PCI LEASING AND FINANCE, INC., PETITIONER, VS. GIRAFFE-X CREATIVE IMAGING, INC., RESPONDENT.

G.R. NO. 142618. July 12, 2007

Ponente: GARCIA, J.

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GARCIA, J.:

On a pure question of law involving the application of Republic Act (R.A.) No. 5980, as amended by R.A. No. 8556, in relation to Articles 1484 and 1485 of the Civil Code, petitioner PCI Leasing and Finance, Inc. (PCI LEASING, for short) has directly come to this Court via this petition for review under Rule 45 of the Rules of Court to nullify and set aside the Decision and Resolution dated December 28, 1998 and February 15, 2000, respectively, of the Regional Trial Court (RTC) of Quezon City, Branch 227, in its Civil Case No. Q-98-34266, a suit for a sum of money and/or personal property with prayer for a writ of replevin, thereat instituted by the petitioner against the herein respondent, Giraffe-X Creative Imaging, Inc. (GIRAFFE, for brevity).

The facts:

On December 4, 1996, petitioner PCI LEASING and respondent GIRAFFE entered into a Lease Agreement,[1] whereby the former leased out to the latter one (1) set of Silicon High Impact Graphics and accessories worth P3,900,00.00 and one (1) unit of Oxberry Cinescan 6400-10 worth P6,500,000.00. In connection with this agreement, the parties subsequently signed two (2) separate documents, each denominated as Lease Schedule.[2] Likewise forming parts of the basic lease agreement were two (2) separate documents denominated Disclosure Statements of Loan/Credit Transaction (Single Payment or Installment Plan)[3] that GIRAFFE also executed for each of the leased equipment. These disclosure statements inter alia described GIRAFFE, vis-à-vis the two aforementioned equipment, as the "borrower" who acknowledged the "net proceeds of the loan," the "net amount to be financed," the "financial charges," the "total installment payments" that it must pay monthly for thirty-six (36) months, exclusive of the 36% per annum "late payment charges." Thus, for the Silicon High Impact Graphics, GIRAFFE agreed to pay P116,878.21 monthly, and for Oxberry Cinescan, P181.362.00 monthly. Hence, the total amount GIRAFFE has to pay PCI LEASING for 36 months of the lease, exclusive of monetary penalties imposable, if proper, is as indicated below:

> P116,878.21 @ month (for the Silicon High
> mpact Graphics) x 36 months =P4,207,615.56
>
> -- PLUS--
>
> P181,362.00 @ month (for the Oxberry Cinescan) x 36 months =P6,529,032.00
>
> Total Amount to be paid by GIRAFFE
>
> (or the NET CONTRACT AMOUNT)
> P10,736,647.56

By the terms, too, of the Lease Agreement, GIRAFFE undertook to remit the amount of P3,120,000.00 by way of

"guaranty deposit," a sort of performance and compliance bond for the two equipment. Furthermore, the same agreement embodied a standard acceleration clause, operative in the event GIRAFFE fails to pay any rental and/or other accounts due.

A year into the life of the Lease Agreement, GIRAFFE defaulted in its monthly rental-payment obligations. And following a three-month default, PCI LEASING, through one Atty. Florecita R. Gonzales, addressed a formal pay-or-surrender-equipment type of demand letter[4] dated February 24, 1998 to GIRAFFE.

The demand went unheeded.

Hence, on May 4, 1998, in the RTC of Quezon City, PCI LEASING instituted the instant case against GIRAFFE. In its complaint,[5] docketed in said court as Civil Case No. 98-34266 and raffled to Branch 227[6] thereof, PCI LEASING prayed for the issuance of a writ of replevin for the recovery of the leased property, in addition to the following relief:

> - After trial, judgment be rendered in favor of plaintiff [PCI LEASING] and against the defendant [GIRAFFE], as follows:
>
> - Declaring the plaintiff entitled to the possession of the subject properties;
>
> - Ordering the defendant to pay the balance of rental/obligation in the total amount of P8,248,657.47 inclusive of interest and charges thereon;
>
> - Ordering defendant to pay plaintiff the expenses of litigation and cost of suit . . . (Words in bracket added.)

