

## EIGHTEENTH DIVISION

[ CA-G.R. SP. NO. 07270, February 26, 2015 ]

**SPS. RENANTE & MARGIE JUAREZ, PETITIONERS, VS. EMELIE Y. CABIGON, RESPONDENT.**

### DECISION

**INGLES, G. T., J.:**

#### THE CASE

This a petition filed under Rule 42 of the 1997 Rules of Civil Procedure, as amended, seeking to review the Decision<sup>1</sup> dated 12 November 2012 of the Regional Trial Court, 7<sup>th</sup> Judicial Region, Br. 29, Toledo City in Civil Case No. T-2503 (Civil Case No. 1136), the *fallo* of which reads,

**"WHEREFORE,** in the light of the foregoing, the Decision of the Municipal Trial Court in Cities, Toledo City dated April 12, 2012 is affirmed *in toto*.

With costs against defendant-appellants.

Upon finality of this Decision, return the record of this case to the court *a quo* for the execution of the Decision.

**SO ORDERED."**

#### THE ANTECEDENT FACTS

On 16 December 2010, Emelie Y. Cabigon filed a complaint<sup>[2]</sup> for "Enforcement of Amicable Settlement, Attorney's Fees and Damages" against the Sps. Renante Juarez & Margie Juarez docketed as Civil Case No. 1136 with the Municipal Trial Court in Cities of Toledo City.

In the complaint, Emelie Y. Cabigon alleged in the main that Margie Juarez borrowed money from her in the amount of P400,000.00 and which was used for the benefit and advantage of the Sps. Juarez and their family. Margie Juarez failed to pay her obligation prompting her to bring the matter before the Office of the Barangay Chairman of Poblacion, Toledo City for conciliation and mediation proceedings. On 10 March 2010, the parties agreed to settle amicably.<sup>[3]</sup> The full text of the amicable settlement denominated as "Malinawon nga Kasabutan" reads,

"Kami, magsusumbong/mga magsusumbong ug Sinumbong/mga Sinumbong sa Kaso nga nahitala sa itaas, nagkanayon dinhi sa paghusay sa nagsunog nga paagi:

Nagkasinabot ug nagkauyon sila Mrs. Margie Juarez ug Mrs. Emelie Cabigon mahitungod sa kwarta nga nagamit ni Margie Juarez ngadto

kang Emelie Cabigon nga nagkantidad ug P400,00.00 nga iyang bayran pinaagi sa data data ug tag P30.000.00 matag bulan every 30th of the month, ug magsugod siya karong bulan sa Mayo 2010 hangtud sa pagkaimpas, ug kini iyang pagaimpason sa bulan sa December 2010. Ug sa panahon nga siya makapalta sa pagbayad and total amount iyang pagabayran ug full payment sa pagkasunod bulan.

Kini among pagapirmahan alang sa kalig-onan sa atubangan sa imbistigador.

Ug magbugkos sa among kaugalingon ligdong ug tiunay nga sa mga kundisyon sa kasabutan sa itaas.

Gikauyonan niining ika- 10<sup>th</sup> nga adlaw sa March 2010.

Magsusumbong/Mga  
Magsusumbong  
Sgd. EMELIE CABIGON

Sinumbong/Mga Sinumbong  
Sgd. MARGIE JIMENEZ

#### PAGMATUOD

Ako nagamatuod nga ang nag-unang malinawon nga kasabutan gawasnong gikauyonan ug nahimo sa kaugalingong kabubut-on sa masig ka bahin human nako pasabta sila sa kinaiya sa nga sangputan sa maong kasabutan.

Sgd.Hon. MANUEL D. BARCENAS  
Barangay Captain

In their Answer,<sup>[4]</sup> Sps. Juarez alleged that the controversy arose from the two (2) checks issued to Margie Juarez by two of her customers, and which checks she transacted with Emelie Cabigon for discounting. One check was for P110,000.00 and the other was for P135,000.00. From this transaction, Emelie Cabigon earned P4,700.00 which is two percent (2%) of the total amount of the the two (2) checks. The checks bounced. Margie Juarez, upon request by Emelie Cabigon and believing that she would be paid by her customers, issued a check for P235,000.00. But the customers who Margie Juarez was expecting to pay her have already left the country. Margie Juarez then made arrangement with Emelie Cabigon to have her obligation converted to a loan obligation payable in installment. Margie Juarez has already paid a total of P94,000.00. However, upon learning that Renante Juarez was not able to go abroad to work as contract worker, Emelie Cabigon filed a complaint before the barangay. It was at that stage that the subject amicable settlement "Malinawon na Kasulatan" was executed.

