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SECOND DIVISION

[G.R. No. 129552. June 29, 2005]

P.C. JAVIER & SONS, INC., SPS. PABLO C. JAVIER, SR. and ROSALINA F. JAVIER, *petitioners, vs.* **HON. COURT OF APPEALS, PAIC SAVINGS & MORTGAGE BANK, INC., SHERIFFS GRACE BELVIS, SOFRONIO VILLARIN, PIO MARTINEZ and NICANOR BLANCO,** *respondents.*

SYLLABUS

1. CIVIL LAW; CONTRACTS; LOAN; NO REQUIREMENT UNDER A LAW OR REGULATION ORDERING A BANK THAT CHANGED ITS CORPORATE NAME TO FORMALLY NOTIFY ALL ITS DEBTORS.— Their defense that they should first be formally notified of the change of corporate name of First Summa Savings and Mortgage Bank to PAIC Savings and Mortgage Bank, Inc., before they will continue paying their loan obligations to respondent bank presupposes that there exists a requirement under a law or regulation ordering a bank that changes its corporate name to formally notify all its debtors. After going over the Corporation Code and Banking Laws, as well as the regulations and circulars of both the SEC and the Bangko Sentral ng Pilipinas (BSP), we find that there is no such requirement. This being the case, this Court cannot impose on a bank that changes its corporate name to notify a debtor of such change absent any law, circular or regulation requiring it. Such act would be judicial legislation. The formal notification is, therefore, discretionary on the bank. Unless there is a law, regulation or circular from the SEC or BSP requiring the formal notification of all debtors of banks of any change in corporate name, such notification remains to be a mere internal policy that banks may or may not adopt.

2. ID.; ID.; ID.; THOUGH THERE IS NO EVIDENCE SHOWING THAT PETITIONERS WERE FURNISHED COPIES OF OFFICIAL DOCUMENTS SHOWING RESPONDENT BANK'S CHANGE OF CORPORATE NAME, EVIDENCE IS BOUND THAT THEY HAD NOTICE OR KNOWLEDGE THEREOF.— In the case at bar, though there was no evidence showing that petitioners were furnished copies of official documents showing the First

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Summa Savings and Mortgage Bank's change of corporate name to PAIC Savings and Mortgage Bank, Inc., evidence abound that they had notice or knowledge thereof. Several documents establish this fact. First, letter dated 16 July 1983 signed by Raymundo V. Blanco, Accountant of petitioner corporation, addressed to PAIC Savings and Mortgage Bank, Inc. Part of said letter reads: "In connection with your inquiry as to the utilization of funds we obtained from the former First Summa Savings and Mortgage Bank, . . ." Second, Board Resolution of petitioner corporation signed by Pablo C. Javier, Sr. on 24 August 1983 authorizing him to execute a Chattel Mortgage over certain machinery in favor of PAIC Savings and Mortgage Bank, Inc. Third, Secretary's Certificate signed by Fortunato E. Gabriel, Corporate Secretary of petitioner corporation, on 01 September 1983, certifying that a board resolution was passed authorizing Mr. Pablo C. Javier, Sr. to execute a chattel mortgage on the corporation's equipment that will serve as collateral to cover the IGLF loan with PAIC Savings and Mortgage Bank, Inc. Fourth, undated letter signed by Pablo C. Javier, Sr. and addressed to PAIC Savings and Mortgage Bank, Inc., authorizing Mr. Victor F. Javier, General Manager of petitioner corporation, to secure from PAIC Savings and Mortgage Bank, Inc. certain documents for his signature.

3. **ID.; ID.; ID.; PETITIONER CORPORATION HAS NO VALID REASON NOT TO PAY ITS LOAN OBLIGATIONS; A CHANGE IN CORPORATE NAME DOES NOT MAKE A NEW CORPORATION AND HAS NO EFFECT ON ITS IDENTITY, PROPERTY, RIGHTS OR LIABILITIES.**— It cannot be denied that petitioner corporation was aware of First Summa Savings and Mortgage Bank's change of corporate name to PAIC Savings and Mortgage Bank, Inc. Knowing fully well of such change, petitioner corporation has no valid reason not to pay because the IGLF loans were applied with and obtained from First Summa Savings and Mortgage Bank. First Summa Savings and Mortgage Bank and PAIC Savings and Mortgage Bank, Inc., are one and the same bank to which petitioner corporation is indebted. A change in the corporate name does not make a new corporation, whether effected by a special act or under a general law. It has no effect on the identity of the corporation, or on its property, rights, or liabilities. The corporation, upon such change in its name, is in no sense a new corporation, nor

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the successor of the original corporation. It is the same corporation with a different name, and its character is in no respect changed.

