

Title

****Berman Memorial Park, Inc. vs. Francisco Cheng, G.R. No. 497 Phil. 441 (2003)****

Facts

****Step-by-Step Series of Events:****

1. ****Initial Purchase****: On January 20, 1994, Francisco Cheng purchased a 12-Lot Family Estate, Jr. from Berman Memorial Park, Inc. (BMPI) for P150,000, with a down payment of P50,000 and the remainder due in subsequent instalments. This lot was intended for the interment of his wife, Conchita Cheng, who had died two days earlier.
2. ****Full Payment****: Cheng completed the payment using postdated checks by April 22, 1994, ending with a total remittance of P149,750, inclusive of a slight adjustment in BMPI's books.
3. ****Purchase of a Larger Lot****: In May 1994, Cheng chose to purchase a larger 24-Lot Family Estate, Sr. BMPI offered it at a pre-need price of P250,000, which included P8,100 for perpetual care. They agreed to reduce the cost by P110,000, the pre-need price of his previous lot, resulting in a net fee of P140,000.
4. ****New Purchase Agreement****: On May 11, 1994, Cheng and BMPI executed a new Pre-Need Purchase Agreement (No. 2318) outlining the payment of P50,000 upfront and the balance in instalments of P4,625 over 24 months, with interest accruing at 21%.
5. ****Instalment Payments****: Cheng paid the down payment and continued to pay 17 of the required 24 instalments until November 17, 1995.
6. ****Payment Dispute****: In January 1996, Cheng claimed an overpayment of P77,375 and demanded a refund. BMPI, in contrast, contended that Cheng still owed P32,375 for the 24-Lot.
7. ****Complaint Filing****: On July 24, 1996, Cheng filed a complaint for specific performance and damages against Iloilo Memorial Park and Luisa Chong in the RTC of Iloilo City, seeking the refund, issuance of a Certificate of Ownership, and various damages.
8. ****RTC Decision****: The RTC decided in Cheng's favor, ordering a repayment of P28,625, along with P20,000 for attorney's fees and P30,000 in moral damages.
9. ****Appeal****: BMPI and Chong appealed to the CA, which affirmed the RTC's ruling. Their

motion for reconsideration was subsequently denied.

10. **Supreme Court**: BMPI and Chong filed a petition for review on certiorari at the Supreme Court, challenging the CA ruling on various grounds including the existence of an overpayment and the terms of the purchase agreements.

Issues

1. **Misrepresentation Issue**: Whether BMPI could include only P110,000 out of the P150,000 payment for the 12-Lot in the purchase price of the 24-Lot Family Estate, Sr.
2. **Payment Obligation**: Whether Cheng still had an outstanding balance of P32,375 for the 24-Lot Family Estate, Sr.
3. **Legal Personality**: Whether Iloilo Memorial Park (IMP) had the capacity to be sued as a corporate entity distinct from BMPI.

Court's Decision

Resolution of Each Issue:

1. **Misrepresentation Issue**:

- The Supreme Court found that under the Pre-Need Purchase Agreement, the price of the 24-Lot Family Estate, Sr. was set at P140,000, and Cheng signed this agreement with full knowledge. The Court highlighted that the terms were clear, and there was no ambiguity or fraud that would merit reformation of the contract.

2. **Payment Obligation**:

- The Court determined that Cheng still had a remaining balance of P32,375 for the 24-Lot. Despite Cheng's claims of overpayment, the terms of the contract and the agreed amount in the Pre-Need Purchase Agreement were upheld.

3. **Legal Personality**:

- The Court ruled that BMPI is the real party-in-interest and should have been the entity sued rather than IMP, which was merely a business name and not a juridical entity. The defect was not corrected in RTC but noted by SC.

Doctrine

1. **Contractual Terms and Clarity**:

- The Court reaffirmed that clear and unequivocal terms of a contract should be enforced as written, per Article 1370 of the New Civil Code, emphasizing that the literal meaning of the

stipulation shall control if the language leaves no doubt.

Class Notes

****Key Elements or Concepts**:**

1. ****Contracts**:**

- Article 1370, New Civil Code: When the terms of a contract are clear, its literal meaning shall control.

2. ****Litigation**:**

- Issues of fact and law in appellate review under Rule 45 of the Rules of Court.

- Concept of real party-in-interest in civil procedures under Rule 3, Section 1 of the Rules of Court.

****Applications**:**

- ****Contract Enforcement**:** The terms of a contract, if clear and unmistakable, will be enforced precisely as recorded in the agreement.

- ****Real Party-in-Interest**:** The need to correctly identify and sue the entity with juridical personality in civil litigation.

Historical Background

****Context**:**

- This case reflects contractual disputes common in commercial transactions and emphasizes the necessity for clarity and accuracy in drafting and executing agreements. It also underscores essential procedural lessons in correctly identifying parties for litigation, speaking to both legal integrity and administrative precision.