

**BENGUET CORPORATION, DENNIS R. BELMONTE, EFREN C. REYES
AND GREGORIO A. FIDER, PETITIONERS, VS. CESAR CABILDO,
RESPONDENT.**

G.R. No. 151402. August 22, 2008

Ponente: NACHURA, J.

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NACHURA, J.:

This is a petition for review on certiorari assailing the Court of Appeals (CA) decision[1] in CA-G.R. CV No. 37123 which affirmed with modification the decision[2] of the Regional Trial Court (RTC), Branch 6, Baguio City in Civil Case No. 593-R.

Petitioner Benguet Corporation is a mining company with three (3) mining sites: Balatoc, Antamok and Acupan. Petitioners Dennis R. Belmonte,[3] Efren C. Reyes,[4] and Gregorio A. Fider[5] are all officers and employees of Benguet Corporation.[6] On the other hand, respondent Cesar Cabildo and Rolando Velasco, defendant before the lower courts, were former employees of Benguet Corporation.

At the time of his retirement on August 31, 1981, Cabildo was Department Manager of Benguet Corporation's Transportation and Heavy Equipment Department and had worked there for twenty-five (25) years. Thereafter, Cabildo became a service contractor of painting jobs.

Sometime in February 1983, Cabildo submitted his quotation and bid for the painting of Benguet Corporation's Mill Buildings and Bunkhouses located at Balatoc mining site. He then negotiated with petitioners Reyes and Fider, the recommending approval and approving authority, respectively, of Benguet Corporation, on the scope of work for the Balatoc site painting job which included necessary repairs. Reyes and Cabildo discussed the price schedule, and the parties eventually agreed that Benguet Corporation would provide the needed materials for the project.

Upon approval of his quotation and bid, Cabildo forthwith wrote Reyes on March 5, 1983 requesting the needed materials, so that he could immediately commence work. On March 7, 1983, even without a written contract, Cabildo began painting the Mill Buildings at Balatoc.

On March 9, 1983, Cabildo again wrote Reyes requesting the assignment of a representative by Benguet Corporation to closely monitor the daily work accomplishments of Cabildo and his workers. According to Cabildo, the request was made in order to: (1) preclude doubts on claims of payment; (2) ensure that accomplishment of the job is compliant with Benguet Corporation's standards; and (3) guarantee availability of the required materials to prevent slowdown and/or stoppage of work.

On even date, Cabildo submitted his first work accomplishment covering carpentry work and installation of the scaffolding for which he received a partial payment of P10,776.94.

Subsequently, on March 23, 1983, Cabildo and Benguet Corporation, represented by petitioner Belmonte, formally signed the Contract of Work for the painting of the Mill Buildings and Bunkhouses at the Balatoc mining

site including the necessary repair works thereon. The Contract of Work, in pertinent part, reads:

(1) [Cabildo] shall paint the Mill Buildings at Balatoc Mill and all the bunkhouses at Balatoc, Itogon, Benguet, including certain repair works which may be necessary.

(2) For and in consideration of the work to be done by [Cabildo], [Benguet Corporation] shall pay [Cabildo] at the rate herein provided, as follows:

(a) Painting

Steel & Concretes

Wood

1[st] coat

P2.90/sq. m.

P2.50/sq. m.

2[nd] coat

2.50/sq. m.

2.10/sq. m.

(b) Scrapping and Cleaning

P1.85/sq. m.

(c) Scaffolding

P0.50/sq. m.

(d) De-zincing

P1.25/sq. m.

(e) Dismantling of sidings & ceilings

P2.50/sq. m.

(f) Installation of sidings & ceilings

P5.50/sq. m.

(g) Handling of Lumber & installation

P275.00/cu. m.

(3) [Cabildo] shall employ his own workers and employees, and shall have the sole and exclusive obligation to pay their basic wage, overtime pay, ECOLA, medical treatment, SSS premiums, and other benefits due them under existing Philippine laws or other Philippine laws which might be enacted or promulgated during the life of this Contract. If, for any reason, BENGUET CORPORATION is made to assume any liability of [Cabildo] on any of his workers and employees, [Cabildo] shall reimburse [Benguet Corporation] for any such payment.

