

SPOUSES FEDERICO AND ROSAMYRNA CARANDANG AND F.V. CARANDANG, PETITIONERS, VS. THE HON. COURT OF APPEALS AND PUZON INDUSTRIAL DEVELOPMENT CORPORATION, RESPONDENTS.

G.R. No. 85718. April 16, 1991

Ponente: GRINO-AQUINO, J.

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GRINO-AQUINO, J.:

This petition seeks a review of the Court of Appeals' decision dated August 31, 1988 in CA-G.R. CV No. 08052 entitled, "Puzon Industrial Development Corporation vs. Spouses Federico and Rosamyrna Carandang, et al.," holding the Carandang spouses and F.V. Carandang Construction, Inc. jointly and severally liable to Puzon Industrial Development Corporation.

On February 25, 1982, the spouses Federico V. Carandang and Rosamyrna P. Carandang who were the controlling stockholders of F.V. Carandang Construction, Inc. entered into a Land Purchase Agreement with Royal Monarch Real Estate Corporation, by virtue of which the former bought from the latter for P8,355,441.25 one hundred (100) residential lots in the Greenfields Subdivision, Phases I and III, at Sta. Monica and San Agustin, Novaliches, Quezon City.

On April 28, 1982 and May 7, 1982, F.V. Carandang Construction, Inc. contracted Puzon Industrial Development Corporation to build, at its own cost, sixteen (16) housing units in the said subdivision at an agreed contract price of P1,200 per square meter, with a provision that Puzon would be paid for its construction work by assigning to it the sales collections from the housing units constructed.

On June 1, 1983, Puzon filed Civil Case No. Q--38378 against the Carandang spouses and F.V. Carandang Construction, alleging that despite the completion of the sixteen (16) housing units on August 24, 1982 at the cost of P971,050.17, the defendants had not paid Puzon the full amount of the contract price except P61,292.95, causing the plaintiff to suffer actual damages. The complaint was amended to include as party-defendant the Royal Monarch in whose favor the Carandang spouses had executed on December 1, 1982, a General Assignment of Collectible Accounts from its lot buyers, to be applied in payment of the Carandang's indebtedness to Royal Monarch in the sum of P8,355,441.25.

The amended complaint was further amended by impleading as additional party-defendant the State Investment House Inc. (SIHI) with whom the Carandang and Royal Monarch executed a Memorandum of Agreement dated April 29, 1983, whereby the Carandang and Royal Monarch (which had defaulted in the payment of its Loan obligations to SIHI), assigned to SIHI all their receivables from the sales of lots and houses in the Greenfields Subdivision, Phases I and III, including the 16 houses constructed by the plaintiff Puzon. It was further alleged that another Memorandum Agreement dated October 15, 1983 was executed between SIHI and F.V. Carandang Construction, whereby the former became the sole and absolute owner of several parcels of land and the improvements thereon, including the houses built by the plaintiff Puzon; that the memoranda of agreement in favor of State Investment were executed without the plaintiff's knowledge and in derogation of the previous

undertaking of the Carandang and F.V. Carandang Construction to apply the proceeds of the sales of said houses to the payment of the plaintiff's credit; that SIHI received the sales proceeds and receivables from the housing project and nothing was left for the plaintiff; that under the law, the plaintiff's claim constitutes an encumbrance on the improvements it constructed and shall be considered as a mortgage thereon.

The Carandang and F.V. Carandang Construction, Inc. alleged that the houses built by the plaintiff were defective; that plaintiff's claim of P909,757.22 was not yet due and demandable because the sales of the housing units were cancelled or withdrawn by the buyers; that Royal Monarch collected the sales proceeds and receivables from the housing units sold by the Carandang, hence, Puzon's cause of action should be against Royal Monarch alone.

Royal Monarch, in its answer, alleged that it had nothing to do with the construction contract between Puzon and the Carandang and that it has absolute and exclusive right to receive and collect the proceeds of the sales from the lots purchased from it by the Carandang and the houses constructed thereon.

On the other hand, SIHI alleged that in 1982, F.V. Carandang Construction availed of a loan accommodation from SIHI pursuant to its representation that it would use the loan for the construction of housing units and assign to SIHI all receivables from the sale of said housing units; that SIHI was made to believe that the housing units were free from liens and encumbrances and that F.V. Carandang Construction had absolute title to the houses; that when the obligation matured, a Memorandum of Agreement was executed between Carandang Construction and SIHI whereby F.V. Carandang Construction delivered and transferred the housing units to SIHI; and that SIHI had no knowledge of the transaction between Puzon and F.V. Carandang Construction.

After submission of the pre-trial briefs and responses in compliance with the court's order dated September 7, 1984, the parties agreed to limit the issues to the following:

1. how much deductions defendants Carandang are claiming from Puzon's total construction investment of P984,326.50 in the 16 housing units; and
2. whether Puzon is entitled to share in the amortizations received by SIHI from all the interests assigned by Carandang in its favor.

