

Title: Asian Construction and Development Corporation vs. Lourdes K. Mendoza

Facts:

Lourdes K. Mendoza, sole proprietor of Highett Steel Fabricators, filed a Complaint for a sum of money against Asian Construction and Development Corporation before the Regional Trial Court (RTC) of Caloocan City on January 6, 2000. The Complaint, docketed as Civil Case No. C-19100, alleged that between August 7, 1997, and March 4, 1998, Highett supplied fabricated steel materials worth PHP 1,206,177.00 to the petitioner, who failed to pay despite demands.

The petitioner moved for a bill of particulars, arguing that the Complaint lacked necessary purchase orders and invoices. The RTC denied this motion on March 1, 2000, and the petitioner subsequently filed an Answer with Counterclaim, denying liability and citing lack of cause of action.

During the trial, Mendoza presented testimonies from Artemio Tejero, a Highett salesman, and Arvin Cheng, Highett's General Manager, to prove the deliveries. The court waived the presentation of evidence by the petitioner due to their repeated non-appearance.

On December 1, 2000, the RTC ruled in favor of Mendoza, ordering the petitioner to pay PHP 1,206,177.00 (principal), PHP 244,288.59 (interest), additional interest at a rate of 12% per annum until full payment, PHP 150,000.00 as attorney's fees, and the cost of the suit. The petitioner appealed, but the Court of Appeals affirmed the RTC's decision with a modification: the interest computation would start 30 days from each delivery date. A subsequent motion for reconsideration by the petitioner was denied.

Issues:

1. Whether the charge invoices are actionable documents.
2. Whether the delivery of the alleged materials was duly proven.
3. Whether the respondent is entitled to attorney's fees.

Court's Decision:

1. **\*\*Charge Invoices as Actionable Documents:\*\***
  - The Supreme Court held that charge invoices are not actionable documents per se as they merely detail the transactions and are not the basis of the respondent's cause of action, which was the contract of sale between the parties. Therefore, these documents did not need to be attached to the Complaint.

2. **Proof of Delivery:**

- The Court found sufficient evidence to prove that the petitioner ordered and received the steel materials and supplies. The charge invoices and purchase orders, which were authenticated by Tejero's testimony, corroborated the deliveries. The evidence presented by Mendoza held greater weight as the petitioner provided only a bare denial without refuting evidence.

3. **Attorney's Fees:**

- The Court disallowed the award of attorney's fees, stating that the rationale for the award must be explained in the RTC decision's text and not merely in the dispositive portion. The lack of such justification necessitated the deletion of the awarded attorney's fees.

Doctrine:

1. **Charge Invoices Not as Actionable Documents:**

- Documents are actionable only when an action or defense is based upon them. Evidentiary documents need not be attached to the Complaint if they solely provide transaction details, and the action is grounded on a broader contractual obligation.

2. **Preponderance of Evidence in Civil Cases:**

- In civil cases, the party with the most convincing evidence, meaning the "greater weight of the evidence," prevails. Mere denials without supporting proof do not suffice against a well-evidenced claim.

3. **Attorney's Fees Award:**

- The basis for awarding attorney's fees must be explicitly stated in the decision's text; otherwise, it must be disallowed.

Class Notes:

- **Actionable Documents (Rule 8, Section 7, Rules of Court):** Documents forming the basis of an action must be attached to the pleading; evidentiary documents need not be.

- **Preponderance of Evidence:** Greater weight of evidence is required in civil cases, not proof beyond a reasonable doubt.

- **Attorney's Fees:** Justification for awards must be explicitly mentioned in the RTC ruling text - merely including it in the dispositive is insufficient (Verbatim: "No. 91 of Article 2208 of the Civil Code").

Historical Background:

The case exemplifies the procedural and substantive requirements in civil litigation

involving commercial transactions in the Philippines. It demonstrates the adherence to procedural rules regarding pleadings and evidence, and how courts balance documentary and testimonial evidence in resolving disputes. The Supreme Court's ruling reinforces the necessity of clear bases in awarding attorney's fees, reflecting the judiciary's efforts to ensure precise and equitable application of legal standards in commercial disputes.