

## THIRD DIVISION

[ G.R. No. 135495, December 14, 2000 ]

**GENARO CORDIAL, PETITIONER, VS. DAVID MIRANDA,  
RESPONDENT.**

### DECISION

**PANGANIBAN, J.:**

Unless otherwise provided by law, a contract is obligatory in whatever form it is entered into, provided all the essential requisites are present. When a verbal contract has already been completed, executed or partially consummated, its enforceability will not be barred by the Statute of Frauds, which applies only to an executory agreement.

#### The Case

Before us is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, seeking to nullify the August 31, 1998 Decision<sup>[1]</sup> of the Court of Appeals (CA)<sup>[2]</sup> in CA-GR CV 48938 which reversed and set aside the October 12, 1994 Decision<sup>[3]</sup> of the Regional Trial Court (RTC) of Naga City (Branch 22), in Civil Case No. RTC-93-2810. The assailed CA Decision disposed as follows:<sup>[4]</sup>

"WHEREFORE, the appealed decision is hereby REVERSED and SET ASIDE and another is rendered dismissing the complaint."

#### The Facts

A detailed presentation of the facts was rendered by the trial court in this wise:<sup>[5]</sup>

"[Respondent] David Miranda, a businessman from Angeles City, was engaged in rattan business since 1980. He buys large quantit[ies] of rattan poles from suppliers coming from Palawan, Isabela, Ilocos Sur, Baler, Quezon and Cagayan de Oro City. Among his many regular suppliers, of particular interest in this case, were Roberto Savilla, Her Villanueva, Roberto Santiago, and in 1990 one Gener Buelva.

"Gener Buelva was an employee of one Mike Samaya, who was also a supplier of rattan to [Respondent] Miranda. Gener Buelva, wanting to become an independent rattan supplier in January 1990, was recommended by his employer Samaya to [Respondent] Miranda who readily accepted him, thus, started such business relationship.

"In the business relations between Buelva and Miranda, the former was given cash advances by the latter, to buy rattan in Palawan, shipping said purchased rattan by boat to Manila, paid ex-Manila, after liquidating cash advances. Buelva also paid forest royalties to the concessionaire, thru Roberto Savilla. The business transactions, however, did not last long because Buelva then in Manila met an accident and died on June 19, 1990 (TSN, June 2, 1994, p. 25).

"Buelva's widow, Cecilla Buelva, resided in the Municipality of Lagonoy, Camarines Sur. Sometime in early April 1992, she had a conversation with [Petitioner] Genaro Cordial in her barrio, San Isidro. They conversed about business prospects in Palawan province and [the] rattan business. Cordial became interested and asked Cecillia Buelva to introduce him to David Miranda, the businessman to whom her husband supplied rattan, to which she agreed (TSN, November 18, 1993, pp. 22-23).

"In the last week of April 1992, Cecilia Buelva accompanied Genaro Cordial to David Miranda in the latter's residence at Belen Homes Subdivision, MacArthur Highway, Angeles City where Cecilia Buelva introduced Cordial to Miranda, and to deliver rattan to Miranda (TSN, November 18, 1993, pp. 24-25) to which proposal Miranda allegedly agreed to be supplied with rattan poles (TSN, March 15, 1994) at the following quoted sizes and prices, ex-Angeles City:

- "a) 1½ cm. x 10 ft. @ P22.00;
- b) 1½ cm. x 10 ft. @ P18.00;
- c) ¾ cm. x 10 ft. @ P10.00;
- d) 5/8 cm. 10 ft. @ P 5.00;
- e) ½ cm. x. 10 ft. @ P 4.00;
- f) 7/6 cm. x. 10 ft. @ P 2.45.

(TSN, March 15, 1994, p. 5)

"[Respondent] Miranda allegedly informed Cordial to see Roberto Savilla, his long time supplier regarding forest license, charges and royalty fees, because Savilla holds a forestry concession in Palawan (TSN, supra, p. 7; TSN, November 18, 1993, p. 25).

