



Republic of the Philippines
Supreme Court
 Manila

CERTIFIED TRUE COPY

Wilfredo V. Lapitan
 WILFREDO V. LAPITAN
 Division Clerk of Court
 Third Division

FEB 12 2018

THIRD DIVISION

**UNITED COCONUT PLANTERS
 BANK,**

Petitioner,

G.R. No. 204039

Present:

VELASCO, JR., J.,
Chairperson,

- versus -

BERSAMIN,
 LEONEN,
 MARTIRES, and
 GESMUNDO, JJ.

**SPOUSES WALTER UY AND
 LILY UY,**

Respondents.

Promulgated:

January 10, 2018

Wilfredo V. Lapitan

X ----- X

DECISION

MARTIRES, J.:

This petition for review on certiorari seeks to reverse and set aside the 23 May 2012 Decision¹ and the 18 October 2012 Resolution² of the Court of Appeals (CA) in CA-G.R. SP No. 118534 which affirmed with modification the 24 March 2010 Decision³ of the Office of the President (OP).

THE FACTS

Prime Town Property Group, Inc. (PPGI) and E. Ganzon Inc. were the joint developers of the Kiener Hills Mactan Condominium Project *Prunif*

¹ Rollo, Vol. 1, pp. 40-57; penned by Associate Justice Agnes Reyes-Carpio, and concurred in by Associate Justices Jose C. Reyes, Jr. and Priscilla J. Baltazar-Padilla.

² Id. at 58-60.

³ Id. at 116-117; issued by Deputy Executive Secretary for Legal Affairs Natividad G. Dizon.

(*Kiener Hills*). In 1997, spouses Walter and Lily Uy (*respondents*) entered into a Contract to Sell with PPGI for a unit in Kiener Hills. The total contract price amounted to ₱1,151,718.75 payable according to the following terms: (a) ₱100,000.00 as down payment; and (b) the balance paid in 40 monthly installments at ₱26,297.97 from 16 January 1997 to 16 April 2000.⁴

On 23 April 1998, PPGI and petitioner United Coconut Planters Bank (*UCPB*) executed the following: Memorandum of Agreement (*MOA*),⁵ and Sale of Receivables and Assignment of Rights and Interests.⁶ By virtue of the said agreements, PPGI transferred the right to collect the receivables of the buyers, which included respondents, of units in Kiener Hills. The parties entered into the said agreement as PPGI's partial settlement of its ₱1,814,500,000.00 loan with UCPB.⁷


On 17 April 2006, the Housing and Land Use Regulatory Board Regional Office (*HLURB Regional Office*) received respondents' complaint for sum of money and damages against PPGI and UCPB. They claimed that in spite of their full payment of the purchase price, PPGI failed to complete the construction of their units in Kiener Hills.⁸

The HLURB Regional Office Decision

In its 29 November 2006 decision,⁹ the HLURB Regional Office found that respondents were entitled to a refund in view of PPGI's failure to complete the construction of their units. Nonetheless, it found that UCPB cannot be solidarily liable with PPGI because only the accounts receivables were conveyed to UCPB and not the entire condominium project. The HLURB Regional Office suspended the proceedings as to PPGI on account of its being in corporate rehabilitation. The dispositive portion reads:

WHEREFORE, premises considered, decision is hereby rendered suspending the proceedings of the present case. The complainants are therefore directed to file their claim before the Rehabilitation Receiver.

No judgment as to cost.¹⁰

Unsatisfied, respondents appealed before the HLURB—Board of Commissioners (*HLURB Board*). 

⁴ Id. at 14.

⁵ Id. at 118-128.

⁶ Id. at 129-133.

⁷ Id. at 15.

⁸ Id. at 182-183.

⁹ Id. at 182-190; penned by Arbiter Atty. Melchor M. Calopiz

¹⁰ Id. at 190.

