

## THIRD DIVISION

[ G.R. No. 185331, June 08, 2016 ]

**SPOUSES ABELARDO VALARAO AND FRANCISCA VALARAO,  
PETITIONERS, VS. MSC AND COMPANY, RESPONDENT.**

### R E S O L U T I O N

**REYES, J.:**

This resolves the petition for review on *certiorari*<sup>[1]</sup> filed by spouses Abelardo Valarao and Francisca Valarao (petitioners) to assail the Decision<sup>[2]</sup> dated February 21, 2008 of the Court of Appeals (CA) in CA-GR CV No. 87275. The petitioners likewise assail the CA Resolution<sup>[3]</sup> dated October 15, 2008 declaring that the CA Decision dated February 21, 2008 had become final, and the Entry of Judgment<sup>[4]</sup> that was issued pursuant to such resolution.

#### **The Antecedents**

The case stems from a civil case for sum of money, damages and rescission instituted by MSC and Company (respondent) against the petitioners before the Regional Trial Court (RTC) of the City of Malolos, Bulacan, Branch 81. The respondent alleged that on September 26, 1997, it entered into a Memorandum of Agreement (MOA) with the petitioners, whereby the former, as contractor, was to develop for residential use the latter's landholding in Marungko, Angat, Bulacan. In the parties' subsequent agreement denominated as Contract Agreement, the petitioners undertook to reimburse the respondent's expenses for the project's topographic survey, site relocation, subdivision plans and specifications. They also agreed to give an advance payment of P8,550,000.00 as mobilization expenses for land development, to be paid to the respondent upon the contract's execution. For the duration of the project, the respondent would prepare bi-monthly progress billings, to be satisfied by the petitioners within 15 days from submission, subject to an interest of 24% *per annum* in case of delay or default in payment.<sup>[5]</sup>

After the petitioners failed to pay in full the stipulated expenses for mobilization, pre-development expenses and the respondent's progress billings, despite demand and even after the latter had completed 30% of the project, the respondent instituted the court action for sum of money, damages and rescission.<sup>[6]</sup>

In their amended answer to the complaint, the petitioners countered, among several defenses, that the respondent stopped the project's construction for no justifiable reason. Furthermore, the respondent allegedly failed to fulfill its undertaking under their MOA to assist the petitioners in obtaining a loan from financial institutions.<sup>[7]</sup>

On April 5, 2006, the RTC rendered its Decision<sup>[8]</sup> in Civil Case No. 86-M-2000,

favoring the respondent. The dispositive portion of the decision reads:

**WHEREFORE**, premises considered, judgment is hereby rendered in favor of the [respondent] and against the [petitioners], ordering the [petitioners], jointly and severally,

1. On the first cause of action, to pay [the respondent] the amount of Sixteen Million Three Hundred Forty[-]Nine Thousand and Thirty[-]Five Pesos and Sixty Centavos (P16,349,035.60) with legal rate of interest from the date this judgment is rendered less the mobilization expenses deemed extinguished by reason of force majeure;
2. On the second cause of action, ordering the rescission and termination of the MOA and the Contract Agreement;
3. Dismissing the claim for damages;
4. Ordering the payment of Fifty [T]housand Pesos as and by way of attorney's fees; and
5. To pay the costs of the suit.

**SO ORDERED.**<sup>[9]</sup>

Feeling aggrieved, the petitioners appealed to the CA, which however denied the appeal in its Decision dated February 21, 2008, with decretal portion that reads:

**WHEREFORE**, premises considered, the reliefs prayed for in the instant appeal are hereby **DENIED** and the assailed Decision of the Court a quo dated 05 April 2006 is **AFFIRMED** with **Modification**. The imposition of the legal interest shall be reckoned from the finality of this Decision until fully paid.

**SO ORDERED.**<sup>[10]</sup>

In a Resolution<sup>[11]</sup> dated October 15, 2008, the CA declared that its Decision had attained finality on March 19, 2008, considering that "no motion for reconsideration or Supreme Court petition has been filed by [the respondent] and that no Supreme Court petition has been filed by the [petitioners]."<sup>[12]</sup> In a Motion to Delete Resolutions with Manifestation<sup>[13]</sup> filed by the petitioners with the CA, it was claimed that a Motion for Reconsideration<sup>[14]</sup> dated March 11, 2008 was filed by the petitioners. They alleged that the motion remained unacted upon, until the CA issued an entry of judgment in the case.

Given the foregoing, the petitioners filed the present petition for review on *certiorari* under Rule 45 of the Rules of Court.

### **The Present Petition**

From their arguments, the petitioners submit two issues for the Court's resolution: *first*, whether or not the CA committed a reversible error in declaring that its Decision dated February 21, 2008 had become final and executory; and *second*, whether or not the CA committed a reversible error in affirming the RTC decision that favored the respondent.

### **Ruling of the Court**

The Court denies the petition.

The Court underscores the fact that the CA had issued on October 15, 2008 a Resolution declaring the Decision dated February 21, 2008 to have become final, citing the report of its Judicial Records Division that no party filed a petition with this Court. This circumstance was reiterated in an Entry of Judgment also issued by the CA, further elaborating that the CA decision had become final on March 19, 2008 with respect to the respondent and on June 20, 2008 with respect to the petitioners. In impugning the foregoing issuances of the CA, the petitioners repeatedly referred to a motion for reconsideration which they allegedly filed, through counsel, with the appellate court on March 11, 2008. If we were to rely solely on the petition and its attachments, the petitioners failed to sufficiently establish before the Court the fact of a timely filing of the motion in due form, as the copy of the motion<sup>[15]</sup> attached to the petition lacked material portions, including the end of its prayer and the required signature of counsel.

More importantly, other records indicate that the subject motion for reconsideration had in fact been resolved, as it was already denied by the CA. Such fact was declared in a Resolution<sup>[16]</sup> dated November 19, 2008, copy of which was attached by the respondent to their Comment on the petition. The resolution likewise disputed the petitioners' claim that the CA failed to take action on their Motion to Delete Resolutions and Manifestation, as it reads:

*Considering the Decision in the above-entitled case had long become final and executory and Entry of Judgment issued, for failure of counsel for [the petitioners] to file a timely Motion for Extension/Petition with the Supreme Court despite receipt of the May 28, 2008 Resolution denying his Motion for Reconsideration on June 4, 2008, per reply to tracer of the Postmaster posted on July 18, 2008, [the petitioners'] Motion to Delete Resolutions with Manifestation dated November 3, 2008 is only NOTED. Further pleadings and/or motion/s shall no longer be entertained.*<sup>[17]</sup>

Clearly, there appeared to be significant incidents before the CA that remained undisclosed in the petition. This was confirmed upon the Court's perusal of the CA *rollo* in CA-GR CV No. 87275. As cited in CA Resolution dated November 19, 2008, forming part of the *rollo* is Resolution<sup>[18]</sup> dated May 28, 2008, which already denied the petitioners' motion for reconsideration and with dispositive portion that reads:

After a judicious perusal of the instant motion, vis-a-vis the challenged Decision, We find that the arguments proffered by the [petitioners] have