

**THE CONSOLIDATED BANK AND TRUST CORPORATION,
PETITIONER, VS. THE COURT OF APPEALS, UNITED PACIFIC
LEASING AND FINANCE CORPORATION, RESPONDENTS.**

G.R. No. 169457. October 19, 2015

Ponente: JARDELEZA, J.

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JARDELEZA, J.:

This is a Petition for Review on Certiorari[1] of the December 22, 2004 Decision[2] and August 30, 2005 Resolution[3] of the Court of Appeals in CA G.R. CV 50550, finding petitioner Consolidated Bank and Trust Corporation ("Solidbank") liable to respondent United Pacific Leasing and Finance Corporation ("UNAM") for excess payments received under a loan obligation.

Facts

In 1982, Solidbank extended loans to UNAM evidenced by the following promissory notes:[4]

Promissory Note No.

Date Issued

Date Due

Amount (Peso)

Exhibit "A"

82-115

Sept. 28, 1982

Sept. 28, 1985

P5,000,000.00

Exhibit "B"

82-120

Oct. 25, 1982

Oct. 25, 1985

1,000,000.00

Exhibit "C"

98-83-24112-1

July 27, 1983

July 27, 1985

4,300,000.00

Exhibit "D"

98-84-000480-4

Sept. 3, 1984

Mar. 4, 1985

4,000,000.00

Exhibit "E"

98-85-01035-9

Sept. 17, 1984

Mar. 15, 1985

300,000.00

Exhibit "F"

98-85-01034-0

Apr. 18, 1985

Feb. 2, 1985

2,500,000.00

Value dated:

Sept. 24, 1984

Exhibit "G"

97-85-01037-5

April 18, 1985

Dec. 10, 1984

500,000.00

Value dated:

Sept. 24, 1984

Exhibit "H"

98-85-01036-7

April 18, 1985

Mar. 4, 1985

700,000.00

Value dated:

Sept. 19, 1984

Exhibit "I"

97-85-01038-3

April 18, 1985

Dec. 3, 1984

600,000.00

Value dated:

Sept. 24, 1984

As security for the loans, UNAM executed Deeds of Assignment^[5] in Solidbank's favor. It also furnished Solidbank with a "Certified List of Assigned Receivables."^[6]

In 1985, UNAM's majority shareholder - Pacific Banking Corporation ("Pacific Bank") - was forbidden to do business^[7] and later placed under liquidation pursuant to Monetary Board Resolution No. 1233 dated November 22, 1985.^[8] Liquidation proceedings, docketed as Special Proceeding (SP) No. 86-35313, were thereafter commenced before Branch 31 of the Regional Trial Court of Manila ("Liquidation Court").^[9] These, in turn, resulted to UNAM's inability to properly comply with its loan obligations.^[10]

Faced with UNAM's default, Solidbank tried to collect payment from the account debtors stated in the List of Assigned Receivables. Upon learning that UNAM had already collected on some of the credits assigned, Solidbank sent letters to UNAM demanding for the turnover of the collected amounts.

Unsuccessful, Solidbank, on January 21, 1987, filed a Complaint for Sum of Money (with Prayer for Issuance of Writ of Preliminary Attachment)^[11] against UNAM, its executive vice-president Antonio Andal ("Andal") and his wife. Solidbank claimed payment for the amount of Sixteen Million Three Hundred Eighty-One Thousand Eight Hundred Eighty-Nine Pesos and Fifty-Three Centavos (P16,381,889.53) as UNAM's outstanding principal loan obligation.^[12] Its Complaint was docketed as Civil Case No. 87-39114 and raffled to Branch 46 of the Regional Trial Court of Manila ("Trial Court").

On February 17, 1987, Solidbank amended its Complaint to include as defendants the members of UNAM's Board of Directors and their spouses.^[13] The following were impleaded: Antonio Roxas Chua Jr. ("Chua"), Luis Tirso Rivilla, Jose F. Unson ("Unson"), Oscar T. Africa, Ricardo R. Zarate and Albert W. Ambs. Nevertheless, in the Pre-Trial Order dated May 4, 1992, only Andal, Unson and Chua remained as individual defendants.^[14]

Solidbank filed a Manifestation^[15] dated June 2, 1987 informing the Trial Court that it had earlier filed a claim worth Eight Million Twenty-Four Thousand Pesos and Twenty-Seven Centavos (P8,024,000.27) before the Office of the Pacific Bank Liquidator ("Liquidator").^[16] This claim represents the eight (8) receivables assigned by UNAM to Solidbank under the List of Assigned Receivables and which appear to be due from Pacific Bank.^[17] According to Solidbank, it filed the claim based on the July 29, 1986 Order of the Liquidation Court mandating the filing of claims even for credits under litigation.^[18]

