

## VISAYAN PACKING CORPORATION, PETITIONER AND APPELLANT, VS. REPARATIONS COMMISSION, RESPONDENT AND APPELLEE.

*G. R. No. L-20577. May 31, 1965*

Ponente: PAREDES, J.

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### PAREDES, J.:

On November 14, 1960, the petitioner herein, Visayan Packing Corporation and the respondent Reparations Commission, entered into a 'Contract of Conditional Purchase and Sale' of Capital Goods, the pertinent portions of which are as follows:

"Date of Complete Delivery— April 5, 1960

Total F. O. B. Cost—P1,357,194.67

Amount of First Installment (10% F. O. B. cost)—P135,712.47

Due date of 1st Installment— April 5, 1962

Ten (10) equal yearly installments."

Under these terms, were listed the dates when the remaining ten (10) yearly installments were due, the 1st installment on said ten (10) yearly installments being April 5, 1963, in the amount of P143,186.78, until April 5, with 3% interest on the balance.

The contract, specially that which requires the payment of the first installment (apparently a down payment) equivalent to 10% of the total purchase price, to be made on April 5, 1962, is in accordance with the provisions of Section 14, B-3 of the Rules and Regulations of the respondent-appellee Reparations Commission, promulgated pursuant to Republic Act No. 1780, which provides:

"Capital Goods and Services—Sales on Installment Basis.

"\* \* \*. Sales on credit shall be payable in installments, the first installment shall be paid within 24 months after complete delivery of the capital goods and the balance to be paid in equal 3'eajly installments within a period not exceeding 10 years \* \* \*."

The parties have expressly bound themselves to make the above provision of the Rules and Regulations, applicable to the contract.

Before the date of the 1st payment, the amount of which was P135,712.47 (10% of the total cost), respondent wrote petitioner a reminder, dated March 8, 1962, although the due date was mistakenly stated as March 21, 1962. On March 20, 1962, petitioner filed an action for declaratory relief, before the CFI of Manila, asking for an interpretation of the contract, specially that portion as to when should it pay the 1st payment and/or installment In the complaint, it was alleged that petitioner did not know when exactly to make payment and how much, since the contract itself contains two (2) dates of payment of 1st installment and two (2) different amounts to be paid. A

writ of preliminary injunction was also prayed for, alleging that a misconstruction of the contract will cause "Separable damage to the petitioner.

Respondent, after admitting and denying the allegations in the complaint, interposed various defenses, all of which tended to show that no other interpretation could be given to the terms of the contract; that the contract itself is clear that the 1st payment should be made on April 5, 1962, in the amount of P135,712.47, which was the 10% on the total contract price; that petitioner had not shown a clear right to the issuance of the writ of injunction; and that it has not exhausted all the administrative remedies provided for by law.

On October 8, 1962, the date of the hearing, respondent verbally moved for the dismissal of the action. On October 9, 1962, the CFI of Manila handed down an Order, the pertinent portions of which read:

"At the hearing, counsel for the respondent verbally moved for the dismissal of the petition on the ground that there is now pending in this Court, but assigned to another branch, a civil action which the Reparations Commission filed against the Visayan Packing Corporation and the Fieldmen's Insurance Co., Inc. (Civil Case No. 51713, filed on Sept. 27, 1962) for the recovery of the sum of P135,712.47, representing the first payment, without interest, on the purchase price of the reparations goods acquired by the first therein named defendant (herein petitioner), which was equivalent to 10% of the F.O.B. cost and due as of April 5, 1962. To said motion counsel for the petitioner interposed an objection and contended that the instant petition for declaratory relief is a prejudicial question to the said civil action and for this reason this case should not be dismissed.

"The construction of the contract entered into between the herein parties, in the opinion of the Court, is no longer necessary. This is so because the subject matter of the present petition would necessarily be threshed out in Civil Case No. 51713 of this Court, wherein the question at issue is whether or not the sum P135,712.47, which the plaintiff therein (respondent in this case) seeks to recover, was time and demandable as of April 5, 1962 \* \* \*.

"Moreover, the Fieldmen's Insurance Co., Inc., which executed a performance bond, guaranteeing the faithful observance and compliance by the Visayan Packing Corporation of the terms and conditions of the contract of "Conditional Purchase and Sale of Reparations Goods," was not joined as a party to the present action, although it has an interest in the subject matter thereof and would necessarily be affected by any declaration that may be rendered therein. The non-joinder of said bonding company would deprive the declaratory judgment of the final and pacifying function it was calculated to subserve (\* \* \*).

"In the light of the foregoing circumstances, the Court, in the exercise of the discretion vested in it by the Rules of Court, deems it unnecessary and improper to construe the contract in question (Sec. 6, Rule 66 of the Rules of Court).

"Wherefore, the petition for declaratory relief is hereby dismissed, without any pronouncement as to costs."

Petitioner Visayan Packing Corporation brought the matter directly to this Court, on a lone assignment of error—the propriety of the dismissal of its complaint for a declaratory relief on the contract.

The lower court was correct in dismissing the petition. Under the circumstances obtaining then, such as the institution of the case for the recovery and/or collection of the 1st payment of April 5, 1962, for the sum of P135,712.47, the declaration sought to be made in the case, would be a mere surplusage. The collection case instituted by respondent Reparations Commission would necessarily go into the merits and or interpretation of the whole contract. In addition, We are also of the opinion that there was nothing to interpret in the contract. The terms thereof, are clear. In fact, the trial court in Civil Case No. 51713, in its decision dated March 27, 1963 said:

"The main issue in this case is the interpretation of the schedule of payments\* \* \*. The plaintiff contends, \* \* \* the first payment for the reparation goods obtained by defendant Visayan Packing Corporation is P135,712.47,

which became due on April 5, 1962. On the other hand, the defendants contend that the first installment is P143,186.78 and will become due on April 5, 1963. The Court is inclined to interpret the schedule of payments \* \* \* in consonance with the contention of plaintiff for the reason that, under Sec. 12 of Rep. Act 1789, reparation goods are to be paid in eleven (11) payments, the first one within twenty-four (24) months after complete delivery and the balance in ten years or in ten (10) installments and Exhibit A-1 provides for eleven payments, whereas, under the interpretation of the defendants there would be only ten payments in all, contrary to Sec. 12 of Rep. Act No. 1789, which provides in effect for eleven payments.

\* \* \* \* \*

The above is a clear and explicit connotation of the terms of the contract sought to be interpreted, and this Court agrees with such observations.

In view of the foregoing, the order appealed from should be, as it is hereby affirmed in all respects, with costs against petitioner Visayan Packing Corporation.

Bengzon, C. J., Bautista Angelo, Reyes, J. B. L., Barrera, Regala, Makalintal, Bengzon, J. P. and Zaldivar, JJ., concur.

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