DEVELOPMENT BANK OF THE PHILIPPINES, PETITIONER, VS. HONORABLE COURT OF APPEALS AND REMINGTON INDUSTRIAL SALES CORPORATION, RESPONDENTS.

G.R. No. 126200. August 16, 2001

Ponente: KAPUNAN, J.

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KAPUNAN, J.:

Before the Court is a petition for review on certiorari under Rule 45 of the Rules of Court, seeking a review of the Decision of the Court of Appeals dated October 6, 1995 and the Resolution of the same court dated August 29, 1996.

The facts are as follows:

Marinduque Mining Industrial Corporation (Marinduque Mining), a corporation engaged in the manufacture of pure and refined nickel, nickel and cobalt in mixed sulfides, copper ore/concentrates, cement and pyrite conc., obtained from the Philippine National Bank (PNB) various loan accommodations. To secure the loans, Marinduque Mining executed on October 9, 1978 a Deed of Real Estate Mortgage and Chattel Mortgage in favor of PNB. The mortgage covered all of Marinduque Mining's real properties, located at Surigao del Norte, Sipalay, Negros Occidental, and at Antipolo, Rizal, including the improvements thereon. As of November 20, 1980, the loans extended by PNB amounted to P4 Billion, exclusive of interest and charges.[1]

On July 13, 1981, Marinduque Mining executed in favor of PNB and the Development Bank of the Philippines (DBP) a second Mortgage Trust Agreement. In said agreement, Marinduque Mining mortgaged to PNB and DBP all its real properties located at Surigao del Norte, Sipalay, Negros Occidental, and Antipolo, Rizal, including the improvements thereon. The mortgage also covered all of Marinduque Mining's chattels, as well as assets of whatever kind, nature and description which Marinduque Mining may subsequently acquire in substitution or replenishment or in addition to the properties covered by the previous Deed of Real and Chattel Mortgage dated October 7, 1978. Apparently, Marinduque Mining had also obtained loans totaling P2 Billion from DBP, exclusive of interest and charges.[2]

On April 27, 1984, Marinduque Mining executed in favor of PNB and DBP an Amendment to Mortgage Trust Agreement by virtue of which Marinduque Mining mortgaged in favor of PNB and DBP all other real and personal properties and other real rights subsequently acquired by Marinduque Mining.[3]

For failure of Marinduque Mining to settle its loan obligations, PNB and DBP instituted sometime on July and August 1984 extrajudicial foreclosure proceedings over the mortgaged properties.

The events following the foreclosure are narrated by DBP in its petition, as follows:

> In the ensuing public auction sale conducted on August 31, 1984, PNB and DBP emerged and were declared the highest bidders over the foreclosed real properties, buildings, mining claims, leasehold rights together with the improvements thereon as well as machineries [sic] and equipments [sic] of MMIC located at Nonoc Nickel

> Refinery Plant at Surigao del Norte for a bid price of P14,238,048,150.00 [and] [o]ver the foreclosed chattels of MMIC located at Nonoc Refinery Plant at Surigao del Norte, PNB and DBP as highest bidders, bidded for P170,577,610.00 (Exhs. "5" to "5-A", "6", "7" to "7-AA-" PNB/DBP). For the foreclosed real properties together with all the buildings, major machineries & equipment and other improvements of MMIC located at Antipolo, Rizal, likewise held on August 31, 1984, were sold to PNB and DBP as highest bidders in the sum of P1,107,167,950.00 (Exhs. "10" to "10-X"— PNB/ DBP).
>
> At the auction sale conducted on September 7, 1984[,] over the foreclosed real properties, buildings, & machineries/equipment of MMIC located at Sipalay, Negros Occidental were sold to PNB and DBP, as highest bidders, in the amount of P2,383,534,000.00 and P543,040,000.00 respectively (Exhs. "8" to "8-BB", "9" to "90-GGGGGG"—PNB/DBP).
>
> Finally, at the public auction sale conducted on September 18, 1984 on the foreclosed personal properties of MMIC, the same were sold to PNB and DBP as the highest bidder in the sum of P678,772,000.00 (Exhs. "11" and"12-QQQQQ"—PNB).
>
> PNB and DBP thereafter thru a Deed of Transfer dated August 31, 1984, purposely, in order to ensure the continued operation of the Nickel refinery plant and to prevent the deterioration of the assets foreclosed, assigned and transferred to Nonoc Mining and Industrial Corporation all their rights, interest and participation over the foreclosed properties of MMIC located at Nonoc Island, Surigao del Norte for an initial consideration of P14,361,000,000.00 (Exh. "13"—PNB).
>
> Likewise, thru [sic] a Deed of Transfer dated June 6, 1984, PNB and DBP assigned and transferred in favor of Maricalum Mining Corp. all its rights, interest and participation over the foreclosed properties of MMIC at Sipalay, Negros Occidental for an initial consideration of P325,800,000.00 (Exh. "14"— PNB/DBP).
>
> On February 27, 1987, PNB and DBP, pursuant to Proclamation No. 50 as amended, again assigned, transferred and conveyed to the National Government thru [sic] the Asset Privatization Trust (APT) all its existing rights and interest over the assets of MMIC, earlier assigned to Nonoc Mining and Industrial Corporation, Maricalum Mining Corporation and Island Cement Corporation (Exh. "15" & "15-A"— PNB/DBP).[4]

