FIRST DIVISION

[G.R. No. 199539*. August 09, 2023]

SIOLAND DEVELOPMENT CORPORATION, AS REPRESENTED BY CEO ELIZABETH SIO, PETITIONER, VS. FAIR DISTRIBUTION CENTER CORPORATION, REPRESENTED BY ESTEBAN L. ALBA, JR., RESPONDENT.

D E C I S I O N

GESMUNDO, C.J.:

This is a Partial Appeal by way of Petition for Review on *Certiorari*[1] under Rule 45 of the Rules of Court, filed by Sioland Development Corporation (*petitioner*), assailing the May 31, 2011 Decision[2] and the November 24, 2011 Resolution[3] of the Court of Appeals (*CA*) in CA-G.R. CV No. 94331. The CA set aside the April 14, 2009 Decision[4] of the Regional Trial Court of San Pablo City, Branch 29 (*RTC*), for failing to comply with Section 14,[5] Article VIII of the 1987 Constitution by stating the facts and law on which the decision is based.

The Antecedents

Fair Distribution Center Corporation (*respondent*) is a duly registered corporation engaged in the distribution and sale of Universal Food Corporation (*UFC*) products, while petitioner was one of its customers.[6]

Respondent delivered various types of merchandise to petitioner on several occasions during the months of November and December 2007 as evidenced by charge and sales invoices.[7]

On September 8, 2008, respondent sent petitioner a Demand Letter[8] for the immediate payment of P800,894.27 representing its unpaid accounts. Despite the demand, petitioner failed to pay. Respondent was thus prompted to file a Complaint[9] for Collection of Sum of Money before the RTC. Petitioner received the Summons[10] on September 29, 2008 through personal service.[11]

On October 14, 2008, petitioner filed a Formal Entry of Appearance with Motion for

Extension of Time to File Responsive Pleading,[12] and prayed for an additional 15 days or until October 29, 2008 to file its Answer. Counsel for petitioner reasoned that his recent hiring by petitioner as counsel, as well as his "heavy pressure of work, daily court appearances, research and preparation of pleadings, memorandum and other documents for other cases," necessitate his request for additional time. The RTC granted petitioner's motion in its Order[13] dated October 29, 2008.

On even date, petitioner filed a Second Motion for Extension of Time to File Responsive Pleading,[14] praying for an additional period of 10 days or until November 8, 2008. Petitioner's counsel explained that he was "still collating the voluminous documents x x x in addition to the heavy pressure of work, daily court appearances, research and preparation of pleadings, memorandum and other documents for other cases."[15] On November 5, 2008, the RTC granted the motion and gave petitioner an inextendible period of 10 days or until November 8, 2008 to file its Answer.[16]

Despite the second extension, petitioner still did not file an Answer and instead, filed on November 10, 2008, through registered mail, its Last Motion for Extension of Time to File Respon[siv]e Pleading,[17] again citing the collation of "voluminous documents, x x x heavy pressure of work, daily court appearances, research and preparation of pleadings, memorandum and other documents for other cases" as reason for its inability. Petitioner again asked for an additional 10 days from November 8, 2008 or until November 18, 2008 to file its Answer. This time, the RTC issued an Order[18] requiring herein respondent to file its comment/opposition to petitioner's third motion.

Finally on November 19, 2008, petitioner filed its Answer with Counterclaim[19] through registered mail, admitting its purchases from respondent but claiming that it had already paid the same in full. Petitioner averred that under the delivery agreement it entered with respondent, all outstanding obligations must be paid within twenty-one (21) days from delivery, otherwise, no further deliveries will be made. It declared having settled all its monetary obligations with respondent, as shown by the additional and subsequent deliveries made by the latter.[20]

Noting that petitioner's Answer was filed only on November 19, 2008, respondent moved to declare petitioner in default.[21] On January 8, 2009, the RTC granted the motion[22] and declared petitioner in default.[23]

In its Order[24] dated January 14, 2009, the RTC scheduled the *ex parte* reception of evidence

on January 30, 2009. During the presentation of evidence *ex parte*, respondent submitted its sales and charge invoices, demand letter, counter receipts, and inventory transmittals. Respondent also presented three witnesses, namely: Esteban Alba, Jr. (*Alba*), Annie Magsino (*Magsino*) and Alquin Calabia (*Calabia*) who testified on the authenticity and veracity of the documents. Thereafter, respondent formally offered its evidence,[25] which the court admitted pursuant to its March 23, 2009 Order.[26]

Ruling of the RTC

On April 14, 2009, the RTC rendered a Decision[27] holding petitioner liable for the principal amount of P800,894.27 plus legal interest, attorney's fees, and costs of suit. The RTC ruled:

> From the evidence adduced by the plaintiff consisting of documentary exhibits presented and marked in evidence as well as the testimony of plaintiff which remains uncontroverted, the Court is convinced that plaintiff is entitled to the relief prayed for in the Complaint.
>
> WHEREFORE, judgment is hereby rendered in favor of the plaintiff Fair Distribution Center Corporation and against defendant Sioland Development Corporation, ordering the latter to pay the former the sum of [P]800,894.27 as principal obligation plus legal interest from the date of demand on September 8, 2008 until fully paid; [P]80,000.00 as attorney's fees; and costs of suit.
>
> SO ORDERED.[28]

Petitioner filed a Motion for New Trial/Motion for Reconsideration,[29] citing excusable negligence of its counsel for having belatedly filed its Answer. The RTC denied the motion in its Order[30] dated October 6, 2009.

