

## THIRD DIVISION

[ G.R. No. 139289, April 17, 2001 ]

**MONDRAGON INTERNATIONAL PHILIPPINES, INC., PETITIONER,  
VS. JOSEPHINE BLANCO, RESPONDENT.**

### DECISION

**VITUG, J.:**

The petition for review in the instant case seeks the reversal of the decision and resolution, dated 08 April 1999 and 18 June 1999, respectively, of the Court of Appeals in CA-G.R. CV No. 39501.

In June 1990, MONDRAGON INTERNATIONAL PHILIPPINES, INC. (Mondragon), launched a sales raffle promotion, entitled "NUMERONG PANGARAP, DALAWANG MILYONG TANGGAP," later re-christened "DALAWANG MILYONG PAKOTSE AT PAAPPLIANCE PANGARAP." The raffle was open to all direct-sellers, including fashion consultants, of Mondragon products. The purpose of the raffle was two-fold - (1) to generate more sales, and (2) to encourage prompt payment of accounts. Governing this raffle were the Rules and Regulations, dated 07 June 1990, and an Addendum to the Rules. Pertinent portions of these rules provided:

**"RULES AND REGULATIONS:**

**"Claim your sales and recruiting coupon**

- ` 1. To obtain entries for the Numerong Pangarap, you must first obtain a sales or recruiting coupon. Every week, during the promo period, sales coupons and recruiting coupons will be issued as follows:

Every P750 net cumulative = 1 sales coupon  
weekly delivered sales of  
combined Mondragon  
products

Every Personal Recruit who = 1 recruiting coupon  
qualifies for the AGP for the recruiter

- ` 2. Sales coupons are issued weekly by district distributors. Consultants present their processed order forms and/or cash sales receipts to obtain their sales coupons.

- ` 3. In cases of single cash purchases of P750 net, CRO cashier immediately issues the corresponding sales coupons.

- ` 4. Recruiting coupons are issued by promo clerks. These are set automatically to recruiters once AGP qualifying or recruits are verified.
- ` 5. AGP qualifying sales of new recruits are entitled to sales coupons while recruiters get the equivalent recruiting coupons.

` IMPORTANT:

- ` 6. Sales coupons must be issued for cumulative sales for the week. Sales of one assembly week may not be combined with the sales of another assembly week in applying for a coupon. In cases of out-of-stock items shortages in delivered sales may be completed through cash sales on the following week.
- ` 7. Distributors must properly mark order forms, CSOFs, CSIs when these have been served with sales coupons.

` What to do with your coupons

- ` 8. Sales and recruiting coupons will buy you entries to any of the four prize pots. Submit these coupons to your distributors to obtain your entries.

- ` What is an entry?

- ` 9. An entry is your choice of number between 00 to 99.

` How to place an entry

- ` 10. Depending on the prize pot that you wish to join, surrender the required coupons for the entry form.

<u>` SALES POTS</u>	<u>REQUIRED COUPONS FOR 1 ENTRY</u>
Silver Pot =	1 sales coupon (P750 net)
Gold Pot =	2 sales coupons (P1,500 net)
Platinum Pot =	4 sales coupons (P3,000 net)

- Recruiting Pot

Copper Pot = 1 Recruiting Coupon

(1 AGP Awardee)

- ` 19. All entries corresponding to the winning numbers will be declared as the winning entries.
- ` 20. The cash pot will be divided equally among the winning entries.
- ` 21. Only entries corresponding to sales paid on due date and AGP qualifiers will be considered. Prizes are automatically forfeited if orders are not paid on due date or if recruit fails to qualify for the AGP.'

- ` ADDENDUM TO THE RULES

` Once an order is paid on due date, change the SALES coupons to ENTRY FORMS on a per week basis depending on sales generated for the week.' (Exhibit D-1)"<sup>[1]</sup> In the case of submitted orders, once paid on due date, the sales coupons could then be exchanged for entry forms. The highest raffle category was the "platinum pot" with a prize of a brand new Toyota Corolla car 1.3 XL but one needed four sales coupons to secure one entry form for the platinum pot.

Private respondent Josephine Blanco (Josephine) was a fashion consultant of Mondragon. She participated in the raffle for the platinum pot category by submitting four sales coupons numbered 063865, 063866, 663867 and 063868 in exchange for one entry form bearing No. 02280. The four sales invoices in the total amount of P5,868.50 were fully paid.

The raffle was conducted on 25 November 1990. The names of the winners were released by Mondragon on 27 November 1990. Josephine was listed as being the winner in the platinum pot. The list of winners was sent to various Mondragon branches (including the Cebu Branch) with an accompanying instruction to verify whether the listed winners had unpaid accounts with Mondragon or orders which had not been paid on due date. Upon verification, it was discovered that Josephine had outstanding accounts or unpaid orders that should have been paid on 01 September 1990. Whereupon, Mondragon decided not to award the prize to Josephine. These unpaid accounts, however, were different from the four sales invoices which Josephine submitted to secure an entry form which later came out to be the winning entry in the platinum pot category. All the forfeited prizes, including the Toyota Corolla, were re-raffled on 15 December 1990 and awarded to winners who were confirmed to have had no unpaid accounts with Mondragon.

In an action, docketed Civil Case No. 91-26 in the Regional Trial Court ("RTC"), Branch 15-A, of Ozamis City, Josephine sued Mondragon for specific performance with damages. In her complaint, Josephine asked that Mondragon be compelled to deliver the prize which she had won in the raffle plus damages. Mondragon resisted the claim and asserted that Josephine was disqualified from participating in the

raffle, *first*, because she, at the time, had unpaid accounts with Mondragon and, *second*, because she had used the sales invoices of her sister who was a district distributor and not qualified to join the raffle.

After due trial and hearing, the RTC rendered its decision, dated 20 August 1992, in this wise:

"A careful examination of the rules and regulations and the addendum yields the revelation that Exh. D-1, read together with Rule 21 draws into sharp focus the meaning and intent of the parties. Thus, this Court rearranges and reads Rule No. 21 with addendum as follows:

"Only entries corresponding to sales paid on due date xxx will be considered, Once an order is paid on due date, change the sales coupons to entry forms on a per week basis depending on sales generated for the week. Prizes are automatically forfeited if orders are not paid on due date x x x'

"The first sentence informs participants that only sales paid on due date will merit entry to the raffle. The second sentence shows the procedure for obtaining entry forms. Finally, the third sentence lays down the forfeiture rule. Obviously the phrase 'orders not paid on due date' in the third sentence refers, not to those corresponding to entries (participants, after all, do not get entries unless their orders for which they got sales coupons are paid on due date) but to orders submitted by participants remaining unpaid on due date for which they got sales coupons but which could not yet be changed to entries.

"The various stipulations of an instrument shall be interpreted together xxx' (Art. 1374, Civil Code).

"This Court, therefore, finds that plaintiff's overdue accounts barred her from laying claim to the Toyota Corolla car she had won in the raffle draw.

"As to whether or not she had committed a further infringement on the rules and regulations against using the sales of her sister who was disqualified from joining the raffle, this Court finds no evidence thereof.

"This Court, while having ordered the conditional admission of a deposition offered by defendant as Exh. '9', has serious doubts in its admissibility, it having been taken just before defendant closed its case and offered without defendant showing that it had not procured the absence of the deponent.

"WHEREFORE, this Court renders judgment DISMISSING the complaint. For lack of evidence, it likewise dismisses the counterclaim. Costs de oficio."<sup>[2]</sup>

Private respondent Josephine Blanco appealed to the Court of Appeals (CA-G.R. CV