In the meantime, between July 16, 1982 to October 4, 1983, Marinduque Mining purchased and caused to be delivered construction materials and other merchandise from Remington Industrial Sales Corporation (Remington) worth P921,755.95. The purchases remained unpaid as of August 1, 1984 when Remington filed a complaint for a sum of money and damages against Marinduque Mining for the value of the unpaid construction materials and other merchandise purchased by Marinduque Mining, as well as interest, attorney's fees and the costs of suit.

On September 7, 1984, Remington's original complaint was amended to include PNB and DBP as co-defendants in view of the foreclosure by the latter of the real and chattel mortgages on the real and personal properties, chattels, mining claims, machinery, equipment and other assets of Marinduque Mining.[5]

On September 13, 1984, Remington filed a second amended complaint to include as additional defendant, the Nonoc Mining and Industrial Corporation (Nonoc Mining). Nonoc Mining is the assignee of all real and personal properties, chattels, machinery, equipment and all other assets of Marinduque Mining at its Nonoc Nickel Factory in Surigao del Norte.[6]

On March 26, 1986, Remington filed a third amended complaint including the Maricalum Mining Corporation (Maricalum Mining) and Island Cement Corporation (Island Cement) as co-defendants. Remington asserted that Marinduque Mining, PNB, DBP, Nonoc Mining, Maricalum Mining and Island Cement must be treated in law as one and the same entity by disregarding the veil of corporate fiction since:

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> 1. Co-defendants NMIC, Maricalum and Island Cement which are newly created entities are practically owned wholly by defendants PNB and DBP, and managed by their officers, aside from the fact that the aforesaid co-defendants NMIC, Maricalum and Island Cement were organized in such a hurry and in such suspicious circumstances by co-defendants PNB and DBP after the supposed extra-judicial foreclosure of MMIC's assets as to make their supposed projects assets, machineries and equipment which were originally owned by co-defendant MMIC beyond the reach of creditors of the latter.
>
> 2. The personnel, key officers and rank-and-file workers and employees of co-defendants NMIC, Maricalum and Island Cement creations of co-defendants PNB and DBP were the personnel of co-defendant MMIC such that x x x practically there has only been a change of name for all legal purpose and intents.
>
> 3. The places of business not to mention the mining claims and project premises of co-defendants NMIC, Maricalum and Island Cement likewise used to be the places of business, mining claims and project premises of co-defendant MMIC as to make the aforesaid co-defendants NMIC, Maricalum and Island Cement mere adjuncts and subsidiaries of co-defendants PNB and DBP, and subject to their control and management.
>
> On top of everything, co-defendants PNB, DBP NMIC, Maricalum and Island Cement being all corporations created by the government in the pursuit of business ventures should not be allowed to ignore, x x x or obliterate with impunity nay illegally, the financial obligations of x x x MMIC whose operations co-defendants PNB and DBP had highly financed before the alleged extrajudicial foreclosure of defendant MMIC's assets, machineries and equipment to the extent that major policies of co-defendant MMIC were being decided upon by co-defendants PNB and DBP as major financiers who were represented in its board of directors forming part of the majority thereof which through the alleged extrajudicial foreclosure culminated in a complete take-over by co-defendants PNB and DBP bringing about the organization of their co-defendants NMIC, Maricalum and Island Cement to which were transferred all the assets, machineries and pieces of equipment of co-defendant MMIC used in its nickel mining project in Surigao del Norte, copper mining operation in Sipalay, Negros Occidental and cement factory in Antipolo, Rizal to the prejudice of creditors of co-defendant MMIC such as plaintiff Remington Industrial Sales Corporation whose stockholders, officers and rank-and-file workers in the legitimate pursuit of its business activities, invested considerable time, sweat and private money to supply, among others, co-defendant MMIC with some of its vital needs for its operation, which co-defendant MMIC during the time of the transactions material to this case became x x x co-defendants PNB and DBP's instrumentality, business conduit, alter ego, agency (sic), subsidiary or auxiliary corporation, by virtue of which it becomes doubly necessary to disregard the corporation fiction that co-defendants PNB, DBP, MMIC, NMIC, Maricalum and Island Cement, six (6) distinct and separate entities, when in fact and in law, they should be treated as one and the same at least as far as plaintiff's transactions with co-defendant MMIC are concerned, so as not to defeat public convenience, justify wrong, subvert justice, protect fraud or confuse legitimate issues involving creditors such as plaintiff, a fact which all defendants were as (sic) still are aware of during all the time material to the transactions subject of this case.[7]