Upon PCI LEASING's posting of a replevin bond, the trial court issued a writ of replevin, paving the way for PCI LEASING to secure the seizure and delivery of the equipment covered by the basic lease agreement.

Instead of an answer, GIRAFFE, as defendant a quo, filed a Motion to Dismiss, therein arguing that the seizure of the two (2) leased equipment stripped PCI LEASING of its cause of action. Expounding on the point, GIRAFFE argues that, pursuant to Article 1484 of the Civil Code on installment sales of personal property, PCI LEASING is barred from further pursuing any claim arising from the lease agreement and the companion contract documents, adding that the agreement between the parties is in reality a lease of movables with option to buy. The given situation, GIRAFFE continues, squarely brings into applicable play Articles 1484 and 1485 of the Civil Code, commonly referred to as the Recto Law. The cited articles respectively provide:

> ART. 1484. In a contract of sale of personal property the price of which is payable in installments, the vendor may exercise any of the following remedies:
>
> (1) Exact fulfillment of the obligation, should the vendee fail to pay;
>
> (2) Cancel the sale, should the vendee's failure to pay cover two or more installments;
>
> (3) Foreclose the chattel mortgage on the thing sold, if one has been constituted, should the vendee's failure to pay cover two or more installments. In this case, he shall have no further action against the purchaser to recover any unpaid balance of the price. Any agreement to the contrary shall be void. (Emphasis added.)
>
> ART. 1485. The preceding article shall be applied to contracts purporting to be leases of personal property with option to buy, when the lessor has deprived the lessee of the possession or enjoyment of the thing.

It is thus GIRAFFE's posture that the aforequoted Article 1484 of the Civil Code applies to its contractual relation with PCI LEASING because the lease agreement in question, as supplemented by the schedules documents, is really a lease with option to buy under the companion article, Article 1485. Consequently, so GIRAFFE argues, upon the seizure of the leased equipment pursuant to the writ of replevin, which seizure is equivalent to

foreclosure, PCI LEASING has no further recourse against it. In brief, GIRAFFE asserts in its Motion to Dismiss that the civil complaint filed by PCI LEASING is proscribed by the application to the case of Articles 1484 and 1485, supra, of the Civil Code.

In its Opposition to the motion to dismiss, PCI LEASING maintains that its contract with GIRAFFE is a straight lease without an option to buy. Prescinding therefrom, PCI LEASING rejects the applicability to the suit of Article 1484 in relation to Article 1485 of the Civil Code, claiming that, under the terms and conditions of the basic agreement, the relationship between the parties is one between an ordinary lessor and an ordinary lessee.

In a decision[7] dated December 28, 1998, the trial court granted GIRAFFE's motion to dismiss mainly on the interplay of the following premises: 1) the lease agreement package, as memorialized in the contract documents, is akin to the contract contemplated in Article 1485 of the Civil Code, and 2) GIRAFFE's loss of possession of the leased equipment consequent to the enforcement of the writ of replevin is "akin to foreclosure, " the condition precedent for application of Articles 1484 and 1485 [of the Civil Code]." Accordingly, the trial court dismissed Civil Case No. Q-98-34266, disposing as follows:

> WHEREFORE, premises considered, the defendant [GIRAFFE] having relinquished any claim to the personal properties subject of replevin which are now in the possession of the plaintiff [PCI LEASING], plaintiff is DEEMED fully satisfied pursuant to the provisions of Articles 1484 and 1485 of the New Civil Code. By virtue of said provisions, plaintiff is DEEMED estopped from further action against the defendant, the plaintiff having recovered thru (replevin) the personal property sought to be payable/leased on installments, defendants being under protection of said RECTO LAW. In view thereof, this case is hereby DISMISSED.

