

U-BIX CORPORATION, PETITIONER, VS. MILLIKEN & COMPANY, SYLVAN CHEMICAL COMPANY, WILFREDO BATARA, PROJEXX CREATOR, INC. AND ONOFRE ESER, RESPONDENTS.

G.R. No. 173318. September 23, 2008

Ponente: CORONA, J.

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CORONA, J.:

On February 5, 1998, respondent Milliken & Company (M&C) designated petitioner U-Bix Corporation as its authorized dealer of Milliken carpets in the Philippines. Under the dealership agreement, petitioner undertook to market Milliken carpets and to keep on hand samples for the local market and stock sufficient to cover market demand. M&C, on the other hand, bound itself to support petitioner's marketing efforts and projects. Thus, once petitioner had specified a project (i.e., submitted an accomplished dealer project registration form), M&C was to exclusively designate the said project as petitioner's.

In 1999, M&C informed petitioner (at that time its lone Philippine dealer) that an international corporate client, Chase Manhattan Bank (CMB), was furnishing its Manila office. Petitioner immediately formed a team headed by its creative vice president, Carmen Huang, (with respondent Onofre Eser as team member)[1] to work on the CMB project.[2] They conducted presentations and submitted product samples to CMB project director Gerry Shirley and interior designer Group Three. The team, however, failed to impress CMB.

On December 10, 1999, CMB awarded the supply contract to respondent Projexx Creator, Inc. (Projexx) which, like petitioner, had in the meantime become a dealer of Milliken carpets.

Eser resigned from petitioner and joined Projexx.

On April 3, 2000, petitioner filed a complaint for breach of contract, torts and damages against M&C, Sylvan Chemical Company (Sylvan), Wilfred Batara, Projexx and Eser in the Regional Trial Court (RTC) of Makati City, Branch 60.[3] According to petitioner, M&C violated the dealership agreement when it designated Projexx as an authorized dealer of Milliken carpets; thus it was guilty of breach of contract. It also claimed that Projexx, with the help of Sylvan and Batara, poached the CMB project from it. Moreover, Projexx allegedly hired Eser because he had worked on the CMB project while in the employ of petitioner. Thus, they were guilty of malicious interference.[4]

In their answer, M&C, Sylvan and Batara averred that since petitioner was unacceptable to CMB, M&C designated Projexx as authorized dealer. Moreover, petitioner neither submitted an accomplished dealer project registration form nor complied with the rules for project registration. It never specified the CMB project. Therefore, petitioner never earned a right over it.

Projexx and Eser, on the other hand, contended that since no contract was perfected between petitioner and CMB, petitioner never acquired any proprietary interest in the project.

Trial ensued. After petitioner offered its evidence and the RTC admitted the same, respondents separately moved

for demurrer to evidence.[5]

M&C, Sylvan and Batara stated that, because petitioner was not the exclusive distributor of Milliken carpets in the Philippines, M&C had the right to appoint Projexx as dealer. Furthermore, petitioner failed to prove the existence of a valid contract between it and CMB. In fact, petitioner never presented a dealer project registration form approved by M&C. It never specified (and consequently never acquired an exclusive right to) the CMB project. Hence, petitioner had no cause of action against M&C, Sylvan and Batara.

Projexx added that neither the appointment nor the resignation letter of Eser prohibited him from working for a direct competitor of petitioner.

The RTC, in its August 7, 2003 decision,[6] granted respondents' respective motions on demurrer to evidence and dismissed the complaint. It found that no contract was ever perfected between petitioner and CBM. For this reason, petitioner could not have specified the project as its own. M&C therefore did not violate the dealership agreement when it appointed Projexx. Petitioner also failed to prove that respondents prevented the perfection of the said contract and thus could not have been guilty of malicious interference.

Aggrieved, petitioner appealed the RTC decision to the Court of Appeals (CA) which affirmed the said decision in toto on October 19, 2005.[7]

Petitioner moved for reconsideration but it was denied.[8]

Hence, this recourse.

Petitioner contends that the CA erred in affirming the RTC decision in toto. It insists that respondents were guilty of malicious interference.

We deny the petition.

To prove that respondents were guilty of malicious interference, petitioner had to show the following: the existence of a valid contract, knowledge by respondents that such a contract existed and acts (done in bad faith and without legal basis) by respondents which interfered in the due performance by the contracting parties of their respective obligations under the contract. Apart from the fact that these matters were factual (and therefore beyond our mandate to review), petitioner failed to prove entitlement to the relief it was seeking.

Only questions of law may be raised in a Rule 45 petition because the jurisdiction of this Court is limited to passing upon errors of law.[9] Factual findings of the trial court, when affirmed by the CA, are generally binding on this Court.[10]

In this case, both the RTC and the CA found that respondents were not guilty of malicious interference because no contract was ever perfected between petitioner and CMB. Because all petitioner presented to us were reiterations of its arguments in the courts a quo, we find no reason to disturb the decision of the CA.

WHEREFORE, the petition is hereby DENIED.

Costs against petitioner.

SO ORDERED.

Puno, C.J., (Chairperson), Carpio, Azcuna and Leonardo-De Castro, JJ., concur.

[1] The other members of the team were Ronald Inan and Lynn Vergara.

[2] Prior to this, Huang joined M&C representative John Kwok in calling upon the offices of CMB's Manila branch on August 11, 1999.

[3] Docketed as Civil Case No. 00-474.

[4] See CIVIL CODE, Art. 1314 which provides:

Article 1314. Any third person who induces another to violate his contract shall be liable for damages to the other contracting party.

The following are the elements of tortuous interference:

- (a) existence of a valid contract;
- (b) knowledge on the part of the third person of the existence of the contract and
- (c) interference of the third person without legal justification.

See *Lagon v. Court of Appeals*, G.R. No. 119107, 18 March 2005, 453 SCRA 616, 624 and *Tayag v. Lacson*, G.R. No. 134971, 25 March 2004, 426 SCRA 282, 305.

[5] See RULES OF COURT, Rule 33, Sec. 1 which provides:

Section 1. Demurrer to Evidence. - After the plaintiff has completed the presentation of his evidence, the defendant may move for dismissal on the ground that upon the facts and the law plaintiff has shown no right to relief. If his motion is denied, he shall have the right to present evidence. If the motion is granted but on appeal the order of dismissal is reversed he shall be deemed to have waived the right to present evidence.

[6] Issued by Judge Marissa Macaraeg-Guillen. Rollo, pp. 163-167.

[7] Penned by Associate Justice Magdangal M. de Leon and concurred in by Associate Justices Portia Aliño-Hormachuelos and Mariano C. del Castillo of the Former Sixth Division of the Court of Appeals. *Id.*, pp. 41-57.

[8] Dated June 21, 2006. *Id.*, pp. 59-60.

[9] *Titan-Ikeda Construction Corporation v. Court of Appeals*, G.R. No. 153874, 1 March 2007, 517 SCRA 180, 186 citing *Tirol, Jr. v. Commission on Audit*, 391 Phil. 897 (2000).

[10] *Id.*, citing *Fuentes v. Court of Appeals*, G.R. No. 109849, 26 February 1997, 268 SCRA 703.

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