosario manifested before the CA that since the law office received no instructions from Shenzhen and Pinewood, the appeal undertaken was *solely in behalf of Dalian*.[20]

On February 17, 2000, the CA issued a Resolution[21] declaring *the appeal of Shenzhen and Pinewood as abandoned and dismissed* due to non-payment of docket fees and non-filing of the appellants' briefs.

The CA's Disquisition

In resolving Dalian's appeal,[22] the CA affirmed *in toto* the RTC ruling and Dalian to be solidarily liable with Shenzhen and Pinewood to pay Ever its cross-claim. The CA explained that:

> [Dalian] may, however, be reminded that it had been declared in default for its failure to file answer. x x x:
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> x x x x
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> It bears reiterating that the serious or adverse consequence of a default declaration is that it paves the way for the rendition by the court of a judgment by default, and such a judgment may be rendered even *without any evidentiary hearing* and may grant plaintiff such relief *as his pleading may warrant*. This is in consonance with the very nature of default: a defaulting party has failed to utilize the opportunity under the Rules to deny the allegations in the complaint. x x x In the case at bench, among

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18 Id. at 209-210.
19 Id. at 47, 218-219, 220-221.
20 Id. at 259-260.
21 Id. at 294-294A.
22 Id. at 232-258.

the matters deemed admitted is that [Dalian] is the registered owner of the vessel. x x x.

Moreover, [the CA] cannot turn a blind eye to the fact that this appeal is suffused with admissions that [Dalian] is indeed the owner of the vessel MV Tao Hua Ling. Principal among these are [Dalian's] Notice of Appeal x x x, [Dalian's] counsel's formal appearance x x x, and Manifestation x x x, all of which refer to [Dalian] as "owner of the vessel 'Tao Hua Ling'". Under the circumstances of the case, the parenthetical phrase "as owner of the vessel 'Tao Hua Ling'" was entirely unnecessary to establish [Dalian's] credentials as appellant. x x x.

x x x [T]he appeal was being undertaken x x x by [Dalian which], not being directly mentioned in the *corpus* of the decision nor in its *fallo*, really did not need to appeal. For if, indeed, [Dalian] was not the owner of the subject vessel, it had no reason to be concerned about being held liable under the [RTC] decision. x x x If [Dalian] were not the owner/charterer, its concern would be utterly baseless.

x x x x

Possession, command and navigational control are natural attributes of ownership of a vessel. The complete and utter relinquishment of these attributes is not [to be] presumed. In the absolute absence of any proof otherwise, the presumption that must be indulged is that an owner has retained all or some of [its] attributes.

[Dalian's] ownership of the vessel having been established, it was incumbent upon it to raise and substantiate the defense that it was the demise owner of a vessel under a *bareboat* charter and, therefore, not liable under the charter. But, having been declared in default, [Dalian] has failed to allege and establish this defense. It may not do so now on appeal.

x x x x

Professor Agbayani commented further on the primary liability of the shipowner, its agents and employees:

> x x x [I]t is a general principle, well established in maritime law and custom, that shipowners and ship agents are civilly liable for the acts of the captain (Code of Commerce, Article 586) and for the indemnities due [to] third persons (Article 587); so that injured parties may immediately look for reimbursement to the owner of the ship, it being universally recognized that the ship master or captain is primarily the representative of the owner. This direct liability, moderated and limited by the owner's right of abandonment of the vessel and earned freight (Article 587), has been declared to exist, not only in case of breached contracts, but also in cases of tortious negligence.[23] (Citations omitted and italics in the original)

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23 Id. at 51-53, 57-58.

Pinewood filed a Motion for Reconsideration[24] dated July 18, 2006 to the foregoing. Pinewood alleged that Del Rosario abandoned the appeal without the former's knowledge and consent. Pinewood likewise claimed that it was never impleaded by Ever as a party defendant in the latter's cross-claim. Pinewood further argued that Articles 586 and 587 of the Code of Commerce find no application in the instant case because the withholding of the cargo arose from the conduct of the shipowner and not of the vessel's captain.

