

## THIRD DIVISION

[ G.R. No. 173320, April 11, 2012 ]

**EDUARDO B. MANZANO, PETITIONER, VS. ANTONIO B. LAZARO,  
RESPONDENT.**

### DECISION

**PERALTA, J.:**

Before us is a Petition for Review on *Certiorari* of the Decision<sup>[1]</sup> and Resolution<sup>[2]</sup> of the Court of Appeals in CA-GR. CV No. 82753, dated February 28, 2006 and June 21, 2006, respectively, affirming the Decision<sup>[3]</sup> of the Regional Trial Court (RTC), Branch 97, Quezon City, in Civil Case No. Q-98-35924.

On February 16, 1998, petitioner Eduardo B. Manzano and respondent Antonio B. Lazaro entered into a Professional Services Contract<sup>[4]</sup> pertaining to the former's candidacy for the Vice-Mayoralty post in Makati City. Petitioner as the first party and respondent as the second party agreed that the contract shall take effect on February 16, 1998 until May 15, 1998. The contract provided among others:

#### II. Roles and Responsibilities of Contracting Parties

##### Responsibilities of the Second Party:

1. He shall head the organizational machinery of the First Party.
2. He shall be responsible in hiring and firing the required personnel to man the different positions of the organization.
3. He shall authorize the expenditures of the campaign.
4. He shall assist in the mobilization of resources for the campaign.
5. He shall set-up administrative mechanisms to safeguard the efficient and effective use of resources.
6. He shall take full responsibility for all the furniture and fixtures to be assigned to the designated headquarters.
7. He shall develop programs and projects in aid of ensuring the winnability of the candidate.

##### Responsibilities of the First Party.

1. He shall ensure the provision of financial resources and other logistical requirements for the conduct of operations.
2. He shall compensate the second party as stipulated in the Section III for Remuneration and Manner of Payment.

### III. Remuneration and Manner of Payment:

A. The monthly rate due for the Second Party is SEVENTY THOUSAND PESOS (P70,000.00). This will be given in two equal tranches, on the 15th and 30th of each month, from February 16, 1998 up to May 15, 1998, or a total of three (3) months.

B. A bonus pay amounting to TWO HUNDRED THOUSAND PESOS (P200:000.00) shall be given to the second party in the event that the First Party win the Vice-Mayoralty post.<sup>[5]</sup>

Subsequently, petitioner won as Vice-Mayor of Makati. Respondent, thereafter, learned in a transmittal letter<sup>[6]</sup> dated June 16, 1998 representing the last payroll of certain individuals, which included him, that he would be paid the amount of P15,000.00 only and the balance of P20,000.00 shall be forwarded only upon his final inventory of materials used during the campaign. Hence, respondent, in his letter<sup>[7]</sup> dated July 3, 1998 to petitioner, wrote that he had already turned over the equipment used for the campaign. Respondent then demanded the payment of P20,000.00 as balance of his compensation and the P200,000.00 bonus pay agreed upon.

Petitioner acknowledged respondent's demand letter and the delivery of the campaign equipment and furniture in his letter<sup>[8]</sup> dated July 17, 1998, but wrote that he needed to receive the liquidation of the expenses incurred during the campaign, which task was requested shortly after the May 11, 1998 elections.

In his letter<sup>[9]</sup> dated July 30, 1998, respondent wrote that the preparation of the audited financial report of the campaign was not part of his responsibilities as he was not in charge of the management of campaign funds; that such function was assigned to Robert Gomez and Soliman Cruz (Cruz) who acted as petitioner's Director for Finance with petitioner's brother, Angie Manzano (Angie), as the auditor. He reiterated the payment of P220,000.00 due him.

On even date, Cruz wrote petitioner a letter<sup>[10]</sup> dated July 30, 1998, stating that he did not volunteer respondent to prepare the liquidation of expenses, as respondent had nothing to do with the campaign accounting records; and that petitioner's request for liquidation of campaign expenses was another switch in petitioner's condition prior to settling his obligation with respondent.