With its motion for reconsideration having been denied by the trial court in its resolution of February 15, 2000,[8] petitioner has directly come to this Court via this petition for review raising the sole legal issue of whether or not the underlying Lease Agreement, Lease Schedules and the Disclosure Statements that embody the financial leasing arrangement between the parties are covered by and subject to the consequences of Articles 1484 and 1485 of the New Civil Code.

As in the court below, petitioner contends that the financial leasing arrangement it concluded with the respondent represents a straight lease covered by R.A. No. 5980, the Financing Company Act, as last amended by R.A. No. 8556, otherwise known as Financing Company Act of 1998, and is outside the application and coverage of the Recto Law. To the petitioner, R.A. No. 5980 defines and authorizes its existence and business.

The recourse is without merit.

R.A. No. 5980, in its original shape and as amended, partakes of a supervisory or regulatory legislation, merely providing a regulatory framework for the organization, registration, and regulation of the operations of financing companies. As couched, it does not specifically define the rights and obligations of parties to a financial leasing arrangement. In fact, it does not go beyond defining commercial or transactional financial leasing and other financial leasing concepts. Thus, the relevancy of Article 18 of the Civil Code which reads:

Article 18. - In matters which are governed by . . . special laws, their deficiency shall be supplied by the provisions of this [Civil] Code.

Petitioner foists the argument that the Recto Law, i.e., the Civil Code provisions on installment sales of movable property, does not apply to a financial leasing agreement because such agreement, by definition, does not confer on the lessee the option to buy the property subject of the financial lease. To the petitioner, the absence of an option-to-buy stipulation in a financial leasing agreement, as understood under R.A. No. 8556, prevents the application thereto of Articles 1484 and 1485 of the Civil Code.

We are not persuaded.

The Court can allow that the underlying lease agreement has the earmarks or made to appear as a financial leasing,[9] a term defined in Section 3(d) of R.A. No. 8556 as -

> a mode of extending credit through a non-cancelable lease contract under which the lessor purchases or acquires, at the instance of the lessee, machinery, equipment, . . . office machines, and other movable or immovable property in consideration of the periodic payment by the lessee of a fixed amount of money sufficient to amortize at least seventy (70%) of the purchase price or acquisition cost, including any incidental expenses and a margin of profit over an obligatory period of not less than two (2) years during which the lessee has the right to hold and use the leased property . . . but with no obligation or option on his part to purchase the leased property from the owner-lessor at the end of the lease contract.

In its previous holdings, however, the Court, taking into account the following mix: the imperatives of equity, the contractual stipulations in question and the actuations of parties vis-à-vis their contract, treated disguised transactions technically tagged as financing lease, like here, as creating a different contractual relationship. Notable among the Court's decisions because of its parallelism with this case is BA Finance Corporation v. Court of Appeals[10] which involved a motor vehicle. Thereat, the Court has treated a purported financial lease as actually a sale of a movable property on installments and prevented recovery beyond the buyer's arrearages. Wrote the Court in BA Finance:

> The transaction involved ... is one of a "financial lease" or "financial leasing," where a financing company would, in effect, initially purchase a mobile equipment and turn around to lease it to a client who gets, in addition, an option to purchase the property at the expiry of the lease period. xxx.
>
> xxx xxx xxx
>
> The pertinent provisions of [RA] 5980, thus implemented, read:
>
> "'Financing companies,' ... are primarily organized for the purpose of extending credit facilities to consumers ... either by ... leasing of motor vehicles, ... and office machines and equipment, ... and other movable property."
>
> "'Credit' shall mean any loan, ... any contract to sell, or sale or contract of sale of property or service, ... under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract; .....;"

The foregoing provisions indicate no less than a mere financing scheme extended by a financing company to a client in acquiring a motor vehicle and allowing the latter to obtain the immediate possession and use thereof pending full payment of the financial accommodation that is given.

