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Wilfredo V. Lapid
WILFREDO V. LAPID
Division Clerk of Court
Third Division

Republic of the Philippines
Supreme Court
Manila

DEC 17 2018

THIRD DIVISION

**DONABELLE V. GONZALES-
SALDANA,**

Petitioner,

G.R. No. 226587

Present:

- versus -

PERALTA, J., *Chairperson*,
LEONEN,
GESMUNDO,
REYES, J. JR., and
HERNANDO, * JJ.

**SPOUSES GORDON R.
NIAMATALI and AMY V.
NIAMATALI,**

Respondents.

Promulgated:

November 21, 2018

Wilfredo V. Lapid

X ----- X

DECISION

REYES, J. JR., J.:

Assailed in this petition for review on *certiorari* are the March 31, 2016 Decision¹ and August 10, 2016 Resolution² of the Court of Appeals (CA) in CA-G.R. CV No. 05172, which reversed and set aside the March 11, 2014 Decision³ of the Regional Trial Court, Kalibo, Aklan, Branch 6 (RTC) in Civil Case No. 7720, a case for recovery of sum of money.

* On wellness leave.

¹ Penned by Associate Justice Marilyn B. Lagura-Yap, with Associate Justices Gabriel T. Ingles and Geraldine C. Fiel-Macaraig, concurring, *rollo*, pp. 39-50.

² Id. at 52-55.

³ Penned by Judge Jemena L. Abellar Arbis, id. at 57-66.

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The Antecedents

Sometime in January 2002, respondent-spouses Gordon and Amy Niamatali (respondent-spouses), then residing in the United States of America, made known to petitioner Donabelle Gonzales-Saldana (petitioner) their intention to acquire real properties in Metro Manila. Petitioner, who was then working in the Department of Labor and Employment (DOLE), informed them that a certain parcel of land located in Las Piñas City would be sold in a public auction conducted by the DOLE Sheriff's Office.⁴

Thereafter, respondent-spouses asked petitioner to participate in the public auction on their behalf. Consequently, on January 30, 2002, they remitted US\$60,000.00 or ₱3,000,000.00 to petitioner's bank account for the purchase of the Las Piñas property. In March 2002, however, respondent-spouses received from petitioner photocopies of Transfer Certificates of Title (TCT) Nos. 105904 and 223102 covering properties located in Manila and Parañaque contrary to their agreement that petitioner would purchase the Las Piñas property. Petitioner explained to them that the auction sale of the Las Piñas property did not push through because of a third-party claim, but the judgment creditor agreed to sell to her the Parañaque and Manila properties which were also levied on execution. Upon their return to the Philippines in July 2002, petitioner brought respondent-spouses to the Las Piñas property but it was locked up and a signboard was posted, on which the words "Future Home of Lutheran School and Community Center" were written. Thus, respondent-spouses informed petitioner that they were no longer interested in acquiring the Las Piñas property and asked for the return of the ₱3,000,000.00, to which petitioner acceded. She even sent to respondent-spouses a letter wherein she acknowledged receipt of the ₱3,000,000.00 and promised to return said amount on or before September 14, 2002.⁵

In her Answer, petitioner averred that the public bidding of the Las Piñas property was cancelled because of a third-party claim. The DOLE Sheriff's Office, however, informed her that other properties of the losing party would be put up in a public auction. Thus, petitioner asked respondent-spouses whether they were interested in buying the properties located in Manila and Parañaque, but the latter did not respond. In good faith, and thinking that it would be beneficial for respondent-spouses, petitioner requested her friend, Alinia L. Austria (Austria), to participate in the bidding of the Manila and Parañaque properties. In both auctions, Austria was declared the winning bidder. In July 2002, however, respondent-spouses told petitioner that they were no longer interested in buying the Las Piñas

⁴ Complaint, id. at 122-129.

