

**ALFONSO BUISER AND SOLEDAD MEDRANO-BUISER, PETITIONERS,
VS. HON. COURT OF APPEALS, PRUDENCIO MARANAN AND
LEOVIGILDA SUAREZ, RESPONDENTS.**

G.R. No. L-45663. September 30, 1987

Ponente: GUTIERREZ, JR., J.

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GUTIERREZ, JR., J.:

This is a petition for the review on certiorari of the Court of Appeals' decision which reversed the judgment of the trial court and instead ordered the petitioners -- the Buiser Spouses -- to refund private respondents Prudencio Maranan and Leovigilda Suarez the amount of P14,000.00 with interest at the legal rate from the filing of the complaint on May 10, 1967, until fully paid and to pay the sum of P3,000.00 for attorney's fees and expenses of litigation, plus costs.

The undisputed facts of the case are narrated by the Court of Appeals as follows:

"On May 10, 1967, spouses Prudencio Maranan and Leovigilda Suarez filed a complaint in the Court of First Instance of Laguna and San Pablo City against spouses Alfonso Buiser and Soledad Medrano-Buiser to recover from the latter a sum of money. The complaint was docketed as Civil Case No. SP-668 and assigned for disposition to Branch III-San Pablo City of the court.

"The complaint alleged, inter alia, that a few days before February 15, 1967, when defendants were yet the lessees of the "FILIPINO BAKERY" in Batangas, Batangas, they represented to plaintiffs that they had a leasehold contract for the bakery for a period of ten (10) years, only two (2) years of the contract having elapsed as of February, 1967; that defendants offered to sell to plaintiffs their leasehold rights over the bakery, and stated that their copy of the contract was misplaced or lost, assuring plaintiffs to get a copy from the notary public in Mindoro, the contract having been notarized in that province, as the owner of the bakery was a resident there; that plaintiffs finally purchased for the sum of P10,000.00 from defendants all the latter's leasehold rights to occupy and operate the bakery; that although the deed of sale was executed on February 15, 1967, and the payment of P10,000.00 was made on the same date, the actual turn over and delivery of possession of the bakery by defendants to plaintiffs was agreed upon by the parties to be done on March 30, 1967; that it was only on March 28 or 29, 1967, that plaintiffs learned that defendants had no contract for ten (10) years duration with the owner Apolonio Buquid, when the latter arrived at Batangas, Batangas, from Mindoro; that the lease of the bakery by defendants from Apolonio Buquid being from month to month and the owner Buquid came to Batangas purposely to get back the bakery, defendants, in effect, returned and delivered their possession and occupancy of the bakery to Apolonio Buquid; and that plaintiffs demanded time and again from defendants the return to them of the P10,000.00, but defendants consistently refused to return the amount to plaintiffs. Plaintiffs prayed for judgment, ordering defendants to pay them the sum of P10,000.00, with interest, P3,000.00 for and as attorney's fees and P5,000.00 as exemplary damages.

"Resisting the complaint, defendants alleged, among others, that they admit that they represented to plaintiffs that they had a leasehold contract for the bakery for a period of ten (10) years, that as of February, 1967, only two (2) years of the contract had elapsed, and that they were paying the owner of the bakery P250.00 as

monthly rent; that they offered to sell to plaintiffs their leasehold rights over the bakery, but subject to the conformity of the owners of the premises; that the agreed consideration of the sale was P18,000.00, the payment thereof to be made by plaintiffs to them on March 30, 1967, and plaintiffs would take possession of the premises on that date, if the sale would be finally consummated; that they deny under oath the genuineness and due execution of the alleged Deed of Sale of Leasehold Rights, Annex "A" to the complaint; that no payment was made by plaintiffs to them; that Apolonio Buquid went to Batangas on March 28 or 29, 1967, at the request of plaintiffs to secure his conformity to the proposed sale of their leasehold rights in favor of plaintiffs; and that Apolonio Buquid, on his own and at the inducement of and collusion with plaintiffs, seized the bakery from them (defendants). The position of defendants is that the proposed sale of the leasehold rights in favor of plaintiffs was not consummated, Apolonio Buquid not having consented thereto and they (plaintiffs) not having been paid a single centavo.

"After due trial, the lower court rendered a decision, dismissing the complaint with costs against plaintiffs." (pp. 24-27, Rollo).

On appeal, the respondent Court of Appeals reversed the lower court's decision and entered a new one as above stated. A subsequent motion for reconsideration was denied.

Hence, this present petition.