In the case at bench, xxx. [T]he term of the contract [over a motor vehicle] was for thirty six (36) months at a "monthly rental" ... (P1,689.40), or for a total amount of P60,821.28. The contract also contained [a] clause [requiring the Lessee to give a guaranty deposit in the amount of P20,800.00] xxx

After the private respondent had paid the sum of P41,670.59, excluding the guaranty deposit of P20,800.00, he stopped further payments. Putting the two sums together, the financing company had in its hands the amount of P62,470.59 as against the total agreed "rentals" of P60,821.28 or an excess of P1,649.31.

The respondent appellate court considered it only just and equitable for the guaranty deposit made by the private respondent to be applied to his arrearages and thereafter to hold the contract terminated. Adopting the ratiocination of the court a quo, the appellate court said:

> xxx In view thereof, the guaranty deposit of P20,800.00 made by the defendant should and must be credited in

> his favor, in the interest of fairness, justice and equity. The plaintiff should not be allowed to unduly enrich itself at the expense of the defendant. xxx This is even more compelling in this case where although the transaction, on its face, appear ostensibly, to be a contract of lease, it is actually a financing agreement, with the plaintiff financing the purchase of defendant's automobile .... The Court is constrained, in the interest of truth and justice, to go into this aspect of the transaction between the plaintiff and the defendant ... with all the facts and circumstances existing in this case, and which the court must consider in deciding the case, if it is to decide the case according to all the facts. xxx.
>
> xxx xxx xxx

Considering the factual findings of both the court a quo and the appellate court, the only logical conclusion is that the private respondent did opt, as he has claimed, to acquire the motor vehicle, justifying then the application of the guarantee deposit to the balance still due and obligating the petitioner to recognize it as an exercise of the option by the private respondent. The result would thereby entitle said respondent to the ownership and possession of the vehicle as the buyer thereof. We, therefore, see no reversible error in the ultimate judgment of the appellate court.[11] (Italics in the original; underscoring supplied and words in bracket added.)

In Cebu Contractors Consortium Co. v. Court of Appeals,[12] the Court viewed and thus declared a financial lease agreement as having been simulated to disguise a simple loan with security, it appearing that the financing company purchased equipment already owned by a capital-strapped client, with the intention of leasing it back to the latter.

In the present case, petitioner acquired the office equipment in question for their subsequent lease to the respondent, with the latter undertaking to pay a monthly fixed rental therefor in the total amount of P292,531.00, or a total of P10,531,116.00 for the whole 36 months. As a measure of good faith, respondent made an up-front guarantee deposit in the amount of P3,120,000.00. The basic agreement provides that in the event the respondent fails to pay any rental due or is in a default situation, then the petitioner shall have cumulative remedies, such as, but not limited to, the following:[13]

> - Obtain possession of the property/equipment;
>
> - Retain all amounts paid to it. In addition, the guaranty deposit may be applied towards the payment of "liquidated damages";
>
> - Recover all accrued and unpaid rentals;
>
> - Recover all rentals for the remaining term of the lease had it not been cancelled, as additional penalty;
>
> - Recovery of any and all amounts advanced by PCI LEASING for GIRAFFE's account xxx;
>
> - Recover all expenses incurred in repossessing, removing, repairing and storing the property; and,
>
> - Recover all damages suffered by PCI LEASING by reason of the default.

In addition, Sec. 6.1 of the Lease Agreement states that the guaranty deposit shall be forfeited in the event the respondent, for any reason, returns the equipment before the expiration of the lease.

At bottom, respondent had paid the equivalent of about a year's lease rentals, or a total of P3,510,372.00, more or less. Throw in the guaranty deposit (P3,120,000.00) and the respondent had made a total cash outlay of P6,630,372.00 in favor of the petitioner. The replevin-seized leased equipment had, as alleged in the complaint, an estimated residual value of P6,900.000.00 at the time Civil Case No. Q-98-34266 was instituted on May 4, 1998. Adding all cash advances thus made to the residual value of the equipment, the total value which the petitioner had actually obtained by virtue of its lease agreement with the respondent amounts to P13,530,372.00

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(P3,510,372.00 + P3,120,000.00 + P6,900.000.00 = P13,530,372.00).

