PILIPINAS SHELL PETROLEUM CORPORATION, PETITIONER, VS. CARLOS ANG GOBONSENG, JR., RESPONDENT.

G.R. NO. 163562. July 21, 2006

Ponente: GARCIA, J.

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GARCIA, J.:

In this petition for review under Rule 45 of the Rules of Court, petitioner Pilipinas Shell Petroleum Corporation (Pilipinas Shell, hereafter) seeks the reversal and setting aside of the Decision[1] dated October 10, 2003 of the Court of Appeals (CA) in CA-G.R. CV No. 63777, as reiterated in its Resolution[2] of April 13, 2004, reversing an earlier decision of the Regional Trial Court (RTC) of Negros Oriental, Dumaguete City, Branch 40, in a suit for collection of rentals with damages thereat commenced by the herein respondent Carlos Ang Gobonseng against, among others, the herein petitioner. The rentals sought to be collected pertain to a gasoline station at Lot No. 853-A, located at corner Real - Urdaneta streets, Dumaguete City.

The factual backdrop:

Sometime on January 5, 1982, one Julio Tan Pastor, original owner of Lot No. 853-A, sold it to the respondent for P1.3 million, albeit in the covering Deed of Absolute Sale executed by the parties, the amount indicated was only P13,000.00, evidently to avoid payment of the correct legal fees in the registration and transfer of title to the vendee. On the same date, however, the parties, in order to reflect their real intentions, executed a Memorandum of Agreement thereunder spelling out the true terms and conditions of their transaction, to wit:

> - Purchase price is P1,300,000.00 (P1.3 million);
>
> - P500,000.00 shall be paid upon the execution of the Deed of Sale. Out of this amount part shall be paid to whatever mortgage obligation there is with the Philippines National Bank and/or any other bank involving lot no. 853-A; and its improvements;
>
> - Balance of P800,000.00 will be paid in five (5) years at a yearly payment of P160,000.00 the first payment to be paid one year from date hereof and succeeding four installments every year thereafter;
>
> - All obligations or liabilities on or involving lot no. 853-A or its improvements such as electric bills, water bills, telephone bills, etc., shall be for the account of the VENDOR which if not paid will be automatically deductible from the first payment of the remaining balance;
>
> - Real property taxes full for 1981 over lot no. 853-A and its improvements, capital gains tax, documentary stamp tax, sales tax shall be shouldered by the VENDOR; Registration expenses shall be shouldered by the VENDEE;
>
> - Upon the execution of the Deed of Sale, ownership and possession shall automatically pass to the VENDEE; The VENDOR agrees to pay a penalty of P500.00 for every day of delay in vacating the property;"

Respondent, armed with the inaccurate Deed of Absolute Sale earlier executed by Julio Tan Pastor, and notwithstanding the Memorandum of Agreement aforementioned, succeeded in registering the conveying

instrument with the Registry of Deeds and was then issued Transfer Certificate of Title (TCT) No. 13607 over Lot No. 853-A in his own name.

In the meantime, vendor Tan Pastor presented for encashment the postdated checks issued to him by respondent as payment for the subject lot. Unfortunately, the drawee bank dishonored those checks for a variety of reasons, namely, drawn against insufficient funds, stop payment order or closed account. This prompted vendor Tan Pastor to file against respondent a criminal action for violation of Batas Pambansa (BP) 22, otherwise known as the Bouncing Checks Law, docketed as Criminal Case No. 7071, entitled People of the Philippines v. Carlos Ang Gobonseng, Jr., of the xxx.

It appears that prior to the sale of Lot No. 853-A to respondent, Tan Pastor had been operating thereon a gasoline station, first with Flying A, subsequently with Getty Oil, and later with Basic Land Oil and Energy Corporation (BLECOR).

In 1982, Pilipinas Shell acquired BLECOR, including all the latter's assets, liabilities and contracts. Thereafter, Tan Pastor remained as the distributor of Pilipinas Shell products and continued to operate the gas station on Lot No. 853-A until 1991.

Sometime in 1991, respondent sent demand letters to Pilipinas Shell for payment by the latter of rentals for its occupancy and use of his property. Responding to said letters, Pilipinas Shell disowned liability for the rentals, explaining that the gas station on Lot No. 853-A was a dealer-owned filling station, hence the demands for rental payment must be directed to Tan Pastor. In any event, Pilipinas Shell, hoping for an amicable settlement of the controversy between respondent and Tan Pastor relative to Lot No. 853-A, facilitated a meeting between the two.

