

CLARA REGALARIO, PETITIONER, VS. NORTHWEST FINANCE CORPORATION AND JOSE QUI, RESPONDENTS.

G.R. No. L-26243. September 30, 1982

Ponente: TEEHANKEE, J.

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TEEHANKEE, J.:

This is an appeal by certiorari to review the decision of the Court of Appeals[*] in CA-G.R. No. 31845-R which reversed the lower court's decision in so far as it declared petitioner Clara Regalario as the true and lawful owner of a Ford Van and declared instead respondent Jose Qui as the owner thereof and sustained respondent Northwest Finance Corporation's taking possession of the vehicle in its replevin action below in order to foreclose the chattel mortgage thereon in its favor.

Respondent Jose Qui had obtained a loan of P15,000.00 from his co-respondent Northwest Finance Corporation secured by a chattel mortgage over a Ford Van and payable within one year. When the loan matured without respondent Qui having paid the loan or any part of it despite repeated demands, Northwest Finance Corporation, as plaintiff, filed its complaint below in the Court of First Instance of Manila against its co-respondent Qui as defendant, demanding the return of the vehicle and/or delivery of the same to the Provincial Sheriff of Rizal for the foreclosure of the chattel mortgage in its favor. Upon respondent corporation's filing of a bond in an amount double the value of the vehicle, the trial court issued a writ of replevin and the motor vehicle was seized by the sheriff.

In his answer to the complaint, respondent Qui, while admitting the due execution of the promissory note and the chattel mortgage, interposed as defense that the obligation had not yet matured because he was given a six months extension of the maturity date of the promissory note.

Herein petitioner Clara Regalario, with leave of court, timely filed a complaint in intervention claiming that she is the true owner of the vehicle in question having purchased the same from the Manila Trading Supply, Inc., in installments with respondent Qui as guarantor thereof and alleged, among other things that respondent Qui was never the owner and/or possessor of the subject motor vehicle and did not have the legal right nor authority to mortgage it with respondent Northwest Finance Corporation. She likewise alleged that if ever respondent Qui was able to register the motor vehicle in his name, the same was done through fraudulent means and misrepresentations.

In reply to the complaint in intervention, respondent corporation denied that petitioner is the owner of the motor vehicle in question, since she had sold the same to respondent Qui. On the other hand, respondent Qui in his answer to the complaint in intervention avers that petitioner duly sold the vehicle to him and denied that the truck was registered in his name through fraudulent means.

The lower court, after trial, rendered its decision as follows:

"x x x judgment is hereby rendered in favor of the plaintiff and against the defendant Jose Qui, (1) ordering the

latter to pay the former the amount of P15,000.00 with interest at the rate of 12% per annum from February 17, 1962 until the same is fully paid, plus P2,000.00 as attorney's fees and the costs of this action; (2) ordering the plaintiff to return possession of the truck in question to the intervenor; (3) ordering the plaintiff and defendant Jose Qui, jointly and severally to pay the intervenor the amount of P10,000.00 as exemplary and moral damages, plus P4,000 as attorney's fees; (4) declaring the registration of the truck in the name of Jose Qui null and void and of no legal effect; (5) ordering the plaintiff to pay damages at the rate of P20.00 daily from the date of the issuance of the writ of replevin as damages as a result thereof until the truck in question is returned to Intervenor; and (6) the costs of this action."

which decision was later modified, on motion of petitioner Regalario, to include the proviso that "in case the said truck can no longer be delivered by the plaintiff to the Intervenor, for any reason whatsoever, (it) shall indemnify the Intervenor in the amount of P20,000.00, the value of the said truck."

Both respondents appealed the lower court's decision. The Court of Appeals, in its decision at bar, modified the lower court's above-quoted judgment as follows:

"(1) that part of the dispositive portion which orders Jose Qui to pay the plaintiff [corporation] the amount of P15,000.00 with interest at the rate of 12% per annum from February 17, 1962 until the same is fully paid, plus P2,000.00 as attorney's fees and the costs of this action, is hereby affirmed; (2) the rest of the dispositive portion is hereby set aside and another one is entered in its stead, declaring Jose Qui owner of the Ford Van in question, subject, however, to the plaintiff's right to foreclose on the same."

