

SOLIDBANK CORPORATION (A.K.A. THE CONSOLIDATED BANK & TRUST CORP.), PETITIONER, VS. HON. COURT OF APPEALS, CENTRAL BANK OF THE PHILIPPINES, AND FAR EAST BANK & TRUST COMPANY, RE...

G.R. No. 120010. October 03, 2002

Ponente: AUSTRIA-MARTINEZ, J.

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AUSTRIA-MARTINEZ, J.:

Whether or not summary judgment is proper in the case at bar is the issue to be resolved in the petition for review on certiorari under Rule 45 of the Rules of Court filed with this Court assailing the Decision[1] of the Court of Appeals dated January 31, 1995 and its subsequent Resolution[2] dated April 28, 1995 in CA-G.R. CV No. 23601.

The antecedent facts as found by the Court of Appeals are as follows:

“The Pacific Banking Corporation (hereafter, “PBC”) was placed under receivership on 5 July 1985. A Liquidator was designated for the liquidation process. The Central Bank invited several banks to buy the “assets and the franchise of the various offices of PBC and to assume its liabilities. The Far East Bank and Trust Company (hereafter, FEBTC) was one of the bidders, and its bid was found to be the most advantageous. PBC and Central Bank on the one hand and FEBTC on the other, signed: (a) Purchase Agreement dated 28 October 1986 xxx; and (b) Memorandum of Agreement dated 16 April 1986 xxx.

“On 27 May 1987, the Solidbank Corporation (a.k.a. the Consolidated Bank and Trust Corporation, hereafter, Solidbank) through its Senior Vice-President/Comptroller Ms. Corazon R. Dayao, filed its claims with the Liquidator of PBC, Mr. Renan V. Santos, namely: (1) P8,024,007.27 (excluding interests and surcharges) covering eight (8) receivables (computer machines and other accessories connected with their operations and the right to collect rentals therefrom) due from PBC and assigned to Solidbank by the United Pacific Leasing and Finance Corporation, a subsidiary of PBC, which amount due as of October 1988 totalled P24,158,263.10; (2) several deposits (proceeds of collection items evidenced by registers of collection items and balances of the current accounts in the various branches of PBC).

“Upon verification of the records of the case in court, the court discovered the existence of the Purchase Agreement and Memorandum Agreement aforementioned.

“On 09 November 1988, Solidbank filed with the trial court in Special Proceeding No. 86-35313 a Motion to Implead the FEBTC as co-respondent, and that it be ordered to pay the former jointly and severally with the liquidator of petitioner; (a) the principal sum of P8,024,007.27 plus 3% penalty and 20% of the total amount thereof as attorney’s fees which amounted to a total of P24,158,263.10 as of October, 1988, and, (b) the sum of P127,834.73 as FEBTC’s deposit liability, plus 12% interest and 20% of the total amount of the claim as attorney’s fees which amounted to P24,158,263.10 as of October 1988. The motion was granted in an order dated 17 November 1988, declaring also the motion as in the nature of a “third party complaint” against FEBTC.

“On 16 December 1988, FEBTC filed its Answer to Solidbank’s Motion to Implead, averring it had no knowledge or information sufficient to form a belief as to the truth of the allegation in paragraph 2 of Solidbank’s motion. It also denied paragraphs 3, 4, 5, 6, 7, and 8 of the same. The following special and affirmative defenses were pleaded: the SGV Report was actually attached to the purchase agreement; Solidbank has no cause of action; computer machines and items subject of Solidbank’s eight [8] receivables were not included in the properties and equipment purchased by FEBTC from the Central Bank; the items stated in Annex B of Solidbank’s motion were not included among the deposit liabilities assumed by FEBTC under Section 2 of the Purchase Agreement. The Answer prayed that the motion to implead FEBTC as respondent in the case be denied.

“Earlier, on 5 December 1988, Solidbank filed a Motion to Order Immediate Payment and/or Partial Judgment, alleging that in the conference between Solidbank’s representative and the Central Bank Deputy Receiver of PBC in March 1986 in connection with assigned “receivables due from PBC, the unpaid balance due Solidbank from PBC at the date of its closure amounted to P1,206,495.17 and this amount is not controverted.

“On 06 December 1988, the liquidation court issued an Order granting Solidbank’s motion. It ruled that contrary to the Liquidator’s position that the claim for unpaid rentals is an ordinary credit, the said claims of Solidbank should be given preference as they are part of administrative expenses pursuant to Sections 30 and 31 of the Central Bank Act. The trial court ordered the Liquidator of PBC to pay Solidbank the amount of P1,206,495.17.