The Sps. Juarez further alleged that it was Emelie Cabigon who "suggested" that the payment already made by Margie Juarez be considered as interest and that the amicable settlement should be executed, or else, Margie Juarez would be facing a criminal complaint for estafa. Margie Juarez signed the amicable settlement but this does not make the said settlement altogether valid since in every contract existing laws are deemed incorporated therein. They pointed out that the balance of Margie Juarez's obligation is only P141,000.00, that is, P235,000.00 (principal obligation) less P94,000.00 (payment made) but in the amicable settlement it ballooned to P400,000.00. This is unconscionable, against public policy, order, customs, and

morals. By operation of law, the amicable settlement cannot be made as basis of a judicial action it being illegal per se. In fine, the said amicable settlement produced no legal effect.

The MTCC translated the pertinent portion of the subject amicable settlement as follows:

"Mrs. Margie Juarez and Mrs. Emelie Cabigon agreed and settle the issue relating to the money that was borrowed by Margie Juarez from Emelie Cabigon which is to be paid by installment at P30,000.00 per [30th ] day of the month and she will start paying in the month of May 2010. And in case of default in any installment the total amount will become due and demandable in the succeeding month."<sup>[5]</sup>

The MTCC did not believe the version of the Sps. Jaurez, and accordingly, directed the enforcement of the amicable settlement executed between Emelie Cabigon and Margie Juarez.

### **THE RULING<sup>[6]</sup> OF THE MUNICIPAL TRIAL COURT IN CITIES**

"WHEREFORE, judgment is hereby rendered in favor of the plaintiff and against defendants directing the enforcement of the Amicable Settlement denominated "Malinawong Kasabutan", thereby holding defendants liable to plaintiff the amount of P400,000.00 provided for therein.

All other claims and counterclaims are ordered DISMISSED.

Costs against defendants.

SO DECIDED."<sup>[7]</sup>

In ruling in favor of Emelie Cabigon, the MTCC ratiocinated, that,

"What defendants presented was nothing but defendant Margie Juarez' own testimony, which is naturally self-serving she being herself one of the defendants. Not a single soul was ever presented to corroborate her assertions. True, she presented documentary exhibits, but the evidentiary value of these exhibits does not rise independently of her own testimony but depends precariously upon it. Take for instance her claim that the original transaction was for the discounting of two (2) checks worth a total of P235,000.00. An examination of Exh. "1", the check for P110,000.00 payable to defendant (the other check was not marked as evidence and was never presented) does not shown any indication at all that plaintiff had in whatever manner ever possessed it. So the claim of defendant that such check was part of the consideration for the original settlement is not at all made more likely by the presentation of the check. If at all the presentation of the check only shows that defendant had possession of it, which is not unusual given the fact that she is its payee.

Another illustration why the corroborative value of her documents is insubstantial is that it only means that she has two (2) checks for a total amount of P235,000.00. Whether indeed these two (2) checks for

P235,000.00 were the only ones subject of the original transaction as defendant Margie Juarez insists and not more for a higher amount is shown riskily only by her own testimony. It must be remembered that such is very material, for a higher amount would mean that the alleged interest is not as high as she claims it is and might render the subject transaction not usurious.

The alleged payments of defendants shown in Exh. "2" allegedly acknowledged by one Marife Rodriguez, who, so the defendant Margie Juarez claims, is the secretary of plaintiff, is also as good only as the said defendant's own credibility as a witness.