On June 30, 1987, UNAM filed its Answer with Special and Affirmative Defenses,^[19] which it later amended on June 21, 1991.^[20] UNAM stated that the Liquidation Court adjudged, per Decision dated July 12, 1989,

Twenty-Four Million One Hundred Fifty-Eight Thousand Two Hundred Sixty-Three Pesos and Ten Centavos (P24,158,263.10) in Solidbank's favor ("loan award").[21] In addition, and per Order dated June 25, 1990,[22] the Liquidation Court also awarded Solidbank an additional Seventeen Million Six Hundred Twenty Thousand Six Hundred Fifty-Nine Pesos and Sixty Centavos (P17,620,659.60) representing unpaid rentals for, and value of, computer machines allegedly leased by Solidbank to Pacific Bank for the period of November 1988 to June 1990 ("lease award").[23]

UNAM claims that Solidbank, by virtue of an agreement submitted to (and thereafter approved by) the Liquidation Court without UNAM's knowledge and consent, compromised the loan award of Twenty-Four Million One Hundred Fifty-Eight Thousand Two Hundred Sixty-Three Pesos and Ten Centavos (P24,158,263.10) to the much lower amount of Ten Million Seven Hundred Twenty-Two Thousand Seven Hundred Four Pesos and Eighty-Three Centavos (P10,722,704.83).[24]

On January 12, 1989, the Liquidator made a partial payment of One Million Two Hundred Six Thousand Four Hundred Ninety-Five Pesos and Seventeen Centavos (P1,206,495.17), consequently reducing the outstanding loan balance to Nine Million Five Hundred Sixteen Thousand Two Hundred Nine Pesos and Sixty-Six Centavos (P9,516,209.66).[25] Thereafter, on October 4, 1989, two (2) Philippine National Bank (PNB) checks representing the remaining balance were delivered to Solidbank.[26]

In view of the foregoing, UNAM pleaded that (1) all amounts awarded to Solidbank by the Liquidation Court be credited by the Trial Court to UNAM's outstanding loan obligation; and, by way of counterclaim, (2) it be awarded the difference between the loan award of Twenty-Four Million One Hundred Fifty-Eight Thousand Two Hundred Sixty-Three Pesos and Ten Centavos (P24,158,263.10) and the compromised amount of Ten Million Seven Hundred Twenty-Two Thousand Seven Hundred Four Pesos and Eighty-Three Centavos (P10,722,704.83).[27]

The Ruling of the Trial Court

In a Decision dated February 6, 1995, the Trial Court ruled in favor of UNAM.[28] Finding that Solidbank had no authority to enter into the Compromise Agreement, the Trial Court deemed Solidbank to have received the entire sum of the initial loan award and deducted the same from its computation of the total amount owing to Solidbank:

Considering that the Compromise Agreement was entered into without UNAM's knowledge and consent, for purposes of this case, SOLIDBANK will be deemed to have received the entire sum of P24,158,263.10.

As of August 2, 1985, the total outstanding balance of UNAM's loans from SOLIDBANK was P3,620,677.94. Computing interest thereon from August 2, 1985 to October 4, 1989 at the rate of 24% per annum will come up to P3,620,677.94 for fifty (50) months. Penalty at the rate of 12% per annum, as per provision... will be P1,810,338.97. The total interests and penalties due from August 2, 1985 to October 4, 1989 (50 months) is [sic] in the amount of P5,431,016.91. Thus, as of October 4, 1989, balance of principal plus interests and penalties due SOLIDBANK from UNAM is in the total sum of P9,051,694.85.

It must be noted that this sum of P9,051,694.85 was arrived at because the interest was computed at 24% per annum as per provision in the ... notes. But SOLIDBANK, taking advantage of the provision... that allows increase or decrease of interest xxx has repeatedly used a higher interest rate than 24%... If the Court will use SOLIDBANK's procedure in computing interest, the total liability of UNAM as of October 4, 1989 will be in the vicinity of P10,722,704.83.

xxx

... this Court rules that the correct total amount owing to SOLIDBANK as of Oct. 4, 1989 is P9,051,694.85. Thus, when the P24,158,263.10 was deemed paid as of October 4, 1989, the total obligation of UNAM to the

tune of P9,051,694.85 as of October 4, 1989 was deemed FULLY PAID and the obligation was extinguished.[29]

(Emphasis supplied.)

Considering its ruling that the compromise judgment had fully extinguished UNAM's loan obligation, the Trial Court also ordered Solidbank to return to UNAM the amount it received as lease award, thus:

UNAM also proved that in 1990 SOLIDBANK claimed in the Liquidation Court additional sums from UNAM and thru its motion, succeeded in amending a writ of execution... thru an Order dated June 25, 1990...

The total sum of the figures cited is P17,620,659.60 plus three per cent (3%) monthly penalty for delayed payment.

How SOLIDBANK can find a new cause for this further collection after full payment of UNAM's obligation is beyond the Court's comprehension. Not even in the name of error could this claim of SOLIDBANK be explained.