Petitioner filed the instant petition of appeal by certiorari seeking the reversal of the appellate court's decision, which the Court finds without merit.

It appears that during the hearing of the case in the lower court, petitioner filed two criminal actions for falsification against respondent Qui in the offices of the City Fiscals of Manila and Quezon City, both of which were dismissed. In the Court of Appeals, respondent Qui, to support his assigned error that the trial court erred in denying his motion for new trial, submitted a memorandum supported by the testimonies of the witnesses in the investigation of the criminal cases in the fiscal's office. Petitioner now impugns the admission by the appellate court of the testimonies given in the fiscal's office on the ground that such testimonies were not presented in the trial court and without a motion for new trial having been filed in the appellate court.

While technically, evidence not submitted before the lower court may not be considered by the appellate court on appeal, the rule admits of exceptions where as in this case the testimonies have been duly transcribed in regular proceedings which have not been impugned by the parties who themselves were also the protagonists therein. In such cases, what matters is the prevention of needless delays and the orderly and expeditious dispatch of judicial business. We therefore find merit in the Court of Appeals' reasoning that "(W)ere we to remand the case to the court of origin, Jose Qui would only present the testimonies of the witnesses who testified in the criminal investigations and the intervenor would do the same. Inasmuch as the testimonies have been admitted by us and are now actually before us, and since Jose Qui and the intervenor, by presenting the said testimonies, have admitted in effect the regularity of the proceedings before the City Fiscals of Manila and Quezon City, it is our considered opinion that pursuant to Section 2, Rule 53 of the Rules of Court,[1] we may consider the testimonies in the criminal investigations together with that evidence adduced in the trial below, and render such judgment as ought to be rendered in view of the whole record of the case. This determination is practical and avoids further delay without detriment to the interest of justice."

The main issue raised in this appeal is the correctness of respondent court's ruling that the rightful owner of the motor vehicle Ford Van at the time it was mortgaged by respondent Qui to his co-respondent corporation rather than petitioner Regalario as contrarily held by the lower court.

In ruling for respondent Qui, the Court of Appeals made the following findings of fact:

"It is established and there is no debate over the fact that the intervenor originally owned the truck. She purchased it from the Manila Trading Company on installment in 1958, Exhibits 3, 4 and 5, with Jose Qui as guarantor or surety, and for a time she exercised dominion over it by mortgaging the same to different persons, Exhibits 11 and 13. - On August 15, 1960, however, she executed a deed of sale of the vehicle in favor of Jose Qui as shown by the public document, Exhibit C. The execution of this document is not denied by the intervenor, but she impugns the validity of the same by orally claiming that the deed of sale was not consummated because Jose Qui, the vendee, failed to pay the stated consideration of P10,000.00. This unsupported verbal claim of the intervenor is insufficient to overthrow Exhibit C wherein it is recited that she 'sold, transferred and conveyed' the truck to Jose Qui 'for and in consideration of the amount of TEN THOUSAND PESOS (P10,000.00) Philippine Currency and other valuable considerations, receipt of which is hereby acknowledged from JOSE QUI'. To overcome a public document solemnly executed before a notary public, the evidence to the contrary must be clear, strong and convincing. Furthermore, the claim of the intervenor that the vendee failed to pay the stated consideration of P10,000.00 is rendered incredible by certain indubitable and admitted facts. In August, 1960, when Exhibit C was executed, Jose Qui was the owner of the Grace Park Winding Factory, a business enterprise engaged in the manufacture and winding of sewing thread, capitalized at more than P800,000.00 (CA-G.R. Nos. 31736-R, 31738-R, 31761-R and 31776-R). As the intervenor herself testified in the criminal investigations, her common-law husband, Vicente Chua, was procuring thread for her from the Grace Park Winding before 1958 and up to 1960 for distribution and sale in the provinces (p. 10, Annex C, Memorandum of Jose Qui), without her being able to pay all the large stocks of thread taken from Jose Qui (p. 13, Ibid.), such that as of 1960, after dealing with Jose Qui for three years, her running account increased to over P48,000.00 (pp. 15, 17, Ibid.). Vicente Chua declared also during the criminal investigations that on December 24, 1960 he issued a check for P48,943.25 in favor of Jose Qui to show their indebtedness (pp. 50-51, Annex D), and in this declaration the intervenor corroborated her common-law husband. The wife of Jose Qui, on her part, declared that in 1960 she told Vicente Chua to start paying their indebtedness because it was getting big, but since Chua and the intervenor had no cash they sold the truck in question to Jose Qui for P10,000.00, and the consideration was set off against their indebtedness of P58,943.25 leaving a balance of P48,943.25, for which Vicente Chua issued a check (pp. 16-26, Annex E; p. 7, Annex J). Upon the foregoing considerations, we cannot sustain the stand of the intervenor that Jose Qui failed to pay the consideration. We are inclined to believe that, as per the recital in Exhibit C, there was a valid consideration."