(4) [Cabildo] shall require all persons before hiring them in the work subject of this Contract to obtain their clearance from the Security Department of Baguio District Gold Operations of BENGUET CORPORATION.

(5) BENGUET CORPORATION shall retain 10% of every performance payment to [Cabildo] under the terms

and conditions of this Contract. Such retention shall be cumulative and shall be paid to [Cabildo] only after thirty (30) days from the time BENGUET CORPORATION finally accepts the works as fully and completely finished in accord with the requirements of [Benguet Corporation]. Before the 10% retention of performance payments will, however, be fully paid to [Cabildo], all his workers and employees shall certify under oath that they have been fully paid their wages, SSS, medicare, and ECC premiums, ECOLA, overtime pay, and other benefits due them under laws in force and effect and that they have no outstanding claim against [Cabildo]. BENGUET CORPORATION has the right to withhold from the 10% retention any amount equal to the unsatisfied claim of any worker against [Cabildo] until the claim of the worker is finally settled.

(6) [Cabildo] shall not be allowed to assign or subcontract the works, or any phase thereof, and any violation of this provision will entitle BENGUET CORPORATION the sole and exclusive right to declare this Contract as cancelled and without any further force and effect.

(7) [Cabildo] and his heirs shall be solely and directly liable - to the exclusion of BENGUET CORPORATION, its stockholders, officers, employees, and agents and representatives - for civil damages for any injury or death of any of his employees, workers, officers, agents and representatives or to any third person and for any damage to any property due to faulty or poor workmanship or negligence or willful act of [Cabildo], his workers, employees, or representatives in the course of, during or when in any way connected with, the works and construction. If for any reason BENGUET CORPORATION is made to assume any liability of [Cabildo], his workers, employees, or representatives in the course of, during or when in any way connected with, the works and construction. If for any reason BENGUET CORPORATION is made to assume any liability of [Cabildo], his workers, employees, or agents or representatives under this provision, [Cabildo] and his heirs shall reimburse the CORPORATION for any payment.

(8) [Cabildo] hereby undertakes to complete the work subject of this Contract within (no period fixed) excluding Sundays and Holidays, otherwise, [Benguet Corporation] shall have the sole and exclusive right to cancel this Contract.

IN WITNESS WHEREOF, the parties have hereunto affixed their signatures on this 23[rd] day of March, 1983 at Itogon, Benguet Province.

BENGUET CORPORATION

By:

(sgd.)

DENNIS R. BELMONTE

Vice-President

Benguet Gold Operations

(sgd.)

CESAR Q. CABILDO Contractor

SIGNED IN OUR PRESENCE:

____sgd.____ Witnesses ____sgd.____[7]

Apart from the price schedule stipulated in the Contract of Work, which only reproduced the quotation and bid submitted by Cabildo, and the preliminary discussions undertaken by the parties, all the stipulations were incorporated therein by Benguet Corporation which solely drafted the contract.

To undertake the project, Cabildo recruited and hired laborers - thirty-three (33) painters and carpenters - including petitioner Velasco as his general foreman.

The succeeding events, narrated by the trial court as echoed by the appellate court in their respective decisions, led to the parties' falling out:

[I]t must be pointed out that the Mill Buildings in Balatoc were about 28 buildings in all interconnected with each other grouped into 9 areas with some buildings very dangerous since it housed the machineries, agitators and tanks with cyanide solutions to mill the ores while the bunkhouses, which housed the laborers, were about 38 buildings in all averaging about 30 to 35 meters in height or more than 100 feet and thus would take sometime to paint and repair probably for about one and a half (1½) years.

Thus, the need for scaffoldings to paint the Mill buildings and bunkhouses so that the workers would be safe, can reach the height of the buildings and avoid the fumes of cyanide and other chemicals used in the Milling of the ores.