This award of P17,620,659.60 must be credited for UNAM, because SOLIDBANK went to the Liquidation Court in its sole personality as UNAM's Assignee of receivables and no other.

xxx

xxx For SOLIDBANK to claim in the Liquidation Court that it was the owner of the computers subject matter of the assigned Leasesm [sic] is to defy the provisions of the Deeds of Assignment.

Hence, SOLIDBANK cannot escape the liability to return to UNAM this sum of P17,620,659.60 including the interests it collected thereon. Not to require SOLIDBANK to return this sum to UNAM is to allow SOLIDBANK to be unjustly enriched by it. xxx[30]

(Emphasis supplied.)

On February 27, 1995, Solidbank filed a motion seeking reconsideration of the Trial Court's decision.[31] In an Order dated August 9, 1995,[32] the Trial Court, this time through Pairing Judge Lorenzo B. Veneracion, reversed itself, ruling:

A review and analysis of the findings upon which the awards in favor of the defendants and against the plaintiff bank show that said awards were clearly arrived at principally from the records of the Liquidation Court of Pacific Bank, Branch 31 of this Court, Sp. Proc. No. 86-35313...

xxx

With respect to the claim of the plaintiff in the amounts prayed for in the complaint, the Court believes that this Court does not possess the competence to rule on the said claims, the same properly falling within the jurisdiction of the Liquidation Court and we strongly feel that we cannot substitute our judgment for that of the liquidation court. Moreover, the records are in the possession of the said liquidation court and the latter Court can properly rule on the evidence adduced before it.

(Emphasis supplied.)

Thus, the complaint and respective counterclaims were dismissed "without prejudice to said parties litigating their respective claims before the Liquidation Court in Special Proceeding No. 86-35313... which has jurisdiction over the subject matter in the complaint..."[33]

Both Solidbank and UNAM appealed to the Court of Appeals ("CA").

The Ruling of the Court of Appeals

In a Decision dated December 22, 2004,[34] the CA reversed and set aside the August 9, 1995 Order of the Trial Court, to wit:

WHEREFORE, premises considered, the Order dated August 9, 1995 is hereby REVERSED and SET ASIDE.

The Decision dated February 6, 1995 is hereby REINSTATED and MODIFIED to the effect that Solidbank is ordered to return to UNAM the sum of Twelve Million Seven Hundred Fifty-Four Thousand Four Hundred Forty-Eight Pesos and Forty-Four Centavos (P12,754,448.44), plus six percent (6%) per annum from the date of the trial court's decision. After finality of this Decision, Solidbank is ordered to pay interest at the rate of twelve percent (12%) per annum until full payment of the awarded amount shall have been made.

The awards in favor of defendants Jose F. Unson and Antonio M. Andal are hereby DELETED.

SO ORDERED.[35]

(Emphasis supplied.)

On January 19, 2005, Solidbank filed a Motion for Partial Reconsideration of the CA's Decision.[36] Solidbank took issue with the deduction by the CA of the lease award from UNAM's outstanding loan obligation. Solidbank also disputed the CA's effective affirmance of the Trial Court's jurisdiction over UNAM's counterclaim, which Solidbank maintains, falls "exclusively within the domain of the Liquidation Court to resolve in SPNo. 86-35313." [37]

The CA denied Solidbank's motion in a Resolution dated August 30, 2005.[38]

Hence, this Petition for Review.[39]

The Issue

The petition shows that Solidbank did not question the CA's re-computation of UNAM's outstanding loan obligation. Save for the deduction of the amount of the lease award, neither did Solidbank take issue with the CA's application to UNAM's loan obligations of the other amounts it received as a result of the liquidation proceedings.

Our resolution of the case is thus limited to the issue of whether or not the CA erred in applying the lease award to UNAM's outstanding loan obligation.

Our Ruling

The propriety or correctness of the orders of the Liquidation Court in SP No. 86-35313 is not at issue in this case. What is at issue is the propriety of the application by the CA of the lease award as payment to UNAM's outstanding loan obligations. To resolve this issue, we need to trace the circumstances of the Liquidation Court's lease award.[40]

Background of grant of lease award

On June 25, 1990, the Liquidation Court issued a writ of execution directing the Pacific Bank Liquidator "to return and deliver the leased computer machines in working/operating condition" to Solidbank and/or "pay the corresponding value thereof as stipulated in the contract of lease between the parties..." as well as the sum "representing rentals due on the same from November, 1988 to June, 1990" with penalties.[41]

It appears that this order was subject of an Amended Notice of Appeal dated July 27, 1990 and a Record on Appeal filed by the Liquidator. Both were denied by the Liquidation Court on October 28, 1991.[42]

In the course of denying the Liquidator's appeal, the Liquidation Court noted UNAM's allegations in its Manifestation and Omnibus Motion dated March 9, 1991 that Solidbank was merely an assignee of UNAM on all receivables from Pacific Bank and thus cannot claim the value of the leased computers.[43]

The Liquidation Court further noted that the Liquidator opposed UNAM's motion to receive the amount corresponding to the lease award on the following grounds:

a) xxx

b) [Pacific Bank] leased the computers from the Solidbank and UNAM had not [sic] transaction whatsoever with the Solidbank Corporation regarding the said computers;

c) xxx

d) When [Pacific Bank] was placed under liquidation, all creditors were required to file their claims on or before June 3, 1987 and UNAM filed its claims for payment of the computers only in March, 1991 and therefore the same is barred already by prescription and laches.[44]

(Emphasis supplied.)

