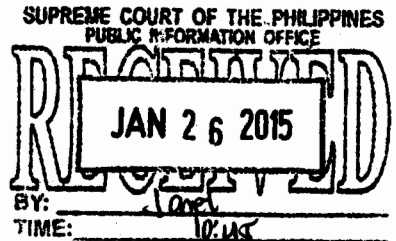




Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

NOTICE



Sirs/Mesdames:

Please take notice that the Court, Third Division, issued a Resolution dated **December 10, 2014**, which reads as follows:

“G.R. No. 200478 (*Triple V Foods, Inc. and/or Victor V. Villavicencio vs. Keppel Philippines Marine, Inc.*). – This is a petition for review¹ of the Decision² dated September 19, 2011 of the Court of Appeals (CA) in CA-G.R. CV No. 86933, affirming the Decision³ dated March 24, 2006 of the Regional Trial Court (RTC) of Makati City, Branch 64, in Civil Case No. 00-1480 which found petitioner Victor V. Villavicencio (Villavicencio) liable to respondent Keppel Philippines Marine, Inc. (Keppel) for the cost of the renovation and refurbishment of the Philippine Navy vessel, *BRP Ang Pangulo*, intended for the use of the President of the Philippines.

The Facts

Respondent Keppel is a domestic corporation engaged in drydocking, repairs and maintenance of shipping vessels at its shipyard in *Barangay San Miguel, Bauan, Batangas*.⁴ Petitioner Villavicencio, President of Triple V Food Services, Inc. is a long-time friend of then President Joseph E. Estrada (President Estrada), being a resident of Kentucky Street, North Greenhills, San Juan City, Metro Manila, where President Estrada had been mayor for several terms. They have been friends for more than 30 years.⁵

When he became President of the Philippines in 1998, President Estrada instructed Villavicencio to have the Presidential yacht, *BRP Ang Pangulo*, repaired, rehabilitated, renovated and refurbished, befitting a Presidential residence whenever the President would go to Cebu, Davao, or other islands. The project, known as “*Renovation: BRP Ang Pangulo*” or “*Project Atrium*,” was supposed to be shouldered by the Philippine Navy,

¹ Rollo, pp. 12-44.

² Penned by Associate Justice Socorro B. Inting, with Associate Justices Magdangal M. De Leon and Mario V. Lopez, concurring; id. at 47-64.

³ Issued by Judge Delia H. Panganiban; id. at 90-98.

⁴ Id. at 90-91.

⁵ Id. at 91.

but due to its inadequate budget, it could only pay the drydocking and repairs of the vessel. Thus, the renovation and refurbishing costs would be assumed by the Office of the President.⁶ The project was divided into two phases: *first*, the ordinary repairs or normal maintenance works for normal wear-and-tear, like re-plating works, renewal of the deteriorating piping system, engine room and re-painting of the hull; and *second*, the renovation or refurbishing of the yacht, which consists of the improvement of the living quarters, interior furnishings of the receiving area, installation of special kitchen equipment, relocation of some of the furniture, and all other works not necessary for the maintenance of the yacht but to make it a luxurious vessel. Who should bear the cost of the second phase is the central issue in this controversy.⁷

Following agreement on the detailed plan or Work Contract, the presidential yacht was received at Keppel's shipyard, the same shipyard where Villavicencio had brought his yacht, *M/V Diana*, for drydocking and repairs. The Work Acceptance Report on the various repair works done on the *BRP Ang Pangulo* was received and signed by Lito Lagadia/Pepito Labrador of the Philippine Navy, while the Work Acceptance Report pertaining to the renovation and refurbishment was received and signed by Jimmy Machuca (Machuca), Villavicencio's engineer.⁸

Machuca later also signed and approved the negotiated bill after adjustments, discounts and deduction of payments made by the Philippine Navy totaling ₱4,207,253.50. The balance of the final bill pertaining to the renovation and refurbishing in the amount of ₱5,957,199.05 was sent to Villavicencio. Villavicencio, however, refused to pay the same, insisting that it was for the account of the Philippine Navy. While there was no formal written contract between Keppel and Villavicencio for renovation and refurbishing, the Work Contract showed that Keppel presented the Work Acceptance Report to Villavicencio thru Machuca who received, approved and signed the same.⁹

Keppel claimed that it relied on the Work Contract and Notice To Proceed as proofs that Villavicencio had obligated himself to pay Keppel for works done on the yacht. On the other hand, Villavicencio averred that there was nothing in the Work Contract and Notice To Proceed that would indicate that he obligated himself to pay Keppel. In fact, his signature appeared nowhere in those documents, and although Machuca's signature appeared thereon, there was no proof that he authorized Machuca to sign for and on his behalf.¹⁰

⁶ Id.
⁷ Id. at 54.
⁸ Id. at 49.
⁹ Id. at 49-50.
¹⁰ Id. at 50.

