

PHILIPPINE SAVINGS BANK, PETITIONER, VS. SPS. RODOLFO C. MAÑALAC, JR. AND ROSITA P. MAÑALAC, RESPONDENTS.

G.R. NO. 145441. April 26, 2005

Ponente: YNARES-SANTIAGO, J.

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YNARES-SANTIAGO, J.:

This appeal by certiorari[1] assails the decision of the Court of Appeals dated October 12, 2000 in CA-G.R. CV No. 50292[2] which affirmed with modifications the decision of the Regional Trial Court of Pasig, Branch 161[3] dated April 27, 1993 in Civil Case No. 53967 which ordered the annulment of the Certificate of Sale involving TCT Nos. N-1347, N-1348 and N-3267 issued in favor of petitioner Philippine Savings Bank (PSBank) and dismissing Land Registration Case No. R-3951.

The facts as culled from the records are as follows:

On October 8, 1976, respondent-spouses Rodolfo and Rosita Mañalac (Mañalac) obtained a P1,300,000.00 loan from PSBank covered by promissory note L.C. No. 76-269. As security for the loan, Mañalac executed a Real Estate Mortgage in favor of the bank over 8 parcels of land covered by TCT Nos. 417012, N-1348, N-1347, N-3267, N-8552, N-6162, 469843 and 343593.

In view of Mañalac's inability to pay the loan installments as they fell due, their loan obligation was restructured on October 13, 1977. Accordingly, Mañalac signed another promissory note denominated as LC No. 77-232 for P1,550,000.00 payable to the order of PSBank with interest rate of 19% annum.[4] To secure the payment of the restructured loan, Mañalac executed a Real Estate Mortgage dated October 13, 1977 in favor of PSBank over the same aforementioned 8 real properties.

On March 5, 1979, Mañalac and spouses Igmidio and Dolores Galicia, with the prior consent of PSBank,[5] entered into a Deed of Sale with Assumption of Mortgage involving 3 of the mortgaged properties covered by TCT Nos. N-6162 (now N-36192), N-8552 (now TCT No. N-36193), and 469843 (now TCT No. N-36194). The Deed of Sale with Assumption of Mortgage contained the following stipulations:

- The VENDEES shall assume as they hereby assume as part of the purchase price, the amount of P550,000.00, representing the portion of the mortgaged obligation of the VENDORS in favor of the Philippine Savings Bank, which is secured by that Real Estate Mortgage contract mentioned in the Second Whereas Clause hereof covering among others the above-described parcels of land under the same terms and conditions as originally constituted.
- The VENDORS hereby warrant valid title to, and peaceful possession of the property herein sold subject to the encumbrance hereinbefore mentioned.
- This instrument shall be subject to the Consent of the Philippine Savings Bank.
- All expenses relative to this instrument including documentary stamps, registration fees, transfer taxes and other charges shall be for the account of the VENDEES.[6]

Thereafter, the 3 parcels of land purchased by the Galicias, together with another property, were in turn mortgaged by them to secure a P2,600,000.00 loan which they obtained from PSBank. Specifically, the mortgaged properties include TCT Nos. N-36192, N-36193, N-36194, (formerly TCT Nos. N-6162, N-8552 and 469843, respectively) and 75584.[7] This loan is evidenced by Promissory Note LC-79-36.[8]

On March 12, 1979, Mañalac paid PSBank P919,698.11 which corresponds to the value of the parcels of land covered by TCT Nos. N-36192, N-36193, and N-36194, now registered in the name of the spouses Galicia. Accordingly, PSBank executed a partial release of the real estate mortgage covered by the aforesaid properties.[9]

On August 25, 1981, the spouses Galicia obtained a second loan from PSBank in the amount of P3,250,000.00 for which they executed Promissory Note LC No. 81-108. They also executed a Real Estate Mortgage in favor of the bank covering TCT Nos. N-36192, N-36193, N-36194, 75584 and 87690.[10]

Since Mañalac defaulted again in the payment of their loan installments and despite repeated demands still failed to pay their past due obligation which now amounted to P1,804,241.76, PSBank filed with the Office of the Provincial Sheriff of Rizal a petition for extrajudicial foreclosure of their 5 remaining mortgaged properties, specifically those covered by TCT Nos. 417012, N-1347, N-1348, N-3267, and 343593.