The Liquidation Court found that UNAM's Manifestation and Omnibus Motion were "actually motions to intervene as claimant against both the Solid Bank and the Liquidator... which cannot be accepted without paying the corresponding filing docket fees..."[45] It held that UNAM should "instead file a corresponding Motion to Intervene with a Complaint-in-Intervention, under the provisions of Rule 12 of the Rules of Court." [46]

It does not appear that the parties took further action on either the June 25, 1990 or the October 28, 1991 orders of the Liquidation Court.

Action of the Trial Court on the Orders of the Liquidation Court

In initially ordering Solidbank to return the amount it received as lease award, the Trial Court held:

This award of P17,620,659.60 to SOLIDBANK must be credited for UNAM, because SOLIDBANK went to the Liquidation Court in its sole personality as UNAM's Assignee of receivables and no other.

xxx But with this specific provision that the assignment will not effect a dacion en pago, it means that the ownership over the receivables and other securities will remain with the Assignor UNAM. For SOLIDBANK to claim in the Liquidation Court that it was the owner of the computers, subject matter of the assigned Leasesm [sic] is to defy the provisions of the Deeds of Assignment.

Hence, SOLIDBANK cannot escape the liability to return to UNAM this sum of P17,620,659.60 including the interests it collected thereon. Not to require SOLIDBANK to return this sum to UNAM is to allow SOLIDBANK to be unjustly enriched by it. xxx This remedy is granted on grounds of equity...[47]

(Emphasis supplied.)

The Trial Court later on reconsidered and ordered the dismissal of the complaint and the corresponding counterclaims.[48] In its challenged decision, however, the CA reinstated the Trial Court's initial ruling.

Finding that Solidbank's action is one "essentially seeking the payment of loans," the amount of which exceeded "the minimum jurisdictional amount provided under Batas Pambansa Big. 129,"[49] the CA held that the Trial Court clearly had jurisdiction over the subject matter of Solidbank's claim.[50] It also ruled that while Solidbank had no authority[51] to enter into any compromise agreement over the assigned receivables, UNAM's failure to assail the validity of the Compromise Agreement operated as a ratification of this Agreement. Thus, the CA

considered "as payment collected by Solidbank" only the compromise amount of P10,722,704.83, (and not P24,158,263.10), for purposes of applying the same as payment of UNAM's loan obligation.[52]

In addition, the CA found that as of January 18, 1985, UNAM's total loan indebtedness to Solidbank (exclusive of interest) is equivalent to P13,666,666.63.[53] Since UNAM made partial payments to Solidbank from March 1, 1985 to August 2, 1985 of P5,124,822.06,[54] the principal balance was reduced to P8,541,871.78 as of October 25, 1985, which balance earned monthly interest at the stipulated rate of 22.5 percent per annum or 1.875 percent per month.[55] The CA, thereafter, applied all the amounts received by Solidbank from the Liquidation Court namely, the compromised award of P10,722,704.83 and the lease award of P17,620,659.60, to UNAM's total remaining loan obligation, as follows:[56]

UNAM's balance as of October 25, 1985
(date when the last promissory note matured)

P 8,541,871.78

Add:

Interest due as of December 1988

6.086.083.64325[57]

Total of amount due

P14,627,955.42325

Less:

Payment by the Liquidation Court on

January 11, 1989 (Exhibit "8-B")

1,206,495.17

Total of amount due from UNAM

P13,421,460.25325

Add:

Interest due from January 11, 1989

to July 12, 1989 (nine [sic][58] months)

960,960.57[59]

Amount due from UNAM

P14,382,420.82

Less:

Amount approved under the compromise
agreement between Solidbank and Central Bank

Liquidator:

a. PNB Check No. 501490

7,729,092.19

b. PNB Check No. 501491

1,787,117.47

9,516,209.66

Amount due from UNAM

P 4,866,211.16

Less:

Awards in favor of Solidbank from
the Liquidation Court.

a. Value of the leased computers

9,636,888.00

b. Rentals of the computers

7,983,771.60

P 17,620,659.60

Overpayment

(-) P12,754,448.44

The CA's foregoing re-computation of UNAM's obligation and application of the amounts received by Solidbank resulted to "an excess payment in favor of Solidbank in the amount of P12,754,448.44," which the CA ordered Solidbank to return to UNAM.[60]

