

GOLD LOOP PROPERTIES, INC., EMMANUEL ZAPANTA AND FLORA ESTRELLA, PETITIONERS, VS. HON. COURT OF APPEALS AND PHILIPPINE INTERNATIONAL TRADING CORPORATION, RESPONDENTS.

G.R. No. 127367. May 03, 1999

Ponente: QUISUMBING, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-127367/>

QUISUMBING, J.:

This petition for review, under Rule 45 of the Rules of Court, assails the decision[1] of the Court of Appeals which affirmed in toto the judgment[2] of the Regional Trial Court, Branch CX, Pasay City, and ruled in favor of private respondents, Philippine International Trading Corporation.

The facts as found by the trial court, which the appellate court adopted and to which we give credence, reveal that on February 5, 1991, petitioner Gold Loop Properties (GLP), represented by its Executive Vice-President Estrella together with Fe Zapanta, entered into a Deed of Exchange with Philippine International Trading Corporation (PITC), a government controlled corporation. In that Deed, GLP, owner of a 16-storey residential condominium called Gold Loop Towers, located at Ortigas Commercial Complex, Pasig City, exchanged ten (10) condominium units with a total value of P25,846,067.00 for 304,071.38 bags of cement belonging to PITC, each bag containing 50 kilos. Subsequently, GLP offered an additional condominium unit in exchange for what is referred to as "bad stock" cement, or cement that was beginning to harden. In a letter dated March 25, 1991, PITC indicated it was amenable to the offer and suggested that lawyers prepare the necessary contract documents. On April 11, 1991, a Memorandum of Agreement (MOA) was executed between GLP and PITC.[3] Pertinent portions of the MOA read as follows:

"WHEREAS, GLP has offered to buy aforesaid unbagged or loose imported cement at PITC-leased warehouses in Taguig, Pandacan and Paco, Metro Manila, on credit at the price set by PITC;

WHEREAS, PITC has accepted GLP's offer under terms and conditions hereinafter specified;

NOW, THEREFORE, for and in consideration of the foregoing premises and the covenants hereinafter stipulated, the parties hereby agree as follows:

1. SUBJECT MATTER, DELIVERY AND PRICE

1.1 GLP shall purchase on credit all PITC stock of loose or unbagged cement located at PITC-leased warehouses in Taguig, Pandacan and Paco, Metro Manila, which per inventory records as of 02 April 1991 amounts to approximately 1,500 MT. Actual quantity shall be subject to final reconciliation after all cement shall have been withdrawn by GLP.

xxx

1.3 Price for unbagged/loose cement is hereby set at P1.50 per kilo. The total value of the 1,500 MT unbagged/loose cement, subject of this Agreement is P2,250,000.00.

2. TERMS OF PAYMENT

2.1 Payment shall be made on or before the end of six (6) months from date of execution of this Agreement.

2.2 GLP shall issue a postdated check (PDC) in favor of PITC dated not later than 11 October 1991 in the amount of PESOS: TWO MILLION FIVE HUNDRED TWENTY THOUSAND PESOS (P2,520,00.00)[4] hereof, secured by (i) a Promissory Note (PN) with at least two Joint and Solidary Signatories (JSS) and (ii) a Real Estate Mortgage. The post-dated check shall be submitted by GLP to PITC upon signing hereof. Nothing herein shall be construed as preventing GLP from paying PITC in cash for the actual quantities of cement purchased even before the end of the six-month period.

xxx

2.5 GLP may, in lieu of cash, offer as payment a condominium unit acceptable to PITC whose value equals the value of cement purchased by GLP plus other (sic) all other charges as specified in Section 3.3 provided that such offer is expressly made to PITC before the end of the third month from the date of this contract. Upon acceptance by PITC of aforesaid condominium unit offered by GLP, PITC shall return to GLP the post dated check mentioned in Section 2.2 hereof and cancel the Real Estate Mortgage executed by GLP in favor of PITC pursuant to Section 2.2. If, however PITC refuses the condominium unit offered by GLP for any justifiable reason, GLP shall remit payment for cement and all other charges in cash in the manner provided in Pars. 2.1 and 2.2 hereof inclusive of interests. In the event that PITC accepts GLP's condominium unit in payment for the cement purchased no interest charges shall be imputed on the purchase price.[5]

