



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

SPOUSES CHIN KONG WONG
CHOI and ANA O. CHUA,
Petitioners,

G.R. No. 207747

Present:

CARPIO, J., Chairperson,
BRION,
DEL CASTILLO,
MENDOZA, and
LEONEN, JJ.

- versus -

UNITED COCONUT PLANTERS
BANK,
Respondent.

Promulgated:

MAR 11 2013

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DECISION

CARPIO, J.:

The Case

This petition for review¹ assails the Decision² dated 29 January 2013 as well as the Resolution³ dated 27 May 2013 of the Court of Appeals (CA) in CA-G.R. SP No. 117831. The CA reversed the Decision⁴ dated 1 June 2010 and Resolution⁵ dated 5 January 2011 of the Office of the President (OP), and ruled that its decisions in the cases of *UCPB v. O'Halloran*⁶ and *UCPB v. Liam*⁷ shall apply in the present case, following the doctrine of *stare decisis*.

¹ Under Rule 45 of the 1997 Rules of Civil Procedure. *Rollo*, pp. 4-70.

² Penned by Associate Justice Agnes Reyes-Carpio, with Associate Justices Rosalinda Asuncion-Vicente and Priscilla J. Baltazar-Padilla concurring. Id. at 72-81.

³ Id. at 83-87.

⁴ Id. at 360-363.

⁵ Id. at 455-456.

⁶ Penned by Associate Justice Rosmari D. Carandang, with Associate Justices Mariflor P. Punzalan Castillo and Ramon M. Bato, Jr. concurring. Id. at 917-931.

⁷ Penned by Associate Justice Andres B. Reyes, Jr., with Associate Justices Japar B. Dimaampao and Jane Aurora C. Lantion concurring. Id. at 932-944.

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The Facts

The facts, as culled from the records, are as follows:

Petitioner spouses Chin Kong Wong Choi and Ana O. Chua (Spouses Choi) entered into a Contract to Sell⁸ with Primetown Property Group, Inc. (Primetown), a domestic corporation engaged in the business of condominium construction and real estate development. The Contract to Sell provided that Spouses Choi agreed to buy condominium unit no. A-322 in Kiener Hills Cebu (Kiener) from Primetown for a consideration of ₱1,151,718.75, with a down payment of ₱100,000.00 and the remaining balance payable in 40 equal monthly installments of ₱26,292.97 from 16 January 1997 to 16 April 2000.⁹

On 23 April 1998, respondent United Coconut Planters Bank (UCPB), a commercial bank duly organized and existing under the laws of the Philippines, executed a Memorandum of Agreement¹⁰ and Sale of Receivables and Assignment of Rights and Interests (Agreement)¹¹ with Primetown. The Agreement provided that Primetown, in consideration of ₱748,000,000.00, “assigned, transferred, conveyed and set over unto [UCPB] all Accounts Receivables accruing from [Primetown’s Kiener] x x x together with the assignment of all its rights, titles, interests and participation over the units covered by or arising from the Contracts to Sell from which the Accounts Receivables have arisen.” Included in the assigned accounts receivable was the account of Spouses Choi, who proved payment of one monthly amortization to UCPB on 3 February 1999.¹²

On 11 April 2006, the Spouses Choi filed a complaint for refund of money with interest and damages against Primetown and UCPB before the Housing and Land Use Regulatory Board (HLURB) Regional Field Office No. VI (RFO VI). Spouses Choi alleged that despite their full payment of the purchase price, Primetown failed to finish the construction of Kiener and to deliver the condominium unit to them.

The Ruling of the HLURB

In a Decision dated 29 November 2006,¹³ the HLURB RFO VI found that only the accounts receivable on the condominium unit were transferred to UCPB. The HLURB RFO VI stated that it would be unfair to order UCPB to refund all the payments made by Spouses Choi because UCPB only received part of the consideration after the assignment of receivables. Considering that both UCPB and Primetown were liable to Spouses Choi,

⁸ Id. at 156-157.

⁹ Id. at 183.

¹⁰ Id. at 901-911.

¹¹ Id. at 145-149.

¹² Id. at 493.

¹³ Id. at 182-191.

and Primetown was under corporate rehabilitation, the HLURB RFO VI held that the proceedings should be suspended, to wit:

WHEREFORE, premises considered, decision is hereby rendered suspending the proceedings of the present case. The complainants are therefore directed to file their claim before the Rehabilitation Receiver.

No judgment as to the costs.