4. **ID.; ID.; ID.; NO UNJUST ENRICHMENT ON THE PART OF RESPONDENT BANK.**— Petitioners maintain that to collect the ₱250,000.00 from them would be a clear case of unjust enrichment because they have not availed or used said amount for the same was unlawfully withheld from them. We do not agree. The fundamental doctrine of unjust enrichment is the transfer of value without just cause or consideration. The elements of this doctrine are: enrichment on the part of the defendant; impoverishment on the part of the plaintiff; and lack of cause. The main objective is to prevent one to enrich himself at the expense of another. It is commonly accepted that this doctrine simply means that a person shall not be allowed to profit or enrich himself inequitably at another's expense. In the instant case, there is no unjust enrichment to speak of. The amount of ₱225,905.79 was applied as payment for petitioner corporation's loan which was taken from the ₱250,000.00, together with its accrued interest, that was placed in time deposit with First Summa Savings and Mortgage Bank. The use of said amount as payment was approved by petitioner Pablo C. Javier, Sr. on 17 March 1983. As further found by the RTC in its decision, the balance of the time deposit was withdrawn by petitioners.

5. **ID.; DAMAGES; PRESENCE OF MALICE OR BAD FAITH IS VERY EVIDENT IN CASE AT BAR.**— Petitioners argue that there being no malice or bad faith on their part when they filed the instant case, no damages should have been awarded to respondent bank. We cannot sustain such argument. The presence of malice or bad faith is very evident in the case before us. By the documents it executed, petitioner corporation was well aware that First Summa Savings and Mortgage Bank changed its corporate name to PAIC Savings and Mortgage Bank, Inc. Despite knowledge that First Summa Savings and Mortgage Bank and PAIC Savings and Mortgage Bank, Inc., are one and the same entity, it pretended otherwise. It used this purported ignorance as an excuse to renege on its obligation to pay its loans after they became due and after demands for payment were made, claiming that it never obtained the loans from respondent bank. No good faith was shown by petitioner

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corporation. If it were in good faith in complying with its loan obligations since it believed that respondent bank had no right to the payment, it should have made a valid consignation in court. This, it did not do. If petitioner corporation were at a loss as to who should receive the payment, it could have easily taken steps and inquired from the SEC, CB of the Philippines or from the bank itself from which it received the loans and to where it made previous payments. Further, the fact that it was respondent bank that was demanding payment for loans already due and demandable and not First Summa Savings and Mortgage Bank is sufficient to make petitioner corporation wonder why this is so. It never took any initiative to clear the matter. Instead, it paid no attention to the valid demands of respondent bank.

6. ID.; ID.; **AWARD OF ACTUAL AND COMPENSATORY DAMAGES AS WELL AS ATTORNEY'S FEES IS JUSTIFIED IN CASE AT BAR.**— The awarding of actual and compensatory damages, as well as attorney's fees, is justified under the circumstances. We quote with approval the reasons given by the RTC for the grant of the same: Considering that Defendant Bank had been prevented at least four (4) times from foreclosing the mortgages (*i.e.*, Temporary Restraining Orders of May 9 and 19 and October 22, 1984 and *status quo* order of December 10, 1990 enjoining the extrajudicial foreclosure sales of May 9 and 16 and October 23, 1984 and December 20, 1990, respectively), it is proper that Defendant Bank be reimbursed its actual expenses. The amount of ₱40,000.00 is reasonable reimbursement for the publication and other expenses incurred in the four (4) extrajudicial foreclosures which were enjoined by the Court. Considering the wanton and reckless filing of this clearly unfounded and baseless legal action and the fact that Defendant Bank had to defend itself against such suit, attorney's fees in the amount of ₱50,000.00 should be paid by the Plaintiffs to the Defendant Bank. Defendant Bank failed to adduce indubitable proof on the moral and exemplary damages that it seeks. Nevertheless, since such proof is not absolutely necessary and primarily as an example for the public good to deter others from filing a similar clearly unfounded legal action, Defendant Bank should be entitled to an award of exemplary damages. This Court finds that petitioners failed to comply with what is incumbent upon them – to pay their loans when they

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became due. The lame excuse they belatedly advanced for their non-payment cannot and should not prevent respondent bank from exercising its right to foreclose the real estate mortgages executed in its favor.