⁵ Id.

property. She then told them that she would return their money but she had to sell first the Manila and Parañaque properties.⁶

Despite several demands from respondent-spouses, petitioner failed to return the ₱3,000,000.00. Thus, on March 6, 2006, respondent-spouses filed a case for collection of sum of money, moral damages and attorney's fees against petitioner.⁷

The RTC Ruling

In a Decision dated March 11, 2014, the RTC ruled that respondent-spouses' documentary evidence, with the exception of the printouts of the e-mail correspondence between the parties, failed to comply with the Best Evidence Rule. It declared that the uncertified photocopies of the bank transfer, showing the remittance of ₱3,000,000.00 to petitioner's account, were inadmissible as respondent-spouses failed to prove the loss of the original thereof. It noted that respondent Amy even testified that she could have secured the original copy from her bank, but she neglected to do so. As regards the acknowledgment receipt or promissory note allegedly executed by petitioner, the trial court adjudged that it was also inadmissible because it was a private document executed without the intervention of a notary public and no witness was presented to prove that petitioner signed the document. The *fallo* reads:

WHEREFORE, in view of the foregoing, for failure of plaintiffs to present preponderance of evidence to support the allegations in the Complaint, the instant case is ordered DISMISSED. The counterclaim is likewise dismissed.⁸

Aggrieved, respondent-spouses filed an appeal before the CA.

The CA Ruling

In a Decision, dated March 31, 2016, the CA held that respondent-spouses need not prove the fact that they sent money to petitioner because the latter's admission that the amount of ₱3,000,000.00 was transmitted to her, having been made in her Answer, could be treated as a judicial admission. It pronounced that petitioner's admission was sufficient to prove that she received money from the respondent-spouses even without the documents presented by the latter. The appellate court added that petitioner was legally bound to return the ₱3,000,000.00 which she received from respondent-spouses considering that the purchase of the Las Piñas property did not materialize. It disposed the case in this wise:

⁶ Answer, *id.* at 151-163.

⁷ *Id.* at 248.

⁸ *Id.* at 66.

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WHEREFORE, the appeal is GRANTED. The Decision of the Regional Trial Court, Branch 6 of Kalibo, Aklan in Civil Case No. 7720 is REVERSED and SET ASIDE. A new one is entered ordering defendant-appellee Donabelle Gonzales-Saldana to pay plaintiffs-appellants the amount of three million pesos (PhP 3,000,000.00) with interest at six percent (6%) per annum from default until the finality of this Decision. From finality until full satisfaction, the total amount due shall likewise earn interest at six percent (6%) per annum until fully paid.

SO ORDERED.⁹

Petitioner moved for reconsideration, but the same was denied by the CA on August 10, 2016. Hence, this petition for review on *certiorari* wherein petitioner raises the following assignment of errors:

WHETHER OR NOT THE HONORABLE COURT OF APPEALS ERRED IN CONSIDERING THAT RESPONDENTS HAD ESTABLISHED THEIR CASE BY PREPONDERANCE OF EVIDENCE BASED ON INADMISSIBLE EVIDENCE;

WHETHER OR NOT THE HONORABLE COURT OF APPEALS ERRED IN APPLYING THE RULES ON JUDICIAL ADMISSION;

WHETHER OR NOT THE HONORABLE COURT OF APPEALS ERRED IN ADMITTING THE ISSUE OF UNJUST ENRICHMENT WHICH WAS RAISED FOR THE FIRST TIME ON APPEAL;

WHETHER OR NOT THE HONORABLE COURT OF APPEALS ERRED IN APPLYING THE PRINCIPLE OF UNJUST ENRICHMENT;
[and]

WHETHER OR NOT THE HONORABLE COURT OF APPEALS ERRED IN RULING THAT INTEREST WAS DUE TO RESPONDENTS.¹⁰

Simply put, the issues to be resolved are 1) Whether the statements in petitioner's Answer could be considered judicial admissions; 2) Whether petitioner should return the ₱3,000,000.00 she received from respondent-spouses for the purchase of the Las Piñas property; and 3) Whether petitioner is liable for the payment of interest on the amount due.

Petitioner argues that the allegations in her Answer are not admissions, but are actually defenses to show that the complaint states no cause of action; that the alleged admission, with respect to her receipt of ₱3,000,000.00 from respondent-spouses, was taken out of context because it actually pertains to the fact that the money remitted was intended for the

⁹ Id. at 49.

¹⁰ Id. at 23.

borrowed money from respondent-spouses; that the obligation to return the money is demandable only upon sale of the Manila and Parañaque properties, thus, the principle of unjust enrichment was not applicable; and that no interest was due because she did not enter into a contract of loan with respondent-spouses and there was no agreement for the payment of interest.¹¹

In their Comment,¹² respondent-spouses counter that petitioner should return the amount of ₱3,000,000.00 considering that since 2002, she has not informed them of the status of the property in Las Piñas; that a complaint for recovery of money is proper even if the contract between the parties is not a contract of loan; and that legal interest must be imposed on the amount due from petitioner because she already incurred in delay.

