

SPOUSES JUANITO MAHUSAY AND FRANCISCA MAHUSAY, PETITIONERS, VS. B.E. SAN DIEGO, INC., RESPONDENT.

G.R. No. 179675, June 08, 2011

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The instant petition assails the Resolution[1] dated September 11, 2007 of the Court of Appeals (CA), denying petitioners' Motion to Delete and Withdraw Resolution of October 11, 2004, which allegedly amended and modified the original Decision of the CA promulgated on December 20, 2001.

The antecedent facts are, as follows:

Petitioner spouses Juanito and Francisca Mahusay purchased several lots in Aurora Subdivision, Malabon, Metro Manila, owned by respondent B.E. San Diego, Inc. The transactions were covered by two (2) contracts: Contract to Sell No. 831,[2] executed on May 14, 1973, for the total price of P33,000.00; and Contract to Sell No. 874[3] dated August 1, 1975, for the price of P197,040.00, plus interest of 12% per annum, payable in monthly installments. Due to petitioners' nonpayment of the monthly amortizations since October 1978, respondent was constrained to file a case for cancellation of contracts. The case was dismissed by the trial court for lack of jurisdiction. Thereafter, a Compromise Agreement was entered into by the parties on October 13, 1989, whereby petitioners agreed to pay respondent the remaining balance of the purchase price of all the lots in the manner and under the terms agreed upon by the parties. Petitioners failed to comply with the terms embodied in the Compromise Agreement; thus, on April 18, 1990, respondent filed a Complaint for Specific Performance with the Regional Trial Court (RTC), Branch 73, Malabon, docketed as Civil Case No. 1433-MN. [4]

On November 29, 1995, the RTC ruled in favor of respondent, ordering petitioners to comply with the provisions of the Compromise Agreement, and to pay the amounts of P1,000,000.00 as actual damages and P50,000.00 as attorney's fees. [5]

Petitioners appealed the decision to the CA on two grounds: (1) it was the Housing and Land Use Regulatory Board and not the RTC which had jurisdiction over the subject matter of the action; and (2) the Compromise Agreement was unenforceable because it was only Francisca Mahusay who signed the Agreement on October 13, 1989, without the consent of her husband Juanito Mahusay.

In its Decision dated December 20, 2001, the CA upheld the jurisdiction of the RTC. The CA ratiocinated that respondent's action was one for Specific Performance with Damages, which is in the nature of ordinary money claims filed by the unpaid seller against the buyer, that should be litigated in the regular court. Besides, petitioners were estopped from questioning the court's jurisdiction since, by the act of filing an answer and other pleadings, they were deemed to have submitted themselves to the jurisdiction of the court.[6] The CA, however, saw merit in the contention that the Compromise Agreement dated October 13, 1989 was not valid considering that it was entered into by petitioner Francisca Mahusay alone. Since the Agreement involved the conjugal properties of petitioners, Francisca could not bind her husband, who never gave his consent to the Agreement.

But the CA noted that petitioners never denied the execution of the contracts to sell and they admitted the debts owing to respondent. Thus, it ruled that petitioners should pay respondent the unpaid amortizations for the lots

they purchased from it. The dispositive portion of the CA Decision reads, as follows:

WHEREFORE, premises considered[,] the appealed Decision dated November 29, 1995, Regional Trial Court of Malabon, Branch 73, in Civil Case No. 1433-MN is hereby AFFIRMED with MODIFICATION, declaring the Agreement on October 13, 1989 or Exhibit “C” to be NULL AND VOID AB INITIO and DELETING the award of actual damages in the amount of P1,000,000.00. Accordingly, Appellants are hereby ordered to pay Appellee all the unpaid amortization including amortization yet to be paid until the expiration of the contract to sell. Costs against Appellants. [7]

The CA Decision became final and executory, and entry of judgment was made in due course on January 19, 2002.[8] Thereafter, in the execution of the Decision, the parties disagreed, particularly in the computation of the amount to be paid by petitioners.

On May 6, 2004, respondent filed a Motion for Clarification of the CA Decision. It prayed for the inclusion of the penalties and interest in the computation of unpaid amortizations, which it claimed is customary in real estate business and compliant with the Contracts to Sell, for the proper execution and implementation of the CA Decision.