7. REMEDIAL LAW; CIVIL PROCEDURE; APPEALS; HAVING FAILED TO RAISE THE ISSUE OF "OVER COLLATERALIZED LOAN" BEFORE THE RESPONDENT COURT, THEY CANNOT RAISE IT FOR THE FIRST TIME BEFORE THE COURT.— Petitioners contend that the collaterals they submitted were more than sufficient to cover the ₱1,500,000.00 IGLF loan. Such contention is untenable. Petitioner corporation was required to place ₱250,000.00 in a time deposit with respondent bank for the simple reason that the collateral it put up was insufficient to cover the IGLF loans it has received. It admitted the shortfall of its collateral when it authorized petitioner Pablo C. Javier, Sr., *via* a board resolution, to execute a chattel mortgage over certain machinery in favor of PAIC Savings and Mortgage Bank, Inc. which was certified by its corporate secretary. If the collateral it put up was sufficient, why then did it execute another chattel mortgage? In his order dated 07 September 1984, Hon. Rafael T. Mendoza found that the loanable value of the lands, buildings, machinery and equipment amounted only to ₱934,000.00. As declared by the respondent court, the finding in said order was not disputed in the appeal before it. It said that what was contained in petitioners' brief was that "their loans were 'overcollateralized,' and fail to specify why or in what manner it was so." Having failed to raise this issue before the respondent court, petitioners thus cannot raise this issue before this Court. Moreover, since the issue of whether or not the collateral put up by petitioners is sufficient is factual, the same is not proper for this Court's consideration. The basic rule is that factual questions are beyond the province of the Supreme Court in a petition for review.

8. ID.; ID.; ID.; ISSUE OF PROPRIETY OF THE PLACING OF THE ₱250,000.00 IN THE DEPOSITS WITH RESPONDENT BANK AS ADDITIONAL COLLATERAL WAS BELATEDLY MADE; PETITIONER CORPORATION SHOULD NOT BE ALLOWED TO HAVE ONE'S CAKE AND EAT IT TOO.— We agree with respondent court that the questioning of the propriety of the placing of the ₱250,000.00 in time deposits with respondent bank as additional collateral was belatedly made. As above-

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discussed, the requirement to give additional collateral was warranted because the collateral petitioner corporation put up failed to cover its IGLF loans. If petitioner corporation was really bent on questioning the reasonableness of putting up the aforementioned amount as additional collateral, it should have done immediately after it made the time deposits on 26 November 1981. This, it did not do. It questioned the placing of the time deposits only on 08 February 1984 or long after defendant bank had already demanded full payment of the loans, then amounting to ₱2,045,401.79 as of 22 November 1983. It is too late in the day for petitioner corporation to question the placing of the ₱250,000.00 in time deposits after it failed to pay its loan obligations as scheduled, making them due and demandable, and after a demand for full payment has been made. We will not allow petitioner corporation to have one's cake and eat it too.

APPEARANCES OF COUNSEL

Jose A. Suing for petitioners.
Yngson & Associates for PSMB.

D E C I S I O N

CHICO-NAZARIO, *J.*:

Before Us is an appeal by *certiorari* under Rule 45 of the Rules of Court which seeks to set aside the decision[1] of the Court of Appeals dated 31 January 1997 which affirmed *in toto* the decision of Branch 62 of the Regional Trial Court (RTC) of Makati City, dismissing the complaint for Annulment of Mortgage and Foreclosure with Preliminary Injunction, Prohibition and Damages filed by petitioners, and its Resolution[2] dated 20 June 1997 denying petitioners' motion for reconsideration.

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[1] CA *Rollo*, pp. 107-123; Penned by Associate Justice Minerva P. Gonzaga-Reyes (later Associate Justice of the Supreme Court) with Associate Justices Ramon U. Mabutas, Jr. and Portia Aliño-Hormachuelos, concurring.

[2] *Id.*, pp. 145-147.

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A complaint[3] for Annulment of Mortgage and Foreclosure with Preliminary Injunction, Prohibition and Damages was filed by petitioners P.C. Javier & Sons, Inc. and spouses Pablo C. Javier, Sr. and Rosalina F. Javier against PAIC Savings & Mortgage Bank, Inc., Grace S. Belvis, Acting *Ex Oficio* Regional Sheriff of Pasig, Metro Manila and Sofronio M. Villarin, Deputy Sheriff-in-Charge, before Branch 62 of the RTC of Makati City, on 07 May 1984. The case was docketed as Civil Case No. 7184.

On 10 May 1984, a Supplemental Complaint[4] was filed to include additional defendants, namely: Pio Martinez, Acting *Ex Oficio* Regional Sheriff of Antipolo, Rizal, and Nicanor D. Blanco, Deputy Sheriff-in-Charge.