The acquisition cost for both the Silicon High Impact Graphics equipment and the Oxberry Cinescan was, as stated in no less than the petitioner's letter to the respondent dated November 11, 1996[14] approving in the latter's favor a lease facility, was P8,100,000.00. Subtracting the acquisition cost of P8,100,000.00 from the total amount, i.e., P13,530,372.00, creditable to the respondent, it would clearly appear that petitioner realized a gross income of P5,430,372.00 from its lease transaction with the respondent. The amount of P5,430,372.00 is not yet a final figure as it does not include the rentals in arrears, penalties thereon, and interest earned by the guaranty deposit.

As may be noted, petitioner's demand letter[15] fixed the amount of P8,248,657.47 as representing the respondent's "rental" balance which became due and demandable consequent to the application of the acceleration and other clauses of the lease agreement. Assuming, then, that the respondent may be compelled to pay P8,248,657.47, then it would end up paying a total of P21,779,029.47 (P13,530,372.00 + P8,248,657.47 = P21,779,029.47) for its use - for a year and two months at the most - of the equipment. All in all, for an investment of P8,100,000.00, the petitioner stands to make in a year's time, out of the transaction, a total of P21,779,029.47, or a net of P13,679,029.47, if we are to believe its outlandish legal submission that the PCI LEASING-GIRAFFE Lease Agreement was an honest-to-goodness straight lease.

A financing arrangement has a purpose which is at once practical and salutary. R.A. No. 8556 was, in fact, precisely enacted to regulate financing companies' operations with the end in view of strengthening their critical role in providing credit and services to small and medium enterprises and to curtail acts and practices prejudicial to the public interest, in general, and to their clienteles, in particular.[16] As a regulated activity, financing arrangements are not meant to quench only the thirst for profit. They serve a higher purpose, and R.A. No. 8556 has made that abundantly clear.

We stress, however, that there is nothing in R.A. No. 8556 which defines the rights and obligations, as between each other, of the financial lessor and the lessee. In determining the respective responsibilities of the parties to the agreement, courts, therefore, must train a keen eye on the attendant facts and circumstances of the case in order to ascertain the intention of the parties, in relation to the law and the written agreement. Likewise, the public interest and policy involved should be considered. It may not be amiss to state that, normally, financing contracts come in a standard prepared form, unilaterally thought up and written by the financing companies requiring only the personal circumstances and signature of the borrower or lessee; the rates and other important covenants in these agreements are still largely imposed unilaterally by the financing companies. In other words, these agreements are usually one-sided in favor of such companies. A perusal of the lease agreement in question exposes the many remedies available to the petitioner, while there are only the standard contractual prohibitions against the respondent. This is characteristic of standard printed form contracts.

There is more. In the adverted February 24, 1998 demand letter[17] sent to the respondent, petitioner fashioned its claim in the alternative: payment of the full amount of P8,248,657.47, representing the unpaid balance for the entire 36-month lease period or the surrender of the financed asset under pain of legal action. To quote the letter:

> Demand is hereby made upon you to pay in full your outstanding balance in the amount of P8,248,657.47 on or before March 04, 1998 OR to surrender to us the one (1) set Silicon High Impact Graphics and one (1) unit Oxberry Cinescan 6400-10...

We trust you will give this matter your serious and preferential attention. (Emphasis added).

Evidently, the letter did not make a demand for the payment of the P8,248,657.47 AND the return of the equipment; only either one of the two was required. The demand letter was prepared and signed by Atty. Florecita

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R. Gonzales, presumably petitioner's counsel. As such, the use of "or" instead of "and" in the letter could hardly be treated as a simple typographical error, bearing in mind the nature of the demand, the amount involved, and the fact that it was made by a lawyer. Certainly Atty. Gonzales would have known that a world of difference exists between "and" and "or" in the manner that the word was employed in the letter.

> A rule in statutory construction is that the word "or" is a disjunctive term signifying dissociation and independence of one thing from other things enumerated unless the context requires a different interpretation.[18]
>
> In its elementary sense, "or", as used in a statute, is a disjunctive article indicating an alternative. It often connects a series of words or propositions indicating a choice of either. When "or" is used, the various members of the enumeration are to be taken separately.[19]
>
> The word "or" is a disjunctive term signifying disassociation and independence of one thing from each of the other things enumerated.[20]

The demand could only be that the respondent need not return the equipment if it paid the P8,248,657.47 outstanding balance, ineluctably suggesting that the respondent can keep possession of the equipment if it exercises its option to acquire the same by paying the unpaid balance of the purchase price. Stated otherwise, if the respondent was not minded to exercise its option of acquiring the equipment by returning them, then it need not pay the outstanding balance. This is the logical import of the letter: that the transaction in this case is a lease in name only. The so-called monthly rentals are in truth monthly amortizations of the price of the leased office equipment.

On the whole, then, we rule, as did the trial court, that the PCI LEASING- GIRAFFE lease agreement is in reality a lease with an option to purchase the equipment. This has been made manifest by the actions of the petitioner itself, foremost of which is the declarations made in its demand letter to the respondent. There could be no other explanation than that if the respondent paid the balance, then it could keep the equipment for its own; if not, then it should return them. This is clearly an option to purchase given to the respondent. Being so, Article 1485 of the Civil Code should apply.

The present case reflects a situation where the financing company can withhold and conceal - up to the last moment -its intention to sell the property subject of the finance lease, in order that the provisions of the Recto Law may be circumvented. It may be, as petitioner pointed out, that the basic "lease agreement" does not contain a "purchase option" clause. The absence, however, does not necessarily argue against the idea that what the parties are into is not a straight lease, but a lease with option to purchase. This Court has, to be sure, long been aware of the practice of vendors of personal property of denominating a contract of sale on installment as one of lease to prevent the ownership of the object of the sale from passing to the vendee until and unless the price is fully paid. As this Court noted in Vda. de Jose v. Barrueco:[21]

> Sellers desirous of making conditional sales of their goods, but who do not wish openly to make a bargain in that form, for one reason or another, have frequently resorted to the device of making contracts in the form of leases either with options to the buyer to purchase for a small consideration at the end of term, provided the so-called rent has been duly paid, or with stipulations that if the rent throughout the term is paid, title shall thereupon vest in the lessee. It is obvious that such transactions are leases only in name. The so-called rent must necessarily be regarded as payment of the price in installments since the due payment of the agreed amount results, by the terms of the bargain, in the transfer of title to the lessee.

In another old but still relevant case of U.S. Commercial v. Halili,[22] a lease agreement was declared to be in fact a sale of personal property by installments. Said the Court:

> . . . There can hardly be any question that the so-called contracts of lease on which the present action is based were veritable leases of personal property with option to purchase, and as such come within the purview of the above article [Art. 1454-A of the old Civil Code on sale of personal property by installment]. xxx
>
> Being leases of personal property with option to purchase as contemplated in the above article, the contracts in question are subject to the provision that when the lessor in such case "has chosen to deprive the lessee of the enjoyment of such personal property," "he shall have no further action" against the lessee "for the recovery of any unpaid balance" owing by the latter, "agreement to the contrary being null and void."

In choosing, through replevin, to deprive the respondent of possession of the leased equipment, the petitioner waived its right to bring an action to recover unpaid rentals on the said leased items. Paragraph (3), Article 1484 in relation to Article 1485 of the Civil Code, which we are hereunder re-reproducing, cannot be any clearer.

> ART. 1484. In a contract of sale of personal property the price of which is payable in installments, the vendor may exercise any of the following remedies:
>
> xxx xxx xxx
>
> (3) Foreclose the chattel mortgage on the thing sold, if one has been constituted, should the vendee's failure to pay cover two or more installments. In this case, he shall have no further action against the purchaser to recover any unpaid balance of the price. Any agreement to the contrary shall be void.
>
> ART. 1485. The preceding article shall be applied to contracts purporting to be leases of personal property with option to buy, when the lessor has deprived the lessee of the possession or enjoyment of the thing.