Petitioner appealed[31] to the CA and argued that: the trial court failed to cite any law or jurisprudence upon which its decision was based; petitioner was declared in default despite the filing of an Answer; and the awards of attorney's fees and costs of suit were improper.[32]

Ruling of the CA

In the now assailed Decision, the CA agreed with petitioner that the RTC failed to clearly state the facts and the law upon which its decision was based.[33] Instead of remanding the case, the CA proceeded with resolving the same to prevent further delay in its disposition.

After reviewing the records, the CA made the following ruling on petitioner's liability:

> As plaintiff in the case at bar, plaintiff-appellee had the burden of proof to establish its case by preponderance of evidence. To prove its claim, plaintiff-appellee presented Esteban Alba, Jr., its liaison and legal officer. Alba testified to the numerous transactions between plaintiff-appellee and defendant-appellant, and in connection therewith, he also identified the sales and charge invoices issued by plaintiff-appellee, as well as the signature of defendant-appellant's employee on the sales and charge invoices, attesting to the receipt of the merchandise.
>
> The next witness presented for plaintiff-appellee was Annie Magsino, who was employed by plaintiff-appellee as a biller-encoder. Magsino testified that as a biller-encoder, it was her duty to prepare the sales and charge invoices presented to plaintiff-appellee's customers. Magsino further testified that she personally prepared the sales and charge invoices delivered to defendant-appellant. Thereafter, Magsino identified the sales and charge invoices she prepared for delivery to defendant-appellant from October 2007 to December 2007, as well as the statement of account presented to defendant-appellant.
>
> Plaintiff-appellee's last witness, Alquin Bustamante Calabia, was employed as plaintiff-appellee's salesman and he testified that he personally received the orders from defendant-appellant and then tried to collect the outstanding amounts from defendant-appellant, but to no avail.
>
> In light of the overwhelming evidence, both testimonial and documentary, presented by plaintiff-appellee, which sufficiently prove the existence of defendant-appellant's obligation, as well as the non-payment thereof, we hold that plaintiff-appellee's complaint for collection of sum of money is meritorious and should therefore be upheld.[34]

With respect to the issue on default, the CA found that petitioner's Answer was indeed filed

beyond the reglementary period. It stressed that petitioner was granted two extensions of time within which to file its Answer, and yet, still sought a third extension which was rightly denied by the RTC. Clearly, the extended period to file an Answer had already lapsed thereby rendering immaterial the RTC's denial of petitioner's third motion for extension.[35]

The CA further reasoned that the RTC cannot be faulted for dismissing petitioner's motion for new trial or reconsideration as it failed to establish fraud, accident, mistake or excusable negligence, and that its motion palpably lacked a meritorious defense.[36]

Nonetheless, the CA agreed with petitioner that the RTC erred in awarding attorney's fees since it is not to be awarded every time a party wins a suit. The CA observed that respondent did not present the written contract it entered into with its lawyer, and also failed to satisfactorily justify its claim for attorney's fees.[37]

The dispositive portion of the CA Decision reads:

> **WHERFORE**, the Decision dated April 14, 2009 rendered by the RTC, Branch 29, of San Pablo City, in Civil Case No. SP-6522(08) is **SET ASIDE**. In lieu thereof, a new judgment is entered, to read, thus:
>
> > WHEREFORE, judgment is hereby rendered in favor of the plaintiff Fair Distribution Center Corporation and against defendant Sioland Development Corporation, ordering the latter to pay the former the sum of [P]800,894.27 as principal obligation plus legal interest from the date of demand on September 8, 2008 until fully paid.
>
> **SO ORDERED.** [38]

Aggrieved, petitioner partially moved for reconsideration,[39] but its motion was denied.[40] Hence, the present petition on the ground that the CA erred and gravely abused its discretion:

(A)

IN DENYING THE MOTION FOR PARTIAL RECONSIDERATION OF PETITIONER AND IN NOT SETTING ASIDE ITS PREVIOUS RULING TO ENTER A NEW JUDGMENT IN LIEU OF THE DECISION DATED APRIL 14, 2009, RENDERED BY RTC BRANCH 29, SAN PABLO CITY IN CIVIL CASE NO. SP-6522(08);

(B)

IN RENDERING ITS NEW JUDGMENT BY NOT COMPLYING WITH SECTION 14, ARTICLE VIII OF THE CONSTITUTION AND SECTION 1, RULE 36 OF THE 1997 RULES OF CIVIL PROCEDURE;

(C)

WHEN IT DID NOT REMAND THE INSTANT CASE TO THE COURT OF ORIGIN FOR FURTHER. PROCEEDINGS AND FOR RECEPTION OF DEFENDANT'S EVIDENCE.[41]

Petitioner argues in its Memorandum[42] that the CA cannot validate the decision of the RTC which it declared as void for violating Sec. 14, Art. VIII of the 1987 Constitution and Sec. 1,[43] Rule 36 of the 1997 Rules of Civil Procedure. It further insists that there was no decision at all to be cured or validated, and what ought to be done under the circumstances was to declare the nullity of the RTC decision and remand the case to the court of origin to rectify its error.[44]