True enough, on January 30, 1992, thru the efforts of Pilipinas Shell, Tan Pastor and respondent executed an Agreement[3] embodying the following terms and conditions:

> "The parties herein have agreed, as follows:
>
> - For humanitarian, peace, and other considerations, Carlos A. Gobonseng, Jr., the OWNER, hereby allows Julio Tan Pastor the use of Lot No. 853-A at Corner Real-Urdaneta Streets, Dumaguete City, covered by TCT No. 13607, as a gas/ fuel/ gasoline/ oil/ filling, selling and servicing, station, and for such other use appropriate, or related, to the same, without any rental for a period of THREE (3) YEARS from January 1st 1992, or up to December 31st 1994, NON-EXTENDIBLE;
>
> - Consistent with the foregoing, Julio Tan Pastor is authorized to enter into any business contract with a third person for the use of said property for a period of THREE (3) YEARS from JANUARY 1st 1992 or up to DECEMBER 31st 1994, the DEADLINE;
>
> - No construction, renovation or repair, shall be done by Julio Tan Pastor, without the PRIOR written consent of the owner, Carlos A. Gobonseng, Jr.;
>
> - All improvements, including old and new constructions, repairs, replacements, and other removable items, shall automatically belong in ownership to the owner, Carlos A. Gobonseng, Jr., upon and at the time of completion of construction of work, installation or repair or replacement, excluding those owned or constructed by Shell Petroleum Corp., or Francisco "Baludoy" Salva, which shall automatically belong to Carlos Ang Gobonseng, Jr. upon the expiration of the lease contract which the latter executed in favor of Francisco C. Salva;
>
> - Subject to the terms and conditions stipulated in the contract of lease between Carlos Ang Gobonseng, Jr. and Francisco C. Salva, Julio Tan Pastor and children or heirs, or Lessee, or third person, obligate and undertake to VACATE Lot No. 853-A NOT later than December 31, 1994. On December 31, 1994, PEACEFUL POSSESSION of the property and premises shall be TURNED OVER to the owner, Carlos A. Gobonseng, Jr.,

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> otherwise, a penalty of P5,000.00 for every day of delay in vacating the premises is imposed;
>
> - All the parties herein have no more further claimes against each other, and waived, abandoned, relinquished, any such claim or claims;

Thereafter, Tan Pastor executed and filed in Criminal Case No. 7071 an Affidavit of Desistance thereunder making known his lack of interest in further pursuing the case, which was eventually dismissed.

The controversy could have ended there were it not for the fact that on November 13, 1992, in the RTC of Negros Oriental, respondent filed a civil suit for collection of rentals and damages against Tan Pastor and Pilipinas Shell. In his complaint, docketed as Civil Case No. 10389, respondent, as plaintiff, alleged ownership of Lot No. 853-A on the basis of TCT No. 13607. He further averred that since 1982, he had been paying the realty taxes due thereon and that Tan Pastor and Pilipinas Shell continued occupying said lot and using the same as a gasoline and service station without paying rentals therefor. He thus prayed that judgment be rendered ordering Tan Pastor and petitioner to pay him rentals and damages for their use and occupation of his lot from 1982 to 1991.

In its Answer, Pilipinas Shell countered that plaintiff's claim for unpaid rentals had no basis because the gasoline station on his property is a dealer-owned filling station, as evidenced by a certification[4] issued by the president of the Shell Dealers Association of the Philippines. Pilipinas Shell likewise emphasized that Lot No. 853-A was initially the subject of controversy between respondent and Tan Pastor until 1992 when, thru its efforts, the warring parties executed an Agreement whereunder both (Tan Pastor and respondent) made it expressly clear that they "have no more further claims against each other, and waived, abandoned, relinquished, any such claim or claims." On this premise, Pilipinas Shell argued that respondent's demand for rentals is devoid of any legal or factual basis.

In the meantime, Tan Pastor died, leaving his heirs who were accordingly substituted as Pilipinas Shell's co-defendant in the case.

On March 15, 1999, the trial court came out with its decision[5] rendering judgment for Pilipinas Shell and its co-defendants, to wit:

> WHEREFORE, premises considered, plaintiff's complaint for collection of rental and damages against Pilipinas Shell and the heirs of Julio Tan Pastor is hereby dismissed for lack of cause of action against them.
>
> Further, plaintiff (Gobonseng) is hereby ordered to pay defendant Pilipinas Shell the amount of P150,000.00 for the other defendants, the heirs of Julio Tan Pastor.
>
> The cross-claim filed by defendant Pilipinas Shell Petroleum Corporation against its co-defendants, the heirs of Julio Tan Pastor is hereby denied for lack of legal basis.
>
> SO ORDERED.

Therefrom, respondent went to the CA.

