

GIL M. CEMBRANO AND DOLLFUSS R. GO, PETITIONERS, VS. CITY OF BUTUAN, REPRESENTED BY CITY MAYOR LEONIDES R. THERESA PLAZA, CVC LUMBER INDUSTRIES, INC., MONICO PAG-ONG AND ISIDRO ...*G.R. NO. 163605. September 20, 2006*

Ponente: CALLEJO, SR., J.

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Before the Court is a Petition for Review on Certiorari of the Decision[1] of the Court of Appeals (CA) in C.A.-G.R. SP No. 75328, nullifying the Orders[2] of the Regional Trial Court (RTC), Butuan City, Agusan Del Norte, Branch 4, in Civil Case No. 3851, as well as the Resolution[3] of the CA denying the motion for reconsideration thereof. The assailed Orders[4] of the RTC directed the Sheriff to garnish the bank account of the City of Butuan amounting to P926,845.00 and directed the Development Bank of the Philippines (DBP) to release the amount to petitioners Atty. Gil M. Cembrano and Atty. Dollfuss R. Go.

The Antecedents

CVC Lumber Industries, Inc. (CVC) was a timber concession licensee in Bunawen and Veruela, Agusan del Sur. Cembrano, then its Marketing Manager, participated in a bidding for the supply of piles and poles which were to be used for the construction of the new City Hall of Butuan City. The contract was awarded to CVC, under which it was to deliver to the City of Butuan 757 timber piles at a unit cost of P1,485.00 or a total of P1,124,145.00 within 60 days from receipt of the order; in the event of delay in the delivery, CVC would be liable for liquidated damages, to be deducted from the total value of the contract price, and in case of partial delivery, liquidated damages would be deducted from the total value of the delivered portion, per Rule 9 of Presidential Decree (P.D.) No. 526.[5]

On May 6, 1991, the City of Butuan issued a Purchase Order[6] for 757 timber piles to "CVC or Gil Cembrano." To partly finance the purchase of the merchandise, petitioner Cembrano, along with Gener Cembrano, secured a P150,000.00 loan from the DBP, as evidenced by a Promissory Note[7] dated June 4, 1991. To secure the loan, they executed a real estate mortgage over a parcel of land covered by Transfer Certificate of Title (TCT) No. T-5491.[8] The purchase order was modified on August 22, 1991 with respect to the specifications of the timber piles. The seller/supplier furnished the same to CVC or Gil M. Cembrano.[9]

Within the 60-day period, CVC was able to make two (2) deliveries of 117 and 57 pieces which respondent accepted and paid for. On August 26 and September 9, 1991, Cembrano received payment of P148,574.25 and P84,645.00, respectively, for the aforesaid deliveries, as evidenced by the disbursement vouchers issued by the City in favor of CVC Lumber Industries, Inc. It appears on the face of the vouchers that the payee is "CVC or Gil Cembrano." [10]

On November 13, 1991, the 60-day period for CVC to make deliveries of the timber piles expired. CVC offered to

deliver 100 timber piles worth P148,500.00, but respondent refused. On November 19, 1991, CVC, through petitioner Cembrano, requested for an extension, until December 11, 1991, to complete the delivery of timber piles.[11] City Engineer Edgardo T. Sanchez denied this request, and recommended that a new bidding be held on the unexecuted portion of the contract.[12] The re-bidding was held on December 2, 1991 with the approval of former City Mayor Guillermo Sanchez, without notice to CVC.

At the instance of CVC, through Cembrano, an investigation regarding the unilateral cancellation of the contract and the subsequent re-bidding was conducted. The City Legal Officer rendered a report upholding the validity of the contract with CVC and the purchase order issued by the City to it, considering "the suspicious haste attendant to its termination and the irregularities surrounding the re-bidding process." [13] The City Legal Officer made the following recommendation to the Mayor:

1. To honor the contract with CVC Lumber Industries, Inc. or Mr. Gil M. Cembrano and compromise with the same by requiring the said contractor to complete delivery of timber piles within the period of 45 calendar days without charging the provided liquidated damages, which Compromise Agreement shall provide for its automatic expiration after the lapse of the above-mentioned period;
2. To declare the December 2, 1991 bidding Null and Void and confirm the stop payment order of this office permanently;
3. To endorse to the Committee on Good Government and to the Office of the Ombudsman the irregular acts of the City General Service Department Head for appropriate Administrative and Criminal action[s], respectively;
4. To suspend the City General Service Department Head for a period of not more than 90 days for him to fully face the charges filed against him before the Committee on Good Government;
5. To request the Committee on Good Government to conduct further investigation within the Office of the City General Service to determine involvement of other government employees in the said irregularities[14]

CVC and Cembrano, through Go as counsel, filed a complaint for breach of contract and damages against respondent, claiming that CVC sustained damages amounting to P856,695.00 - the value of the timber piles which it was ready to deliver and the value of those it failed to deliver on account of the cancellation of the contract on November 13, 1992. Cembrano alleged therein that he was the Marketing Supervisor and an agent of CVC, that he secured a loan from the DBP and executed a real estate mortgage over his property as collateral to partly finance the purchase of the timber poles/piles. The case was docketed as Civil Case No. 3851.