The petitioners raise the following assignment of errors:

I. THE HONORABLE COURT OF APPEALS ERRED IN MAKING ITS OWN FINDINGS OF FACTS BASED ON SPECULATION, SURMISES AND CONJECTURES: CONTRARY TO THE ADMISSION OF THE PETITIONERS AND THE PRIVATE RESPONDENTS INSTEAD OF UPHOLDING THE FINDINGS OF FACTS MADE BY THE TRIAL COURT WHO HEARD THE CASE AND OBSERVED THE MANNERS AND DEMEANORS OF THE WITNESSES.

II. THE HONORABLE COURT OF APPEALS ERRED IN NOT HOLDING THAT THE DEED OF SURRENDER (EXHIBIT "C") WAS EXECUTED BETWEEN BUISERS AND BUQUIDS ONLY TO PREVENT BUISER FROM COLLECTING THE MONTHLY RENTALS OF P250.00 FROM THE MARANANS.

III. THE HONORABLE COURT OF APPEALS ERRED IN NOT MODIFYING THE DECISION OF THE TRIAL COURT BY ORDERING THE PLAINTIFFS (PRIVATE RESPONDENTS) TO PAY THE DEFENDANTS (PETITIONERS) THE BALANCE OF FOUR (4) THOUSAND PESOS WITH INTEREST, COSTS OF SUIT AND DAMAGES, MORAL AND EXEMPLARY, AS WELL AS ATTORNEY'S FEES. (p. 5, Petitioners' Brief).

The records show that when the Buiser spouses sold their leasehold rights to the Maranans, they were entitled to eight more years of occupancy under the original contract of lease with owner Apolonio Buquid. The private respondents claim that pursuant to the February 15, 1967 deed of sale, they were supposed to take over the bakery on March 30, 1967. Learning, however, that the Buisers had abandoned the bakery and fearful that the equipment inside might be stolen, they entered the bakery on March 24, 1967 to clean it up and safeguard the premises. On March 27, 1967, the Buquid spouses allegedly showed up and told them not to continue with cleaning up the place as they, the owners, were going to eject the Buisers for non-payment of rentals.

Informed of the deed of sale, the Buquids asked respondent Maranans to join in a conference with the petitioner spouses. According to the private respondents, it was during the conference on March 28, 1967 that the Buiser spouses and the Buquid spouses entered into the agreement terminating as of that date the verbal contract of lease over the use of the bakery premises.

Since the Buisers had no more rights to sell to the Maranans, the latter had to enter into their own contract of lease

with landowner Apolonio Buquid. Shortly afterward, they filed the complaint to recover the money allegedly paid to the Buisers and damages.

The petitioners particularly question the findings of the Court of Appeals stated below:

"With the surrender of the leased premises by defendants-appellees to the owners, their contract of lease with the latter, ipso facto expired, and all the improvements introduced therein became the property of the owners. And when plaintiffs-appellants entered into a contract of lease with the owners, the Buquids, the improvements, such as the building and all accessories, such as the owners and furniture, no longer belonged to defendants-appellees.

"Plaintiff-appellant Prudencio Maranan parted with the P14,000.00 in favor of defendants-appellees for and in consideration of the right over an eight-year contract of lease which defendants-appellees claimed to possess. But the latter ceased to have any leasehold right on the bakery after March 28, 1967.

"If ever plaintiffs-appellants were able to occupy the premises for more than four years, it was by virtue of a transaction with the owners of the premises, separate and entirely distinct from the contract entered into by them with defendants-appellees, having an entirely distinct and separate considerations." (pp. 32-33, Rollo).

Exhibit "C" provided that:

"TALASTASIN NG SINO MAN, NA:

"Kami, APOLONIO BUQUID, may ari ng Filipino Bakery na nakatayo sa Evangelista, Batangas, Batangas, at ALFONSO BUISER, na umuupa sa naulit na Bakery, ay nagpapatunay sa harap nito na anq aming verbal na usapan na upahan sa naulit na Panaderia ay tinatapos ngayong arao na ito, Marzo 28, 1967, at akong umuuna (Alfonso), ay isinusulit ko na sa kanya (Apolonio) panderiang ito.

"Sa KATUNAYAN NG LAHAT, kami ay lumagda sa mababa nito, ngayong ika-28 ng Marzo, 1967, dito sa Batangas, Batangas.

(SGD) APOLONIO BUQUID (SGD) ALFONSO BUISER

APOLONIO BUQUID ALFONSO BUISER

Sa Harap Nina:

(SGD) ESTELITA R. BUQUID (SGD) S. M. BUISER"

(p. 13, Respondents' Brief; Emphasis supplied)

The petitioners claim that despite their having signed Exhibit "C", there was no actual surrender of the bakery and its premises to the owners, the Buquids. Petitioner Alfonso Buiser states that he signed the said Exhibit "C" because the Buquids were apprehensive that the petitioners who had already sold their leasehold rights over the bakery and its premises might still collect the rent of P250.00 a month from the private respondents.