Despite several postponements of the public auction sale, Mañalac still failed to pay their mortgage obligation. Thus, on May 3, 1982, the foreclosure sale of the subject real properties proceeded with PSBank as the highest bidder in the amount of P2,185,225.76.[11] On the same date, the Certificate of Sale was issued by the Acting Ex-Oficio Provincial Sheriff for Rizal province.[12]

Mañalac failed to redeem the properties hence titles thereto were consolidated in the name of PSBank and new certificates of title were issued in favor of the bank, namely, TCT No. N-79995 in lieu of TCT No. 343593; TCT No. 79996 in lieu of TCT No. 417012; TCT No. 79997 in lieu of TCT No. N-3267; TCT No. N-79998 in lieu of TCT No. N-1347; and TCT No. N-79999 in lieu of TCT No. N-1348.

On December 16, 1983, Mañalac wrote the Chairman of the Board of PSBank asking information on their request for the partial release of the mortgage covered by TCT Nos. N-36192, N-36193, N-36194, and 417012 (now TCT No. 79996). TCT Nos. 36192, 36193, and 36194 were registered in the name of the Galicias, and mortgaged to partially secure their outstanding loan from the bank. Enclosed in the same letter is a Cashier's Check for P1,200,000.00 with a notation which reads:

Re: Payment to effect release of TCT Nos. N-36192, 36193, and 36194 under loan account of Spouses Igmedio and Dolores Galicia; and TCT No. 417012 under Loan Account of Spouses Rodolfo and Rosita Mañalac.

Upon receipt of the check, PSBank's Acting Manager Lino L. Macasaet issued a typewritten receipt with the inscription:[13]

Received from Sps. Rodolfo and Rosita Mañalac and Sps. Igmedio and Dolores Galicia PCIB Check No. 002133 in the amount of One Million Two Hundred Thousand Pesos Only (P1,200,000.00).

It is understood however, that receipt of said check is not a commitment on the part of the Bank to release the Four (4) TCTs requested to be released on your letter dated 19 December 1983.

On December 19, 1983, the bank applied P1,000,000.00 of the P1,200,000.00 to the loan account of the Galicias as payment for the arrearages in interest and the remaining P200,000.00 thereof was applied to the expenses relative to the account of Mañalac.[14]

On May 23, 1985, the bank sold the property covered by TCT No. 79996 (previously TCT No. 343593) to Ester Villanueva who thereafter sold it to Mañalac. On October 30, 1985, the land covered by TCT No. 79995 was sold

by the bank to Teresita Jalbuena.

Thereafter, or on October 20, 1986, Mañalac instituted an action for damages, docketed as Civil Case No. 53967, before the Regional Trial Court of Pasig, Branch 161, against PSBank and its officers namely Cezar Valenzuela, Alfredo Barretto and Antonio Viray, and spouses Alejandro and Teresita Jalbuena.

The bank also filed a petition, docketed as LRC Case No. R-3951, before the Regional Trial Court of Pasig, Branch 159, for the issuance of a writ of possession against the properties covered by TCT Nos. N-79997, N-79998, and N-79999 (formerly TCT Nos. N-3267, N-1347, and N-1348) and the ejectment of the respondents.

In an order dated January 2, 1989, the trial court consolidated LRC Case No. R-3951 with Civil Case No. 53967. On April 27, 1993, a judgment was rendered the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered ordering:

For Civil Case No. 53967

- The annulment of the Certificate of Sale issued by the acting Ex-Oficio Provincial Sheriff of Rizal on May 3, 1982 involving Transfer Certificate of Title Nos. N-1347-Rizal, N-1348-Rizal and N-3267-Rizal and the Contract to Sell executed by defendant PSB in favor of defendants spouses Alejandro Jalbuena and Teresita Jalbuena involving the real property covered by Transfer Certificate of Title No. N-79995; and,
- The dismissal of counterclaims for lack of merit.

