

SPOUSES MARINO AND LINA JOEL SAPUGAY, PETITIONERS, VS. HON. COURT OF APPEALS, RUFINO MOJARES AND NESTOR RECTO, RESPONDENTS.

G.R. No. 100574. September 28, 1992

Ponente: MEDIALDEA, J.

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MEDIALDEA, J.:

This is a petition for review on certiorari seeking to annul the decision of respondent Court of Appeals in CA-G.R. CV No. 14999, dated November 29, 1990, which reversed the decision of the Regional Trial Court of Valenzuela dated January 8, 1987; and its resolution dated June 18, 1991, which denied the motion for reconsideration.

The antecedent facts, as narrated by respondent Court of Appeals in its decision are, as follows:

Petitioners spouses Marino Sapugay and Lina Joel Sapugay, owners of Romar Trading, have been engaged in the sale of liquefied petroleum gas since 1972, distributing Filigas and Marflame gas.

In the early part of April, 1982, petitioners were approached by Dante Tiquio, whom Nemar Marketing Corporation had authorized to find buyers for its property and goodwill of Mobilflame Gas refilling and dealership business in Sto. Tomas, Batangas. Tiquio offered to petitioners the goodwill of Nemar's business for P200,000.00 and the lot and improvements wherein the business is conducted for P500,000.00 with assumption of mortgage thereof to Filinvest Finance Corporation. Petitioners got interested in Tiquio's offer and so, all of them went to inspect the property. Finding it suited to their liking and as the ownership papers of Nemar were in order, petitioners asked Tiquio to arrange a meeting between them and the president of Nemar.

On April 14, 1982, petitioners, Tiquio and Rufino Mojares, president of Nemar, met at the Intercontinental Hotel and talked about the proposed sale. They met again on April 23, 1982, at the same hotel and finally reached an agreement on the sale of Nemar's property and business goodwill, such that the price of the goodwill of the business is P200,000.00, while the price of the lot and improvements thereon is P500,000.00. Petitioners shall assume the mortgage of the property to Filinvest and pay the latter P15,000.00 monthly interest on the mortgage loan.

Nemar's general manager, Nestor Recto, then accompanied and introduced petitioners to Ricardo Cardenas, manager of the LPG business of Mobil Oil, Phil., Inc. who, after having been satisfied with their qualifications to undertake the dealership, consented for them to take over Nemar's former dealership in the area. Petitioners and Recto agreed to meet at Nemar's branch office in Surigao St., Quezon City, before the end of May, 1982, for the signing of the deed of sale and other documents to be prepared by Nemar.

On June 16, 1982, at Nemar's office, petitioners signed the Deed of Conveyance with Assumption of Obligation (Exh. "D" or "1") and Supplementary Agreement (Exh. "E" or "2") prepared by Nemar, both dated June 18, 1982. Petitioners then delivered to Recto four postdated checks for P50,000.00 each, totalling P200,000.00, covering

payment of the goodwill and right to operate Nemar's LPG refilling and dealership business (Exhs. "F," "F-1," "F-2;" also Exh. "7"). Petitioners replaced the first two checks with manager's checks and the third, they replaced with cash. It was only the fourth check that petitioners did not make good, due to subsequent developments.

Pursuant to the transaction between petitioners and Nemar, the latter resigned as Mobil Gas dealer in Sto. Tomas, Batangas; turned over to petitioners, with the conformity of Mobil Oil, Phil., all the gas tanks and other refilling equipments loaned by it and found on the property; and furnished petitioners with a list of all the subdealers in the area formerly serviced by it.

On June 21, 1982, Mobil Oil, Phil. signed a letter-agreement constituting petitioners as its authorized dealer in Sto. Tomas, Batangas and lending to them all its equipments on the property (Exhs. "8-E-1" and "8-F-1"). In compliance with this agreement, petitioners hired security guards to safeguard the property; insured Mobil Oil, Phil.'s equipment thereon; employed personnel for the operation of the business; obtained the necessary mayor's and BIR permits for the conduct of the business; printed the documents necessary for the business such as sales invoices and other forms; transferred the registration of the electrical installation on the property from Nemar to their names; advertised the business upon instruction of Mobil Oil, Phil.; and inaugurated the opening of the business during the town fiesta which was attended not only by the local officials but also by Mobil Oil, Phil.'s officials.