Furthermore, assuming that the CA properly made its factual findings and entered a new judgment, petitioner opines that the CA Decision is also null and void. The CA did not cite a single jurisprudence nor provision of law on unpaid indebtedness or obligation, in violation of the clear mandate of the 1987 Constitution and the Rules of Civil Procedure.[45]

Finally, petitioner maintains that it should not have been declared in default, and that the case should have been remanded to the RTC. Even if there was a mistake or inadvertence on the part of its former counsel in belatedly filing its Answer, petitioner's valid and meritorious defense must not in any manner be prejudiced. Albeit negligence or oversight of petitioner's previous counsel *de parte*, procedural technicality should be relaxed where lapses of lawyers deprived clients of their day in court.[46]

For its part, respondent argues that the CA acted within its power when it made the necessary factual findings based on records, testimonies of witnesses, and documentary evidence presented and submitted by respondent, in order to avoid further delay in the disposition of the case.[47]

Respondent likewise maintains that the May 31, 2011 Decision of the CA complied with the requirements of Sec. 14, Art. VIII of the 1987 Constitution and of Sec. 1, Rule 36 of the Rules of Civil Procedure because it contained findings of facts and law.[48]

Lastly, respondent stresses that the appeal was filed under Rule 41,[49] of the Rules of Court, where questions of fact or mixed questions of fact and law are tackled.[50] As the finding of facts were already made by the CA, there was no need to remand the case to the lower court for further reception of evidence.[51]

Issues

The main issues for resolution are: 1) whether or not the declaration of default against petitioner was proper; 2) whether or not remand of the case to the trial court was necessary; and 3) whether or not the CA decision complied with Sec. 14, Art. VIII of the 1987 Constitution and Sec. 1, Rule 36 of 1997 Rules of Civil Procedure.

Ruling of the Court

The Court denies the petition.

Declaration of default
was proper

Sec. 3, Rule 9 of the 1997 Rules of Civil Procedure provides:

> **Section 3.** *Default; declaration of.* – If the defending party fails to answer within the time allowed therefor, the court shall, upon motion of the claiming party with notice to the defending party, and proof of such failure, declare the defending party in default. Thereupon, the court shall proceed to render judgment granting the claimant such relief as his pleading may warrant, unless the court in its discretion requires the claimant to submit evidence. Such reception of evidence

may be delegated to the clerk of court.

Petitioner insists that it should not have been declared in default. However, the Court is not convinced.

The Court is not unmindful of the settled rule that an Answer that was belatedly filed, but before a declaration of default was made, may still be admitted provided that the defendant has no intention to delay the proceedings. In *Sablas v. Sablas*,[52] the Court enunciated that it is within the *sound discretion of the trial court* to permit the defendant not only to extend the time to file an Answer, but also *to allow the filing of an Answer* and to be heard on the merits *even after the reglementary period*.[53] Further, in *Vitarich Corporation v. Dagmil*,[54] reiterating *Hernandez v. Agoncillo*,[55] the Court emphasized that the trial court may permit the filing of an Answer even beyond the reglementary period, provided that there is justification for the belated action and there is no showing that the defendant intended to delay the proceedings.[56]

In here, the records clearly show that petitioner failed to timely file an Answer despite the grant of its two motions for extension. Notable that in granting petitioner's second motion for extension, the RTC gave petitioner an "unextendible period of another ten (10) days."[57] Despite this clear Order from the RTC, petitioner still filed its third motion for extension praying for an additional period of 10 days which fell on November 8, 2008. However, petitioner belatedly filed its Answer with Counterclaim only on November 19, 2008 through registered mail,[58] or more than 10 days from November 8, 2008.

Furthermore, petitioner did not only fail to sufficiently justify its belated filing of an Answer, but it also successively filed three motions for extension by using the trite justification of "heavy workload." It bears emphasizing that heavy workload, standing alone, is hardly a compelling or meritorious reason to allow extensions of time to file pleadings.[59] Personal obligations and heavy workload do not excuse a lawyer from complying with his obligations particularly in timely filing the pleadings required by the Court. Indeed, if the failure of the petitioner's counsel to cope with his heavy workload should be considered a valid justification to sidestep the reglementary period, there would be no end to litigations so long as counsel had not been sufficiently diligent or experienced.[60]

Hence, the RTC acted well within its discretionary authority when it declared petitioner in default. Verily, the presentation of evidence *ex parte* by respondent can solely be attributed to petitioner's own omission.

In justifying the plea to relax the rules, petitioner argues that the negligence of its lawyer should not prejudice it and that it has a valid and meritorious defense. These unsubstantiated claims, however, do not suffice. The general rule is that the negligence of counsel binds the client, even mistakes in the application of procedural rules.[61] An exception to this doctrine is when the negligence of counsel is so gross that the due process rights of the client were violated,[62] which is not present in this case. There was even no showing that petitioner itself exercised due diligence in monitoring the status of its case. Petitioner cannot now seek refuge in whatever shortcomings its counsel purportedly had.