As respondent's demand for petitioner to pay him remained unheeded, he filed with the RTC an action for collection of sum of money against petitioner.

In his defense, petitioner argued that he hired respondent's services of the latter's representation of being a seasoned and an experienced campaign manager. However, during the campaign period, he discovered that respondent had no expertise or capacity for political organization and was often absent during campaign sorties and public meetings; that he failed to provide petitioner with poll watchers to safeguard his chances of winning against electoral fraud. Petitioner deemed it best to merely exclude him from the strategic planning sessions rather

than confront him as he had already the knowledge of the campaign activities and supporters. Petitioner opined that he won the elections due to his popularity and the support of his family and friends; and that respondent was not entitled to a bonus pay, since respondent failed to show any significant contribution or role in his electoral victory.

On June 7, 2004, the RTC rendered its Decision, the dispositive portion of which reads:

WHEREFORE, premises considered, Decision is hereby rendered directing the defendant Eduardo B. Manzano to pay to the plaintiff the following:

1. Two Hundred Twenty Thousand Pesos (PHP220,000.00) representing the plaintiff's professional service fee covering the May 1-15 1998 period and bonus for the defendant's electoral victory as stipulated in the Professional Service Contract, plus legal interests from 03 July 1998 until fully paid; and
2. Thirty Thousand Pesos (PHP30,000.00) as Attorney's Fees.<sup>[11]</sup>

In so ruling, the RTC said that to allege that petitioner's consent was vitiated would not justify the refusal to pay the agreed remuneration in the absence of a court ruling annulling the subject contract; and that unless said contract was annulled, the terms therein remained enforceable. As to the alleged failure to comply with the responsibilities set forth in the contract, the RTC said that the power to rescind obligation is implied in reciprocal ones, but in the absence of a stipulation to the contrary, the power must be invoked judicially and cannot be exercised solely on a party's own judgment that the other has committed a breach of obligation. It also found petitioner's allegation of breach of contract inconsistent with the statement in the last payroll where petitioner acknowledged the balance due respondent, since if petitioner believed that respondent failed to perform his responsibilities, he should not have stated in the last payroll that the balance due respondent would be given upon submission of the inventory of the campaign materials. The RTC concluded that petitioner's contention was merely used as an excuse to evade payment after respondent had complied with the conditions requiring the latter to submit such inventory. The RTC awarded attorney's fees, because of petitioner's refusal to pay respondent's claim which compelled him to litigate.

Dissatisfied, petitioner filed his appeal with the CA. Respondent filed his Comment and petitioner his Reply thereto. Thereafter, the case was submitted for decision.

On February 28, 2006, the CA rendered its assailed Decision, which dismissed the appeal and affirmed the RTC decision.

Petitioner's motion for reconsideration was denied in a Resolution dated June 21, 2006.

Hence, the instant petition which raises the following errors:

THE COURT OF APPEALS GRAVELY ERRED IN LIMITING THE DISCUSSION OF ITS QUESTIONED DECISION ONLY TO THE SUBJECT OF THE PROFESSIONAL SERVICES CONTRACT BETWEEN PETITIONER AND RESPONDENT BEING VOIDABLE AND ITS ALLEGED RATIFICATION BY PETITIONER. THE RULING OF THE COURT OF APPEALS, DOES NOT, IN ANY WAY, TOUCH UPON THE ISSUE OF RESPONDENT'S MATERIAL BREACH OF

THE CONTRACT, AND WHETHER HE IS ENTITLED TO THE BONUS OF P200,000.00 AS A RESULT OF SUCH BREACH.

## II

THE COURT OF APPEALS GRAVELY ERRED IN FAILING TO HOLD THAT RESPONDENT COMMITTED SERIOUS BREACH BY FAILING TO PERFORM HIS DUTIES UNDER HIS PROFESSIONAL SERVICES CONTRACT WITH PETITIONER AS HEAD OF THE LATTER'S CAMPAIGN AND ORGANIZATIONAL MACHINERY.