As stated at the threshold hereof, the CA, in its Decision[6] of October 10, 2003, reversed that of the trial court, thus:

> "WHEREFORE, in view of the foregoing considerations, the decision appealed from is hereby REVERSED and SET ASIDE and a new one is entered, ordering appellee Pilipinas Shell Petroleum Corporation to pay unto appellant: P8,000 per month as reasonable compensation for the use and occupation of Lot No. 853-A as a Shell refilling station starting from 1982 until 1991 plus interest at 12% per annum until fully paid and attorney's fees of 20% of the total amount due the appellant, without prejudice to its cross-claim against its co-defendants, which is hereby reinstated and prompt resolution of which by the court a quo is hereby directed.

SO ORDERED."

With its motion for reconsideration having been denied by the CA in its equally challenged Resolution[7] of April 13, 2004, Pilipinas Shell is now with this Court raising the following issues:

> 1) Whether or not the decision of the Honorable Court of Appeals in upholding the ownership by Respondent of Lot 853-A is in accordance with the provision of Article 1496 of the Civil Code of the Philippines considering that there was no delivery yet to the Respondent of the property which was the subject of a contract of sale between him and Julio Tan Pastor;
>
> 2) Whether or not the decision of the Honorable Court of Appeals making the Petitioner liable for the payment of rentals for the use of Lot 853-A by Julio Tan Pastor as an operator of a dealer-owned filling station is consistent with Article 1157 of the Civil Code of the Philippines which provides for the legal sources of obligation;
>
> 3) Whether or not the decision of the Honorable Court of Appeals in reversing the findings of facts of the trial court on the ground that the judge who penned the decision is not the one who heard the testimonies of all the witnesses, is in accordance with the general rule that the trial court's decision is to be given credence and accorded due preference by the appellate court.

Then, as now, respondent insists that he had sufficiently established his ownership of Lot No. 853-A thru the Deed of Absolute Sale, the Memorandum of Agreement between him and Tan Pastor, TCT No. 13607 and his faithful and religious payments of the real estate taxes due on the property. To him, the existence of a gasoline station in his property since 1982 entitles him to the payment of rentals by Pilipinas Shell.

Pilipinas Shell, on the other hand, contends that respondent is without cause of action against it. It asserts non-liability for rentals because the gasoline station on Lot 853-A was operated by Tan Pastor as a dealer-owned station. Expounding on this concept, Pilipinas Shell explained that in a dealer-owned filling station, the owner of the lot is at the same time the operator of the station, with Pilipinas Shell merely providing the dealer-owner with certain equipment and facilities for the operation of his gas station. Pilipinas Shell further alleged that it was made aware of the change in the ownership of Lot No. 853-A only in the latter part of 1991 when it received a letter from respondent demanding payment of rentals therefor.

Apparently, Tan Pastor did not see the need to inform Pilipinas Shell of the change in ownership of the subject lot primarily because according to him, ownership of the lot remained with him until full payment of the agreed price shall have been effected. As it appears, Pilipinas Shell totally believed Tan Pastor's representation since there was indeed a pending criminal case for violation of BP 22 against respondent, coupled by the fact that Tan Pastor continued to be in possession and use of Lot No. 853-A as a filling and service station for Pilipinas Shell's petroleum products until 1992.

We grant the petition.

Anent the issue of ownership of Lot No. 853-A, we hold that this particular question has already been rendered moot by subsequent events and acts of respondent and Tan Pastor. Significantly, respondent and Tan Pastor both admit and agree that said lot was the subject of the Deed of Absolute Sale between them. Despite contrasting allegations on the payment of the contract price, both agreed on the object and consideration of the sale.

It must be stressed that a contract of sale is not a real, but a consensual contract. In Buenaventura v. Court of Appeals,[8] this Court made it clear that a contract of sale, being consensual in nature, becomes valid and binding upon the meeting of the minds of the parties as to the object and the price. If there is a meeting of the minds, the contract is valid despite the manner of payment, or even if the manner of payment was breached.

In fine, it is not the act of payment of the contract price that determines the validity of a contract of sale. The manner of payment and the payment itself of the agreed price have nothing to do with the perfection of the contract. Payment of the price goes into the performance of the contract. Failure of a party to effect payment of the contract price results in a right to demand the fulfillment or cancellation of the obligation under an existing valid contract.[9]

Here, the controversy between Tan Pastor and respondent with respect to the manner of payment or the breach thereof does not vitiate the validity and binding effect of their contract of sale. In this light, respondent cannot thus be faulted for registering the document of sale and successfully securing TCT No. 13607 covering Lot No. 853-A in his name.