The facts that gave rise to the aforesaid complaint, as found by Branch 62 of the RTC of Makati City, and adopted by the respondent court, are as follows:

> In February, 1981, Plaintiff P.C. Javier and Sons Services, Inc., Plaintiff Corporation, for short, applied with First Summa Savings and Mortgage Bank, later on renamed as PAIC Savings and Mortgage Bank, Defendant Bank, for short, for a loan accommodation under the Industrial Guarantee Loan Fund (IGLF) for ₱1.5 Million. On March 21, 1981, Plaintiff Corporation through Plaintiff Pablo C. Javier, Plaintiff Javier for short, was advised that its loan application was approved and that the same shall be forwarded to the Central Bank (CB) for processing and release (Exhibit A also Exhibit 8).
>
> The CB released the loan to Defendant Bank in two (2) tranches of ₱750,000 each. The first tranche was released to the Plaintiff Corporation on May 18, 1981 in the amount of ₱750,000.00 and the second tranche was released to Plaintiff Corporation on November 21, 1981 in the amount of ₱750,000.00. From the second tranche release, the amount of ₱250,000.00 was deducted and deposited in the name of Plaintiff Corporation under a time deposit.
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> Plaintiffs claim that the loan releases were delayed; that the amount of ₱250,000.00 was deducted from the IGLF loan of ₱1.5 Million and

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[3] Records, Vol. I, pp. 1-15.

[4] *Id.*, pp. 29-31.

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placed under time deposit; that Plaintiffs were never allowed to withdraw the proceeds of the time deposit because Defendant Bank intended this time deposit as automatic payments on the accrued principal and interest due on the loan. Defendant Bank, however, claims that only the final proceeds of the loan in the amount of ₱750,000.00 was delayed the same having been released to Plaintiff Corporation only on November 20, 1981, but this was because of the shortfall in the collateral cover of Plaintiff's loan; that this second tranche of the loan was precisely released after a firm commitment was made by Plaintiff Corporation to cover the collateral deficiency through the opening of a time deposit using a portion of the loan proceeds in the amount of ₱250,000.00 for the purpose; that in compliance with their commitment to submit additional security and open time deposit, Plaintiff Javier in fact opened a time deposit for ₱250,000.00 and on February 15, 1983, executed a chattel mortgage over some machineries in favor of Defendant Bank; that thereafter, Plaintiff Corporation defaulted in the payment of its IGLF loan with Defendant Bank hence Defendant Bank sent a demand letter dated November 22, 1983, reminding Plaintiff Javier to make payments because their accounts have been long overdue; that on May 2, 1984, Defendant Bank sent another demand letter to Plaintiff spouses informing them that since they have defaulted in paying their obligation, their mortgage will now be foreclosed; that when Plaintiffs still failed to pay, Defendant Bank initiated extrajudicial foreclosure of the real estate mortgage executed by Plaintiff spouses and accordingly the auction sale of the property covered by TCT No. 473216 was scheduled by the *Ex-Oficio* Sheriff on May 9, 1984.[5]

The instant complaint was filed to forestall the extrajudicial foreclosure sale of a piece of land covered by Transfer Certificate of Title (TCT) No. 473216[6] mortgaged by petitioner corporation in favor of First Summa Savings and Mortgage Bank which bank was later renamed as PAIC Savings and Mortgage Bank, Inc.[7] It likewise asked for the nullification of the Real Estate Mortgages it entered into with First Summa Savings and Mortgage Bank. The supplemental complaint added several defendants

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[5] *Rollo*, pp. 77-78.

[6] Records, Vol. II, p. 810.

[7] Exh. I, *Id.*, p. 741.

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who scheduled for public auction other real estate properties contained in the same real estate mortgages and covered by TCTs No. N-5510, No. 426872, No. 506346 and Original Certificate of Title No. 10146.[8]

Several extrajudicial foreclosures of the mortgaged properties were scheduled but were temporarily restrained by the RTC notwithstanding the denial[9] of petitioners' prayer for a writ of preliminary injunction. In an Order[10] dated 10 December 1990, the RTC ordered respondents-sheriffs to maintain the *status quo* and to desist from further proceeding with the extrajudicial foreclosure of the mortgaged properties.

Among the issues raised by petitioners at the RTC are whether or not First Summa Savings and Mortgage Bank and PAIC Savings and Mortgage Bank, Inc. are one and the same entity, and whether or not their obligation is already due and demandable at the time respondent bank commenced to extrajudicially foreclose petitioners' properties in April 1984.

The RTC declared that First Summa Savings and Mortgage Bank and PAIC Savings and Mortgage Bank, Inc. are one and the same entity and that petitioner corporation is liable to respondent bank for the unpaid balance of its Industrial Guarantee Loan Fund (IGLF) loans. The RTC further ruled that respondent bank was justified in extrajudicially foreclosing the real estate mortgages executed by petitioner corporation in its favor because the loans were already due and demandable when it commenced foreclosure proceedings in April 1984.

In its decision dated 06 July 1993, the RTC disposed of the case as follows:

Premises considered, judgment is hereby rendered dismissing the Complaint against Defendant Bank and ordering Plaintiffs to pay Defendant Bank jointly and severally, the following:

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[8] Records, Vol. I, pp. 27-28.

[9] *Id.*, pp. 105-107.

[10] Records, Vol. II, p. 536.