On August 8, 2007, the CA issued the herein assailed Resolution[25] denying Pinewood's Motion for Reconsideration citing the following as reasons:

> The records show **that on June 17, 1997[,] Pinewood received a copy of the [RTC's] Decision**. The record is, however, bereft of any indication as to what Pinewood did upon notice of the Decision which was adverse to it. Specifically, **the record does not show that Pinewood had engaged the services of [Del Rosario]**. A scrutiny of Pinewood's "Motion for Reconsideration" and its "Reply to Verified Comment" discloses no categorical statement that it had indeed engaged [Del Rosario] as counsel. Likewise[,] the cited pleadings do not state when and how Pinewood supposedly engaged the law firm to press its appeal. The [CA] notes that, in insisting that the law firm had abandoned it, Pinewood relies entirely upon the earlier pleadings of Attys. [Valeriano R.] Del Rosario [Atty. Del Rosario] and [Allan G.] Kato [Atty. Kato] before [the CA] manifesting that they were appealing on Pinewood's behalf.
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> **Pinewood does not deny having been furnished copies of [Del Rosario's] January 15, 1999 Manifestation that it was appealing on behalf of Dalian only or of the Appellant's Brief, simultaneously submitted by the said law firm, which stated that the firm was acting in behalf of Dalian only. Despite notice of these pleadings, Pinewood failed to act. In fact, it was only on July 20, 2006, or more than seven (7) years after notice of the aforementioned pleadings, that Pinewood filed the present Motion for Reconsideration praying for the reinstatement of its appeal**. The [CA] entertains no doubt that Pinewood is now estopped from contesting this Court's dismissal of Pinewood's appeal.
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> x x x x
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> The [CA] notes that Pinewood includes in its "Reply to Verified Comment" a prayer for the disbarment [of Attys. Del Rosario and Kato], a prayer not found in the Motion for Reconsideration. The [CA] denies this prayer for the reasons: *first*, that **it is doubtful if [the CA] has jurisdiction to hear and decide cases for disbarment**[,] which Pinewood insists upon as the appropriate sanction against the said lawyers; *second*,

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24 Id. at 298-310.

25 Id. at 61-73.

> that no *prima facie* case for disbarment is appreciated against the said attorneys as should be obvious from the preceding disquisition; and *third*, that such proceedings against the cited attorneys will unduly further delay the resolution of the case at bench.[26] (Citations omitted and emphasis ours)

Issues

Undaunted, Pinewood now raises the issues of whether or not the CA erred in: (1) not taking cognizance of or referring to the Integrated Bar of the Philippines (IBP) and this Court of Pinewood's Complaint for disbarment against Attys. Del Rosario and Kato; (2) not reinstating Pinewood's appeal despite Attys. Del Rosario and Kato's treachery, abandonment and negligence in handling the case; and (3) denying Pinewood's Motion for Reconsideration without resolving the other issues raised therein, to wit, (a) Ever's non-payment of the filing fees for its cross-claim, (b) award of unliquidated damages, (c) failure of Ever to implead Pinewood in its cross-claim, and (d) lack of sufficient evidence to prove the liability of Pinewood, a mere ship agent.[27]

In support of the instant petition, Pinewood alleges that the CA should have made a referral, report or recommendation to the IBP or the Court as regards the complaints for disbarment against Attys. Del Rosario and Kato.[28] Under Section 26, Rule 138 of the Rules of Court and Canon 22 of the Code of Professional Responsibility, a lawyer who has accepted to handle a case may only withdraw therefrom when any of the following circumstances is present: (1) the client's written consent is secured and is thereafter filed in court; (2) a good cause exists justifying the withdrawal; or (3) the court, upon notice to the client and counsel and after hearing, determines that a withdrawal is in order.[29] In the instant petition, Del Rosario's filing of its Manifestation dated January 15, 1999 should not be considered as adequate compliance with the requirements before counsel can withdraw from a case.[30]

Pinewood also avers that it was only on July 7, 2006 when it learned that its appeal was dismissed. Del Rosario did not give Pinewood any updates anent the status of the appeal. Thus, by reason of Del Rosario's treachery and negligence, it is just fair to reinstate Pinewood's appeal. Note that Pinewood is a mere ship agent and it meagerly earned $400.00 in the transactions subject of the instant petition. Pinewood would be left holding

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26 Id. at 68-69, 72.
27 Id. at 16-17.
28 Id. at 18.
29 Id. at 23.
30 Id. at 25.

an empty bag if it would be made liable with the other defendants for acts it did not participate in.[31]

Pinewood likewise emphasizes that since Ever paid no filing fees for its cross-claim, the RTC had acquired no jurisdiction over the same.[32] Further, Ever only impleaded the shipowners and not the ship agent in its cross-claim.[33] The RTC also issued a default order against Shenzhen, Dalian and Pinewood as regards EMCO's amended complaint but not relative to Ever's cross-claim. Hence, the default judgment rendered by the RTC on the cross-claim is void.[34] Besides, the damages awarded by the RTC to Ever were unliquidated.[35] Under Section 3(d), Rule 9 of the Rules of Court, "a judgment rendered against a party in default shall not exceed the amount or be different in kind from that prayed for nor award unliquidated damages." Additionally, Article 2213 of the New Civil Code prohibits the recovery of interest from unliquidated claims or damages save only when the demand can be established with reasonable certainty. In the instant petition, Ever made no demand upon Pinewood before the cross-claim was filed.[36]

