

THIRD DIVISION

[G.R. NO. 141715, October 12, 2005]

**LOCAL SUPERIOR OF THE SERVANTS OF CHARITY
(GUANELLIANS), INC. AND FR. LUIGI DE GIAMBATTISTA,
PETITIONERS, VS. JODY KING CONSTRUCTION & DEVELOPMENT
CORPORATION, RESPONDENT.**

DECISION

SANDOVAL-GUTIERREZ, J.:

Assailed in this petition for review on certiorari is the Decision^[1] of the Court of Appeals in CA-G.R. CV No. 53857, entitled "*Jody King Construction & Development Corporation, Plaintiff-Appellee versus Local Superior of the Servants of Charity (Guanellians), Inc. and Fr. Luigi de Giambattista, Defendant-Appellants,*" affirming the Decision of the Regional Trial Court, Quezon City, with modification as to the monetary awards.

The facts, as synthesized by the Court of Appeals, are as follows:

Petitioner Local Superior of the Servants of Charity (Guanellians), Inc. is a religious corporation. Its co-petitioner, Fr. Luigi de Giambattista, is its Local Superior. Petitioners invited contractors to submit their bids for the construction of structures to be used for their apostolic mission. Jody King Construction & Development Corporation, respondent, being the lowest bidder, was awarded the contract on September 12, 1992.

The first phase of the works, with a bid cost of P14,327,000.00, was for the construction of a spiritual formation center to be built within petitioners' compound at Barangay Pasong Tamo, Quezon City. Subsequently, petitioners asked respondent for a second bid on a substantially reduced scope of works. Over respondent's objections, a second bidding was held on September 20, 1992. On October 5, 1992, petitioners again reduced the scope of works by deleting Building "A" from the structures, resulting in the reduction of the cost from P7,761,621.90 to P5,345,919.50.

On October 14, 1992, the parties entered into a building contract specifying the scope of works in Phase I of the project as follows: (a) site development; (b) construction of Building "B"; (c) construction of Building "C"; (d) construction of Building "D"; (e) construction of Caretakers' Quarters; and (f) construction of the Blessed Guanella Hall. The construction period is for 150 calendar days or from October 14, 1992 to March 13, 1993.

During the construction, petitioners required respondent to perform 59 additional works, including the construction of Building "A" they previously ordered to be deleted. In February 1993, they also required respondent to undertake works on

Phase II of the project within the same period of 150 calendar days, counted from October 14, 1992, the date of commencement of Phase I. However, the contract for Phase II, consisting of the finishing works for Buildings "A", "B", "C", "D", the Guanella Hall and the Caretakers' Quarters, was signed only on May 28, 1993; and the down payment for this second contract was paid by petitioners only on June 2, 1993. At the time the second contract was signed, respondent had already accomplished partial works on Phase II. Petitioners again required respondent to undertake 73 additional works for Phase II.

On October 5, 1993, respondent submitted to petitioners its 12th progress billing. However, petitioners contested the basis of the bill and refused to acknowledge that the same was due and payable.

Hence, on September 19, 1994, respondent filed with the Regional Trial Court, Branch 78, Quezon City, a complaint for breach of contract, specific performance and damages against petitioners, docketed as Civil Case No. Q-94-21686.

After trial, the court *a quo* rendered judgment, the dispositive portion of which reads:

"WHEREFORE, this Court hereby renders judgment in favor of the plaintiff and against the defendant, by:

"1. Ordering the defendants to jointly and severally pay the plaintiff the amount of P1,080,109.54 on the first and sixth causes of action;

"2. Ordering the defendants to jointly and severally pay the plaintiff the amount of P1,734,012.65 on the second cause of action;

"3. Ordering the defendants to jointly and severally pay the plaintiff the amount of P1,553,821.55 of the third cause of action;

"4. Ordering the defendants to jointly and severally pay the plaintiff the amount of P637,308.36 on the fourth cause of action;

"5. Ordering the defendants to jointly and severally pay the plaintiff the amount of P1,873,398.68 plus additional interest of 24% per annum from the amount loaned in the sum of P3,500,000.00 from April, 1994 until fully paid, on the fifth cause of action;

"6. Ordering the defendants to jointly and severally pay the plaintiff the amount of P250,000.00 and P1,000.00 per day of Court appearance for and by way of attorney's fees; and

"7. Ordering the defendants to jointly and severally pay the interests of all the foregoing money judgment at twelve percent (12%) per annum beginning at the time of the filing of the complaint until said amounts have been fully paid.

"All other claims and counterclaims are hereby dismissed for lack of basis, legal or factual.