

PERSEVERANDO N. HERNANDEZ, PETITIONER, VS. HON. GREGORIO G. PINEDA, PRESIDING JUDGE, COURT OF FIRST INSTANCE OF RIZAL, BRANCH XXI, PASIG, METRO MANILA, GIRARD PETER CLOTHES MANU...

G.R. No. 60211. February 23, 1990

Ponente: GANCAYCO, J.

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GANCAYCO, J.:

The issue brought to the fore in this case is whether or not the petitioner was denied his day in court.

On May 27, 1981, petitioner filed a complaint in the Court of First Instance of Rizal against private respondents alleging he is the owner of a 1974 model 4-door Mercedes Benz 450 SEL sedan described therein: that said car was the object of a contract of sale with option to lease as well as a subsequent Deed of Agreement between the previous owner, Emmanuel Marbella and private respondents, copies of the contracts are attached; that under the agreement (Annex B), Marbella offered to sell and private respondents agreed to buy the Mercedes Benz for P290,000.00 payable as follows: P60,000.00 payable upon signing the instrument; and the balance of P230,000.00 payable within 15 days by a financing company; that in the subsequent agreement (Annex C), private respondents acknowledged the car to be in the possession of respondent Gerardo Reyes who assumed to pay the balance of P230,000.00 on or before February 26, 1980, for which he issued a postdated check; that actually P100,000.00 was paid so far there being a balance of P190,000.00 which has remained unpaid; that on March 1, 1980, Marbella sold the car to petitioner (Annex D), so petitioner demanded compliance of private respondents with the agreement or to deliver the vehicle but they failed and refused to comply; that petitioner was compelled to litigate and engage counsel for P30,000.00 and incur expenses for the delivery of the vehicle; that he is entitled to its possession being wrongfully denied possession thereof by private respondents; that the car has not been taken for the assessment or fine pursuant to law; and that petitioner attached his affidavit and replevin bond of P290,000.00. Petitioner prays for a writ of replevin for the seizure of the vehicle and delivery of the same to him, and after due hearing to confirm said seizure; in case delivery cannot be effected, to render judgment ordering private respondents jointly and severally to pay petitioner P190,000.00 plus interest the legal rate from February 26, 1980 until fully paid, and to pay P30,000.00 attorney's fees, replevin bond premium and other expenses and the costs of the suit.

In due time, the trial court issued a writ of seizure on July 29, 1981. Private respondents then filed a motion to dismiss complaint and to dissolve writ of seizure dated August 3, 1981 alleging that the complaint stated no cause of action the ownership of the car having been transferred to the private respondents upon its delivery; that petitioner acted in bad faith in purchasing the vehicle and caused the fraudulent registration of the car; and that it cannot be the object of the writ of seizure as the same had been previously seized on order of the Bureau of Customs for alleged illegal entry and non-payment of customs duties.

An opposition thereto was filed by petitioner denying that the ownership of the car had been transferred to private

respondents as the agreement between the parties is only an offer to sell the consummation of which depends upon the full payment of the balance of the consideration of the same; and that the writ seizure issued by the trial court was issued earlier by 11 days than the order of seizure by the Bureau of Customs dated July 18, 1981. A reply thereto was filed by the private respondents stating that the non-payment of the balance of the purchase price does not affect the transfer of ownership of the property to the private respondents.

On August 26, 1981, the trial court issued an order holding in abeyance until after pre-trial and/or trial resolution of the motion to dismiss, it appearing that the grounds therein were not indubitable.

On November 20, 1981, private respondents filed an Answer Ad Cautela with Counterclaim alleging having made partial payment in the purchase of the vehicle in the amount of P100,00.00 to Marbella, the balance being payable by a financing company, and reiterating private respondents' ownership of the car so Marbella cannot possibly sell the same to petitioner.

On November 21, 1981, private respondents filed their motion for reconsideration of the order of the trial court denying their motion to dismiss complaint alleging that no evidence is necessary to resolve the case and that the complaint filed in this case fails to state a cause of action based on the allegations of the complaint and annexes thereto.

