

DOMETILA M. ANDRES, DOING BUSINESS UNDER THE NAME AND STYLE "IRENE'S WEARING APPAREL"; PETITIONER, VS. MANUFACTURERS HANOVER TRUST CORPORATION AND COURT OF APPEALS, RESPONDENTS.

G.R. No. 82670. September 15, 1989

Ponente: CORTES, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-82670/>

CORTES, J.:

Assailed in this petition for review on certiorari is the judgment of the Court of Appeals, which, applying the doctrine of solutio indebiti, reversed the decision of the Regional Trial Court, Branch CV, Quezon City by deciding in favor of private respondent.

Petitioner, using the business name "Irene's Wearing Apparel," was engaged in the manufacture of ladies garments, children's wear, men's apparel and linens for local and foreign buyers. Among its foreign buyers was Facets Funwear Inc. (hereinafter referred to as FACETS) of the United States.

In the course of the business transaction between the two, FACETS from time to time remitted certain amounts of money to petitioner in payment for the items it had purchased. Sometime in August 1980, FACETS instructed the First National State Bank of New Jersey, Newark, New Jersey, U.S.A. (hereinafter referred to as FNSB) to transfer \$10,000.00 to petitioner via Philippine National Bank, Sta. Cruz, Branch, Manila (hereinafter referred to as PNB).

Acting on said instruction, FNSB instructed private respondent Manufacturers Hanover and Trust Corporation to effect the above-mentioned transfer through its facilities and to charge the amount to the account of FNSB with private respondent. Although private respondent was able to send a telex to PNB to pay petitioner \$10,000.00 through the Pilipinas Bank, where petitioner had an account, the payment was not effected immediately because the payee designated in the telex was only "Wearing Apparel." Upon query by PNB, private respondent sent PNB another telex dated August 27, 1980 stating that the payment was to be made to "Irene's Wearing Apparel." On August 28, 1980, petitioner received the remittance of \$10,000.00 through Demand Draft No. 225654 of the PNB.

Meanwhile, on August 25, 1980, after learning about the delay in the remittance of the money to petitioner, FACETS informed FNSB about the situation. On September 8, 1980, unaware that petitioner had already received the remittance, FACETS informed private respondent about the delay and at the same time amended its instruction by asking it to effect the payment through the Philippine Commercial and Industrial Bank (hereinafter referred to as PCIB) instead of PNB.

Accordingly, private respondent, which was also unaware that petitioner had already received the remittance of \$10,000.00 from PNB instructed the PCIB to, pay \$10,000.00 to petitioner. Hence, on September 11, 1980, petitioner received a second \$10,000.00 remittance.

Private respondent debited the account of FNSB for the second \$10,000.00 remittance effected through PCIB.

However, when FNSB discovered that private respondent had made a duplication of the remittance, it asked for a recredit of its account in the amount of \$10,000.00. Private respondent complied with the request.

Private respondent asked petitioner for the return of the second remittance of \$10,000.00 but the latter refused to pay. On May 12, 1982 a complaint was filed with the Regional Trial Court, Branch CV, Quezon City which was decided in favor of petitioner as defendant. The trial court ruled that Art. 2154 of the New Civil Code is not applicable to the case because the second remittance was made not by mistake but by negligence and petitioner was not unjustly enriched by virtue thereof [Record, p. 234.] On appeal, the Court of Appeals held that Art. 2154 is applicable and reversed the RTC decision. The dispositive portion of the Court of Appeals' decision reads as follows:

WHEREFORE, the appealed decision is hereby REVERSED and SET ASIDE and another one entered in favor of plaintiff-appellant and against defendant-appellee Domelita (sic) M. Andres, doing business under the name and style "Irene's Wearing Apparel" to reimburse and/or return to plaintiff-appellant the amount of \$10,000.00, its equivalent in Philippine currency, with interests at the legal rate from the filing of the complaint on May 12, 1982 until the whole amount is fully paid, plus twenty percent (20%) of the amount due as attorney's fees; and to pay the costs.

With costs against defendant-appellee.

SO ORDERED. [Rollo, pp. 29-30.]

Thereafter, this petition was filed.