In its Answer, the City of Butuan admitted the allegations in the complaint.

Meanwhile, during a meeting of the CVC Board of Directors on September 3, 1992, Monico Pag-Ong was elected President and Isidro B. Plaza as Corporate Secretary.[15] Plaza also became the resident manager of the corporation.

On May 27, 1996, the trial court rendered judgment in favor of the defendants and ordered the dismissal of the complaint on the following ratiocination:

It may be recalled that as of November 13, 1991 the contract had already been terminated for failure of the plaintiff [CVC and Cembrano] to complete deliveries on the original period. Since the request for extension by the plaintiff was denied, the defendant [City] was no longer obliged to accept any delivery as said acceptance can be considered a waiver or abandonment of the right to rescind. The obligation of plaintiff to make complete delivery, according to the contract, expired on November 13, 1991. The law is clear that obligations arising from contracts have the force of law between the contracting parties and should be complied with in good faith. The power to rescind is given to the injured party which, in this case is the defendant. The plaintiff

being a party who did not perform the undertaking which [sic] he was bound by the terms of the agreement to perform, it is not entitled to insist upon the performance of the contract by the defendant or recover damages by reason of the breach.[16]

Cembrano appealed the decision to the CA. The appeal was docketed as CA-G.R. CV No. 55049. The CA rendered judgment reversing the decision of the trial court and ordered the City of Butuan to pay its liability to Cembrano and CVC. The dispositive portion of the Decision[17] reads:

IN VIEW OF THE FOREGOING, the decision appealed from is hereby REVERSED and SET ASIDE. Defendant City of Butuan is directed to pay the plaintiffs the total sum of P926,845.00 in accordance with the above computation, with 6% interest as of the date this decision attains finality.

Costs against defendant-appellee.

SO ORDERED.[18]

The appellate court declared that it was undisputed that CVC, through Cembrano, its Marketing Supervisor, participated and won the bidding for the supply of 757 timber piles and poles,[19] and that the contract was between CVC and the City of Butuan. The CA likewise affirmed the findings of the Investigation Report made by the City Legal Officer, and CVC's entitlement to damages amounting to P926,845.00.[20]

The City of Butuan thereafter filed a petition for review on certiorari with this Court, docketed as G.R. No. 149466. However, the petition was denied on November 12, 2001 for failure to observe the 15-day period to appeal, and failure to serve a copy thereof to the CA.[21] The City filed a motion for reconsideration, which the Court denied with finality on January 16, 2002.[22] Thus, the CA decision became final and executory.

On March 1, 2002, Cembrano, in his behalf and as attorney-in-fact of CVC, executed a Deed of Assignment[23] covering ½ of the monetary award of the CA in favor of Go, his uncle.

In a letter[24] dated March 19, 2002, Go wrote the City Mayor of Butuan City, requesting payment of the P926,845.00 awarded to it via the decision in CA-G.R. CV No. 55049 plus interests, to avoid the embarrassment of the implementation of a writ of execution against the City. However, in a letter[25] dated July 15, 2002, CVC, through its Resident Manager Isidro B. Plaza, informed the City Mayor that it was laying claim to the money judgment and requested that the amount be remitted it.

In a 2nd Indorsement[26] dated July 17, 2002, the City Legal Officer recommended that the Sangguniang Panglungsod appropriate P926,845.00 to pay for the award in favor of CVC under CA-G.R. CV No. 55049. During a meeting with the Sangguniang Panglungsod Chairman and Members of the Committee on Appropriation and Finance, Cembrano and Go agreed that under the decision, the amount due to CVC was P926,845.00 with 6% interest per year. The Sanggunian resolved to refer the matter to the City Budget Officer.[27]

In a letter[28] dated October 30, 2002, the City Legal Officer requested the City Budget Officer to release P926,845.00 plus 6% legal interest to CVC. The City Treasurer and the City Mayor signed a check[29] dated November 5, 2002 for the said amount with "CVC LUMBER INDUSTRIES, INC/MONICO E. PAG-ONG" as payee. The check was received by Pag-Ong for CVC, as evidenced by a disbursement voucher.[30]

Thereafter, Atty. Go, acting as counsel for CVC and Cembrano, filed a "Alternative Motion for Issuance of a Writ of Execution or Entry of Judgment"[31] in the RTC in Civil Case No. 3851. The court issued an order granting the motion. The Sheriffs arrived in the Office of the City Mayor to enforce the writ on November 28, 2002, but were told that the City had already remitted the amount. Thus, the Sheriffs submitted a Return on the Writ of Execution declaring that they failed to enforce the writ on account of the City's claim that it had already remitted

the P926,845.00 to CVC.

