J. C. LOPEZ & ASSOCIATES INC., PETITIONER, VS. COMMISSION ON AUDIT AND NATIONAL POWER CORPORATION, RESPONDENTS.

G.R. No. 128145. September 05, 2001

Ponente: BUENA, J.

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BUENA, J.:

This is a petition for review on certiorari of the Decision of the Commission on Audit, docketed as COA Decision No. 95-475,[1] dated September 12, 1995; the Resolutions of the Commission on Audit, docketed as COA Decision No. 96-416,[2] dated August 13, 1996; and COA Decision No. 97-075,[3] dated January 23, 1997.

The factual and procedural antecedents are as follows:

On January 2, 1991, petitioner entered into a contract with the National Power Corporation (NAPOCOR) for the dredging of the vicinity of the Intake Tower at the Ambuklao Hydroelectric Plant in Bokod, Benguet. The pertinent provisions of the said contract provide:

> "xxx xxx.
>
> "ARTICLE III
> "P A Y M E N T S
>
> "For and in consideration of the Work to be undertaken by CONTRACTOR as specified in the preceeding (sic) Article hereof, NAPOCOR shall pay CONTRACTOR in Philippine Currency, and in accordance with the Contract Documents the unit and lump sum prices indicated hereunder in the total amount of PESOS SIXTY SEVEN MILLION FIVE HUNDRED ONE THOUSAND (P67,501,000.00), Philippine Currency.
>
> "DESCRIPTION
>
> UNIT PRICE
>
> TOTAL PRICE
>
> 1. Mobilization Lump Sum
>
> P18,000,000.00
>
> 2. Dredging of
>
> 300,000 cu. m.
>
> of silt P165.00/sqm.
>
> 49,500,000.00
>
> 3. Demobilization Lump Sum

1,000.00

TOTAL CONTRACT PRICE

P67,501,000.00

"Payment shall be made in accordance with the Contract Documents, and as follows:

"1.

Fifteen percent (15%) of the total contract price shall be paid within thirty (30) calendar days from [the] signing of this Contract against submission of a refund bond, in the form of an irrevocable standby letter of credit in the equivalent amount. This advance payment shall be deducted from the mobilization cost which mobilization cost shall be paid upon the commencement of the dredging works. Consequently, the refund bond shall be released to CONTRACTOR.

"2.

Seventy five percent (75%) of the monthly billing for the work completed and duly accepted by NAPOCOR shall be paid within fifteen (15) calendar days from submission of CONTRACTOR's billing complete with supporting documents.

"3.

The remaining ten percent (10%) shall be paid in accordance with GP-28 of the Contract Specifications.

"CONTRACTOR shall pay any and all taxes imposable under this Contract.

"xxx xxx."[4]

Pursuant to the applicable provision of the foregoing contract, NAPOCOR paid the petitioner the amount of P10,125,150.00, as per Disbursement Voucher No. 091-02-853,[5] dated January 28, 1991, representing fifteen percent (15%) of the total contract price.[6] Subsequently, NAPOCOR paid the petitioner the amount of P7,694,850, as per Disbursement Voucher No. 091-07-861,[7] dated July 20, 1991, representing the balance of the mobilization cost. After the petitioner completed the mobilization of its resources (manpower, materials and equipment) on June 25, 1991, and the fabrication, assemblies and testing of its system on July 16, 1991, the petitioner started the actual dredging works on July 18, 1991.[8] However, due to the delays incurred by petitioner in its dredging operations, resulting in "substantial slippages of 35.0% and 51.6% in the financial and physical accomplishments, respectively," petitioner's contract with NAPOCOR was terminated through a Notice of Termination dated September 24, 1991.[9] Petitioner's letter seeking reconsideration of the termination was denied by NAPOCOR.[10] NAPOCOR ordered the petitioner to stop its dredging operations in preparation for the joint survey to determine the actual volume of silt dredged by the petitioner. The joint survey which was conducted on November 29, 1991 to December 4, 1991 revealed that petitioner was able to dredge 167,983.70 cubic meters of silt, amounting to P27,717,310.50.[11]

On February 20, 1992, NAPOCOR entered into a negotiated contract with a consortium led by Meralco Industrial Engineering Services Corporation (MIESCOR) to rehabilitate, operate and lease back the Ambuklao Hydroelectric Plant, including the dredging of silt within the vicinity of the intake tower.[12]