It bears emphasizing that despite being declared in default, petitioner was not left without any remedy. In *Otero v. Tan*,[63] the Court enumerated the remedies available to a party who has been declared in default, to wit:

> a) The defendant in default may, at any time after discovery thereof and before judgment, file a motion, under oath, to set aside the order of default on the ground that his failure to answer was due to fraud, accident, mistake or excusable neglect, and that he has meritorious defenses; (Sec. 3, Rule 18)
>
> b) If the judgment has already been rendered when the defendant discovered the default, but before the same has become final and executory, he may file a motion for new trial under Section 1(a) of Rule 37;
>
> c) If the defendant discovered the default after the judgment has become final and executory, he may file a petition for relief under Section 2 of Rule 38; and
>
> d) He may also appeal from the judgment rendered against him as contrary to the evidence or to the law, even if no petition to set aside the order of default has been presented by him. (Sec. 2, Rule 41).[64]

Additionally, the Court, in *Gochangco v. The Court of First Instance of Negros Occidental, Br. IV*[65] (*Gochangco*), listed the special civil action for *certiorari* impugning the court's jurisdiction, as another remedy available to a party declared in default.[66]

These remedies are mutually exclusive and cannot be availed of alternatively or cumulatively. In *Lui Enterprises, Inc. v. Zuellig Pharma Corporation*,[67] the Court explained that:

> The remedies of the motion to set aside order of default, motion for new trial, and petition for relief from judgment are **mutually exclusive, not alternative or cumulative.** This is **to compel defendants to remedy their default at the earliest possible opportunity. Depending on when the default was discovered and whether a default judgment was already rendered, a defendant declared in default may avail of only one of the three remedies.**
>
> Thus, if a defendant discovers his or her default before the trial court renders judgment, he or she shall file a motion to set aside order of default. If this motion to set aside order of default is denied, the defendant declared in default cannot await the rendition of judgment, and he or she cannot file a motion for new trial before the judgment becomes final and executory, or a petition for relief from judgment after the judgment becomes final and executory.[68] (Emphases supplied; citations omitted)

In this case, petitioner waited until the RTC rendered its judgment on the case and thereafter opted to file a motion for new trial/reconsideration. Although it insisted in the said motion that the RTC had improperly issued the order of default, petitioner nonetheless failed to offer a suitable explanation for its failure to file an Answer within the required period. The Court's ruling in *Gochangco*[69] instructs that:

> The underlying philosophy of the doctrine of default is that the defendant's failure to answer the complaint despite receiving copy thereof together with summons, is attributable to one of two causes: either (a) to his realization that he has *no defenses* to the plaintiff's cause and hence resolves not to oppose the complaint, or, (b) *having good defenses* to the suit, to fraud, accident, mistake or excusable negligence which prevented him from seasonably filing an answer setting forth those defenses. x x x **if he did have good defenses, it would be unnatural for him not to set them up properly and timely, and if he did not in fact set them up, it must be presumed that some insuperable cause prevented him from doing so: fraud, accident, mistake, excusable negligence**. In this event, the law will grant him relief; and the law is in truth quite liberal in the reliefs made available to him: a motion to set aside the order of default prior to judgment; a motion for new trial to set aside the default judgment; an appeal from the judgment by default even if no motion to set aside

> the order of default or motion for new trial had been previously presented; a special civil action for *certiorari* impugning the court's jurisdiction.[70] (Emphasis supplied; citations omitted)

Petitioner could have complied with Sec. 3(b), Rule 9[71] of the Rules of Court by alleging a suitable explanation for its delay in filing the Answer through a motion to lift order of default before the default judgment is rendered. This duty to explain is called for by the philosophy underlying the doctrine of default in civil procedure, which Justice Andres R. Narvasa eruditely discoursed on in *Gochangco*.[72] Inauspiciously, as mentioned, petitioner failed to do so. The Court has observed that in its motion for new trial/reconsideration, petitioner failed to substantiate its arguments on why it should not have been declared in default and be given the chance to be heard. Neither did it attach supporting documents nor specify the circumstances of fraud, accident, mistake, or excusable negligence that could have warranted the setting aside of the default judgment to give way to a new trial.

To reiterate, procedural rules ensure an orderly and speedy administration of justice and thus, resort to a liberal application, or suspension of the application of such rules, must remain as the exception.[73] The Court is well aware of the judicial mandate that rules prescribing the time which certain acts must be done, or certain proceedings taken, are absolutely indispensable to the prevention of needless delays and the orderly and speedy discharge of judicial business.[74] Although courts are granted the prerogative to relax compliance with procedural rules of even the most mandatory character in order to fulfill its duty of reconciling both the need to put an end to litigation speedily and the parties' right to an opportunity to be heard,[75] the relaxation of rules must be justified by reasons, such as: (a) matters of life, liberty, honor or property; (b) the existence of special or compelling circumstances; (c) the merits of the case; (d) a cause not entirely attributable to the fault or negligence of the party favored by the suspension of the rules; (e) a lack of any showing that the review sought is merely frivolous and dilatory; and (f) the fact that the other party will not be unjustly prejudiced thereby.[76] Unfortunately, none of the above reasons exist in the instant case.

The CA properly proceeded
with the resolution of the case.