IT IS SO ORDERED.¹⁴

In a Decision dated 18 October 2007,¹⁵ the HLURB Board of Commissioners (BOC) suspended the proceedings against Primetown, but ordered UCPB to refund the full amount paid by Spouses Choi. The HLURB BOC found that UCPB was the legal successor-in-interest of Primetown against whom the Spouses Choi's action for refund could be enforced. The dispositive portion of the decision reads:

WHEREFORE, premises considered, the decision of the Regional Office is SET ASIDE and a new one is entered as follows:

1. Respondent UCPB is hereby ordered to refund to the complainant the amount of ₱1,151,718.80 with interest at the legal rate of 6% per annum reckoned from the date of extrajudicial demand on May 24, 2005 until fully paid without prejudice to whatever claims UCPB may have against PPGI; and
2. Respondents UCPB and PPGI, jointly and severally, are declared liable to the complainant for payment of exemplary damages in the amount of ₱30,000.00; and attorney's fees in the amount of ₱30,000.00.

SO ORDERED.¹⁶

In a Resolution dated 18 March 2008,¹⁷ the HLURB BOC denied the motion for reconsideration filed by UCPB. Thus, UCPB appealed to the OP.

The Ruling of the OP

In a Decision dated 1 June 2010,¹⁸ the OP, through the Deputy Executive Secretary for Legal Affairs Agustin S. Dizon, affirmed the decision of the HLURB BOC. The OP held that UCPB, being Primetown's successor-in-interest, was jointly and severally liable with Primetown for its failure to deliver the condominium unit.

¹⁴ Id. at 190.

¹⁵ Id. at 262-266.

¹⁶ Id. at 266.

¹⁷ Id. at 284-286.

¹⁸ Id. at 360-363.

In a Resolution dated 5 January 2011,¹⁹ the OP denied the motion for reconsideration filed by UCPB. Thus, UCPB appealed to the CA.

The CA Ruling

In a Decision dated 29 January 2013,²⁰ the CA granted the petition of UCPB and adopted the ruling of the CA Fourteenth Division dated 23 July 2009 in the case of *UCPB v. O'Halloran*, and that of the CA First Division dated 24 September 2010 in the case of *UCPB v. Liam*. According to the CA, the doctrine of *stare decisis* applies because the facts and arguments in the present case are similar to those in the mentioned cases. Thus, the dispositive portion of the CA decision states:

WHEREFORE, the petition is GRANTED. The Decision dated June 1, 2010 and Resolution dated January 5, 2011 of the Office of the President in O.P. Case No. 08-F-213, are REVERSED and SET ASIDE. The Decision dated November 29, 2006 of the HLURB-Regional Field Office is REINSTATED.

SO ORDERED.²¹

In a Resolution dated 27 May 2013,²² the CA denied the motion for reconsideration filed by Spouses Choi.

The Issues

Spouses Choi raised the following issues in this petition:

I.

WITH ALL DUE RESPECT, THE HONORABLE COURT OF APPEALS GRIEVOUSLY ERRED IN RULING THE INSTANT CASE BY SOLELY RELYING ON THE DOCTRINE OF STARE DECISIS BY CITING THE CASES OF UCPB V. JOHN P. O'HALLORAN AND JOSEFINA L. O'HALLORAN (CA-G.R. SP NO. 101699) (A Court of Appeals Decided Case) AND UCPB V. FLORITA LIAM (CA-G.R. SP NO. 112195), (a Court of Appeals Decided Case) DESPITE THE APPLICABILITY OF THE DOCTRINE OF ESTOPPEL IN THIS CASE, WHICH IS NOT PRESENT IN THE O'HALLORAN CASE AND LIAM CASE. THE HONORABLE COURT OF APPEALS A QUO ALSO ERRED WHEN IT DECIDED THIS CASE BY ONLY GIVING DUE DEFERENCE TO THE DECISION OF ITS CO-DIVISION, BUT SHOULD HAVE LOOKED UPON THE MERITS OF THE CASE BY APPLYING THE DECISION OF THE SUPREME COURT IN THE CASE OF QUASHA ANCHETA PEÑA & NOLASCO LAW OFFICE

¹⁹ Id. at 424-425.

²⁰ Id. at 72-81.

²¹ Id. at 80.

²² Id. at 83-87.

and LEGEND INTERNATIONAL RESORTS, LIMITED vs. THE SPECIAL SIXTH DIVISION of the COURT OF APPEALS, KHOO BOO BOON and the Law Firm of PICAZO BUYCO TAN FIDER & SANTOS (G.R. No. 182013, December 4, 2009).

II.