For Land Registration Case No. R-3951

- The dismissal of the petition for lack of merit.

No costs.

SO ORDERED.[15]

The Court of Appeals affirmed with modification the decision of the trial court, the decretal portion of which reads:

WHEREFORE, the decision appealed from is AFFIRMED with the modification that the defendant-appellant Philippine Savings Bank is directed to indemnify the plaintiffs-appellants in the amount of Two Hundred Thousand Pesos (200,000.00) each as moral damages. Costs against the defendant-appellant bank.

SO ORDERED.[16]

Hence the instant petition which raises the following issues:

THE APPELLATE COURT HAS DECIDED QUESTIONS OF SUBSTANCE IN A WAY PROBABLY NOT IN ACCORD WITH LAW AND WITH APPLICABLE DECISIONS OF THIS HONORABLE COURT WHEN IT:

- a.] HELD THAT THE GENERAL RULE WITH RESPECT TO THE ISSUANCE OF WRITS OF POSSESSION SHOULD NOT BE APPLIED IN THIS CASE, AND WHAT SHOULD INSTEAD BE APPLIED IS THE EXCEPTION ENUNCIATED IN VACA VS. COURT OF APPEALS, 234 SCRA 146;
- b.] UPHELD THE CONSOLIDATION OF CIVIL CASE NO. 53967 WITH LRC CASE NO. 3951 WHEN PROCEDURALLY THOSE TWO PROCEEDINGS COULD SCARCELY BE CONSOLIDATED;
- c.] HELD THAT SUPPOSEDLY THERE WAS A NOVATION "OF THE PREVIOUS MORTGAGE OF THE PROPERTIES" WHEN IN TRUTH AND IN FACT THE MORTGAGE HAD ALREADY CEASED TO EXIST, THAT IS, THE MORTGAGE HAD BECOME NULL AND VOID AS THE SAME HAD BEEN

FORECLOSED BY PETITIONER;

d.] AWARDED MORAL DAMAGES IN FAVOR OF RESPONDENTS.[17]

Petitioner claims that the Court of Appeals erred in sustaining the trial court's order consolidating Civil Case No. 53967 with LRC Case No. R-3951, arguing that consolidation is proper only when it involves actions, which means an ordinary suit in a court of justice by which one party prosecutes another for the enforcement or protection of a right, or a prevention of a wrong. Citing *A.G. Development Corp. v. Court of Appeals*,^[18] petitioner posits that LRC Case No. R-3951, being summary in nature and not being an action within the contemplation of the Rules of Court, should not have been consolidated with Civil Case No. 53967.

We do not agree. In *Active Wood Products Co., Inc. v. Court of Appeals*,^[19] this Court also deemed it proper to consolidate Civil Case No. 6518-M, which was an ordinary civil action, with LRC Case No. P-39-84, which was a petition for the issuance of a writ of possession. The Court held that while a petition for a writ of possession is an *ex parte* proceeding, being made on a presumed right of ownership, when such presumed right of ownership is contested and is made the basis of another action, then the proceedings for writ of possession would also become groundless. The entire case must be litigated and if need be must be consolidated with a related case so as to thresh out thoroughly all related issues.

In the same case, the Court likewise rejected the contention that under the Rules of Court only actions can be consolidated. The Court held that the technical difference between an action and a proceeding, which involve the same parties and subject matter, becomes insignificant and consolidation becomes a logical conclusion in order to avoid confusion and unnecessary expenses with the multiplicity of suits.