The HLURB Board Decision

In its 17 September 2007 decision,¹¹ the HLURB Board reversed and set aside the HLURB Regional Office decision. It agreed that the proceedings against PPGI should be suspended on account of its corporate rehabilitation. Nevertheless, the HLURB Board found UCPB solidarily liable with PPGI because it stepped into the latter's shoes insofar as Kiener Hills is concerned pursuant to the MOA between them. It noted that UCPB was PPGI's successor-in-interest, such that the delay in the completion of the condominium project could be attributable to it and subject it to liability. The HLURB Board ruled that as PPGI's assignee, UCPB was bound to refund the payments made, without prejudice to its right of action against PPGI. Thus, it pronounced:


WHEREFORE, premises considered, the appeal is GRANTED and the decision of the Regional Office is SET ASIDE and a new one is entered as follows:

1. Respondent UCPB is hereby ordered to refund to the complainant the amount of P1,151,718.75 with interest at the legal rate of 6% per annum reckoned from the date of extrajudicial demand on May 24, 2005 until fully paid without prejudice to whatever claims UCPB may have against PPGI; and
2. Respondent UCPB and PPGI, jointly and severally, are declared liable to the complainant for payment of exemplary damages in the amount of P30,000.00; and attorney's fees in the amount of P30,000.00.¹²

Aggrieved, UCPB appealed before the OP.

The OP Decision

In its 24 March 2010 decision, the OP affirmed the decision of the HLURB Board. It explained that the agreement between PPGI and UCPB clearly transferred all rights, titles, interests, and participations over Kiener Hills to the latter. It concluded that as successor-in-interest, UCPB now had the obligations relating to Kiener Hills, including the reimbursement of payments to respondents. The OP added that benefit of suspension of actions only attached to PPGI and not to UCPB. Thus:

WHEREFORE, based on the foregoing, the decision appealed from is hereby AFFIRMED.¹³ 

¹¹ Id. at 110-115; issued by Commissioners Austere A. Panadero, Pamela B. Felizarta and Arturo M. Dublado.

¹² Id. at 114-115.

¹³ Id. at 117.

Undeterred, UCPB appealed before the CA.

The CA Ruling

In its assailed 23 May 2012 decision, the CA affirmed with modification the OP decision. While the appellate court agreed that respondents are entitled to a full refund of the payments they may have made, it ruled that UCPB is not solidarily liable with PPGI, and as such cannot be held liable for the full satisfaction of respondents' payments. It limited UCPB's liability to the amount respondents have paid upon the former's assumption as the party entitled to receive payments or on 23 April 1998 when the MOA and A/R Agreement were made between UCPB and PPGI.

In addition, the appellate court noted the pronouncements of the CA in *United Coconut Planters Bank v. O'Halloran (O'Halloran)*.¹⁴ It explained that it involved similar facts and issues where the CA ruled that the assignment of the receivables did not make UCPB the developer of Kiener Hills it being merely the assignee of the receivables under the contract to sell and, as such, UCPB cannot be deemed as the debtor with respect to the construction, development, and delivery of the subject condominium units. Thus, the CA ruled:

WHEREFORE, in view of all the foregoing, the instant Petition for Review is **PARTIALLY GRANTED**. The promulgated Decision dated 24 March 2010 and Resolution dated 16 February 2011 are hereby **AFFIRMED with MODIFICATION**, as follows:

- 1) UCPB is ordered to pay Spouses Uy the amount of P552,152.34, with legal interest at 6% per annum from the filing of the complaint until fully paid without prejudice to whatever claims UCPB may have against Primetown; and
- 2) Without prejudice to a separate action Spouses Uy may file against Primetown, Primetown is liable to pay Spouses Uy the amount of P599,566.41 with legal interest at 6% per annum from the filing of the complaint until fully paid.¹⁵

UCPB moved for reconsideration but it was denied by the CA in its assailed 18 October 2012 resolution.

Hence, this appeal raising the following:



¹⁴ CA rollo, pp. 349-362.

¹⁵ Rollo, Vol. I, p. 56.

ISSUES

I

[WHETHER] THE HONORABLE COURT OF APPEALS GRIEVOUSLY ERRED WHEN IT MISCONSTRUED THE APPLICABILITY TO THE INSTANT CASE OF THE FINAL AND EXECUTORY DECISION IN UNITED COCONUT PLANTERS BANK V. JOHN P. O'HALLORAN AND JOSEFINA O'HALLORAN (CA-G.R. SP NO. 101699, 23 JULY 1999) UNDER THE PRINCIPLE OF STARE DECISIS; AND

II

[WHETHER] THE HONORABLE COURT OF APPEALS GRIEVOUSLY ERRED IN RULING THAT UCPB IS LIABLE TO THE RESPONDENTS FOR THE AMOUNT THE RESPONDENTS DID NOT PAY THE BANK AND WHICH UCPB DID NOT RECEIVE.¹⁶

OUR RULING

The petition is meritorious.