In her Reply,¹³ petitioner contends that she no longer informed respondent-spouses of the status of the Las Piñas property because the latter had already abandoned their claim thereto and opted for the return of their money; and that the award of interest is not proper because the transaction between the parties is not a contract of loan and payment of monetary interest is allowed only if there was an express stipulation for the payment of interest and the agreement for the payment of interest was reduced in writing.

The Court's Ruling

The petition lacks merit.

Statements in the Answer constitute judicial admissions which bind petitioner.

A judicial admission is an admission, verbal or written, made by a party in the course of the proceedings in the same case, which dispenses with the need for proof with respect to the matter or fact admitted. It may be contradicted only by showing that it was made through palpable mistake or that no such admission was made.¹⁴

A party who judicially admits a fact cannot later challenge [the] fact as judicial admissions are a waiver of proof; production of evidence is dispensed with. A judicial admission also removes an admitted fact from the field of controversy. Consequently, an admission made in the pleadings cannot be controverted by the party making such admission and is

¹¹ Id. at 23-33.

¹² Id. at 248-255.

¹³ Id. at 259-264.

¹⁴ RULES OF COURT, Rule 129, Sec. 4.

cannot be controverted by the party making such admission and is conclusive as to such party, and all proofs to the contrary or inconsistent therewith should be ignored, whether objection is interposed by the party or not. The allegations, statements or admissions contained in a pleading are conclusive as against the pleader. A party cannot subsequently take a position contrary to or inconsistent with what was pleaded.¹⁵

Petitioner argues that the allegations in her Answer are not admissions, but are actually defenses to show that the complaint states no cause of action; and that the alleged admission, with respect to her receipt of the ₱3,000,000.00 from respondent-spouses, was taken out of context because in that narration, she actually denied persuading respondent-spouses to remit money for the purchase of the Las Piñas property.

A perusal, however, of petitioner's Answer leads to the conclusion that her arguments are just a futile attempt to sow confusion in an otherwise indisputable case. In her Answer, petitioner made the following statements:

x x x x

4. Defendant denies the allegations contained in items 4, 5, 6, and 7, [of the] complaint, that defendant proposed and convinced the plaintiffs, the truth of the matter being that:

x x x x

f. Plaintiff knew what they were venturing into, the defendant fully explaining to them the procedures. **On their own accord, the plaintiffs sent money via bank-to-bank transaction, contrary to their claim that plaintiffs caused to debit and remit the amount of US\$60,000.00 to defendant's account only upon the instruction of the [defendant].** It cannot be overemphasized that the defendant is junior to the plaintiffs and that she has no power to direct order on what to do with their money. x x x

x x x x

20. The complaint states no cause of action.

a. x x x **Plaintiffs may have sent money to defendant but not in the form of loan. The money was sent to invest in properties, primarily Las Pinas City.** The money sent was used to purchase properties for the plaintiffs, however, it happened that the plaintiffs were not satisfied with the purchase, as such, as an afterthought, plaintiffs wanted to get back the money from defendant. (Emphases supplied)¹⁶

¹⁵ *Alfelor v. Halasan*, 520 Phil. 982, 991 (2006).

¹⁶ *Rollo*, pp. 151-163.

From the foregoing, it is incontrovertible that petitioner does not even deny that she received ₱3,000,000.00 from respondent-spouses. What she simply denies is the allegation that it was because of her insistence that respondent-spouses remitted money to her account. Petitioner, however, fails to realize that whether or not she persuaded respondent-spouses to purchase the Las Piñas property is beside the point. To resolve the controversy between the parties, the issue simply boils down to whether petitioner received ₱3,000,000.00 from respondent-spouses and as can be gleaned from her Answer, petitioner admitted such fact. She failed to prove that the admission was made through palpable mistake or that no such admission was made. Her arguments, therefore, are mere desperate attempts to escape liability.

There is an implied agency between petitioner and respondent-spouses.