However, coming to the more basic issue herein of whether or not respondent is entitled to the payment of rentals by Pilipinas Shell for the use and occupancy of Lot No. 853-A, the Court finds and so holds that respondent's claim has no basis in fact and in law.

To the mind of the Court, respondent's entitlement to rentals turns on the nature of the gasoline station being operated by Tan Pastor on the subject lot. To resolve this, we must necessarily venture into determining whether the gasoline station thereat was dealer-owned or company-owned. Undoubtedly, this exercise involves an examination of facts which is normally beyond the ambit of this Court. For, well-settled is the rule that this Court, not being a trier of facts, does not normally embark in the evaluation of evidence adduced during trial. The rule, however, admits of exceptions. So it is that in Sampayan v. Court of Appeals,[10] the Court held:

> "[i]t is a settled rule that in the exercise of the Supreme Court's power of review, the Court is not a trier of facts and does not normally undertake the re-examination of the evidence presented by the contending parties' during the trial of the case considering that the findings of facts of the CA are conclusive and binding on the Court. However, the Court had recognized several exceptions to this rule, to wit: (1) when the findings are grounded entirely on speculation, surmises or conjectures; (2) when the inference made is manifestly mistaken, absurd or impossible; (3) when there is grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of facts are conflicting; (6) when in making its findings the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee; (7) when the findings are contrary to the trial court; (8) when the findings are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondent; (10) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record; and (11) when the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, would justify a different conclusion."

To the Court, exceptions (5), (7) and (11), above, find application in the instant case. And after a careful evaluation of the evidence, the Court finds for the petitioner.

To begin with, the trial court's conclusion that Tan Pastor operated the gasoline station in his capacity as dealer-owner is well-supported by the evidence on record. Pilipinas Shell has shown clear and convincing proof that the outlet at Lot No. 853-A was dealer-owned gas station as per the Certification of the president of the Shell Dealers Association of the Philippines. It may be that such a certification, coming as it does from the president of petitioner's dealers association, does not warrant the probative value it otherwise deserves. It bears emphasis, however, that respondent himself does not dispute the fact that he never demanded rental payments from Tan Pastor from 1982 to 1991. It was only after the criminal case for bouncing checks was dismissed that he claimed entitlement to rentals. Prior thereto, he never demanded for any rental payment, much less instituted any action to enforce the same.

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Besides, and as correctly observed by the trial court, there was an admission by the respondent himself that, since 1982 up to 1991, he had been in the possession of Lot No. 853-A and nobody else. Coming as it does from the respondent no less, that statement commands great weight and respect. The lower court succinctly summarizes:

> "There was no legal basis for plaintiff Carlos Gobonseng, Jr. to demand payment from Pilipinas Shell as he himself admitted that he was in possession of the property from 1982 to 1991. As his testimony is against his interest, it became more believable the lack of legal anchorage to base his demand for rental payment from 1982 to 1992. No less than the Court who asked him the questions and hereunder is his answer:
>
> "Court:
>
> Q -- Who was in possession of the property since 1982 up to 1991?
>
> A -- I am the actual possessor from 1982 to 1991.
>
> Q -- Is it not a fact that it was Julio Tan Pastor's who was in possession of that property since 1982 and up to 1991?
>
> A -- No, it is not, Your Honor.
>
> x x x x x x
>
> Q -- You mean to tell the Court that prior to 1992 Julio Tan Pastor was not in possession of the property in question?
>
> A -- Not in possession, Your Honor. As an operator, Your Honor, selling the shell products, Your Honor.
>
> Q -- Who was in possession of that property?
>
> A -- Me, myself, Your Honor." (TSN, p. 5, 5-29-96)

What is more, respondent and Tan Pastor had already executed an Agreement[11] whereunder they declared that they had "no more further claims against each other, and waived, abandoned, relinquished, any such claim or claims." If anything else, such declaration evidenced respondent's stance in not collecting rentals for the use of the subject property as he even in fact allowed Tan Pastor the "use of Lot No. 853-A at Corner Real-Urdaneta Streets, Dumaguete City, covered by TCT No. 13607, as a gas/ fuel/ gasoline/ oil/ filling, selling and servicing, station, and for such other use appropriate, or related, to the same, without any rental for a period of THREE (3) YEARS from January 1st 1992, or up to December 31st 1994, NON-EXTENDIBLE." (Emphasis supplied.)