Issues that may be raised on appeal

Respondents assailed that the CA erred in applying *O'Halloran* because the circumstances were different, notably the issue that estoppel did not arise in the said case. In addition, they argued that *O'Halloran* and the other cases cited by UCPB are not binding pursuant to the doctrine of *stare decisis* because they were decided by the CA and not by this Court. As such, respondents posited that only decisions of the Court, excluding all other courts such as the CA, form part of the legal system.

On the other hand, UCPB countered that the only issue to be resolved in the present petition is the actual amount of its liability. It explained that the assailed CA decision had become final and executory after respondents failed to appeal the same. UCPB pointed out that the issues respondents raised were already ventilated before the appellate court. It believed that respondents should have filed their own appeal to assail the issues they found questionable.



¹⁶ Id. at 22.

It must be remembered that when a case is appealed, the appellate court has the power to review the case in its entirety.¹⁷ In *Heirs of Alcaraz v. Republic of the Phils.*,¹⁸ the Court explained that an appellate court is empowered to make its own judgment as it deems to be a just determination of the case, to wit:

In any event, when petitioners interposed an appeal to the Court of Appeals, the appealed case was thereby thrown wide open for review by that court, which is thus necessarily empowered to come out with a judgment as it thinks would be a just determination of the controversy. Given this power, the appellate court has the authority to either affirm, reverse or modify the appealed decision of the trial court. To withhold from the appellate court its power to render an entirely new decision would violate its power of review and would, in effect, render it incapable of correcting patent errors committed by the lower courts.¹⁹

Thus, when UCPB appealed the present controversy before the Court, it was not merely limited to determine whether the CA accurately set UCPB's liability against respondents. It is also empowered to determine whether the appellate court's determination of liability was correct in the first place. This is especially true considering that the issue of the nature of UCPB's liability is closely intertwined and inseparable from the determination of the amount of its actual liability.

Stare Decisis applies only to cases decided by the Supreme Court

As above-mentioned, respondents bewail the reliance of the CA on *O'Halloran* arguing that it was not a binding precedent since it was not issued by this Court. In *De Mesa v. Pepsi-Cola Products Phils. Inc.*,²⁰ the Court explained that the doctrine of *stare decisis* deems decisions of this Court binding on the lower courts, to wit:

The principle of *stare decisis et non quieta movere* is entrenched in Article 8 of the Civil Code, to wit:

x x x x

It enjoins adherence to judicial precedents. **It requires our courts to follow a rule already established in a final decision of the Supreme Court.** That decision becomes a judicial precedent to be followed in subsequent cases by all courts in the land. The doctrine of *stare decisis* is based on the principle that once a

¹⁷ *Sazon v. Vasquez-Menancio*, 682 Phil. 669, 679 (2012).

¹⁸ 502 Phil. 521 (2005).

¹⁹ *Id.* at 536.

²⁰ 504 Phil. 685 (2005).



question of law has been examined and decided, it should be deemed settled and closed to further argument.²¹ (emphasis and underscoring supplied)

In other words, the doctrine of *stare decisis* becomes operative only when judicial precedents are set by pronouncements of this Court to the exclusion of lower courts. It is true regardless whether the decisions of the lower courts are logically or legally sound as only decisions issued by this Court become part of the legal system. At the most, decisions of lower courts only have a persuasive effect. Thus, respondents are correct in contesting the application of the doctrine of *stare decisis* when the CA relied on decisions it had issued.

UCPB only jointly liable to PPGI in reimbursing unit-owners of Kiener Hills

With that said, the Court still finds that the CA did not err in ruling that UCPB was only jointly, and not solidarily liable to PPGI against respondents. In *Spouses Choi v. UCPB (Spouses Choi)*,²² the Court had definitely ruled on UCPB's liability to the purchasers of Kiener Hills, viz:

The primordial issue to be resolved is whether, under the Agreement between Primetown and UCPB, UCPB assumed the liabilities and obligations of Primetown under its contract to sell with Spouses Choi.

