

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

Ponente: LAGURA-YAP, J.

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LAGURA-YAP, J.:

The present appeal seeks to nullify the January 27, 2009 Decision[1] 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.[2] The sale was embodied in a notarized[3] document, entitled Bill of Sale.[4] 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,[5] the translation[6] 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[7] 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,[8] 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.[9]

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:

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

SO ORDERED.

Hence, this appeal.

ASSIGNMENT OF ERRORS

- THE RTC ERRED IN GRANTING REFORMATION WHICH WAS NOT PRAYED FOR IN THE COMPLAINT;
- THE RTC ERRED IN FINDING THAT THE ACTUAL CONSIDERATION OF THE BILL OF SALE WAS ONE HUNDRED EIGHTY PESOS (P180,000.00),[10] IN VIOLATION OF THE PAROL EVIDENCE RULE;
- THE RTC ERRED IN FAILING TO APPRECIATE THAT NOVATION HAS TAKEN PLACE WHEN THE PARTIES ENTERED INTO A SUBSEQUENT CONTRACT DENOMINATED AS KASABUTAN;
- 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.[11]

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.[12] 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.[13] 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 construed so as to express or conform to the real intention of the parties, where some error or mistake has been committed.[14]

The onus probandi is upon the party who insists that the contract should be reformed.[15] Appellees failed to discharge the burden of proving that the true intention of the parties has not been expressed.

First. The Bill of Sale is a notarized document. It enjoys the presumption of regularity which may only be rebutted by evidence so clear, strong and convincing as to exclude all controversy as to falsity. The presumptions, however, that attach to notarized documents can be affirmed only so long as it is beyond dispute that the notarization was regular. This is because a defective notarization will strip the document of its public character and reduce it to a private instrument. Consequently, when there is a defect in the notarization of a document, the clear and convincing evidentiary standard normally attached to a duly-notarized document is dispensed with, and the measure to test the validity of such document is preponderance of evidence.[16] In this case, appellee failed to present proof that the notarization of the Bill of Sale was irregular. Thus, the presumption of regularity stands.

Second. Appellees failed to present clear, precise and indubitable evidence that the consideration of the subject jitney was P160,000.00. Appellees' own witness dispute this. In his testimony, Eduardo Doron, testified[17] that the price of the jitney was P180,000.00. This is contrary to the testimony of appellee Elsie who testified[18] that the agreed amount of the sale was P160,000.00.

The amount of evidence necessary to entitle the party seeking reformation to the relief sought is always more than a mere preponderance. The evidence must be much clearer than a mere preponderance necessarily as to permit reformation. The usual form of statement is that the evidence must be clear and convincing, though it is said also that it must be "clear and satisfactory," or "evidence as strong as if the mistake were admitted" or "evidence which leaves no rational doubt."[19]

This Court cannot sustain the RTC's finding that the true consideration of the subject jitney is P160,000.00 because appellees and their witness cannot even agree on it.

Third. We find highly suspect the testimony of appellee Elsie. Appellees, in their complaint, stated that at the time of the execution of the Bill of Sale, they did not receive a single centavo.[20] However, in her direct examination, appellee Elsie said they received P75,000.00, thus:

Q : Now how much (was) the agreed consideration for the sale of the passenger jeepney?

A : We agreed on the amount of P160,000.00

Q : Now at the time the sale was entered into how much did you receive if any, from the defendants in this case?

A : As downpayment they were able to pay P75,000.00.

Q : Simply quote (sic), you are telling us that at the time the sale was entered into the partial payment received was P75,000.00.[21]

On cross-examination, appellee Elsie changed her stance. Instead of P75,000.00, she testified she only received P20,000.00 when the Bill of Sale was executed, thus:

Q : Let us make this clear, Mrs. Ibanga. On February 12, 1987, a document was executed which is known as Deed of Sale (sic), and you signed the document together with your husband Victor Ibanga. Now, on said date February 12, 1987, the time of the execution of the Deed of Sale, how much money did you receive?

A : Twenty Thousand (P20,000.00) Pesos.

Q : So, only the amount of P20,000.00 was paid on that date, February 12, 1987. What about the Fifty-five Thousand (P55,000.00) Pesos, considering that you said you received P75,000.00?

