

SECOND DIVISION

[G.R. No. 191431, March 13, 2013]

**RODOLFO G. CRUZ AND ESPERANZA IBIAS, PETITIONERS, VS.
ATTY. DELFIN GRUSPE, RESPONDENT.**

D E C I S I O N

BRION, J.:

Before the Court is the petition for review on *certiorari*^[1] filed under Rule 45 of the Rules of Court, assailing the decision^[2] dated July 30, 2009 and the resolution^[3] dated February 19, 2010 of the Court of Appeals (CA) in CA-G.R. CV No. 86083. The CA rulings affirmed with modification the decision dated September 27, 2004 of the Regional Trial Court (RTC) of Bacoor, Cavite, Branch 19, in Civil Case No. BCV-99-146 which granted respondent Atty. Delfin Gruspe's claim for payment of sum of money against petitioners Rodolfo G. Cruz and Esperanza Ibias.^[4]

THE FACTUAL BACKGROUND

The claim arose from an accident that occurred on October 24, 1999, when the mini bus owned and operated by Cruz and driven by one Arturo Davin collided with the Toyota Corolla car of Gruspe; Gruspe's car was a total wreck. The next day, on October 25, 1999, Cruz, along with Leonardo Q. Ibias went to Gruspe's office, apologized for the incident, and executed a **Joint Affidavit of Undertaking** promising jointly and severally to replace the Gruspe's damaged car in 20 days, or until November 15, 1999, of the same model and of at least the same quality; or, alternatively, they would pay the cost of Gruspe's car amounting to P350,000.00, with interest at **12% per month** for any delayed payment after November 15, 1999, until fully paid.^[5] When Cruz and Leonardo failed to comply with their undertaking, Gruspe filed a complaint for collection of sum of money against them on November 19, 1999 before the RTC.

In their answer, Cruz and Leonardo denied Gruspe's allegation, claiming that Gruspe, a lawyer, prepared the Joint Affidavit of Undertaking and forced them to affix their signatures thereon, without explaining and informing them of its contents; Cruz affixed his signature so that his mini bus could be released as it was his only means of income; Leonardo, a *barangay* official, accompanied Cruz to Gruspe's office for the release of the mini bus, but was also deceived into signing the Joint Affidavit of Undertaking.

Leonardo died during the pendency of the case and was substituted by his widow, Esperanza. Meanwhile, Gruspe sold the wrecked car for P130,000.00.

In a decision dated September 27, 2004, the **RTC ruled in favor of Gruspe** and ordered Cruz and Leonardo to pay P220,000.00,^[6] plus 15% per annum from

November 15, 1999 until fully paid, and the cost of suit.

On appeal, the **CA affirmed the RTC decision, but reduced the interest rate to 12% per annum pursuant to the Joint Affidavit of Undertaking**.^[7] It declared that despite its title, the Joint Affidavit of **Undertaking is a contract**, as it has all the essential elements of consent, object certain, and consideration required under Article 1318 of the Civil Code. The CA further said that **Cruz and Leonardo failed to present evidence to support their contention of vitiated consent**. By signing the Joint Affidavit of Undertaking, they voluntarily assumed the obligation for the damage they caused to Gruspe's car; Leonardo, who was not a party to the incident, could have refused to sign the affidavit, but he did not.

THE PETITION

In their appeal by *certiorari* with the Court, Cruz and Esperanza assail the CA ruling, contending that the Joint Affidavit of Undertaking is not a contract that can be the basis of an obligation to pay a sum of money in favor of Gruspe. They consider an affidavit as different from a contract: an affidavit's purpose is simply to attest to facts that are within his knowledge, while a contract requires that there be a meeting of the minds between the two contracting parties.

Even if the Joint Affidavit of Undertaking was considered as a contract, Cruz and Esperanza claim that it is invalid because Cruz and Leonardo's consent thereto was vitiated; the contract was prepared by Gruspe who is a lawyer, and its contents were never explained to them. Moreover, Cruz and Leonardo were simply forced to affix their signatures, otherwise, the mini van would not be released.

Also, they claim that prior to the filing of the complaint for sum of money, Gruspe did not make any demand upon them. Hence, pursuant to Article 1169 of the Civil Code, they could not be considered in default. Without this demand, Cruz and Esperanza contend that Gruspe could not yet take any action.

THE COURT'S RULING

The Court finds the petition **partly meritorious** and accordingly modifies the judgment of the CA.

Contracts are obligatory no matter what their forms may be, whenever the essential requisites for their validity are present. In determining whether a document is an affidavit or a contract, the Court looks beyond the title of the document, since the denomination or title given by the parties in their document is not conclusive of the nature of its contents.^[8] In the construction or interpretation of an instrument, the intention of the parties is primordial and is to be pursued. If the terms of the document are clear and leave no doubt on the intention of the contracting parties, the literal meaning of its stipulations shall control. If the words appear to be contrary to the parties' evident intention, the latter shall prevail over the former.^[9]

A simple reading of the terms of the Joint Affidavit of Undertaking readily discloses that it contains stipulations characteristic of a contract. As quoted in the CA decision,^[10] the Joint Affidavit of Undertaking contained a stipulation where Cruz and Leonardo promised to replace the damaged car of Gruspe, 20 days