An assignment of credit has been defined as an agreement by virtue of which the owner of a credit, known as the assignor, by a legal cause — such as sale, *dation* in payment or exchange or donation — and without need of the debtor's consent, transfers that credit and its accessory rights to another, known as the assignee, who acquires the power to enforce it to the same extent as the assignor could have enforced it against the debtor. In every case, the obligations between assignor and assignee will depend upon the judicial relation which is the basis of the assignment. An assignment will be construed in accordance with the rules of construction governing contracts generally, the primary object being always to ascertain and carry out the intention of the parties. This intention is to be derived from a consideration of the whole instrument, all parts of which should be given effect, and is to be sought in the words and language employed.

In the present case, the Agreement between Primetown and UCPB provided that Primetown, in consideration of ₱748,000,000.00, "assigned, transferred, conveyed and set over unto [UCPB] all Accounts Receivables accruing from [Primetown's Kiener] . . . together with the assignment of all its rights, titles, interests and participation over the units covered by or



²¹ Id. at 691.

²² 755 Phil. 849 (2015).

arising from the Contracts to Sell from which the Accounts Receivables have arisen.”

The Agreement further stipulated that “x x x this sale/assignment is limited to the Receivables accruing to [Primetown] from the [b]uyers of the condominium units in x x x [Kiener] and the corresponding Assignment of Rights and Interests arising from the pertinent Contract to Sell and does not include except for the amount not exceeding 30,000,000.00, Philippine currency, either singly or cumulatively any and all liabilities which [Primetown] may have assumed under the individual Contract to Sell.” (emphasis omitted)

The Agreement conveys the straightforward intention of Primetown to “sell, assign, transfer, convey and set over” to UCPB the receivables, rights, titles, interests and participation over the units covered by the contracts to sell. **It explicitly excluded any and all liabilities and obligations, which Primetown assumed under the contracts to sell. The intention to exclude Primetown's liabilities and obligations is further shown by Primetown's subsequent letters to the buyers, which stated that “this payment arrangement shall in no way cause any amendment of the other terms and conditions, nor the cancellation of the Contract to Sell you have executed with [Primetown].”** x x x (emphasis and underlining supplied)

x x x x

The intention to merely assign the receivables and rights of Primetown to UCPB is even bolstered by the CA decisions in the cases of *UCPB v. O'Halloran* and *UCPB v. Ho*.

In *UCPB v. O'Halloran*, docketed as CA-G.R. SP No. 101699, respondent O'Halloran's accounts with Primetown were also assigned by Primetown to UCPB, under the same Agreement as in this case. Since Primetown failed to deliver the condominium units upon full payment of the purchase price, O'Halloran likewise sued both Primetown and UCPB for cancellation of the contracts to sell, and the case eventually reached the CA. The CA held UCPB liable to refund the amount it actually received from O'Halloran. The CA held that there is no legal, statutory or contractual basis to hold UCPB solidarily liable with Primetown for the full reimbursement of the payments made by O'Halloran. The CA found that based on the Agreement, UCPB is merely the assignee of the receivables under the contracts to sell to the extent that the assignment is a manner adopted by which Primetown can pay its loan to the bank. The CA held that the assignment of receivables did not make UCPB the owner or developer of the unfinished project to make it solidarily liable with Primetown. The CA decision dated 23 July 2009 in CA-G.R. SP No. 101699 became final and executory upon Entry of Judgment on 17 August 2009 for O'Halloran and 18 August 2009 for UCPB.

In *UCPB v. Ho*, docketed as CA-G.R. SP No. 113446, respondent Ho was similarly situated with O'Halloran and Spouses Choi. Upon reaching the CA, the CA considered the Agreement between UCPB and Primetown as an assignment of credit, because: 1) the parties entered into the Agreement without the consent of the debtor; 2) UCPB's obligation “to deliver to the buyer the title over the condominium unit upon their full payment” signifies that the title to the condominium unit remained with

Primetown; 3) UCPB's prerogative "to rescind the contract to sell and transfer the title of condominium unit to its name upon failure of the buyer to pay the full purchase price" indicates that UCPB was merely given the right to transfer title in its name to apply the property as partial payment of Primetown's obligation; and 4) the Agreement clearly states that the assignment is limited to the receivables and does not include "any and all liabilities which [Primetown] may have assumed under the individual contract to sell." Thus, the CA ruled that UCPB was a mere assignee of the right of Primetown to collect on its contract to sell with Ho. The CA, then, applied the ruling in *UCPB v. O'Halloran* in finding UCPB jointly liable with Primetown only for the payments UCPB had actually received from Ho.

