

****Title:**** Narra Integrated Corporation vs. Court of Appeals and NC Industrial Trade, Inc.

****Facts:****

In November 1991, Narra Integrated Corporation (Narra) hired NC Industrial Trade, Inc. (NC Industrial) to provide manpower services and materials for three projects at Kyung-Il Philippines' factory in Dasmariñas, Cavite. These projects, evidenced by issued sales invoices, include:

1. Electrical Power Distribution System - P3,683,710.00 (Invoices Nos. 106 and 107)
2. Piping Installation, Spotting, and Positioning of Waste Water Treatment Plant Equipment - P1,344,100.00 (Invoices Nos. 105 and 108)
3. Fabrication and Installation of Catwalk Railings and Ladder - P1,485,776.93 (Invoice No. 103)

Narra failed to pay NC Industrial the full consideration, leaving an unpaid balance of P1,485,776.93.

On October 24, 1992, NC Industrial sent a demand letter to Narra, which was ignored. Consequently, NC Industrial filed a complaint for a sum of money and damages against Narra. In response, Narra contended that it was a sub-contractor for Kyung-Il, whose payments were subject to the project owner's progress payments. Narra claimed unpaid dues amounting to P4,102,661.01 from Kyung-Il, citing defects in the project, including work done by NC Industrial.

Narra filed a third-party complaint against Kyung-Il, but Kyung-Il moved to dismiss it for improper service of summons and lack of a certification of non-forum shopping. The trial court initially dismissed the third-party complaint but later reinstated it after compliance with the certification requirement.

NC Industrial moved for a summary judgment, arguing Narra's answer did not tender genuine issues. Narra opposed this motion, but the trial court granted partial summary judgment, ordering Narra to pay NC Industrial the unpaid balance, attorney's fees, and costs of suit.

Narra appealed, but the Court of Appeals affirmed the trial court's decision. Narra's motion for reconsideration was also denied, prompting Narra to seek certiorari from the Supreme Court.

****Issues:****

1. Whether the Court of Appeals erred in affirming the trial court's decision allowing a summary judgment, given alleged genuine issues in Narra's answer.
2. Whether the trial court should have awaited the resolution of the third-party complaint before ruling.

****Court's Decision:****

1. ****Summary Judgment and Genuine Issues:****

- The Supreme Court clarified the difference between a judgment on the pleadings and a summary judgment. The latter applies when issues raised are not genuine but sham or fictitious.
- The Court found that Narra's answer did not dispute the key facts: entering a contract with NC Industrial, the issuance of invoices, and the unpaid balance of P1,485,776.93. Narra's argument hinged on the project owner's acceptance of the work.
- The Court held that the issues raised by Narra were not genuine. The contract's termination clause about project acceptance was reasonably inferred by the trial court trustee, as Narra's General Manager admitted the project completion and operation since May 1992.

2. ****Third-Party Complaint Resolution:****

- The Court ruled that the pendency of a third-party complaint against Kyung-Il did not preclude the trial court from rendering a partial summary judgment. The Supreme Court has established that a third-party complaint for indemnity can proceed separately from the principal action.

****Doctrine:****

A summary judgment is proper where the issues raised are not genuine and the facts are clearly established by pleadings, affidavits, and documents. The pendency of ancillary proceedings, like a third-party complaint, does not preclude a trial court from rendering summary judgment on the principal action if the third-party claims can proceed separately.

****Class Notes:****

- ****Summary Judgment:**** Rule 35, Revised Rules of Court.
- ****Key Elements:**** Uncontested material facts; determination from affidavits, pleadings,

depositions; issues are not genuine but are sham.

- **Judgment on the Pleadings:** Rule 34, Revised Rules of Court.
- **Key Elements:** No issues; all material facts admitted or not contested.
- **Contracts affecting third parties:** Art. 1311, Civil Code.
- **Only effective between the contracting parties unless stipulated otherwise. Acceptance by the other contracting party sufficient unless otherwise provided.**

Historical Background:

This case exemplifies the judiciary's application of summary procedures to expedite justice when material facts are undisputed and defenses are unfounded. It highlights the importance of distinction between summary judgment and judgment on the pleadings, providing clarity on procedural requirements and judicial efficiency principles.