

## THIRD DIVISION

[ G.R. NO. 121989, January 31, 2006 ]

**PHILIPPINE COMMERCIAL INTERNATIONAL BANK, PETITIONER,  
VS. COURT OF APPEALS, ATLAS CONSOLIDATED MINING &  
DEVELOPMENT CORPORATION, RESPONDENTS.**

### D E C I S I O N

**TINGA, J.:**

In this Petition for Review on Certiorari, Philippine Commercial International Bank (PCIB) impugns the *Decision*<sup>[1]</sup> of the Court of Appeals dated 21 June 1995 finding it liable to Atlas Consolidated Mining and Development Corporation (Atlas), as well as the *Resolution*<sup>[2]</sup> dated 12 September 1995 denying its *Motion for Reconsideration*.<sup>[3]</sup>

The antecedents follow.

PCIB and, Manila Banking Corporation (MBC) were joint bidders in a foreclosure sale held on 20 December 1975 of assorted mining machinery and equipment previously mortgaged to them by the Philippine Iron Mines, Inc. (PIM).

Four (4) years later, Atlas agreed to purchase some of these properties owned jointly at that time by PCIB and MBC. The sale was evidenced by a Deed of Sale dated 8 February 1979, with the parties agreeing therein to an initial downpayment of P12,000,000.00 and the balance of P18,000,000.00 payable in six (6) monthly installments. It was also stipulated that the total purchase price would be finally adjusted to exclude items to be retained by the Bureau of Mines. The contract contained provisions expressly warranting the following: (1) full and sufficient title to the properties, (2) freeing the properties from all liens and encumbrances, (3) freeing Atlas from all claims and incidental actions of the National Mines and Allied Workers Union (NAMA-WU), and (4) full rights and capacity of the seller to convey title to and effect peaceful delivery of the properties to Atlas.<sup>[4]</sup>

The NAMA-WU claim stemmed from a labor dispute docketed as RB-VI-3322-75 of the National Labor Relations Commission (NLRC), where it obtained a favorable judgment against PIM in the amount of P4,298,307.77. This award was affirmed by the Court.<sup>[5]</sup> After the judgment became final and executory, a writ of execution was duly issued.

In compliance with the contract, on 12 February 1979, Atlas issued Hongkong and Shanghai Bank Check No. 003842 in the amount of P12,000,000.00 as downpayment, payable to both PCIB and MBC.

In a letter-agreement<sup>[6]</sup> dated 7 March 1979 between PCIB and MBC bearing the

conformity of Atlas that was made a supplement to the Deed of Sale, the final purchase price was adjusted to P29,630,000.00.

On the following day, PCIB and MBC wrote Atlas requesting that subsequent installment payments of the balance be made in the following proportions: PCIB - 63.1579% and MBC - 36.8421%. The request was expressed through a letter<sup>[7]</sup> signed by Ruben G. Asedillo and Porfirio Q. Cabalu, Vice Presidents respectively of MBC and PCIB.

On 18 April 1979, Atlas paid to NAMA-WU the amount of P4,298,307.77. This payment was made in compliance with the writ of garnishment issued on the same date against Atlas to satisfy the final judgment in favor of NAMA-WU and against PIM.

PCIB and MBC filed on 23 April 1979 a petition for certiorari with this Court, seeking to annul and set aside the order of garnishment and to enjoin Atlas from complying with it. The Court, in G.R. No. L-50402, dismissed the petition and sustained Atlas's rights as follows:

. . . Atlas had the right to receive the properties free from any lien and encumbrance, and when the garnishment was served on it, it was perfectly in the right in slashing the P4,298,307.77 from the P30M it had to pay petitioners (PCIB, MBC) in order to satisfy the long existing and vested right of the laborers of financially moribund PIM, without any liability to petitioners for reimbursement thereof."<sup>[8]</sup>

In the meantime, Atlas had made six (6) monthly payments in 1979 totaling P13,696,692.22, of which P8,650,543.18 or 63.1579% was received by PCIB.

According to Atlas, apart from the downpayment of P12,000,000.00 and installment payments of P13,696,692.22, it should be credited with its payment of P4,298,307.77 to NAMA-WU as a consequence of the garnishment with which the latter had secured together with corresponding P5,000.00 sheriff's fee. Thus, Atlas claims to have paid a total of P30,000,000.00, of which P370,000.00 was an overpayment. Following the payment allocations between PCIB and MBI, Atlas claimed that PCIB should reimburse it to the tune of P233,684.23. When PCIB refused to pay, Atlas sued PCIB to obtain reimbursement of the alleged overpayment.

On the other hand, PCIB contended that Atlas still owed it a total of P908,398.75. It also alleged that even before the writ of garnishment was served on Atlas, the judgment in favor of NAMA-WU had already been partially satisfied in the amount of P601,260.00. On account of this earlier payment, PCIB argued that the total payments NAMA-WU had received exceeded what it was entitled to by reason of the final judgment and, therefore, Atlas could not credit the full amount received by NAMA-WU in satisfaction of the Atlas obligation to PCIB.