On April 3, 1989, Remington filed a motion for leave to file a fourth amended complaint impleading the Asset Privatization Trust (APT) as co-defendant. Said fourth amended complaint was admitted by the lower court in its Order dated April 29, 1989.

On April 10, 1990, the Regional Trial Court (RTC) rendered a decision in favor of Remington, the dispositive portion of which reads:

> WHEREFORE, judgment is hereby rendered in favor of the plaintiff, ordering the defendants Marinduque Mining & Industrial Corporation, Philippine National Bank, Development Bank of the Philippines, Nonoc Mining and Industrial Corporation, Maricalum Mining Corporation, Island Cement Corporation and Asset Privatization Trust to pay, jointly and severally, the sum of P920,755.95, representing the principal obligation, including the stipulated interest as of June 22, 1984, plus ten percent (10%) surcharge per annum by way of penalty, until the amount is fully paid; the sum equivalent to 10% of the amount due as and for attorney's fees;

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> and to pay the costs.[8]

Upon appeal by PNB, DBP, Nonoc Mining, Maricalum Mining, Island Cement and APT, the Court of Appeals, in its Decision dated October 6, 1995, affirmed the decision of the RTC. Petitioner filed a Motion for Reconsideration, which was denied in the Resolution dated August 29, 1996.

Hence, this petition, DBP maintaining that Remington has no cause of action against it or PNB, nor against their transferees, Nonoc Mining, Island Cement, Maricalum Mining, and the APT.

On the other hand, private respondent Remington submits that the transfer of the properties was made in fraud of creditors. The presence of fraud, according to Remington, warrants the piercing of the corporate veil such that Marinduque Mining and its transferees could be considered as one and the same corporation. The transferees, therefore, are also liable for the value of Marinduque Mining's purchases.

In Yutivo Sons Hardware vs. Court of Tax Appeals,[9] cited by the Court of Appeals in its decision,[10] this Court declared:

> It is an elementary and fundamental principle of corporation law that a corporation is an entity separate and distinct from its stockholders and from other corporations to which it may be connected. However, when the notion of legal entity is used to defeat public convenience, justify wrong, protect fraud, or defend crime, the law will regard the corporation as an association of persons or in case of two corporations, merge them into one". (Koppel [Phils.], Inc., vs. Yatco, 71 Phil. 496, citing 1 Fletcher Encyclopedia of Corporation, Permanent Ed., pp. 135-136; U.S. vs. Milwaukee Refrigeration Transit Co., 142 Fed., 247, 255 per Sanborn, J.) xxx

In accordance with the foregoing rule, this Court has disregarded the separate personality of the corporation where the corporate entity was used to escape liability to third parties.[11] In this case, however, we do not find any fraud on the part of Marinduque Mining and its transferees to warrant the piercing of the corporate veil.

It bears stressing that PNB and DBP are mandated to foreclose on the mortgage when the past due account had incurred arrearages of more than 20% of the total outstanding obligation. Section 1 of Presidential Decree No. 385 (The Law on Mandatory Foreclosure) provides:

> It shall be mandatory for government financial institutions, after the lapse of sixty (60) days from the issuance of this decree, to foreclose the collateral and/or securities for any loan, credit accommodation, and/or guarantees granted by them whenever the arrearages on such account, including accrued interest and other charges, amount to at least twenty percent (20%) of the total outstanding obligations, including interest and other charges, as appearing in the books of account and/or related records of the financial institution concerned. This shall be without prejudice to the exercise by the government financial institution of such rights and/or remedies available to them under their respective contracts with their debtors, including the right to foreclose on loans, credits, accomodations and/or guarantees on which the arrearages are less than twenty (20%) percent.