In the instant case, the consolidation of Civil Case No. 53967 with LRC Case No. R-3951 is more in consonance with the rationale behind the consolidation of cases which is to promote a more expeditious and less expensive resolution of the controversy than if they were heard independently by separate branches of the trial court. Hence, the technical difference between Civil Case No. 53967 and LRC Case No. R-3951 must be disregarded in order to promote the ends of justice.

Petitioner also contends that the Court of Appeals committed reversible error in applying the doctrine laid down in *Barican v. Intermediate Appellate Court*.^[20] It insists on the application of the general rule that it is ministerial upon the court to issue a writ of possession on the part of the purchaser in a foreclosure sale. It argues that the *Barican* doctrine is inapplicable because the sale with assumption of mortgage in the present case involves properties different from those which are the subject of the writ of possession while in *Barican*, the assumption of mortgage refers to the same property subject of the writ of possession. We recall that the Court of Appeals applied the *Barican* doctrine based on the following factual similarities between the two cases, thus:^[21]

"In Civil Case No. C-11232, the petitioner-spouses claim ownership of the foreclosed property against the respondent bank and Nicanor Reyes to whom the former sold the property by negotiated sale; the complaint alleged that the DBP knew the assumption of mortgage between the mortgagors and the petitioner-spouses and the latter have paid to the respondent bank certain amounts to update the loan balances of the mortgagors and transfer and restructuring fees which payments are duly receipted; the petitioner-spouses were already in possession of the property since September 28, 1979 and long before the respondent bank sold the same property to respondent Nicanor Reyes on October 28, 1984; and the respondent bank never took physical possession of the property." In a similar manner, the following facts were duly established in the case at bench: 1. The petition for issuance of the writ of possession was only filed sometime in May 1988 although the right of redemption lapsed as early as May 7, 1983; 2. Appellant bank neither obtained physical possession of the properties nor did they file any action for ejectment against the plaintiffs-appellants; 3. On December 16, 1983, the plaintiffs-appellants issued a check in favor of the appellant bank to effect the release of TCT Nos. 36192,

36193, 36194 and 417012 which was applied by appellant bank to the plaintiffs-appellants' account and that of the Galicias and; 4. Appellant bank executed a Deed of Absolute Sale over TCT No. 79996 (formerly TCT No. 417012) on May 23, 1985 in favor of a certain Elsa Calusa Villanueva who thereafter sold it back to the plaintiffs-appellants. Hence, the same ruling in the Barican case should be applied, that is, "the obligation of a court to issue a writ of possession in favor of the purchaser in a foreclosure of mortgage case ceases to be ministerial.

We agree with the petitioner. While indeed the two cases demonstrate palpable similarities, the Court of Appeals overlooked essential differences that would render the Barican doctrine inapplicable to the instant case. In Barican, the issuance of the writ of possession was deferred because a pending action for the declaration of ownership over the foreclosed property was made by an adverse claimant who was in possession of the subject property. Clearly, the rights of the third parties, who are plaintiffs in the pending civil case, would be adversely affected with the implementation of the writ.

In the instant case, the petitioner bank became the absolute owner of the properties subject of the writ of possession, after they were foreclosed, and titles thereto were consolidated in the name of the bank. It sufficiently established its ownership over the parcels of land subject of the writ of possession, by presenting in evidence the Certificate of Sale,[22] Affidavit of Consolidation of Ownership,[23] and copies of new TCTs of the foreclosed properties in the name of the petitioner.[24] Unlike in Barican, the ownership of the foreclosed properties are not open to question the ownership thereof being established by competent evidence.

Moreover, as earlier pointed out by the petitioner, the parcels of land subject of the writ of possession are different from those sold by the petitioner bank to Jalbuena and Villanueva. Hence, unlike in the Barican case, the implementation of the writ will not affect the rights of innocent third persons.