In its petition, Solidbank argues that the CA erred in applying the amount awarded to Solidbank for the leased computers to UNAM's loan obligation, on the following grounds: (1) that there is no evidence that Solidbank had actually received said amount,[61] and (2) that even assuming (for the sake of argument) that the lease award was actually received by Solidbank, the same should not have been deducted from UNAM's loan obligation as it is "not per se a form of payment of the indebtedness evidenced by the various promissory notes" assigned to Solidbank.[62] It also asserts that UNAM's claim of alleged overpayment should have been made before the Liquidation Court.[63]

UNAM counters that Solidbank cannot question the correctness of the CA's decision because "there was no evidence that it had actually collected on the awards given by the Liquidation Court." [64] According to UNAM, Solidbank never raised the issue on appeal with the CA. It did so for the first time in its motion for reconsideration of the CA's decision.[65] UNAM also claims to be the owner of the leased computers.[66]

We rule in favor of Solidbank and resolve to grant the Petition.

This case concerns actions of two courts over two different types of actions: one is a liquidation proceeding involving Pacific Bank (a shareholder of UNAM) and the other, an action for collection of sum of money filed by Solidbank against UNAM.

An action for collection or recovery of sum of money falls under the general classification of actions capable of pecuniary estimation. Depending on the amount of money in issue, such action may be filed with either the

Municipal Trial Courts or the Regional Trial Courts.[67] Since the collection suit filed by Solidbank against UNAM involved millions of pesos, Civil Case No. 87-39114 was filed with the Regional Trial Court (Branch 46 of the Regional Trial Court of Manila).

A liquidation proceeding, on the other hand, is a special proceeding involving the administration and disposition, with judicial intervention, of an insolvent's assets for the benefit of its creditors.[68] Under the Central Bank Act, this proceeding is cognizable by the Regional Trial Courts.[69]

Pursuant to Central Bank of the Philippines Memorandum dated July 6, 1985, Pacific Bank was forbidden to do business. It was subsequently placed under liquidation by virtue of Monetary Board Resolution No. 1233 dated November 22, 1985. The liquidation proceedings (involving Pacific Bank's assets) were conducted by the Liquidation Court in SP No. 86-35313.[70]

While both cases were properly cognizable by the Regional Trial Courts, the Trial Court in this case had no jurisdiction to make a ruling on the amount awarded by the Liquidation Court in Solidbank's favor.

Nature of a liquidation proceeding

Due to the nature of their transactions and functions, the banking industry is affected with public interest and banks can properly be subject to reasonable regulation under the police power of the State.[71] It is the Government's responsibility to see to it that the financial interests of those who deal with banks and banking institutions are protected.[72]

Hence, the Monetary Board, under certain circumstances, is empowered to (summarily and without need for prior hearing) forbid a banking institution from doing business in the Philippines and designate a Receiver for the institution. Such grounds include:

- (1) Inability to pay its liabilities as they become due in the ordinary course of business: Provided, That this shall not include inability to pay caused by extraordinary demands induced by financial panic in the banking community; or
- (2) Has sufficient realizable assets, as determined by the Bangko Sentral, to meet its liabilities; or
- (3) Cannot continue in business without involving probable losses to its depositors or creditors; or
- (4) Willful violation of a cease and desist order that has become final, involving acts or transactions which amount to fraud or a dissipation of the assets of the institution...[73]

In *Hernandez v. Rural Bank of Lucena Inc.*,[74] we held:

Under section 29 of the Central Bank Act, Republic Act No. 265, when the Monetary Board, upon information submitted by the Superintendent of Banks, finds a bank to be insolvent, it shall forbid the bank to do business and it shall take care of its assets according to law.

In that case, if the Monetary Board finds out that the insolvent bank cannot resume business with safety to its creditors, it shall through the Solicitor General, file a petition in the Court of First Instance, praying for the assistance and supervision of the court in the liquidation of the bank's affairs. Thereafter, the Superintendent of Banks, upon order of the Monetary Board and under the supervision of the court, shall convert to money the bank's assets, xxx

The fact that the insolvent bank is forbidden to do business, that its assets are turned over to the Superintendent of Banks, as a receiver, for conversion into cash, and that its liquidation is undertaken with judicial intervention means that, as far as lawful and practicable, all claims against the insolvent bank should be filed in the liquidation proceeding.

The judicial liquidation is intended to prevent multiplicity of actions against the insolvent bank. The lawmaking body contemplated that for convenience only one court, if possible, should pass upon the claims against the insolvent bank and that the liquidation court should assist the Superintendent of Banks and control his operations.

In the course of the liquidation, contentious cases might arise wherein a full-dress hearing would be required and legal issues would have to be resolved. Hence, it would be necessary in justice to all concerned that a Court of First Instance should assist and supervise the liquidation and should act as umpire and arbitrator in the allowance and disallowance of claims.