2.6 Payment shall be payable to: PHILIPPINE INTERNATIONAL TRADING CORPORATION.

2.7 Payment shall be made on or before the due date without need of demand and failure to make such payment on time shall entitle PITC to charge additional penalty, interest on late payments at the PITC Financial Assistance Rate (FAR) plus two percent (2%) per month of delinquency plus other charges as may reasonably be imposed, without prejudice to PITC's availing of other remedies as hereinafter outlined and those provided under existing laws.

xxx

8. OTHER TERMS AND CONDITIONS

8.1 No modification, alteration or waiver of any provisions herein contained, shall be binding on the parties hereto unless evidenced by a written agreement duly signed by both parties. Any written amendment to this AGREEMENT duly approved and signed by authorized officers or representatives of both parties shall be considered part of this contract and shall remain valid and binding until properly rescinded by either or both parties thereto."[6]

Pursuant to the MOA, GLP issued a check[7] in the amount of two million five hundred twenty thousand pesos (P2,520,000.00) bearing the signature of its president Emmanuel Zapanta. A promissory note[8] dated April 11, 1991 for the amount of P2,250,000.00, to mature on October 11, 1991 was executed by Estrella as GLP's Executive Vice-President and in her personal capacity, and by the spouses Emmanuel and Fe Zapanta who undertook to bind themselves liable jointly and severally with GLP. A real estate mortgage was likewise executed on said date encumbering UNIT NE R-51 in the Gold Loop Towers, with the certificate of title delivered to PITC. A third transaction was later entered into by both parties wherein GLP sought to buy additional cement from PITC worth P350,000.00.[9]

On October, 18, 1991, with the issued check having reached maturity, PITC deposited the check for encashment but it was returned for having been drawn against insufficient funds. In a demand letter sent to GLP, dated November 5, 1991, PITC stated that since the former was not able to give a condominium unit acceptable to the

latter within three (3) months as stated in the MOA, and with the six (6) month-period within which it was to pay for the value of the cement having lapsed, PITC took the check given by GLP for value stated on its face and deposited it in their account. In the said letter, PITC also attached a final statement concerning the value of the cement GLP purchased and the pertinent charges in accordance with the MOA. The outstanding obligation including charges totalled P2,328,824.46 as of November 4, 1991. PITC further stated that although the total value of obligation (P2,328,824.46) is less than the value of the check issued, (P2,520,000.00) the issued check is still deemed as payment of the obligation, pursuant to clause 2.3 of the MOA. PITC indicated, however, that it would refund to GLP any excess in said payment.

When GLP failed to meet the demand in terms of either making arrangements for the payment by the drawee bank of the check or praying its obligation in cash to PITC, the latter filed charges against Estrella and Emmanuel Zapanta for estafa and violation of Batas Pambansa Bilang 22 (Bouncing Checks Law).[10]

Pending preliminary investigation of the charges, a civil complaint was filed this time by GLP against PITC with the prayer that PITC be ordered to comply with the agreement for the swapping of cement in exchange for the condominium unit, and that the check issued to PITC be declared null and void for want of consideration. It also prayed that PITC pay GLP costs and damages. Concurrently, GLP filed a Motion for Suspension of the Preliminary Investigation of the criminal case initiated by PITC, on the ground that the civil complaint filed by GLP constitutes a prejudicial question.[11]

Private respondent PITC answered the complaint with permissive and compulsory counterclaims, alleging that the MOA was the latter contract which superseded the barter agreement. PITC also averred that as of April 30, 1992, the amount owed to it by GLP already totalled P3,197,660.11, inclusive of interest and penalties.[12]

The issues as formulated in the pre-trial order and adopted by the trial court were as follows:

- "1. Whether or not the real agreement of the parties was one of 'swapping';
2. If in the affirmative, whether or not the check issued by plaintiffs was intended as a form of payment;
3. If the answer to issue No. 1 is in the negative, whether or not the transaction between the parties is covered by the Memorandum of Agreement of April 11, 1991;
4. Whether or not either the plaintiffs of (sic) the defendant is/are entitled to damages;
5. Whether or not the plaintiffs are liable under defendant's permissive and compulsory counterclaim."

