

BENJAMIN RODRIGUEZ, PETITIONER, VS. COURT OF APPEALS, AND HADJI ESMAYATEN LUCMAN, RESPONDENTS.

G.R. No. 84220. March 25, 1992

Ponente: GUTIERREZ, JR., J.

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GUTIERREZ, JR., J.:

This is a petition for review on certiorari of the decision of the Court of Appeals affirming a decision of the trial court which allowed Hadji Esmayaten Lucman as assignee to collect from Benjamin Uy Rodriguez, an indebtedness owed to the assignor, a Hongkong corporation.

The antecedent facts of the case are as follows:

Petitioner Rodriguez alias Uy Tian Kiu is a businessman from Cebu City whose business, includes the importation of various commodities from Hongkong which he occasionally ordered from Allied Overseas Commercial Co., Ltd., a Hongkong corporation. The Managing Director of Allied Overseas Commercial Co., Ltd is Lin Ping Huang, a close friend of private respondent Lucman.

Petitioner Rodriguez, as a result of business transactions with the Hongkong Corporation, accumulated an indebtedness owed to Allied Overseas in the amount of HK \$418,729.60 which had at that time in 1968 an exchange value of P450,553.00.

Upon demand for payment by the Hongkong Corporation, the petitioner issued a pay-to-cash check dated September 11, 1970 covering the indebtedness. The check was, however, dishonored for lack of funds, the account having been closed two months earlier.

Subsequently, the Allied Overseas Commercial Co., Ltd., through its Managing Director, Lin Ping Huang, assigned its credit to the private respondent. The contract was evidenced by a Deed of Assignment (Exhs. "B-2" and "B-3") duly executed before Philippine Consular officials in Hongkong. It reads:

"That WE, the ALLIED OVERSEAS COMMERCIAL CO., LTD., a commercial association duly organized and registered in the company's registry of the Crown Colony of Hongkong with offices at No. 5-7 Des Voeux Road, West, 1st Floor, Hongkong, represented in this instance by its Managing Director duly authorized by a Board resolution, for and in consideration of HK\$ 1 and other valuable considerations, have on this date assigned, ceded, transferred and conveyed by way of irrevocable assignment and transferred to Hadji Esmayaten Lucman, Esq., of legal age, Filipino citizen, and a resident of No. 95-I, A. Lake St., San Juan, Province of Rizal, Republic of the Philippines, our outstanding and collectible credit due and owing us by and from Benjamin Uy Rodriguez alias Uy Tian Kiu of Cebu City, Republic of the Philippines, in the total amount of HK\$418,729.60 or its equivalent in the Philippine Currency, for said Hadji Esmayaten Lucman to collect and secure from the aforesaid debtor, Benjamin Uy Rodriguez alias Uy Tian Kiu the aforesaid amount in any manner, including court proceedings if necessary, in accordance with the provisions of existing laws in the jurisdiction of the Republic of the Philippines."

"We, as creditors assignors of the aforesaid debt, have on this date notified formally the debtor named herein

of this full assignment of the aforesaid credit. (Orig. Record, p. 11)

The assignee filed an action to collect the indebtedness. On March 4, 1985, the trial court rendered a decision in favor of the private respondent. The dispositive portion of the Decision reads:

"WHEREFORE, judgment is hereby rendered in favor of the plaintiff and against defendant, sentencing the latter to pay the former the following sums:

(a) P450,553.00 representing defendant's outstanding account to plaintiff's assignor, with interest thereon at twelve per cent (12%) per annum from the time of the filing of the complaint on February 4, 1971 until fully paid;

(b) P500,000.00 as actual damages;

(c) P100,000.00 as moral damages;

(d) The further sum equivalent to ten (10%) percent of all the foregoing sums as attorney's fees and costs of litigation.

Costs against the defendant.

SO ORDERED." (pp. 142-143, Orig. Rec.)

Benjamin Rodriguez appealed the decision to the Court of Appeals and assigned the following as errors committed by the trial court:

- 1) Plaintiff is not the real party-in-interest and is therefore, without legal capacity to sue;
- 2) The obligation does not exist or has not been sufficiently proven to exist;
- 3) Venue is improperly laid.