“On 07 March 1989, the Liquidator of PBC wrote Solidbank inquiring when the latter will take delivery of the computers in settlement of its claim considering that an inventory of the computers was furnished Solidbank in September, 1988.

“On 16 March 1989, Solidbank wrote the Liquidator, stating that no agreement (whether verbal or written) had been reached that the surrender and delivery of the aforesaid computers shall constitute full settlement of its (Solidbank’s) claim. Further, while Solidbank mentioned that it was ready to receive the computer machines and equipment, it was still pursuing its claim for the overdue rental proceeds pertaining thereto.

“On 04 May 1989, Solidbank filed with the liquidation court a Motion for Summary Judgment in connection with the claims aforementioned, citing the following grounds: there is no genuine issue as to any material fact; there is no substantial controversy in the case; and, it is entitled to summary judgment as a matter of law. Annexed to the motion was the “Affidavit of Merits” executed by one Corazon Dayao, Senior Vice-President / Comptroller of Solidbank.

“On 29 May 1989, FEBTC filed its Comment alleging: FEBTC did not specifically deny the claims of Solidbank in the Motion to Implead; the issues before the liquidation court are not purely legal, but factual, i.e., whether the subject receivables as well as deposit liabilities were included in the Purchase Agreement as among those purchased by FEBTC.

“On 05 June 1989, the Liquidator of PBC filed an Opposition.”[3]

On 12 June 1989, the liquidation court promulgated its assailed decision, the pertinent portions of which read:

“In the light of the aforesaid documented facts and circumstances recited in the pleadings, this Court finds no triable factual issue at least insofar as the fact and amounts of the indebtedness of FEBTC to claimant-movant are concerned. As indebtedness, movant is entitled to a judgment for payment thereof. Considering that the total amount of indebtedness is quite big, which movant needs in its operation as a bank, the Court is impressed not only on the propriety but also with the necessity of “summarily adjudicating the case. Any delay of justice to movant in this case can mean denial thereof, especially in the light of PBC’s liquidation and claim by its creditors.

“WHEREFORE, the FEBTC and the (PBC) as duly represented by its Liquidator, are ordered to pay jointly

and severally the claim of movant Solidbank as prayed for in its Motion for Summary Judgment dated November 9, 1988, less the amount of P1,206,495.17 already paid to Solidbank on January 11, 1989.

“SO ORDERED.”[4]

Not satisfied with the decision, FEBTC went to the Court of Appeals which reversed the trial court, explaining that:

“xxx xxx xxx

“From the categorical and positive asseverations of xxx documents, there was a need for a proceeding to examine and evaluate the true intent of the Memorandum of Agreement and the correct coverage of Purchase Agreement, to settle the issue in dispute. Hence, summary judgment to resolve the controversy was precipitate.

“xxx xxx xxx

“WHEREFORE, the decision appealed from is hereby SET ASIDE and the case remanded to the trial court for further proceedings.

“SO ORDERED.”[5]

A motion for reconsideration filed by petitioner was denied by the appellate court on April 28, 1995.[6] Hence, the present petition raising the following:

RESPONDENT APPELLATE COURT COMMITTED REVERSIBLE ERROR IN SETTING ASIDE THE DECISION OF THE TRIAL COURT AND IN ORDERING THE REMAND OF THE RECORDS OF THE CASE FOR FURTHER PROCEEDINGS, AND IN HOLDING THAT SUMMARY JUDGMENT IS NOT PROPER IN THE CASE AT BAR.[7]

As earlier stated, the only question that needs to be answered is: whether or not summary judgment is proper in the case at bar.

Petitioner insists that summary judgment is proper in this case; that the grounds upon which the summary judgment was filed were not successfully rebutted by FEBTC nor by the Liquidator of Pacific Bank;[8] that the pleadings and admissions on the record, together with the affidavits show that there is no genuine issue as to any material fact and the moving party is entitled to a judgment as a matter of law.[9] Petitioner cites par. 1.0 of respondent-bank’s answer to its Motion to Implead FEBTC where it averred that “it has no knowledge or information sufficient to form a belief as to the truth of the allegation xxx of Solidbank’s motion” as well as its denial of pars. 3, 4, 5, 7 and 8 of the motion. These denials according to petitioner are general or blanket denials which are disallowed under the rules. Petitioner also points out that it is inconceivable that private respondent had no actual knowledge or was completely unaware of the claims of petitioner bank considering the enormity of the said claims.[10] Also, the subject matter of the motion to implead is fully documented and cannot be resisted by a mere general denial.[11] Assuming arguendo, petitioner continues, that FEBTC’s denial of Solidbank’s claims can be considered a denial allowable under the rules, summary judgment is still proper as the denial or averment of lack of knowledge does not raise a genuine issue.[12] Respondent’s allegation that the computer machines and items subject of the eight (8) receivables were not included in the properties and equipment purchased by FEBTC from the Central Bank does not tender any genuine issue as to any material fact.[13] Also, the liquidation court was correct when it held that the FEBTC “is not at all contesting the Motion for Summary Judgment,” citing the statement of FEBTC counsel Antonio R. Bautista, thus:

