

SECOND DIVISION

[G.R. NO. 139436, January 25, 2006]

**ENRICO B. VILLANUEVA AND EVER PAWNSHOP, PETITIONERS,
VS. SPS. ALEJO SALVADOR AND VIRGINIA SALVADOR,
RESPONDENTS.**

D E C I S I O N

GARCIA, J.:

Assailed and sought to be set aside in this petition for review on certiorari under Rule 45 of the Rules of Court is the July 16, 1999 decision^[1] of the Court of Appeals (CA) in *CA-G.R. CV No. 49965*, which affirmed in toto an earlier decision^[2] of the Regional Trial Court (RTC) at Pasig in Civil Case No. 62334.

The pertinent facts:

On December 20, 1991, herein respondents, the spouses Alejo Salvador and Virginia Salvador (Salvadors, collectively), secured a loan of P7,650.00 from petitioner Ever Pawnshop owned and managed by co-petitioner Enrico B. Villanueva (Villanueva). On January 23, 1992, the Salvadors took out a second loan of P5,400.00 pledging, just like in the first loan transaction, jewelry items. Pawnshop Ticket No. 29919, covering the first loan, indicated April 10, 1992 as the last day to redeem the jewelries pawned, whereas the redemption period for the items given as security for the second loan under Pawnshop Ticket No. 30792 fell on May 22, 1992.

The separate redemption periods came and went, but the Salvadors failed to redeem the pawned pieces of jewelry. Nonetheless, on June 1, 1992, their son paid Ever Pawnshop P7,000.00, the amount to be applied against the first loan of P7,650.00. On account of this development, Pawnshop Ticket No. 29919 was cancelled and replaced by Pawnshop Ticket No. 34932. Vis-a-vis the second loan, Ever Pawnshop agreed to the extension of the maturity date to June 30, 1992, provided the Salvadors pay 20% of their second loan obligation on or before June 4, 1992, failing which the securing items shall be auctioned as scheduled. Unlike in the first loan, however, a new pawn ticket was not issued for the second loan.

In the meantime, Ever Pawnshop issued a notice announcing the public auction sale on June 4, 1992 of all January 1 to 31, 1992 unredeemed pledges. The notice appeared in the Classified Ads Section of the *Manila Bulletin* on June 4, 1992, the very day of the auction itself.

On July 1, 1992, the Salvadors repaired to the pawnshop in a bid to renew the second loan by tendering the aforesaid 20% of the amount due thereon, only to be informed that the pledged jewelry had already been auctioned as scheduled on June 4, 1992. As found by the CA, however, pieces of the pawned jewelry items were still in the shop, ^[3] indicating that Ever Pawnshop either bought some of the

unredeemed pledges or did not sell them.

A month after, Mrs. Salvador attempted to redeem the jewelry items pledged for the first loan, as renewed, but all she got in response were unclear information as to their whereabouts.

On August 7, 1992, Mr. Salvador tendered payment of the amount due on both loans, with a demand for the return of the jewelry thus pledged. Ever Pawnshop, however, refused to accept the tender.

Such was the state of things when, on August 11, 1992, at the RTC-Pasig City, the Salvadors filed a complaint for damages against Villanueva and Ever Pawnshop arising from the sale without notice of the two (2) sets of jewelry pledged as security for both loans. The complaint, docketed as Civil Case No. 62334, was eventually raffled to Branch 164 of the court.

Barely two days after Villanueva et al., received summons, their counsel informed the Salvadors of his clients' willingness to accept payment heretofore tendered for the redemption of the jewelry pledged to secure the first loan. The Salvadors, however, turned down this belated offer.

Answering, Villanueva and Ever Pawnshop, as defendants a quo, averred, *inter alia*, that by letters dated March 23, 1992 and May 5, 1992, Ever Pawnshop reminded the Salvadors of the maturity dates and redemption period of their loans. Also alleged in the answer with counterclaim for damages was the publication in the June 4, 1992 issue of the *Manila Bulletin* of the notice of public auction of all unredeemed pledges from January 1 to 31, 1992.

Eventually, in a decision^[4] dated January 25, 1995, the trial court, on its finding that the set of jewelry covered by the renewed first and second loans were sold without the necessary notice, rendered judgment for the Salvadors, to wit:

WHEREFORE, the Court hereby renders judgment in favor of the plaintiffs [Salvadors] and against the defendants [Villanueva and Ever Pawnshop]. Defendants are hereby ordered to pay to the plaintiffs:

1. The sum of P20,000.00 by way of moral damages;
2. The sum of P5,400.00 as the value of the jewelry sold under the second loan;
3. The sum of P5,000.00 as and for attorney's fees; and
4. The costs of suit.

Defendants are also ordered to restore to the possession of the [Salvadors] the jewelry that they pawned under the first loan, covered by pawn ticket nos. 29919 and 34932, upon payment by the plaintiffs of the redemption price due last 10 August 1992.