A : Maybe on the following week she paid again.

Q : You mean, on the following week, the balance of P55,000.00 was paid?

A : She was not able to pay the full amount of P55,000.00.[22]

The inconsistencies in the complaint and the testimony of appellee Elsie tarnish her credibility. It certainly engenders doubt as to the reliability and veracity of appellees' claim. It must be pointed out that appellees prayed,[23] among others, that appellants pay them P80,000.00. Supposedly, this represents the balance of the purchase price of the subject jitney. This Court is in a quandary how appellees arrived at such a figure. If We follow appellees' complaint that they did not receive a single centavo when the Bill of Sale was executed, then there is no balance to speak of. On the other hand, if We follow appellee Elsie's testimony that they received P75,000.00, the balance is not P80,000.00 but P85,000.00, if the actual price is indeed, P160,000.00.

Fourth. We find it hard to believe that the subject jitney would fetch a price as high as P160,000.00, when two years earlier, appellees paid only P100,000.00 for it.[24] It is common experience that values of vehicles decrease with time.

Evidence to be worthy of credit, must not only proceed from a credible source but must, in addition, be credible in itself. The evidence must be natural, reasonable and probable as to make it easy to believe. No better test has yet been found to determine the value of the testimony of a witness than its conformity to the knowledge and common experience of mankind.[25] Applying the test in the instant case, We find appellants' allegation that the subject jitney was sold for only P80,000.00 is more plausible when juxtaposed with that of the appellees.

All told, We find that appellees failed to prove with clear and satisfactory evidence that the actual price of the subject jitney is P160,000.00. Contrary to the findings of the RTC, there is no basis for the reformation of the Bill of Sale. Consequently, there is also no basis for appellees' prayer that they are entitled to P80,000.00. With this finding, We deem it unnecessary to discuss the other arguments raised by appellants.

WHEREFORE, the appeal is GRANTED. The assailed January 27, 2009 Decision is SET ASIDE. Appellees' Complaint for Specific Performance and Damages is DISMISSED for LACK OF MERIT.

SO ORDERED.

Delos Santos[*], (Chairperson), and Quijano-Padilla[**], JJ., concur.

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- [*] Acting Chairperson per Office Order No. 06-14-ELDS dated February 28, 2014.
- [**] Acting Junior Member per Office Order No. 472-12-ABR dated December 12, 2013.
- [1] Rollo, p. 31.
- [2] The sister-in-law of appellant Winstanley.
- [3] Notarized by Hon. Rogaciano Y. Rivera, Presiding Judge, MTC, Sta. Catalina, Negros Oriental.
- [4] Records, p. 11.
- [5] Records, p. 12.
- [6] Records, p. 210.
- [7] Records, p. 2.
- [8] Records, p. 16.
- [9] Records, p. 85.
- [10] Should be, "One Hundred Sixty Pesos (P160,000.00)."
- [11] Rollo, p. 40.
- [12] *Abella v. The Honorable Court Of Appeals, et al.*, G.R. No. 107606, June 20, 1996.
- [13] See *Abella*, supra.
- [14] *Multi-Ventures Capital and Management Corporation v. Stalwart Management Services Corporation, et al.*, G.R. NO. 157439, July 04, 2007.
- [15] *Multi-Ventures Capital and Management Corporation*, supra.
- [16] *Spouses Martires v. Chua*, G.R. No. 174240, March 20, 2013.
- [17] TSN, Eduardo Doron, November 28, 2002, p. 5, p. 6. and p. 7; See also the assailed Decision, rollo, p. 37.
- [18] TSN, Elsie Ibanga, January 28, 2004, p. 7.
- [19] See *Carandang-Collantes, et al v. Capuno, et al.*, G.R. No. L-55373, July 25, 1983.
- [20] Records, p. 4.
- [21] TSN, Elsie Ibanga, January 28, 2004, p. 7.
- [22] TSN, Elsie Ibanga, January 4, 2005, p. 4.
- [23] Records, p. 8.
- [24] Deed of Sale, Exhibit "A," for appellees, records, p. 178.
- [25] *People v. Salcena*, G.R. No. 192261, November 16, 2011.

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