In a letter[32] dated November 29, 2002, Plaza wrote the City Treasurer that the proceeds of the 210 piles of poles and piles delivered to the City at the price of P311,850.00 had not been remitted to CVC. He requested that CVC be furnished copies of vouchers, checks, official receipts, including Cembrano's authority to transact business with the city government and other documents. Plaza, likewise, informed Go that the amount of P120,000.00 as his attorney's fees and litigation expenses under the decision in CA-G.R. CV No. 55049 was ready for claiming.[33]

The City Legal Officer filed a Manifestation,[34] also dated November 29, 2002, that it had already paid the P926,845.00 to CVC, through Pag-Ong, its President. Go filed an "Urgent Motion (To Direct Sheriffs To Garnish Defendant's Bank Account),"[35] alleging that the payment by the City of Butuan to Monico Pag-Ong was not in compliance with the decision in CA-G.R. CV No. 55049, as affirmed by the Supreme Court. It was, likewise, asserted that the creditors under the CA decision were CVC Unit VI and Cembrano, not Plaza or Pag-Ong. It insisted that the payment made by the City to Pag-Ong did not discharge its obligation to Cembrano. It was, likewise, asserted that the creditors under the CA decision were CVC Unit IV and Cembrano, not Plaza or Pag-Ong. It insisted that the payment made by the City to Pag-Ong did not discharge its obligation to Cembrano. It was also averred that the logging operations of CVC and Triumph-Timber Corporation were consolidated in one timber concession license, and that the two corporations conducted the operations under an independent and separate entity which was CVC Unit VI. The plaintiffs-movants prayed that:

WHEREFORE, it is respectfully prayed of this Honorable Court to issue an order directing Sheriffs ROGER KINANAHAAS, with the assistance of VICENTE TIU and ARTHUR CALO, to enforce the writ of execution by way of garnishment of defendant's bank accounts pursuant to Section 9, Rule 39, specifically paragraph (c) of the Revised Rules of Court.

Plaintiffs further pray for such other remedies that may be just and equitable in the premises.[36]

The City opposed the motion, contending that Cembrano was merely the agent or marketing supervisor of CVC as alleged in the complaint in Civil Case No. 3851; although Cembrano was impleaded as one of the plaintiffs, the real party-in-interest entitled to the sum of P926,845.00 was CVC. Cembrano was bound by his allegation in the complaint that he was merely the Marketing Supervisor for CVC. It pointed out that Go and Cembrano failed to implead Plaza and Pag-Ong, who were indispensable parties in their motion; hence, the motion was a mere scrap of paper. The City of Butuan suggested that the issue of who between plaintiff CVC or Cembrano was entitled to the amount of P926,845.00 should be resolved by them.[37]

For his part, Pag-Ong filed a Manifestation, stating that he refrained from intervening in the case for the simple reason that he was the President of CVC, thus clothed with the authority to receive the P926,845.00. He appended thereto the minutes of the meeting of the CVC Board of Directors on September 3, 1982, during which he was appointed President.[38]

On January 8, 2003, the court issued an Order[39] granting the motion of Ong and Cembrano, and ordered the Sheriff to garnish the bank account of the City of Butuan in the DBP for the enforcement of the writ of execution. It ruled that the payment made by the City of Butuan to Pag-Ong was illegal because it was made in a motion for writ of execution, and Pag-Ong was not a party to the case and had no personality. For their part, Go and Cembrano filed a motion to compel the DBP to remit the garnished amount to them. On February 3, 2003, the trial court issued an Order[40] granting the motion and ordered the DBP to remit P926,845.00 to Cembrano and Go in cash. The dispositive portion of the Order reads:

WHEREFORE, in view of the foregoing, the garnishee, Development Bank of the Philippines, Butuan City

Branch, through its manager, Mr. Wilfred Alava, is hereby ordered to release one half of the garnished amount or the sum of P490,609.955 in CASH to Atty. Dollfuss R. Go.

As there is no showing from the pleadings filed by defendant City of Butuan that CVC Lumber Industries, Inc., still exist, Mr. Wilfred Alava is likewise ordered to release the remaining half of the garnished amount in the sum of P490,609.955 in CASH to plaintiff Gil M. Cembrano.

IT IS SO ORDERED.[41]

The DBP complied and released the amount of P981,219.91 to CVC and Cembrano.[42]

On February 4, 2003, the City of Butuan filed a Petition for Certiorari and Prohibition[43] with the CA against CVC, Pag-Ong, Plaza and Cembrano, assailing the January 8, 2003 Order of the trial court. The case was docketed as CA-G.R. SP No. 75328. It insisted that it had already paid respondent CVC and Cembrano as ordered by the CA in CA-G.R. CV No. 55049.

Atty. Go filed a Comment[44] on the petition for and in behalf respondents except Pag-Ong and Plaza, alleging that the RTC had the inherent power to rule that such payment made by the City of Butuan to Pag-Ong was illegal.

For its part, the City of Butuan filed a Reply,[45] claiming that the petition had become moot and academic because the DBP had already released the money to Go and Cembrano on February 4, 2003.

On August 5, 2003, the CA rendered judgment granting the petition. The fallo reads:

IN VIEW OF ALL THE FOREGOING, the instant petition is hereby GRANTED and the assailed Orders RECALLED and SET ASIDE, and a new one entered RECALLING and DECLARING NULL and VOID the Orders dated January 8, 2003 and February 3, 2003, and altogether quashing the writ of execution or garnishment issued in this case. As a further consequence of this order, Atty. Dollfuss R. Go and plaintiff Gil M. Cembrano are ordered each to return to the petitioner City of Butuan the amount of P490,605.955, which they received as a result of the implementation of the writ of garnishment issued in the case. Costs against the respondents.

SO ORDERED.[46]

The CA ruled that, under the Decision of the CA in CA-G.R. CV No. 55049, either respondent Cembrano or Pag-Ong could receive the award of P926,845.00 for the respondent CVC. Moreover, the City of Butuan acted in good faith in delivering the check to the President of CVC. Inasmuch as it had already remitted the judgment debt, the City was released of its obligation under the Decision in CA-G.R. CV No. 55049; hence, the trial court committed grave abuse of its discretion amounting to excess of jurisdiction when it ordered the garnishment of the bank account of petitioner Butuan City with the DBP, and in ordering the bank to release P490,609.955 to Atty. Dollfuss R. Go, and the remaining half to Cembrano.

The CA, likewise, declared that: "[w]hatever intra-corporate disputes over any controversy existing between Cembrano, on the one hand, and Pag-Ong on the other, is something which they have to thresh out in an appropriate proceeding and not in the case before it." [47] Consequently, the appellate court ordered Go and Cembrano to return what each received from the DBP to the City of Butuan. The appellate court also stated the judgment creditor can very well satisfy the judgment debt even before a writ of execution shall have been issued by the court for the implementation of its decision.[48]

Go and Cembrano filed a Motion for Reconsideration, insisting that the trial court did not commit any grave abuse of its discretion in issuing the assailed orders of the trial court. As gleaned from the evidence on record in Civil

Case No. 3851, the transaction subject matter thereof was between Cembrano and the City of Butuan, and Plaza and Pag-Ong had no participation or involvement therein whatsoever. Cembrano maintained that it was he who funded the purchase and delivery of the timber poles and piles to the City of Butuan, since he secured the P150,000.00 loan from the DBP, the amount CVC used to finance the purchase of timber poles and piles. This is gleaned from the evidence adduced during the trial, consisting of the Promissory Note he executed in favor of DBP for P150,000.00, and the real estate mortgage executed by him in favor of the DBP over the property belonging to his mother covered by TCT No. 17068 as security for the payment of said loan.[49] They appended to the motion the real estate mortgage executed by Cembrano in favor of the DBP and their formal offer of evidence filed in Civil Case No. 3851.

The CA, however, denied the motion for reconsideration in a Resolution[50] dated April 5, 2005.