On January 24, 1986, Puzon filed a motion for summary judgment with supporting documentary evidence and a sworn statement of interest due and damages (pp. 386-388, Records). The motion for summary judgment was set for hearing on February 7, 1986, and copies were served on all the defendants on January 25, 1986. None of them opposed the motion nor appeared at the hearing (p. 89, Records).

On February 26, 1986, the trial court rendered a summary judgment, the dispositive portion of which reads:

"WHEREFORE, premises above considered, judgment is hereby rendered in favor of plaintiff, hereby ordering
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"1. Defendants Carandang to pay, jointly and severally, the plaintiff the following amounts, to wit:

"a. P65,662.83 by way of remittance, the Carandang have collected and received from the sales of the 11 housing units (pursuant to defendant's compliance, p. 358 of records),

"b. P345,783.87 for actual damages,

"c. P50,000.00 for exemplary damages,

"d. P20,000.00 attorney's fee,

"e. and costs of this suit;

"2. Defendants Carandangs and defendant State Investment House Inc. to pay jointly and severally, plaintiff the sum of P92,418.59 representing 40% of the P231,046.49 already collected and received by State Investment House Inc. from the sales of the 11 units;

"3. Defendant State Investment House Inc. to share and pay to plaintiff 40% on all receivables from the 11 units and of the remaining 5 houses that may be sold hereafter;

"4. No pronouncement is made against/for defendant Royal Monarch Real Estate Corp." (pp. 18-19, Rollo.)

The Carandangs, Carandang Construction and SIHI appealed the decision to the Court of Appeals in CA-G.R. CV No. 08052 entitled, "Puzon Industrial Development Corporation, plaintiff-appellee vs. Spouses Carandang Construction, Royal Monarch Real Estate Corporation, defendants, and State Investment House, Inc., defendant-appellant."

On August 31, 1988, the Court of Appeals promulgated a decision finding the appeal of the Carandang spouses devoid of merit, but it absolved SIHI from any liability to Puzon. It ordered the Carandang spouses and F.V. Construction, Inc. to pay jointly and severally to the plaintiff-appellee the following amounts:

"1. P923,034.07 as the principal obligation of said defendants to the plaintiff;

"2. P345,783.87 as actual damages;

"3. P50,000.00 as exemplary damages;

"4. P20,000.00 as attorney's fee; and

"5. Costs of the suit." (p. 33, Rollo.)

The petitioners filed a motion for reconsideration of the decision which the Court of Appeals denied in a Resolution dated November 15, 1988. Hence, this petition for review under Rule 45 of the Rules of Court.

The petitioners argue that their assignment to SIHI of their collectible accounts was part of SIHI's conditions for granting them a loan, and not their scheme to defraud Puzon; that the assignment did not include residential units constructed by Puzon and therefore, no fraud tainted the assignment made by Carandang to SIHI; that the issue of fraud is a vital issue, hence, the case should not have been decided by summary judgment. They submitted the following "questions of law" for review by this Court:

1. whether the appellate court and the trial court could legally and validly decide Civil Case No. Q-38378 (CA-G.R. CV No. 08052) by summary judgment;

2. whether the appellate court and the trial court could legally award damages in a summary judgment proceedings on the basis of mere allegations in the pleadings; and

3. whether the appellate court and the trial court could legally hold Carandang liable to plaintiff under Job Orders Nos. 3 and 4 (p. 6, Petition).

There is no merit in the petition. The "legal questions" raised by the petitioners are sham for, in reality, they present factual issues.

The summary judgment in Civil Case No. Q-38378 was proper. It was rendered entirely in accordance with the Rules of Court and applicable jurisprudence as the pleadings and admissions on file showed that there existed no genuine issue as to any material fact and that the movant was entitled to a judgment as a matter of law (Sec. 3, Rule 34, Rules of Court).

The petitioners' allegation that they were deprived of their day in court and that they were not given an opportunity to comment or oppose the motion for summary judgment is not correct for the parties were served copies of the motion; it was set for hearing on February 7, 1986; no opposition was filed, and none of the defendants appeared at the hearing to oppose it. Defendants' failure to deny the genuineness and due execution of the actionable documents appended to the complaint was tantamount to a judicial admission by them of the genuineness and due execution of those documents (Sec. Rule 8, Rules of Court). Judicial admissions do not require proof and may not be contradicted in the absence of a prior showing that the admissions had been made through palpable mistake (*Bell Carpets International Trading Corporation vs. CA*, G.R. No. 75315, May 7, 1990; *Pan Realty Corporation vs. CA and Tan Export Corporation*, 167 SCRA 564; *Puertollano vs. IAC*, 156 SCRA 188).

The appellate court found plaintiff's causes of action (for damages and for specific performance of Carandang's obligations under Job Orders Nos. 3 and 4) to have been duly established by the pleadings and other papers on record, hence, a summary judgment for the plaintiff was correctly and properly rendered by the trial court (*Bunag vs. CA*, 158 SCRA 299; *Vallarta vs. CA*, 151 SCRA 680).

WHEREFORE, the petition for review is dismissed for lack of merit. Costs against the petitioners.

SO ORDERED.

Narvasa, (Chairman), Gancayco, and Medialdea, JJ., concur.

Cruz, J., No part. Former official relationship with petitioner.

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