The judicial liquidation is a pragmatic arrangement designed to establish due process and orderliness in the liquidation of the bank, to obviate the proliferation of litigations and to avoid injustice and arbitrariness.[75]

(Emphasis and underscoring supplied.)

Notwithstanding this "pragmatic arrangement," claims may, under certain circumstances, be litigated before courts other than the liquidation court,[76] This, however, does not mean that the other courts can interfere with the liquidation proceedings. Adjudicated claims must still be submitted to the liquidators for processing.[77]

When Solidbank's collection suit against UNAM was filed on February 17, 1987, SP No. 86-35313 was already on-going. In fact, when notice of said proceedings was published, Solidbank filed a Manifestation before the Trial Court declaring that it had also submitted claims with the Liquidation Court.[78] UNAM appears to have filed, by way of Manifestation and Omnibus Motion, certain claims in the liquidation proceedings as well.[79]

Accordingly, the Liquidation Court in SP No. 86-35313 had special jurisdiction to receive and adjudicate all claims against Pacific Bank, including the claim for the unpaid rentals for, and value of, computers allegedly leased by Solidbank to Pacific Bank. Its findings relative thereto cannot be disturbed, much less overturned, by the Trial Court.

More, the action before the Trial Court is a collection suit filed against UNAM. The proceeding before the Liquidation Court, on the other hand, involves claims against Pacific Bank. These are different proceedings, albeit involving two related yet distinct entities. While Pacific Bank may be a major shareholder of UNAM, it still retains a juridical personality separate and distinct from its affiliate corporation. Any claim or suit against the latter does not bind the former and vice-versa.[80] Thus, in the same way that UNAM cannot be made to pay for debts directly incurred by Pacific Bank, an award issued as a consequence of a successful claim against Pacific Bank cannot be applied as payment for a claim against UNAM.

Award of the Liquidation Court had long attained finality and can no longer be modified

An order of a liquidation court allowing or disallowing a claim is a final order, which may be the subject of an appeal. The issuance of such an order, by its nature, affects only the particular claim involved, thereby creating a situation where multiple appeals are allowed. Consequently, a record on appeal is necessary in each and every appeal made thereon.[81]

Here, although the June 25, 1990 Order of the Liquidation Court granting the lease award to Solidbank was initially subject of several Notices of Appeal and a Record on Appeal filed by the Liquidator, these were denied due course by the Liquidation Court on October 28, 1991.[82] It does not appear that UNAM took any action relative thereto.

We note further the following directive of the Liquidation Court, in its Order of October 28, 1991:

WHEREFORE, judgment is rendered, as follows:

a) xxx

b) UNAM's Manifestation dated January 8, 1991 and Omnibus Motion dated March 9, 1991 were actually motions to intervene as claimant against both the Solid Bank and the Liquidator of [Pacific Bank] which cannot be accepted without paying the corresponding filing docket fees under Administrative Circular No. 7 xxx;

c) UNAM should instead file a corresponding Motion to Intervene with a Complaint-in- Intervention, under the provisions of Rule 12 of the Rules of Court;

d) There being a controversy between claimant Solidbank and UNAM xxx the same is hereby held in escrow by the present depository xxx to bear interest, until further Orders of this Court pending the resolution of UNAM's claims as Assignor of Solidbank, as will be litigated in his projected complaint-in-intervention.

SO ORDERED.[83]

(Emphasis and underscoring supplied.)

Rather than file a Complaint-in-intervention as directed, UNAM appeared to have chosen to pursue its claims against Pacific Bank for the leased computers in its collection suit against Solidbank. This, as already explained earlier, it cannot do.

UNAM's refusal or failure to properly seek relief from the order (whether by way of filing a record on appeal, a complaint-in-intervention or a petition for review or annulment of the order), to our minds, suggests that the Liquidation Court's order had become final, long before the February 6, 1995 Decision, the August 9, 1995 Order of the Trial Court, and the December 22, 2004 Decision of the Court of Appeals.

A decision that has acquired finality becomes immutable and unalterable, and may no longer be modified in any respect, even if the modification is meant to correct erroneous conclusions of fact and law, and whether it be made by the court that rendered it or by the Highest Court of the land.[84]

Hence, the CA erred when it effectively reversed the Liquidation Court's award to Solidbank by adjudging the same in UNAM's favor and thereafter proceeded to apply the amount to the latter's loan obligation. With this ruling, we do not need to resolve the issue of whether or not Solidbank actually received the lease award.

