

ROYAL LINES, INC., PETITIONER, VS. THE HON. COURT OF APPEALS AND THE NATIONAL SHIPYARDS AND STEEL CORPORATION, RESPONDENTS.

G.R. No. L-27239. August 20, 1986

Ponente: CRUZ, J.

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CRUZ, J.:

Petitioner and the National Shipyards and Steel Corporation (NASSCO) entered into a written contract for the conversion of the former's yacht, the M/V Sea Belle, into a passenger and cargo vessel for the stipulated price of P121,980.00.[1] Additional work was done on the ship, for which NASSCO demanded the sum of P196,245.37, representing the difference between the amount already paid by the petitioner and the contract price.[2] Petitioner rejected the demand, claiming it had not authorized the additional work in writing as required under Article 1724 of the Civil Code. The trial court sustained NASSCO, and petitioner appealed. The Court of Appeals, in a 3-2 decision, affirmed the court a quo, holding that the said article was not applicable in the instant case as it referred only to structures on land and did not include vessels.[3] Petitioner has come to us on certiorari to challenge this decision.

The lone assignment of error is the refusal of the Court of Appeals to apply Article 1724 of the Civil Code reading in full as follows:

"Art. 1724. The contractor who undertakes to build a structure or any other work for a stipulated price, in conformity with plans and specifications agreed upon with the landowner can neither withdraw from the contract nor demand an increase in the price on account of the higher cost of labor or materials, save when there has been a change in the plans and specifications, provided:

"(1) Such change has been authorized by the proprietor in writing; and

"(2) The additional price to be paid to the contractor has been de-termined in writing by both parties."

Petitioner contends that it cannot be held liable for the additional work (which it admits) because it had not given any written authorization therefor. The change had not been authorized "in writing" and the additional price to be paid had not "been determined in writing by the parties." [4] To bolster its position, petitioner cites the case of San Diego v. Sayson [5] and Tui Suico v. Habana, [6] where this Court rejected claims for payment for additional work because these had not been authorized in writing by the parties, nor had the price therefor been previously determined by written agreement of the parties.

For its part, NASSCO argues that the above provision is not in point for the simple reason that it refers only to buildings or structures constructed on land. [7] The article in question constitutes the special rule applicable only to those constructions. All other matters come under the general rules on contract and under such rules no particular form is required for the agreement under consideration. [8] Moreover, the cases cited by petitioner are not in point because they involved buildings and not, as in this case, a vessel. [9]

There is no ambiguity in the language of Article 1724. Plainly, it refers to a structure or any other work to be built on land by agreement between the contractor and the landowner. It cannot apply to work done upon a vessel, which is not erected on land or owned by a landowner. Hence, the said article is not controlling in this case.

However, it does not follow that petitioner is absolved of liability for the work done upon its vessel which, to repeat, it does not deny. Regarding this matter, the applicable rules, as it itself contends, are the general rules on contracts.

A contract is a meeting of minds between the parties and is perfected by mere consent^[10] except in the case of certain agreements like deposit, pledge and commodatum.^[11] It may be entered into in whatever form^[12] save where the law requires a document or other special form as in the contracts enumerated in Article 1388 of the Civil Code. As a general rule, therefore, the contract may be oral or written.

In the case at bar, the original contract of services was in writing. It does not follow, however, that all supplements of that written contract should also be written.

In Article IV of the written contract of services it was provided that:

"during the performance of the work required on the vessel at the Bataan National Shipyard at Mariveles, Bataan, the OWNER, at his option may send an authorized representative to be present while the work is being performed. In the event that the OWNER requests for any modification, change, and/or extra work to be performed on the vessel, which are not otherwise specified herein and which have not been included in the Specifications submitted by the BUILDER to the OWNER, the same shall be subject of another contract between the parties hereto."

In stipulating that "any modification, change, and/or extra work" shall be "subject of another contract," the contracting parties did not necessarily or explicitly agree that the second contract should be in writing. The second contract could be merely verbal, as in fact it was, and was binding on the parties as long as it represented a meeting of minds between them.

We are satisfied with the finding of the Court of Appeals that Victorino Estrella and Steve Pierre were sent by petitioner to the NASSCO shipyard in Mariveles while the M/V Sea Belle was being repaired and that they represented said petitioner when they requested the extra work that was subsequently done on the vessel.^[13] This second contract was not reduced to writing, but it was nonetheless as binding between the parties as the first written contract.

As for the consideration for the extra work, it has been held that the same can be determined in relation to a definite thing or under the usage and customs of the place or by leaving it to the judgment of the court in case of disagreement or disputes.^[14] The Court of Appeals has made its determination on the basis of the evidence before it, and we shall also accept this finding.

We deplore the efforts of petitioner to evade a legitimate obligation for benefits it has admittedly re-ceived from the additional work done by NASSCO. Strict legal considerations apart, what we see here is a shabby attempt to enrich oneself at the expense of another by a clever disowning of benefits while at the same time enjoying them. This is hardly sporting, to say the least; at worst, it is downright dishonest.

The study of the law is not an exact science with definite fields of black and white and unbending rules and rigid dogmas. The beauty of this discipline is the "penumbra shading gradually from one extreme to another," in the words of Justice Holmes, that gives rise to those honest differences of opinion among the brotherhood as to its correct interpretation. Honest differences are allowed and, indeed, inevitable, but we certainly must frown on stilted readings to suit one's motives, especially if they are less than noble. The law does not permit this, and much

less, for that matter, does equity.

WHEREFORE, the decision of the Court of Appeals is AFFIRMED, with costs against the petitioner.

SO ORDERED.

Yap, (Chairman), Narvasa, Melencio-Herrera, and Paras, JJ., concur.

[1] Rollo, p. 5.

[2] Ibid., p. 18.

[3] Rollo, p. 25.

[4] Brief for the Petitioner, p. 6.

[5] 45 Phil. 707.

[6] 4 C.A. Rep. 1192.

[7] Brief for the Respondent, pp. 11-14.

[8] Brief for the Respondent, p. 21.

[9] Ibid., p. 14.

[10] Article 1315, Civil Code of the Philippines.

[11] Article 1316, Civil Code of the Philippines.

[12] Article 1356, Civil Code of the Philippines.

[13] Brief for the Respondent, pp. 15-21.

[14] Commentaries and Jurisprudence on the Civil Code of the Philippines, Vol. IV, Arturo M. Tolentino, p. 424, 1985 Ed.

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