

## **SPECIAL TWENTIETH DIVISION**

**[ CA-G.R. CEB-CV. NO. 03980, February 28, 2014 ]**

**SPOUSES VICTOR IBANGA JR., AND ELSIE IBANGA, PLAINTIFFS-  
APPELLEES, VS. GELYN BOLOR AND EDWARD JOSEPH  
WINSTANLEY, DEFENDANTS-APPELLANTS.**

### **D E C I S I O N**

**LAGURA-YAP, J.:**

The present appeal seeks to nullify the January 27, 2009 Decision<sup>[1]</sup> issued by the Regional Trial Court, Branch 36, Dumaguete City (RTC) in Civil Case No. 12837 for *Specific Performance and Damages*.

### **THE ANTECEDENTS**

On February 11, 1998, appellees sold a jitney (subject jitney) to appellant Bolor.<sup>[2]</sup> The sale was embodied in a notarized<sup>[3]</sup> document, entitled *Bill of Sale*.<sup>[4]</sup> It reads:

#### **BILL OF SALE**

KNOW ALL MEN BY THESE PRESENTS:

FOR and in consideration of the sum of Eighty Thousand (Php 80,000.00), Philippine currency, to me in hand paid by GELYN BOLOR, of legal age, married, Filipino, and with residence and postal address at Maladpad, Siaton, Negros Oriental, a receipt whereof is hereby acknowledged to my full satisfaction. I, VICTOR IBANGA, JR., likewise of legal age, married, Filipino, and with residence and postal address at San Pedro, Sta. Catalina, Negros Oriental, Philippines, do hereby, by these presents, SELL, CONVEY and TRANSFER, unto said GELYN BOLOR, his heirs or assigns, that passenger jeepney which is particularly described as follows:

#### **ONE (1) UNIT PASSENGER JEEPNEY**

Engine No.	-	4D-30-430087
Chassis No.	-	928813-C
Color	-	Galvanized
Fuel	-	Diesel

of which I am the registered owner per Certificate of Registration No. \_\_\_\_\_.

I further guarantee the vendee that I own, and I have title, over the subject property and I will defend the same against any and all claims

against whosoever.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of February 1998 in Sta. Catalina, Negros Oriental, Philippines.

VICTOR IBANGA, JR.

Vendor

With my marital consent:

ELSIE IBANGA

x x x

Two days thereafter, on February 13, 1998, appellees entered into an agreement with appellant Winstanley before the Chairman of Barangay San Pedro, Sta. Catalina, Negros Oriental. The agreement was embodied in a document written in the vernacular entitled Kasabutan,<sup>[5]</sup> the translation<sup>[6]</sup> of which reads:

KNOW ALL MEN BY THESE PRESENTS:

WE, VICTOR IBANGA and EDWARD WINSTANLEY, all of legal age, married, and residents of San Pedro, Sta. Catalina, Negros Oriental and Edward Joseph Winstanley who is a resident of Maladpad, Siaton, Negros Oriental. That we agreed that this Jeep sold by Victor IBANGA in favor of Edward Joseph WINSTANLEY, promised (sic) to return the amount of P 73,000.00 that I received, however, after 15 days from February 13, 1998 from execution (sic) I will give him the body of the Jeep and if I cannot return the amount of P73,000.00 I will give the differential assembly.

IN WITNESS WHEREOF, we hereby affix our signature this 13th day of February 1998 together with our witnesses.

Executed this 13th day of February 1998 at San Pedro, Sta. Catalina, Negros Oriental.

(SGD) Victor Ibanga  
Owner of the JEEP

(SGD) Elsie Ibanga  
Wife

WITNESSES:

(SGD) Genaro Q. Luyas

(SGD) Danny Maurecio

NOTE:

If I can return the money within 15 days from February 13, 1998, Edward Joseph Winstanley shall return the engine and body.