The sole issue in this case is whether or not the private respondent has the right to recover the second \$10,000.00 remittance it had delivered to petitioner. The resolution of this issue would hinge on the applicability of Art. 2154 of the New Civil Code which provides that:

Art. 2154. If something received when there is no right to demand it, and it was unduly delivered through mistake, the obligation to return it arises.

This provision is taken from Art. 1895 of the Spanish Civil Code which provided that:

Art. 1895. If a thing is received when there was no right to claim it and which, through an error, has been unduly delivered, an obligation to restore it arises.

In *Velez v. Balzarza*, 73 Phil. 630 (1942), the Court, speaking through Mr. Justice Bocobo explained the nature of this article thus:

Article 1895 [now Article 2154] of the Civil Code abovequoted, is therefore applicable. This legal provision, which determines the quasi-contract of *solutio indebiti*, is one of the concrete manifestations of the ancient principle that no one shall enrich himself unjustly at the expense of another. In the Roman Law Digest the maxim was formulated thus: "*Jure naturae acqum est, neminem cum alterius detrimento et injuria fieri locupletiore*". And the Partidas declared: "*Ninguno non deue enriquecerse tortizeramente con dano de otro*." Such axiom has grown through the centuries in legislation, in the science of law and in court decisions. The lawmaker has found it one of the helpful guides in framing statutes and codes. Thus, it is unfolded in many articles scattered in the Spanish Civil Code. (See for example, articles, 360, 361, 464, 647, 648, 797, 1158, 1163, 1295, 1303, 1304, 1893 and 1895, Civil Code.) This time-honored aphorism has also been adopted by jurists in their study of the conflict of rights. It has been accepted by the courts, which have not hesitated to apply it when the exigencies of right and equity demanded its assertion. It is a part of that affluent reservoir of justice upon which judicial discretion draws whenever the statutory laws are inadequate because they do not speak or do so with a confused voice. [at p. 632.]

For this article to apply the following requisites must concur: "(1) that he who paid was not under obligation to do so; and, (2) that payment was made by reason of an essential mistake of fact" [City of Cebu v. Piccio, 110 Phil. 558, 563 (1960).]

It is undisputed that private respondent delivered the second \$10,000.00 remittance. However, petitioner contends that the doctrine of solutio indebiti does not apply because its requisites are absent.

First, it is argued that petitioner had the right to demand and therefore to retain the second \$10,000.00 remittance. It is alleged that even after the two \$10,000.00 remittances are credited to petitioner's receivables from FACETS, the latter allegedly still had a balance of \$49,324.00. Hence, it is argued that the last \$10,000.00 remittance being in payment of a pre-existing debt, petitioner was not thereby unjustly enriched.

The contention is without merit.

The contract of petitioner, as regards the sale of garments and other textile products, was with FACETS. It was the latter and not private respondent which was indebted to petitioner. On the other hand, the contract for the transmittal of dollars from the United States to petitioner was entered into by private respondent with FNSB. Petitioner, although named as the payee was not privy to the contract of remittance of dollars. Neither was private respondent a party to the contract of sale between petitioner and FACETS. There being no contractual relation between them, petitioner has no right to apply the second \$10,000.00 remittance delivered by mistake by private respondent to the outstanding account of FACETS.

Petitioner next contends that the payment by respondent bank of the second \$10,000.00 remittance was not made by mistake but was the result of negligence of its employees.

In connection with this the Court of Appeals made the following finding of facts:

The fact that Facets sent only one remittance of \$10,000.00 is not disputed. In the written interrogatories sent to the First National State Bank of New Jersey through the Consulate General of the Philippines in New York, Adelaide C. Schachel, the investigation and reconciliation clerk in the said bank testified that a request to remit a payment for Facet Funwear Inc. was made in August, 1980. The total amount which the First National State Bank of New Jersey actually requested the plaintiff-appellant Manufacturers Hanover & Trust Corporation to remit to Irene's Wearing Apparel was US\$10,000.00. Only one remittance was requested by First National State Bank of New Jersey as per instruction of Facets Funwear (Exhibit "J", pp. 4-5).

That there was a mistake in the second remittance of US\$10,000.00 is borne out by the fact that both remittances have the same reference invoice number which is 263 80. (Exhibits "A-1-Deposition of Mr. Stanley Panasow" and "A-2-Deposition of Mr. Stanley Panasow").