Payment was to be made on the basis of work accomplished at a certain rate per square meter in accordance with the prices indicated in the Contract. The procedure followed was that [Cabildo] requested the office of Reyes for measurement; then Reyes assign[s] an employee to do the measurement; the employee was accompanied by [Cabildo] or his authorized representative for the measurement; upon completion of the measurement, the computations were submitted to Engr. Manuel Flores, the Supervisor assigned to the work area; if Engr. Flores approved the computation, it was then recommended to Reyes for liquidation; and Reyes thereafter issued the Liquidation Memo to schedule payment of work accomplished.

[Cabildo] was represented in the measurement by either his foreman or his son while Mr. Licuben was assigned to do the measurement for the company.

x x x x

On May 30, 1983, Velasco left [Cabildo] as the latter's general foreman and went on his own as contractor, offering his services for painting jobs.

On June 6, 1983, Velasco entered into a Contract of Work with [Benguet Corporation], represented by Godofredo Fider, to paint the Breakham bridge at Antamok Mine, Barangay, Loakan, Itogon Benguet for the sum of P2,035.00.

x x x Apparently, the above contract of work of Velasco is in Antamok while the Contract of Work of [Cabildo] is in Balatoc.

On June 9, 1983 (6/9/83), Reyes recommended approval of the Quotation of Velasco for the painting of the inner mill compound of Balatoc for Areas 2, 3, 5, 6 & 7 and approved by Fider on June 13, 1983 at a lower price schedule per sq. meter than that of [Cabildo].

Hence, on June 13, 1983, Rolando Velasco entered into another Contract of Work with [Benguet Corporation], represented by Godofredo Fider, to paint the underneath of Mill Buildings No. 702 at Balatoc Mill, Barangay Virac, Itogon, Benguet and install the necessary scaffoldings for the work for the sum of P5,566.60.

On the same date of June 13, 1983, Velasco entered into another Contract of Work with [Benguet Corporation], represented by Godofredo Fider, to scrape, clean and paint the structural steel members at the Mill crushing plant at Balatoc Mill, Barangay Virac, Itogon, Benguet and install the necessary scaffoldings for the purpose for the consideration of P8,866.00.

x x x x

[Cabildo] complained and protested but Reyes said the Contract of Work of [Cabildo] covers only the painting of exterior of the Mill Buildings in Balatoc but not the interior although the same was not expressly stated in the Contract. This caused the souring of relationship of [Cabildo] and [petitioners] because at that time [Cabildo] had already painted the top roof and three (3) sidings both interior and exterior of Mill Building

702.[8]

Because of these developments, Cabildo enlisted the services of Atty. Galo Reyes, who wrote both Fider and Jaime Ongpin, President of Benguet Corporation, regarding the ostensibly overlapping contracts of Cabildo and Velasco.

Parenthetically, at some point in June 1983, Cabildo was allowed to paint the interiors of various parts of the Mill Buildings, specifically, the Mill and Security Office, Electrical Office, Baldemor Office, and Sala Shift Boss.

On June 30, 1983, Cabildo was prevented from continuing work on the job site, as Fider and Reyes were supposedly investigating Cabildo's participation in the incident where a galvanized iron sheet fell on one of the agitator tanks. For three (3) months, Cabildo was not allowed to perform work stipulated in the agreement and complete painting of the Mill Buildings and Bunkhouses at Balatoc. He was only allowed to do repairs for previously accomplished work. Further, Benguet Corporation continued to withhold payment of Cabildo's last work accomplishment for the period from June 16 to 30, 1983.

On July 2, 1983, Benguet Corporation's Group Manager for Legal and Personnel, Atty. Juanito Mercado, who prepared and notarized the Contract of Work, responded to Cabildo's counsel, declaring that Benguet Corporation's Contract of Work with Cabildo only covered exterior painting of the Mill Buildings and Bunkhouses, whereas the contract with Velasco covered interior painting of the Mill Buildings, steel structures and underneath the GI Roofing.

Eventually, upon his visit to Benguet Corporation accompanied by counsel, Cabildo was paid for the June 16 to 30, 1983 work accomplishment. In this regard, petitioner Reyes issued Liquidation Memo dated July 25, 1983 which, curiously, had an intercalation that payment made was for the exterior painting of the Mill Buildings in Balatoc.

As regards the repairs of defects and leaks of previous work accomplishments, which were the only job Cabildo was allowed to work on, these were repaired satisfactorily and Cabildo was paid the previously withheld amount of P19,775.00.

Once again, in August of the same year, Cabildo wrote petitioner Belmonte appealing his preclusion from continuing the Contract of Work and the overlapping contracting jobs continuously given to Velasco. Yet, Cabildo was still disallowed to perform the job under the Contract of Work for the month of September up to December 1983.

With respect to the Bunkhouses, the petitioners did not require Cabildo to paint them. Neither did petitioners provide the materials needed therefor. The petitioners simply claimed that Cabildo was not at all allowed to perform work on the Bunkhouses due to the rainy season and because of the financial difficulties Benguet Corporation was then experiencing.

Thus, Cabildo filed a complaint for damages against the petitioners and Velasco before the RTC, claiming breach by Benguet Corporation of their Contract of Work. Further, Cabildo sought damages for the petitioner's harassment and molestation to thwart him from performing the job under the Contract of Work. Lastly, Cabildo prayed for damages covering lack of payments and/or underpayments for various work accomplishments.

The RTC rendered a decision in favor of Cabildo and found the petitioners, as well as Velasco, defendant before the RTC, jointly and severally liable to Cabildo for: (1) P27,332.60 as actual damages; (2) P300,000.00 as indemnification for unrealized profit; (3) P100,000.00 as moral damages; (4) P50,000.00 as exemplary damages; (5) P30,000.00 as attorney's fees; and (5) costs of suit.

On appeal, the CA affirmed with modification the RTC's ruling. The appellate court excluded Velasco from liability for the foregoing damages.

Hence, this appeal by the petitioners positing the following issues:

WHETHER [OR NOT] THERE IS BREACH OF CONTRACT AS BASIS FOR AWARD OF DAMAGES AND ATTORNEY'S FEES[?]

WHETHER [OR NOT] THE COUNTERCLAIM OF PETITIONERS SHOULD BE GRANTED[?][9]

We deny the petition. We see no need to disturb the findings of the trial and appellate courts on the petitioners' liability for breach of the subject Contract of Work.

It is a well-entrenched doctrine that factual findings of the trial court, especially when affirmed by the appellate court, are accorded the highest degree of respect and are conclusive between the parties and even on this Court.[10] Nonetheless, jurisprudence recognizes highly meritorious exceptions, such as: (1) when the findings of a trial court are grounded entirely on speculations, surmises or conjectures; (2) when a lower court's inference from its factual findings is manifestly mistaken, absurd or impossible; (3) when there is grave abuse of discretion in the appreciation of facts; (4) when the findings of the appellate court go beyond the issues of the case or fail to notice certain relevant facts which, if properly considered, will justify a different conclusion; (5) when there is a misappreciation of facts; and (6) when the findings of fact are conclusions without mention of the specific evidence on which they are based, are premised on the absence of evidence, or are contradicted by evidence on record.[11] It is noteworthy that none of these exceptions which would warrant a reversal of the assailed decision obtains herein.

The petitioners insist that the CA erred in awarding Cabildo damages because his Contract of Work with Benguet Corporation only covered painting of the exterior of the Mill Buildings and Bunkhouses at the Balatoc mining site. In effect, petitioners claim that their respective contracts with Cabildo and Velasco cover separate and different subject matters, i.e., painting of the exterior and interior of the Mill Buildings, respectively.

