

THIRD DIVISION

[G.R. NO. 117456, May 06, 2005]

GAMBOA, RODRIGUEZ, RIVERA & CO., INC., CIFRA & COMPANY, INC., AND ARCA & COMPANY, INC., PETITIONERS, VS. COURT OF APPEALS AND PHILIPPINE NATIONAL BANK, RESPONDENTS.

DECISION

CORONA, J.:

This petition for review on *certiorari* assails the decision^[1] of the Court of Appeals dated September 29, 1993 and its resolution^[2] denying petitioners' motion for reconsideration in CA-G.R. CV No. 28808.

The uncontroverted facts of the case follow.

During the 1971-1972 crop year, the Pampanga Sugar Mills (PASUMIL) issued negotiable sugar quedans to several planters, who had their sugar milled, representing their share in the physical sugar. The planters negotiated/sold their quedans to several traders, among which were plaintiffs-appellees GARORICO, CIFRA and ARCA.

In 1972, plaintiffs-appellees, upon presentation of the quedans to PASUMIL, discovered that the quedans were issued without any physical sugar to back them up.

To solve the problem and to preserve the sanctity of sugar quedans, the Sugar Quota Administration conducted a conference with PASUMIL and sugar traders holding 1971-1972 outstanding quedans. It was agreed that no quedans covering the mill's production share of the 1972-1973 crop will be issued, and that the sugar shall be made available to service said outstanding quedans.

Out of the physical sugar set aside and earmarked to service the unserved quedans, plaintiffs-appellees were able to make partial withdrawals. During the crop year 1973-1974, physical sugar representing PASUMIL's mill share for said crop year was again set aside and earmarked to service the outstanding balance of the quedans.

Plaintiffs-appellees, however, were not able to withdraw their respective shares in the earmarked physical sugar. On May 25, 1974, pursuant to Letter of Instructions No. 189-A and 311, PNB took over the management, control, operation and assets of PASUMIL. Consequently, the physical sugar earmarked from the mill share of PASUMIL for crop year 1973-1974 was not distributed to the creditors of PASUMIL (including herein plaintiffs-appellees).^[3]

On October 19, 1981, petitioners filed a complaint for recovery of proceeds of the sale before the Regional Trial Court, Branch 30, Manila.

In the complaint, petitioners sought to recover the following amounts: GARORICO^[4] – P1,601,283.20 for 10,008.02 piculs class A (export) sugar; CIFRA^[5] – P1,083,811.20 for 6,773.82 piculs class A (export) sugar; and ARCA^[6] – P1,577,265.60 for 9,857.91 piculs class B (domestic) sugar. The amounts were computed based on the price of P160 per picul.

The petitioners also sought to recover from PNB P500,000 for actual damages incurred when they were compelled to purchase sugar from other sources and moral damages also in the amount of P500,000.

The trial court rendered a decision on October 12, 1988:^[7]

WHEREFORE, judgment is hereby rendered ordering the defendant Philippine National Bank to pay the plaintiffs as follows:

1. To plaintiff GARORICO the sum of SIX HUNDRED SIXTY THOUSAND FIVE HUNDRED TWENTY-NINE PESOS and THIRTY-TWO CENTAVOS (P660,529.32), with 14% interest thereon per annum from October 19, 1981 (date of the filing of the complaint) until fully paid;
2. To pay plaintiff CIFRA the sum of FOUR HUNDRED FORTY-SEVEN THOUSAND SEVENTY-TWO PESOS and TWELVE CENTAVOS (P447,072.12), with 14% interest thereon per annum from October 19, 1981 until fully paid;
3. To pay plaintiff ARCA the sum of FIVE HUNDRED FIFTY-TWO THOUSAND FORTY-TWO PESOS and NINETY SIX CENTAVOS (P552,042.96), with 14% interest thereon per annum from October 19, 1981 until fully paid;
4. To pay all the plaintiffs the sum of equivalent to TEN PERCENT (10%) of the total amount due as and for attorney's fees; and
5. The cost of suit.

In so ruling, the trial court stated:

The computation should be revised, considering that during the conference attended by PNB representatives it was agreed that in the event PASUMIL opts for cash payment, the price per picul shall be P56.00 for domestic sugar and P66.00 for export sugar, with interest at 14% per annum.^[8]

On appeal by both parties, the Court of Appeals affirmed the trial court's decision *in toto*. Petitioners' motion for reconsideration was likewise denied by the appellate court.

Hence, the instant petition.

The issues raised before us are:

- 1) whether or not petitioners were able to establish that the liability of PNB should be computed at P160 per picul of sugar (instead of P56 and P66 per picul);
- 2) whether actual and moral damages were duly proved and
- 3) whether the trial court was correct in ruling that the interest due petitioners should commence from the filing of the action in the trial court on October 19, 1981.

Should PNB's Liability Be Based on P160 or P56/P66 per Picul?

Petitioners presented Francisco Gamboa, President of Gamboa, Rodriguez, Rivera and Co., and Ernesto Santos, Vice-President of Cifra and Co., Inc. as witnesses. Both stated that the sugar was sold for P160 per picul. But because no receipts or other transactional documents were presented to prove their claim of P160 per picul, the trial court gave little credence to their testimonies.

We agree. Allegations in the complaint must be duly proven by competent evidence and the burden of proof is on the party making the allegation.

Petitioners could have easily moved for the production or inspection of documents and papers pertaining to the sale under Section 1, Rule 27 of the Revised Rules of Court.^[9] They chose not to.

On the other hand, what carried more weight was the memorandum of then Sugar Quota Administrator Jose Unson, which embodied the agreement between the parties pegging the sugar price at P56 (domestic) and P66 (export) per picul, plus interest of 14% per annum.

The agreement or contract between the parties is the formal expression of the parties' rights, duties and obligations. It is the best evidence of the intention of the parties.^[10] Thus, 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.^[11]

Their agreement therefore bound the parties and P56/P66 per picul should be the basis of PNB's liability.

Were Actual and Moral Damages Proven?

We affirm the ruling of the trial court that there was no proof to support the award of actual and moral damages. No evidence was presented as to how much petitioners lost.

Article 2199 of the Civil Code provides: