

**LOCAL SUPERIOR OF THE SERVANTS OF CHARITY (GUANELLIANS),
INC. AND FR. LUIGI DE GIAMBATTISTA, PETITIONERS, VS. JODY
KING CONSTRUCTION & DEVELOPMENT CORPORATION,
RESPONDENT.**

G.R. NO. 141715. October 12, 2005

Ponente: SANDOVAL-GUTIERREZ, J.

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SANDOVAL-GUTIERREZ, J.:

Assailed in this petition for review on certiorari is the Decision[1] of the Court of Appeals in CA-G.R. CV No. 53857, entitled "Jody King Construction & Development Corporation, Plaintiff-Appellee versus Local Superior of the Servants of Charity (Guanellians), Inc. and Fr. Luigi de Giambattista, Defendant-Appellants," affirming the Decision of the Regional Trial Court, Quezon City, with modification as to the monetary awards.

The facts, as synthesized by the Court of Appeals, are as follows:

Petitioner Local Superior of the Servants of Charity (Guanellians), Inc. is a religious corporation. Its co-petitioner, Fr. Luigi de Giambattista, is its Local Superior. Petitioners invited contractors to submit their bids for the construction of structures to be used for their apostolic mission. Jody King Construction & Development Corporation, respondent, being the lowest bidder, was awarded the contract on September 12, 1992.

The first phase of the works, with a bid cost of P14,327,000.00, was for the construction of a spiritual formation center to be built within petitioners' compound at Barangay Pasong Tamo, Quezon City. Subsequently, petitioners asked respondent for a second bid on a substantially reduced scope of works. Over respondent's objections, a second bidding was held on September 20, 1992. On October 5, 1992, petitioners again reduced the scope of works by deleting Building "A" from the structures, resulting in the reduction of the cost from P7,761,621.90 to P5,345,919.50.

On October 14, 1992, the parties entered into a building contract specifying the scope of works in Phase I of the project as follows: (a) site development; (b) construction of Building "B"; (c) construction of Building "C"; (d) construction of Building "D"; (e) construction of Caretakers' Quarters; and (f) construction of the Blessed Guanella Hall. The construction period is for 150 calendar days or from October 14, 1992 to March 13, 1993.

During the construction, petitioners required respondent to perform 59 additional works, including the construction of Building "A" they previously ordered to be deleted. In February 1993, they also required respondent to undertake works on Phase II of the project within the same period of 150 calendar days, counted from October 14, 1992, the date of commencement of Phase I. However, the contract for Phase II, consisting of the finishing works for Buildings "A", "B", "C", "D", the Guanella Hall and the Caretakers' Quarters, was signed only on May 28, 1993; and the down payment for this second contract was paid by petitioners only on June 2, 1993. At the time the second contract was signed, respondent had already accomplished partial works on Phase II. Petitioners again required respondent to undertake 73 additional works for Phase II.

On October 5, 1993, respondent submitted to petitioners its 12th progress billing. However, petitioners contested the basis of the bill and refused to acknowledge that the same was due and payable.

Hence, on September 19, 1994, respondent filed with the Regional Trial Court, Branch 78, Quezon City, a complaint for breach of contract, specific performance and damages against petitioners, docketed as Civil Case No. Q-94-21686.

After trial, the court a quo rendered judgment, the dispositive portion of which reads:

"WHEREFORE, this Court hereby renders judgment in favor of the plaintiff and against the defendant, by:

"1. Ordering the defendants to jointly and severally pay the plaintiff the amount of P1,080,109.54 on the first and sixth causes of action;

"2. Ordering the defendants to jointly and severally pay the plaintiff the amount of P1,734,012.65 on the second cause of action;

"3. Ordering the defendants to jointly and severally pay the plaintiff the amount of P1,553,821.55 of the third cause of action;

"4. Ordering the defendants to jointly and severally pay the plaintiff the amount of P637,308.36 on the fourth cause of action;

"5. Ordering the defendants to jointly and severally pay the plaintiff the amount of P1,873,398.68 plus additional interest of 24% per annum from the amount loaned in the sum of P3,500,000.00 from April, 1994 until fully paid, on the fifth cause of action;

"6. Ordering the defendants to jointly and severally pay the plaintiff the amount of P250,000.00 and P1,000.00 per day of Court appearance for and by way of attorney's fees; and

"7. Ordering the defendants to jointly and severally pay the interests of all the foregoing money judgment at twelve percent (12%) per annum beginning at the time of the filing of the complaint until said amounts have been fully paid.

"All other claims and counterclaims are hereby dismissed for lack of basis, legal or factual.

"SO ORDERED."[2]

On appeal, the Court of Appeals affirmed the trial court's Decision but modified the rate of legal interest awarded to respondent, pursuant to our ruling in *Eastern Shipping Lines, Inc. v. Court of Appeals*.^[3] The Court of Appeals also deleted the award of attorney's fees for lack of factual basis. The dispositive part of the Decision reads:

"WHEREFORE, the appealed decision is AFFIRMED with the MODIFICATION that the rate of interest on the money judgment shall be at six percent (6%) per annum, computed from the date of the judgment of the lower court until the finality of this decision. Thereafter, the interest rate on the monetary awards and their interests (or any part thereof) which remains unpaid shall be reckoned at twelve percent (12%) per annum, computed from the time this decision becomes final and executory until it is fully satisfied. The award of attorney's fees is DELETED. No costs.