On 4 December 2013, this Court issued a Resolution denying Ho's petition for review for failure to show any reversible error on the part of the CA. On 2 April 2014, this Court likewise denied the motion for reconsideration with finality. Thus, the 9 May 2013 Decision of the Special Fifteenth Division of the CA in CA-G.R. SP No. 113446 became final and executory. (emphasis omitted)

Considering that UCPB is a mere assignee of the rights and receivables under the Agreement, UCPB did not assume the obligations and liabilities of Primetown under its contract to sell with Spouses Choi.

x x x x

Contrary to Spouses Choi's argument that UCPB was estopped, we find that estoppel would not lie since UCPB's letters to the buyers only assured them of the completion of their units by the developer. UCPB did not represent to be the new owner of Kiener or that UCPB itself would complete Kiener.²³ (emphases and underlining supplied)

In *Liam v. UCPB (Liam)*,²⁴ the Court maintained its position that the transaction between PPGI and UCPB was merely an assignment of credit. Hence, what was transferred to UCPB was only the right to collect PPGI's receivables from the purchases of Kiener Hills and not the obligation to complete the said condominium project. Thus:

The terms of the MOA and Deed of Sale/Assignment between PPGI and UCPB unequivocally show that the parties intended an assignment of PPGI's credit in favor of UCPB.

x x x x

The provisions of the foregoing agreements between PPGI and UCPB are clear, explicit and unambiguous as to leave no doubt about their objective of executing an assignment of credit instead of subrogation. The MOA and the Deed of Sale/Assignment clearly state

²³ Id. at 856-861.

²⁴ G.R. No. 194664, 15 June 2016, 793 SCRA 383.

that UCPB became an assignee of PPGI's outstanding receivables of its condominium buyers. The Court perceives no *proviso* or any extraneous factor that incites a contrary interpretation. Even the simultaneous and subsequent acts of the parties accentuate their intention to treat their agreements as assignment of credit.

x x x x

The last paragraph of the letter also confirms that UCPB's acquisition of PPGI's receivables did not involve any changes in the Contract to Sell between PPGI and Liam; neither did it vary the rights and the obligations of the parties therein. Thus, no novation by subrogation could have taken place.

The CA was therefore correct in ruling that the agreement between PPGI and UCPB was an assignment of credit. **UCPB acquired PPGI's right to demand, collect and receive Liam's outstanding balance; UCPB was not subrogated into PPGI's place as developer under the Contract to Sell.**²⁵ (emphases and underlining supplied)

It is noteworthy that the circumstances and issues in *Choi* and *Liam* fall squarely with the case at bar. *First*, PPGI and UCPB were prominent parties in the cited cases. *Second*, it involved the same documents and agreement between PPGI and UCPB whereby the right to collect the receivables were assigned to the latter. *Third*, the controversy arose from the complaints of disgruntled unit owners to recover the amount they had paid from PPGI or UCPB after Kiener Hills was not completed.

In addition, the issue on estoppel was addressed in *Spouses Choi*. There, the Court ruled that the demand letters UCPB sent to the buyers, including herein respondents, only assured the completion of the condominium project. Nevertheless, there was no representation on the part of the UCPB that it would continue the construction of Kiener Hills or that it was the new owner thereof. Guided by the previous pronouncements of this Court, it is settled that UCPB is only jointly liable with PPGI to the disgruntled purchasers of Kiener Hills, including respondents. Thus, UCPB is only bound to refund the amount it had unquestionably received from respondents.

Only questions of law may be raised in a petition for review under Rule 45; exceptions

In the present petition, UCPB does not contest the CA's conclusion that it is jointly liable with PPGI to the unit owners of Kiener Hills. It, however, assails that the CA erred in computing its actual liability because it was only bound to refund the amount it had actually received. Meanwhile,

²⁵ Id. at 396-400.

respondents contest that the resolution of the correct amount of UCPB's liability is a question of fact, which is beyond the ambit of a petition for review under Rule 45.