On the issue of novation, the Court of Appeals held that novation occurred when PSBank applied P1,000,000.00 of the P1,200,000.00 PCIB Check No. 002133 tendered by Mañalac to the loan account of the Galicias and the remaining P200,000.00 thereof to Mañalac's account. It held that when the bank applied the amount of the check in accordance with the instructions contained therein, there was novation of the previous mortgage of the properties. It further observed that the bank was fully aware that the issuance of the check was conditional hence, when it made the application thereof, it agreed to be bound by the conditions imposed by Mañalac.[25]

Novation is the extinguishment of an obligation by the substitution or change of the obligation by a subsequent one which extinguishes or modifies the first, either by changing the object or principal conditions, or, by substituting another in place of the debtor, or by subrogating a third person in the rights of the creditor. In order for novation to take place, the concurrence of the following requisites is indispensable:

- There must be a previous valid obligation,
- There must be an agreement of the parties concerned to a new contract,
- There must be the extinguishment of the old contract, and
- There must be the validity of the new contract.[26]

The elements of novation are patently lacking in the instant case. Mañalac tendered a check for P1,200,000.00 to PSBank for the release of 4 parcels of land covered by TCT Nos. N-36192, 36193, and 36194, under the loan account of the Galicias and 417012 (now TCT No. 79996) under the loan account of Mañalac. However, while the bank applied the tendered amount to the accounts as specified by Mañalac, it nevertheless refused to release the subject properties. Instead, it issued a receipt with a notation that the acceptance of the check is not a commitment on the part of the bank to release the 4 TCTs as requested by Mañalac.

From the foregoing, it is obvious that there was no agreement to form a new contract by novating the mortgage contracts of the Mañalacs and the Galicias. In accepting the check, the bank only acceded to Mañalac's instruction on whose loan accounts the proceeds shall be applied but rejected the other condition that the 4 parcels of land be released from mortgage. Clearly, there is no mutual consent to replace the old mortgage contract with a new obligation. The conflicting intention and acts of the parties underscore the absence of any express disclosure or circumstances with which to deduce a clear and unequivocal intent by the parties to novate the old agreement.

Novation is never presumed, and the *animus novandi*, whether totally or partially, must appear by express agreement of the parties, or by their acts that are too clear and unmistakable. The extinguishment of the old obligation by the new one is a necessary element of novation, which may be effected either expressly or impliedly. The term "expressly" means that the contracting parties incontrovertibly disclose that their object in executing the new contract is to extinguish the old one. Upon the other hand, no specific form is required for an implied novation, and all that is prescribed by law would be an incompatibility between the two contracts. While there is really no hard and fast rule to determine what might constitute to be a sufficient change that can bring about novation, the touchstone for contrariety, however, would be an irreconcilable incompatibility between the old and the new obligations.[27]

A fortiori, 3 of the 4 properties sought to be released from mortgage, namely, TCT Nos. N-36192, N-36193, and N-36194, have already been sold by Mañalac to Galicia and are now registered in the name of the latter who thereafter mortgaged the same as security to a separate loan they obtained from the bank. Thus, without the consent of PSBank as the mortgagee bank, Mañalac, not being a party to the mortgage contract between the Galicias and the bank, cannot demand much less impose upon the bank the release of the subject properties. Unless there is a stipulation to the contrary, the release of the mortgaged property can only be made upon the full satisfaction of the loan obligation upon which the mortgage attaches. Unfortunately, Mañalac has not shown that the P1,000,000.00 was sufficient to cover not only the accrued interests but also the entire indebtedness of the Galicias to the bank.

Neither can Mañalac be deemed substitute debtor within the contemplation of Article 1293 of the Civil Code, which states that:

Art. 1293. Novation which consists in substituting a new debtor in the place of the original one, may be made without the knowledge or against the will of the latter, but not without the consent of the creditor. Payment by the new debtor gives him the rights mentioned in articles 1236 and 1237.[28]

In order to change the person of the debtor, the old one must be expressly released from the obligation, and the third person or new debtor must assume the former's place in the relation. Novation is never presumed. Consequently, that which arises from a purported change in the person of the debtor must be clear and express. It is thus incumbent on Mañalac to show clearly and unequivocally that novation has indeed taken place.[29] In *Magdalena Estates Inc. v. Rodriguez*,[30] we held that "the mere fact that the creditor receives a guaranty or accepts payments from a third person who has agreed to assume the obligation, when there is no agreement that the first debtor shall be released from responsibility, does not constitute a novation, and the creditor can still enforce the obligation against the original debtor."