On January 15, 1982, the trial court issued a preliminary pre-trial order and instructed both parties to file their pre-trial briefs. Both parties filed their respective pre-trial briefs. On March 12, 1982, a pre-trial conference was held wherein both parties marked as their exhibits, the Contract of Sale and Deed of Agreement (Annexes B and C of the complaint) while private respondents further marked as Exhibit C, paragraph 6 of the complaint whereby petitioner admitted that private respondents already made a total partial payment of P100,000.00 of the purchase price to the previous owner Marbella and delivered possession of the vehicle to private respondents upon execution of the said Contract of Sale and Deed of Agreement.

On March 17, 1982, the trial court issued an order, the material portion of which reads as follows:

“After the preliminary hearing between the parties, the grounds alleged in defendants' motion to dismiss and to dissolve writ of seizure has (sic) become indubitable. Anent, in resolving defendants' motion to dismiss on the ground of lack of cause of action, resort may be had not only on the allegations of the complaint, but also on the annexes thereto which were made an integral part of the complaint. An examination of the contract of sale and deed of agreement executed by the original owner Emmanuel S. Marbella in favor of the defendants in this case, Annexes “B” and “C”, will indubitably show that while there is still a balance of the purchase price unpaid, yet delivery of the car has already been transferred and conveyed to the defendants after having made partial payments of P40,000.00 and P60,000.00, albeit under the condition that the balance of the purchase price will have to be paid by a financing company is not yet available, the Opel Record 79 model car of defendants shall be turned over by the defendants to Emmanuel S. Marbella.

Full payment of the purchase price is not essential to transfer of ownership as long as the property sold has been delivered and there was meeting of minds as to the amount of the purchase price. Even if the selling price has not yet been fully paid ownership is transferred by delivery of the property sold (Gabriel, et al. vs. Encarnacion, L-11877-R, July 8, 1955; Puato vs. Mendoza and David, 64 Phil. 457).

Assuming further that defendants failed to comply with the terms and conditions of the Contract of Sale and Deed of Agreement executed in their favor by the original owner, Emmanuel S. Marbella, plaintiff is without any cause of action to file this action in his behalf and alleged that defendants did not comply with the terms and conditions of the sale they executed with the original owner Emmanuel S. Marbella. It is only Emmanuel S. Marbella who has cause of action to annul the contract of sale and deed of agreement he executed in favor of the defendants and not the plaintiff. Emmanuel S. Marbella is not a party in this case and unless and until the

contract of sale and deed of agreement that he executed over the vehicle in question in favor of the defendants was duly and validly annulled and rescinded by him, defendants are deemed the owners of the vehicle in question and as owners are entitled to the rightful possession thereof. As a matter of fact, in the Deed of Agreement, Annex "C" of the complaint, executed by Emmanuel S. Marbella he expressly warranted in par. 7 thereof, the title and possession of the motor vehicle above-mentioned (Mercedes Benz) and is willing to defend the sale he had signed in favor of the second party (defendants), its assigns and successor.

WHEREFORE, finding the motion to dismiss complaint and to dissolve writ of seizure issued in this case dated July 29, 1981 to be meritorious, the complaint is hereby DISMISSED for lack of cause of action on the part of the plaintiff, and the writ of seizure dated July 29, 1981 is hereby dissolved. Further, defendant Girard Peter Clothes Manufacturing, Inc. is hereby declared the owner and rightful possessor of the motor vehicle described in the complaint, Mercedes Benz 450 SEL, sold by the previous owner Emmanuel S. Marbella under Annexes "B" and "C" of the complaint, and the Bureau of Customs which is now in possession of the Mercedes Benz 1974 model car, subject of the instant case, is hereby directed to release and surrender said car to the defendants pursuant to the order of this Court on August 7, 1981.

SO ORDERED.[1]

Hence, this petition for review by way of certiorari, wherein the petitioner submits the following issues:

"1) Whether or not respondent Court can dismiss the case and declare the private respondent Girard Peter Clothes Manufacturing, Inc., the absolute owner of the car sans any trial, thus effectively depriving petitioner of his day in court.