"From Angeles City, Cordial, accompanied by Cecilia Buelva, went to see Roberto Savilla at his residence in RP St., Novaliches, Quezon City (TSN, March 15, 1994, p. 8; TSN, November 18, 1993, p. 25), who was personally known to Buelva, both being natives of San Isidro, Lagonoy, Camarines Sur. Roberto Savilla agreed to permit Cordial to use Savilla's license in Palawan (TSN, November 18, 1993, p. 26) subject to payment of royalty fees for rattan poles cut and gathered from the forestry concession, with the documentation paper from the forestry office in Palawan (TSN, March 15, 1994, pp. 8-10).

"Cordial with Roberto Savilla, Efren Esteban, Leo Marcena and Nestor

Cordial boarded a vessel, 'M/B Doña Virginia', for Palawan, arriving on May 29, 1992. He established his buying station in New Ibahay, El Nido, Palawan. There he found x x x Jaime Cariño, Joel Savilla and Oning Villaraza, who supplied him rattan poles at the following price quotations:

- ` a) 1½ cm. x 10 ft. P6.00;
- b) 1<sup>1/8</sup> cm. x 10 ft. P5.00;
- c) ¾ cm. x 10 ft. P4.00;
- d) 5/8 cm. 10 ft. P2.00;
- e) ½ cm. x. 10 ft. P1.50;
- f) 7/16 cm. x. 10 ft. P1.00.'

(TSN, March 15, 1994, pp. 10-12)

"[Having] [s]tarted buying on June 30, 1992 until the month of October 1992, Cordial, using his own money, was able to buy 50,540 pieces of rattan poles at a cost of about P164,000.00 (TSN, March 15, 1994, pp. 22-23, pp. 28-29).

"Cordial recorded his rattan poles purchases in a 'notebook' (Exh. E) as the rattan poles were delivered by his suppliers and paid by him (Exh. E-1 to Exh. E-8-B, with submarkings, inclusive).

"On October 29, 1992, Cordial shipped the 50,540 pieces of rattan poles to Manila, loaded in 'M/V Mana', and on November 2, 1992 the vessel docked [in] Malabon, Metro Manila (TSN, supra, pp. 24-25).

"Immediately after the vessel 'M/V Mana' docked, Cordial personally notified x x x David Miranda at his house in Belen Homes Subdivision, MacArthur Highway, Angeles City x x x of the arrival of the rattan poles, with Miranda promising that a truck would follow to load the unloaded rattan poles from the vessel. True enough, a truck was sent to carry the rattan poles to Angeles City and had to make seven trips to haul the shipped rattan poles. On the last trip, Cordial went with the truck and the rattan poles were allegedly personally received by x x x David Miranda in his Angeles City residence (TSN, March 15, 1994, pp. 24-25).

"The rattan poles were 'scaled' (measured) and a scale report (Exh. A) was issued, however, in the name of Roberto Savilla.

"Cordial allegedly protested to x x x Miranda regarding the total volume (number of pieces) and the amount 'Ex-Manila' of rattan poles reflected in the scale report (Exh. A) as well as why the scale report was in the name of Roberto Savilla, but said protest was brushed aside, saying: 'not to worry because that would be settled' (TSN, March 15, 1994, p. 30).

"Cordial waited [at] Miranda's house the whole day to be paid, but Miranda, who left that morning, did not return. Repeated [trips] to Angeles City resulted in no payment.

"A letter of demand dated January 5, 1993 for payment of P375,000.00, representing cost of the rattan poles delivered was sent by [petitioner] thru counsel (Exh. B).

"In a reply, dated January 12, 1993 (Exh. C), x x x Miranda stressed that there exist no privity of contract between Miranda and Cordial.

