

FIRST DIVISION

[G.R. No. 125986, January 28, 1999]

**LUXURIA HOMES, INC., AND/OR AIDA M. POSADAS,
PETITIONERS, VS. HONORABLE COURT OF APPEALS, JAMES
BUILDER CONSTRUCTION AND/OR JAIME T. BRAVO,
RESPONDENTS.**

D E C I S I O N

AUSTRIA-MARTINEZ, J.:

This petition for review assails the decision of the respondent Court of Appeals dated March 15, 1996,^[1] which affirmed with modification the judgment of default rendered by the Regional Trial Court of Muntinlupa, Branch 276, in Civil Case No. 92-2592 granting all the reliefs prayed for in the complaint of private respondent James Builder Construction and/or Jaime T. Bravo.

As culled from the record, the facts are as follows:

Petitioner Aida M. Posadas and her two (2) minor children co-owned a 1.6 hectare property in Sucat, Muntinlupa, which was occupied by squatters. Petitioner Posadas entered into negotiations with private respondent Jaime T. Bravo regarding the development of the said property into a residential subdivision. On May 3, 1989, she authorized private respondent to negotiate with the squatters to leave the said property. With a written authorization, respondent Bravo buckled down to work and started negotiations with the squatters.

Meanwhile, some seven (7) months later, on December 11, 1989, petitioner Posadas and her two (2) children, through a Deed of Assignment, assigned the said property to petitioner Luxuria Homes, Inc., purportedly for organizational and tax avoidance purposes. Respondent Bravo signed as one of the witnesses to the execution of the Deed of Assignment and the Articles of Incorporation of petitioner Luxuria Homes, Inc.

Then sometime in 1992, the harmonious and congenial relationship of petitioner Posadas and respondent Bravo turned sour when the former supposedly could not accept the management contracts to develop the 1.6 hectare property into a residential subdivision, the latter was proposing. In retaliation, respondent Bravo demanded payment for services rendered in connection with the development of the land. In his statement of account dated 21 August 1991^[2] respondent demanded the payment of P1,708,489.00 for various services rendered, i.e., relocation of squatters, preparation of the architectural design and site development plan, survey and fencing.

Petitioner Posadas refused to pay the amount demanded. Thus, in September 1992, private respondents James Builder Construction and Jaime T. Bravo instituted a

complaint for specific performance before the trial court against petitioners Posadas and Luxuria Homes, Inc. Private respondents alleged therein that petitioner Posadas asked them to clear the subject parcel of land of squatters for a fee of P1,100,000.00 for which they were partially paid the amount of P461,511.50, leaving a balance of P638,488.50. They were also supposedly asked to prepare a site development plan and an architectural design for a contract price of P450,000.00 for which they were partially paid the amount of P25,000.00, leaving a balance of P425,000.00. And in anticipation of the signing of the land development contract, they had to construct a bunkhouse and warehouse on the property which amounted to P300,000.00, and a hollow blocks factory for P60,000.00. Private respondents also claimed that petitioner Posadas agreed that private respondents will develop the land into a first class subdivision thru a management contract and that petitioner Posadas is unjustly refusing to comply with her obligation to finalize the said management contract.

The prayer in the complaint of the private respondents before the trial court reads as follows:

"WHEREFORE, premises considered, it is respectfully prayed of this Honorable Court that after hearing/trial judgment be rendered ordering defendant to:

- a) Comply with its obligation to deliver/finalize Management Contract of its land in Sucat, Muntinlupa, Metro Manila and to pay plaintiff its balance in the amount of P1,708,489.00;
- b) Pay plaintiff moral and exemplary damages in the amount of P500,000.00;
- c) Pay plaintiff actual damages in the amount of P500,000.00 (Bunkhouse/warehouse - P300,000.00, Hollow-block factory - P60,000.00, lumber, cement, etc., P120,000.00, guard - P20,000.00);
- d) Pay plaintiff attorney's fee of P50,000 plus P700 per appearance in court and 5% of that which may be awarded by the court to plaintiff re its monetary claims;
- e) Pay cost of this suit."^[3]

On September 27, 1993, the trial court declared petitioner Posadas in default and allowed the private respondents to present their evidence ex-parte. On March 8, 1994, it ordered petitioner Posadas, jointly and in solidum with petitioner Luxuria Homes, Inc., to pay private respondents as follows:

"

1. x x x the balance of the payment for the various services performed by Plaintiff with respect to the land covered by TCT NO. 167895 previously No. 158290 in the total amount of P1,708,489.00.
2. x x x actual damages incurred for the construction of the warehouses/bunks, and for the materials used in the total

sum of P1,500,000.00.

