

THE PHILIPPINE AMERICAN LIFE INSURANCE COMPANY, PETITIONER, VS. HONORATO R. SANTAMARIA AND COURT OF APPEALS (FIRST DIVISION), RESPONDENTS.

G.R. No. L-26719. February 27, 1970

Ponente: FERNANDO, J.

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FERNANDO, J.:

This petition for the review of a decision of respondent Court of Appeals, arising allegedly from its failure to apply the Civil Code provision requiring a contractor to "execute the work in such a manner that it has the qualities agreed upon" and is free from "defects which destroy or lessen its value, or fitness" for its use, whether ordinary or stipulated,[1] was given due course as the question raised on a novel provision of the Civil Code[2] has not hitherto been passed upon. Petitioner, The Philippine American Life Insurance Co., imputing negligence and incompetence to respondent Honorato R. Santamaria, the contractor for a topographic survey work, as a result of which it suffered damages, would hold him liable. It prevailed in the lower court, but on appeal, it lost in the Court of Appeals, the decision now on review having diligently and meticulously sifted the competent facts to arrive at the conclusion that far from respondent Santamaria being guilty of negligence or incompetence, he did live up strictly to the terms of the contract. Thus it reversed the judgment of the lower court and dismissed the complaint. Hence this petition for review.

It is an admitted fact that in a letter dated September 3, 1952 to petitioner, respondent Santamaria submitted a written proposal to conduct both a topographic and a subdivision survey of petitioner's 45 hectare lot in Quezon City, the topographic survey at the rate of P80.00 per hectare of the area surveyed and mapped and the subdivision survey at the rate of P28.00 for the first 400 lots and P25.00 for each succeeding lot thereafter. There was an acceptance by petitioner of such proposal limited to the topographic survey only. On September 23, 1952, respondent Santamaria sought to clarify the terms of such topographic survey by him by stating that it would be "in accordance with a 10-meter cross-sectioning and profile survey and a contour interval of 25 centimeters." He also obligated himself to furnish a map at scale 1 to 100 upon the completion of the survey. Petitioner was agreeable.[3] The decision of respondent Court of Appeals then continued with the facts as found thus: "The topographic survey work on the property of plaintiff was done by the defendant during the period from October 3 to November 15, 1952. Thereafter, defendant submitted to the plaintiff the result of his survey topographic map, Exhibit 1, for which plaintiff paid him the agreed sum of P3,600.00 as his fees." [4]

Why petitioner, as plaintiff in the original action, felt it was entitled to damages was noted in such decision thus: "Plaintiff, in seeking to recover damages from the defendant, claims that it incurred additional expenses caused by the resurvey of the property, the additional grading work done in the new road lay-out, the changes in the designs of the buildings and residential houses to be constructed as prepared for the project by architect Arguelles and the change in the shopping center area which became smaller due to the fact that the actual area of the project is less than what appeared in the topographic map. It also seeks to recover losses it sustained as a consequence of the delay in the progress of the project work caused, according to the plaintiff, by the fault of defendant in the

preparation of the topographic map, Exhibit I."[5]

Respondent's defense was next taken up by respondent Court of Appeals in its decision. "For his defense, the defendant contends in the first place that under his contract with the plaintiff, he is not required to prepare a plan which shows the exact boundaries of the project nor the exact measurement of said boundaries. He also contends that before preparing the topographic map he called the attention of Mr. A. G. Capellan, representative of the plaintiff as well as architect Nakpil, architect Arguelles and representative of the Monina Construction Company of the fact that there was then no plan indicating the exact measurement of the lot which he was to survey topographically and that he was informed that he should proceed even without a survey plan because time was then of the essence and that whatever discrepancies may arise as a result of the absence of such horizontal survey could be remedied later. Defendant further contends that inasmuch as a topographic survey could be prepared on a property even without indicating definitely its metes and bounds, he proceeded with the topographic survey and submitted the result of his work, topographic map Exhibit I. From the foregoing contentions of the defendant he disclaims any liability for losses arising from the discrepancy above referred to."[6]

What respondent Santamaria was obliged to do under its contract with petitioner was next discussed in the decision: "To our mind, the correct interpretation of the extent of appellant's duty under the contract contained in Exhibit C is found in the very same exhibit. It should be noted that in his letter, Exhibit C, defendant offered to make two surveys: (1) a topographic and (2) a subdivision survey of a 45 hectare housing project for the plaintiff. In his description of the job for the proposed 'subdivision survey', defendant stated among others that he would relocate all the boundary monuments of the project area."[7]

The considerations that led the Court of Appeals to reject contention of petitioner were set forth in detail in its decision: "Plaintiff accepted the offer only in so far as the topographic survey is concerned, thereby rejecting the offer of defendant to make a subdivision survey. Inasmuch as the work of relocating all boundary monuments is included in the rejected offer to make a subdivision survey, defendant was justified in not determining the boundary of the project area in his topographic survey. Moreover, considering the period during which the topographic survey was to be done pursuant to the offer of the defendant as accepted by the plaintiff, it was impossible for the defendant to determine the exact boundary of the project area of 45-hectare because when plaintiff accepted defendant's offer plaintiff has not yet definitely decided to purchase the 45-hectare site from the Philippine Homesite and Housing Corporation (PHHC). It was only on October 15, 1952 that an agreement entitled 'Sale Agreement' (Exh. A), that the plaintiff and the PHHC entered into a contract. It should be noted that under the offer of the defendant contained in Exhibit C as accepted by the plaintiff dated September 23, 1952, field work and drafting had to commence three days after the signing of the contract and the resulting topographic map should be submitted to the plaintiff within a period of 18 working days with additional extension for every day of rain. It is admitted that defendant started work on his topographic map on October 3, 1952 twelve days before plaintiff signed the sales agreement with the PHHC."[8]