In the Comment[37] filed by Attys. Del Rosario and Kato, they allege that their law office was never appointed as counsel to represent Pinewood in its appeal. Pinewood's corporate secretary, Luz Felix, communicated with the law office and Del Rosario indulgingly entertained her queries. However, Pinewood took no steps to secure the services of its own counsel.[38]

Ever also seeks the dismissal of the instant petition. In its Comment,[39] it argues that relative to Pinewood, the assailed RTC decision had already become final and executory on February 17, 2000 upon the CA's issuance of its resolution declaring the appeal of Pinewood and Shenzhen as abandoned.[40] Likewise in view of the dismissal of Pinewood's appeal, the CA had no more appellate jurisdiction to alter, modify, amend or reverse the RTC decision. Hence, no error was committed by the CA when it did not resolve the other issues belatedly raised by Pinewood in its Motion for Reconsideration.[41]

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31 Id. at 27.
32 Id. at 33.
33 Id. at 29-30.
34 Id. at 31-32.
35 Id. at 32.
36 Id. at 32-33.
37 Id. at 413A-411.
38 Id. at 416.
39 Id. at 389-413.
40 Id. at 401-402.
41 Id. at 404.

Ever contends as well that the same result would have been obtained even if the other issues raised by Pinewood were resolved by the CA. *First*, Ever's cross-claim was filed in March of 1996 prior to the Court's issuance of A.M. No. 04-2-04-SC,[42] Section 7 of which requires payment of filing fees for cross-claim, a provision not found in the old rules.[43] Besides, even if A.M. No. 04-2-04-SC were to be applied retroactively, the amount to be paid by Ever as filing fees for its cross-claim shall constitute a lien on the award made in its favor.[44] *Second*, Ever sought in its prayer that it be paid by the other defendants (1) actual and moral damages which may be proved during the trial, and (2) reimbursements of any amounts for which it may be held liable to EMCO.[45] *Third*, it is undisputed that Pinewood, Shenzhen and Dalian were declared in default for failing to file answers to EMCO's complaint and Ever's cross-claim. Consequently, Pinewood was deemed to have admitted Ever's allegations.[46] *Fourth*, while Section 3(d), Rule 9 of the Rules of Court proscribes the awarding of unliquidated damages in cases of default judgments, the provision finds no application in the instant petition since the RTC did not rule solely on the basis of the allegations in the complaint, but relied on preponderant evidence adduced by Ever.[47] *Finally*, Ever reiterates the doctrine that "fundamental considerations of public policy and sound practice demand that at the risk of occasional errors, the judgments of the courts must become final at some definite date set by law." Pinewood, in having been declared in default by the RTC and in abandoning its appeal before the CA, cannot now seek to reinstate an already lost cause.[48]

Ruling of the Court

The instant petition is bereft of merit.

In essence, what are assailed herein are the CA's (1) disregard of the complaint for disbarment against Attys. Del Rosario and Kato, and (2) denial of Pinewood's motion for reconsideration.

The CA is not conferred with the authority to take cognizance of complaints for disbarment against lawyers.

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42 Effective August 16, 2004.
43 *Rollo*, p. 404.
44 Id. at 404-405.
45 Id. at 405.
46 Id. at 405-407.
47 Id. at 410.
48 Id. at 411.

Section 27, Rule 138 of the Rules of Court provides:

> SEC. 27. *Disbarment or suspension of attorneys by Supreme Court; grounds therefor*. – A member of the bar may be disbarred or suspended from his office as attorney by the Supreme Court for any deceit, malpractice, or other gross misconduct in such office, grossly immoral conduct, or by reason of his conviction of a crime involving moral turpitude, or for any violation of the oath which he is required to take before admission to practice, or for a wilful disobedience appearing as an attorney for a party to a case without authority so to do. The practice of soliciting cases at law for the purpose of gain, either personally or through paid agents or brokers, constitutes malpractice. (Underscoring ours)

On the other hand, Section 13 of Rule 139-B reads:

> SEC. 13. *Supreme Court Investigators*. – In proceedings initiated *motu proprio* by the Supreme Court or in other proceedings when the interest of justice so requires, the Supreme Court may refer the case for investigation to the Solicitor General or to any officer of the Supreme Court or judge of a lower court, in which case, the investigation shall proceed in the same manner provided in Sections 6 to 11 hereof, save that the review report of the investigation shall be conducted directly by the Supreme Court. (Underscoring ours)

In the instant petition, Pinewood asserts that the CA erroneously made the omission of not referring the complaint for disbarment against Attys. Del Rosario and Kato to the Court or the IBP.

