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THIRD DIVISION

[G.R. No. 164326, October 17, 2008]

SEAOIL PETROLEUM CORPORATION, PETITIONER, VS. AUTOCORP GROUP AND PAUL Y. RODRIGUEZ, RESPONDENTS.

D E C I S I O N

NACHURA, J.:

Before this Court is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court assailing the Decision[1] of the Court of Appeals (CA) dated May 20, 2004 in CA-G.R. CV No. 72193, which had affirmed *in toto* the Decision[2] of the Regional Trial Court (RTC) of Pasig City, Branch 157, dated September 10, 2001 in Civil Case No. 64943.

The factual antecedents, as summarized by the CA, are as follows:

> On September 24, 1994, defendant-appellant Seaoil Petroleum Corporation (Seaoil, for brevity) purchased one unit of ROBEX 200 LC Excavator, Model 1994 from plaintiff-appellee Autocorp Group (Autocorp for short). The original cost of the unit was P2,500,000.00 but was increased to P3,112,519.94 because it was paid in 12 monthly installments up to September 30, 1995. The sales agreement was embodied in the Vehicle Sales Invoice No. A-0209 and Vehicle Sales Confirmation No. 258. Both documents were signed by Francis Yu (Yu for short), president of Seaoil, on behalf of said corporation. Furthermore, it was agreed that despite delivery of the excavator, ownership thereof was to remain with Autocorp until the obligation is fully settled. In this light, Seaoil's contractor, Romeo Valera, issued 12 postdated checks. However, Autocorp refused to accept the checks because they were not under Seaoil's name. Hence, Yu, on behalf of Seaoil, signed and issued 12 postdated checks for P259,376.62 each with Autocorp as payee.
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> The excavator was subsequently delivered on September 26, 1994 by Autocorp and was received by Seaoil in its depot in Batangas.
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> The relationship started to turn sour when the first check bounced. However, it was remedied when Seaoil replaced it with a good check. The second check likewise was also good when presented for payment. However, the remaining 10 checks were not honored by the bank since Seaoil requested that payment be stopped. It was downhill from thereon.
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> Despite repeated demands, Seaoil refused to pay the remaining balance of P2,593,766.20. Hence, on January 24, 1995, Autocorp filed a complaint for recovery of personal property with damages and replevin in the Regional Trial Court of Pasig. The trial court ruled for Autocorp.

Hence, this appeal.

Seaoil, on the other hand, alleges that the transaction is not as simple as described above. It claims that Seaoil and Autocorp were only utilized as conduits to settle the obligation of one foreign entity named Uniline Asia (herein referred to as Uniline), in favor of another foreign entity, Focus Point International, Incorporated (Focus for short). Paul Rodriguez (Rodriguez for brevity) is a stockholder and director of Autocorp. He is also the owner of Uniline. On the other hand, Yu is the president and stockholder of Seaoil and is at the same time owner of Focus. Allegedly, Uniline chartered MV Asia Property (sic) in the amount of $315,711.71 from its owner Focus. Uniline was not able to settle the said amount. Hence, Uniline, through Rodriguez, proposed to settle the obligation through conveyance of vehicles and heavy equipment. Consequently, four units of Tatamobile pick-up trucks procured from Autocorp were conveyed to Focus as partial payment. The excavator in controversy was allegedly one part of the vehicles conveyed to Focus. Seaoil claims that Rodriguez initially issued 12 postdated checks in favor of Autocorp as payment for the excavator. However, due to the fact that it was company policy for Autocorp not to honor postdated checks issued by its own directors, Rodriguez requested Yu to issue 12 PBCOM postdated checks in favor of Autocorp. In turn, said checks would be funded by the corresponding 12 Monte de Piedad postdated checks issued by Rodriguez. These Monte de Piedad checks were postdated three days prior to the maturity of the PBCOM checks.

Seaoil claims that Rodriguez issued a stop payment order on the ten checks thus constraining the former to also order a stop payment order on the PBCOM checks.

