

**MIGUEL PEREZ RUBIO, PETITIONER, VS. COURT OF APPEALS,
ROBERTO O. PHILLIPS & SONS, INC., MAGDALENA YSMAEL
PHILLIPS, MANUFACTURERS BANK & TRUST CO., INC.,
HACIENDA BENITO, INC., E...**

G.R. No. 50911. August 21, 1987

Ponente: GUTIERREZ, JR., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-50911/>

GUTIERREZ, JR., J.:

Before us for resolution are the various motions for reconsideration of the March 12, 1986 decision, the dispositive portion of which reads:

"WHEREFORE, the petition is GRANTED. The decision of the former Court of Appeals is hereby REVERSED and SET ASIDE. The respondents Phillips and Sons and the Phillips spouses are declared to be jointly and severally liable to the petitioner for the outstanding debt of Phillips and Sons in the amount of FOUR MILLION TWO HUNDRED FIFTY THOUSAND PESOS (P4,250,000.00) with interest at the rate of eight (8%) percent per annum from April 30, 1964 until fully paid as provided for in the parties' agree-ment dated August 13, 1963. Costs against the respondents." (p. 869, rollo)

The petitioner asks that the decision be reconsi-dered insofar as it makes no finding against respondent Phillips for moral and exemplary damages as well as attorney's fees and to the extent that the same decision absolves from joint and solidary liability respondents Manufacturers Bank and Trust Company (hereinafter called MBTC), Hacienda Benito (hereinafter called HB, and Victoria Valley Development Corporation (hereinafter called VVDC).

The petitioner restates his position that the respondents conspired amongst themselves to put the properties of Hacienda Benito beyond his reach and thus make it impossible for him to collect the sum of P4,250,000.00 still unpaid on the purchase price of his shares of stock in Hacienda Benito.

It may be recalled that on June 5, 1965, respon-dent Hacienda Benito, Inc., represented by Robert O. Phillips, president and Victoria Valley Development Cor-poration which was in the process of incorporation and represented by Alfonso Yuchengco with the conformity of Manufacturers Bank and Trust Company represented by Galicano Calapatia executed a "MEMORANDUM AGREEMENT (Exhibit "31" - Miguel Perez Rubio).

The thrust of the agreement is that respondent VVDC will acquire under conditions stated therein 134.1668 hectares of land including account receivables belonging to respondent HBI. Moreover, it was specifically provided in the agreement that "x x x HB warrants that the properties to be acquired by VVDC are not subject to any other obligations, liens, encumbrances, charges or claims of whatever nature than those mentioned herein, including real estate taxes up to the first semester of 1965." (Memorandum Agreement, supra, pp. 3-4).

Included in this 134.1668 hectares are the 78 hectares mortgaged to MBTC. These parcels of land were mortgaged to MBTC to secure obligation and liabilities incurred by HBI and other affiliate companies owned by

the Phillips. Of the P7,419,130.19 amount due from these companies, only P1,456,276.48 was the liability of HBI.

Under this agreement, MBTC will institute judicial foreclosure of mortgage after which all the companies would confess judgment and enter into a compromise agreement in full satisfaction of the claim of MBTC under the several deeds of mortgage. It was further provided that HBI will convey all the 78 hectares in favor of MBTC after which VVDC will purchase from MBTC the same parcels of land together with the receivables. A final proviso was to the effect that VVDC and HBI will enter into a separate agreement whereby HBI will expressly assign in favor of VVDC its right to redeem the properties foreclosed by MBTC.

The consideration of the agreement amounted to P11,621,889.11 which VVDC agreed to assume in order to settle the obligations of HBI and the other Phillips companies.

The Memorandum Agreement was executed under the following factual background: (1) Respondent ROPSI had still to pay its outstanding P4,250,00.00 debt to the petitioner as the result of the latter's sale of his shares of stock of HBI; (2) Negotiations had broken down between the Phillips spouses, ROPSI and Alfonso Yuchengco as regards the sale of the shares of stock of Hacienda Benito, Inc.; and (3) Petitioner had threatened to rescind the contract of sale of his shares of stock of Hacienda Benito.

Obviously, Hacienda Benito through Robert O. Phillips, and VVDC through Alfonso Yuchengco were fully aware of the petitioner's still being unpaid the P4,250,000.00 balance on his shares of stocks of Hacienda Benito sold to ROPSI. MBTC, too, because of the unrebutted evidence that its top officers are also the top officers of VVDC is conclusively presumed to know the petitioner's predicament. These same personalities figured prominently in the negotiations involving the shares of stock of Hacienda Benito including the unpaid P4,250,000.00 collectibles of the petitioner from the ROPSI as full payment for the sale of his shares of stock in Hacienda Benito.

Hence, the scheme provided for in the Memorandum Agreement wherein all the properties of Hacienda Benito will be ultimately transferred to VVDC without any mention at all and completely ignoring the petitioner's interest in said Hacienda placed the petitioner's rightful claim to the payment of his shares of stock in clear jeopardy.

