

Title: Rodolfo N. Padrigon vs. Benjamin E. Palmero

Facts: Benjamin E. Palmero filed a Complaint for Collection of Sum of Money with Damages against Rodolfo N. Padrigon on January 25, 2005, stemming from Padrigon's failure to pay a sum of money pursuant to an agreement involving properties. In May 2001, a Deed of Conditional Sale was executed regarding Palmero's property in Camarines Norte which Padrigon intended to purchase for P2,000,000.00, partially to be paid in cash and the remainder in properties. However, Padrigon later changed the agreement, resulting in a new agreement where two parcels of land would be swapped, plus P1,000,000.00 in cash. Postdated checks issued by Padrigon were later dishonored due to "account closed." Despite demands and a dishonored check being replaced, Padrigon failed to replace two other checks totaling P800,000.00, leading Palmero to file a case. Padrigon's subsequent motions to dismiss the case were denied by RTC Makati, leading to appellate proceedings where the CA dismissed Padrigon's petition and reinstated the original complaint for collection. The case proceeded, and Padrigon was declared in default for failing to answer, allowing Palmero to present evidence ex parte. Both the RTC and the CA ruled in favor of Palmero, ordering Padrigon to pay the demanded sum plus interests and legal fees.

Issues:

1. Whether the revival of the proceedings was proper.
2. Whether the order of default issued against Padrigon was correct.
3. Whether the CA erred in affirming the RTC's decision granting the amount prayed for in the complaint.
4. Whether the filing of a Complaint for Rescission in a separate court by Palmero constituted abandonment of the Complaint for Collection of Sum of Money.
5. Whether awarding damages and interests was justifiable.

Court's Decision: The Supreme Court denied Padrigon's petition, affirming the decisions of the lower courts with modification regarding the computation of interests. The Court held that the revival of the proceedings and the default order were proper and that the CA did not err in affirming the RTC's decision. The Court also found that Palmero did not abandon his Complaint for Collection of Sum of Money by filing a Complaint for Rescission. The Court adjusted the interest rates applicable to the award in line with prevailing jurisprudence.

Doctrine: The issuance of a check constitutes evidence of indebtedness and serves as veritable proof of an obligation. The Court reiterated the principle in *Nacar v. Gallery Frames* that in cases involving forbearance of money, the legal interest rate should be

applied as specified.

Class Notes:

- The denial of a Motion to Dismiss and the propriety of orders of default are subject to review based on the presence of legal bases for the claims.
- The filing of a separate legal action does not necessarily constitute the abandonment of a previous action unless explicitly indicated or legally inferred.
- Issued checks represent an acknowledgment of debt and create legal obligations for the issuer.
- Legal interest rates applied to monetary awards are subject to specific jurisprudential guidelines, such as those outlined in *Nacar v. Gallery Frames*.

Historical Background: The case reflects ongoing jurisprudential principles regarding contractual obligations, the legal effects of issuing checks, the process of legal proceedings including motions, orders of default, and the revival of cases, and the calculation of interests on monetary awards. It exemplifies the procedural and substantive considerations that the Philippine legal system employs in resolving disputes involving personal and real property transactions.