

Title: Radiowealth Finance Company vs. Spouses Vicente and Ma. Sumilang Del Rosario

Facts:

The case began when Spouses Vicente and Maria Sumilang del Rosario (respondents) entered into a financial agreement with Radiowealth Finance Company (petitioner) on March 2, 1991. They executed a Promissory Note in favor of the petitioner, committing to pay P138,948 in 12 monthly installments of P11,579, with a late payment penalty of 2.5% per month on any unpaid installment. Upon default, the whole principal sum plus agreed charges would become payable immediately. Additionally, the Note specified that failure to pay at maturity would incur attorney's fees and collection charges, among other penalties.

The respondents defaulted on their obligations, and despite repeated demands, they failed to make payments. In response, on June 7, 1993, the petitioner filed a Complaint for the collection of the sum before the Regional Trial Court of Manila, Branch 14. During the trial, the petitioner presented evidence through a credit and collection officer, who admitted lacking personal knowledge of the transaction and the execution of the documents, which had merely been endorsed to him.

Respondents then filed a Demurrer to Evidence, alleging lack of cause of action. The trial court granted the demurrer on November 4, 1994, dismissing the complaint for failure of the petitioner to substantiate its claims, deeming the evidence presented as hearsay. The petitioner appealed to the Court of Appeals (CA), which reversed the trial court's decision and remanded the case for further proceedings.

Issues:

1. Whether the Court of Appeals erred in ordering the remand of the case to the trial court instead of rendering judgment based on the petitioner's evidence.
2. The legal effect of a Demurrer to Evidence when reversed on appeal.
3. The due and demandable nature of the obligation.

Court's Decision:

The Supreme Court granted the petition, holding that the CA erred in remanding the case "for further proceedings." It elucidated that upon reversal of a granted Demurrer to Evidence, the appellate court should render judgment based on the evidence proffered by the plaintiff, as the defendant is considered to have waived the right to present evidence. The Court determined that the respondents' obligation was due and demandable, as evidenced by their default in monthly installments and the existence of an acceleration

clause in the Promissory Note. Consequently, the Supreme Court modified the appellate court's decision, ordering the respondents to pay the principal amount plus penalties and attorney's fees but eliminated the award for liquidated damages, considering it unconscionable.

Doctrine:

When a Demurrer to Evidence granted by a trial court is reversed on appeal, the reviewing court cannot remand the case for further proceedings but should render judgment based on the plaintiff's evidence, as per Rule 33, Section 1 of the 1997 Rules of Court. The defendant is deemed to have waived the right to present evidence.

Class Notes:

1. Demurrer to Evidence: A motion filed by the defendant after the plaintiff has presented their case, claiming that the plaintiff has shown no right to relief even if all the evidence presented were true.
2. Rule 33, Section 1 of the 1997 Rules of Court: Describes the process and consequences of filing a Demurrer to Evidence.
3. Acceleration Clause: A contract clause that allows the lender to require a borrower to repay all of an outstanding loan if certain requirements are not met.
4. Judicial Admissions: Statements made by a party during the trial or in written pleadings that are deemed admissions and do not require further evidence.

Historical Background:

This case highlights the procedural intricacies and legal principles governing the result of Demurrer to Evidence in civil proceedings in the Philippines. It emphasizes the court's commitment to expedite justice and avoid prolonged litigation by adhering strictly to procedural rules, particularly on how appellate courts should proceed if a Demurrer to Evidence is overturned. The decision reinforces the principle that judicial efficiency and fairness are paramount in the adjudication of legal disputes, especially in cases involving financial transactions where the factual settings are often undisputed and the resolution relies heavily on the interpretation of documents and contractual obligations.