WITH ALL DUE RESPECT, THE HONORABLE COURT OF APPEALS GRIEVOUSLY ERRED WHEN IT DISREGARDED THE APPLICABILITY OF THE SUPREME COURT DECIDED CASES OF LUZON DEVELOPMENT BANK V. ANGELES CATHERINE ENRIQUEZ (G.R. NO. 168646, JANUARY 12, 2011) AND DELTA DEVELOPMENT AND MANAGEMENT SERVICES INC. V. ANGELES CATHERINE ENRIQUEZ AND LUZON DEVELOPMENT BANK (G.R. NO. 168666, JANUARY 12, 2011) TO THE INSTANT CASE. THE HONORABLE COURT OF APPEALS ALSO ERRED WHEN IT FAILED TO APPLY THE MORE RECENT CASE OF PBCOMM VS. PRIDISONS REALTY CORPORATION (G.R. NO. 155113, JANUARY 9, 2013) TO THE INSTANT CASE.

III.

WITH ALL DUE RESPECT, THE HONORABLE COURT OF APPEALS GRIEVOUSLY ERRED BY NOT RESOLVING THE ISSUE PERTAINING TO THE EFFECT OF THE CONTRACT DENOMINATED AS "SALE OF RECEIVABLES AND ASSIGNMENT OF RIGHTS AND INTERESTS", WHEREIN PRIMETOWN TRANSFERRED TO RESPONDENT UCPB THE FORMER'S RECEIVABLES, MONIES, RIGHTS, TITLES, AND INTERESTS IN THE KIENER HILLS CONDOMINIUM PROJECT.²³

The Ruling of the Court

We deny the petition.

The primordial issue to be resolved is whether, under the Agreement between Primetown and UCPB, UCPB assumed the liabilities and obligations of Primetown under its contract to sell with Spouses Choi.

An assignment of credit has been defined as an agreement by virtue of which the owner of a credit, known as the assignor, by a legal cause - such as sale, *dation* in payment or exchange or donation - and without need of the debtor's consent, transfers that credit and its accessory rights to another, known as the assignee, who acquires the power to enforce it to the same extent as the assignor could have enforced it against the debtor.²⁴ In every

²³ Id. at 13-14.

²⁴ *Ledonio v. Capitol Development Corporation*, 553 Phil. 344 (2007); *Aquintey v. Sps. Tibong*, 540 Phil. 422 (2006); *South City Homes, Inc. v. BA Finance Corporation*, 423 Phil. 84 (2001); *Project Builders, Inc. v. Court of Appeals*, 411 Phil. 264 (2001); *Nyco Sales v. BA Finance, Corporation*, G.R. No. 71694, 16 August 1991, 200 SCRA 637; *Manila Banking Corp. v. Teodoro, Jr.*, 251 Phil. 98 (1989).

case, the obligations between assignor and assignee will depend upon the judicial relation which is the basis of the assignment.²⁵ An assignment will be construed in accordance with the rules of construction governing contracts generally, the primary object being always to ascertain and carry out the intention of the parties.²⁶ This intention is to be derived from a consideration of the whole instrument, all parts of which should be given effect, and is to be sought in the words and language employed.²⁷

In the present case, the Agreement between Primetown and UCPB provided that Primetown, in consideration of ₱748,000,000.00, “**assigned, transferred, conveyed and set over unto [UCPB] all Accounts Receivables** accruing from [Primetown’s Kiener] x x x together with the **assignment of all its rights, titles, interests and participation** over the units covered by or arising from the Contracts to Sell from which the Accounts Receivables have arisen.”²⁸

The Agreement further stipulated that “x x x this sale/assignment is **limited to the Receivables accruing to [Primetown]** from the [b]uyers of the condominium units in x x x [Kiener] and the **corresponding Assignment of Rights and Interests** arising from the pertinent Contract to Sell and **does not include except for the amount not exceeding 30,000,000.00, Philippine currency, either singly or cumulatively any and all liabilities which [Primetown] may have assumed under the individual Contract to Sell.**”²⁹

The Agreement conveys the straightforward intention of Primetown to “sell, assign, transfer, convey and set over” to UCPB the **receivables, rights, titles, interests and participation** over the units covered by the contracts to sell. It explicitly excluded **any and all liabilities** and obligations, which Primetown assumed under the contracts to sell. The intention to exclude Primetown’s liabilities and obligations is further shown by Primetown’s subsequent letters to the buyers, which stated that “this payment arrangement shall in no way cause any amendment of the other terms and conditions, nor the cancellation of the Contract to Sell you have executed with [Primetown].”³⁰ It is a basic rule that if the terms of a contract are clear and leave no doubt upon the intention of the parties, the literal meaning shall control.³¹ The words should be construed according to their ordinary meaning, unless something in the assignment indicates that they are being used in a special sense.³² Furthermore, in order to judge the intention

²⁵ *Manila Banking Corp. v. Teodoro, Jr.*, 251 Phil. 98 (1989) citing Tolentino, Commentaries and Jurisprudence on the Civil Code of the Philippines, Vol. 5, pp. 165-166.