While, concededly, a defending party declared in default loses his standing in the trial court, as well as his right to adduce evidence and to present his defense, this, however, does not

impliedly suggest a loss of all of his/her rights in the stages of the case after the default judgment.[77]

In *Gajudo v. Traders Royal Bank*[78] (*Gajudo*), the Court emphasized that:

> The mere fact that a defendant is declared in default does not automatically result in the grant of the prayers of the plaintiff. To win, the latter must still present the same quantum of evidence that would be required if the defendant were still present. **A party that defaults is not deprived of its rights, except the right to be heard and to present evidence to the trial court. If the evidence presented does not support a judgment for the plaintiff, the complaint should be dismissed, even if the defendant may not have been heard or allowed to present any countervailing evidence.**[79] (Emphasis supplied)

Also, it was explained in *Gajudo* that:

> **[A] defaulted defendant is not actually thrown out of court. While in a sense it may be said that by defaulting he leaves himself at the mercy of the court, the rules see to it that any judgment against him must be in accordance with law.** The evidence to support the plaintiff's cause is, of course, presented in his absence, but the court is not supposed to admit that which is basically incompetent. Although the defendant would not be in a position to object, elementary justice requires that only legal evidence should be considered against him. **If the evidence presented should not be sufficient to justify a judgment for the plaintiff, the complaint must be dismissed. And if an unfavorable judgment should be justifiable, it cannot exceed in amount or be different in kind from what is prayed for in the complaint**.[80] (Emphases supplied)

Thus, even with the declaration of default, the trial court is not given unbridled discretion to automatically resolve the matter in favor of the non-defaulting party. Although petitioner, as the party in default, lost its right to present evidence, the trial court remains duty-bound to squarely render judgment based on respondent's *ex parte* evidence, such as in this case.

In rendering a default judgment, trial courts are still bound by Sec. 14, Art. VIII of the 1987 Constitution which mandates that no decision shall be rendered by any court without expressing therein **clearly and distinctly the facts and the law on which it is based**. A similar mandate is also provided under Sec. 1, Rule 36 of the Rules of Court which states that a judgment or final order determining the merits of the case shall be in writing personally and directly prepared by the judge, stating clearly and distinctly the facts and the law on which it is based, signed by him, and filed with the clerk of the court. Clearly, Sec. 14, Art. VIII of the Constitution, Sec. 1, Rule 36 of the Rules on Civil Procedure and Sec. 1,[81] Rule 120 of the Rules on Criminal Procedure, and a plethora of cases[82] provide that court decisions shall clearly and distinctly state its factual and legal bases.

The rationale for the said constitutional mandate was explained by the Court in *Villongco v. Yabut*,[83] in this wise:

> Faithful adherence to the requirements of Section 14, Article VIII of the Constitution is indisputably a paramount component of due process and fair play. A decision that does not clearly and distinctly state the facts and the law on which it is based leaves the parties in the dark as to how it was reached and is precisely prejudicial to the losing party, who is unable to pinpoint the possible errors of the court for review by a higher tribunal. More than that, the requirement is an assurance to the parties that, in arriving at a judgment, the judge did so through the processes of legal reasoning. It is, thus, a safeguard against the impetuosity of the judge, preventing him from deciding *ipse dixit*.[84]

The Constitution and the Rules of Court apparently delineate two main essential parts of a judgment, namely: the *body* and the *decretal portion*. Although the latter is the controlling part, the importance of the former is not to be lightly regarded because it is there where the court clearly and distinctly states its findings of fact and of law on which the decision is based. To state it differently, one without the other is ineffectual and useless. The omission of either inevitably results in a judgment that violates the letter and the spirit of the Constitution and the Rules of Court.[85]

A fortiori, the mandate to clearly state the facts and law upon which the decision is based shall be observed in cases where a defendant loses its opportunity to present its evidence by reason of default. The mere fact that the defendant was not able to file an Answer does not automatically mean that the trial court will render a judgment in favor of the plaintiff. The

trial court must still determine whether the plaintiff is entitled to the reliefs prayed for. Thus, it is incumbent upon the RTC to clearly and distinctly state the facts and the legal basis on which it based its decision.[86]

In here, the Court agrees with the observation by the CA that the RTC "merely made a conclusion in one paragraph, without stating the facts and the law upon which its ruling was based."[87] Indeed, the RTC Decision fell short of the constitutional requirement of stating clearly and distinctly the factual and legal basis of the decision. Although the trial court had painstakingly stated the numerous documentary evidence as well as testimonial evidence, the RTC, regrettably, made a general and sweeping conclusion regarding petitioner's liability. The RTC decision did not cite any provision of law or jurisprudence to support its conclusion that respondent was indeed entitled to the reliefs it prayed for. The CA, thus, correctly set aside the RTC decision for failure to comply with the fundamental requirements of a valid judicial decision.

However, petitioner strongly argues that in view of the null and void decision of the RTC, the CA should have remanded the case for further proceedings and reception of its evidence.

Petitioner is mistaken.

Indeed, remand is necessary only when there has been no trial on the merits.[88] *Black's Law Dictionary* defines trial on merits as a trial on the substantive issues of a case, as opposed to a motion hearing or interlocutory matter.[89] It is a trial where the parties had the opportunity to present their evidence, which was duly examined and considered by the court in resolving the issues presented before it.

As a rule, remand is avoided in the following instances: (a) where the ends of justice would not be subserved by a remand; or (b) where public interest demands an early disposition of the case; or (c) where the trial court had already received all the evidence presented by both parties, and the Supreme Court is in a position, based upon said evidence, to decide the case on its merits.[90] Under these circumstances, remand of the case to the lower court for further reception of evidence is no longer necessary.