2) Whether or not the said order can withstand scrutiny under existing laws and jurisprudence."[2]

The petition is impressed with merit. Section 3, Rule 20 the Rules of Court provides as follows:

"SEC. 3. Judgment on the pleadings and summary judgment at pre-trial. — If at the pre-trial the court finds that facts exist upon which a judgment on the pleadings or a summary judgment may be made, it may render judgment on the pleadings or a summary judgment as justice may require."

Under the foregoing provision of the rules, the court may render judgment on the pleadings or a summary judgment as justice may require if at the pre-trial it finds that facts exist upon which a judgment on the pleadings or a summary judgment may be made.[3]

When there are conflicting allegations in the complaint and answer, the judgment on the pleadings cannot be made by the trial court as there is a need to undergo a trial on the merits in order to determine the truth.[4]

In this case the complaint is for recovery of possession of the motor vehicle or the payment of the unpaid balance of the purchase price by the private respondents. The defense of the private respondents is that the ownership had already been transferred to them by the delivery of the possession thereof admitting that they had paid P100,000.00 only out of the agreed consideration of P290,000.00 and that the subsequent sale of the same vehicle to petitioner by its owner Marbella was therefore null and void and was in bad faith.

On the other hand, the contention of petitioner is that the sale to private respondents was only an offer to sell and will be consummated only upon full payment of the consideration.

The trial court, after a preliminary pre-trial as aforesaid, rendered a judgment based on the pleadings and exhibits marked by the parties without any reception of evidence whatsoever. It found that the private respondents effectively became the owner of the car in question by the delivery of the same to them and that assuming that they failed to comply with the terms of the sale it is Marbella not petitioner who should file a complaint and who has a cause of action against them. On this basis, the complaint was dismissed.

The court finds that the trial court erred in issuing the said order of March 17, 1982 dismissing the complaint.

There are certain facts which are relevant that should be determined in a trial on the merits. Among others, whether or not the transaction between the parties (private respondents and Marbella) over the car is a mere offer to sell or an outright sale thereof is a question of fact that must be established. While admittedly, private respondents had already partially paid the amount of P100,000.00 and had not paid the balance of P190,000.00 to Marbella, the other question of fact that arises is whether or not Marbella actually sold the same vehicle thereafter to petitioner and whether the sale is fraudulent or in bad faith as claimed by private respondents. Otherwise, whether petitioner stepped into the shoes of Marbella by the sale.

Moreover, the precipitate dismissal of the case by the trial court on the ground that the ownership of the car alleged had already been transferred to private respondents is, to say the least, open to question. Considering that private respondents admittedly had not paid the major portion of the consideration and considering further that Marbella had subsequently sold all his rights, title to and interest in the same vehicle to petitioner, there appears no cogent basis for the conclusion of the trial court that petitioner has no cause of action or legal personality to sue the private respondents. Indeed, even assuming for the sake of argument that the conclusion made by the trial court is correct, i. e., that ownership is deemed transferred to private respondents, the matter should not end there. The issue of whether or not rescission of the sale is proper or the payment by the private respondents of the unpaid balance should be required, must be inquired into. Thus, the trial on the merits is a must.

And worse still, in the motion to dismiss and to dissolve the writ of seizure, the trial court went beyond its competence and what was prayed for by ordering the Bureau of Customs, which is allegedly in possession of the car, to release and surrender said car to private respondents pursuant to its order dated August 7, 1981. How the trial court acquired jurisdiction over the Bureau of Customs in said case is indeed a sixty-four dollar question.

This is a simple case of denial of due process. A day in court is all that petitioner seeks and the same should be afforded him.

WHEREFORE, the petition is GRANTED. The questioned order of the trial court dated March 17, 1982 is hereby REVERSED and SET ASIDE. Let the records of the case be remanded to the trial court for further proceedings. Without pronouncement as to costs.

SO ORDERED.

Narvasa, (Chairman), Cruz, Griño-Aquino, and Medialdea, JJ., concur.

[1] Pages 13-14, Rollo.

[2] Page 7, Rollo.

[3] PVTA vs. De Los Angeles, 61 SCRA 489 (1974).

[4] PNB vs. Puruganan, 22 SCRA 468 (1968).

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