Setting aside the Court of Appeals' erroneous application of the lease award of P17,620,659.60, UNAM would still have an outstanding loan balance amounting to Four Million Eight Hundred Sixty-Six Thousand Two Hundred Eleven Pesos and Sixteen Centavos (P4,866,211.16), computed as follows:

UNAM's balance as of October 25, 1985
(date when the last promissory note matured)

P8,541,871.78

Add:

Interest due as of December 1988

6,086,083.64325[85]

Total of amount due

P4,627,955.42325

Less:

Payment by the Liquidation Court on

January 11, 1989 (Exhibit "8-B")

1,206,495.17

Total amount due from UNAM

P13,421,460.25325

Add:

Interest due from January 11, 1989

to July 12, 1989 (six months)

960,960.57[86]

Amount due from UNAM

P14,382,420.82

Less:

Amount approved under the compromise

between Solidbank and Central Bank

Liquidator:

a. PNB Check No. 501490

P 7,729,092.19

b. PNB Check No. 501491

P 1,787,117.47

9,516,209.66

Amount due from UNAM

P4,866,211.16

WHEREFORE, premises considered, the Petition is GRANTED. The December 22, 2004 Decision and August 30, 2005 Resolution of the Court of Appeals in CA G.R. CV 50550 are hereby AFFIRMED with MODIFICATION. UNAM is ORDERED to pay Solidbank the amount of Four Million Eight Hundred Sixty-Six Thousand Two Hundred Eleven Pesos and Sixteen Centavos (P4,866,211.16) to earn interest at the rate of six percent (6%) per annum from February 6, 1995[87] until the finality of this Decision. Thereafter, the total amount due shall earn legal interest at the rate of six percent (6%) per annum[88] until fully paid. No pronouncement as to costs.

SO ORDERED.

Velasco, Jr., (Chairperson), Peralta, Villarama, Jr., and Leonen,[*] JJ., concur.

October 21, 2015

NOTICE OF JUDGMENT

Sirs/Mesdames:

Please take notice that on ____October 19, 2015____ a Decision, copy attached herewith, was rendered by the Supreme Court in the above-entitled case, the original of which was received by this Office on October 21, 2015 at 2:45 p.m.

Very truly yours,

(SGD)

WILFREDO V. LAPITAN

Division Clerk of Court

[*] Designated additional Member per Raffle dated September 1, 2014.

[1] Dated October 17, 2005 and filed under Rule 45 of the Rules of Court. Rollo, pp. 8-40.

[2] Penned by Associate Justice Rosalinda Asuncion-Vicente with Associate Justices Eugenio S. Labitoria and Bienvenido L. Reyes, concurring. Id. at 213-250.

[3] Id. at 274-275.

[4] Id. at 215.

[5] Exhibit "6" and "6-C," Folder of Exhibits, pp. 58-68; TSN, August 26, 1993, pp. 18-19.

[6] Exhibit "J-1," "J-2" and "J-3," Folder of Exhibits, pp. 22-24.

[7] TSN, September 10, 1993, pp. 6-7.

[8] Exhibit "7," Folder of Exhibits, p. 77.

[9] Trial Court Decision (Civil Case No. 87-39114) dated February 6, 1995, rollo, p. 118.

[10] Supra note 7.

[11] Trial Court Records (hereafter "Records") (Vol. I), pp. 1-6.

[12] The amount of P16,381,889.53 represents the total obligation of UNAM under the promissory notes as of December 31, 1986. See Annex "L" of Solidbank's Complaint dated January 21, 1987. Records (Vol. 1), p. 21.

[13] Records (Vol. 1), pp. 56-62.

[14] Records (Vol. III), pp. 1466-1489.

[15] Records (Vol. I), pp. 288-290.

[16] Id. at 288.

[17] Id. at 291.

[18] Supra note 8.

[19] Records (Vol. I), pp. 319-330.

[20] Records (Vol. II), pp. 980-1000.

[21] Id. at 993.

[22] Id. at 1027-1028.

[23] Id. at 1028.

[24] Id. at 993.

[25] Id. at 1030.

[26] Id. at 1033-1035.

[27] Id at 997-998.

[28] Penned by Judge Teresita Dy-Liacco Flores, rollo, pp. 103-130.

[29] Trial Court Decision, rollo, pp. 124-125.

[30] Id. at 125-127.

[31] Rollo, pp. 131-153.

[32] Id. at 155-159.

[33] Id. at 159.

[34] Id. at 213-250.

[35] Id. at 249.

[36] Id. at 252-262.

[37] Id. at 260.

[38] Id. at 274-275.

[39] Id. at 8-40. The Petition for Review on Certiorari was filed on October 18, 2005 or within the period of extension granted by this Court. UNAM is the lone respondent. Per the Resolution of this Court on June 14, 2006, individual defendants Antonio M. Andal and Antonio Roxas Chua need not be impleaded as parties to the Petition because they did not appeal from the CA's decision. Accordingly, said CA decision is already final as to them. Rollo, pp. 337-341. Similarly, records show that defendant UNSON also did not appeal from the CA decision.