Admittedly, there was no full presentation of evidence by reason of the default of petitioner. This, however, will not necessarily justify a remand of the case to give petitioner an opportunity to present its evidence. To do so would certainly defeat the purpose of the default order. It would amount to indirectly seeking the lifting of the default order without

the appropriate motion being filed. In effect, petitioner would be rewarded for belatedly filing its Answer.

In *Momarco Import Company, Inc. v. Villamena*[91] (*Momarco*), the Court affirmed the CA's observation that *Momarco,* the defendant-appellant, had forsaken its "expeditious remedy" of moving soonest for the lifting of the order of default. Instead, defendant-appellant chose to wager on obtaining a favorable judgment by waiting on the trial court's decision, which it would not have done unless it intended to unduly cause delay.[92] Hence, the Court held that to remand the case upon the invocation that the courts must be liberal in setting aside orders of default, would be to reward defendant-appellant with more delay.

Applying the ruling in *Momarco* and based on the circumstances obtaining in this case, the Court denies petitioner's plea of remand.

To reiterate, petitioner's failure to present its own evidence was due to its own omissions. Remanding the present case would not promote the ends of justice, and is thus, not necessary. Furthermore, the CA correctly took it upon itself to make the necessary factual findings, considering that the appeal was filed under Rule 41 of the Rules of Court where it has the authority to resolve questions of fact or mixed questions of fact and of law, to prevent further delay in the expeditious resolution of the case. Hence, contrary to petitioner's submission, the CA was not obligated to remand the case to the RTC. Relatedly, petitioner cannot also claim that the CA "cured" or "validated" the void RTC Decision as the CA embarked on its own determination of the merits of respondent's claims, albeit arriving at the same conclusion as the RTC.

Moreover, petitioner opted to wait for the default judgment and decided to appeal therefrom. Petitioner can appeal the judgment by default on the ground that respondent failed to prove the material allegations of the complaint, or that the decision is contrary to law, even without need of the prior filing of a motion to set aside the order of default.[93] Being the party in default, petitioner is proscribed from seeking a modification or reversal of the assailed decision on the basis of the evidence it submitted in the CA. Otherwise, it would be permitted to regain its right to adduce evidence which it already lost in the trial court in view of the order of default, and which it failed to have vacated.[94] Hence, there is no merit in petitioner's insistence of remanding the case to the RTC.

However, petitioner maintains that the CA seriously erred in rendering the assailed decision for noncompliance with Sec. 14, Art. VIII of the Constitution, as well as Sec. 1, Rule 36 of

the 1997 Rules of Civil Procedure.

We find partial merit in petitioner's argument as the CA likewise failed to state the legal basis for holding petitioner liable for respondent's monetary claims. Lamentably, the CA repeated the RTC's oversight by ruling in the same manner as the RTC did. The assailed CA Decision failed to provide sufficient factual and legal basis in arriving at its conclusion. Given these circumstances, the assailed CA Decision is partly void insofar as declaring petitioner's liability is concerned. As regards other issues resolved by the CA, the same are hereby sustained. In order not to delay the resolution of this case, the Court will proceed in resolving the matter instead of ordering its remand.

Sales invoices and charge invoices
were competent proof of sale
transactions and not of payment.

By defaulting, herein petitioner left itself at the mercy of the court. Nevertheless, the rules see to it that any judgment against it must be in accordance with the evidence required by law. The evidence of the plaintiff, presented in the absence of the defaulting party, cannot be admitted if it is basically incompetent and irrelevant to the issue at hand. Although the defendant would not be in a position to object, elementary justice requires that only legal evidence should be considered against it. If the same should prove insufficient to justify a judgment for the plaintiff, the complaint must be dismissed. And if a favorable judgment is justifiable, it cannot exceed the amount or be different in kind from what is prayed for in the complaint.[95]

In *Dra. Dela Llana v. Biong*,[96] the Court explained admissibility and weight of evidence:

> [A]dmissibility of evidence should not be equated with weight of evidence. The admissibility of evidence depends on its relevance and competence, while the weight of evidence pertains to evidence already admitted and its tendency to convince and persuade. Thus, a particular item of evidence may be admissible, but its evidentiary weight depends on judicial evaluation within the guidelines provided by the Rules of Court.[97]

Evidence, to be admissible, must comply with two qualifications: (a) relevance and (b) competence. Evidence is relevant if it has a relation to the fact in issue as to induce a belief

in its existence or nonexistence. On the other hand, evidence is competent if it is not excluded by the law or by the Rules of Court.[98] Relatedly, the best evidence rule (now original document rule) under Sec. 3,[99] Rule 130 of the Rules of Court, is one of the means in determining the competence of evidence. This rule finds more importance in cases where a defendant is declared in default and can no longer object to the plaintiff's presentation of evidence.