We cannot agree with the petitioners' obviously strained reasoning. The Contract of Work with Cabildo did not distinguish between the exterior and interior painting of the Mill Buildings. It simply stated that Cabildo "shall paint the Mill Buildings at Balatoc Mill and all the Bunkhouses at Balatoc, Itogon, Benguet." There is nothing in the contract which will serve as a basis for the petitioners' insistence that Cabildo's scope of work was merely confined to the painting of the exterior part of the Mill Buildings.

To bolster their position, the petitioners contend that there is an apparent conflict between the wording of the contract and the actual intention of the parties on the specific object of the painting job. The petitioners argue that Cabildo knew of Benguet Corporation's practice to have only the exterior of buildings painted and was, therefore, aware that the Contract of Work referred only to the exterior painting of the Mill Buildings, excluding the interior portion thereof. Thus, the petitioners submit that when there is a conflict as regards the interpretation of a contract, the obvious intention of the parties must prevail.

We reject the petitioners' flawed contention. Apart from the petitioners' self-serving assertion, nothing in the record points to the parties' intention different from that reflected in the Contract of Work. To the contrary, the records reveal an unequivocal intention to have both the exterior and interior of the Mill Buildings painted.

Article 1370 of the Civil Code sets forth the first rule in the interpretation of contracts. The article reads:

Art. 1370. If the terms of a contract are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of its stipulations shall control.

If the words appear to be contrary to the evident intention of the parties, the latter shall prevail over the former.

In the recent case of *Abad v. Goldloop Properties, Inc.*,^[12] we explained, thus:

The cardinal rule in the interpretation of contracts is embodied in the first paragraph of Article 1370 of the Civil Code: "[i]f the terms of a contract are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of its stipulations shall control." This provision is akin to the "plain meaning rule" applied by Pennsylvania courts, which assumes that the intent of the parties to an instrument is "embodied in the writing itself, and when the words are clear and unambiguous the intent is to be discovered only from the express language of the agreement." It also resembles the "four corners" rule, a principle which allows courts in some cases to search beneath the semantic surface for clues to meaning. A court's purpose in examining a contract is to interpret the intent of the contracting parties, as objectively manifested by them. The process of interpreting a contract requires the court to make a preliminary inquiry as to whether the contract before it is ambiguous. A contract provision is ambiguous if it is susceptible of two reasonable alternative interpretations. Where the written terms of the contract are not ambiguous and can only be read one way, the court will interpret the contract as a matter of law. If the contract is determined to be ambiguous, then the interpretation of the contract is left to the court, to resolve the ambiguity in the light of the intrinsic evidence.

In our jurisdiction, the rule is thoroughly discussed in *Bautista v. Court of Appeals*:

The rule is that where the language of a contract is plain and unambiguous, its meaning should be determined without reference to extrinsic facts or aids. The intention of the parties must be gathered from that language, and from that language alone. Stated differently, where the language of a written contract is clear and unambiguous, the contract must be taken to mean that which, on its face, it purports to mean, unless some good reason can be assigned to show that the words should be understood in a different sense. Courts cannot make for the parties better or more equitable agreements than they themselves have been satisfied to make, or rewrite contracts because they operate harshly or inequitably as to one of the parties, or alter them for the benefit of one party and to the detriment of the other, or by construction, relieve one of the parties from the terms which he voluntarily consented to, or impose on him those which he did not

In the case at bench, the Contract of Work leaves no room for equivocation or interpretation as to the exact intention of the parties. We also note that Benguet Corporation's counsel drafted and prepared the contract. Undoubtedly, the petitioners' claimed ambiguity in the wordings of the contract, if such an ambiguity truly exists, cannot give rise to an interpretation favorable to Benguet Corporation. Article 1377 of the Civil Code provides:

Art. 1377. The interpretation of obscure words or stipulations in a contract shall not favor the party who caused the obscurity.

Still, the petitioners insist that the parties' intention was different, and that Cabildo knew of, and acquiesced to, the actual agreement.

We remain unconvinced. Even if we were to patronize the petitioners' stretched logic, the supposed intention of the parties is not borne out by the records. Article 1371 of the same code states:

Art. 1371. In order to judge the intention of the contracting parties, their contemporaneous and subsequent acts shall be principally considered.