Thus, respondent is now estopped from demanding payment of rentals from Tan Pastor or Pilipinas Shell. In Bank of the Philippine Islands v. Casa Montessori International,[12] we ruled:

> "Estoppel precludes individuals from denying or asserting, by their own deed or representation, anything contrary to that established as the truth, in legal contemplation. Our rules on evidence even make a juris et de jure presumption that whenever one has, by one's own act or omission, intentionally and deliberately led another to believe a particular thing to be true and to act upon that belief, one cannot - in any litigation arising from such act or omission - be permitted to falsify that supposed truth."

Lastly, respondent insists that Pilipinas Shell had recognized his ownership of Lot No. 853-A and his right to collect rentals when the latter, through a letter,[13] sought his permission to refurbish the gasoline station located thereat.

We are not persuaded.

A careful scrutiny of the letter referred to would reveal that it was made and sent to respondent on February 7, 1992, a few days after Tan Pastor and respondent had made amends and executed an Agreement to waive any and all further claims against each other. Clearly, Pilipinas Shell was made aware of this development and the change in the ownership of Lot No. 853-A. To reiterate, Pilipinas Shell was even instrumental in this amicable settlement of the controversy between respondent and Tan Pastor. Hence, it is but proper for Pilipinas Shell to address respondent in seeking permission to make any improvements on the lot.

We note that in the decision under review, the CA made a finding that there is not enough evidence for it to competently pass upon and make a ruling on the nature of the gasoline station situated on Lot No. 853-A. We rule and so hold that such a finding all the more strengthens the trial court's decision as more in accord with the evidence adduced in the course of the proceedings thereat. As it is, the trial court's decision reflects and shows its distinct advantage of having heard the witnesses themselves, observed their deportment and their manner of testifying and behavior during trial.

Finally, respondent submits that the CA correctly set aside the trial court's decision on the ground that the judge who heard most of the witnesses was other than the judge who ultimately penned the decision in the case. On this score, respondent argues that the findings of fact of the trial court cannot be given credence and accorded due deference.

The Court does not agree. The circumstance that the judge who wrote the decision had not heard the testimonies of the witnesses does not automatically taint his decision. Here, the decision of the trial court made reference to several transcripts of stenographic notes taken in the course of trial. Likewise, several exhibits were referred to and used as evidence to substantiate the trial court's conclusions. The validity of a decision is not necessarily impaired by the fact that its ponente only took over from a colleague who had earlier presided at the trial. This circumstance alone cannot be the basis for the reversal of the trial court's decision unless there is a clear showing of grave abuse of discretion in the appreciation or a misapprehension of the facts,[14] of which we find none.

WHEREFORE, the instant petition is GRANTED and the assailed Decision and Resolution of the CA are REVERSED and SET ASIDE. The decision dated March 15, 1999 of the RTC in Civil Case No. 10389 is REINSTATED.

No pronouncement as to costs.
SO ORDERED.

Puno, (Chairperson), Sandoval-Gutierrez, Corona, and Azcuna, JJ., concur.

[1] Penned by Associate Justice Godardo A. Jacinto with Associate Justices Elvi John S. Asuncion and Lucas P. Bersamin, concurring; Rollo, pp. 37-45.

[2] Rollo, p. 69.

[3] Rollo, pp. 121-123.

[4] RTC Records, p. 63.

[5] CA Records, pp. 111-116.

[6] Supra note 1.

[7] Supra note 2.

[8] G.R. No. 126376, 20 November 2003, 416 SCRA 263.

[9] Ibid.

[10] G.R. No. 156360, 14 January 2005, 448 SCRA 220 citing Insular Life Assurance Company, Ltd. v. Court of Appeals, 428 SCRA 79 (2004) citing Langkaan Realty Development, Inc. v. United Coconut Planters Bank, 347 SCRA 542 (2000), Nokom v. National Labor Relations Commission, 390 Phil. 1228 (2000), Commissioner of Internal Revenue v. Embroidery and Garments Industries (Phil.), Inc., 363 Phil. 541, (1999), Sta. Maria v. Court of Appeals, 349 Phil. 275 (1998).

[11] Supra note 3.

[12] G.R. No. 149 and G.R. No. 149507, 28 May 2004, 430 SCRA 261 citing Tolentino, Commentaries and Jurisprudence on the Civil Code of the Philippines, Vol. IV (1991), p. 656, Section 2 (a) of Rule 131 of the Rules of Court, and Article 1431 of the Civil Code of the Philippines.

[13] Letter dated February 7, 1992 by Depot Supervisor Andy De Guzman in behalf of Marketing Manager Jaime O. Uy addressed to Gobonseng, RTC Records, p. 410.

[14] People v. Ulzoron, G.R. No. 121979, 2 March 1998, 286 SCRA 741, citing People v Fulinara, 247 SCRA 28 (1995).

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