Plaintiff-appellant made the second remittance on the wrong assumption that defendant-appellee did not receive the first remittance of US\$10,000.00 [Rollo, pp. 26-27.]

It is evident that the claim of petitioner is anchored on the appreciation of the attendant facts which petitioner would have this Court review. The Court holds that the finding by the Court of Appeals that the second \$10,000.00 remittance was made by mistake, being based on substantial evidence, is final and conclusive.

The rule regarding questions of fact being raised with this Court in a petition for certiorari under Rule 45 of the Revised Rules of Court has been stated in Remalante v. Tibe, G.R. No. 59514, February 25, 1988, 158 SCRA 138, thus:

The rule in this jurisdiction is that only questions of law may be raised in a petition for certiorari under Rule 45 of the Revised Rules of Court. "The jurisdiction of the Supreme Court in cases brought to it from the Court of Appeals is limited to reviewing and revising the errors of law imputed to it, its findings of fact being

conclusive" [Chan v. Court of Appeals, G.R. No. L-27488, June 30, 1970, 33 SCRA 737, reiterating a long line of decisions.] This Court has emphatically declared that "it is not the function of the Supreme Court to analyze or weigh such evidence all over again, its jurisdiction being limited to reviewing errors of law that might have been committed by the lower court" [Tiongco v. De la Merced, G.R. No. L-24426, July 25, 1974, 58 SCRA 89; Corona v. Court of Appeals, G.R. No. L-62482, April 28, 1983, 121 SCRA 865; Baniqued v. Court of Appeals, G. R. No. L-47531, February 20, 1984, 127 SCRA 596.] "Barring, therefore, a showing that the findings complained of are totally devoid of support in the record, or that they are so glaringly erroneous as to constitute serious abuse of discretion, such findings must stand, for this Court is not expected or required to examine or contrast the oral and documentary evidence submitted by the parties" [Santa Ana, Jr. v. Hernandez, G.R. No. L-16394, December 17, 1966, 18 SCRA 973.] [at pp. 144-145.]

Petitioner invokes the equitable principle that when one of two innocent persons must suffer by the wrongful act of a third person, the loss must be borne by the one whose negligence was the proximate cause of the loss.

The rule is that principles of equity cannot be applied if there is a provision of law specifically applicable to a case [Phil. Rabbit Bus Lines, Inc. v. Arciaga, G.R. No. L-29701, March 16, 1987, 148 SCRA 433; Zabat, Jr. v. Court of Appeals, G.R. No. L-36958, July 10, 1986, 142 SCRA 587; Rural Bank of Paranaque, Inc. v. Remolado, G.R. No. 62051, March 18, 1985, 135 SCRA 409; Cruz v. Pahati, 98 Phil. 788 (1956).] Hence, the Court in the case of De Garcia v. Court of Appeals, G.R. No. L-20264, January 30, 1971, 37 SCRA 129, citing Aznar v. Yapdiangco, G.R. No. L-18536, March 31, 1965, 13 SCRA 486, held:

. . . The common law principle that where one of two innocent persons must suffer by a fraud perpetrated by another, the law imposes the loss upon the party who, by his misplaced confidence, has enabled the fraud to be committed, cannot be applied in a case which is covered by an express provision of the new Civil Code, specifically Article 559. Between a common law principle and a statutory provision, the latter must prevail in this jurisdiction. [at p. 135.]

Having shown that Art. 2154 of the Civil Code, which embodies the doctrine of solutio indebiti, applies in the case at bar, the Court must reject the common law principle invoked by petitioner.

Finally, in her attempt to defeat private respondent's claim, petitioner makes much of the fact that from the time the second \$10,000.00 remittance was made, five hundred and ten days had elapsed before private respondent demanded, the return thereof. Needless to say, private respondent instituted the complaint for recovery of the second \$10,000.00 remittance well within the six years prescriptive period for actions based upon a quasi-contract [Art. 1145 of the New Civil Code.]

WHEREFORE, the petition is DENIED and the decision of the Court of Appeals is hereby AFFIRMED.

SO ORDERED.

Fernan, C.J., Gutierrez, Jr., and Bidin, JJ., concur.
Feliciano, J., on leave.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.