

Title:

Fernando Mancol, Jr. vs. Development Bank of the Philippines

Facts:

This case involves a dispute between Fernando Mancol, Jr. (petitioner) and the Development Bank of the Philippines (DBP) (respondent) over a property sale and alleged subsequent verbal agreement.

In 2004, DBP scheduled an Invitation to Bid for the negotiated sale of a residential lot. Mancol Jr., through a Special Power of Attorney (SPA), authorized his father to represent him in dealings with DBP. The initial payment for the property was made, and a Deed of Absolute Sale was eventually executed in favor of Mancol, Jr.

DBP officials allegedly verbally agreed to (1) arrange for the transfer of title, including the payment of capital gains tax (CGT); and (2) to evict the occupants of the property. However, DBP later reneged on this oral agreement and returned all relevant documents and payments related to CGT and documentary stamp tax (DST) back to Mancol, Jr.

Mancol, Jr. demanded DBP to comply with their verbal agreement, which DBP denied, stating they had no such obligations. Mancol, Jr. filed a Complaint for damages against DBP for breach of contract. The Regional Trial Court (RTC) initially ruled in favor of Mancol, Jr. but eventually dismissed the complaint upon reconsideration. DBP's counterclaims were also dismissed.

Both parties appealed to the Court of Appeals (CA), which affirmed the RTC's decision. Mancol, Jr. then filed a Petition for Review with the Supreme Court.

Issues:

1. Whether the testimonies of the witnesses are based on personal knowledge and not hearsay.
2. The existence and validity of the subsequent oral agreement between Mancol, Jr. and DBP.
3. Entitlement of Mancol Jr. to damages, attorney's fees, and costs of suit.

Court's Decision:

The Supreme Court denied the petition, affirming the decisions of the CA and RTC. It found the testimonies of the witnesses to be inadmissible or lacking probative value to prove the alleged verbal agreement. The parole evidence rule bars the addition of terms to a written

contract not included in the document itself, except under certain exceptions that were not met in this case. Additionally, even assuming a verbal agreement existed, it was deemed unenforceable as it was not stipulated in the SPA. The court ruled against reviewing the factual findings of the CA, as it aligns with their policy of non-interference in factual matters.

Doctrine:

The Supreme Court reiterated the **parol evidence rule**, which forbids any addition to or contradiction of the terms of a written agreement by testimony intending to show that different terms were agreed upon. Exceptions to this rule require a party to timely object to the admission of parol evidence, a failure of which is deemed a waiver.

Class Notes:

- **Parol Evidence Rule**: Understand that written agreements are considered to contain all terms agreed upon by the parties, and verbal agreements contradicting the written terms are generally inadmissible unless specific exceptions apply.
- **Admissibility vs. Probative Value of Evidence**: Know the difference; while evidence may be admissible, its weight or effect in inducing belief can vary.
- **Hearsay Evidence**: Cannot be used to prove the truth of the subject matter, as it involves statements the witness did not personally experience.
- **Special Power of Attorney (SPA)**: Powers granted in an SPA are interpreted strictly and are confined only to those specified within the document.

Historical Background:

This case exemplifies the disputes that can arise out of property sales and the complexities of verbal agreements versus written contracts. It underscores the importance of explicit agreements and the limitations of verbal promises in legal transactions, especially in real estate dealings in the Philippines.