Cembrano and Go, now petitioners, assail the Decision and Resolution of the CA on the following grounds:

I

BOTH PETITIONERS WERE DEPRIVED OF THEIR CONSTITUTIONAL AND PROCEDURAL DUE PROCESS WHEN THE HONORABLE COURT OF APPEALS ORDERED THEM TO RETURN TO THE CITY OF BUTUAN THE AMOUNT OF P490,609.955[51]

II

THAT THE HONORABLE COURT OF APPEALS COMMITTED SERIOUS ERRORS OF LAW NAY GRAVE ABUSE OF DISCRETION IN DECLARING PAYMENT BY THE CITY OF BUTUAN TO MONICO PAG-ONG AND ISIDRO PLAZA, WHO WERE NOT PARTIES TO CIVIL CASE NO. 3851 AND CA-G.R. CV No. 55049, IS A VALID PAYMENT OF THE JUDGMENT DEBT IN CA-G.R. CV No. 55049 AND IN SETTING ASIDE AND DECLARING NULL AND VOID THE WRIT OF GARNISHMENT ISSUED BY THE COURT A QUO. [52]

III

THE DECISION OF THE HONORABLE COURT OF APPEALS IN CA G.R. CV No. 55049 HAD BECOME FINAL AND EXECUTORY AND COULD NOT BE CHANGED BY THE HONORABLE COURT OF APPEALS 1ST DIVISION ON A MERE PETITION FOR CERTIORARI IN CA-G.R. SP No. 75328.[53]

Petitioner Go avers that he was merely the counsel of petitioner Cembrano in Civil Case No. 3851, and was not a party in said case nor in CA-G.R. CV No. 55049. He and petitioner Cembrano were deprived of their right to due process when they were ordered by the CA in CA- G.R. SP No. 75328 to return the P490,609.955 garnished by the Sheriff in Civil Case No. 3851. The proper recourse of the respondent City was to file a separate complaint to resolve the issue of who is entitled to the amount; the issue of whether petitioner Go was obliged to return the amount which he received as attorney's fees and reimbursement of litigation expenses and whether petitioner Cembrano was entitled to the P490,609.95 would have to be ventilated and resolved after a full-blown trial.

Petitioners aver that the CA committed a serious error when it declared that the payment by the respondent Butuan City to respondent CVC, through its President Pag-Ong, validly discharged it from its obligation in CA-G.R. CV No. 55049; it likewise erred in ruling that the acceptance of P926,845.00 by respondent Pag-Ong released the City of Butuan from its obligations on the premise that Pag-Ong, as president of CVC, could be considered as a person in possession of credit.

Petitioner Cembrano, being one of the plaintiffs in Civil Case No. 3851 and an appellant in CA-G.R. CV No. 55049, is entitled to one-half of the award, which he had already assigned to petitioner Go; hence, the latter is

entitled to one-half of the award, or P490,609.955. Petitioner Go maintains that the deed of assignment is a valid contract between him and petitioner Cembrano. Petitioners cite the ruling of this Court in *Harry E. Keeler Electric Co. v. Rodriguez*.^[54]

Petitioner Go avers that he was not a party in Civil Case No. 3851 (CA-G.R. CV No. 55049 and CA-G.R. SP No. 75328). He was merely the counsel of the plaintiffs in Civil Case No. 3851, and who were the appellants CA-G.R. CV No. 55049. Hence, the CA in CA-G.R. SP No. 75328 cannot compel him to return the P490,609.955 he received from the DBP. Petitioners insist that the proper remedy of respondent City of Butuan is to file the proper complaint against them so that they can file the appropriate pleadings in their defense.

For its part, the respondent City of Butuan avers that it complied with the decision in CA-G.R. CV No. 55049 when it remitted the full amount of P926,845.00 to respondent CVC. Contrary to his claim, petitioner Cembrano is not entitled to one-half of the monetary award in CA-G.R. CV No. 55049 for the simple reason that he was merely CVC Marketing Supervisor, and happened to participate in the public bidding for the supply of timber piles solely in that capacity. As ruled by the CA in CA-G.R. SP No. 75328, petitioner Cembrano admitted in his Urgent Motion (to Direct Sheriff to Garnish Defendant's Account) that he was clothed with the proper authority to participate in the bidding and deliver the timber piles under the contract. It maintains that what should prevail is the dispositive portion of the decision in CA-G.R. CV No. 55049, and that a writ of execution which does not strictly adhere to the dispositive portion of the decision is invalid.

It further maintains that it acted on its honest belief that respondent Pag-Ong, as CVC president, was authorized to receive payment in behalf of said corporation. Citing Article 1240 of the New Civil Code, respondent City maintains that its payment to CVC, through its President, satisfied its obligations under the decision of the CA in CA-G.R. CV No. 55049. It was completely unaware of any dispute between CVC and Cembrano. Moreover, if petitioners believed that they were entitled to the P490,609.955 out of its remittance of P926,845.00 to CVC, they should have presented evidence in the RTC to prove their claim.