Petitioners opposed the motion by way of a Reply dated May 15, 2004. [9]

On October 11, 2004, the CA issued a Resolution, as follows:

Upon consideration of the Motion for Clarification[,] dated May 6, 2004, of the plaintiff-appellee, and the Reply of the defendants-appellants dated May 15, 2004, the Court holds by way of clarification of the dispositive portion of our Decision of December 20, 2001, which reads:

“WHEREFORE, premises considered[,] the appealed Decision dated November 29, 1995, Regional Trial Court of Malabon, Branch 73, in Civil Case No. 1433-MN is hereby AFFIRMED with MODIFICATION, declaring the Agreement on October 13, 1989 or Exhibit “C” to be NULL AND VOID AB INITIO and DELETING the award of actual damages in the amount of P1,000,000.00. Accordingly, Appellants are hereby ordered to pay Appellee all the unpaid amortization including amortization yet to be paid until the expiration of the contract to sell. Costs against Appellants.

SO ORDERED.”

that the said decision includes the payment of all penalties and interest due on the unpaid amortizations, under [C]ontract to [S]ell No. 874 dated August 1, 1975 and [C]ontract to [S]ell No. 831 dated May 14, 1973, which is customary in the real [e]state business and in accordance with the provisions of the contracts. [10]

On November 9, 2004, petitioners filed a Motion to Delete and Withdraw the Resolution for the Amendment and Modification of Original Decision.[11] Petitioners contended that a simple reading of the Motion for Clarification would show that it was not intended to clarify but to amend the Decision to include the payment of 12% interest/penalty per annum in the payment of the amortizations. They argued that the inclusion of 12% interest per annum is a very serious and material amendment, because under the original Decision, petitioners would be required to pay only P352,992.00, which is the amount of the unpaid amortizations for the said lots; while in the Amended Decision, they would be liable for P5,175,688.59, per computation made by respondent. The motion, ostensibly for clarification, filed by respondent more than two (2) years after the receipt of the original Decision, should not have been granted, according to petitioners.

On July 7, 2005, the CA issued a Resolution denying the aforesaid Motion to Delete and Withdraw the Resolution for lack of merit. The appellate court said that the Decision promulgated on December 20, 2001 has not been amended but only clarified in the Resolution dated October 11, 2004.[12] Undaunted, petitioners again filed an

Amended Motion to Delete and Withdraw the Resolution for the Amendment and Modification of the Original Decision on July 14, 2005, and another motion to delete on July 27, 2005.

Acting on the twin motions, the CA issued the assailed Resolution on September 11, 2007, denying the same on the ground that the allegations set forth by petitioners therein were all considered and passed upon by the court in its Resolution dated October 11, 2004. [13]

Aggrieved, petitioners filed the instant petition.

Petitioners claim that respondent's Motion for Clarification, which was belatedly filed, does not really intend to clarify, but to reconsider, alter, and amend the original Decision of the CA, in contravention of the principle of immutability of judgments. Thus, they argue that the CA Resolution of October 11, 2004 unduly expanded and amended its final and executory Decision of December 20, 2001, in gross violation of this principle.

We disagree.

It is a settled rule that a judgment which has acquired finality becomes immutable and unalterable; hence, it may no longer be modified in any respect except only to correct clerical errors or mistakes.[14]

Clarification after final judgment is, however, allowed when what is involved is a clerical error, or not a correction of an erroneous judgment, or dispositive portion of the Decision.[15] Where there is an ambiguity caused by an omission or mistake in the dispositive portion, the court may clarify such ambiguity, mistake, or omission by an amendment; and in so doing, it may resort to the pleadings filed by the parties, the court's findings of facts and conclusions of law as expressed in the body of the decision. [16]

In the case at bar, there is no dispute that, in 1973 and 1975, petitioners entered into two Contracts to Sell with respondent, respectively for the purchase of several lots in Aurora Subdivision, Malabon, Metro Manila. Petitioners' obligation to pay the purchase price for the lots was never denied. Accordingly, the contractual stipulation that petitioners shall pay the monthly amortizations is binding and enforceable. It is the law between the parties.

Petitioners stopped paying the amortizations in October 1978, leaving a total unpaid balance of P352,992.00 as of January 30, 1979.[17] Since rescission of the contracts was not an option for petitioners, the latter negotiated with respondent for a final chance to pay off their obligations. Thus, a settlement was arrived at and a Compromise Agreement was executed, which, unfortunately, was signed by Francisca Mahusay alone. The terms of the Compromise Agreement were again breached by petitioners, prompting respondent to file an action for Specific Performance. As it turned out, the CA nullified the Compromise Agreement, but held petitioners liable for the payment of all the unpaid amortizations, including amortizations yet to be paid, until the expiration of the contract. Apparently, the CA was silent on the payment of the interest/penalty for the delay in payments, which led to the Motion for Clarification filed by respondent.

Based on the foregoing facts and circumstances, the Court finds no reversible error in the CA Resolution dated September 11, 2007, denying the Motion to Withdraw the Resolution. Likewise, the CA committed no reversible error in its Resolution dated October 11, 2004, clarifying the original Decision. Respondent's Motion for Clarification did not really partake of the nature of a motion for reconsideration, as to amend the December 20, 2001 Decision. There was nothing substantial to vary, considering that the issues between the parties were deemed resolved and laid to rest. It is unmistakably clear that petitioners do not deny the execution of the Contracts to Sell and, in fact, admit their liability for the unpaid amortizations of the lots purchased. The persistent violations of the contracts and the continuous delay in petitioners' payments cannot simply be overlooked. There was a compelling reason for the CA to clarify its original Decision to include the payment of

all penalties and interest due on the unpaid amortizations, as provided in the contracts. Considering that the validity of the contracts was never put in question, and there is nothing on record to suggest that the same may be contrary to law, morals, public order, or public policy, there is nothing unlawful in the stipulation requiring the payment of interest/penalty at the rate agreed upon in the contract of the parties. [18]

The Court further notes that petitioners are in actual/physical possession of the properties and enjoying the beneficial use thereof, despite the payment of only P133,872.76, as of January 30, 1979.[19] It would be grossly unfair for respondent to be deprived of the amount it would have received from the sale of their properties, while petitioners benefited from the use and continued possession of the properties even if no payments were made by them since October 1978. It is a basic rule in law that no one shall unjustly enrich oneself at the expense of another. Indeed, to allow petitioners to keep the properties without paying for them in full amounts to unjust enrichment on their part.[20] The fair market value of the land has tremendously increased over the past years. It is, therefore, just, fair, and equitable that petitioners be made to pay interest/penalty for the delay in their payments.

Finally, the Court notes that this case has dragged on for many years since 1978. In order to writ finis to this protracted litigation between the parties, we resolve the case in accordance with jurisprudence on the matter. Undeniably, the instant case is a sale of real property where the purchase price is not paid in full. The unpaid seller's remedy is either an action to collect the balance or to rescind the contract within the time allowed by law. Since rescission is no longer an option considering that petitioners have been in possession of the properties for a considerable period of time, substantial justice dictates that respondent be entitled to receive the unpaid balance of the purchase price, plus legal interest thereon.[21] In line with our ruling in *Eastern Shipping Lines, Inc. v. Court of Appeals*, [22] the legal interest to be paid on the amount shall be 12% per annum, which shall commence from April 18, 1990, when respondent filed the Complaint for Specific Performance with the RTC, Branch 73, Malabon, in Civil Case No. 1433-MN, which shall be considered as judicial demand, until the finality of this Decision. Another 12% interest per annum shall be paid on the amount due and owing as of and from the date of finality of the Decision until full payment.

WHEREFORE, the petition is DENIED. The Resolution of the Court of Appeals dated September 11, 2007 is AFFIRMED with MODIFICATION. The trial court is directed to compute the unpaid balance of the purchase price of each contract (which is the unpaid amortization including amortizations yet to be paid until the expiration of the Contracts to Sell) with dispatch. The legal interest to be paid on said amount is TWELVE PERCENT (12%) per annum, which shall commence from April 18, 1990, when judicial demand was made on petitioners. Another 12% interest per annum shall be paid on the amount due and owing as and from the date of finality of this Decision until full payment would have actually been made.

SO ORDERED.

Carpio, (Chairperson), Peralta, Abad, and Mendoza, JJ., concur.

[1] Rollo, pp. 33-36.

[2] Lot No. 29, Block 29, with an area of 330 sq m; id. at 53.

[3] Lots Nos. 2, 3, 4, 5 & 6, Block 29, with a total area of about 1,642 sq m; id. at 55.

[4] Id. at 109.

[5] Id. at 63.

[6] Id. at 115.

[7] Id. at 119.

[8] Id. at 120.

[9] Id. at 124.

[10] Id. at 126-127.

[11] Id. at 128.

[12] Id. at 47.

[13] Id. at 33.

[14] Johnson & Johnson (Phils.), Inc. v. Court of Appeals and Alejo M. Vinluan, G.R. No. 102692, September 23, 1996, 330 Phil. 856, 857.

[15] Department of Budget and Management v. City Government of Cebu, G.R. No. 127301, March 14, 2007, 518 SCRA 300, 314.

[16] Ilacad v. Court of Appeals, 168 Phil. 465, 474 (1977).

[17] Rollo, p. 130.

[18] Castelo v. CA, G.R. No. 96372, May 22, 1995, 244 SCRA 180.

[19] Rollo, p. 59.

[20] Soliva v. The Intestate Estate of Marcelo M. Villalba, G.R. No. 154017, December 8, 2003, 417 SCRA 277.

[21] Id. at 279.

[22] G.R. No. 97412, July 12, 1994, 234 SCRA 78.

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