Shortly thereafter, or on April 1, 1992, petitioner filed a complaint for injunction with the Regional Trial Court of Quezon City, Branch 215, docketed as Civil Case No. Q-92-11797, assailing NAPOCOR's termination of its contract,[13] and with prayer for the issuance of a writ of preliminary injunction. In a Resolution[14] dated June 22, 1992, the trial court issued a writ of preliminary injunction enjoining NAPOCOR and MIESCOR from

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interfering with petitioner's dredging operations and from proceeding with the negotiated contract between them.[15] In resolving petitioner's application for the issuance of a writ of preliminary injunction, the trial court delved extensively on the issue of "...whether the dredging of the Ambuklao water reservoir is to be considered an infrastructure work, and therefore, within the coverage of P.D. 1818, and as such, may not be enjoined or whether the same is merely a service undertaking and therefore, outside the ambit of [the] said decree."[16] The trial court agreed with the opinion of the NAPOCOR SVP and General Counsel that "...the dredging of the Ambuklao water reservoir is not an infrastructure work envisioned in Section 1 of P.D. 1818 but a service contract or undertaking."[17] In addition, the trial court construed that "...[w]hat the plaintiff [herein petitioner] apparently seeks from the Court is not to stop the dredging of the Ambuklao water reservoir but on the contrary, to continue its dredging of [the] said reservoir pursuant to the contract between plaintiff J.C. Lopez [petitioner] and defendant NAPOCOR. Far from delaying the dredging of the Ambuklao water reservoir, the continuation of the dredging [operations] by the plaintiff J.C. Lopez [petitioner] would expedite the rehabilitation of the said water reservoir."[18] Furthermore, the trial court ruled that petitioner's right to due process of law was violated when NAPOCOR unilaterally cancelled petitioner's contract and entered into a contract with MIESCOR.[19]

Alleging that the trial court committed grave abuse of discretion amounting to lack or excess of jurisdiction in issuing the aforestated writ of preliminary injunction, MIESCOR filed a petition for certiorari[20] dated February 1, 1993, with prayer for a temporary restraining order/preliminary injunction, with the Court of Appeals, docketed as CA-G.R. SP No. 30141. On March 18, 1993, the Court of Appeals issued a writ of preliminary injunction prohibiting the trial court from enforcing the writ of preliminary injunction which it had earlier issued, and enjoining NAPOCOR and MIESCOR from undertaking further activities at the Ambuklao water reservoir until further orders from the court.[21]

On July 22, 1993, the Court of Appeals rendered a Decision[22] setting aside the Resolutions dated June 22, 1992, and January 13, 1993, of the trial court. In its Decision, the Court of Appeals dismissed, as being without basis, the petitioner's allegation that the act of clearing or dredging the reservoir of a hydroelectric plant may be considered as a mere maintenance work or service undertaking.[23] Citing Executive Order No. 380 which defines the term "infrastructure projects" as "construction, improvement or rehabilitation of roads and bridges, railways, airports, seaports, communication facilities, irrigation, flood control and drainage, water supply and sewerage systems, shore protection, power facilities, national buildings, school buildings, hospital buildings, and other related construction projects that form part of the government capital investment;" the Court of Appeals ruled that "there should not be any iota of doubt" that the enumerated undertakings [which include the dredging of the reservoir, power intake, tailrace tunnel and tailrace channel] in the Memorandum of Agreement dated February 20, 1992 between NAPOCOR and MIESCOR, "fall under the protection of P.D. No. 1818[24] and even within the definition of `infrastructure project' under Executive Order No. 380."[25] The Court of Appeals further ruled that the trial court's "act of granting the writ of preliminary injunction is patently erroneous, committed with grave abuse of discretion and in excess of jurisdiction, as it is directly in contravention of the mandate of P.D. No. 1818 and Circular No. 2-91 implementing the same."[26] The foregoing decision of the Court of Appeals became final and executory.