We find no merit to this contention.

Rule 130, Sec. 7 of the Rules of Court provides:

"Evidence of written agreement. - When the terms of an agreement have been reduced to writing, it is to be considered as containing all such terms, and, therefore, there can be, between the parties and their successors in interest, no evidence of the terms of the agreement other than the contents of the writing, except in the following cases:

"a) Where a mistake or imperfection of the writing, or its failure to express the true intent and agreement of the

parties, or the validity of the agreement is put in issue by the pleadings;

"b) When there is an intrinsic ambiguity in the writing.

"The term 'agreement' includes wills."

The records fail to show that Exhibit "C" falls under any of the exceptions.

The petitioners admit that they started leasing the bakery and its premises on December 4, 1964. They introduced various improvements and by their own estimate, these amounted to about P11,401.00. They admit, however, that upon the termination of the lease, all improvements would inure to the owners, the Buquid spouses.

Exhibit A, the February 15, 1967 deed of sale of leasehold rights expressly stipulates that for P10,000.00 acknowledged as received from the Maranans, the Buisers "ay aming ipinagbibili at ipinagbibili na nga ngayon ang lahat naming karapatan at paggamit sa nasabing panaderia (Filipino Bakery); kasama ang lahat na kagamitan doon na ginagamit namin ngayon." (Record on Appeal, in Civil Case No. Sp. 668, p. 8).

In the same document, the Buisers stated that "ay aming ipinanananto at sinasagutan a ginagarantihan na sa loob nang walong (8) taon mula ngayon ay matahimik na magagamit nina G. Maranan ang naulit na panaderia at sakaling silay ganibalain doon gayon din na pinananagutan namin ang kanilang magiging danos y perjuicios sakali nga at may lumigalig sa kanila." (id at pp. 8-9).

Exhibit C, earlier quoted, executed on March 28, 1967 between Apolonio Buquid and Alfonso Buiser, and witnessed by their respective spouses, expressly states that it terminates the verbal contract of lease - "ang aming verbal na usapan na upahan sa naulit na Panaderia ay tinatapos ngayong arao na ito" -- and that the lessee surrenders the bakery to the lessor -- "at among umuupa (Alfonso) ay, isinusulit ko na sa kanya (Apolonio) ang panaderiang ito." (Emphasis supplied)

We find no reversible error in the ruling of the respondent court that the petitioners surrendered the bakery to the owners in spite of their having sold their rights for the next eight years to the private respondents. There is no basis for the allegation that Exhibit C does not mean what it says and that it was executed only to allay certain apprehensions of the Buquid spouses. We likewise see no reversible error in the Court of Appeals finding that before the payment of the P10,000.00 acknowledged in the deed of sale, there was an advance of P4,000.00 as initial payment for the purchase of leasehold rights. In fact, the petitioners contended during pre-trial that the consideration for what they now allege to be an aborted sale was actually P18,000.00.

The petitioners allege that the finding of the respondent Court of Appeals that there was a separate and distinct transaction entered into by private respondents with the Buquids is without factual basis.

They point out that in the pre-trial of the case, the petitioners and the private respondents agreed, among others:

"That plaintiffs have no contract with the owner Apolonio Buquid to occupy the bakery in question and they rely on the document Exhibit "2" (Kasulatan Nang Bilihan ng Karapatan, Exh. A) as testified to by plaintiff Prudencio Maranan in the trial of Civil Case No. 1246 of the Municipal Court of Batangas, Batangas, T.s.n., p. 252, (Exh. 1)." (p. 109, Record on Appeal)

There is no actual conflict between the pre-trial admission and the separate agreement with the owners. The initial occupancy of the private respondents was by virtue of the "Kasulatan Nang Bilihan ng Karapatan." The private respondents were asserting the truth as to the basis of their entering the bakery. The lease contract with the owners was subsequent to their initial occupancy. It was entered into only when the Maranans realized that the rights purchased from the Buisers were non-existent and that they had to execute another contract or face eviction. In other words, the later agreement was for their continued stay and had nothing to do with their initial occupancy.

WHEREFORE, the petition is DISMISSED. The decision of the Court of appeals is AFFIRMED. The award of FOURTEEN THOUSAND PESOS (P14,000.00) to private respondent shall bear the legal rate of Six Percent (6%) interest from May 10, 1967 until July 29, 1974, and Twelve Percent (12%) interest, thereafter, pursuant to our ruling in *Viloria v. Court of Appeals* (123 SCRA 259).

SO ORDERED.

Fernan, (Chairman), Feliciano, Bidin, and Cortes, JJ., concur.

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