“Presented before the Court is a Motion for Summary Judgment filed by Solidbank represented by C.M. de los Reyes and Associates through Atty. Maximino Z. Bañaga. Atty. Bautista representing the Far East Bank and Trust Co. appeared before this Court and manifested that although in principle he is not objecting the motion

for summary judgment as this being a liquidation claim that does not require full blown trial, he does not agree that there are no material issues raised in the pleadings because the same material allegations in the complaint is contested by Far East Bank in their Answer filed before this Court. However, said counsel for the Far East Bank and Trust Co. manifested that he will have no objection if the Court will just require the parties to submit affidavit and counter-affidavits in support to their respective contentions.”[14]

Finally, petitioner claims that since there is a variance in the findings of facts of the trial court and the appellate court, the doctrine in *Roman Catholic Bishops of Malolos Inc., vs. IAC*,[15] should be applied. In said case this Court held: “[w]hen findings of fact of the Court of Appeals are at variance with those of the trial court, xxx the [Supreme] Court has to review the evidence in order to arrive at the correct findings based on the records.”[16] Petitioner asserts that there is a need to require the appellate court to elevate the records of this case, so that this Court can review the evidence to arrive at the correct findings.[17]

For its part, respondent FEBTC is of the position that the case was not resolvable on summary judgment because there are genuine factual issues that are highly litigious and which require evidentiary hearing. These are: whether Solidbank’s claim is included in the purchase agreement as among the properties and items purchased and assumed by FEBTC from Pacific Bank/Central Bank and, corollarily, whether the SGV report, with all its contents, was actually attached to the purchase agreement. These issues, FEBTC argues, are not as simple and as uncomplicated as to be resolved on depositions and affidavits alone. These issues necessitate a trial.[18]

Philippine Deposit Insurance Corporation (PDIC) meanwhile, as substitute[19] for the Central Bank, claims that petitioner misrepresented material facts;[20] that for petitioner’s total principal claim of P8,024,007.27, it already received the total amount of P20,359,592.83 and was awarded by the liquidation court the sum of P7,983,771.60 representing the rentals for the computer machines due from November 1988 to June 1990 plus 3% due monthly as penalty and delayed payment.[21] PDIC clarified that petitioner bank’s claim consisted of rental receivables of United Pacific Leasing Corporation (UNAM) due from PBC for the lease of its computer machines under a lease contract. These rental receivables were assigned by UNAM to petitioner-bank as security for the payment of certain loans granted by the latter to the former;[22] that on September 27, 1989, the court a quo rendered a decision approving the Compromise Agreement between the parties limiting PBC’s obligation to P10,722,704.83.[23] PDIC also calls the attention of this Court to Civil Case No. 87-39114 entitled “*The Consolidated Bank and Trust Corporation (Solidbank) vs. United Pacific Leasing and Finance Corporation, Antonio M. Andal and Spouse, et al.*,” that while petitioner is pursuing what has been a settled claim against herein respondents, it was also prosecuting a case against UNAM for the purpose of collecting the loan obligations of the latter secured by the Deeds of Assignment, among which are the computer rental receivables of UNAM from closed PBC subject of the instant petition.[24]

We affirm the Court of Appeals and find the herein petition devoid of merit.

