SPS. JOSE N. BINARAO AND PRECIOSISIMA BINARAO, PETITIONERS, VS. PLUS BUILDERS, INC., RESPONDENT.

G.R. NO. 154430. June 16, 2006

Ponente: SANDOVAL-GUTIERREZ, J.

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SANDOVAL-GUTIERREZ, J.:

For our resolution is the instant petition for review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure, as amended, assailing the Decision[1] dated July 19, 2002, of the Court of Appeals in CA-G.R. CV No. 68921, entitled "Sps. Jose N. Binarao and Preciosisima Binarao v. Plus Builders, Inc."

The facts are:

Bahayang Pag-asa, Inc., and its sister corporation, Delfin Hermanos, Inc., are the owners and developers of Bahayang Pag-asa Subdivision in Cavite City. Plus Builders, Inc., herein respondent, is in charge of the construction and sale of the houses therein.

On April 19, 1990, spouses Jose and Preciosisima N. Binarao, petitioners, purchased a house and lot in Bahayang Pag-asa Subdivision for a total price of P327,491.95.

Petitioner Jose Binarao executed an Affidavit of Undertaking on Equity whereby he agreed to pay respondent P96,791.95 in the following manner: P5,000.00 upon signing of the contract, and the remaining P91,791.95 within 15 days thereafter.

However, petitioners failed to comply with their undertaking, prompting respondent's counsel to send them a demand letter.

On July 6, 1998, petitioners paid respondent P20,000.00, leaving a balance of P65,571.22 payable in three installments.

On March 10, 1999, respondent's counsel sent petitioners another demand letter, but they refused to pay.

Consequently, respondent filed with the Metropolitan Trial Court (MTC), Branch 25, Manila a complaint for a sum of money against petitioners, docketed as Civil Case No. 163822-CV.

On June 11, 2001, the MTC rendered a Decision[2] in favor of respondent, thus:

> WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff Plus Builders, Inc. and against defendants Spouses Jose and Preciosisima Binarao ordering the latter jointly and severally to pay the former the sum of P65,571.75, plus interest thereon at the stipulated rate of 16% per annum computed from March 22, 1990, and a sum equivalent to 25% of the amount due as liquidated damages until the same is fully paid, and the sum equivalent to 25% of the unpaid balance as and by way of attorney's fees and the costs of suit.
>
> SO ORDERED.

On appeal, the Regional Trial Court, Branch 7, Manila, rendered a Decision[3] dated November 23, 2001, affirming in toto the MTC Decision, holding that petitioners, in their answer, did not deny respondent's allegation in its complaint that they have still an outstanding balance of P65,571.22.

Petitioners filed a motion for reconsideration but was denied by the RTC in an Order[4] dated January 15, 2002.

Petitioners then filed with the Court of Appeals a petition for review.

On July 19, 2002, the Appellate Court rendered a Decision affirming in toto the RTC Decision.

The Court of Appeals held:

> x x x Section 11, Rule 8 of the 1997 Rules of Court states:
>
> Sec. 11. Allegations not specifically denied deemed admitted. – Material averment in the complaint, other than those as to the amount of unliquidated damages, shall be deemed admitted when not specifically denied. Allegations of usury in a complaint to recover usurious interest are deemed admitted if not denied under oath.

And, Section 10, Rule 8 of the 1997 Rules of Court, as to the manner of making denials, provides:

> Sec. 10. Specific denial. – A defendant must specify each material allegation of fact the truth of which he does not admit and, whenever practicable, shall set forth the substance of the matters upon which he relies to support his denial. Where a defendant desires to deny only a part of an averment, he shall specify so much of it as is true and material and shall deny only the remainder. Where a defendant is without knowledge or information sufficient to form a belief as to the truth of a material averment made in the complaint, he shall so state, and this shall have the effect of a denial.