After having sold out the remaining supply of LPG turned over to petitioners by Nemar, they sought to buy gas for refilling but Mobil Oil, Phil. refused to supply them any unless they first submit a bond in the amount of P200,000.00 which was later increased to P500,000.00 and then to P700,000.00. Petitioners went from one surety company to another to get the required bond. Unfortunately, they could not obtain it because every company they approached demanded that they first submit a copy of their dealership agreement with Mobil Oil, Phil. but which the latter refused to issue to them unless they first file the bond. Because of petitioners' failure to file the bond, Mobil Oil, Phil. later rejected them as its dealer in Sto. Tomas, Batangas and awarded the dealership to Island Gas Corporation.

On October 17, 1983, Mobil Oil, Phil. filed Civil Case No. 3103 before the Regional Trial Court of Makati against petitioner Lina Joel Sapugay for replevin to recover the refilling equipments that it had loaned to her (Exh. "6") which case was, however, decided in her favor. As regards petitioner Lina Joel Sapugay's counterclaim, she was awarded actual, compensatory and moral damages, litigation expenses and attorney's fees, in the total amount of almost a million pesos, exclusive of interests and costs (Exh. "I" or "8").

Earlier, the fourth check for P50,000.00 and three checks for P7,500.00 each which were delivered by petitioners to Nemar under the provisions of their Supplementary Agreement (Exh. "E" or "2") were dishonored, so that on April 7, 1983, Nemar filed a criminal complaint against petitioner Lina Joel Sapugay before the Fiscal's Office of Lipa City for violation of B.P. 22 (Exh. "3").

Petitioners, on the other hand, filed on August 8, 1983 Civil Case No. 1909-V-83 before the Regional Trial Court of Valenzuela against Nemar, Rufino Mojares and Nestor Recto for reformation of instruments and sum of money. In their complaint, petitioners sought to reform the Deed of Conveyance with Assumption of Obligation (Exh. "D" or "1") and Supplementary Agreement (Exh. "E" or "2") and the return of the amount of P150,000.00 which they had paid Nemar for the goodwill of the Mobilflame LPG dealership and refilling business, but which they failed to operate allegedly due to the fraudulent acts of private respondents, as well as payment of damages, attorney's fees, and litigation expenses.

In private respondents' answer they claimed that they had nothing to do with Mobil Oil Phil.'s refusal to award to petitioners the dealership of their LPG refilling business in Sto. Tomas, Batangas and that the consideration of

P700,000.00 mentioned in the documents in question was the price of the lot and the improvements thereon and did not include the goodwill of the LPG refilling business since the award for the operation of said business was solely at the management of Mobil Oil, Phil.'s discretion. They counterclaimed for damages allegedly suffered as a result of petitioners' failure to assume their obligation to Filinvest Finance Corporation; for reconveyance of the property which was the subject-matter of their agreement with petitioners; for liquidated damages and attorney's fees provided for in said agreements; and for exemplary damages and other reliefs.

On January 8, 1987, the trial court rendered a judgment in favor of petitioners, the dispositive portion of which, reads (p. 234, Records):

"FOREGOING CONSIDERED, judgment is hereby rendered in favor of the plaintiffs and against the defendants:

a) declaring the documents entitled 'Deed of Conveyance with Assumption of Obligation' and the 'Supplementary Agreement' in question reformed in the sense that the FIVE HUNDRED THOUSAND PESOS (P500,000.00) was for the payment of the parcel of land and the improvements thereon; and that the TWO HUNDRED THOUSAND PESOS (P200,000.00) of which ONE HUNDRED FIFTY THOUSAND PESOS (/150,000.00) has so far been paid by plaintiffs, was for the payment of goodwill of the LPG refilling business being conducted on the premises and is returnable to plaintiffs by defendants if the former fail to get the award of the LPG refilling and dealership business;

"b) condemning defendants, jointly and severally, to return to plaintiffs the amount of ONE HUNDRED FIFTY THOUSAND PESOS (P150,000.00) which they paid for the goodwill of the Mobil Oil LPG Refilling business, through no fault of their own, failed to get the dealership, with legal interest from receipt thereof until fully paid;

"c) condemning defendants, jointly and severally to pay plaintiffs the sum of FIVE THOUSAND PESOS (P5,000.00) in the concept of reasonable attorney's fees and the costs of suit.

"Defendants (sic) counterclaim is hereby dismissed.