Rulings of the RTC and the CA

The RTC ruled against Villavicencio, as follows:

WHEREFORE, in view of the foregoing[,] judgment is rendered in favor of plaintiff KEPPEL PHILIPPINES MARINE[,] INC. and against defendant **Victor V. Villavicencio** as follows[:]

1. Defendant Victor V. Villavicencio is ordered to pay plaintiff Keppel Philippines Marine[,] Inc. the sum of Pesos: Five Million, Nine Hundred Fifty[-]Seven Thousand One Hundred Ninety[-]Nine and 05/100 (P5,957,199.05/xx), plus legal interest of Twelve percent (12%) annually from November 6, 2000, the date of final demand and until full payment is made;
2. To pay plaintiff Keppel Philippine[s] Marine[,] Inc. attorney's fees in the amount equivalent to 10% of the principal obligation; and
3. To pay the cost of suit.

The defendant['s] counterclaim is DISMISSED.

SO ORDERED.¹¹

On appeal to the CA, Villavicencio insisted that it was at the behest of President Estrada that he agreed to oversee the renovation on the *BRP Ang Pangulo*, but he never bound himself to pay the costs. But the CA found otherwise, and affirmed the RTC decision.¹²

Petition for Review to the Supreme Court

In the instant petition, Villavicencio maintains that, as a mere agent of the President of the Philippines who ordered the renovation and refurbishing of the *BRP Ang Pangulo*, he just acted within the scope of his authority; and, therefore, he cannot be held liable in place of his principal.

Ruling of the Court

The petition is bereft of merit.

It is nowhere disputed that Villavicencio knew that with an annual budget of only ₱20 Million for ship repairs and other structural activities, the Philippine Navy had money enough only for drydocking and wear-and-tear repairs of the *BRP Ang Pangulo*, but not for the lavish renovation plans of President Estrada.¹³ Nonetheless, Villavicencio proceeded to give detailed instructions concerning the refurbishing and renovation of the presidential

¹¹ Id. at 98.

¹² Id. at 63.

¹³ Id. at 54.

yacht to make it sufficiently luxurious for President Estrada's use. It is also not denied that Villavicencio did not first bother to know where the money would be taken for this purpose, or whether formalities were needed to properly assign the financial accountabilities for the project.

Meanwhile, although his signature is found nowhere in all the project documents, all the *minutiae* of the renovation works was upon Villavicencio's personal and strict instructions, and the work contracts were signed and approved by his personal engineer, Machuca. According to the CA, by bringing *BRP Ang Pangulo* to Keppel shipyard for renovation and refurbishing, but without first insisting that the required formalities be executed wherein the Philippine government would assume the costs, an oral contract was perfected whereby Villavicencio took it upon himself to pay the costs.¹⁴ Villavicencio could have insisted on a written contract between Keppel and his alleged principal, the Philippine government, but he did not do so. Instead, he proceeded to oversee all the details of the work, giving specific instructions that he expected to be followed to the letter. From all these, the CA correctly concluded that "there was in fact an *implied* obligation to pay imposed upon Villavicencio."¹⁵ Keppel would not have undertaken to perform the costly project if there was no meeting of minds between itself and Villavicencio particularly on who would pay for the renovation. Surely, Keppel would not perform the works on *BRP Ang Pangulo* without first knowing who would assume the costs.¹⁶

As found by the CA, there was an *implied oral contract* between Keppel and Villavicencio. Contracts are perfected by mere consent of the parties.¹⁷ Article 1305 of the Civil Code defines *a contract* as *a meeting of minds between two persons whereby one binds himself with respect to the other, to give something or to render some services*. It was this "meeting of the minds" between Keppel and Villavicencio which permitted Keppel to proceed with all the works on *BRP Ang Pangulo*, services which were all pursuant to Villavicencio's specific instructions.

Indeed, per the project records, it was Villavicencio who gave a "detailed" work order to be performed on *BRP Ang Pangulo*; he conducted meetings with contractors and suppliers; he directed and/or instructed the contractors and suppliers as to the interior arrangement or physical arrangement of the presidential yacht; he visited at the Keppel shipyard to conduct ocular inspection and to monitor the progress of the works on the presidential yacht; partial payments for the project were indorsed and cleared by Villavicencio.¹⁸ Yet, despite all these, Villavicencio denied liability.

¹⁴ Id. at 56.

¹⁵ Id.

¹⁶ Id.