In the instant case, petitioners did not deny the allegations as stipulated in paragraph 4 of the complaint of herein respondent corporation. In fact, petitioners even admitted the allegations thereon. xxx

Petitioners, in their answer, specifically paragraph 1 thereof, stated:

1. Defendants admit paragraphs 1 and 4 of the complaint.

While it is true that paragraph 7 of petitioners' answer to the complaint qualified the fact that they didn't sign any payment plan, this qualification however neither denies nor negates the other facts, as admitted, that were stated in paragraph 4 of the complaint which actually states three facts: (1) that petitioner paid the amount of P20,000.00 to respondent; (2) that petitioner still has a balance of P65,571.22; and (3) that such unpaid balance is to be paid in three (3) agreed payment plan. What is denied by petitioners in paragraph 7 of their answer, if at all, is the fact that there is no agreed payment plan. But, as to the fact, to repeat, that petitioners still owe P65,571.22, as balance after payment of P20,000.00, is admitted by petitioners as this fact is never denied by them.

Such admission, being made in the pleading, is considered as judicial admission. Being so, the allegations, statements, or admissions contained in the pleading are conclusive as against the pleader, in this case, petitioners. By admitting therefore that petitioners still owe P65,571.22 to respondent corporation, such is conclusive to petitioners. Petitioners, on the other hand, may be relieved, as provided for in Section 2, Rule 129 of the Rules of Court, of the effects of such admission in their pleading if they can show that the admission had been made through palpable mistake. However, petitioners failed to show any palpable mistake on their part.

x x x

WHEREFORE, premises considered, the instant petition is hereby DISMISSED for lack of merit. The assailed Order dated January 15, 2002 of the Regional Trial Court, Branch 7, Manila, and its Decision dated November 23, 2001 in Civil Case No. 01-101401, are hereby AFFIRMED in toto.

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SO ORDERED.

Hence, this petition for review raising this basic issue:

> WHETHER OR NOT PETITIONERS ADMITTED ABSOLUTELY IN THEIR ANSWER THEIR LIABILITY UNDER THE PROPOSED PAYMENT PLAN DATED 06 JULY 1998.

Petitioners contend that they did not agree to pay respondent P96,791.95 and that they did not admit in their answer they are liable to respondent.

Respondent maintains that petitioners' admission of liability in their answer binds them.

The petition lacks merit.

Sec. 4, Rule 129 of the Revised Rules of Court provides:

> "Sec. 4. Judicial admissions. – An admission, verbal or written, made by a party in the course of the proceedings in the same case, does not require proof. The admission may be contradicted only by showing that it was made through palpable mistake or that no such admission was made."

A party may make judicial admissions in (a) the pleadings, (b) during the trial, either by verbal or written manifestations or stipulations, or (c) in other stages of the judicial proceeding.[5]

Here, petitioners admitted in their answer the allegation in paragraph 4 of respondent's complaint. As correctly ruled by the Court of Appeals, petitioners admitted that: (a) they paid the amount of P20,000.00; (b) they still have a balance of P65,571.72; and (c) the unpaid balance is to be paid in three installments. It is well-settled that judicial admissions cannot be contradicted by the admitter who is the party himself[6] and binds the person who makes the same, and absent any showing that this was made thru palpable mistake (as in this case) , no amount of rationalization can offset it.[7]

WHEREFORE, the petition is DENIED. The assailed Decision dated July 19, 2002 of the Court of Appeals in CA-G.R. CV No. 68921 is AFFIRMED.

Costs against petitioners.

SO ORDERED.

Puno, (Chairperson), Corona, Azcuna, and Garcia, JJ., concur.

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[1] Penned by Associate Justice Martin S. Villarama, Jr. and concurred in by Associate Justices Salome A. Montoya (retired) and Romeo J. Callejo, Sr. (now a member of this Court), Rollo, pp. 182-187.

[2] Annex "A", Rollo, pp. 29-47.

[3] Annex "B," id., pp. 35-47.

[4] Annex "D," id., p. 48.

[5] Regalado, Remedial Law Compendium, Volume Two, Seventh Revised Edition at 650.

[6] Granada, et al. vs. PNB, L-20745, September 2, 1966, 18 SCRA 1.

[7] Yuliongsiu v. Philippine National Bank, No. L-19227, February 17, 1968, 22 SCRA 585.

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