

### Title:

Rosella D. Canque vs. The Court of Appeals and Socor Construction Corporation

### Facts:

Rosella D. Canque, a construction contractor under RDC Construction, entered into two contracts with Socor Construction Corporation for the supply and laying of construction materials for several government projects in Cebu City. Despite receiving a revised bill from Socor for P299,717.75, Canque refused to pay, arguing lack of proof of delivery as per the contract requirements. Socor sued for recovery of the sum at Regional Trial Court (RTC) of Cebu, which ruled in Socor's favor, ordering Canque to pay the principal sum with interest, attorney's fees, filing fees, and costs of suit. Canque appealed, but the Court of Appeals affirmed the RTC's decision, leading to the escalation of the case to the Supreme Court.

### Issues:

1. Whether the stipulation in the contracts requiring submission of delivery receipts precludes other forms of proof of delivery.
2. The admissibility of business entries as evidence of delivery and the satisfaction of debt.
3. The application of the Civil Code's articles on the acceptance of performance and the prevention of unjust enrichment.

### Court's Decision:

The Supreme Court affirmed the decision of the Court of Appeals, finding that:

1. The existence of a stipulation for delivery receipts does not preclude the provision of delivery proof through other means.
2. The entries in the Book of Collectible Accounts did not satisfy the conditions for admission as business entries under Rule 130, Section 37 of the Rules of Court due to the availability of the person who made the entries and her lack of personal knowledge of the actual deliveries.
3. Despite the inadmissibility of the business entries as competent evidence of delivery, the existence of supporting documents (Exhibits L, M, N, O) and the lack of timely objections or dissatisfaction shown by Canque regarding the billings received solidify Socor's claim of fulfillment of their contractual obligations.

### Doctrine:

This case reinforces the principle that contracts are mutually obligating; parties must adhere to the terms agreed upon. It illustrates the admissibility of evidence under the

Philippine Rules of Court, particularly the strict conditions under which business records may be presented as prima facie evidence. It elucidates the doctrine under Article 1235 of the Civil Code, whereby acceptance of performance, knowing its incompleteness without protest, deems the obligation as complied.

### ### Class Notes:

- **Contractual Obligations**: Parties must fulfill the obligations specified in their contract.
- **Evidence of Performance**: Acceptance of incomplete or irregular performance without protest can lead to the obligation being deemed as complied (Article 1235, Civil Code).
- **Business Records as Evidence**: The specific conditions under which business entries can be admitted as evidence in court, particularly highlighting the necessity of the maker's inability to testify and their personal knowledge of the transactions logged.
- **Prevention of Unjust Enrichment**: Parties cannot unjustly benefit at the expense of another when all contractual obligations have been satisfied.

### #### Relevant Statutes:

- **Article 1235 of the Civil Code**: Regarding the acceptance of performance and its implications.
- **Rule 130, Section 37**: Detailing the criteria for the admissibility of business records as evidence.
- **Rule 132, Section 10**: Pertains to when a witness may refer to a memorandum to refresh memory.

### ### Historical Background:

The lawsuit arises within the context of contractual relationships between main contractors and subcontractors in the construction industry, demonstrating the legal repercussions of disputes over obligations and evidentiary support in satisfying contractual debt. The case emphasizes the judiciary's role in interpreting contract terms and the evidentiary value of records within commercial transactions.