¹⁷ NEW CIVIL CODE OF THE PHILIPPINES, Article 1315.

¹⁸ *Rollo*, pp. 56-58, 94.

Villavicencio had previously brought his yacht *M/V Diana* to Keppel shipyard for repairs, and he paid for it. When he brought the *BRP Ang Pangulo* to Keppel's shipyard, it was natural for Keppel to expect him to pay the costs of the renovation and refurbishment. The CA held that a scrutiny of the records clearly discloses that Villavicencio was in complete control of the project.¹⁹ The details of the work were upon his instructions. To put it simply, all his instructions were obeyed because Keppel knew that he was going to pay the costs. Villavicencio projected himself as the financier of the project.

When in his testimony he stated, "*Who could say NO to the President,*" coupled with his paying ₱2 Million in advance which later he said he did not bother to collect from the Philippine Navy, it is safe to assume that Villavicencio understood the request of the President for him to oversee the repairs and renovation of the *BRP Ang Pangulo*, which included at the very least, advancing the costs.²⁰ For being himself a businessman, he should have made it clear to Keppel that he was merely representing the President and the renovation works would be for the sole account of the Philippine Navy. Instead, Villavicencio shelled out his own money, and never bothered to collect it from the government. One cannot be faulted for thinking that Villavicencio took this duty upon himself as a gesture of his intimate friendship with the President.

Villavicencio is in estoppel *in pais*, a doctrine that precludes one from adopting an inconsistent position, attitude, or action which could result in injury to another.²¹ Estoppel *in pais* arises when one, by his acts, representations or admissions, or by his own silence when he ought to speak out, intentionally or through culpable negligence, induces another to believe certain facts to exist and such other rightfully relies and acts on such belief, can no longer deny the existence of such fact as it will prejudice the latter.²² Public policy, fair dealing, good faith and justice forbid one to speak against his own act, representation, or commitment to the injury of one to whom they were directed and who reasonably relied thereon.²³ "Since estoppel is based on equity and justice, it is essential that before a person can be barred from asserting a fact contrary to his act or conduct, it must be shown that such act or conduct has been intended and would unjustly cause harm to those who are misled if the principle were not applied against him."²⁴

Villavicencio's acts and conduct were such as could only have led Keppel to believe that he would be in charge of paying the cost of renovation and refurbishment. Although he signed no documents, his orders

¹⁹ Id. at 57.

²⁰ Id. at 58-59.

²¹ *Dr. De los Santos v. Dr. Vibar*, 580 Phil. 393, 404 (2008).

²² *El Oro Engraver Corporation v. Court of Appeals, et al.*, 569 Phil. 373, 380-381 (2008).


²³ *Modesto v. Urbina*, G.R. No. 189859, October 18, 2010, 633 SCRA 383, 403.

²⁴ *Rockland Construction Company, Inc. v. Mid-Pasig Land Development Corporation*, 567 Phil. 565, 571 (2008), citing III J. Vitug, *Civil Law Annotated*, pp. 166-167 (2003 ed.).

and instructions were all carried out through Machuca, his authorized representative. Villavicencio even admitted that he assigned Machuca as his representative in the project because he was a busy person, yet surprisingly, he would deny knowing why Machuca signed the work documents. But as his authorized representative, Machuca had the power to sign for and on behalf of Villavicencio, per the law on agency.²⁵ More importantly, there cannot be any doubt that Villavicencio ratified all the acts of Machuca.

WHEREFORE, premises considered, the instant petition for review is **DENIED.**” (Jardeleza, J., on official leave; Mendoza, J., designated as acting member per Special Order No. 1896 dated November 28, 2014.)

Very truly yours,


WILFREDO V. LAPITAN
Division Clerk of Court

id 1/22/15

Atty. Reynaldo T. Dizon
MARTINEZ VERGARA GONZALEZ SERRANO
Counsel for Petitioners
Unit 2401, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center
1605 Pasig City

COURT OF APPEALS
CA G.R. CV No. 86933
1000 Manila

Atty. Rosario T.P. Rodriguez-Ganitano
JIMENEZ GONZALES BELLO VALDEZ CALUYA
& FERNANDEZ
Counsel for Respondent
6/F SOL Building, 112 Amorsolo Street
Legaspi Village, 1229 Makati City

The Presiding Judge
REGIONAL TRIAL COURT
Branch 64, Makati City
(Civil Case No. 00-1480)

PUBLIC INFORMATION OFFICE
LIBRARY SERVICES
Supreme Court, Manila
[For uploading pursuant to A.M. 12-7-1-SC]

Judgment Division
JUDICIAL RECORDS OFFICE
Supreme Court, Manila

²⁵

Rollo, pp. 59-60.