By the contract of agency, a person binds himself to render some service or to do something in representation or on behalf of another, with the consent or authority of the latter.¹⁷ Agency may be express, or implied from the acts of the principal, from his silence or lack of action, or his failure to repudiate the agency, knowing that another person is acting on his behalf without authority.¹⁸ Acceptance by the agent may also be express, or implied from his acts which carry out the agency, or from his silence or inaction according to the circumstances.¹⁹

A contract of agency may be inferred from all the dealings between petitioner and respondent-spouses. The question of whether an agency has been created is ordinarily a question which may be established in the same way as any other fact, either by direct or circumstantial evidence. The question is ultimately one of intention.²⁰ In this case, respondent-spouses communicated with petitioner as regards the purchase of the Las Piñas property and they remitted ₱3,000,000.00 to petitioner's account for such purpose. For her part, petitioner made inquiries with the DOLE Sheriff's Office and even talked to the judgment creditor for the purchase of the said property. Also, she received ₱3,000,000.00 from respondent-spouses to finalize the transaction. Thus, it is beyond dispute that an implied agency existed between petitioner and respondent-spouses for the purpose of purchasing the Las Piñas property.

¹⁷ CIVIL CODE OF THE PHILIPPINES, Art. 1868.

¹⁸ Id. at Art. 1869.

¹⁹ Id. at Art. 1870.

²⁰ DE LEON AND DE LEON, JR., COMMENTS AND CASES ON PARTNERSHIP, AGENCY AND TRUSTS, pp. 337-338 (2010 ed.).

Petitioner, however, acted beyond the scope of her authority. It is worthy to note that it was petitioner who introduced to respondent-spouses the idea of participating in the auction sale of the Las Piñas property.²¹ When the parties came to an agreement as to the purchase of the said property, petitioner was then unaware of other properties which were going to be sold on auction. As a result, the parties never agreed on a substitute property to be purchased in case the bidding of the Las Piñas property failed to materialize. As it happened, the Las Piñas property could not be auctioned on account of a third-party claim. Thus, when petitioner was informed that certain properties in Manila and Parañaque were to be auctioned for the same judgment creditor, she proceeded to participate in the bidding and decided not to wait for respondent-spouses' approval.²² It was only after the sale that petitioner informed respondent-spouses that she already settled for the Manila and Parañaque properties, worth more than ₱3,000,000.00 in valuation.²³ Thus, even though petitioner may have been motivated by good intentions and by a sincere belief that the purchase of the Manila and Parañaque properties would benefit respondent-spouses, it cannot be gainsaid that she acted outside the scope of the authority given to her, *i.e.*, to purchase the Las Piñas property. Hence, petitioner's failure to fulfill her obligation entitles respondent-spouses to the return of the ₱3,000,000.00 which they remitted to her account.

Petitioner is liable for the payment of compensatory interest.

The kinds of interest that may be imposed in a judgment are the monetary interest and the compensatory interest. In this regard, the Court has expounded in *Siga-an v. Villanueva*:²⁴

Interest is a compensation fixed by the parties for the use or forbearance of money. This is referred to as monetary interest. Interest may also be imposed by law or by courts as penalty or indemnity for damages. This is called compensatory interest. The right to interest arises only by virtue of a contract or by virtue of damages for delay or failure to pay the principal loan on which interest is demanded.

Article 1956 of the Civil Code, which refers to monetary interest, specifically mandates that no interest shall be due unless it has been expressly stipulated in writing. As can be gleaned from the foregoing provision, payment of monetary interest is allowed only if: (1) there was an express stipulation for the payment of interest; and (2) the agreement for the payment of interest was reduced in writing. The concurrence of the two conditions is required for the payment of

²¹ Petition for Review, *rollo*, p. 12.

²² *Id.* at 13.

²³ *Id.* at 14.

²⁴ 596 Phil. 760, 769 and 772 (2009).

monetary interest. Thus, we have held that collection of interest without any stipulation therefor in writing is prohibited by law.

x x x x

There are instances in which an interest may be imposed even in the absence of express stipulation, verbal or written, regarding payment of interest. Article 2209 of the Civil Code states that if the obligation consists in the payment of a sum of money, and the debtor incurs delay, a legal interest of 12% per annum may be imposed as indemnity for damages if no stipulation on the payment of interest was agreed upon. Likewise, Article 2212 of the Civil Code provides that interest due shall earn legal interest from the time it is judicially demanded, although the obligation may be silent on this point.