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1. The principal amount of ₱700,453.45 under P.N. No. 713 plus all the accrued interests, liquidated damages and other fees due thereon from March 18, 1983 until fully paid as provided in said PN;

2. The principal amount of ₱749,879.38 under P.N. No. 841 plus all the accrued interests, liquidated damages and other fees due thereon from September 1, 1982 until fully paid as provided in such PN;

3. The amount of ₱40,000.00 as actual damages;

4. The amount of ₱30,000.00 as exemplary damages;

5. The amount of ₱50,000.00 as attorney's fees; plus

6. Cost of suit.[11]

Petitioners filed a Motion for Reconsideration[12] which was opposed[13] by respondent bank. The motion was denied in an Order dated 11 May 1994.

Petitioners appealed the decision to the Court of Appeals. The latter affirmed *in toto* the decision of the lower court. It also denied petitioners' motion for reconsideration.

Hence, this appeal by *certiorari*.

Petitioners assigned the following as errors:

a. PUBLIC RESPONDENT COURT GRAVELY ERRED WHEN IT SUSTAINED THE DISMISSAL OF PETITIONERS' COMPLAINT AND IN AFFIRMING THE RIGHT OF THE RESPONDENT BANK TO COLLECT THE IGLF LOANS IN LIEU OF FIRST SUMMA SAVINGS AND MORTGAGE BANK WHICH ORIGINALLY GRANTED SAID LOANS.

COROLLARY TO THE ABOVE ARGUMENT, THE PUBLIC RESPONDENT COURT ALSO GRAVELY ERRED WHEN IT RULED THAT THE PETITIONERS CANNOT WITHHOLD THEIR PAYMENT TO THE RESPONDENT BANK NOTWITHSTANDING THE ADMITTED INABILITY OF THE RESPONDENT BANK TO FURNISH THE PETITIONERS THE SAID REQUESTED DOCUMENTS.

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[11] *Id.*, p. 819.

[12] *Id.*, pp. 821-830.

[13] *Id.*, pp. 833-844.

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b. PUBLIC RESPONDENT COURT GRAVELY ERRED WHEN IT SUSTAINED THE COLLECTION OF THE ENTIRE PROCEEDS OF THE IGLF LOANS OF ₱1,500,000.00 DESPITE THE FACT THAT THE ₱250,000.00 OF THIS LOAN WAS WITHHELD BY THE FIRST SUMMA SAVINGS AND MORTGAGE BANK TO BECOME PART OF THE COLLATERALS TO THE SAID ₱1,500,000.00 LOAN.

c. PUBLIC RESPONDENT COURT GRAVELY ERRED WHEN IT SUSTAINED THE DAMAGES AWARDED TO THE RESPONDENT BANK DESPITE THE ABSENCE OF MALICE OR BAD FAITH ON THE PART OF THE PETITIONERS IN FILING THIS CASE AGAINST THE RESPONDENT BANK.

On the first assigned error, petitioners argue that they are legally justified to withhold their amortized payments to the respondent bank until such time they would have been properly notified of the change in the corporate name of First Summa Savings and Mortgage Bank. They claim that they have never received any formal notice of the alleged change of corporate name of First Summa Savings and Mortgage Bank to PAIC Savings & Mortgage Bank, Inc. They further claim that the only and first time they received formal evidence of a change in the corporate name of First Summa Savings and Mortgage Bank surfaced when respondent bank presented its witness, Michael Caguioa, on 03 April 1990, where he presented the Securities and Exchange Commission (SEC) Certificate of Filing of the Amended Articles of Incorporation of First Summa Savings and Mortgage Bank,[14] the Central Bank (CB) Certificate of Authority[15] to change the name of First Summa Savings and Mortgage Bank to PAIC Savings and Mortgage Bank, Inc., and the CB Circular Letter[16] dated 27 June 1983.

Their argument does not hold water. Their defense that they should first be formally notified of the change of corporate name of First Summa Savings and Mortgage Bank to PAIC Savings and Mortgage Bank, Inc., before they will continue paying their loan obligations to respondent bank presupposes that there exists

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[14] Exh. 1, *Id.*, p. 741.

[15] Exh. 2. *Id.*, p. 754.

[16] Exh. 3, *Id.*, p. 755.

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a requirement under a law or regulation ordering a bank that changes its corporate name to formally notify all its debtors. After going over the Corporation Code and Banking Laws, as well as the regulations and circulars of both the SEC and the Bangko Sentral ng Pilipinas (BSP), we find that there is no such requirement. This being the case, this Court cannot impose on a bank that changes its corporate name to notify a debtor of such change absent any law, circular or regulation requiring it. Such act would be judicial legislation. The formal notification is, therefore, discretionary on the bank. Unless there is a law, regulation or circular from the SEC or BSP requiring the formal notification of all debtors of banks of any change in corporate name, such notification remains to be a mere internal policy that banks may or may not adopt.