For their part, respondents Pag-Ong and Plaza aver that as president of CVC and chief executive officer, Pag-ong was authorized to receive the amount of P926,845.00 from respondent Butuan City.

The threshold issues in this case are: (1) whether or not the remittance of the P926,845.00 made by respondent City of Butuan to the respondent CVC, through its president respondent Pag- Ong, released it from its obligation under the decision in CA-G.R. CV No. 55049; and (2) whether the CA erred in ordering the petitioner to return the P981,219.91 to the account of respondent City with the DBP.

The Ruling of the Court

On the first issue, the respondent City, as judgment debtor, is burdened to prove with legal certainty that its obligation under the CA decision in CA-G.R. CV No. 55049 has been discharged by payment, which under Article 1240 of the Civil Code, is a mode of extinguishing an obligation.^[55] Article 1240 of the Civil Code provides that payment shall be made to the person in whose favor the obligation has been constituted, or his successor-in-interest, or any person authorized to receive it.^[56]

Payment made by the debtor to the person of the creditor or to one authorized by him or by the law to receive it extinguishes the obligation.^[57] When payment is made to the wrong party, however, the obligation is not extinguished as to the creditor who is without fault or negligence even if the debtor acted in utmost good faith and by mistake as to the person of the creditor or through error induced by fraud of a third person.^[58]

In general, a payment in order to be effective to discharge an obligation, must be made to the proper person. Thus,

payment must be made to the obligee himself or to an agent having authority, express or implied, to receive the particular payment. Payment made to one having apparent authority to receive the money will, as a rule, be treated as though actual authority had been given for its receipt. Likewise, if payment is made to one who by law is authorized to act for the creditor, it will work a discharge. The receipt of money due on a judgment by an officer authorized by law to accept it will, therefore, satisfy the debt.[59]

When there is a concurrence of several creditors or of several debtors or of several creditors and debtors in one and the same obligation, it is presumed that the obligation is joint and not solidary.[60] The most fundamental effect of joint divisible obligations is that each creditor can demand only for the payment of his proportionate share of the credit, while each debtor can be held liable only for the payment of his proportionate share of the debt. As a corollary to this rule, the credit or debt shall be presumed, in the absence of any law or stipulation to the contrary, to be divided into as many shares as there are creditors and debtors, the credits or debts being considered distinct from one another.[61] It necessarily follows that a joint creditor cannot act in representation of the others. Neither can a joint debtor be compelled to answer for the liability of the others.[62] The pertinent rules are provided in Articles 1207[63] and 1208[64] of the Civil Code.

We agree with the petitioners' contention that, under the fallo of the CA decision in CA-G.R. CV No. 55049, respondent City was ordered to pay P926,845.00 to the plaintiffs in Civil Case No. 3851:

IN VIEW OF THE FOREGOING, the decision appealed from is hereby REVERSED and SET ASIDE. Defendant City of Butuan is directed to pay the plaintiffs the total sum of P926,845.00 in accordance with the above computation with 6% interest as of the date this decision attains finality.

Costs against defendant-appellee.[65]

x x x

The Court adopts with approval the investigation report of the City Legal Officer. As a consequence of which, We find plaintiffs to be entitled to damages as follows:

- The value of the timber piles defendants refused to accept computed at P1,485.00 per timber pile

P148,500.00

- The value of 447 timber piles which plaintiffs were ready and could have delivered were it not for the unilateral termination of the contract

P708,345.00

- Attorney's fees

P 50,000.00

- Litigation expenses

P 20,000.00

or a total of

P926,845.00[66]

As gleaned from the complaint in Civil Case No. 3851, the plaintiffs therein are petitioner Gil Cembrano and respondent CVC; as such, the judgment creditors under the fallo of the CA decision are petitioner Cembrano and respondent CVC. Each of them is entitled to one-half (1/2) of the amount of P926,845.00 or P463,422.50 each.

In compliance with the decision of the CA in CA-G.R. CV 55409, respondent City remitted the P926,845.00 to respondent CVC, and that respondent Pag-Ong received the amount for and in behalf of CVC and not in his personal capacity. Considering that respondent Pag-ong as CVC president was authorized to receive the money, respondent City's payment discharged respondent City of its obligation under the decision in CA-G.R. CV No. 55049. However, since petitioner Cembrano did not receive any centavo out of the P926,845.00 remitted to respondent CVC, the obligation to remit one-half of the amount, or P463,422.50, to petitioner Cembrano was not extinguished.