Meanwhile, while NAPOCOR and MIESCOR were still seeking reconsideration of the trial court's Resolution dated June 22, 1992, issuing a writ of preliminary injunction against them, the resident corporate auditor of NAPOCOR, after conducting a post-audit examination of the pertinent transaction, issued a Notice of Suspension (NS-INFRA-92-01)[27] dated November 25, 1992, involving the advance payment/mobilization fee amounting to P17,820,000.00, paid by NAPOCOR to the petitioner for the dredging of the vicinity of the Intake Tower at the Ambuklao Hydroelectric Plant. Among the "errors, differences and omissions" listed in the Notice of Suspension was as follows:

> "xxx xxx.
>
> "3. The contract provided for P18 M mobilization fee which amount is 26% of the total contract cost. Under PD 1594, the allowed mobilization fee is only 15% of the total contract price. The contract also provided for advance payment in violation of Sec. 88 of PD 1445.
>
> "xxx xxx."[28]

In reply to the foregoing findings by the corporate auditor, NAPOCOR maintained that its contract with the petitioner provided for a mobilization fee of P18,000,000.00 as a "pay item," the payment of which is provided under sub-paragraph 1, Article III of the dredging contract. NAPOCOR further claimed that the "...mobilization fee, taken as a whole, is not an advance payment. It is only so to the extent of fifteen percent (15%) as clearly reflected in the afore-quoted provision of the contract. The balance of the mobilization cost (which is a pay item), after deducting the 15% advance payment, is due and payable only upon the commencement of the dredging works. Stated otherwise, the remaining mobilization cost was paid, as evidenced by the Disbursement Voucher (Annex "B"), upon the completion by the contractor of the pay item. Hence, the contract did not violate the 15% limit on advance payment as allowed under PD 1594 and its implementing rules and regulations (Sec. 3, CI-4)."[29] NAPOCOR's explanation having been found substantially insufficient, the notice of suspension of payment ripened into a disallowance of payment, prompting the petitioner to bring the matter before the Commission on Audit where it requested the lifting of the suspension on its claim for advance payment and mobilization fee in the total amount of P17,820,000.00.

On September 12, 1995, the Commission on Audit rendered a Decision,[30] the dispositive part of which provides:

> "Accordingly, if J.C. Lopez's [petitioner] claim for work accomplishment, amounting to P29,196,708.75 is correct, properly documented and approved by the National Power Corporation, the mobilization cost of P18,000,000.00 paid to [the] said firm should be deducted therefrom."[31]

In its Decision dated September 12, 1995, the Commission on Audit phrased the issue for its consideration, as follows:

> "WHETHER OR NOT THE AMOUNT OF P18 M WHICH WAS PAID AS MOBILIZATION FEE AS PROVIDED FOR IN THE PERTINENT CONTRACT IS LEGAL OR PROPER IN VIEW OF WHICH THE HEREIN REQUEST FOR [THE] LIFTING OF [THE] SUSPENSION [OF PAYMENT] WHICH MATURED INTO A DISALLOWANCE, MAY BE GIVEN DUE COURSE."[32]

The Commission on Audit ruled that petitioner's appeal for the lifting of the suspension/disallowance of payment is "devoid of merit in the light of the ruling of the Court of Appeals in the Certiorari Case (CA-G.R. SP No. 30141 entitled `Meralco Industrial Engineering Services Corporation vs. Hon. Romeo F. Zamora and J.C. Lopez, Inc.') wherein it was held that the NAPOCOR-MIESCO[R] Contract, which includes the dredging of the reservoir is an infrastructure project;"[33] and resolved that "...it is logical to conclude that the dredging contract of J.C. Lopez [petitioner] is likewise an infrastructure project and not a mere service agreement."[34] From the foregoing ratiocination, the Commission on Audit determined that "...the provision for advance payment [de]nominated as `Mobilization Cost' under the contract in question, violates the provision of CI.4.3 of the IRR of P.D. 1594 and may not be enforced. Advance payment under the said IRR is subject to recoupment from progress billings for work accomplishment submitted by the Contractor."[35]

Petitioner sought reconsideration but the same was denied by the Commission on Audit in a Resolution (COA Decision No. 96-416) dated August 13, 1996, where it was noted that petitioner's motion for reconsideration "merely reiterated the same arguments earlier raised and did not present substantial evidence not previously

invoked or earlies (sic) considered and passed upon by the Commission [on Audit] when it rendered COA Decision No. 95-475."[36]

Petitioner sought a second reconsideration but the same was again denied by the Commission on Audit in a Resolution (COA Decision No. 97-075) dated January 23, 1997.[37]

Hence, this petition for certiorari where the following assignment of errors[38] are raised:

> "I
>
> "THE RESPONDENT COMMISSION ON AUDIT GRAVELY ABUSED ITS DISCRETION IN FINDING THAT THE DREDGING CONTRACT BETWEEN PETITIONER AND NAPOCOR INVOLVED AN `INFRASTRUCTURE,' WHICH MADE SUCH CONTRACT COME UNDER THE PROVISIONS OF PRESIDENTIAL DECREE NO. 1594 THAT PLACE A LIMIT ON ADVANCE PAYMENTS THAT MAY BE GRANTED; AND
>
> "II
>
> "THE RESPONDENT COMMISSION ON AUDIT GRAVELY ABUSED ITS DISCRETION IN CONCLUDING THAT THE `MOBILIZATION' COST OF P18.0 MILLION PROVIDED IN THE CONTRACT BETWEEN NAPOCOR AND PETITIONER PARTOOK OF ADVANCES ON THE PRICE OF THE CONTRACT RATHER THAN A SEPARATE PAY ITEM."

First, the petitioner argues that its dredging contract with NAPOCOR is not covered by Presidential Decree No. 1594 since it does not involve an infrastructure nor a construction project but actually constitutes a mere contract of services,[39] citing a memorandum dated March 25, 1991, written by NAPOCOR's SVP & General Counsel, discussing his opinion on whether the dredging operations at the Ambuklao Hydroelectric Plant may be classified as an infrastructure or a mere service undertaking. In the said memorandum, it was first established that the term "infrastructure project" is defined in Executive Order No. 380 as the "construction, improvement or rehabilitation of roads and bridges, railways, airports, seaports, communication facilities, irrigation, flood control and drainage, water supply and sewerage systems, shore protection, power facilities, national buildings, school buildings, hospital buildings, and other related construction projects that form part of the government capital investment." Citing Webster's definition of the terms "construction, improvement and rehabilitation," NAPOCOR's general counsel argued that:

> "xxx xxx.
>
> "The act of clearing or dredging the reservoir of a hydroelectric plant cannot be classified as construction works as (sic) the creation of structures, neither can it be considered as an improvement since no permanent additional (sic) will be installed that will enhance its capital value, or a rehabilitation as no restoration works will be done thereat. At best, the same may be classified as a maintenance work or a service undertaking which is being pursued to keep the plant efficiently running or operating to the maximum. A hydroelectric plant is design[ed] to operate under a specified efficiency or rated capacity, and therefore any removal of the debris, logs, or silt from the reservoir will not improve or enhance the operation of the plant greater than the designed efficiency or rated capacity.
>
> "Furthermore, clearing or dredging works do not constitute government capital investment.
>
> "xxx xxx."[40] (Underscoring supplied)

Petitioner further advances that the foregoing memorandum was even embodied in the Resolution dated June 22, 1992, of the Regional Trial Court of Quezon City, Branch 94, in Civil Case No. Q-92-11797.

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The Office of the Solicitor General, in behalf of public respondents, Commission on Audit and NAPOCOR, on the other hand, in a Memorandum dated April 12, 1999, contends that petitioner's dredging contract involves an "infrastructure project" and/or construction project covered under Presidential Decree No. 1594.[41] The Solicitor General points out that petitioner's contract with NAPOCOR involves the dredging of silt around the intake tower of the Ambuklao Hydroelectric Plant; and since the "dredging of silt improves the efficiency of the power plant," such undertaking constitutes an "infrastructure project" as defined in Executive Order No. 380, to wit:

> "xxx xxx.
>
> `Infrastructure projects shall mean construction, improvement or rehabilitation of roads and bridges, railways, airports, seaports, communication facilities, irrigation, flood control and drainage, water supply and sewerage systems, shore protection, power facilities, national buildings, school buildings, hospital buildings, and other related construction projects that form part of the government capital investment.'" (Underscoring supplied)[42]

Furthermore, the Solicitor General asserts that in the Decision dated July 22, 1993 of the Court of Appeals in Meralco Industrial Engineering Services Corporation vs. Hon. Romeo F. Zamora and J.C. Lopez, Inc., docketed as CA-G.R. SP No. 30141, the Court of Appeals ruled as follows:

> "In Executive Order No. 380, issued by the former President of the Philippines, Corazon C. Aquino, dated November 27, 1989, the term `infrastructure projects' is defined as `construction, improvement of [should read or] rehabilitation of roads and bridges, railways, airports, seaports, communication facilities, irrigation, flood control and drainage, water supply and sewerage systems, shore protection, power facilities, national buildings, school buildings, hospital buildings, and other related construction projects that form part of the government capital investment.'
>
> "The Memorandum of Agreement - Ambuklao Rehabilitation Project, dated February 20, 1992, entered into between petitioners NPC and MIESCOR, specifically defined the scope of the project, to wit:
>
> "xxx xxx.
>
> "II. PROJECT:
>
> "xxx xxx.
>
> "b. CONSORTIUM shall undertake the following xxx
>
> "3. Undertake dredging of the reservoir, power intake, tailrace tunnel and tailrace channel, xxx.
>
> "Clearly therefore, there should not be any iota of doubt that the above enumerated works fall under the protection of P.D. No. 1818 and even within the definition of `infrastructure project' under Executive Order No. 380."[43]

We agree with the Solicitor General.