"SO ORDERED."[4]

Hence, the instant petition for review on certiorari.

After respondent filed its comment and petitioners their reply, we gave due course to the petition and required the parties to submit their respective Memoranda.^[5]

In the narration of facts contained in their Memorandum, petitioners admit that there were indeed changed orders but that their costs were fixed and determined; and that they did not significantly alter or affect the terms and conditions of the building contracts. They claim that there were delays in the completion of Phases I and II of the project through respondent's fault. These include the lack of earthworks equipment, lack of manpower, and respondent's financial incapability. Anent the 12th billing which was the source of the parties' controversy, petitioners contend that the same failed to reflect corrective works deduction, retention money, and cash advances to respondent.

At once, it is apparent that petitioners are raising questions of fact which are beyond the domain of this Court.

The trial court made findings of fact, well supported by the evidence on record, are affirmed by the Court of Appeals, thus:

"After thorough studies of all the evidence on record, this Court finds and so holds that the foregoing two (2) building contracts do not govern or control 132 additional works that defendants required to accomplish. This is more so in this case when defendant's through witness Laurel alleged that at times plaintiff, through Engr. Junia would go directly to defendant Fr, Luigi who was said to have the authority to approve works in the project. It is unjust and unfair for the defendants to tie-up these 132 additional works which include the whole Building A to the aforesaid contracts most especially on the "no escalation clause" and the duration of the construction works. The provisions of the contracts are limited on the particular scope of works distinctly defined therein. Apparently, defendants are liable to the utilities for this was an arrangement between the plaintiff and the defendants, apart from the two (2) contracts and for which partial payments were already made by the defendants to the plaintiff. Furthermore, it is the conclusion by this Court that all the additional works in this project were directed by the defendants, personally or through their representative and for which billings were duly submitted by the plaintiff (see par. 42 of Engr. Junia's Affidavit). Defendants even realized their obligation to the plaintiff and even proposed to pay the latter the sum of P1,000,000.00 to settle their entire obligation."[6]

These findings should be accorded respect and finality. It is a hornbook doctrine that findings of fact of trial courts are entitled to great weight on appeal and should not be disturbed except for strong and valid reasons because the trial court is in a better position to examine the demeanor of the witnesses while testifying. It is not a function of this Court to analyze and weigh evidence by the parties all over again. Our jurisdiction is in principle limited to reviewing errors of law that might have been committed by the Court of Appeals. A fortiori, as in this case, where the factual findings of the trial court are affirmed in toto by the Court of Appeals, there is great reason for not disturbing such findings and for regarding them as not reviewable by this Court.[7]

We realize that there are well established exceptions to the rule that findings of fact of the trial court and affirmed by the Court of Appeals are binding on this Court. These are: (1) when the factual findings of the Court of Appeals and the trial court are contradictory; (2) when the conclusion is a finding grounded entirely on speculation, surmises, or conjectures; (3) when the inference made by the Court of Appeals from its findings of fact is manifestly mistaken, absurd, or impossible; (4) when there is a grave abuse of discretion in the appreciation of facts; (5) when the Appellate Court, in making its findings, went beyond the issues of the case and such findings are contrary to the admissions of both appellant and appellee; (6) when the judgment of the Court of Appeals is premised on a misapprehension of facts; (7) when the Court of Appeals failed to notice certain relevant facts which, if properly considered, would justify a different conclusion; (8) when the findings of fact are themselves conflicting; (9) when the findings of fact are conclusions without citation of the specific evidence on which they are based; and (10) when the findings of fact of the Court of Appeals are premised on the absence of evidence but such findings are contradicted by the evidence on record.[8] In this case, none of the exceptions is present which would warrant a review of the factual findings of the courts below.

WHEREFORE, the instant petition is DENIED. The Decision of the Court of Appeals in CA-G.R. CV No. 53857 is AFFIRMED in toto. Costs against petitioners.

SO ORDERED.

Panganiban, (Chairman), Corona, Carpio Morales, and Garcia, JJ., concur.

[1] Rollo at 57-76. Penned by Associate Justice Jose L. Sabio, Jr.; concurred in by Associate Justices Eubulo G. Verzola (deceased) and Demetrio G. Demetria (separated from the service).

[2] Rollo at 57-58.

[3] G.R. No. 97412, July 12, 1994, 234 SCRA 78, 95-97.

[4] Rollo at 75.

[5] Id. at 141-142.

[6] Id. at 64.

[7] Uriarte, et al. v. People, G.R. No. 137344, January 30, 2001 350 SCRA 580.

[8] Philippine American General Insurance Company, Inc. v. PKS Shipping Company, G.R. No. 149038, April 9, 2003, 401 SCRA 222.

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