Another thing that weighs heavily against the testimony of defendant Margie Juarez is the utter incredulity of her claim. Here she was, a wily businesswoman who earns by the hundreds of thousands for every single transaction, as shown by the checks she claims were issued to her by the person who contracted her services, and yet so dim-witted to agree to a transaction so blatantly unfavorable to her. Imagine, for an indebtedness that stood only at a measly P191,000.00 she agreed to pay P400,000.00. Can she therefore blame the Court, or anyone, for that matter, if it does not believe her?

True, plaintiff could have presented herself on rebuttal to deny said claims if defendant Margie Juarez' claims were untrue. But can you blame a party if he finds no need to present additional evidence after he realizes that the evidence of his adversary were not enough to belie the presumption he enjoys? Besides, during the trial the plaintiff was in a hurry because she was to leave for abroad where she intended to stay for a while. Under the circumstances, the Court believes the failure of the plaintiff to present herself on rebuttal does not mean much and can be excused.

In retrospect, the Court believes the evidence presented by the defendants, for lack of corroboration and improbability, are not enough to debunk the very strong presumption that plaintiff has in her favor. Even if defendants' claims were true, which cannot totally be discounted, defendant Margie Juarez only had herself to blame for inanely entering into such a glaringly disadvantageous settlement. She cannot expect the Court to come to her rescue every time she makes a bad bargain, especially the starkly foolish ones. *Caveat emptor*, so the Latin maxim goes. Buyers beware.

Another issue raised by defendants is whether the defendant husband Renante Juarez should be made liable also for the debt contracted solely by defendant wife Margie Juarez. Defendants contend that the former should not have been joined in the suit in the first place citing Art. 131(8) of the Civil Code providing that the joinder of the husband in all suits against the wife is not mandatory in cases where it is incidental to the business the wife is engaged in. The provision however makes it mandatory in all cases subject to the exceptions enumerated therein. Nothing in the provision however prohibits such joinder. In such a case, the joinder, because it is not mandatory, is left to the discretion of

plaintiff.

But the law in force now is no longer the Civil Code because its pertinent provisions have been repealed by the provisions of the Family Code (Executive Order No. 209). Under the latter law, the matter of joinder is no longer provided for. The apparent reason is because, under the previous law, the husband was, subject to some exceptions, the legal administrator of the conjugal partnership and his joinder was necessary to bind the conjugal partnership assets in the suit. Such is no longer the case under the new law for the administration is, again subject to exceptions, already jointly exercised by both spouses, so the joinder is no longer necessary to bind the conjugal assets, which is not governed by the absolute community. What is patently clear is that under Art. 94 of the new law, the absolute community is liable for:

'x x x x'

The absolute community therefore is liable for any amount that may be adjudged against the defendant wife in this suit under the provision quoted above even it is an obligation contracted by one spouse only. The consent of the other can be presumed by the fact that the wife freely engaged in her business and the other spouse's failure to come to court and contest such liability. Nowhere in their Answer did the defendant husband make such assertion of said defense. Even if such consent were inexistent, still the common property is liable to the extent that the family may have have been benefited. Being a charge to the absolute community, the better rule is to adjudge the obligation against both spouses in line with the avowed objective of the Rules to simplify matters and avoid multiplicity of suits."<sup>[8]</sup>

Dissatisfied, the Sps. Juarez appealed the MTCC decision to the Regional Trial Court.

The Regional Trial Court affirmed the MTCC decision.

### **THE RULING<sup>[9]</sup> OF THE REGIONAL TRIAL COURT**

"x x x. This Court finds no reversible error in the subject Decision of the court *a quo*. Defendant-appellant Margie Juarez is an educated person and a contractor by profession. This Court does not believe that she was misled or forced to sign the "Malinawon nga Kasabutan" where her indebtedness was fixed at P400,000.00. As to how that indebtedness was incurred and how did it reach that amount is immaterial. Besides, as found by the court *a quo* the claim of defendant-appellant Margie that the two checks that bounced were the only cause of her obligation to plaintiff-appellee but charged with exorbitant interest was not supported by competent evidence. As already stated, the said 'Malinawon Nga Kasabutan' constituted as a contract between them and it became final and executory and is tantamount to a final judgment of the court not having been judicially repudiated within ten days from date of execution."

<sup>[10]</sup>