In stark contrast to the petitioners' assertions are the following:

First, the procedure for work accomplishments and payments followed by the parties required representatives and/or employees of Benguet Corporation to closely monitor Cabildo's performance of the job. Notably, when Cabildo painted both the exterior and interior of the Mill Buildings except for the interior of the refinery buildings where gold is being minted, he was under the close supervision of petitioners Reyes and Fider. If, as the petitioners claim, the intention was only to paint the exterior of the Mill Buildings, then Reyes and Fider, or any

of Benguet Corporation's representatives assigned to monitor the work of Cabildo, should have, posthaste, stopped Cabildo from continuing the painting of the interiors.

Moreover, the materials for the painting work were provided by Benguet Corporation as listed and requested by Cabildo. The petitioners had the opportunity to disapprove Cabildo's requests for materials needed to paint the interiors of the Mill Buildings, but they failed to do so.

Second, although Cabildo concedes that he knew of Benguet Corporation's practice to have only the exteriors of buildings painted, he refutes the petitioners' claim that the aforesaid practice extended to the painting of the Mill Buildings. Cabildo asseverates that the practice of painting only the exterior of buildings was confined to the Bunkhouses. Evidently, Cabildo's knowledge of the claimed practice, as qualified by Cabildo himself, does not translate to an inference that the parties had intended something other than what is written in the Contract of Work.

Lastly, a singular document, the Liquidation Memo dated July 25, 1983 issued by petitioner Reyes, further highlights the petitioners' lame attempt to paint an intention different from the specific language used in the Contract of Work. This belated qualification in the Liquidation Memo stating that payment was being made for the exterior painting of the Mill Buildings speaks volumes of the parties' actual intention captured in the Contract of Work, as none of the Liquidation Memos issued by the petitioners for Cabildo's previous work accomplishments qualified the painting performed by Cabildo on the Mill Buildings.

From the foregoing, it is crystal clear that the petitioners breached the Contract of Work with Cabildo by awarding Velasco a contract covering the same subject matter, quite understandably, because Velasco offered a price schedule lower than Cabildo's. We completely agree with the uniform findings of the lower courts that the petitioners waylaid Cabildo and prevented him from performing his obligation under the Contract of Work.

With respect to the painting of the Bunkhouses, the petitioners claim that Cabildo was not allowed to paint them due to the rainy season and because of the financial difficulties of Benguet Corporation. Suffice it to state that the Contract of Work did not provide for a suspension clause. Thus, Benguet Corporation cannot unilaterally suspend the Contract of Work for reasons not stated therein.

Consequent to all these disquisitions, we likewise affirm the lower courts' dismissal of the petitioners' counterclaim.

WHEREFORE, premises considered, the petition is hereby **DISMISSED**. The Court of Appeals decision in CA-G.R. CV No. 37123 is **AFFIRMED**. Costs against the petitioners.

SO ORDERED.

Ynares-Santiago, (Chairperson), Austria-Martinez, Chico-Nazario, and Reyes, JJ., concur.

[1] Penned by Associate Justice Marina L. Buzon, with Associate Justices Eubulo G. Verzola and Bienvenido L. Reyes, concurring; rollo, pp. 82-100.

[2] Penned by Judge Ruben C. Ayson, id. at 49-80.

[3] Vice-President and General Manager of Benguet Gold Operations of Benguet Corporation at the time material to the complaint before the RTC.

[4] Department Manager of the Construction Department.

[5] Division Manager of Technical Services.

[6] The petitioners, collectively.

[7] Annex "A," records, pp. 6-9.

[8] Rollo, pp. 84-87.

[9] Petitioners' Memorandum, p. 5; rollo, p. 194.

[10] Philippine Health-care Providers, Inc. v. Estrada, G.R. No. 171052, January 28, 2008, 542 SCRA 616, 621.

[11] Id.

[12] G.R. No. 168108, April 13, 2007, 521 SCRA 131, 143.

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