On the other hand, it is settled that commercial documents or papers are used by merchants to promote or facilitate trade or credit transactions.[100] Business forms such as sales or charge invoices, are evidence of commercial transactions[101] and serve as proof that a business transaction has been concluded.[102] Sales and charge invoices substantiate the existence of sales transactions between buyer and seller because "sales or commercial invoice" is a written account of goods sold or services rendered indicating the prices charged therefor or a list by whatever name it is known which is used in the ordinary course of business evidencing sale and transfer or agreement to sell or transfer goods and services.[103] As such, sales invoices are the best evidence of a business transaction;[104] they are not evidence of payment, but only evidence of receipt of the goods. The best evidence of payment of the goods delivered is the official receipt.[105]

In here, respondent's documentary evidence consisted of sales and charge invoices, invoice transmittals, and counter receipts, among others, which were identified and corroborated by testimonial evidence. Respondent presented as witness its Biller Encoder Magsino, who was in-charge of the invoices of its customers and testified that she prepared in her own handwriting, several invoices covering the merchandise delivered to petitioner for the months of November and December 2007.[106] She likewise explained that she personally computed the following outstanding obligation as contained in the Demand Letter[107] sent to petitioner:

DATE	**INVOICE NO.**	**AMOUNT**
December 03, 2007	576972	[P] 20,627.04
	576973	21,222.00
	576974	18,750.00
	68940	3,135.25
	68941	840.00
	68942	9,012.61
	68944	5,805.78
	68945	52,468.78
	68948	19,690.67
	68949	42,904.61

December 05, 2007	68994	82,152.44
	68995	42,632.50
	68996	1,680.00
	68997	16,597.75
	68998	17,923.20
	68999	31,450.88
	69000	34,360.80
	69001	16,497.04
December 18, 2007	69816	1,496.56
	69817	5,853.38
	69818	22,521.38
	69819	21,893.05
	69820	37,112.63
	69821	10,202.41
	69822	1,680.00
	69823	13,690.51
December 22, 2007	70041	26,268.53
	70042	1,680.00
	70043	9,530.09
	70044	52,000.18
	70047	11,441.48
	70048	11,040.55
	70040	45,982.93
	70045	13,473.98
	70046	14,547.02
December 22, 2007	581784	31,005.24
	581785	31,723.00
GRAND TOTAL ——————————————		**[P] 800,894.27**
		==========

She also prepared the Invoice Transmittals[108] which summarized the sales invoices and charge invoices that she used as basis in arriving at petitioner's total unpaid obligation.[109]

Respondent also presented its sales agent, Calabia, who narrated that he personally obtained from petitioner its product orders in the year 2007.[110] During his testimony, he identified the sales invoices prepared by Magsino, which were received and signed by petitioner's employee, thereby indicating receipt of the merchandise delivered to petitioner.[111] He also testified that he was in-charge of collecting payments from petitioner, and that the latter had unpaid accounts amounting to P800,894.27.[112] To further prove the unpaid obligations, he identified the original Counter Receipts[113] which contained the lists/summary of the invoices that remained unpaid by petitioner.

Respondent likewise submitted the September 8, 2008 letter sent to petitioner, demanding payment for the unpaid accounts in the sum of P800,894.27. Alba, respondent's Liaison and

Legal Officer, identified the said demand letter and testified that the same has been delivered to and received by petitioner. He also confirmed that despite receipt of said demand letter, petitioner failed to pay any sum.[114]

Evidently, the sales invoices, counter receipts, and invoice transmittals established the transactions between petitioner and respondent, and proved that goods were indeed delivered to and received by the former. On the other hand, respondent's demand letter established that petitioner was informed of its unpaid accounts. Taken altogether, these pieces of evidence preponderantly established petitioner's outstanding obligation in the amount of P800,894.27, which was exactly the amount prayed for by respondent in its complaint.[115]

Despite the preponderance of evidence showing its liability for the above stated amount, petitioner denies being obligated to pay the said sum. In its motion for new trial/reconsideration filed before the RTC, as well as in its appeal before the CA and even in the instant petition, petitioner claims that the subject amount had already been paid in full.

Under the rules of evidence, since petitioner pleads payment, it has the burden of proving it. Even where the plaintiff must allege non-payment, the general rule is that the burden rests on the defendant to prove payment, rather than on the plaintiff to prove non-payment.[116] The Court has consistently held that the party alleging payment must necessarily prove his or her claim of payment.[117]

In claiming full payment, petitioner makes reference to the alleged agreement with respondent that all outstanding obligations must be paid within 21 days, otherwise, no subsequent deliveries will be made.[118] Thus, petitioner insists that the deliveries it received in December 2007 were duly paid because respondent continued to deliver goods for the months of January, February, March, and April 2008. To further prove payment, petitioner avers that respondent paid them the 1% Target Achievement Incentive for having achieved the target sales and having duly paid such sales. The payment of incentive was made by check, covered by a check voucher issued in petitioner's favor.[119]

Petitioner's claims are empty.

