

FIRST DIVISION

[G.R. No. 146428, January 19, 2009]

**HEIRS OF THE DECEASED CARMEN CRUZ-ZAMORA,
PETITIONERS, VS. MULTIWOOD INTERNATIONAL, INC.,
RESPONDENT.**

D E C I S I O N

LEONARDO-DE CASTRO, J.:

Before us is a petition for review on certiorari of the Court of Appeals' (CA) Decision^[1] dated October 19, 2000 and Resolution^[2] dated December 18, 2000 in CA-G.R. CV No. 53451 which reversed and set aside the decision of the Regional Trial Court (RTC), National Capital Judicial Region, Makati City, Branch 59, and denied petitioners' motion for reconsideration respectively.

The facts as culled from the records are as follows:

On November 18, 1993, the late Carmen Cruz-Zamora (Zamora) filed a Complaint against respondent Multiwood International, Inc. (Multiwood). The complaint alleged that sometime in 1987, Zamora signed a Marketing Agreement to act as an agent of Multiwood. As agent, Zamora claimed that she obtained certain contracts on behalf of Multiwood and in remuneration for her services, she was to be paid ten percent (10%) commission for the said projects. Zamora claimed that Multiwood defaulted in the payment of her commission for the contracts with *Edsa Shangrila*, *Makati Shangrila* and *Diamond Hotel*. She was compelled to file an action for the collection of her commission in the amount of Two Hundred Fifty Four Thousand Eighty-Nine Pesos and Fifty Two Centavos (P254,089.52) when her repeated demands for payment remained unheeded.

In its Answer with Counterclaim, Multiwood asserted that Zamora was not entitled to receive commissions for the *Edsa Shangrila*, *Makati Shangrila* and *Diamond Hotel* projects on the ground that those projects were "construction contracts" while their Marketing Agreement spoke only of the sale of Multiwood products. By way of counterclaim, Multiwood claimed, among others, that Zamora had unliquidated advances in the amount of Thirty Seven Thousand Three Hundred Ninety-Seven Pesos and Seventy One Centavos (P37,397.71).^[3]

During pre-trial, the parties entered into a stipulation of facts and limited the issues to the following:

1. Whether or not the projects indicated in the agreement are contracts for services (or construction contracts) and not contracts for the sale of products;

2. Whether or not the defendant is liable to pay the amount of P254,089.52 and damages;
3. Whether or not the plaintiff may be held liable on the defendant's counterclaim.^[4]

On April 15, 1996, the RTC rendered a decision in favor of Zamora. The trial court interpreted the Marketing Agreement as to include construction contracts and allowed Zamora to claim the ten percent (10%) commission granted in the said agreement. In arriving at the decision, the trial court took into consideration the alleged intention of the contracting parties purportedly evidenced by Multiwood's contemporaneous and subsequent acts of making "partial payments" of the commission on the disputed projects as evidenced by various vouchers (Exhibits K-2 to K-7) which, however, were not offered in evidence by either party and marked for exhibit only during the testimony of defense witness, Adrian Guerrero.^[5] The dispositive portion of the said decision reads:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff and against the defendant, as follows:

1. Ordering the defendant (respondent) to pay the plaintiff (petitioner) the following amounts:
 - a. P165,941.78 plus legal interest thereon at the rate of twelve percent (12%) per annum starting November 18, 1993, the date when the complaint was filed until the amount is fully paid;
 - b. P40,000.00 representing moral damages;
 - c. P40,000.00 as and for reasonable attorney's fees.
2. Ordering the dismissal of defendant's (respondent's) counterclaim, for lack of merit; and
3. With costs against the defendant (respondent).

SO ORDERED. ^[6]

Multiwood appealed to the CA insisting that based on the Marketing Agreement, Zamora's commissions were due only on contracts for the sale of its products, and not for construction contracts. Multiwood argued that the trial court erred in its interpretation of the Marketing Agreement and ultimately revised and amended its terms despite the absence of any ambiguity as to the intent of the parties.

On October 19, 2000, the CA rendered its decision reversing and setting aside the decision of the RTC. The CA ruled that Zamora could not validly claim commissions from the *Edsa Shangrila*, *Makati Shangrila* and *Diamond Hotel* contracts on the basis of the Marketing Agreement because these contracts were limited only to the solicitation of the products of prospective foreign or local buyers of Multiwood, excluding other services offered by the latter such as construction services. Thus, the CA decided in this wise:

WHEREFORE, premises considered, the appealed Decision of the Regional Trial Court of Makati City, Branch 59 in Civil Case No. 93-4292 is hereby REVERSED AND SET ASIDE and a new one entered DISMISSING the Complaint for lack of merit.