"SO ORDERED." (p. 234, Rollo)

Private respondents then filed an appeal before respondent Court of Appeals. On November 29, 1990, respondent court reversed the decision of the trial court, the dispositive portion of which, reads (p. 32, Rollo):

"WHEREFORE, the judgment appealed from herein is REVERSED and another one rendered DISMISSING appellees' complaint; and on appellants' counterclaim, appellee are ordered to pay appellants P50,000 as their remaining unpaid balance on the price of the goodwill of the business sold to them by appellants, and also to pay appellants P10,000 attorney's fees for having filed this clearly unfounded suit against the latter, forcing them to incur expenses to protect their interests.

"Costs against appellees in both instances.

"SO ORDERED."

On June 18, 1991, the motion for reconsideration was denied for lack of merit (pp. 33-34, Rollo). Hence, the present petition.

Petitioners raise herein the following issues (p. 10, Rollo):

"1) WHETHER PUBLIC RESPONDENT COMMITTED SERIOUS ERROR OF LAW AMOUNTING TO GRAVE ABUSE OF DISCRETION AND/OR IN EXCESS OF JURISDICTION IN NOT TAKING INTO CONSIDERATION THE OVERWHELMING EVIDENCE ON RECORD SHOWING THAT THE

GOODWILL PAYMENT IS RETURNABLE BY PRIVATE RESPONDENTS TO PETITIONERS IF AND WHEN THE LATTER WERE NOT FINALLY AWARDED BY MOBIL THE RIGHT TO CONTINUE TO OPERATE THE LPG REFILLING AND DEALERSHIP BUSINESS;

"2) WHETHER PUBLIC RESPONDENT COMMITTED GRAVE ABUSE OF DISCRETION AND/OR IN EXCESS OF JURISDICTION IN NOT FINDING THAT PRIVATE RESPONDENTS, HAD A HAND IN DENIAL BY MOBIL TO PETITIONERS THE AWARD TO CONTINUE TO OPERATE THE MOBIL LPG REFILLERSHIP AND DEALERSHIP ON THE STATION SUBJECT THEREIN;

"3) WHETHER PUBLIC RESPONDENT COMMITTED GRAVE ABUSE OF DISCRETION IN NOT FINDING THAT THE REAL INTENTION OF THE PARTIES WAS TO MAKE THE PAYMENT FOR THE GOODWILL AND THE RIGHT TO CONTINUE TO OPERATE THE MOBIL LPG (REFILLING) AND DEALERSHIP BUSINESS RETURNABLE THE MOMENT PETITIONERS FAILS TO DO SO." (p. 10, Rollo)

We shall limit Our disquisition on the first issue because the rest of petitioners' discussion with respect to the other issues are nothing but a circumlocution thereof.

Amplifying thereon, petitioners asseverate that on the basis of the foregoing facts, the finality of the sale of the goodwill which was dependent on the refillership and dealership business which was, in turn, dependent on the finality of the award as to who shall ultimately continue to operate the same, it would not, therefore, seem strange that the P200,000.00 consideration for the sale thereof was returnable to them if they do not get the final award to continue to operate the business, as agreed upon by the parties. The goodwill, being on the business itself, goes to whoever is finally awarded to continue to operate the business. Since petitioners did not finally get the business, they are entitled to the return of the money they paid for the goodwill thereof.

Petitioners' argument, judged by initial impression, appears tenable. After considering the uncontroverted facts of this case, however, We find it insipid. We are not persuaded that respondent court's decision and resolution should be set aside. Its ratiocinations thereon are eloquent and need not be elaborated upon. Therefore, We affirm and quote them as Our own (pp. 28-31, Rollo):

"But is there (a) need to reform the same documents as (Exhibit 'D' or '1' and Exhibit 'E' or '2') as claimed by appellees and as held by the trial court, so as to make them state that out of the price of P700,000(.00) agreed upon by the parties, P200,000.00 was intended to be the price of the goodwill of appellant Nemar's aforementioned Mobilflame dealership, and that if appellee would not get said dealership, appellant would return to them said P200,000.00 which they (appellees) were required to pay in postdated checks replaceable with cash and out of which they had already paid P150,000.00?