Thus, PNB and DBP did not only have a right, but the duty under said law, to foreclose upon the subject properties. The banks had no choice but to obey the statutory command.

The import of this mandate was lost on the Court of Appeals, which reasoned that under Article 19 of the Civil Code, "Every person must, in the exercise of his rights and in the performance of his duties, act with justice, give everyone his due, and observe honesty and good faith." The appellate court, however, did not point to any fact evidencing bad faith on the part of the Marinduque Mining and its transferees. Indeed, it skirted the issue entirely by holding that the question of actual fraudulent intent on the part of the interlocking directors of DBP and Marinduque Mining was irrelevant because:

> As aptly stated by the appellee in its brief, "x x x where the corporations have directors and officers in common, there may be circumstances under which their interest as officers in one company may disqualify them in equity from representing both corporations in transactions between the two. Thus, where one corporation was `insolvent and indebted to another, it has been held that the directors of the creditor corporation were disqualified, by reason of self-interest, from acting as directors of the debtor corporation in the authorization of a mortgage or deed of trust to the former to secure such indebtedness x x x" (page 105 of the Appellee's Brief). In the same manner that "x x x when the corporation is insolvent, its directors who are its creditors can not secure to themselves any advantage or preference over other creditors. They can not thus take advantage of their fiduciary relation and deal directly with themselves, to the injury of others in equal right. If they do, equity will set aside the transaction at the suit of creditors of the corporation or their representatives, without reference to the question of any actual fraudulent intent on the part of the directors, for the right of the creditors does not depend upon fraud in fact, but upon the violation of the fiduciary relation to the directors." xxx. (page 106 of the Appellee's Brief.)
>
> We also concede that "x x x directors of insolvent corporation, who are creditors of the company, can not secure to themselves any preference or advantage over other creditors in the payment of their claims. It is not good morals or good law. The governing body of officers thereof are charged with the duty of conducting its affairs strictly in the interest of its existing creditors, and it would be a breach of such trust for them to undertake to give any one of its members any advantage over any other creditors in securing the payment of his debts in preference to all others. When validity of these mortgages, to secure debts upon which the directors were indorsers, was questioned by other creditors of the corporation, they should have been classed as instruments rendered void by the legal principle which prevents directors of an insolvent corporation from giving themselves a preference over outside creditors. x x x" (page 106-107 of the Appellee's Brief.)[12]

The Court of Appeals made reference to two principles in corporation law. The first pertains to transactions between corporations with interlocking directors resulting in the prejudice to one of the corporations. This rule does not apply in this case, however, since the corporation allegedly prejudiced (Remington) is a third party, not one of the corporations with interlocking directors (Marinduque Mining and DBP).

The second principle invoked by respondent court involves "directors... who are creditors" which is also inapplicable herein. Here, the creditor of Marinduque Mining is DBP, not the directors of Marinduque Mining.

Neither do we discern any bad faith on the part of DBP by its creation of Nonoc Mining, Maricalum and Island Cement. As Remington itself concedes, DBP is not authorized by its charter to engage in the mining business.[13] The creation of the three corporations was necessary to manage and operate the assets acquired in the foreclosure sale lest they deteriorate from non-use and lose their value. In the absence of any entity willing to purchase these assets from the bank, what else would it do with these properties in the meantime? Sound business practice required that they be utilized for the purposes for which they were intended.

Remington also asserted in its third amended complaint that the use of Nonoc Mining, Maricalum and Island Cement of the premises of Marinduque Mining and the hiring of the latter's officers and personnel also constitute badges of bad faith.

Assuming that the premises of Marinduque Mining were not among those acquired by DBP in the foreclosure sale, convenience and practicality dictated that the corporations so created occupy the premises where these assets were found instead of relocating them. No doubt, many of these assets are heavy equipment and it may have been impossible to move them. The same reasons of convenience and practicality, not to mention efficiency, justified the hiring by Nonoc Mining, Maricalum and Island Cement of Marinduque Mining's personnel to manage and operate the properties and to maintain the continuity of the mining operations.

To reiterate, the doctrine of piercing the veil of corporate fiction applies only when such corporate fiction is used

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to defeat public convenience, justify wrong, protect fraud or defend crime.[14] To disregard the separate juridical personality of a corporation, the wrongdoing must be clearly and convincingly established. It cannot be presumed.[15] In this case, the Court finds that Remington failed to discharge its burden of proving bad faith on the part of Marinduque Mining and its transferees in the mortgage and foreclosure of the subject properties to justify the piercing of the corporate veil.