In the case at bar, though there was no evidence showing that petitioners were furnished copies of official documents showing the First Summa Savings and Mortgage Bank's change of corporate name to PAIC Savings and Mortgage Bank, Inc., evidence abound that they had notice or knowledge thereof. Several documents establish this fact. First, letter[17] dated 16 July 1983 signed by Raymundo V. Blanco, Accountant of petitioner corporation, addressed to PAIC Savings and Mortgage Bank, Inc. Part of said letter reads: "In connection with your inquiry as to the utilization of funds we obtained from the former First Summa Savings and Mortgage Bank, . . ." Second, Board Resolution[18] of petitioner corporation signed by Pablo C. Javier, Sr. on 24 August 1983 authorizing him to execute a Chattel Mortgage over certain machinery in favor of PAIC Savings and Mortgage Bank, Inc. Third, Secretary's Certificate[19] signed by Fortunato E. Gabriel, Corporate Secretary of petitioner corporation, on 01 September 1983, certifying that a board resolution was passed authorizing Mr. Pablo C. Javier, Sr. to execute a chattel mortgage on the corporation's equipment that will serve as collateral to cover the IGLF loan with PAIC Savings and Mortgage Bank, Inc.

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[17] Exh. 30, *Id.*, p. 804.

[18] Exh. 31, *Id.*, p. 806.

[19] Exh. 32, *Rollo*, p. 123.

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Fourth, undated letter[20] signed by Pablo C. Javier, Sr. and addressed to PAIC Savings and Mortgage Bank, Inc., authorizing Mr. Victor F. Javier, General Manager of petitioner corporation, to secure from PAIC Savings and Mortgage Bank, Inc. certain documents for his signature.

From the foregoing documents, it cannot be denied that petitioner corporation was aware of First Summa Savings and Mortgage Bank's change of corporate name to PAIC Savings and Mortgage Bank, Inc. Knowing fully well of such change, petitioner corporation has no valid reason not to pay because the IGLF loans were applied with and obtained from First Summa Savings and Mortgage Bank. First Summa Savings and Mortgage Bank and PAIC Savings and Mortgage Bank, Inc., are one and the same bank to which petitioner corporation is indebted. A change in the corporate name does not make a new corporation, whether effected by a special act or under a general law. It has no effect on the identity of the corporation, or on its property, rights, or liabilities.[21] The corporation, upon such change in its name, is in no sense a new corporation, nor the successor of the original corporation. It is the same corporation with a different name, and its character is in no respect changed.[22]

Anent the second assigned error, this Court rules that respondent court did not err when it sustained the collection of the entire proceeds of the IGLF loans amounting to ₱1,500,000.00 despite the withholding of ₱250,000.00 to become part of the collaterals to the said ₱1,500,000.00 IGLF loan.

Petitioners contend that the collaterals they submitted were more than sufficient to cover the ₱1,500,000.00 IGLF loan. Such contention is untenable. Petitioner corporation was required to place ₱250,000.00 in a time deposit with respondent bank for the simple reason that the collateral it put up was insufficient to

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[20] Exh. 33, Records, Vol. II, p. 809.

[21] *Avon Dale Garments, Inc. v. National Labor Relations Commission*, G.R. No. 117932, 20 July 1995, 246 SCRA 733, 737.

[22] *Republic Planters Bank v. Court of Appeals*, G.R. No. 93073, 21 December 1992, 216 SCRA 738, 745.

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cover the IGLF loans it has received. It admitted the shortfall of its collateral when it authorized petitioner Pablo C. Javier, Sr., *via* a board resolution,[23] to execute a chattel mortgage over certain machinery in favor of PAIC Savings and Mortgage Bank, Inc. which was certified by its corporate secretary.[24] If the collateral it put up was sufficient, why then did it execute another chattel mortgage?

In his order dated 07 September 1984, Hon. Rafael T. Mendoza found that the loanable value of the lands, buildings, machinery and equipment amounted only to ₱934,000.00. The order reads in part:

> The terms and conditions of the IGLF loan extended to plaintiff corporation are governed by the loan and security documents evidencing said loan. Although the loan agreement was approved by the defendant bank, the same has to be processed and be finally approved by the Central Bank of the Philippines, in pursuance to the IGLF program, of which the defendant bank is an accredited participant. The defendant had to await Central Bank's advise (*sic*) regarding the final approval of the loan before the release of the proceeds thereof. The proceeds of the loan was released to the plaintiff on 6 April and November 20, 1981, and the final proceeds was released only on November 20, 1981, on account of short fall in the collateral covered by the lands and buildings as well as the machineries and equipment then subject of the existing mortgages in favor of the defendant bank, having only a loanable value of ₱934,000.00, and only after a firm commitment made by plaintiff corporation to the defendant bank to correct the collateral deficiency thru the execution of a chattel mortgage on additional machineries, equipment and tools and thru the opening of a time deposit with PAIC Bank using a portion of the loan proceeds in the amount of ₱250,000.00 to answer for its obligation to the defendant bank under the IGLF loan was the final proceeds of the loan released in favor of the plaintiffs. The delay in the release of the final proceeds of the IGLF loan was due to the aforestated collateral deficiency.[25]

As declared by the respondent court, the finding in said order was not disputed in the appeal before it. It said that what was contained in petitioners' brief was that "their loans were

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[23] Exh. 31, Records, Vol. II, p. 806.