The fact that the Memorandum Agreement was not fully implemented is immaterial. The intent to defraud the petitioner and the damage which led to the filing of this case was present in the execution of the Memorandum Agreement.

Therefore, an award for damages in favor of the petitioner is in order against respondents Hacienda Benito, VVDC and MBTC.

Article 19 of the New Civil Code provides that:

"Every person must, in the exercise of his rights and in the performance of his duties, act with justice, give everyone his due, and observe honesty and good faith."

while Article 20 thereof provides that:

"Every person who, contrary to law, wilfully or negligently causes damage to another shall indemnify the latter for the same."

Parenthetically, these respondents did not observe honesty and good faith in dealing with the rightful claim of the petitioner to the still unpaid P4,250,000.00 collectibles from ROPSI. The respondents' acts are tortious pursuant to Articles 19 and 20 of the New Civil Code. Hence, these respondents are obliged to pay for the damage done to the

petitioner. (See Article 2176, New Civil Code).

In the case at bar, the tortious and fraudulent scheme of the private respondents made it impossible for the petitioner to collect the P4,250,000.00 still unpaid purchase price of his shares of stock in Hacienda Benito. All the respondents are, therefore, solidarily liable for these actual damages suffered by the petitioner. (See Article 2194 of the New Civil Code).

Consequently, we rule that Hacienda Benito, VVDC and MBTC together with ROPSI and the Phillips spouses are solidarily liable to the petitioner for the outstanding debt of ROPSI in the amount of P4,250,000.00 with interest at the rate of eight (8%) per cent per annum from April 30, 1964 until fully paid as provided for in the parties' agreement dated August 13, 1963.

Also, an award for moral damages in favor of the petitioner is in order against respondents Hacienda Benito, VVDC and MBTC. The planned transfer of all the assets of Hacienda Benito to VVDC which the respondents sought to accomplish through the Memorandum Agreement created further anguish and anxiety on the part of the petitioner who at that time was still trying to collect the P4,250,000.00 full payment of his shares of stock in Hacienda Benito.

Considering the circumstances under which the respondents executed the Memorandum Agreement and the social status of the parties herein, the amount of P100,000.00 as moral damages in favor of the petitioner is awarded.

However, we find no reasonable ground to set aside our findings in the March 12, 1986 decision that respondents Phillips spouses are not liable for moral and exemplary damages and attorney's fees.

Juan Miguel Phillips also filed a motion to intervene in the instant case stating therein that Robert O. Phillips had died, leaving as heirs respondent Magdalena Ysmael Phillips and four legitimate children; that he is one of the four (4) children; that as such legal heir, he has a legal interest in the subject matter of the instant case and will be favored or prejudiced in his interest depending on the final outcome of the instant case. He cites Rule 12, Section 2, Rules of Court.

The right of the movant-intervenor proceeds only from the fact of heirship. Hence his interest to specific portions of the property of the deceased is, if not conjectural, still contingent and expectant. At this point, he cannot specify any property nor segregate any as his own before the liquidation of the estate is completed. This is in accordance with Article 657 of the Civil Code (Article 777, Civil Code) which provides that the rights to succession of a person are transmitted from the moment of death.

Thus, the heir has the right to impugn the validity of the decedent's transaction only when he is made answerable or when his specific right or property would be affected thereby. The instant case is a personal action against Robert O. Phillips, filed while he was still alive. It is Robert O. Phillips and his estate which are sought to be made liable, not the movant-intervenor or any of his legal heirs.

WHEREFORE, the petitioners motion for reconsideration is GRANTED in that respondents Hacienda Benito, Victoria Valley Development Corporation and Manufacturers Bank and Trust Company (now Filipinas Bank) together with respondents Robert O. Phillips & Sons and the Phillips spouses are declared to be jointly and severally liable to the petitioner for the outstanding debt of Phillips and Sons in the amount of FOUR MILLION TWO HUNDRED FIFTY THOUSAND PESOS (P4,250,000.00) with interest at the rate of eight (8%) per cent per annum from April 30, 1964 until fully paid as provided for in the parties' agreement dated August 13, 1963; that respondents Hacienda Benito, Inc., Victoria Valley Development Corporation and Manufacturers Bank and Trust Company (now Filipinas Bank) are jointly and severally liable to the petitioner in the amount of ONE HUNDRED THOUSAND PESOS (P100,000.00) as moral damages. Juan Miguel Phillips' motion for

reconsideration is DENIED for lack of merit. The motions for reconsideration filed by Robert O. Phillips and Sons, Magdalena Ysmael Philips and the heirs of Robert O. Phillips, Hacienda Benito, Inc., and Manufacturers Bank and Trust Company are DENIED it appearing that no new substantial reasons have been invoked to warrant reconsideration of the said decision as far as these parties' motions are concerned, and this DENIAL is FINAL.

SO ORDERED.

Fernan, (Chairman), Paras, Bidin, and Cortes, JJ., concur.

Padilla, J., took no part. Principal Counsel of Manufacturers Bank is related to me.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.