The plaintiff-appellee (petitioner) is also declared LIABLE to pay the unliquidated advances she obtained from the defendant-appellant (respondent) in the amount of Thirty Seven Thousand Three Hundred Ninety Seven Pesos and Seventy One Centavos (P37,397.71) with legal interest at six percent (6%) per annum computed from August 4, 1994 until fully paid.

No pronouncement as to costs.

SO ORDERED.^[7]

Zamora's subsequent motion for reconsideration having been likewise denied by the CA in the Resolution dated December 18, 2000, she elevated the case to this Court through the instant petition for review which raises the following arguments:

- (1) The Hon. Court of Appeals erred in adjudging that private respondent is not liable to compensate petitioner for her services in soliciting construction contracts on the ground that petitioner's counsel failed to offer in evidence Exhs. K to K-7.
- (2) The Hon. Court of Appeals erred in not holding that under Exhs. B to H, with sub-markings in relation to Exh. A, private respondent acknowledged or admitted its liability for a rate of 10% commission to petitioner for the latter's solicitation of construction contracts.
- (3) The Hon. Court of Appeals erred in not holding that, even if the solicitation of construction contracts was not covered by the Marketing Agreement (Exh. A), a new separate contract was deemed perfected between the parties as evidenced by Exhs. B to H, with submarkings.
- (4) The Hon. Court of Appeals erred in not holding that private respondent would be unjustly enriched at the expense of petitioner if the latter is not compensated for her valuable services.
- (5) The Hon. Court of Appeals erred in not affirming *in toto* the trial court's Decision.

On October 3, 2002, Zamora's counsel filed a Motion to Substitute Deceased Petitioner^[8] informing the Court that Zamora had passed away on September 30, 2002 and asking that her heirs be substituted as petitioners pursuant to Section 16, Rule 3 of the Rules of Court. Accordingly, in the Resolution^[9] dated January 22, 2003, the Court granted the motion.

Petitioners maintain that the interior construction projects solicited by Zamora, *i.e.*,

the renovation/improvement of the coffee shop, health clubs, Chinese restaurant and barbeque pavilions of the *Edsa Shangrila*; the renovation of the ballroom, meeting room, lobby and elevator interior of the *Makati Shangrila*; and, the renovation of Presidential Suite of the *Diamond Hotel*, fell within the scope of the Marketing Agreement. The identification, "solicitation, finding or introduction for negotiation of buyers, dealers and customers" for Multiwood's product as stated in the agreement is an encompassing term as to include the solicitation of interior construction projects. Besides the construction projects it afforded Multiwood the opportunity to sell and supply its products to the project owner to implement the overall interior design. Petitioners advert to their interpretation of the text of the Marketing Agreement, as well as Multiwood's subsequent alleged acquiescence in Zamora's solicitation of the disputed construction contracts and supposed partial payment of her commission therefor as indicia of the parties' intention to include the said solicitation of construction contracts within the coverage of the Marketing Agreement. These operative acts purportedly lead to the perfection of a new contract between the parties, albeit not reduced in writing. Hence, Multiwood is estopped from denying its obligation as the same would unjustly enrich the latter at Zamora's expense.

We deny the petition.

At the outset, the Court notes that Zamora's cause of action is anchored solely on the parties' Marketing Agreement, the due execution and authenticity of which are undisputed.

When the terms of the agreement are clear and explicit, such that they do not justify an attempt to read into them any alleged intention of the parties, the terms are to be understood literally just as they appear on the face of the contract. It is only in instances when the language of a contract is ambiguous or obscure that courts ought to apply certain established rules of construction in order to ascertain the supposed intent of the parties. However, these rules will not be used to make a new contract for the parties or to rewrite the old one, even if the contract is inequitable or harsh. They are applied by the court merely to resolve doubts and ambiguities within the framework of the agreement.^[10]

Bearing in mind the aforementioned guidelines, we find that the CA committed no reversible error when it ruled that the construction projects solicited by Zamora for Multiwood were outside the coverage of the Marketing Agreement so as preclude the former from claiming a ten percent (10%) commission. The plain import of the text of the Marketing Agreement leaves no doubt as to the true intention of the parties in executing the Marketing Agreement. The pertinent provisions of the said Marketing Agreement^[11] are as follows:

WHEREAS, the principal is engaged in the **manufacture and export of furniture** and such other related products using various types of suitable raw materials;

WHEREAS, the principal needs the services of the agent in **soliciting and finding buyers, customers, or dealers**, whether individuals or entities, for the products of the principal and agent has represented that she has the capability and competence to provide the said services;