The trial court found that the MOA dated April 11, 1991 was the contract between the parties and that its provisions were clear. The exchange of the condominium unit for the bad stock of cement was incorporated in the agreement but such was presented as an alternative. The trial court likewise pointed out that the MOA provided that "swapping" might only be done in lieu of cash payment and if GLP expressly made the offer before the end of the third month from the date of the contract. Such offer by GLP was also dependent upon PITC's acceptance of the condominium unit being offered. The trial court further characterized the agreement as a sale on credit with the purchase price to be paid in six (6) months, and GLP was given the option to pay in kind as long as such option was exercised within three (3) months from the date of the execution of the agreement. Petitioners' contention -- that the issuance of the check, the real estate mortgage and the promissory note were only in compliance with the regulation of the Commission on Audit -- was negated by trial court. The dispositive portion of the trial court's decision reads:

"WHEREFORE, judgment is hereby rendered DISMISSING the Complaint. On the Permissive Counterclaim, judgment is rendered in favor of the defendant and against the plaintiffs, ordering them to pay defendant jointly

and severally P3,197,660.11 representing the value of 1,333,925 Metric Tons of cement at P1.50 [per] kilo inclusive of interest and penalties of April 30, 1992, plus all accrued interests and penalties from May 1, 1992 until the amount is fully paid. The [Compulsory] Counterclaim is hereby DISMISSED."[14]

Petitioners appealed and questioned the trial court's decision, raising the following assignment of errors:

- "1. The trial court committed a serious and palpable error and grave abuse of discretion in not holding that the real agreement between the parties was one of swapping;
2. The trial court committed a serious and palpable error and grave abuse of discretion in not ordering defendant to comply with the Memorandum of Agreement for the swapping of the cement with one of the plaintiff's condominium units;
3. The trial court committed a serious and palpable error and grave abuse of discretion in ordering the plaintiffs jointly and severally to pay the value of the check despite the fact that the agreement was one for swapping;
4. The trial court committed a serious and palpable error and grave abuse of discretion in ordering plaintiffs to pay the amount of P3, 197,660.11 despite the fact that defendant failed to prove by competent evidence the amount of the obligation, granting for the sake of debate that the transaction was one for sale on credit;
5. The trial court committed a serious and palpable error in not holding defendant liable to plaintiffs for the damages claimed in the complaint."[15]

The appellate court upheld the trial court's decision which dismissed the complaint. It ruled that the agreement between the parties is one of sale on credit and not swapping. It found no ambiguities in the provisions which would require the court to go beyond its terms as it indubitably showed that the parties contemplated a sale on credit as opposed to the Deed of Exchange, which was the first agreement on February 5, 1991, and fully complied according to its stipulations. The provisions on swapping as contained in paragraph 2.5[16] merely granted an option which GLP might exercise to offer one condominium unit in payment of the cement before the end of the third month, but PITC might accept or refuse the said offer. The exchange of communication between the parties which made reference to an offer to swap was accepted by PITC in its letter dated March 25, 1991, but such was not the final agreement as PITC indicated that it will draft a final contract. GLP signed its "conforme" in said letter, after which, the Memorandum of Agreement was executed on April 11, 1991 with its modifications clearly stated in its provisions.[17]

The appellate court's ruling, in part, affirmed the nature of the transaction as a purchase on credit, and disbelieved petitioner GLP's theory pertaining to the purpose of the issued check, as follows:

"The introduction of evidence aliunde or extrinsic evidence would destroy the stability of written agreements, which is the underlying purpose of animating the parol evidence rule. Accordingly, the testimony of Flora Estrella, (executive vice-president of Goldloop) tending to show that the three transactions between the parties were all swapping agreements, does not help plaintiff's cause. Neither is her allegation that the post-dated check was issued merely as a collateral and in order to comply with the requirements of the Commission on Audit substantiated. The issuance of a post-dated check (not later than October 11, 1991) for P2,520,000.00 was expressly stipulated among the terms of payment (par. 2.2). Likewise the execution of the promissory note and real estate mortgage was expressly stipulated in par. 2.2 which states that the check shall be "secured by (i) Promissory Note (PN) with at least two Joint and Solidary Signatories (JSS) and (ii) a Real Estate Mortgage." These requirements underscore that the Agreement contemplated a purchase on credit, and in no way indicate that the parties intended a simple barter or swapping, as contended by plaintiffs-appellants.

Neither are we persuaded by plaintiff's theory that the issuance of the check and the execution of the mortgage and the promissory note were merely done to comply with the requirements of the Commission on Audit No auditing law or rule has been presented to support this theory."[18]

Petitioners' main allegation now before this Court is that the Memorandum of Agreement did not reflect the true intent of the parties. They claim that the MOA should only refer to the subject of the contract, namely the bad stock cement. What governs the swapping of petitioners' condominium unit for the cement would be another matter, vide the Deed of Exchange. They state that the testimony of Estrella should have been taken into account to explain what the parties intended. Petitioners wondered why respondent court failed to note the previous transaction, which was swapping of ten (10) condominium units for cement. Petitioners also claimed that respondent PITC considered it advantageous, "a better deal", to accept the swapping because "the condominium unit is a valuable property in existence while a postdated check could be dishonored." [19]

Petitioners Estrella also stated that the execution of the Memorandum of Agreement, the promissory note, and the real estate mortgage, were all undertaken only to satisfy the Commission on Audit's requirements. According to petitioners, they did not issue a check in the first transaction because it was immediately executory. But in the second deal, the cement was still to be rebagged and the bags counted. Seeing that this process would take some time, petitioners alleged that PITC wanted to show something concrete to the auditors, hence, the need for GLP to issue a check to PITC. Finally, petitioners claim that there is no legal basis for the respondent court to find them liable jointly and severally.

Private respondent PITC asserts that the issues raised by petitioners concerns questions of fact, outside the ambit of the Court's power of review. The issues do not even merit being considered as exceptions to the rule that purely factual matters could not be reviewed, according to the private respondent. It adds that petitioners have failed to show that both trial and appellate courts have decided the case in a way not in accord with the applicable decisions of this Court, nor that the lower courts have departed from the usual course of proceedings. It avers further that findings of fact which petitioners question are the findings of the trial court duly affirmed by the respondent court, which are now conclusive upon the parties. Private respondent concludes that the issues now being raised by petitioners are nothing but a rehash of those already settled by the appellate court. [20]

We find merit in private respondent's contentions. There is no ambiguity in the terms of the contract, executed on April 11, 1991, to which both parties had indicated their consent. It was never denied that the MOA, the promissory note and the check issued, came from the petitioners. It is too late for petitioners to question the intent of the contract, on the self-serving ground that it did not reflect the parties' real agreement. Petitioners' claim that the swapping (or barter) was what the parties intended does not square with the terms of the MOA, which shows a sale on credit. They cannot now claim that contract should not be enforced. There was no reason found by both lower courts to go beyond the terms stated in the contract, which are unambiguous. The issues now raised by the petitioner would require anew an examination of the terms of the contract and what is required from both parties. These matters have already been passed upon by the trial court, whose findings were affirmed by the appellate court.

While the March 25, 1991 letter of PITC to GLP made reference to a swap, proposed by GLP, PITC suggested that the contract be drafted by the lawyers. Thus, the April 11, 1991 MOA by the parties contained the final terms of the contract which are binding as therein specified. The MOA in paragraph 2.5 indeed states that GLP may, in lieu of cash, offer a condominium unit acceptable to PITC. But this statement requires a consideration of the entire provision, its nature, its object and the consequences that would follow. The surrounding circumstances of the case would show that the word "may" in the cited paragraph is used in the usual sense and commonly understood as only permissive and not mandatory. [21] In any event, PITC did not find the offer of a condominium unit acceptable, but preferred to go for payment in cash or check.