As we held in Veloso, Jr. vs. Court of Appeals,[44] "...[m]aterial facts or questions which were in issue in a former action and were there admitted or judicially determined are conclusively settled by a judgment rendered therein and that such facts or questions become res judicata and may not again be litigated in a subsequent action between the same parties or their privies, regardless of the form the issue may take in the subsequent action, whether the subsequent action involves the same or a different form of proceeding, or whether the second action is upon the same or a different cause of action, subject matter, claim or demand, as the earlier action. In such cases, it is also immaterial that the two actions based on different grounds, or tried on different theories, or instituted for different purposes, and seek different reliefs. By the same token, whatever is once irrevocably

established as the controlling legal principle or decision continues to be the law of the case between the same parties in the same case, whether correct on general principles or not, so long as the facts on which such decision was predicated continue to be the facts of the case before the court."[45]

In the instant case, the issue of whether or not the dredging contract between the petitioner and NAPOCOR involves an "infrastructure project" as defined in Executive Order No. 380, was already passed upon and resolved by the Court of Appeals in Meralco Industrial Engineering Services Corporation vs. Hon. Romeo F. Zamora and J.C. Lopez, Inc., docketed as CA-G.R. SP No. 30141. Consequently, upon attaining finality, the said decision became the law of the case and constituted a bar to any re-litigation of the same issue in any other proceeding under the principle of res judicata.

Second, the petitioner contends that, assuming arguendo, its dredging contract with NAPOCOR involves an infrastructure project, the P18M, representing the mobilization cost, which was already paid to it by NAPOCOR, does not violate the provisions of Presidential Decree No. 1594 because the said mobilization cost is treated as a "pay item" under the terms of the contract and not as an advance on the total contract price.[46] Petitioner asserts that the "...contract provided that 15% of the above total [contract] price or P10,125,150.00 was payable after the signing of the contract to be deducted from the mobilization cost which in turn was payable once the actual dredging started."[47] According to the petitioner, there is a "rational basis" for classifying the mobilization cost as a "pay item." Petitioner explains:

> "xxx xxx.
>
> "During the pre-bidding conferences, the NAPOCOR and the interested bidders considered thoroughly the huge costs of mobilizing the heavy equipment, materials, and supplies needed at the mountain site. Many of the roads and bridges that were being used in going up the mountains at that time were impassable because of the 1990 earthquake. xxx xxx."[48]

Petitioner also submits that if the mobilization cost was considered as an advance on the total contract price rather than a pay item, such determination would be an alteration of a "lawful and valid" agreement between the parties to the contract and would cause "grave injustice" to the petitioner which had already incurred the mobilization cost.

On the other hand, alleging that petitioner's contract involves an infrastructure project as defined in Executive Order No. 380, the Solicitor General submits that accordingly, the said contract "falls within the ambit of P.D. 1594 (Prescribing Policies, Guidelines, Rules and Regulations for Government Infrastructure Contracts)."[49] The Solicitor General further asserts that "xxx. [t]he mobilization lump sum as provided in the dredging contract is, and should be, considered an advance-payment item which forms part of the contract price and not an addition thereto;"[50] and "subject to the conditions provided under CI 4 of the Implementing Rules and Regulations for P.D. No. 1594 which reads in part, thus:

> "CI 4 - ADVANCE PAYMENT
>
> "1.
>
> The Government shall, upon a written request of the contractor which shall be submitted as a contract document, make an advance payment to the contractor in an amount equal to fifteen percent (15%) of the total contract price, to be made in lump sum or a (sic) the most two installments according to a schedule specified in the Instructions to Bidders and other relevant Tender Documents.
>
> "xxx xxx xxx.

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> "4.
>
> The advance payment shall be repaid by the contractor by deducting 20% from his periodic progress payments, with the first repayment to be made when the contract value of the work executed and material delivered shall equal or have exceeded twenty percent (20%) of the contract price and further refunds shall be done thereafter at monthly intervals."[51](Underscoring supplied)

Again, we agree with the Solicitor General.