All the same, the interest under these two instances may be imposed only as a penalty or damages for breach of contractual obligations. It cannot be charged as a compensation for the use or forbearance of money. In other words, the two instances apply only to compensatory interest and not to monetary interest.

Clearly and contrary to petitioner's assertion, the interest imposed by the CA is not monetary interest because aside from the fact that there is no use or forbearance of money involved in this case, the subject interest was not one which was agreed upon by the parties in writing. Further, the appellate court, after citing *Eastern Shipping Lines, Inc. v. Court of Appeals*,²⁵ wherein the Court synthesized the rules on the award of interest, imposed an interest of 6% per annum which finds application in transactions involving the payment of indemnities in the concept of damages arising from breach or a delay in the performance of obligations in general. Hence, there can be no other conclusion than that the interest imposed by the appellate court is in the nature of compensatory interest.

As a form of damages, compensatory interest is due only if the obligor is proven to have failed to comply with his obligation.²⁶ In this case, petitioner's principal obligation was to purchase the Las Piñas property for respondent-spouses. Consequently, when she was informed that the auction sale of the Las Piñas property would have to be cancelled, petitioner should have simply returned the ₱3,000,000.00 to respondent-spouses instead of purchasing the Manila and Parañaque properties without the latter's knowledge and consent. Moreover, she insists that she would return such amount only after she successfully sells the Manila and Parañaque properties. Contrary to petitioner's argument, however, the obligation to return the amount is not dependent upon the sale of the Manila and

²⁵ 304 Phil. 236 (1994).

²⁶ *Sun Life of Canada (Phils.), Inc. v. Tan Kit*, 745 Phil. 482, 492 (2014).


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Parañaque properties. The obligation to return the money is a consequence of her failure to comply with her principal obligation, the breach thereof entitles respondent-spouses to the payment of interest at the rate of 6% per annum, which, as pronounced in *Eastern Shipping Lines* and subsequently reiterated in *Nacar v. Gallery Frames*,²⁷ is the rate of interest applicable in transactions involving the payment of indemnities in the concept of damages arising from the breach or a delay in the performance of obligations in general.²⁸ The payment of interest should be reckoned from the date of filing of the Complaint or on March 6, 2006.²⁹

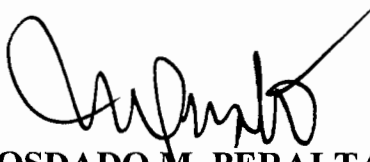
WHEREFORE, the petition is **DENIED**. The March 31, 2016 Decision and August 10, 2016 Resolution of the Court of Appeals in CA-G.R. CV No. 05172 are **AFFIRMED with MODIFICATION** in that the amount of ₱3,000,000.00 shall earn interest at the rate of 6% per annum from the date of filing of the Complaint on March 6, 2006 until the Decision becomes final and executory.

An interest of 6% per annum shall be further imposed on the amount from the finality of the Decision until its satisfaction.

SO ORDERED.


JOSE C. REYES, JR.
Associate Justice


WE CONCUR:


DIOSDADO M. PERALTA
Associate Justice
Chairperson

²⁷ 716 Phil. 267 (2013).

²⁸ *Sunga-Chan v. Court of Appeals*, 578 Phil. 262, 276 (2008).

²⁹ *Supra* note 27, at 282.



MARVIC MARIO VICTOR F. LEONEN
Associate Justice


ALEXANDER G. GESMUNDO
Associate Justice

(On Wellness Leave)
RAMON PAUL L. HERNANDO
Associate Justice

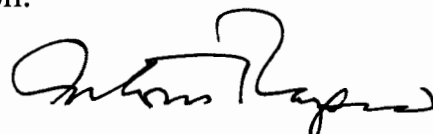
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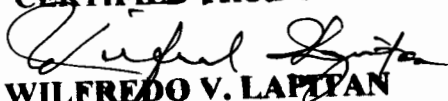
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


DIOSDADO M. PERALTA
Associate Justice
 Chairperson, Third Division

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.


ANTONIO T. CARPIO
Senior Associate Justice
 (Per Section 12, Republic Act
 No. 296, The Judiciary Act of
 1948, as amended)

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 Division Clerk of Court
 Third Division

DEC 17 2018

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