After carefully evaluating the evidence presented by the parties, the Court of Appeals rendered the questioned decision dismissing the appeal for lack of merit. Benjamin Rodriguez filed a motion for reconsideration which was denied by the appellate court which stated that the arguments submitted in support of the motion were a mere rehash of the arguments in the Appellant's Brief.

The petitioner is now before us questioning the decision of the Court of Appeals. He specifically relies on the following as bases for his petition:

- I. That the judgment in the criminal case cannot be given in evidence in the civil action.
- II. That the decision of the Court of Appeals is not in accord with Article 1301 of the New Civil Code which requires consent to subrogation; and
- III. That the award of damages is excessive.

We find the petition devoid of merit.

The petitioner alleges that the only evidence presented by private respondent was the decision of the Court of Appeals in the case of *People v. Lucman* (CA G.R. No. 21365-CR) for falsification of commercial document. The case was filed by the petitioner before the Regional Trial Court of Cebu while the civil case filed by Lucman in the Regional Trial Court of Pasig was in progress.

The Regional Trial Court of Cebu convicted Lucman but on appeal, the Court of Appeals acquitted him on the basis of its finding that complainant Rodriguez had indeed an unpaid balance which was sufficiently established

by evidence.

The decision in the criminal case was only one of the pieces of evidence relied upon by the respondent court. The petitioner is giving undue weight to this particular item.

It is clear from the records, both testimonial and documentary that the obligation exists. The documents, all testified to by private respondent Lucman as well as other witnesses had sufficiently proven that Rodriguez had an unpaid balance from previous transactions with Allied Overseas Commercial Co., Ltd. which arose from the importation of the 800 bales of Hessian sacks.

The unpaid balance was evidenced by a record of transactions between Allied Overseas Co., Ltd and Ben Rodriguez. The statement of account was sent to the petitioner on September 30, 1968 and the receipt portion was duly signed by him and returned. (Exh. "E-3" and "E-3A")

If the importation was made in the name of Madipo Mercantile this was pursuant to the petitioner's request that his importations be carried out in the names of different companies. This explains the shipment made to Madipo, a business firm owned by Wilfredo Tiu, a brother-in-law of Rodriguez. However, the exchange of cables regarding the importation clearly indicates that Rodriguez was the real importer (Exh. "L", "M", "M-1", "M-2", and "M-3")

The authenticity of the above cable communications has not been impugned by the petitioner.

Lucman also took the witness stand and identified numerous documents consisting of Purchase Orders, Bills of Lading, Delivery Receipts, and other evidences of the purchase of a barge and other goods by the petitioner from Allied Overseas Commercial Co., Ltd. Hueng Huan Yuen Sabio, Assistant to the General Manager and in-charge of shipping of Allied Overseas Commercial Co., Ltd., further testified to the same transactions.

We have no doubt from the records that the obligation actually existed.

Anent petitioner's second point, we find no merit in his contention that there was subrogation instead of an assignment of credit.

The basis of the complaint is not a deed of subrogation but an assignment of credit whereby the private respondent became the owner, not the subrogee of the credit since the assignment was supported by HK\$1.00 and other valuable considerations.

The case is one of assignment of credit and not subrogation. In subrogation, the third party pays the obligation of the debtor to the creditor with the latter's consent. As a consequence, the paying third party steps into the shoes of the original creditor as subrogee of the latter.

An assignment of credit, on the other hand, is the process of transferring the right of the assignor to the assignee who would then have the right to proceed against the debtor. The assignment may be done either gratuitously or onerously, in which case, the assignment has an effect similar to that of a sale (p. 235, Civil Code of the Philippines, Annotated, Vol. V, Paras, 1982 ed.; *Nyco Sales Corp., vs. BA Finance Corp.*, G.R. No. 71694, August 16, 1991).

The petitioner further contends that the consent of the debtor is essential to the subrogation. Since there was no consent on his part, then he allegedly is not bound.

Again, we find for the respondent. The questioned deed of assignment is neither one of subrogation nor a power of attorney as the petitioner alleges. The deed of assignment clearly states that the private respondent became an assignee and, therefore, he became the only party entitled to collect the indebtedness. As a result of the Deed of Assignment, the plaintiff acquired all rights of the assignor including the right to sue in his own name as the legal

assignee. Moreover, in assignment, the debtor's consent is not essential for the validity of the assignment (Art. 1624 in relation to Art. 1475, Civil Code), his knowledge thereof affecting only the validity of the payment he might make (Article 1626, Civil Code).