## III

THE COURT OF APPEALS GRAVELY ERRED IN NOT FINDING THAT RESPONDENT COMMITTED A BREACH OF HIS PROFESSIONAL SERVICES CONTRACT WITH PETITIONER BY MISREPRESENTING THAT HE WAS AN EXPERT IN ESTABLISHING A POLITICAL CAMPAIGN MACHINERY.

## IV

THE COURT OF APPEALS GRAVELY ERRED IN NOT HOLDING THAT RESPONDENT SHOULD NOT BE PAID THE BALANCE OF HIS REMUNERATION ON THE BASIS OF EQUITY AND SUBSTANTIAL JUSTICE, AND BECAUSE HE WILL BE UNJUSTLY ENRICHED AS A RESULT OF SUCH PAYMENT.<sup>[12]</sup>

Petitioner contends that the CA decision was limited to the issue that the contract was merely voidable and its alleged ratification by petitioner but did not take into account respondent's breach of his obligations which goes into the heart of the issue of respondent's entitlement to the bonus; and that awarding him of bonus despite such breach would result to unjust enrichment. He argues that respondent was always absent or unavailable during the campaign sorties and public meetings which resulted in petitioner's having to continue his campaign with little or no assistance from respondent; that he failed to provide the required personnel to man the different positions of the organization since the personnel provided by respondent were also working for another candidate in Mandaluyong City; that there was no assistance extended in the mobilization of resources for his campaign because of the less visibility of the personnel hired to serve as his advance party to the territories covered by petitioner's campaign which constrained petitioner to proceed to the areas on his own; and that during the canvassing of votes, respondent only made a brief appearance and was thereafter gone with his whereabouts unknown; and that he also failed to provide petitioner with poll watchers in the precinct level to ensure

that all votes cast for him were all accounted for.

Petitioner also argues that respondent misrepresented himself to be an expert in carrying out a political campaign, thus, his consent into entering the contract with respondent was vitiated by fraud and mistake as to the latter's qualifications and credentials.

We find no merit in the petition.

The above-stated arguments by petitioner raise factual matters. As a rule, only questions of law may be appealed to the Court by a petition for review. The Court is not a trier of facts, its jurisdiction being limited to errors of law. Moreover, factual findings of the trial court, particularly when affirmed by the Court of Appeals, are generally binding on this Court.<sup>[13]</sup> In weighing the evidence of the parties, the RTC, as affirmed by the CA, found respondent's evidence to be sufficient in proving his case. We found no reason to disturb such finding as it was borne by the evidence on record.

Under the Professional Services Contract executed between petitioner and respondent on February 16, 1998, particularly under the subheading of remuneration and manner of payment, it was provided that:

A. The monthly rate due for the Second Party is SEVENTY THOUSAND PESOS (P70,000.00). This will be given in two equal tranches, on the 15<sup>th</sup> and 30<sup>th</sup> of each month, from February 16, 1998 up to May 15, 1998, or a total of three (3) months.

B. A bonus pay amounting to TWO HUNDRED THOUSAND PESOS (P200,000.00) shall be given to the second party in the event that the First Party wins the Vice-Mayoralty post.

It is basic that a contract is the law between the parties. Obligations arising from contracts have the force of law between the contracting parties and should be complied with in good faith.<sup>[14]</sup> Unless the stipulations in a contract are contrary to law, morals, good customs, public order or public policy, the same are binding as between the parties.<sup>[15]</sup>

In this case, the three-month period stated in the contract had already elapsed and petitioner won as Vice-Mayor of Makati in the 1998 elections, thus, respondent is entitled not only to the full payment of his compensation but also to a bonus pay. However, respondent's compensation for the period from May 1 to 15, 1998 was not yet paid in full as there was still a balance of P20,000.00 as well as his bonus pay. Petitioner refuses to pay the said amounts on the allegation that respondent failed to fulfill his obligations under the contract.

We are not persuaded.

Petitioner's claim of breach of obligation consisted only of his uncorroborated and self-serving statement which was contradicted by the evidence on record.