²⁶ *Aquintey v. Sps. Tibong*, 540 Phil. 422 (2006).

²⁷ *Id.*

²⁸ *Rollo*, p. 146.

²⁹ *Id.* at 148.

³⁰ *Id.* at 235.

³¹ Civil Code, Article 1370.

³² *Aquintey v. Sps. Tibong*, *supra*.

of the contracting parties, their contemporaneous and subsequent acts shall be principally considered.³³

It was not clear whether the “amount not exceeding 30,000,000.00, Philippine currency” in the Agreement referred to receivables or liabilities.³⁴ Under the Rules of Court, when different constructions of a provision are otherwise equally proper, that is to be taken which is the most favorable to the party in whose favor the provision was made.³⁵ The Memorandum of Agreement’s whereas clauses provided that Primetown desired to settle its obligation with UCPB.³⁶ Therefore, the tenor of the Agreement is clearly in favor of UCPB. Thus, the excluded amount referred to receivables.

The intention to merely assign the receivables and rights of Primetown to UCPB is even bolstered by the CA decisions in the cases of *UCPB v. O’Halloran*³⁷ and *UCPB v. Ho*.³⁸

In *UCPB v. O’Halloran*,³⁹ docketed as CA-G.R. SP No. 101699, respondent O’Halloran’s accounts with Primetown were also assigned by Primetown to UCPB, under the same Agreement as in this case. Since Primetown failed to deliver the condominium units upon full payment of the purchase price, O’Halloran likewise sued both Primetown and UCPB for cancellation of the contracts to sell, and the case eventually reached the CA. The CA held UCPB liable to refund the amount it actually received from O’Halloran. The CA held that there is no legal, statutory or contractual basis to hold UCPB solidarily liable with Primetown for the full reimbursement of the payments made by O’Halloran. The CA found that based on the Agreement, **UCPB is merely the assignee of the receivables under the contracts to sell to the extent that the assignment is a manner adopted by which Primetown can pay its loan to the bank.** The CA held that the assignment of receivables did not make UCPB the owner or developer of the unfinished project to make it solidarily liable with Primetown. The CA decision dated 23 July 2009 in CA-G.R. SP No. 101699 became final and executory upon Entry of Judgment on 17 August 2009 for O’Halloran and 18 August 2009 for UCPB.⁴⁰

In *UCPB v. Ho*,⁴¹ docketed as CA-G.R. SP No. 113446, respondent Ho was similarly situated with O’Halloran and Spouses Choi. Upon reaching the CA, the CA considered the Agreement between UCPB and Primetown as an assignment of credit, because: 1) the parties entered into

³³ Civil Code, Article 1371.

³⁴ *UCPB v. O’Halloran*, CA-G.R. SP. No. 101699, 23 July 2009. *Rollo*, p. 928.

³⁵ Rules of Court, Rule 130, Section 17.

³⁶ *Rollo*, p. 460.

³⁷ *Supra* note 6.

³⁸ Penned by Associate Justice Melchor Q.C. Sadang, with Associate Justices Ricardo R. Rosario and Franchito N. Diamante concurring. *Rollo*, pp. 965-976.

³⁹ *Supra* note 6.

⁴⁰ *Rollo*, p. 758.

⁴¹ *Supra*.

the Agreement without the consent of the debtor; 2) UCPB's obligation "to deliver to the buyer the title over the condominium unit upon their full payment" signifies that the title to the condominium unit remained with Primetown; 3) UCPB's prerogative "to rescind the contract to sell and transfer the title of condominium unit to its name upon failure of the buyer to pay the full purchase price" indicates that UCPB was merely given the right to transfer title in its name to apply the property as partial payment of Primetown's obligation; and 4) the Agreement clearly states that the assignment is limited to the receivables and does not include "any and all liabilities which [Primetown] may have assumed under the individual contract to sell." Thus, the CA ruled that **UCPB was a mere assignee of the right of Primetown to collect on its contract to sell with Ho**. The CA, then, applied the ruling in *UCPB v. O'Halloran* in finding UCPB jointly liable with Primetown only for the payments UCPB had actually received from Ho.