Article 1626 also shows that payment of an obligation which is already existing does not depend on the consent of the debtor. It, in effect, mandates that such payment of the existing obligation shall already be made to the new creditor from the time the debtor acquires knowledge of the assignment of the obligation.

The law is clear that the debtor had the obligation to pay and should have paid from the date of notice whether or not he consented.

We have ruled in *Sison & Sison v. Yap Tico and Avanceña*, 37 Phil. 587 [1918] that definitely, consent is not necessary in order that assignment may fully produce legal effects. Hence, the duty to pay does not depend on the consent of the debtor. Otherwise, all creditors would be prevented from assigning their credits because of the possibility of the debtors' refusal to give consent.

What the law requires in an assignment of credit is not the consent of the debtor but merely notice to him. A creditor may, therefore, validly assign his credit and its accessories without the debtor's consent (*National Investment and Development Co. v. De los Angeles*, 40 SCRA 489 [1971]). The purpose of the notice is only to inform the debtor that from the date of the assignment, payment should be made to the assignee and not to the original creditor.

The fact that the deed of assignment empowered the assignee to collect the credit originally owing to the foreign corporation does not make the assignee a mere attorney-in-fact.

The case of *Ngo Tian Tek and Ngo Hay v. Philippine Education Co.*, 78 Phil. 271 [1947] is in point:

"When a chose, capable of legal assignment is assigned absolutely to one, but the assignment is made for purpose of collection, the legal title thereto vests, in the assignee, and it is no concern of the debtor that the equitable title is in another and payment to the assignee discharges the debtor."

The petitioner further assails the consideration given for the deed of assignment which is stated as "HK\$1.00 and other valuable considerations."

A valuable consideration, however small or nominal if given or stipulated in good faith is, in the absence of fraud, sufficient. A stipulation in consideration of \$1 is just as effectual and valuable a consideration as a larger sum stipulated for or paid (*Penaco v. Ruaya*, 110 SCRA 46 [1981]; *Ascalon vs. Court of Appeals*, 158 SCRA 542, [1988]). It is not clear what considerations led to the assignment but they must have been sufficiently valuable to the assignor in view of the amount involved.

Hence, by virtue of the deed of assignment whose existence and legality remains unrebutted, the respondent acquired all the rights of the assignor including the right to sue in his own name as the legal assignee. The contract was not executed merely to enable the foreign corporation to sue in the Philippines because even without the assignment, the foreign corporation can also sue in the Philippines for isolated transactions even if not licensed to engage in business in this country.

Lastly, the petitioner asserts that the award of damages was excessive there being no finding to justify the amounts.

We find the amounts equitable except for the award of P500,000.00 as actual damages in addition to the P450,553.00 indebtedness. The records do not contain the factual basis for such an award. Thus, we agree with the petitioner that it is not justifiable to award that amount.

All premises considered, we find for the private respondent. We should also add that the case has dragged on for 21 years since its filing with the then Court of First Instance of Pasig, Rizal on February 4, 1971, due to the numerous dilatory tactics of the petitioner. The delay has obviously created an injustice on the part of private respondent not fully compensated by the payment of interests.

Furthermore, it is well-settled that the jurisdiction of the Supreme Court is confined to a review of questions of law, except where the findings of facts of the appellate court are not supported by the record or are so glaringly erroneous as to constitute a serious abuse of discretion. (*Cañete v. Court of Appeals*, 171 SCRA 13 [1989]).

The findings of fact of the trial court being adequately supported by documentary as well as testimonial evidence and affirmed by the Court of Appeals, are conclusive on the Supreme Court unless they fall within a few well-defined exceptions. No such exception is shown in this case.

ACCORDINGLY, the petition is hereby DISMISSED. The decision of the Court of Appeals dated October 22, 1987 and its resolution dated June 16, 1988 are AFFIRMED with the modification that the award of additional actual damages in the amount of P500,000.00 is deleted.

SO ORDERED.

Bidin and Romero, JJ., concur.

Feliciano, J., on leave.

Davide, Jr., J., no part; petitioner was a former client.

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