

## SECOND DIVISION

[ G.R. No. 159240, February 04, 2008 ]

**GREGORIO SILOT, JR., Petitioner, vs. ESTRELLA DE LA ROSA,  
Respondent.**

### D E C I S I O N

**QUISUMBING, J.:**

This is a petition for review of the Decision<sup>[1]</sup> dated July 9, 2003 of the Court of Appeals in CA-G.R. CV No. 68062 entitled "*Estrella de la Rosa v. Gregorio Silot, Jr.*" The appellate court had affirmed with modification the Joint Decision<sup>[2]</sup> dated May 24, 2000 of the Regional Trial Court (RTC), Branch 61, Naga City, in Civil Case Nos. 97-3736 and 97-3750, and decreed as follows:

**WHEREFORE**, premises considered, the assailed Joint Decision dated May 24, 2000 of the RTC, Branch 61, Naga City in Civil Cases Nos. 97-3736 and 97-3750 is hereby **AFFIRMED WITH MODIFICATION**, deleting the award for nominal damages and reducing the award of attorney's fees to Twenty Thousand (P20,000.00) Pesos. Other awards not otherwise modified or deleted stand. **SO ORDERED.**<sup>[3]</sup>

As culled from the records by the Court of Appeals, the antecedent facts of this case are as follows:

On January 19, 1996, petitioner Gregorio Silot, Jr. and respondent Estrella de la Rosa entered into a contract for the construction of a dormitory-apartment building on Lot 1-A-9-D, Bagumbayan Sur, Naga City. They expressly agreed that Silot shall supply the labor and de la Rosa shall pay 33% of the total value of the materials purchased for the project. Upon turnover in February 1997 of the completed structure, the total cost of materials actually purchased was P2,504,469.65, 33% of which is P826,474.98. Silot required de la Rosa to pay a total of P1,018,000.00, or P191,525.02 more than the amount due. Through her son-in-law, de la Rosa confronted Silot about the overpayment but the latter refused to return the overpayment. After her repeated demands fell on deaf ears, de la Rosa filed a suit against Silot.

Silot, in retaliation, sued de la Rosa for insufficient payment, claiming that he was supposed to receive P1,281,872.40<sup>[4]</sup> but was only paid P1,008,000.00, thus still leaving a balance of P273,872.40.

The two cases were consolidated by the trial court.

During trial, however, Atty. San Jose, counsel for Silot, dispensed with the testimony of Ariel Goingo, a witness for de la Rosa. Atty. San Jose admitted Goingo's proposed testimony to the effect that in consideration of the 33% as mentioned in the

contract, all the material supplies during the making of the additional works mentioned were already accounted for; that Silot was paid for all works that were performed as well as all materials supplied; that the total sum was P2,504,469.65, so that 33% of which is only P826,474.98; that de la Rosa paid the amount of P1,018,000.00; hence, there was an excess payment of P191,525.02; and that de la Rosa never received any demand from nor was she confronted by Silot regarding an alleged balance.<sup>[5]</sup>

Consequently, after trial, the RTC ruled in favor of de la Rosa and ordered Silot to return the overpaid amount, decreeing as follows:

Wherefore, premises considered, Civil Case No. 3736 is hereby ordered DISMISSED for lack of merit; while in Civil Case No. 97-3750, defendant Gregorio Silot is hereby ordered to return the amount of P191,525.02 to the plaintiff, Estrella de la Rosa; to pay P100,000.00 for [a]ttorney's fees and P50,000.00 as nominal damages.

SO ORDERED.<sup>[6]</sup>

On appeal, the Court of Appeals affirmed the decision of the lower court. Hence, the instant petition wherein Silot assigned the following errors:

I.

The Honorable Court of Appeals erred in construing the admission made by Atty. San Jose on the purpose for the testimony of witness Ariel [Goingo] as admission of evidence.

II.

The Honorable Court of Appeals erred in deciding and ordering petitioner-appellant to return the amount of P191,525.02 to respondent appellee and also to pay P20,000.00 attorney's fees.<sup>[7]</sup>

Simply stated, petitioner is raising the following issues to be resolved: (1) whether the admission by Atty. San Jose, counsel of petitioner Silot, constituted judicial admission of respondent's evidence; and (2) whether the appellate court erred in ruling that Silot should return the claimed amount of P191,525.02 to de la Rosa.

Petitioner Silot contends that his counsel Atty. San Jose merely admitted that the subject of Goingo's testimony was that stated in the offer of testimony, but he did not admit the truth or veracity of the testimony. Silot adds that Atty. San Jose could not and should not have admitted the testimony because he had no special power of attorney to enter into such stipulations or to compromise his client's right without the latter's direct intervention.<sup>[8]</sup>

Respondent de la Rosa counters that clients are bound by the admissions as well as the negligence of their counsel. She enumerates several Court decisions to support her contention, among them the following cases:

(1) *Ongson v. People*,<sup>[9]</sup> where petitioner was held bound by his unqualified admission that he received private complainant's demand letter with notice of

dishonor. The admission binds him considering that he never denied receipt of the notice of dishonor.

(2) *Republic v. Sarabia*,<sup>[10]</sup> where the Court held that an admission made in the pleading cannot be controverted by the party making such admission and are conclusive as to him.

(3) *People v. Genosa*,<sup>[11]</sup> *Arroyo, Jr. v. Taduran*,<sup>[12]</sup> *Carandang v. Court of Appeals*,<sup>[13]</sup> in which cases the Court held that judicial admissions are conclusive upon the party making it and may not be contradicted in the absence of prior showing that the admission had been made through palpable mistake, or no admission was in fact made.

(4) *People v. Razu*,<sup>[14]</sup> and *Lim v. Jabalde*,<sup>[15]</sup> where it was held that stipulations are recognized as declarations constituting judicial admissions, hence, binding upon the parties.

Moreover, well-entrenched is the rule that the client is bound by the mistakes arising from negligence of his own counsel.<sup>[16]</sup> The only exception to this rule is, as the Court of Appeals itself cited in its decision, when the negligence is so gross that the client is deprived of his day in court.<sup>[17]</sup>

In our considered view, however, that exception does not find any application in this case. As the records would plainly show, Silot was not deprived of his day in court. Also, as the appellate court observed, he could have introduced evidence, testimonial or otherwise, in order to controvert or correct the admission made by his counsel. Said the appellate court:

...As gleaned from the records, defendant-appellant Silot was not deprived of his day in court. He was given every opportunity to be heard through his pleadings and manifestations. He was also presented in open court to testify. As quoted earlier, Atty. Terbio, counsel for plaintiff-appellee de la Rosa, even repeatedly asked Atty. San Jose, defendant-appellant Silot's counsel, if he would admit the purpose for which the witness Ariel Goingo will testify to dispense with his testimony, and Atty. San Jose repeatedly answered that "We will admit that." And when asked by the judge if he will admit it, he answered that they will admit P2,504,000.00.<sup>[18]</sup>

More importantly, Silot's counsel clearly made admissions of the content of the testimony of witness Goingo, whose presentation was dispensed with. In *People v. Hernandez*,<sup>[19]</sup> we held that admissions made for the purpose of dispensing with proof of some facts are in the nature of judicial admissions, to wit:

A stipulation of facts entered into by the prosecution and defense counsel during trial in open court is automatically reduced into writing and contained in the official transcript of the proceedings had in court. The conformity of the accused in the form of his signature affixed thereto is unnecessary in view of the fact that: "[...] an attorney who is employed to manage a party's conduct of a lawsuit [...] has prima facie authority to make relevant admissions by pleadings, *by oral* or written *stipulation*, [...]"