

PHILIPPINE NATIONAL BANK AND ASSET PRIVATIZATION TRUST, PETITIONERS, VS. REFRIGERATION INDUSTRIES, INC., RESPONDENT.

G.R. NO. 156178. January 20, 2006

Ponente: QUISUMBING, J.

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QUISUMBING, J.:

This is a petition for review on certiorari seeking reversal of the Decision[1] dated November 22, 2002, of the Court of Appeals in CA-G.R. CV No. 51912. The decision affirmed the Summary Judgment[2] dated August 7, 1995, of the Regional Trial Court (RTC) of Makati, Branch 61, in Civil Case No. 13944.

The facts in this case are culled from the records.

Petitioners are the Philippine National Bank (PNB), a private banking corporation, and the Asset Privatization Trust (APT), an agency created by Proclamation No. 50 that takes title to or possession, conserves, provisionally manages, and disposes assets, which have been identified for privatization or disposition, for the benefit of the National Government.

Respondent Refrigeration Industries Inc. (RII) is a manufacturer of refrigerators and compressors.

Prior to 1984, respondent RII occupied a portion of the assembly plant of Delta Motor Corporation (DMC). RII installed in the plant equipment, machinery and other chattels RII used in its business.[3]

In February 1984, PNB, then a government-owned and controlled bank, foreclosed several parcels of real estate and chattels of DMC located at the DMC Compound. In an auction of the foreclosed properties, PNB was the highest bidder. Thus, it took possession of all chattels inside the DMC compound, both as owner of chattels and as mortgagee of the remaining properties.[4]

On June 18, 1984 when PNB took possession of the DMC compound, RII demanded the release of its properties still inside the compound, now the subject of the case, after RII made statements claiming ownership over them. PNB allowed RII to remove some of its personal properties from the DMC compound, upon the latter's showing of proof of ownership. However, respondent failed to produce any proof of ownership,[5] with respect to the contested properties found in Annex "C" of the Complaint. PNB's refusal to release the subject properties led to the filing of a complaint by RII for Recovery of Possession with Damages before the RTC of Makati on June 10, 1986.

At all the scheduled pre-trial conferences, PNB consistently manifested in court its willingness to release the chattels conditioned upon RII's showing of evidence of ownership. Eventually, some of the properties were released.

By virtue of Proclamation No. 50 as implemented by Administrative Circular No. 14 dated February 27, 1989, certain properties of RII inside DMC's compound, with some other acquired assets of PNB covered by the Circular, were transferred to the Asset Privatization Trust (APT). Hence in 1992, APT was impleaded as a

party-defendant. Pursuant to Republic Act No. 8758,[6] the corporate existence of APT expired on December 31, 2000. On December 6, 2000, former President Joseph Estrada signed Executive Order No. 323 creating the Privatization and Management Office (PMO) which succeeded the APT. At the time, RII had not yet shown additional evidence to support its claim over the remaining personal properties in PNB's possession.

Six (6) years later, on February 10, 1995, RII filed a Motion for Summary Judgment.[7] It averred that there was no genuine issue to any material fact except the issue on damages, costs and attorneys' fees. RII alleged that during the pre-trial conference, PNB manifested to APT, in a letter[8] dated May 11, 1989, that the machineries and equipments of RII listed in Annex "C" of the complaint were erroneously transferred to APT, and that in a letter[9] dated May 31, 1989, APT acknowledged the mistakes and agreed to release the properties to the authorized representative of RII.

Both PNB and APT (PMO) opposed the motion on the ground that there still existed a genuine factual issue, which was the ownership of the chattels.

On August 7, 1995, a Summary Judgment was rendered by the lower court, the decretal portion of which reads:

WHEREFORE, premises above considered, and there is no genuine issue left to be litigated, the motion for summary judgment is hereby GRANTED, and judgment is hereby rendered for plaintiff as against defendants who are hereby ORDERED to effect the return of all the chattels and/or personal properties of plaintiff that were taken by them as stated in Annex "C" of the Complaint.

SO ORDERED.[10]

PNB appealed to the Court of Appeals.

On November 22, 2002, the Court of Appeals affirmed in toto the trial court's decision. Hence, this petition raising a single issue as follows:

THE HONORABLE COURT OF APPEALS DID NOT CONSIDER THE EXISTENCE OF A GENUINE ISSUE IN THIS CASE, THAT OF THE OWNERSHIP OF THE CONTESTED CHATTELS, THAT WOULD PRECLUDE ISSUANCE OF SUMMARY JUDGMENT.[11]

Simply put, was the summary judgment proper? Did the appellate court err in affirming the trial court's decision?

Petitioners contend that the Court of Appeals gravely erred in affirming the summary judgment. There was no admission made as to RII's ownership of the contested chattels, thus, there still exists a genuine issue as to a material fact that precludes the issuance of summary judgment.

After considering the records of this case, we find that petitioners' contention could not be upheld. We agree that the Court of Appeals correctly held that the summary judgment was properly rendered by the trial court.