The petitioners and the respondent City are correct in their contention that the general rule is that the fallo or the dispositive portion of the decision is the subject of execution. Where there is a conflict between the dispositive portion and the opinion of the court contained in the text or body of the decision, the former must prevail over the latter on the theory that the dispositive portion is the final order, while the opinion is merely a statement ordering nothing.[67] The other parts of the decision may be resorted to in order to determine the ratio decidendi of the dispositive portion of the decision.[68] Where the inevitable conclusion from the body of the decision is so clear as to show that there was a mistake in the dispositive portion, the body of the decision will prevail.[69]

In this case, the fallo or dispositive portion of the CA decision in CA-G.R. CV No. 55049 is plain and unambiguous in that respondent City was ordered to pay to petitioner Cembrano and respondent CVC the amount of P926,845.00 plus interest. In the body of its decision, the CA declared that the "plaintiffs are to be entitled" to damages, as follows:

The Court adopts with approval the investigation report of the City Legal Officer. As a consequence of which, We find plaintiffs to be entitled to damages as follows:

- The value of the timber piles defendants refused to accept computed at P1,485.00 per timber pile

P148,500.00

- The value of 447 timber piles which plaintiffs were ready and could have delivered were it not for the unilateral termination of the contract

P708,345.00

- Attorney's fees

P 50,000.00

- Litigation expenses

P 20,000.00

or a total of

P926,845.00[70]

We note that under the decision of the appellate court, the value of 447 timber piles which the "plaintiffs" could have delivered to respondent City was P708,345.00.

We agree with respondents' contention that under the decision of the CA, the winning bidder for the sale and supply of timber piles/poles was respondent CVC, and that petitioner Cembrano was merely the CVC Marketing Supervisor who represented it during the bidding, and that this was also alleged in the complaint before the RTC. The CA in CA-G.R. CV No. 55049 further declared that respondent CVC, not petitioner Cembrano, secured the DBP loan to augment its capital. Consequently, respondents argue, CVC being the contracting party and petitioner Cembrano being a mere agent of CVC, the latter is entitled to the value of the timber poles/piles subject to be supplied to respondent City contrary to the plain and unambiguous fallo of the decision. However, if this contention of respondents had been correct, the CA should have dismissed the complaint insofar as petitioner Cembrano was concerned, on the premise that he had no cause of action against respondent City. The CA did not do so, and instead ordered respondent City to pay P926,845.00 to petitioner Cembrano and respondent CVC.

It bears stressing that there were two plaintiffs in Civil Case No. 3851. It appears in the complaint that petitioner Cembrano was a party-plaintiff. He alleged that it was he who secured a loan from the DBP of P150,000.00 and mortgaged the property of his uncle as security therefor to partly finance the purchase of timber poles/piles to the respondent City. The plaintiffs adduced in evidence the Promissory Note executed by Cembrano and the Real Estate Mortgage he executed in favor of the DBP.[71] The Purchase Order issued by the City was delivered to respondent CVC or Cembrano. Based on the disbursement voucher for the payment of the P24,640.00 paid by the respondent City for the supply of poles/piles, it appears that the payee is CVC or Cembrano. In the report of the City Legal Officer which was approved by the Court of Appeals, it declared that the contract of respondent City for the supply of timber poles/piles was CVC or Cembrano. In fine, Cembrano was a party-plaintiff in his personal capacity and not merely as Marketing Supervisor of respondent CVC. The CA resolved that, based on the evidence on record, petitioner Cembrano and respondent CVC were entitled to the amount of P926,845.00.

To reiterate, it is the dispositive part of the judgment that actually settles and declares the rights and obligations of the parties, finally, definitively, authoritatively, notwithstanding the existence of inconsistent statements in the body that may tend to confuse; it is the dispositive part that controls, for purposes of execution.[72]

Respondent CVC did not file any motion for the reconsideration of the CA decision in CA-G.R. CV No. 55049. Since petitioner Cembrano had assigned his rights and interests under the decision to petitioner Go, the latter received the amount of P490,609.955 on the basis of the deed of assignment executed by petitioner Cembrano. Petitioner Go cannot be compelled to return the same to respondent City.

Since respondent CVC was entitled to only P490,605.955 under the CA decision in CA-G.R. CV No. 55049 but received P926,845.00, there was, in fine, an overpayment of P490,605.955 made by respondent City. Thus, respondent CVC is obliged to return the amount of P490,605.955 to respondent City. Since petitioner Cembrano had already assigned P490,609.955 to petitioner Go, the latter likewise had the right to receive the P490,609.955 from DBP. Petitioner Cembrano should thus be made to return the amount of P490,609.955 he received from the DBP to respondent City.