[24] Exh. 32, *Rollo*, p. 123.

[25] Records, Vol. I, p. 107; CA *Rollo*, pp. 118-119.

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'overcollateralized,' and fail to specify why or in what manner it was so."[26] Having failed to raise this issue before the respondent court, petitioners thus cannot raise this issue before this Court. Moreover, since the issue of whether or not the collateral put up by petitioners is sufficient is factual, the same is not proper for this Court's consideration. The basic rule is that factual questions are beyond the province of the Supreme Court in a petition for review.[27]

Petitioners maintain that to collect the ₱250,000.00 from them would be a clear case of unjust enrichment because they have not availed or used said amount for the same was unlawfully withheld from them.

We do not agree. The fundamental doctrine of unjust enrichment is the transfer of value without just cause or consideration. The elements of this doctrine are: enrichment on the part of the defendant; impoverishment on the part of the plaintiff; and lack of cause. The main objective is to prevent one to enrich himself at the expense of another.[28] It is commonly accepted that this doctrine simply means that a person shall not be allowed to profit or enrich himself inequitably at another's expense.[29] In the instant case, there is no unjust enrichment to speak of. The amount of ₱225,905.79 was applied as payment for petitioner corporation's loan which was taken from the ₱250,000.00, together with its accrued interest, that was placed in time deposit with First Summa Savings and Mortgage Bank. The use of said amount as payment was approved by petitioner Pablo C. Javier, Sr. on 17 March 1983.[30] As further found by the RTC in its decision, the balance of the time deposit was withdrawn by petitioners.[31]

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[26] CA *Rollo*, p. 119.

[27] *Sambar v. Levi Strauss & Co.*, G.R. No. 132604, 06 March 2002, 378 SCRA 364.

[28] *De Leon v. Santiago Syjuco, Inc.*, G.R. No. L-3316, 31 October 1951, 90 Phil. 311, 331.

[29] *Soriano v. Court of Appeals*, G.R. No. 78975, 07 September 1989, 177 SCRA 330, 336.

[30] Exh. 23, Records, Vol. II, p. 793-B.

[31] *Id.*, p. 817.

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Petitioner corporation faults respondent bank, then known as First Summa Savings and Mortgage Bank, for requiring it to put up as additional collateral the amount of ₱250,000.00 inasmuch as the CB never required it to do so. It added that respondent bank took advantage of its urgent and immediate need at the time for the proceeds of the IGLF loans that it had no choice but to comply with respondent bank's requirement to put in time deposits the said amount as additional collateral.

We agree with respondent court that the questioning of the propriety of the placing of the ₱250,000.00 in time deposits[32] with respondent bank as additional collateral was belatedly made. As above-discussed, the requirement to give additional collateral was warranted because the collateral petitioner corporation put up failed to cover its IGLF loans. If petitioner corporation was really bent on questioning the reasonableness of putting up the aforementioned amount as additional collateral, it should have done immediately after it made the time deposits on 26 November 1981. This, it did not do. It questioned the placing of the time deposits only on 08 February 1984[33] or long after defendant bank had already demanded full payment of the loans, then amounting to ₱2,045,401.79 as of 22 November 1983. It is too late in the day for petitioner corporation to question the placing of the ₱250,000.00 in time deposits after it failed to pay its loan obligations as scheduled, making them due and demandable, and after a demand for full payment has been made. We will not allow petitioner corporation to have one's cake and eat it too.

As regards the payments made by petitioner corporation, respondent court has this to say:

The trial court held, based on plaintiffs' own exhibits, that plaintiff[s] made the following payments:

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[32] Certificate of Time Deposit No. 003712 in the amount of ₱200,000.00 and Certificate of Time Deposit No. 003713 in the amount of ₱50,000.00, both dated 26 November 1981; Records, Vol. II, pp. 429-430.

[33] Exh. I, Records, Vol. II, p. 615.