With regard to the issue of computation of the total amount owed to private respondent and the solidary responsibility of the petitioners, we see no reason likewise to depart from the findings of the appellate court, as

follows:

"Anent the fourth assignment of error, plaintiffs-appellants questions the basis of the amount awarded by the trial court in a total sum of P3,197,660.11 as purchase price of the cement as of April 30, 1992 inclusive of interest and penalties. Record shows that the said amount was based on statements of account nos. 91-241 dated November 4, 1991 (exhibit "5"; p. 362 Record) and 92-068 dated April 29, 1992 (exhibit "6"; p. 363), which documents were duly identified in court by the supervisor of defendant-appellee's Treasury Department [tsn. June 10 , 1993]. The same were not sufficiently controverted by plaintiffs- appellants.

Neither do We find error on the part of the trial court when it held Zapanta and Estrella jointly and severally liable with Gold Loop Properties, Inc. as said ruling is in accord with what was agreed upon in the Memorandum of Agreement (par. 2.2 thereof; p. 19 Record; Exhibit "C") and the promissory note, where both Zapanta and Estrella signed not only as officers of Gold Loop Properties Inc. but likewise signed in their personal capacities as joint and solidary debtors (page 31, Record; Exhibit "E")."[22]

To recapitulate, it is not the function of this Court to weigh anew the evidence already passed upon by the Court of Appeals. Our review is generally confined to correcting errors of law, if any, that might have been committed below.[23] In the case at bar petitioners have not shown exceptional circumstances that merit disturbing the findings of fact below.[24] Not only are the terms of the assailed MOA between the parties clear, in our view, but the contractual obligations of the parties thereto are also unambiguous. No reversible error could be attributed to the assailed decision, much less could any grave abuse of discretion be imputed to respondent court.

WHEREFORE, the instant petition is hereby DENIED, and the appealed decision is hereby AFFIRMED. Costs against petitioners.

SO ORDERED.

Bellosillo (Chairman), Puno, Mendoza, and Buena, JJ., concur.

[1] Rollo, pp. 28-45.

[2] Id. at 63-72.

[3] Id. at 64.

[4] The discrepancy between the amount on the check and the stated amount on the Memorandum of Agreement was reconciled in the final computation of the amount due and owing to the private respondent, as shown in the public respondent's decision and that of the trial court. In PITC's Demand Letter, they likewise admitted the discrepancy of the check and indicated their willingness to return whatever may be an overpayment by GLP after final reconciliation of the obligation is made.⁴ representing the value of the cement purchased on credit and interest for 180 days at the rate specified in Section 2.

[5] Emphasis supplied.

[6] Supra, note 2 at pp. 65-68.

[7] RTC Records, p. 357.

[8] Id. at 30.

[9] Id. at 68.

[10] Based on the records, there is no Order or Resolution in response to the Petition for Suspension filed by GLP

in Criminal Case I.S. No. 8161, on the ground that there exists a pre-judicial question. However, the Petition for Suspension (Records, pp. 69-73) and the Opposition to Petition for Suspension (Records, pp. 74-83) are included in the records.

[11] Rollo at 69.

[12] Ibid.

[13] Id. at 70.

[14] Id.

[15] Id. at 38-39.

[16] See quoted provision on page 3.

[17] Supra, note 1 at 40-42.

[18] Id. at 43.

[19] Id. at 17.

[20] Id. at 111-116.

[21] Luna v. Abaya and Domingo, 86 Phil. 475; Capati v. Ocampo, 113 SCRA 796.

[22] Supra, note 1 at 43-44.

[23] Odyssey Park, Inc vs. Court of Appeals, 280 SCRA 253 (1997), citing PNB vs. CA, 159 SCRA 433 (1988) ; Conde vs. IAC, 144 SCRA 144 (1986) ; Gaw vs. IAC, 220 SCRA 405 (1993).

[24] Rivera vs. CA, et al., 284 SCRA 673 (1998) and Guerrero vs. CA, et al., 285 SCRA 670 (1998).

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.