On 4 December 2013, this Court issued a Resolution⁴² denying Ho's petition for review for failure to show any reversible error on the part of the CA. On 2 April 2014, this Court likewise denied the motion for reconsideration with finality.⁴³ Thus, the 9 May 2013 Decision of the Special Fifteenth Division of the CA in CA-G.R. SP No. 113446 became final and executory.

Considering that UCPB is a mere assignee of the rights and receivables under the Agreement, UCPB did not assume the obligations and liabilities of Primetown under its contract to sell with Spouses Choi.

In an assignment of credit, the vendor in good faith shall be responsible for the existence and legality of the credit at the time of the sale.⁴⁴ In *Filinvest Credit Corporation v. Philippine Acetylene Co., Inc.*,⁴⁵ the Court ruled that the assignee did not acquire the burden of unpaid taxes over the assigned property, since what was transferred only were the rights, title and interest over the property.

Contrary to Spouses Choi's argument that UCPB was estopped, we find that estoppel would not lie since UCPB's letters to the buyers only assured them of the completion of their units by the developer.⁴⁶ UCPB did not represent to be the new owner of Kiener or that UCPB itself would complete Kiener.

⁴² *Rollo*, p. 1241.

⁴³ *Id.* at 1209.

⁴⁴ Civil Code, Article 1628.

⁴⁵ 197 Phil. 394 (1982).


⁴⁶ *Rollo*, p. 240.

As for UCPB's alleged solidary liability, we do not find any merit in the claim of Spouses Choi that *Luzon Development Bank v. Enriquez*⁴⁷ and *Philippine Bank of Communications v. Pridisons Realty Corporation*⁴⁸ apply to the present case. Both cases involved the failure to comply with Sections 17, 18 and 25 of Presidential Decree No. 957, which made the banks in those cases solidarily liable. A solidary obligation cannot be inferred lightly, but exists only when expressly stated, or the law or nature of the obligation requires it.⁴⁹

Since there is no other ground to hold UCPB solidarily liable with Primetown and there is no reason to depart from the *ratio decidendi* in *UCPB v. Ho*,⁵⁰ UCPB is only liable to refund Spouses Choi the amount it indisputably received, which is ₱26,292.97 based on the evidence presented by Spouses Choi.⁵¹

WHEREFORE, we **DENY** the petition and **AFFIRM with MODIFICATION** the Decision dated 29 January 2013 and the Resolution dated 27 May 2013 of the Court of Appeals in CA-G.R. SP No. 117831. We **ORDER** respondent United Coconut Planters Bank to **RETURN** to petitioner spouses Chin Kong Wong Choi and Ana O. Chua the amount of ₱26,292.97, with 12% interest per annum from the time of its receipt on 3 February 1999 until 30 June 2013, then 6% interest per annum from 1 July 2013 until fully paid.

SO ORDERED.



ANTONIO T. CARPIO
Associate Justice

⁴⁷ 654 Phil. 315 (2011).

⁴⁸ G.R. No. 155113, 9 January 2013, 688 SCRA 200.

⁴⁹ Civil Code, Article 1207.

⁵⁰ Supra note 38.

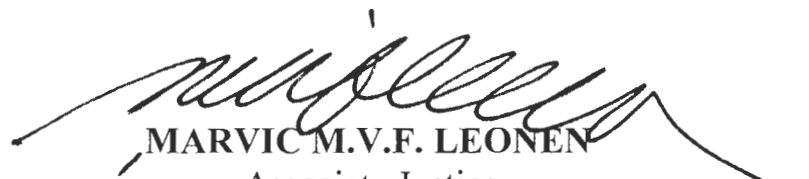
⁵¹ *Rollo*, p. 493.

WE CONCUR:


ARTURO D. BRION
Associate Justice

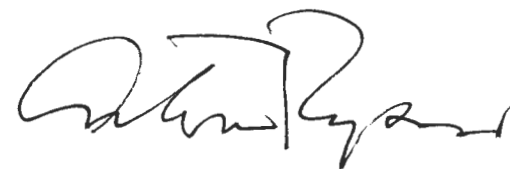

MARIANO C. DEL CASTILLO
Associate Justice


JOSE CATRAL MENDOZA
Associate Justice


MARVIC M.V.F. LEONEN
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ANTONIO T. CARPIO
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARIA LOURDES P. A. SERENO
Chief Justice