The Court of Appeals also held that there exists in Remington's favor a "lien" on the unpaid purchases of Marinduque Mining, and as transferee of these purchases, DBP should be held liable for the value thereof.

In the absence of liquidation proceedings, however, the claim of Remington cannot be enforced against DBP. Article 2241 of the Civil Code provides:

> Article 2241. With reference to specific movable property of the debtor, the following claims or liens shall be preferred:
>
> x x x
>
> (3) Claims for the unpaid price of movables sold, on said movables, so long as they are in the possession of the debtor, up to the value of the same; and if the movable has been resold by the debtor and the price is still unpaid, the lien may be enforced on the price; this right is not lost by the immobilization of the thing by destination, provided it has not lost its form, substance and identity, neither is the right lost by the sale of the thing together with other property for a lump sum, when the price thereof can be determined proportionally;
>
> (4) Credits guaranteed with a pledge so long as the things pledged are in the hands of the creditor, or those guaranteed by a chattel mortgage, upon the things pledged or mortgaged, up to the value thereof;
>
> x x x

In Barretto vs. Villanueva,[16] the Court had occasion to construe Article 2242, governing claims or liens over specific immovable property. The facts that gave rise to the case were summarized by this Court in its resolution as follows:

> x x x Rosario Cruzado sold all her right, title, and interest and that of her children in the house and lot herein involved to Pura L. Villanueva for P19,000.00. The purchaser paid P1,500 in advance, and executed a promissory note for the balance of P17,500.00. However, the buyer could only pay P5,500 on account of the note, for which reason the vendor obtained judgment for the unpaid balance. In the meantime, the buyer Villanueva was able to secure a clean certificate of title (No. 32626), and mortgaged the property to appellant Magdalena C. Barretto, married to Jose C. Baretto, to secure a loan of P30,000.03, said mortgage having been duly recorded.
>
> Pura Villanueva defaulted on the mortgage loan in favor of Barretto. The latter foreclosed the mortgage in her favor, obtained judgment, and upon its becoming final asked for execution on 31 July 1958. On 14 August 1958, Cruzado filed a motion for recognition for her "vendor's lien" in the amount of P12,000.00, plus legal interest, invoking Articles 2242, 2243, and 2249 of the new Civil Code. After hearing, the court below ordered the "lien" annotated on the back of Certificate of Title No. 32526, with the proviso that in case of sale under the foreclousre decree the vendor's lien and the mortgage credit of appellant Barretto should be paid pro rata from the proceeds. Our original decision affirmed this order of the Court of First Instance of Manila.

In its decision upholding the order of the lower court, the Court ratiocinated thus:

> Article 2242 of the new Civil Code enumerates the claims, mortgages and liens that constitute an encumbrance on specific immovable property, and among them are:
>
> "(2) For the unpaid price of real property sold, upon the immovable sold"; and

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"(5) Mortgage credits recorded in the Registry of Property."

Article 2249 of the same Code provides that "if there are two or more credits with respect to the same specific real property or real rights, they shall be satisfied pro-rata, after the payment of the taxes and assessments upon the immovable property or real rights."

Application of the above-quoted provisions to the case at bar would mean that the herein appellee Rosario Cruzado as an unpaid vendor of the property in question has the right to share pro-rata with the appellants the proceeds of the foreclosure sale.

x x x

As to the point made that the articles of the Civil Code on concurrence and preference of credits are applicable only to the insolvent debtor, suffice it to say that nothing in the law shows any such limitation. If we are to interpret this portion of the Code as intended only for insolvency cases, then other creditor-debtor relationships where there are concurrence of credits would be left without any rules to govern them, and it would render purposeless the special laws on insolvency.[17]

Upon motion by appellants, however, the Court reconsidered its decision. Justice J.B.L. Reyes, speaking for the Court, explained the reasons for the reversal:

A. The previous decision failed to take fully into account the radical changes introduced by the Civil Code of the Philippines into the system of priorities among creditors ordained by the Civil Code of 1889.

Pursuant to the former Code, conflicts among creditors entitled to preference as to specific real property under Article 1923 were to be resolved according to an order of priorities established by Article 1927, whereby one class of creditors could exclude the creditors of lower order until the claims of the former were fully satisfied out of the proceeds of the sale of the real property subject of the preference, and could even exhaust proceeds if necessary.