The trial court, in a *Decision*<sup>[9]</sup> dated 29 November 1990, upheld PCIB's position and ordered Atlas to pay P908,398.75, plus interest at the legal rate from the time of demand until payment of said amount.<sup>[10]</sup> It ruled:

After a thorough analysis and evaluation of the evidence thus far adduced and remaining un rebutted, the Court is convinced that defendant only received the amount of P6,819,766.10, as its share out of the P12,000,000.00 downpayment, provided in the Deed of Sale, not P7,578,948.00 as claimed by plaintiff. The Court is furthermore convinced that plaintiff erroneously paid the amount of P4,298,307.77 to NAMA WU which payment was made pursuant to the writ of garnishment in NLRC Case No. RB-VI-3322-75. Before the service of the writ of garnishment on April 18, 1979, the judgment in NLRC Case had already been satisfied in the amount of P601,260.00 on account of several execution sales held on February 28, 1976 and October 20, 1976 and the remaining balance thereto at the time of the service of the writ of garnishment on plaintiff was only P3,697,047.77. Certainly, this is the only amount which can be credited to plaintiff by defendant because 63.1579% of P3,697,047.77 is P2,334,977.74, according to letter-request of defendant PCIB and MBC to plaintiff dated March 8, 1979. Instead of paying NAMA WU the amount of P3,697,047.77 which is the correct amount, plaintiff paid the amount of P4,298,307.77.

The Court of Appeals reversed the lower court by ordering PCIB to pay Atlas the sum of P233,654.23, plus interest at the legal rate from the date of the first demand on 3 September 1984, until fully paid, as well as the sum of P20,000.00 as attorney's fees and costs of suit. The appellate court disposed of the case as follows:

A careful examination of the evidences presented in the case, though, evidently show that appellee PCIB has no cause to blame appellant Atlas for its failure to receive what it maintains was a shortchange in the share of P12 Million downpayment. It must be emphasized that at the time the downpayment check was paid, the Deed of Sale did not mention any proportionate sharing of the proceeds thereof between PCIB and MBC implying a 50-50 sharing between the two (2) sellers. The 63.1579% for PCIB and 36.8421% was only made known and relayed to Atlas in a letter dated March 8, 1979 after the downpayment check of P12 Million had already been paid on February 12, 1979. Furthermore, the initial check was paid and received by Porfirio O. Cabalu, Jr., Vice-President of defendant-appellee PCIB. Apparently, after the check was deposited in the account of MBC, the latter issued its MBC Check No. 1652661 in the amount of P6,819,766.10 to PCIB, properly receipted under Official Receipt No. 466652 of PCIB. In other words, what the appellee herein receipted was the share given to it by Manilabank. Whether the same was short of what is legally entitled becomes an internal matter between MBC and PCIB, with Atlas having nothing to do with it. Legally, Atlas had effectively paid the P12 Million downpayment to both PCIB and MBC.

As regard the second item, the propriety of the P4,298,307.77 paid by Atlas to NAMA WU and incidental amount of P5,000.00 to the Sheriff by virtue of the Notice of Garnishment in the labor dispute NLRC Case No. RB-VI-331-75, had already been judicially settled in the case of "PCIB and MBC versus NAMA WU-IMF, L-50402, August 1982, 115 SCRA 873." Said case is a Petition for Certiorari praying, inter-alia that the High Court orders [sic] the NLRC to stop delivery of the check of P4,298,307.77 (same check in this case) of private respondent Atlas and/or to stop

payment to NAMA WU.

Rightfully so, with the above discussion and the conceded fact that Atlas made a P370,000.00 overpayment to PCIB and MBC, said amount should be ordered returned. And since mathematically, 63.1579% of P370,000.00 is P233,684.23, appellee PCIB should be ordered to pay back Atlas said amount with interest at the legal rate, being a forbearance of money, from the first demand until fully paid. Reasonable attorney's [fees] of P20,000.00 is likewise award[ed] to appellant Atlas for having been forced to litigate after its several prior lawful demands to collect from PCIB the overpayment, were obstinately and unjustly refused.<sup>[11]</sup> (Emphasis not ours.)

PCIB moved for a reconsideration of the decision but the same was denied by the Court of Appeals in a *Resolution* dated 12 September 1995.

PCIB is now before us. The instant petition is anchored on two grounds, namely: (1) the Court of Appeals erred in reversing the trial court by disturbing the latter's factual findings and conclusions despite the absence of strong and cogent reasons; and (2) the Court of Appeals erred in finding that Atlas had complied with its obligation to PCIB.<sup>[12]</sup>

Prefatorily, findings of facts of the Court of Appeals are final and conclusive and cannot be reviewed on appeal to this Court.<sup>[13]</sup> A deviation from this rule, however, is justified where the findings of fact of the Court of Appeals contradict those of the trial court.<sup>[14]</sup> In the case at bar, the contradictory findings of the courts below necessitate our review of the factual issues.

The controversy boils down into whether Atlas overpaid or underpaid PCIB. To resolve the conflicting claims, we must dispose of two issues: whether PCIB should settle for only P6,819,766.10 which it received out of the P12,000,000.00 downpayment or it is entitled to more than that, specifically 63.1579% of the downpayment; and whether Atlas should be fully credited for the amount of P4,298,307.77 it had paid to NAMA WU.

Let us briefly recall the pertinent antecedents to appreciate the issues in a better light. There is no dispute that the total purchase price of the properties bought by Atlas was P29,630,000.00. Of this amount, PCIB claims that it is entitled to receive from Atlas the total of P18,713,685.77 or 63.1579% of the purchase price, pursuant to the letter dated 7 March 1979 of the P12,000,000.00 down payment made by Atlas to PCIB and MBC, and PCIB acknowledged that it had received P6,819,766.10. PCIB also admitted having received P8,650,543.18 as its share from the subsequent installment payments made by Atlas.

On the first issue, the Court of Appeals rejected PCIB's claim that it should received 63.1579% of the downpayment. It ruled in essence that PCIB cannot demand from Atlas more than what it got from MBC out of the downpayment remitted by Atlas to both PCIB and MBC.

We uphold the appellate court on this issue.