In short, Seaoil claims that the real transaction is that Uniline, through Rodriguez, owed money to Focus. In lieu of payment, Uniline instead agreed to convey the excavator to Focus. This was to be paid by checks issued by Seaoil but which in turn were to be funded by checks issued by Uniline. x x x[3]

As narrated above, respondent Autocorp filed a Complaint for Recovery of Personal Property with Damages and Replevin[4] against Seaoil before the RTC of Pasig City. In its September 10, 2001 Decision, the RTC ruled that the transaction between Autocorp and Seaoil was a simple contract of sale payable in installments.[5] It also held that the obligation to pay plaintiff the remainder of the purchase price of the excavator solely devolves on Seaoil. Paul Rodriguez, not being a party to the sale of the excavator, could not be held liable therefor. The decretal portion of the trial court's Decision reads, thus:

WHEREFORE, judgment is hereby rendered in favor of plaintiff Autocorp Group and against defendant Seaoil Petroleum Corporation which is hereby directed to pay plaintiff:

- P2,389,179.23 plus 3% interest from the time of judicial demand until full payment; and

- 25% of the total amount due as attorney's fees and cost of litigation.

The third-party complaint filed by defendant Seaoil Petroleum Corporation against third-party defendant Paul Rodriguez is hereby DISMISSED for lack of merit.

SO ORDERED.

Seaoil filed a Petition for Review before the CA. In its assailed Decision, the CA dismissed the petition and affirmed the RTC's Decision *in toto*.[6] It held that the transaction between Yu and Rodriguez was merely verbal. This cannot alter the sales contract between Seaoil and Autocorp as this will run counter to the parol evidence rule which prohibits the introduction of oral and parol evidence to modify the terms of the contract. The claim that it falls under the exceptions to the parol evidence rule has not been sufficiently proven. Moreover, it held that Autocorp's separate corporate personality cannot be disregarded and the veil of corporate fiction pierced. Seaoil was not able to show that Autocorp was merely an alter ego of Uniline or that both corporations were utilized to perpetrate a fraud. Lastly, it held that the RTC was correct in dismissing the third-party complaint since it did not arise out of the same transaction on which the plaintiff's claim is based, or that the third party's claim, although arising out of another transaction, is connected to the plaintiff's claim. Besides, the CA said, such claim may be enforced in a separate action.

Seaoil now comes before this Court in a Petition for Review raising the following issues:

I

Whether or not the Court of Appeals erred in partially applying the parol evidence rule to prove only some terms contained in one portion of the document but disregarded the rule with respect to another but substantial portion or entry also contained in the same document which should have proven the true nature of the transaction involved.

II

Whether or not the Court of Appeals gravely erred in its judgment based on misapprehension of facts when it declared absence of facts which are contradicted by presence of evidence on record.

III

Whether or not the dismissal of the third-party complaint would have the legal effect of res judicata as would unjustly preclude petitioner from enforcing its claim against respondent Rodriguez (third-party defendant) in a separate action.

IV

Whether or not, given the facts in evidence, the lower courts should have pierced the corporate veil.

The Petition lacks merit. We sustain the ruling of the CA.

We find no fault in the trial court's appreciation of the facts of this case. The findings of fact of the trial court are conclusive upon this Court, especially when affirmed by the CA. None of the exceptions to this well-settled rule has been shown to exist in this case.

Petitioner does not question the validity of the vehicle sales invoice but merely argues that the same does not reflect the true agreement of the parties. However, petitioner only had its bare testimony to back up the alleged arrangement with Rodriguez.

The Monte de Piedad checks - the supposedly "clear and obvious link"[7] between the documentary evidence and the true transaction between the parties - are equivocal at best. There is nothing in those checks to establish such link. Rodriguez denies that there is such an agreement.

Unsubstantiated testimony, offered as proof of verbal agreements which tends to vary the terms of a written agreement, is inadmissible under the parol evidence rule.[8]

Rule 130, Section 9 of the Revised Rules on Evidence embodies the parol evidence rule and states:

> SEC. 9. *Evidence of written agreements.*--When the terms of an agreement have been reduced to writing, it is considered as containing all the terms agreed upon and there can be, between the parties and their successors-in-interest, no evidence of such terms other than the contents of the written agreement.
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> However, a party may present evidence to modify, explain or add to the terms of the written agreement if he puts in issue in his pleading:
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> > (a) An intrinsic ambiguity, mistake or imperfection in the written agreement;
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> > (b) The failure of the written agreement to express the true intent and agreement of the parties thereto;
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> > (c) The validity of the written agreement; or
> >
> > (d) The existence of other terms agreed to by the parties or their successors-in-interest after the execution of the written agreement.
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> The term "agreement" includes wills.

The parol evidence rule forbids any addition to, or contradiction of, the terms of a written agreement by testimony or other evidence purporting to show that different terms were agreed upon by the parties, varying the purportofthewritten contract.[9]

This principle notwithstanding, petitioner would have the Court rule that this case falls within the exceptions, particularly that the written agreement failed to express