As we articulated in Elisco Tool Manufacturing Corp. v. Court of Appeals,[23] the remedies provided for in Article 1484 of the Civil Code are alternative, not cumulative. The exercise of one bars the exercise of the others. This limitation applies to contracts purporting to be leases of personal property with option to buy by virtue of the same Article 1485. The condition that the lessor has deprived the lessee of possession or enjoyment of the thing for the purpose of applying Article 1485 was fulfilled in this case by the filing by petitioner of the complaint for a sum of money with prayer for replevin to recover possession of the office equipment.[24] By virtue of the writ of seizure issued by the trial court, the petitioner has effectively deprived respondent of their use, a situation which, by force of the Recto Law, in turn precludes the former from maintaining an action for recovery of "accrued rentals" or the recovery of the balance of the purchase price plus interest. [25]

The imperatives of honest dealings given prominence in the Civil Code under the heading: Human Relations, provide another reason why we must hold the petitioner to its word as embodied in its demand letter. Else, we would witness a situation where even if the respondent surrendered the equipment voluntarily, the petitioner can still sue upon its claim. This would be most unfair for the respondent. We cannot allow the petitioner to renege on its word. Yet more than that, the very word "or" as used in the letter conveys distinctly its intention not to claim both the unpaid balance and the equipment. It is not difficult to discern why: if we add up the amounts paid by the respondent, the residual value of the property recovered, and the amount claimed by the petitioner as sued upon herein (for a total of P21,779,029.47), then it would end up making an instant killing out of the transaction at the expense of its client, the respondent. The Recto Law was precisely enacted to prevent this kind of aberration. Moreover, due to considerations of equity, public policy and justice, we cannot allow this to happen. Not only to the respondent, but those similarly situated who may fall prey to a similar scheme.

WHEREFORE, the instant petition is DENIED and the trial court's decision is AFFIRMED.

Costs against petitioner.

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SO ORDERED.

Puno, C.J., (Chairperson), Corona, and Azcuna, JJ., concur.
Sandoval-Gutierrez, J., on leave.

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[1] Annex "C," Petition; rollo, pp. 30-31.

[2] Annexes "D" and "E," Petition; id. at 32-33.

[3] Annexes "F" and "G," Petition; id. at 35-36.

[4] RTC Records, p. 14.

[5] Rollo, pp. 37-41.

[6] Then presided by Judge (now Court of Appeals Associate Justice) Vicente Roxas.

[7] Rollo, pp. 24-27.

[8] Id. at 29.

[9] Used interchangeably with the terms "financing lease" and "financial lease."

[10] G.R. No. 105190, December 16, 1993, 228 SCRA 530.

[11] BA Finance Corporation v. Court of Appeals, G.R. No. 105190, December 16, 1993, 228 SCRA 530.

[12] G.R. No. 107199, July 22, 2003, 407 SCRA 154.

[13] Secs. 19.2 and 20.1 of the Lease Agreement.

[14] Rollo, p. 82.

[15] Supra note 4.

[16] Sec. 2, R.A. No. 8556.

[17] Supra note 4.

[18] Pimentel v. COMELEC, G.R. No. 126394, April 24, 1998, 289 SCRA 586, 597.

[19] Centeno v. Villalon-Pornillos, G.R. No. 113092, September 1, 1994, 236 SCRA 197, 206.

[20] Castillo-Co v. Barbers, G.R. No. 129952, June 16, 1998, 290 SCRA 717, 723.

[21] 67 Phil. 191 (1939) cited in Elisco Tool Manufacturing Corp. v. CA, G.R. No. 109966, May 31, 1999, 307 SCRA 731.

[22] 93 Phil. 271 (1953).

[23] G.R. No. 109966, May 31, 1999, 307 SCRA 731.

[24] Ibid.

[25] Ibid.

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