Having established that petitioner's dredging contract with NAPOCOR involves an "infrastructure project," pursuant to the aforestated Court of Appeals decision, the said contract is governed by the provisions of Presidential Decree No. 1594 and its implementing rules and regulations. CI-4 of the implementing rules and regulations of Presidential Decree No. 1594 clearly provides that upon the written request of the contractor, the government shall make an advance payment in an amount equal to fifteen percent (15%) of the total contract price, subject to recoupment from periodic progress billings submitted by the contractor. Indeed, in compliance with Presidential Decree No. 1594 and its implementing rules and regulations, it is provided under Article III of petitioner's contract with NAPOCOR that fifteen percent (15%) of the total contract price shall be paid within thirty (30) calendar days from the signing of the contract against the submission of a refund bond in the form of an irrevocable standby letter of credit in the equivalent amount. And pursuant to the said provision in the contract, in a letter dated January 10, 1991,[52] and addressed to NAPOCOR, petitioner requested for the "fifteen percent (15%) Advance Payment of our contract price." However, the provision in the contract regarding the payment of the mobilization cost as a "pay item" has gone beyond the requirements of the law, and should consequently, be struck down.

While indeed, as asserted by the petitioner, contracting parties may establish such stipulations, clauses, terms and conditions as they may deem convenient, however, such stipulations should not be contrary to law.[53] Realizing the need to adopt a comprehensive, uniform, and updated set of policies, guidelines, rules and regulations covering government contracts for infrastructure and other construction projects in order to achieve a more efficient and effective implementation of these projects, Presidential Decree No. 1594 was enacted to prescribe policies, guidelines, rules and regulations for government infrastructure contracts.

In resumé, as a government infrastructure contract, petitioner's contract with NAPOCOR is subject to the provisions of Presidential Decree No. 1594 and its implementing rules and regulations.

WHEREFORE, premises considered, the instant petition is hereby DISMISSED for lack of merit.

SO ORDERED.

Davide, Jr., C.J., Bellosillo, Melo, Puno, Vitug, Kapunan, Mendoza, Panganiban, Quisumbing, Pardo, Gonzaga-Reyes, Ynares-Santiago, De Leon, Jr., and Sandoval-Gutierrez, JJ., concur.

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[1] Rollo, pp. 27-31.

[2] Ibid. at p. 32.

[3] Ibid. at pp. 33-34.

[4] Ibid. at pp. 25-26.

[5] Records, p. 36.

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[6] Rollo, p. 26.

[7] Records, p. 115.

[8] Ibid. at p. 114.

[9] Ibid. at pp. 122-123.

[10] Rollo, p. 183.

[11] Ibid. at p. 184.

[12] Records, pp. 144-154.

[13] Rollo, p. 35, 184.

[14] Records, pp. 167-171.

[15] Ibid. at p. 171.

[16] Ibid. at p. 167.

[17] Ibid. at p. 169.

[18] Ibid. at p. 170.

[19] Ibid. at pp. 170-171.

[20] Ibid. at pp. 213-233.

[21] Ibid. at pp. 194-195.

[22] Ibid. at pp. 179-185.

[23] Ibid. at p. 182.

[24] Prohibiting Courts From Issuing Restraining Orders or Preliminary Injunctions in Cases Involving Infrastructure and Natural Resource Development Projects of, and Public Utilities Operated by, the Government.

[25] Records, pp. 183-184.

[26] Ibid. at p. 184.

[27] Ibid. at pp. 124-126.

[28] Ibid. at p. 125.

[29] Ibid. at p. 127.

[30] Rollo, pp. 27-31.

[31] Ibid. at p. 31.

[32] Ibid. at p. 30.

[33] Ibid.

[34] Ibid.

[35] Ibid.

[36] Ibid. at p. 32.

[37] Ibid. at pp. 33-34.

[38] Ibid. at p. 14.

[39] Ibid.

[40] Ibid. at pp. 16-17.

[41] Ibid. at p. 170.

[42] Ibid. at p. 171.

[43] Ibid, at pp. 171-172.

[44] 261 SCRA 196 [1996].

[45] 261 SCRA 196, 202 [1996].

[46] Ibid. at pp. 17-18.

[47] Ibid. at p. 18.

[48] Ibid. at p. 19.

[49] Ibid. at p. 173.

[50] Ibid.

[51] Ibid. at pp. 173-174.

[52] Records, p. 80.

[53] Article 1306, Civil Code of the Philippines.

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