Mañalac has not shown by competent evidence that they were expressly taking the place of Galicia as debtor, or that the latter were being released from their solidary obligation. Nor was it shown that the obligation of the Galicias was being extinguished and replaced by a new one. The existence of novation must be shown in clear and unmistakable terms.

Likewise, we hold that Mañalac cannot demand to repurchase the foreclosed piece of land covered by TCT No.

417012 (now TCT No. 79996) from the bank. Its foreclosure and the consolidation of ownership in favor of the bank and the resultant cancellation of mortgage effectively cancelled the mortgage contract between Mañalac and the bank. Insofar as TCT No. 417012 is concerned, there is no more existing mortgage to speak of. As the absolute owner of the foreclosed property, the petitioner has the discretion to reject or accept any offer to repurchase.

Granting *arguendo* that a new obligation was established with the acceptance by the bank of the PCIB Check and its application to the loan account of Mañalac on the condition that TCT No. 417012 would be released, this new obligation however could not supplant the October 13, 1977 real estate mortgage executed by Mañalac, which, by all intents and purposes, is now a defunct and non-existent contract. As mentioned earlier, novation cannot be presumed.

We however sustain the award of moral damages. While the bank had the legal basis to withhold the release of the mortgaged properties, nevertheless, it was not forthright and was lacking in candor in dealing with Mañalac. In accepting the PCIB Check, the bank knew fully well that the payment was conditioned on its commitment to release the specified properties. At the first instance, the bank should not have accepted the check or returned the same had it intended beforehand not to honor the request of Mañalac. In accepting the check and applying the proceeds thereof to the loan accounts of Mañalac and Galicia, the former were led to believe that the bank was favorably acting on their request. In justifying the award of moral damages, the Court of Appeals correctly observed that “there is the unjustified refusal of the appellant bank to make a definite commitment while profiting from the proceeds of the check by applying it to the principal and the interest of the Galicias and plaintiff-appellants.”[31]

Moral damages are meant to compensate the claimant for any physical suffering, mental anguish, fright, serious anxiety, besmirched reputation, wounded feelings, moral shock, social humiliation and similar injuries unjustly caused. Although incapable of pecuniary estimation, the amount must somehow be proportional to and in approximation of the suffering inflicted. Moral damages are not punitive in nature and were never intended to enrich the claimant at the expense of the defendant. There is no hard-and-fast rule in determining what would be a fair and reasonable amount of moral damages, since each case must be governed by its own peculiar facts. Trial courts are given discretion in determining the amount, with the limitation that it “should not be palpably and scandalously excessive.” Indeed, it must be commensurate to the loss or injury suffered.[32]

Respondent Rosita Mañalac has adequately established the factual basis for the award of moral damages when she testified that she suffered mental anguish and social humiliation as a result of the failure of the bank to release the subject properties or its failure to return the check despite its refusal to make a definite commitment to comply with the clearly-stated object of the payment.

Respondent Rodolfo Mañalac however is not similarly entitled to moral damages. The award of moral damages must be anchored on a clear showing that he actually experienced mental anguish, besmirched reputation, sleepless nights, wounded feelings or similar injury. There was no better witness to this experience than respondent himself. Since respondent Rodolfo Mañalac failed to testify on the witness stand, the trial court did not have any factual basis to award moral damages to him.[33] Indeed, respondent Rodolfo Mañalac should have taken the witness stand and should have testified on the mental anguish, serious anxiety, wounded feelings and other emotional and mental suffering he purportedly suffered to sustain his claim for moral damages. Mere allegations do not suffice; they must be substantiated by clear and convincing proof.