This Court finds no cogent or compelling reason to disturb the findings of the respondent Court of Appeals and accordingly affirms in toto the appealed decision, more so, since the questions raised are essentially factual and respondent court's factual findings are supported by the evidence of record and will not be reviewed by the Court, save in the known exceptions such as gross misappreciation of the evidence or a total void of evidence.

Respondent Qui claims ownership over the van by virtue of the deed of sale executed by petitioner in his favor (Exhibit C). However, petitioner impugns the validity of the deed of sale, claiming that the sale was not consummated for failure of respondent to pay the purchase price of P10,000.00. The Court of Appeals correctly found and ruled that, "(T)his unsupported verbal claim of the intervenor is insufficient to overthrow Exhibit C wherein it is recited that she 'sold, transferred and conveyed' the truck to Jose Qui 'for and in consideration of the amount of TEN THOUSAND PESOS (P10,000.00) Philippine Currency and other valuable considerations, receipt of which is hereby acknowledged from Jose Qui.' To overcome a public document solemnly executed before a notary public, the evidence to the contrary must be clear, strong and convincing." Parole evidence will not suffice to negate the clear and positive recitals of a public document not otherwise tainted with fraud or falsification.

Here, there is ample evidence on record before respondent court to sustain its findings and conclusion that there

was indeed consideration, by way of set-off, for respondent Qui's purchase of the van. Respondent court duly found that since Chua (petitioner's common-law husband) and petitioner had no cash to pay their indebtedness to respondent Qui, they sold to him the van in question for P10,000.00 and the consideration was set-off and credited against their indebtedness of P58,943.25.

Finally, respondent corporation as a third party in good faith had every right to rely on the genuineness and regularity of the clean registration certificate covering the motor vehicle in the name of respondent Qui, issued pursuant to petitioner's sale thereof in favor of said respondent Qui and its rights as the mortgagee thereof must be upheld.

WHEREFORE, the judgment of the Court of Appeals in CA-G.R. No. 31845-R dated June 16, 1966 is hereby affirm in all respects. With costs against petitioner.

Makasiar, Melencio-Herrera, Plana, Vasquez, Relova, and Gutierrez, Jr., JJ., concur.

[*] Sixth Division, then composed of Villamor, J. ponente and Esguerra and Nolasco, JJ.

[1] The text of the cited rule is reproduced by respondent court and reads as follows: "Sec. 2. Hearing and order. - The Court of Appeals shall consider the new evidence together with that adduced on the trial below, and may grant or refuse a new trial, or may make such order, with notice to both parties, as to taking further testimony, either orally in court, or by depositions, or render judgment as ought to be rendered, in view of the whole case, upon such terms as it may deem just". (Rule 53)

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