Firstly, it may be noted that PNB admitted in its May 11, 1989 letter to APT that the contested chattels belonged to RII, but were erroneously taken during the foreclosure of DMC's properties; that these were eventually transferred to APT. Secondly, we also note that APT admitted that PNB wrote the letter dated May 11, 1989; and that APT wrote a letter dated May 29, 1989 to PNB. With these admissions, there is no genuine issue concerning RII's ownership of the chattels and their erroneous delivery to APT had remained. A "genuine issue" is an issue of fact which requires the presentation of evidence. When the facts as pleaded appear uncontested or undisputed, then there is no real or genuine issue or question as to the facts.[12]

Summary judgment, as prescribed by the rules must then ensue as a matter of law, to weed out sham claims or defenses at an early stage of the litigation, to avoid the expense and loss of time involved in a trial, and to separate what is formal or pretended in denial or averment from what is genuine and substantial, so that only the latter may

subject a suitor to the burden of trial.[13]

Contrary to petitioners' claim that there was no admission on their part that respondent owned the chattels, our review of the records shows that petitioners failed to either specifically deny or directly assail and raise as an issue, the validity of the letter dated May 11, 1989 and the letter dated May 29, 1989. Their failure to deny the genuineness and due execution of the said documents amounts to a judicial admission pursuant to Section 8, [14]Rule 8 of the Rules of Court.

Judicial admissions do not require proof and may not be contradicted in the absence of a prior showing that the admissions had been made through palpable mistake.[15] These letters are deemed admitted as evidence, and they likewise supersede the defenses interposed by petitioners in their respective answers.

It may lastly be recalled that from the very start, PNB consistently manifested its willingness to release the said properties upon respondent's proof of ownership over them. The correspondence between the parties shows that PNB actually admitted that the subject chattels belonged to RII but were erroneously transferred to petitioner APT. Conformably then, the trial court's summary judgment is proper and correct. No reversible error was committed by the Court of Appeals in affirming it.

WHEREFORE, the instant petition is DENIED for lack of merit. The assailed Decision dated November 22, 2002 of the Court of Appeals in CA-G.R. CV No. 51912 is AFFIRMED. Costs against petitioners.

SO ORDERED.

Carpio, Carpio-Morales, and Tinga, JJ., concur.

[1] Rollo, pp. 37-45. Penned by Associate Justice Edgardo P. Cruz, with Associate Justices Salvador J. Valdez, Jr., and Mario L. Guariña, III concurring.

[2] Records, pp. 873-874.

[3]Id. at 3.

[4] Id. at 222.

[5]Id. at 223.

[6]AN ACT EXTENDING THE TERM OF THE COMMITTEE ON PRIVATIZATION AND THE ASSET PRIVATIZATION TRUST AMENDING FOR THE PURPOSE REPUBLIC ACT NUMBERED SEVEN THOUSAND ONE HUNDRED EIGHTY-ONE, AS AMENDED.

[7] Rollo, pp. 72-76.

[8] Records, pp. 564-565.

PNB's Letter to APT (emphasis ours):

Reference is made to the Court Order of April 21, 1989, the issuance whereof was precipitated by your Atty. Suratos' verbal manifestation regarding the need for a "retrieval" procedure to enable PNB to deliver to RII their remaining machineries and equipment which are still in the Delta Motors Compound.

In this connection, we have approached the whole matter in the light of the consideration that these machineries and equipment were erroneously transferred to your Office together with the transfer to that end of the entire accounts of the Delta Motors Corporation. This consideration, it should be emphasized, is supported by the following:

- The entire assets of RII, including those earlier released, were all situated inside the Delta Motors' Compound in Sucat, Parañaque, M.M.;
- Inventory of the remaining assets of RII, recently made by our Transferred Assets Department, clearly indicated that these properties were not part of the Delta Motors' encumbered properties; and
- While there were a handful of RII properties that were listed in a Sheriff's Certificate of Sale covering properties of Delta Motors, these RII machineries and equipment were never listed in any mortgage document of Delta Motors' account.

Consequently, therefore, we have considered to request your Office for the return of these RII properties through our Transferred Assets Department. Thereafter, we shall deliver same to RII pursuant to the aforesaid Court Order.

...

(Sgd.) Nicolas C. Aliño

AVP & Asst. Chief Legal Counsel

Legal Department

[9] Id. at 566.

In view of your letter of May 11, 1989 informing us that the subject properties actually belong to RII but were erroneously transferred to APT, the Transferred Assets Department of PNB can release the subject properties to the authorized representatives of RII.

(Sgd.) Jose C. Sison

Associate Executive Trustee

[10] Id. at 874.

[11] Rollo, p. 23.

[12] Evadel Realty and Development Corporation v. Soriano, G.R. No. 144291, 20 April 2001, 357 SCRA 395, 401.

[13] Galicia v. Polo, G.R. No. 49668, 14 November 1989, 179 SCRA 371, 376-377.

[14] SEC. 8. How to contest such documents. — When an action or defense is founded upon a written instrument, copied in or attached to the corresponding pleading as provided in the preceding section, the genuineness and due execution of the instrument shall be deemed admitted unless the adverse party, under oath, specifically denies them, and sets forth what he claims to be the facts; but the requirement of an oath does not apply when the adverse party does not appear to be a party to the instrument or when compliance with an order for an inspection of the original instrument is refused.

[15] Carandang v. Court of Appeals, G.R. No. 85718, 16 April 1991, 195 SCRA 771, 776.

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