While the CA is not precluded by law from making such referral, neither is the appellate court conferred the jurisdiction to take cognizance of complaints for disbarment against lawyers. Section 27, Rule 138 of the Rules of Court clearly states that the authority to disbar a lawyer is exercised by the Court. Pursuant to Section 13, Rule 139-B, the Court may refer disbarment complaints for investigation to the Solicitor General or a judge of the lower court.

The CA did not err in denying Pinewood's Motion for Reconsideration seeking for the reinstatement of the latter's appeal. The Decision of the RTC, dated May 14, 1997, had long become

final as far as Pinewood is concerned.

In *PCI Leasing and Finance, Inc. v. Milan, et al.*,[49] the Court reiterates the principle that:

> A judgment becomes "final and executory" by operation of law. Finality becomes a fact when the reglementary period to appeal lapses and no appeal is perfected within such period. As a consequence, no court (not even this Court) can exercise appellate jurisdiction to review a case or modify a decision that has became final.
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> When a final judgment is executory, it becomes immutable and unalterable. It may no longer be modified in any respect either by the court which rendered it or even by this Court. The doctrine is founded on considerations of public policy and sound practice that, at the risk of occasional errors, judgments must become final at some definite point in time.
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> The doctrine of immutability and inalterability of a final judgment has a two-fold purpose: (1) to avoid delay in the administration of justice and thus, procedurally, to make orderly the discharge of judicial business and (2) to put an end to judicial controversies, at the risk of occasional errors, which is precisely why courts exist. Controversies cannot drag on indefinitely. The rights and obligations of every litigant must not hang in suspense for an indefinite period of time.[50]

The rule on the finality of judgments, however, admits of exceptions, to wit:

> [T]his Court has relaxed this rule in order to serve substantial justice considering (a) matters of life, liberty, honor or property, (b) the existence of special or compelling circumstances, (c) the merits of the case, (d) a cause not entirely attributable to the fault or negligence of the party favored by the suspension of the rules, (e) a lack of any showing that the review sought is merely frivolous and dilatory, and (f) the other party will not be unjustly prejudiced thereby.[51]

Before the exception to the general rule can be applied though, it is indispensable to prove that a party litigant did not (1) wantonly fail to observe the mandatory requirements of the rules, and (2) exhibit "negligent, irresponsible, contumacious, or dilatory" conduct as to provide substantial grounds for an appeal's dismissal.[52]

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49 631 Phil. 257 (2010).
50 Id. at 277-278, citing *Social Security System v. Isip*, 549 Phil. 112, 116 (2007).
51 Id. at 278, citing *Barnes v. Judge Padilla*, 482 Phil. 903, 915 (2004).
52 Id. at 279-280.

The circumstances obtaining in the instant petition do not call for the exercise of the Court's equity jurisdiction and the application of the exception to the rule on finality of judgments.

Pinewood had waived all the chances to defend itself against the allegations hurled by EMCO and Ever. Pinewood failed to file an Answer to EMCO's complaint and Ever's cross-claim, thus, it was declared in default by the RTC. Further, after receipt of a copy of the RTC judgment, Pinewood likewise did not secure the services of its own counsel to pursue an appeal therefrom.[53] Pinewood vehemently denied knowledge of the dismissal of its appeal and conveniently faulted Attys. Del Rosario and Kato for allegedly keeping it in the dark as regards the status of the case. Records, however, belie Pinewood's claims. As aptly observed by the CA, Pinewood does not deny having been furnished copies of Del Rosario's January 15, 1999 Manifestation that it was appealing on behalf of Dalian only or of the Appellant's Brief, simultaneously submitted by the said law firm, which stated that the firm was acting in behalf of Dalian only.[54] Pinewood has long slept for years on its rights. It has no one but itself to blame as the judgment adverse to it is rendered and has lapsed into finality.

No grounds exist compelling this Court to resolve the substantive issues and sub-issues raised by Pinewood.