IN LIGHT OF ALL THE FOREGOING, the petition is PARTIALLY GRANTED. The decision of the Court of Appeals is AFFIRMED with MODIFICATION. Petitioner Gil Cembrano is ORDERED to return to respondent City of Butuan the amount of P490,609.955, with 6% interest per annum to be computed from the finality of this decision. Respondent CVC is ORDERED to return to respondent Butuan City the amount of P490,609.955, with 6% interest per annum to be computed from the date of finality of this decision. No costs.

SO ORDERED.

Panganiban, C. J., (Chairperson), Ynares-Santiago, Austria-Martinez and Chico-Nazario, JJ., concur.

[1] Penned by Associate Justice Conrado M. Vasquez, Jr. with Associate Justices Mercedes Gozo-Dadole (retired) and Rosmari D. Carandang concurring; rollo, pp. 14-22.

[2] Penned by Acting Presiding Judge Victor A. Tomaneng.

[3] Supra note 1, at 66.

[4] CA rollo, pp. 15, 79.

[5] Rollo, pp. 67-68.

[6] Id., at 106

[7] Id. at 145.

[8] Id. at 146.

[9] Id. at 107.

[10] Id. at 149-150.

[11] Id. at 151.

[12] Id. at 152.

[13] Id. at 155-161.

[14] Rollo, pp. 160-161.

[15] CA rollo, p. 75.

[16] Rollo, p. 71.

[17] Penned by Associate Justice Rodrigo V. Cosico, with Associate Justices Ramon A. Barcelona and Alicia L. Santos, concurring; rollo, pp. 67-74.

[18] Id. at 73-74.

[19] Id. at 67 (Decision in CA-G.R. CV No. 55049).

[20] Id. at 73.

[21] CA rollo, pp. 25-26.

[22] Id. at 27.

[23] Rollo, p. 190.

[24] CA rollo, p. 28.

[25] Id. at 33.

[26] Id. at 34-35.

[27] Id. at 55-56.

[28] Id. at 36.

[29] Id. at 37.

[30] Id. at 38.

[31] Id. at 29-32

[32] Id. at 212.

[33] Id. at 213.

[34] Id. at 39-40.

[35] Id. at 41-50

[36] Id. at 49.

[37] Id. at 62-65.

[38] Id. at 70-78.

[39] Id. at 15.

[40] Id. at 79.

[41] Id. (Emphasis supplied.)

[42] Rollo, p. 89.

[43] CA rollo, p. 2

[44] Id. at 95-102.

[45] Id. at 121-127.

[46] Rollo, p. 63.

[47] Id. at 62

[48] Id. at 63

[49] Id. at 116-118.

[50] Id. at 66.

[51] Id. at 37

[52] Id. at 39

[53] Id. at 293

[54] 44 Phil 19 (1922)

[55] *Jimenez v. National Labor Relations Commission*, G.R. No. 116960, April 2, 1996, 256 SCRA 84, 89.

[56] *Culaba v. Court of Appeals*, G.R. No. 125862, April 15, 2004, 427 SCRA 721, 729-730.

[57] *Bank of the Philippine Islands v. Court of Appeals*, G.R. No. 104612, May 10, 1994, 232 SCRA 302, 310-311.

[58] Id. at 311.

[59] Philippine Airlines, Inc. v. Court of Appeals, G.R. No. 49188, January 30, 1990, 181 SCRA 557, 567.

[60] D. Jurado, Comments and Jurisprudence on Obligations and Contracts, 10th ed (1993), p. 174.

[61] Id. at 177.

[62] Id.

[63] Art. 1207. The concurrence of two or more creditors or two or more debtors in one and the same obligation does not imply that each one of the former has a right to demand, or that each one of the latter is bound to render entire compliance with the prestations. There is solidarity liability only when the obligation expressly states, or when the law or the nature of the obligations requires solidarity.

[64] Art. 1208. If from the law, or the nature or the wording of the obligations to which the preceding article refers the contrary does not appear, the credit or debt shall be presumed to be divided into as many equal shares as there are creditors or debtors, the credits or debts being considered distinct from one another, subject to the Rules of Court governing the multiplicity of suits.

[65] Rollo, pp. 73-74. (Emphasis supplied)

[66] Id. at 73.

[67] PH Credit Corporation v. Court of Appeals, 421 Phil. 821, 833 (2001).

[68] Id.

[69] Id. at 834; People v. Lacbayan, 393 Phil. 800, 810 (2000).

[70] Rollo, p. 73. (Emphasis supplied)

[71] Exhibits "C" and "C-1."

[72] Espiritu v. Court of First Instance of Cavite, No. L-44696, October 18, 1988, 166 SCRA 394,399.

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