Summary judgment is a procedural device resorted to in order to avoid long drawn out litigations and useless delays. When the pleadings on file show that there are no genuine issues of fact to be tried, the Rules of Court allows a party to obtain immediate relief by way of summary judgment. That is, when the facts are not in dispute, the court is allowed to decide the case summarily by applying the law to the material facts.[25]

Conversely, where the pleadings tender a genuine issue, summary judgment is not proper.[26] A “genuine issue” is such issue of fact which require the presentation of evidence as distinguished from a sham, fictitious, contrived or false claim.[27]

Rule 34, Section 3 of the Rules of Court provides two (2) requisites for summary judgment to be proper: (1) there must be no genuine issue as to any material fact, except for the amount of damages; and (2) the party presenting

the motion for summary judgment must be entitled to a judgment as a matter of law.[28]

In the case at bar, it cannot be said that the foregoing requisites are present. There is a genuine issue, the resolution of which requires the presentation of evidence, i.e., whether or not Solidbank's claim is included in the purchase agreement as among the properties and items purchased and assumed by FEBTC from Pacific Bank/Central Bank. While the counsel for FEBTC did say that in principle he is not objecting to the motion for summary judgment and "that they will have no objection if the Court will just require the parties to submit affidavit and counter-affidavits in support to their respective contentions," this should not be taken out of context for in the same manifestation, said counsel clearly expressed that he does not agree that there are no material issues raised in the pleadings. The appellate court is correct in holding that:

"[s]uch statement is not an admission that summary judgment was in order. xxx [Rather] the more logical reading of FEBTC's position is that it was willing to submit the issue for resolution on the basis of affidavits, depositions, and admissions, the manner of proof in summary proceedings, consistent with the summary nature of liquidation proceedings. But given the extent and nature of the disputed factual points, summary judgment would be, and it was, injudicious." [29]

Rule 34 does not vest in the trial court jurisdiction to summarily try the issues on depositions and affidavits when the requisites abovementioned are not present. Upon a motion for summary judgment, the sole function of the court is to determine whether or not there is an issue of fact to be tried. Any doubt as to the existence of an issue of fact must be resolved against the movant. Courts must be critical of the papers presented by the moving party and not of the papers in opposition thereto.[30]

The party who moves for summary judgment has the burden of demonstrating clearly the absence of any genuine issue of fact, or that the issue posed in the complaint is patently unsubstantial so as not to constitute a genuine issue for trial.[31] Petitioner Solidbank failed to discharge this burden. A cursory reading of the pleadings submitted by the parties would show that a trial is necessary to ascertain which of the conflicting allegations are true. And contrary to what herein petitioner wants to happen, it is not this Court's duty to ascertain such facts at the first instance. Roman Catholic Bishops of Malolos Inc., vs. IAC finds no application in the case at bar. In said case, the trial court's decision, which was reversed by the Court of Appeals, was arrived at after a full blown trial. The same cannot be said here. What was rendered by the trial court was a summary judgment. No full trial was conducted that would have allowed the parties to present their respective evidence in support of their contending claims. As previously held by this Court, when the facts as pleaded by the parties are disputed or contested, proceedings for summary judgment cannot take the place of trial.[32]

In ruling on a motion for summary judgment, the lower court should take that view of the evidence most favorable to the party against whom it is directed, giving such party the benefit of all favorable inferences.[33]

WHEREFORE, the petition is DENIED for lack of merit. The decision of the Court of Appeals is AFFIRMED. No pronouncement as to costs.

SO ORDERED.

Bellosillo, Acting C.J. (Chairman), Quisumbing, and Callejo, Sr., JJ., concur.
Mendoza, J., on official leave.

[1] Rollo, pp. 60-70.

[2] Id, at p. 72.

[3] Rollo, pp. 61-63.

[4] CA Rollo, p. 16.

[5] Rollo, pp. 69-70.

[6] Id., at p. 72.

[7] Rollo, p. 24.

[8] Id., at p. 25.

[9] Id., at p. 26.

[10] Id., at p. 27.

[11] Id., at p. 28.

[12] Id., at p. 29.

[13] Id., at p. 31.

[14] Id., at pp. 38-39.

[15] 191 SCRA 411 (1990).

[16] Id., p. 420.

[17] Rollo, p. 55.

[18] Rollo, p. 78.

[19] Id., at pp. 138, 152.

[20] Id., at p. 326.

[21] Id., pp. 335-336

[22] Id., at p. 328.

[23] Id., at p. 330.

[24] Id., at p. 338.

[25] Puyat vs. Zabarte, 352 SCRA 738, 745 (2001).

[26] Mallilin vs. Castillo, 333 SCRA 628, 636 (2000).

[27] Evadel Realty and Development Corp. vs. Soriano, G.R. No. 144291 (April 20, 2001).

[28] Supra, note 25, at p. 746.

[29] Rollo, p. 69.

[30] Garcia vs. Court of Appeals, 336 SCRA 475, 481 (2000).

[31] Supra, note 27.

[32] Ibid.

[33] Supra, note 30.

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