"We think not. For apart from the fact that appell(ee) wife, a very intelligent businesswoman who is the one running and managing their LPG business for years, would not have signed said documents if they did not express the parties' true intent and agreement, we find believable appellants' insistence that no such stipulation was included in the aforesaid documents because when they were signed by them and appellees, they had already delivered to appellees the goodwill of the Mobilflame dealership and refilling business in question; that is, they had already introduced appellees to the manager of the Mobil Oil, Phil. LPG business in the Philippines and the latter had already agreed for appellees to take over Nemar's Mobilflame dealership in Sto. Tomas, Batangas, and Nemar had accordingly already resigned as Mobilflame dealer in that area. Appellants, therefore, had already done everything that it could have done to transfer to appellees its goodwill over the dealership in question before the signing of the aforesaid documents. Why, then, would Nemar still agree to return to appellees whatever had been paid by the latter for the goodwill over said dealership in the area in question in case appellees would fail to get said dealership?

"Furthermore, we believe that it is already moot and academic to discuss herein the question whether the

documents in question should be reformed so as to include a stipulation therein that appellants would return to appellees whatever they had paid for the goodwill of the dealership in question, for not only had appellants already delivered said goodwill to appellees when they signed the aforesaid documents such that they had every right to retain what appellees had paid therefor, but more so because on June 21, 1982, or just a few days from the signing by the parties of the documents aforementioned, Mobil Oil, Phil. already signed with appellees a letter-agreement constituting the latter as its authorized dealer in the area formerly serviced by appellant Nemar, and thereafter, appellees already started operating as Mobilflame dealer in that area. Unfortunately, trouble later arose between appellees and Mobil when appellees had already sold the stock of Mobilflame left by Nemar and were asking Mobil to replenish their supply of Mobilflame, which request the latter refused because it wanted appellees to first submit a bond in the amount of P200,000.(00) which amount it later increased to P700,000.(00) and which bond appellees were, however, unable to submit because every surety company that they approached was in turn requiring them to first submit a copy of their dealership contract with Mobil Oil, but the latter did not want to give them said dealership contract until they submit the required bond. And it was this failure of appellees to submit said bond that Mobil Oil gave as the reason for rejecting appellees as its dealer in the area aforementioned and to award said dealership to someone else. As correctly pointed out by appellants, then, they had no control over nor participation in all these subsequent developments and happenings, and that if there was any party whom appellees should sue for the damages that they allegedly suffered when they did not get the Mobilflame dealership formerly handled by appellant Nemar, it should be Mobil Oil, Phil. and not appellants.

"As a matter of fact, when Mobil Oil, Phil. filed C. C. No. 3103 for replevin against appellees with the RTC of Makati, MM to recover the refilling equipments that it had loaned to the latter which had been installed in the premises in question during the time of Nemar's dealership, appellees counterclaimed for the damages that they had allegedly suffered when they did not get the aforementioned dealership, including the P150,000.(00) that they had already paid Nemar for the goodwill of said dealership, while the court refused to grant said P150,000.(00) to appellees on the ground that Mobil was not privy to their transaction with Nemar, said court, however, granted to appellees damages and attorney's fees to the tune of almost a million pesos, exclusive of interests and costs (Exhs. '8-J' to '8-K', pp. 141-142, Rec.). Obviously, then, appellees knew all along that their cause of action to recover damages for their failure to get the Mobilflame dealership in question was against Mobil Oil and not against appellants; and it is not appellants' fault that the court in C.C. No. 3103 refused to allow appellees to recover from Mobil Oil the P150,000.(00) that they had already paid to appellant Nemar for the goodwill of the dealership in question, but as already, stated, Mobil Oil was adjudged to pay them almost one million pesos in damages for their failure to get said dealership, in view of the court's finding that Mobil Oil was in bad faith in refusing to award them said dealership.

"All in all, therefore, we believe that appellants are not liable to return to appellees the P150,000.(00) that the latter had already paid appellants for the goodwill of the Mobilflame dealership in question. On the contrary, since appellants had fully delivered said goodwill to appellees and it was not their fault that Mobil Oil, Phil. did not finally award said dealership to appellees, then it is appellees who should complete the payment of appellants' goodwill in said dealership, the price of which is, as appellees claimed and the lower court found, P200,000.(00) out of which amount appellees had paid appellants only P150,000.(00)."

ACCORDINGLY, the petition is hereby DENIED. The respondent Court of Appeals' decision dated November 29, 1990 and its resolution dated June 18, 1991 are AFFIRMED.

SO ORDERED.

Padilla, (Acting Chairman), Griño-Aquino, and Bellosillo, JJ., concur.
Cruz, J., (Chairman), on leave.

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