3. Moral and exemplary damages of P500,000.00.

4. Attorney's fee of P50,000.00.

5. And cost of this proceedings.

Defendant Aida Posadas as the Representative of the Corporation Luxuria Homes, Incorporated, is further directed to execute the management contract she committed to do, also in consideration of the various undertakings that Plaintiff rendered for her."^[4]

Aggrieved by the aforesaid decision, petitioners appealed to respondent Court of Appeals, which, as aforesaid, affirmed with modification the decision of the trial court. The appellate court deleted the award of moral damages on the ground that respondent James Builder Construction is a corporation and hence could not experience physical suffering and mental anguish. It also reduced the award of exemplary damages. The dispositive portion of the decision reads:

"WHEREFORE, the decision appealed from is hereby AFFIRMED with the modification that the award of moral damages is ordered deleted and the award of exemplary damages to the plaintiffs-appellee should only be in the amount of FIFTY THOUSAND (P50,000.00) PESOS."^[5]

Petitioners' motion for reconsideration was denied, prompting the filing of this petition for review before this Court.

On January 15, 1997, the Third Division of this Court denied due course to this petition for failing to show convincingly any reversible error on the part of the Court of Appeals. This Court however deleted the grant of exemplary damages and attorney's fees. The Court also reduced the trial court's award of actual damages from P1,500,000.00 to P500,000.00 reasoning that the grant should not exceed the amount prayed for in the complaint. In the prayer in the complaint respondents asked for actual damages in the amount of P500,000.00 only.

Still feeling aggrieved with the resolution of this Court, petitioners filed a motion for reconsideration. On March 17, 1997, this Court found merit in the petitioners' motion for reconsideration and reinstated this petition for review.

From their petition for review and motion for reconsideration before this Court, we now synthesize the issues as follows:

1. Were private respondents able to present ex-parte sufficient evidence to substantiate the allegations in their complaint and entitle them to their prayers?
2. Can petitioner Luxuria Homes, Inc., be held liable to private respondents for the transactions supposedly entered into between petitioner Posadas and private respondents?
3. Can petitioners be compelled to enter into a management contract with private respondents?

Petitioners who were declared in default assert that the private respondents who presented their evidence ex-parte nonetheless utterly failed to substantiate the allegations in their complaint and as such cannot be entitled to the reliefs prayed for.

A perusal of the record shows that petitioner Posadas contracted respondents Bravo to render various services for the initial development of the property as shown by vouchers evidencing payments made by petitioner Posadas to respondents Bravo for squatter relocation, architectural design, survey and fencing.

Respondents prepared the architectural design, site development plan and survey in connection with petitioner Posadas' application with the Housing and Land Regulatory Board (HLRUB) for the issuance of the Development Permit, Preliminary Approval and Locational Clearance.^[6] Petitioner benefited from said services as the Development Permit and the Locational Clearance were eventually issued by the HLURB in her favor. Petitioner Posadas is therefore liable to pay for these services rendered by respondents. The contract price for the survey of the land is P140,000.00. Petitioner made partial payments totaling P130,000.00 leaving a payable balance of P10,000.00.

In his testimony,^[7] he alleged that the agreed price for the preparation of the site development plan is P500,000.00 and that the preparation of the architectural designs is for P450,000, or a total of P950,000.00 for the two contracts. In his complaint however, respondent Bravo alleged that he was asked "to prepare the site development plan and the architectural designs x x x for a contract price of P450,000.00 x x x."^[8] The discrepancy or inconsistency was never reconciled and clarified.

We reiterate that we cannot award an amount higher than what was claimed in the complaint. Consequently for the preparation of both the architectural design and site development plan, respondent is entitled to the amount of P450,000.00 less partial payments made in the amount of P25,000.00. In ***Policarpio v. RTC of Quezon City***,^[9] it was held that a court is bereft of jurisdiction to award, in a judgment by default, a relief other than that specifically prayed for in the complaint.

As regards the contracts for the ejectment of squatters and fencing, we believe however that respondents failed to show proof that they actually fulfilled their commitments therein. Aside from the bare testimony of respondent Bravo, no other evidence was presented to show that all the squatter were ejected from the property. Respondent Bravo failed to show how many shanties or structures were actually occupying the property before he entered the same, to serve as basis for concluding whether the task was finished or not. His testimony alone that he successfully negotiated for the ejectment of all the squatters from the property will not suffice.

Likewise, in the case of fencing, there is no proof that it was accomplished as alleged. Respondent Bravo claims that he finished sixty percent (60%) of the fencing project but he failed to present evidence showing the area sought to be fenced and the actual area fenced by him. We therefore have no basis to determining the veracity respondent's allegations. We cannot assume that the said services rendered for it will be unfair to require petitioner to pay the full amount claimed in case the respondents obligations were not completely fulfilled.