[40] Since the Liquidation Court's orders are not the subject of this appeal, we limit our discussion of the liquidation proceedings to information that is publicly available and to documents which are part of the records of this case.

[41] Exhibit "9-A," Folder of Exhibits, p. 84.

[42] Liquidation Court Order dated October 28, 1991, pp. 2 and 5. Attached as Annex "B" of Solidbank's Motion for Partial Reconsideration dated January 17, 2005 filed with the CA. Rollo, pp. 265-269.

[43] Rollo, pp. 267-268.

[44] Id. at 268.

[45] Id. at 269.

[46] Id.

[47] Trial Court Decision, pp. 24-25. Rollo, pp. 126-127.

[48] Order dated August 9, 1995, p. 5. Rollo, p. 159.

[49] Rollo, p. 232.

[50] Id.

[51] Under the Continuing Deed of Assignment. Rollo, p. 240.

[52] Rollo, pp. 240-241.

[53] Id. at 241,243.

[54] Id. at 243.

[55] Id. at 243-244; see also Exhibit "2," Folder of Exhibits, p. 7-8.

[56] Rollo, pp. 244-246.

[57] 8,541,871.78 (principal debt) multiplied by 1.875% (monthly interest rate) = P160,160.09578; CA Decision, p. 32. Id. at 244.

P 160,160.09578 multiplied by 38 (from October 25, 1985 to December 1988) = P 6,086,083.64325; Id.

[58] Computation would show that it is six (6) months.

[59] P 160,160.09578 multiplied by 6 = P 960,960.57; Rollo, p. 244.

[60] Id. at 245-246, 249.

[61] Rollo, pp. 23-26 and 29-32.

[62] Id. at 28.

[63] Id. at 35.

[64] UNAM Memorandum, p. 23. Rollo, p. 465.

[65] Id.

[66] Id. at 466-467.

[67] The Judiciary Reorganization Act of 1980, Batas Pambansa Blg. 129, as amended, Sees. 19(8) and 33(1).

[68] Pacific Banking Corporation Employees Organization v. Court of Appeals, G.R. No. 109373, March 20, 1995, 242 SCRA 492, 503-504.

[69] Republic Act No. 265 (1948), Sec. 29. See also The New Central Bank Act, Republic Act No. 7653(1993), Sec. 30.

[70] Branch 31 of the Regional Trial Court of Manila.

[71] Dizon, Banking Laws and Jurisprudence, 2009, p. 249.

[72] Dizon, Banking Laws and Jurisprudence, 2009, p. 250, citing Philippine Veterans Bank Employees Umon-NUBE v. Philippine Veterans Bank, G.R. No. 67125, August 24, 1990, 189 SCRA 14.

[73] The New Central Bank Act, Republic Act No. 7653 (1993), Secs. 30, 31, 32, 33, and 36. See also The General Banking Law of 2000, Republic Act No. 8791, Sec. 53.

[74] G.R. No. L-29791, January 10, 1978, 81 SCRA 75.

[75] Id at 87-88.

[76] Banco Filipino Savings and Mortgage Bank v. NLRC, G.R. No. 82)35, August 20, 1990, SCRA 700, 706.

[77] Id. at 707.

[78] Supra note 15 at 288.

[79] Supra note 42.

[80] Jardine Davies, Inc. v. JRB Realty, Inc., G.R. No. 151438, July 15, 2005, 463 SCRA 555, 564; citing Velarde v. Lopez, G.R. No. 153886, January 14, 2004, 419 SCRA 422.

[81] Pacific Banking Corporation Employees Organization v. Court of Appeals, G.R. No. 109373, March 20, 1995, 242 SCRA 492, 504-506. See also In Re: Petition for Assistance in the Liquidation of the Rural Bank of Bokod (Benguft), Inc. v. Bureau of Internal Revenue, G.R. No. 158261, December 18, 2006, 511 SCRA 123.

[82] Liquidation Court Order dated October 28, 1991, p. 2. Attached as Annex B of Solidbank' Motion for Partial Reconsideration dated January 17, 2005 filed with the CA. Rollo, pp. 265-269.

[83] Id. at 269.

[87] The date of the Trial Court's Decision.

[88] Nacar v. Gallery Frames, G.R. No. 189871, August 13, 2013, 703 SCRA 439.

[84] FGU Insurance Corporation v. RTC of Makati, G.R. No. 161282, February 23, 2011, 644 SCRA 50, 56.

[85] $8,541,871.78$ (principal debt) multiplied to 1.875% (monthly interest rate) = P 160,160.09578; P 160,160.09578 multiplied by 38 (from October 25, 1985 to December 1988) = P 6,086,083.64325; Rollo, p. 244.

[86] P 160,160.09578 multiplied by 6 = P 960,960.57; Id.

[87] The date of the Trial Court's Decision.

[88] Nacar v. Gallery Frames, G.R. No. 189871, August 13, 2013, 703 SCRA 439.

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