The counterclaim of the defendants is dismissed.

SO ORDERED. (Words in bracket added.)

Therefrom, petitioners went on appeal to the CA whereat their recourse was docketed as *CA-G.R. CV No. 49965*.

As stated at the threshold hereof, the CA, in its decision of July 16, 1999, affirmed *in toto* that of the trial court, the affirmance being predicated on the following main justifications:

As the trial court correctly pointed out, the May 5, 1992 "List of Notified Clients" (Exhs. 6, 6-A, 6-B) . . . including the names of the [respondents] and Ticket Nos. 29919 and 30792 is not proof that notices were actually sent to [respondents]. While the list contains 132 names, only 98 [postage] stamps were purchased, hence, it cannot be determined who among the 132 people were sent notices.

And as surmised by the trial court, the set of jewelry pledged to secure the first loan must have been auctioned, as scheduled on May 7, 1992, but that by mistake the pledge was renewed (on June 1, 1992), that is why it was only after the [petitioners] received the summons in late August 1992 when probably they recovered the pledged jewelry that they expressed willingness to accept the [respondents'] tender of payment for the redemption of said pledge jewelry securing the first (renewed) loan.

Admittedly, the [respondents] did not pay their loans on maturity. But [petitioners] breached their contractual and legal obligation to inform the [respondents] of the public auction of the jewelry securing it.

Furthermore, [petitioners] failed to comply with the requirements . . . that the notice must be published during the week preceding the sale in two daily newspapers of general circulation in the city or municipality. The paid notice of public auction to be held on June 4, 1992 by Ever Pawnshop was published only on even date, and only in one newspaper, the Manila Bulletin. And particularly with respect to the second loan, why was the jewelry pledged to secure it included in the June 4, 1992 auction when plaintiffs had up to that date to pay 20% of the amount due thereunder as a condition to its renewal?

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Anent the questioned award of moral damages: Even assuming that [respondents'] failure to pay their obligation on maturity amounts to contributory negligence, that does not abate the award of moral damages in their favor given the [petitioners'] failure to comply with the contractual and statutory requirements before the pledged jewelry was auctioned which failure amounts to misconduct contemplated in Article 2220 of the New Civil Code - basis of the award thereof (*Laguna Tayabas Bus Company v. Cornista* 11 SCRA 181- 182 (Words in bracket added))

Hence, this petition on the following issues:

1. Whether the items of jewelry under the first loan were actually sold by the petitioners;
2. Whether valid notice of the sale of the pledged jewelry was effected;
3. Whether the award of P20,000.00 as moral damages and P5,000.00 as attorneys fees are proper; and
4. Whether the trial and appellate courts erred in ordering both the petitioners to pay damages.

Under the first issue, petitioners fault the CA in holding that the jewelry pledged under the first loan was sold by them.

Doubtless, the first issue raised by petitioners relates to the correctness of the factual finding of the CA - confirmatory of that of the trial court - on the disposition of the set of jewelry covered by Pawnshop Ticket No. 34932. Such issue is beyond the province of the Court to review since it is not its function to analyze or weigh all over again the evidence or premises supportive of such factual determination.^[5] The Court has consistently held that the findings of the CA must be accorded great weight and shall not be disturbed on appeal, save for the most compelling and cogent reasons,^[6] like when manifest error has been committed.^[7]

As nothing in the record indicates any of such exceptions, the factual conclusion of the CA that petitioners indeed sold the jewelry items given to secure the first loan must be affirmed.

Indeed, petitioner pawnshop expressed willingness to accept tender of payment and to return the pawned jewelry only after being served with summons. Apparently, Ever Pawnshop had found a way to recover said jewelry by that time. If, as aptly observed by the CA, the jewelry had never been sold, as petitioners so allege, but had been in their possession all along, they could have provided a plausible explanation for the initial refusal to accept tender of payment and to return the jewelry. Petitioners' belated overture to accept payment after spurning the initial offer to pay can only be due to the fact that, when respondents offered to pay the first time around, they (petitioners) no longer had possession of the jewelry items in question, having previously disposed of them.

Moving on to the second issue, petitioners argue that the respondents were effectively put on notice of the sale of the pledged jewelries, the maturity date and expiry date of redemption period of the two loans being indicated on the face of each of the covering pawnshop tickets. Pressing the point, petitioners invite attention to the caveat printed on the dorsal side of the tickets stating that the pledged items shall be auctioned off in the event they are not redeemed before the expiry date of the redemption period.

We are not persuaded by petitioners' faulty argument.

Section 13 of Presidential Decree (P.D.) 114, otherwise known as the Pawnshop Regulation Act, and even the terms and conditions of the pledge itself, accord the pawner a 90-day grace period from the date of maturity of the loan obligation within