Nevertheless, we find the award of P200,000.00 excessive and unconscionable. As we said, moral damages are not intended to enrich the complainant at the expense of the defendant. Rather, these are awarded only to enable

the injured party to obtain “means, diversions or amusements” that will serve to alleviate the moral suffering that resulted by reason of the defendant’s culpable action. The purpose of such damages is essentially indemnity or reparation, not punishment or correction. In other words, the award thereof is aimed at a restoration within the limits of the possible, of the spiritual status quo ante; therefore, it must always reasonably approximate the extent of injury and be proportional to the wrong committed.[34] The award of P50,000.00 as moral damages is reasonable under the circumstances.[35]

WHEREFORE, the petition is GRANTED. The decision of the Court of Appeals dated October 12, 2000 in CA-G.R. CV No. 50292 is REVERSED and SET ASIDE. The petitioner Philippine Savings Bank is DIRECTED to indemnify respondent Rosita P. Mañalac in the amount of P50,000.00 as moral damages. The Regional Trial Court of the City of Pasig, Branch 161 is ORDERED to issue a writ of possession in favor of Philippine Savings Bank. No costs.

SO ORDERED.

Davide, Jr., C.J. (Chairman), Quisumbing, Carpio, and Azcuna, JJ., concur.

[1] Rollo, pp. 13-80.

[2] Id. at 82-109, penned by Associate Justice Teodoro P. Regino and concurred in by Associate Justices Delilah Vidallon-Magtolis and Perlita J. Tria-Tirona.

[3] Penned by Judge Santiago G. Estrella, CA Rollo, pp. 234-244.

[4] Original Records, Vol. II, p. 543.

[5] Id. at 67.

[6] Id. at 65-66.

[7] Id. at 73-74.

[8] Id. at 68.

[9] Id. at 559.

[10] Id. at 561-563.

[11] Id. at 573.

[12] Id. at 574.

[13] Id. at 582.

[14] Id. at 596.

[15] Court of Appeals Records, p. 244.

[16] Rollo, p. 108-109.

[17] Id. at 37-39.

[18] G.R. No. 111662, 23 October 1997, 281 SCRA 155, 160.

[19] G.R. No. 86603, 5 February 1990, 181 SCRA 774, 778.

[20] G.R. No. 79906, 20 June 1988, 162 SCRA 358.

[21] Rollo, p. 99.

[22] Original Records, Vol. II, p. 574.

[23] Id. at 576.

[24] Id. at 577-581.

[25] Rollo, p. 104.

[26] Azolla Farms and Francisco R. Yuseco v. Court of Appeals, G.R. No. 138085, 11 November 2004.

[27] California Bus Lines, Inc. v. State Investment House, Inc., G.R. No. 147950, 11 December 2003, 418 SCRA 297, 310.

[28] Article 1236. The creditor is not bound to accept payment or performance by third person who has no interest in the fulfillment of the obligation, unless there is a stipulation to the contrary.

Whoever pays for another may demand from the debtor what he has paid, except that if he paid without the knowledge or against the will of the debtor, he can recover only insofar as the payment has been beneficial to the debtor.

Article 1237. Whoever pays on behalf of the debtor without the knowledge or against the will of the latter, cannot compel the creditor to subrogate him in his rights, such as those arising from a mortgage, guaranty, or penalty.

[29] Garcia v. Llamas, G.R. No. 154127, 8 December 2003, 417 SCRA 292, 302.

[30] 125 Phil. 151, 157 (1966).

[31] Rollo, p. 107.

[32] Samson, Jr. v. Bank of the Philippine Islands, G.R. No. 50487, 10 July 2003, 405 SCRA 607, 612.

[33] Mahinay v. Atty. Velasquez, Jr., G.R. No. 152753, 13 January 2004, 419 SCRA 118, 121.

[34] Solidbank Corporation v. Spouses Teodulfo and Carmen Arrieta, G.R. No. 152720, 17 February 2005.

[35] Id.

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