

****Title: United Coconut Planters Bank v. Spouses Walter and Lily Uy****

****Facts:****

1. ****Contract Formation:**** In 1997, Spouses Walter and Lily Uy entered into a Contract to Sell with Prime Town Property Group, Inc. (PPGI) for a unit in Kiener Hills Mactan Condominium Project. The purchase price was P1,151,718.75, with payments structured as P100,000.00 down payment and 40 monthly installments of P26,297.97 until April 2000.
2. ****Assignment of Receivables:**** On 23 April 1998, PPGI and United Coconut Planters Bank (UCPB) executed a Memorandum of Agreement (MOA) and Sale of Receivables and Assignment of Rights and Interests. This agreement transferred PPGI's rights to collect receivables, including those from the respondents, to UCPB as part of PPGI's settlement of its P1,814,500,000.00 loan with UCPB.
3. ****Complaint Filed:**** On 17 April 2006, respondents filed a complaint for a sum of money and damages with the Housing and Land Use Regulatory Board Regional Office (HLURB Regional Office), alleging that PPGI failed to complete the construction of their unit despite full payment.
4. ****HLURB Regional Office Decision:**** On 29 November 2006, HLURB Regional Office found that respondents were entitled to a refund but held UCPB was not solidarily liable with PPGI. PPGI's corporate rehabilitation suspended proceedings against it. Respondents appealed.
5. ****HLURB Board of Commissioners Decision:**** On 17 September 2007, the HLURB Board reversed the Regional Office's decision, holding UCPB solidarily liable with PPGI. UCPB was ordered to refund the full payment made by respondents, plus exemplary damages and attorney's fees.
6. ****Appeal to the Office of the President (OP):**** UCPB appealed, and the OP affirmed the HLURB Board's decision on 24 March 2010, maintaining UCPB's liability as PPGI's successor-in-interest.
7. ****Appeal to the Court of Appeals (CA):**** UCPB again appealed. On 23 May 2012, the CA affirmed the OP's decision but limited UCPB's liability to the amount received after 23 April 1998, with interest. UCPB moved for reconsideration, which the CA denied on 18 October 2012.

8. **Petition to Supreme Court:** UCPB petitioned the Supreme Court, challenging the CA's ruling, particularly disputing the applicability of the doctrine of stare decisis from the CA's previous case, *United Coconut Planters Bank v. O'Halloran*.

Issues:

1. **Stare Decisis Application:** Whether the Court of Appeals erred in applying the principle of stare decisis based on its decision in *United Coconut Planters Bank v. O'Halloran*.
2. **Extent of UCPB's Liability:** Whether UCPB should be liable only for the amount it actually received from respondents or for the full contract price.

Court's Decision:

1. **Stare Decisis:** The Supreme Court held that stare decisis applies only to decisions of the Supreme Court and not lower courts, rejecting the CA's reliance on its own decision in *O'Halloran* as binding precedent.
2. **UCPB's Liability:** The Court held that UCPB is only jointly liable with PPGI to refund the amounts it actually received from respondents. It modified the CA's decision, stating that UCPB owed only P157,757.82, the amount it actually received, not the entirety of the payments.

Doctrine:

- **Stare Decisis:** This doctrine obligates adherence to judicial precedents set by the Supreme Court, not lower courts, as enshrined in Article 8 of the Civil Code.
- **Assignment of Receivables:** Assignees of receivables (UCPB) are not automatically liable for the assignor's (PPGI's) obligations under the original contract. Liability is limited to amounts actually received unless explicitly assumed.

Class Notes:

1. **Stare Decisis (Article 8 of the Civil Code):** Courts must follow precedents set by the Supreme Court.
2. **Assignment of Rights vs. Obligations:** The transfer of receivables does not equate to assuming the seller's original obligations to purchasers.
3. **Burden of Proof in Payments:** Claimants must substantiate the exact amount claimed to be received by the obligated party.

Historical Background:

- **Economic Context:** This case occurs against the backdrop of corporate restructuring and financial rehabilitation, common in the late 1990s and early 2000s for companies like PPGI.
- **Legal Framework Evolution:** The case illustrates the evolving understanding of the principles of joint liability and the assignment of receivables within Philippine commercial law.