It is axiomatic that, as a rule, only questions of law may be raised under a petition for review under Rule 45 because the Court is not a trier of facts and the factual findings of lower courts are final, binding or conclusive on the parties and to the Court.²⁶ As with every rule, however, it admits certain exceptions. Among the recognized exceptions are when the conclusion of the lower court is one grounded entirely on speculation, surmises or conjectures or when the judgment is based on a misapprehension of facts.²⁷

The Court finds that the exceptions are present to warrant a review of the factual matters.

Jurisprudence has settled UCPB's liability to unit owners to refund the amount it indubitably received from the purchasers of Kiener Hills. In this case, the CA determined UCPB's actual liability of ₱552,152.34 by subtracting the amounts already paid to PPGI from the total purchase price of ₱1,151,718.75.²⁸

Such computation of the appellate court, however, merely assumes that the said balance was actually paid by respondents and received by UCPB. A closer scrutiny of the records, nonetheless, shows that the said amount is not supported by the evidence at hand. The only document that identifies the amount respondents had paid to UCPB is the demand letter it sent to the former. It is noteworthy that the said demand letter was materially reproduced in respondents' complaint²⁹ before the HLURB Regional Office. In the said letter, the amount UCPB received from respondents is only ₱157,757.82.

While respondents alleged that they had paid in full the purchase price of the condominium units, only ₱157,757.82 was sufficiently substantiated to have been actually received by UCPB. Thus, UCPB should only be held liable for ₱157,757.82 because it was the only amount which was unequivocally shown it had received. This is especially true considering that one who pleads payment has the burden of proving the fact of payment.³⁰

²⁶ *Pascual v. Burgos*, G.R. No. 171722, 11 January 2016, 778 SCRA 189, 204-205.

²⁷ *Swire Realty Development Corporation v. Specialty Contracts General and Construction Services, Inc. and Jose Javellana*, G.R. No. 188027, 9 August 2017, citing *Medina v. Asistio, Jr.*, 269 Phil. 225, 232 (1990).

²⁸ *Rollo*, Vol. I, p. 50.

²⁹ *CA rollo*, pp. 58-64.

³⁰ *Bognot v. RRI Lending Corporation*, 744 Phil. 59, 69 (2014).


Thus, it was incumbent upon respondents to prove the actual amount UCPB had unquestionably received.

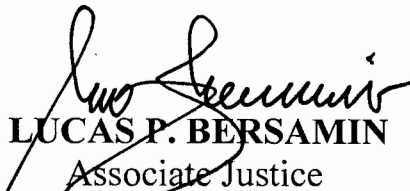
WHEREFORE, the 23 May 2012 Decision of the Court of Appeals in CA-G.R. SP No. 118534 is **AFFIRMED with MODIFICATION**. Petitioner United Coconut Planters Bank shall pay the amount of ₱157,757.82 to Spouses Walter and Lily Uy, with legal interest at six percent (6%) per annum, without prejudice to any action which the parties may have against Prime Town Property Group, Inc.

SO ORDERED.



SAMUEL R. MARTIRES
Associate Justice

WE CONCUR:


PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

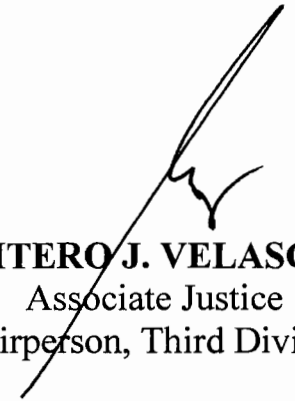

LUCAS P. BERSAMIN
Associate Justice


MARVIC M.V.F. LEONEN
Associate Justice


ALEXANDER G. GESMUNDO
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



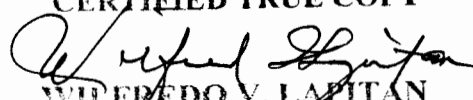
PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARIA LOURDES P. A. SERENO
Chief Justice

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WILFREDO V. LAPITAN
Division Clerk of Court
Third Division

FEB 12 2018