(SGD) Edward Joseph Winstanley

On October 5, 2000, appellees filed the instant *Complaint*<sup>[7]</sup> against appellants. They alleged, among others, the following: that they obtained a loan amounting to P73,000.00, from appellant Winstanley with the subject jitney as collateral; that on February 11, 1998, the parties agreed to enter into a contract of sale over the subject jitney for the sum of P160,000.00; that because Winstanley was having financial difficulty at that time, they agreed that the deed of sale, denominated as *Bill of Sale* shall reflect only the amount of P80,000.00 as consideration, representing appellees' debt plus interest; that at the time of the execution of the Bill of Sale, appellees did not receive even a single centavo; that on February 13, 1998, the parties entered into an agreement known as *Kasabutan*; that despite demands, appellants refuse to pay the balance of the purchase price. Appellees then pray that appellants be ordered to pay them such balance in the amount of P80,000.00.

In their *Answer with Counterclaim*,<sup>[8]</sup> appellants alleged that the *Bill of Sale* was executed to pay off the loan of appellees amounting to P73,000.00. The balance of P7,000.00 from the agreed contract price of P80,000.00, would be paid by appellants upon appellees' presentation of the documents showing their ownership over the subject jitney. However, due to appellees' failure to present the documents, the parties agreed to extinguish the *Bill of Sale* by entering into another agreement embodied in the *Kasabutan*.

During pre-trial the parties admitted to the existence of the *Bill of Sale* and the *Kasabutan*.<sup>[9]</sup>

Thereafter, trial proceeded.

On January 27, 2009, the RTC issued the assailed Decision, the dispositive portion of which reads:

WHEREFORE, in view of the foregoing the defendants are directed to pay the balance of Php80,000.00 to the plaintiffs and for the plaintiffs to deliver the pertinent documents necessary for transfer of ownership and to turn over the chasis and the deferential assembly to defendants.

Defendants are also jointly and severally liable to pay the plaintiffs for the following:

1. Php 30,000.00 - as moral damages;
2. Php 5,000.00 - as attorney's fees and another 500.00 per court appearance
3. Php 2,000.00 - as litigation expenses.

SO ORDERED.

Hence, this appeal.

## **ASSIGNMENT OF ERRORS**

- I. THE RTC ERRED IN GRANTING REFORMATION WHICH WAS NOT PRAYED FOR IN THE COMPLAINT;
- II. THE RTC ERRED IN FINDING THAT THE ACTUAL CONSIDERATION OF THE BILL OF SALE WAS ONE HUNDRED EIGHTY PESOS (P180,000.00),<sup>[10]</sup> IN VIOLATION OF THE PAROL EVIDENCE RULE;
- III. THE RTC ERRED IN FAILING TO APPRECIATE THAT NOVATION HAS TAKEN PLACE WHEN THE PARTIES ENTERED INTO A SUBSEQUENT CONTRACT DENOMINATED AS KASABUTAN;
- IV. THE RTC ERRED IN CONDEMNING APPELLANTS TO PAY DAMAGES.

In ruling for the appellees, the RTC held that the amount of P80,000.00 as reflected in the *Bill of Sale* was not the true and correct consideration for the sale of the subject jitney. It then made a discussion about the reformation of contracts followed by finding that the true intent of the parties was to sell the jitney for P160,000.00. From there, it directed appellants to pay appellees, P80,000.00 which is supposedly the balance of the purchase price.

In their brief, appellants point out the RTC erred in granting the reformation because there was no allegation in the complaint for it. The complaint was for specific performance not reformation.

Appellants also argue that the Bill of Sale was admitted by the parties during the pre-trial, thus, they are no longer allowed to vary or contradict it. In any case, the Bill of Sale, was already novated by the Kasabutan executed two days after.

Lastly, appellants argue that the grant of damages have no factual and legal basis.

Appellees did not filed their brief.<sup>[11]</sup>

### **THE COURT'S RULING**

The appeal is **IMPRESSED WITH MERIT.**

The pivotal issue in this case is whether the RTC was correct in the reformation of the *Bill of Sale*, changing the price of the subject jitney from P80,000.00 to P160,000.00.

We rule in the negative.

It is a cardinal rule in the interpretation of contracts that if the terms of a contract are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of its stipulations shall control.<sup>[12]</sup> The *Bill of Sale* is clear and unequivocal that the purchase price is P80,000.00. No amount of extrinsic aids are required and no further extraneous sources are necessary in order to ascertain the parties' intent, determinable as it is, from the bill itself.<sup>[13]</sup> The RTC's reformation of the Bill of Sale, supposedly, to reflect the true intention of the parties was, therefore, erroneous.

Reformation is a remedy in equity, whereby a written instrument is made or