With the foregoing circumstances in mind, the Court of Appeals yielded its conformity to the stand taken by respondent Santamaria. Thus: "We agree with the contention of the appellant as deduced from his testimony and that of his witness Mr. Jorge that when a topographic map which is not linearly plotted and whose boundaries are consequently not accurate is used in sketching the road lay-out and other parts of the subdivision scheme, such procedure would be improper unless the sketch is intended to be merely a preliminary lay-out subject to final adjustment after a fixed boundary survey has been made. On this point, we note with interest the disquisition about city planning contained in appellee's brief (pp. 12-13). There can be no question about the correctness of the stand and the soundness of the reasoning that in planning a scheme for a new housing project, there should be not only a topographic survey of the entire project area but also an accurate planimetric survey of the same

indicating the exact boundaries thereof. "[9]

Its conclusion, now subject of this petition for review was thus a necessary consequence: "In view of all the foregoing considerations, we rule that defendant has not been at fault nor remiss in the performance of his duty to prepare the topographic map, Exhibit 1, pursuant to his contract with the plaintiff. Consequently the decision declaring him liable in damages to the plaintiff should be reversed." [10]

Thus, with the utmost care and conscientious effort in the scrutiny of the proven facts, respondent Court of Appeals specifically held that respondent Santamaria was neither "at fault nor remiss in the performance of his duty to prepare the topographic map, Exhibit I, pursuant to his contract with the plaintiff." With such a finding based, as above noted, on the most meticulous appraisal of the respective contentions of the parties in accordance with their proof, it would necessarily follow that the lower court decision that would hold respondent Santamaria liable in damages could not stand. Hence, its reversal by respondent Court of Appeals. It must have been a realization on the part of petitioner of the difficult task it had to face, this Court being bound on questions of fact by the determination of the Court of Appeals, that must have prompted it to invoke what for it is the correct interpretation of Art. 1715 of the Civil Code.

As set forth at the outset, this novel question was the decisive factor in giving this petition due course. Even if the matter be viewed most favorably from the standpoint of petitioner, it would be unjustifiable, on the facts as duly proved, to decide the matter contrary to the conclusion reached by respondent Court of Appeals. Petitioner would have us construe the obligation of the contractor to execute the work in such a manner that it had the qualities agreed upon and was free from defects which destroyed or lessened its value or fitness as well-nigh absolute. It would impose the duty on the party thus bound to perform such work to attain, in each and every case, a degree of perfectibility on pain of being visited with a liability for damages. That is to misread Art. 1715. It is to give it an interpretation at war with the demands of reason. It might have been otherwise if the work agreed upon to be performed consisted of machinery, which must be constructed according to specification, otherwise it would not serve the purpose contemplated. Such is not the case, however. As Justice Holmes noted, there is no such principle "against using common sense in construing laws." [11]

Petitioner, however, appears to be of a different mind. Ignoring the vital circumstance that precluded respondent Santamaria's work from being as satisfactory as was hoped for, for which it could not escape responsibility as it rejected his offer to conduct both a topographic and a subdivision survey, it would interpret this codal provision without any thought of the canons of fairness. It would stretch its meaning in an unwarranted manner. No legal norm should be susceptible to such a reproach. If the facts were other than that so carefully considered in detail by respondent Court of Appeals, then perhaps this contention of petitioner, which, at bottom, is the basis of the three alleged errors committed by respondent Court of Appeals, would not be so lacking in any persuasive quality. This Court, no less than petitioner, must, however, pay heed to such facts duly established. Our supervisory power, as petitioner could not be unaware, is thus necessarily limited. In the application of the law, we cannot ignore what had been ascertained by the Court of Appeals as to the manner an obligation was fulfilled.

The alleged negligence or incompetence on which this action was based by petitioner in its complaint in the lower court was found not to exist by respondent Court of Appeals. Respondent Santamaria was not at fault; he was not remiss in the performance of his duty. He lived up to the terms of the contract as agreed upon between him and petitioner. It cannot be said, then, that he did incur liability. It would follow, thus, that the reliance on this legal norm by petitioner does not call for the judgment of the Court of Appeals being set aside as being contrary to law.

WHEREFORE, the decision of respondent Court of Appeals of September 28, 1966 is affirmed. With costs against petitioner, The Philippine American Life Insurance Company.

Concepcion, C.J., Reyes, J.B.L., Dizon, Makalintal, Zaldivar, Ruiz Castro, Teehankee, Barredo, and Villamor, JJ., concur.

[1] Art. 1715 of the Civil Code provides in full: "The contractor shall execute the work in such a manner that it has the qualities agreed upon and has no defects which destroy or lessen its value or fitness for its ordinary or stipulated use. Should the work be not of such quality, the employer may require that the contractor remove the defect or execute another work. If the contractor fails or refuses to comply with this obligation, the employer may have the defect removed or another work executed, at the contractor's cost."

[2] The source is the German Civil Code as noted in the Report of the Code Commission, p. 147 (1948).

[3] Court of Appeals Decision, Appendix A of Brief for Petitioner.

[4] Ibid, p. XII.

[5] Ibid, p. XIV.

[6] Ibid, pp. XIV-XV.

[7] Ibid, p. XVII.

[8] Ibid, pp. XVII-XVIII.

[9] Ibid, pp. XX-XXI.

[10] Ibid, p. XXII.

[11] Roschen v. Ward, 279 US 337 (1929).

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