Under the system of the Civil Code of the Philippines, however, only taxes enjoy a similar absolute preference. All the remaining thirteen classes of preferred creditors under Article 2242 enjoy no priority among themselves, but must be paid pro rata, i.e., in proportion to the amount of the respective credits. Thus, Article 2249 provides:

"If there are two or more credits with respect to the same specific real property or real rights, they shall be satisfied pro rata, after the payment of the taxes and assessments upon the immovable property or real rights."

But in order to make this prorating fully effective, the preferred creditors enumerated in Nos. 2 to 14 of Article 2242 (or such of them as have credits outstanding) must necessarily be convened, and the import of their claims ascertained. It is thus apparent that the full application of Articles 2249 and 2242 demands that there must be first some proceeding where the claims of all the preferred creditors may be bindingly adjudicated, such as insolvency, the settlement of decedent's estate under Rule 87 of the Rules of Court, or other liquidation proceedings of similar import.

This explains the rule of Article 2243 of the new Civil Code that -

"The claims or credits enumerated in the two preceding articles shall be considered as mortgages or pledges of real or personal property, or liens within the purview of legal provisions governing insolvency xxx (Italics supplied).

And the rule is further clarified in the Report of the Code Commission, as follows:

"The question as to whether the Civil Code and the Insolvency Law can be harmonized is settled by this Article (2243). The preferences named in Articles 2261 and 2262 (now 2241 and 2242) are to be enforced in

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> accordance with the Insolvency Law." (Italics supplied)
>
> Thus, it becomes evident that one preferred creditor's third-party claim to the proceeds of a foreclosure sale (as in the case now before us) is not the proceeding contemplated by law for the enforcement of preferences under Article 2242, unless the claimant were enforcing a credit for taxes that enjoy absolute priority. If none of the claims is for taxes, a dispute between two creditors will not enable the Court to ascertain the pro rata dividend corresponding to each, because the rights of the other creditors likewise enjoying preference under Article 2242 can not be ascertained. Wherefore, the order of the Court of First Instance of Manila now appealed from, decreeing that the proceeds of the foreclosure sale be apportioned only between appellant and appellee, is incorrect, and must be reversed. [Underscoring supplied]

The ruling in Barretto was reiterated in Phil. Savings Bank vs. Hon. Lantin, Jr., etc., et al.,[18] and in two cases both entitled Development Bank of the Philippines vs. NLRC.[19]

Although Barretto involved specific immovable property, the ruling therein should apply equally in this case where specific movable property is involved. As the extra-judicial foreclosure instituted by PNB and DBP is not the liquidation proceeding contemplated by the Civil Code, Remington cannot claim its pro rata share from DBP.

WHEREFORE, the petition is GRANTED. The decision of the Court of Appeals dated October 6, 1995 and its Resolution promulgated on August 29, 1996 is REVERSED and SET ASIDE. The original complaint filed in the Regional Trial Court in CV Case No. 84-25858 is hereby DISMISSED.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Puno, Pardo, and Ynares-Santiago, JJ., concur.

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[1] Rollo, pp. 61-62.

[2] Id., at 62.

[3] Id.

[4] Rollo, pp. 62-63. Underscoring in the original.

[5] Id., at 90.

[6] Id.

[7] Id., at 91-92.

[8] Id., at 89.

[9] 1 SCRA 160 (1961)

[10] Rollo, p. 102.

[11] Tan Bonn Bee & Co. vs. Jarencio, 163 SCRA 205 (1988); Claparols, et al. vs. Court of Industrial Relations. 65 SCRA 613 (1975); Villa Rey Transit, Inc. vs. Eusebio E. Ferrer, 25 SCRA 849 (1968); National Marketing Corporation vs. Associated Financing Company, et al., 19 SCRA 962 (1967); Palacio, et al. vs. Fely Transportation Company, 5 SCRA 1011 (1962); McConnel, et al . vs. Court of Appeals, et al., 1 SCRA 721 (1961).

[12] Rollo, p. 107. Italics in the original.

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[13] Id., at 232.

[14] Union Bank of the Philippines vs. Court of Appeals, 290 SCRA 198 (1998).

[15] Complex Electronics Employees Association vs. NLRC, 310 SCRA 403 (1990); Luxuria Homes, Inc. vs. Court of Appeals, 302 SCRA 315 (1999); Matuguina Integrated Wood Products vs. Court of Appeals, 263 SCRA 490 (1996).

[16] 1 SCRA 288 (1961).

[17] Id., at 292-294.

[18] 209 SCRA 383 (1983).

[19] 183 SCRA 328 (1990), 186 SCRA 841 (1990).

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