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On Promissory Note No. 713:

Date (Per PN Schedule)	Actual Date of Payment	Amount
July 6, 1981	August 3, 1981	₱28,125.00
October 6, 1981	October 28, 1981	28,836.13
January 6, 1982	January 22, 1982	29,227.38
	March 17, 1983	225,905.79
	TOTAL	₱312,094.30

And on Promissory Note No. 841:

Date (Per PN Schedule)	Actual Date of Payment	Amount
February 20, 1982	April 13, 1982	₱28,569.30
May 20, 1982	July 7, 1982	29,254.31
August 20, 1982	August 31, 1982	36,795.44
	TOTAL	₱94,619.05

Plaintiff-appellant[s] does not dispute the finding, which is obvious from the foregoing summary, that plaintiff[s] stopped payments on March 17, 1983 on Promissory Note No. 713, and on August 31, 1982 on Promissory Note No. 841.

By simply looking at the amortization schedule attached to the two promissory notes, it is clear that plaintiff[s] already defaulted on its loan obligations when the defendant Bank gave notice of the foreclosure proceedings on April 28, 1984. On amortization payments alone, plaintiff[s] should have paid a total of ₱459,339 as of April 6, 1984 on Promissory [Note] No. 713, and a total of ₱328,173.00 as of February 20, 1984 on Promissory Note [No.] 841. No extended computation is necessary to demonstrate that, even without imputing the liquidated damages equivalent to 2% a month on the delayed payments (see second paragraph of the promissory notes), the plaintiffs were grossly deficient in amortization payments, and already in default when the foreclosure proceedings were commenced. Further, we note that under the terms of the promissory note, "failure to pay an installment

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when due shall entitle the bank or its assign to declare all the obligations as immediately due and payable" (second paragraph).[34]

As to the third assigned error, petitioners argue that there being no malice or bad faith on their part when they filed the instant case, no damages should have been awarded to respondent bank.

We cannot sustain such argument. The presence of malice or bad faith is very evident in the case before us. By the documents it executed, petitioner corporation was well aware that First Summa Savings and Mortgage Bank changed its corporate name to PAIC Savings and Mortgage Bank, Inc. Despite knowledge that First Summa Savings and Mortgage Bank and PAIC Savings and Mortgage Bank, Inc., are one and the same entity, it pretended otherwise. It used this purported ignorance as an excuse to renege on its obligation to pay its loans after they became due and after demands for payment were made, claiming that it never obtained the loans from respondent bank.

No good faith was shown by petitioner corporation. If it were in good faith in complying with its loan obligations since it believed that respondent bank had no right to the payment, it should have made a valid consignation in court. This, it did not do. If petitioner corporation were at a loss as to who should receive the payment, it could have easily taken steps and inquired from the SEC, CB of the Philippines or from the bank itself from which it received the loans and to where it made previous payments. Further, the fact that it was respondent bank that was demanding payment for loans already due and demandable and not First Summa Savings and Mortgage Bank is sufficient to make petitioner corporation wonder why this is so. It never took any initiative to clear the matter. Instead, it paid no attention to the valid demands of respondent bank.

The awarding of actual and compensatory damages, as well as attorney's fees, is justified under the circumstances. We quote with approval the reasons given by the RTC for the grant of the same:

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[34] CA *Rollo*, pp. 120-121.

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Considering that Defendant Bank had been prevented at least four (4) times from foreclosing the mortgages (*i.e.,* Temporary Restraining Orders of May 9 and 19 and October 22, 1984 and *status quo* order of December 10, 1990 enjoining the extrajudicial foreclosure sales of May 9 and 16 and October 23, 1984 and December 20, 1990, respectively), it is proper that Defendant Bank be reimbursed its actual expenses. The amount of ₱40,000.00 is reasonable reimbursement for the publication and other expenses incurred in the four (4) extrajudicial foreclosures which were enjoined by the Court. Considering the wanton and reckless filing of this clearly unfounded and baseless legal action and the fact that Defendant Bank had to defend itself against such suit, attorney's fees in the amount of ₱50,000.00 should be paid by the Plaintiffs to the Defendant Bank. Defendant Bank failed to adduce indubitable proof on the moral and exemplary damages that it seeks. Nevertheless, since such proof is not absolutely necessary and primarily as an example for the public good to deter others from filing a similar clearly unfounded legal action, Defendant Bank should be entitled to an award of exemplary damages.[35]

This Court finds that petitioners failed to comply with what is incumbent upon them — to pay their loans when they became due. The lame excuse they belatedly advanced for their non-payment cannot and should not prevent respondent bank from exercising its right to foreclose the real estate mortgages executed in its favor.

WHEREFORE, premises considered, the Court of Appeals decision dated 31 January 1997 and its resolution dated 20 June 1997 are hereby *AFFIRMED in toto*. Costs against petitioners.

SO ORDERED.

Puno (Chairman), Austria-Martinez, Callejo, Sr., and *Tinga, JJ.,* concur.

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[35] Records, Vol. II, pp. 818-819.