` Please be informed that I and your said client have no privity of contract. I do not know him personally nor did [I] transact business with him at any time. The person whom I deal with [as regards] the deliveries of rattan poles is Mr. Berting Savilla and not your client. I have no more outstanding obligation to said Mr. Berting Savilla as all deliveries were all paid. (Exh. C, Records, p. 49).' "

On April 19, 1993, Petitioner Genaro Cordial filed a Complaint against Respondent David Miranda. The former alleged that he was the supplier who had delivered to the latter in "the first week" of November, 1992, rattan poles valued at about P375,000, which the latter undervalued at P141,679. Petitioner further claimed that despite repeated demands, respondent failed to pay.

In his Answer, respondent maintained that he had no direct or indirect dealings with petitioner. He further claimed that the document, which had been annexed to the Complaint, was a mere scrap of paper because it did not bear any signature or any mention of petitioner's name. Although respondent admitted that he used to buy rattan products from Roberto Savilla, the former denied knowledge of, much less participation in, any arrangement or agreement between the latter and petitioner.

After trial in due course, the RTC rendered judgment in favor of petitioner, disposing as follows:

"WHEREFORE, premises considered, decision is hereby rendered in favor of the [Petitioner] Cordial and against [Respondent] David Miranda, as follows:

a) Declaring the verbal, consensual agreement to deliver rattan poles between [Petitioner] Genaro Cordial and [Respondent] David Miranda as valid and enforceable;

b) Declaring that the 45,145 pieces of rattan poles delivered to and received by [Respondent] David Miranda on November 3, 1992 at Angeles City belong[ed] to and [were] deliver[ed] by [Petitioner] Genaro Cordial and not `Roberto Savilla';

c) Ordering [Respondent] David Miranda to pay [Petitioner] Gen[a]ro Cordial the amount of Three Hundred Seventy Five Thousand (P375,000) Pesos, with interest thereon at twelve (12%) per cent per annum, representing the value, ex-Angeles City, of the 45,415 pieces of rattan poles delivered;

d) [Respondent] to pay P15,000 as litigation expenses, and P20,000.00 as attorney's fees;

e) Dismissing [respondent's] counter claim, and with costs against said [respondent]."<sup>[6]</sup>

### **Ruling of the Court of Appeals**

Reversing the trial court, the CA held that there was no written memorandum of the alleged contract between the parties. It further ruled that the RTC had erred in relying heavily on the testimonial evidence presented by petitioner. Said the appellate court:

"Considering the fee being charged for the freight of the rattan -- P100,000.00 --, it is incredible why there was no written memorandum or receipt of its shipment and/or the assessment of its freightage even assuming that it would be paid after the value of the rattan is collected. Just as it is incredible why there was no written memorandum of the delivery to the [respondent] of the rattan, especially considering that the [petitioner] is not as naïve as he attempts to portray himself, he being engaged in [the] transportation business (vide TSN June 6. 1994, p. 10).

"A little insight prods us to believe that what perhaps happened was that it was Savilla with whom the [respondent] contracted for the purchase of the rattan in question and that the [petitioner] was a partner or agent but that Savilla, to whom cash was advanced against which the value of the rattan was charged did not give him his share. That that must have been the case gains light from the fact that the written memorandum-Annex "A" to the complaint allegedly reflecting the rattan delivery bears the name of Savilla and from the fact that after the delivery, [petitioner] went to Savilla who, however, had allegedly left his residential address in Novaliches along with his family. Why would the [petitioner] allow the scale report to be in the name of Savilla if he indeed invested a grand amount for the rattan. Why would he go to Savilla following the delivery of the rattan. And why would Savilla go to Palawan and accompany the [petitioner] to purchase rattan when Savilla himself could directly transact business with the [respondent].

"That the documentary evidence for the [respondent] consisting of cash vouchers reflecting cash advances made by Savilla before the November 3, 1992 delivery of rattan jibes with the [respondent's] thesis that it was x x x Savilla with whom he transacted and gave cash advances against which the November 3, 1992 rattan delivery was charged, to Us, seals the case in favor of the [respondent]."<sup>[7]</sup>

Hence, this Petition.<sup>[8]</sup>