The rule is settled that points of law, theories, issues and arguments not brought to the attention of the trial court will not be and ought not to be considered by a reviewing court, as these cannot be raised for the first time on appeal. Basic consideration of due process impels this rule.[55]

Hence, while this Court notes that the bases for some of the damages awarded by the RTC in favor of EMCO and Ever appear to be unclear, it is too late in the day for Pinewood to assail the same. EMCO's Amended Complaint[56] dated December 15, 1995 and Ever's Answer with Compulsory Counterclaim and Cross-claim[57] dated February 14, 1996 were received by the RTC. The RTC rendered its Decision on May 14, 1997.[58] The CA dismissed Pinewood's appeal on February 17, 2000.[59] All through the proceedings, Pinewood kept silent, only to make its belated presence felt through the Motion for Reconsideration, dated July 18, 2006, which was

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53 *Rollo*, p. 68.
54 Id. at 68-69.
55 *Nuñez v. SLTEAS Phoenix Solutions, Inc.*, 632 Phil. 143, 155 (2010).
56 *Rollo*, pp. 76-90.
57 Id. at 118-127.
58 Id. at 199-211.
59 Id. at 294-294A.

filed to assail the CA Decision dated June 21, 2006. After more or less 10 years of negligently attending to its concerns, Pinewood now wants the Court to reverse and/or modify the RTC and CA's disquisitions. This Court finds no ample justifications for Pinewood's omissions.

A modification of the interests imposed on the damages awarded by the RTC and the CA is, however, in order pursuant to recent jurisprudence.

In *Unknown Owner of the Vessel M/V China Joy, Samsun Shipping Ltd., and Inter-Asia Marine Transport, Inc. v. Asian Terminals, Inc.*,[60] the Court discusses the rates of interests imposable upon different kinds of obligations, *viz*:

> In *Nacar v. Gallery Frames*, the Court declared:
>
> **To recapitulate and for future guidance, the guidelines laid down in the case of *Eastern Shipping Lines* are accordingly modified to embody BSP-MB Circular No. 799, as follows:**
>
> I. When an obligation, regardless of its source, *i.e.*, law, contracts, quasi-contracts, delicts or quasi-delicts is breached, the contravenor can be held liable for damages. The provisions under Title XVIII on "Damages" of the Civil Code govern in determining the measure of recoverable damages.
>
> II. With regard particularly to an award of interest in the concept of actual and compensatory damages, the rate of interest, as well as the accrual thereof, is imposed, 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* 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.

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60 G.R. No. 195661, March 11, 2015.

> 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 extrajudicially (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. (Underscoring ours)

The CA affirmed *in toto* the RTC Decision dated May 14, 1997, which imposes interests on the monetary awards payable to EMCO and Ever. To conform, however, to the declaration in *Unknown Owner of the Vessel M/V China Joy*,[61] the Court deems it proper to modify the reckoning period when interests payable to EMCO and Ever should commence to run.

This Court finds it more in accord with law and jurisprudence to reckon the computation of the interests imposed from the finality of this Resolution, during which time the quantification of damages may be deemed to have been fully and reasonably ascertained as far as all the parties are concerned.

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61 Id.

WHEREFORE, the Decision dated June 21, 2006 and Resolution dated August 8, 2007 of the Court of Appeals in CA-G.R. CV No. 58909 are **AFFIRMED** with the following **MODIFICATIONS**:

(1) **Ever Commercial Co., Ltd.** is directed to pay **EMCO Plywood Corporation** the sum of Sixteen Million Six Hundred Eighty-Six Thousand, Forty-Eight Pesos and Forty-Six Centavos (₱16,686,048.46) representing damages, plus the interest of six percent (6%) *per annum* computed from the finality of this Resolution until full satisfaction thereof; and

(2) **Shenzhen Guangda Shipping Co., Dalian Ocean Shipping Co.** and **Pinewood Marine (Phils.), Inc.** are held jointly and severally liable to pay **Ever Commercial Co., Ltd.** the amounts of:

(a) Sixteen Million Six Hundred Eighty-Six Thousand, Forty-Eight Pesos and Forty-Six Centavos (₱16,686,048.46) by way of reimbursement and indemnification;

(b) Two Million Pesos (₱2,000,000.00) as damages;

(c) Attorney's fees of One Hundred Seventy-Three Thousand Six Hundred Pesos (₱173,600.00); and

(d) Interests of six percent (6%) *per annum* of the total monetary award computed from the finality of this Resolution until full satisfaction thereof.

SO ORDERED.

BIENVENIDO L. REYES
Associate Justice

WE CONCUR:

DIOSDADO M. PERALTA
Associate Justice
Acting Chairperson

MARIANO C. DEL CASTILLO
Associate Justice

MARTIN S. VILLARAMA, JR.
Associate Justice

FRANCIS H. JARDELEZA
Associate Justice

ATTESTATION

I attest 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
Associate Justice
Acting Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Acting Chairperson's Attestation, 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