Although petitioner, as the defaulting party, did not have the chance to present its evidence, it however did not mention any receipt, other than the check voucher for the Target Achievement Incentive to show payment of the merchandise it purchased from respondent. The alleged succeeding deliveries made to petitioner do not equate to payment of previous

deliveries. To reiterate, the best evidence to prove payment of the goods is an official receipt.[120] In *Towne & City Development Corporation v. Court of Appeals*,[121] the Court explained that:

> In the case at bar, petitioner has relied on vouchers to prove its defense of payment. However, as correctly pointed out by the trial court which the appellate court upheld, **vouchers are not receipts**.
>
> It should be noted that a voucher is *not necessarily* an evidence of payment. It is merely a way or method of recording or keeping track of payments made. A procedure adopted by companies for the orderly and proper accounting of funds disbursed. Unless it is supported by an actual payment like the issuance of a check which is subsequently encashed or negotiated, or an actual payment of cash duly receipted for as is customary among businessmen, a voucher remains a piece of paper having no evidentiary weight.
>
> **A receipt is a written and signed acknowledgment that money has been or goods have been delivered, while a voucher is documentary record of a business transaction.**[122] (Emphases supplied)

Consequently, allegations of payment, without any concrete proof thereof in the form of receipts, remain to be unsubstantiated claims. It must be emphasized that a voucher is not necessarily evidence of payment. It is merely a way or method of recording or keeping track of payments made. It must be supported by an **actual payment of cash duly receipted for** as is customary among businessmen or the issuance of a check subsequently encashed.[123] A "receipt" remains to be the written acknowledgment of the fact of payment in money or other settlement between seller and buyer of goods, debtor or creditor, or person rendering services and client or customer.[124]

Indeed, an obligation may be extinguished by payment, however, two requisites must concur: (1) identity of the prestation, and (2) its integrity. The first means that the very thing due must be delivered or released; and the second, that the prestation be fulfilled completely. Here, respondent must "receive and acknowledge full payment" from the petitioner. No such acknowledgment nor proof of full payment was shown to the satisfaction of the court. For this reason, claim of payment made by the petitioners must fail.[125]

The Court, thus, sustains the finding that petitioner is liable for the unpaid obligation in the sum of P800,894.27, plus legal interest from the date of demand on September 8, 2008. Based on the recent ruling in *Lara's Gifts & Decors, Inc. v. Midtown Industrial Sales, Inc.*,[126] and in view of the absence of any stipulation by the parties on the penalty that may be imposed for nonpayment, the interest shall be fixed at six percent (6%) *per annum* from September 8, 2008, the date of extrajudicial demand, until full payment. Since respondent did not appeal the judgment award, the Court shall withhold imposing legal interest ("interest on interest") pursuant to Art. 2212[127] of the Civil Code.[128] However, the total monetary award shall be subject to 6% interest *per annum* from finality of this Resolution until full payment.[129]

Procedures and legal remedies
that could have been beneficial
to the parties and the trial court

As a final note, the Court observes that respondent and even the trial court may have also contributed to the peculiar complexity of the present case. Under the 1997 Rules of Civil Procedure *(1997 Rules)*, which is applicable in the present case, the law usually imposes upon the plaintiff the duty to file the appropriate pleadings or motions that will help dispose the case in the most efficient way. Relevant here is the matter on declaring the defendant in default. Sec. 3, Rule 9 of the 1997 Rules provides that the court shall, **upon motion of the claiming party**, declare the defendant in default in case of failure to answer within the allowed time.

Respondent was aware that the RTC granted petitioner's second motion for extension for an *unextendible* period of 10 days or until November 8, 2008 within which to file its Answer. Since no responsive pleading was filed after the said extension, respondent should have been vigilant and promptly moved to declare defendant in default. However, respondent only filed its Motion to Declare Defendant in Default on November 25, 2008, after petitioner had filed its third motion for extension, and eventually, the requisite responsive pleading.

The promptness in moving to declare defendant in default became crucial because when the RTC declared petitioner in default in its January 8, 2009 Order, petitioner had already filed its Answer albeit belatedly. If We were to strictly follow the policy of affording every party-litigant the amplest, opportunity for the proper and just determination of his cause, free from the constraints of technicalities,[130] the belated Answer should have been admitted. Nonetheless, and as earlier explained, the trial court in this case, cannot be faulted for

exercising its judicial discretion in not admitting the Answer. Petitioner's inexcusable neglect, if not tendency to delay the proceedings, was apparent in its consistent filing of motions for extension despite the clear directive of the trial court that the period is unextendible.

Assuming that the circumstances obtaining in this case favored the admission of petitioner's belatedly filed Answer, respondent should have been guided by Sec. 1, Rule 34 of the 1997 Rules. Accordingly, if the Answer fails to tender an issue, or otherwise admits the material allegations of the adverse party's pleading, the court *may, on motion of that party*, direct judgment on such pleading. This is referred to as "judgment on the pleadings" – a lawful procedural technique that is activated only **upon motion** of the plaintiff. The Answer would fail to tender an issue if it does not comply with the requirements for a specific denial set out in Sec. 8 or Sec. 10, Rule 8 of the 1997 Rules. It would admit the material allegations of the adverse party's pleadings not only where it expressly confesses the truthfulness thereof but also if it omits to deal with them at all.[131]

Notable that petitioner averred in its Answer with Counterclaim[132] that:

> x x x x
>
> 3. That the above-named defendant admits the allegations in paragraphs three (3) and four (4), with a [qualification] that said obligations have been already paid and settled;
>
> x x x x
>
> 7. That under the terms and conditions of the agreement entered into by the defendant with the plaintiff, it is crystal clear that all outstanding obligations of the defendant with the plaintiff must be settled or paid within a period of twenty[-]one (21) days. Otherwise, no further deliveries shall be made. However, even after the lapse of the said period, the plaintiff still made additional deliveries to the defendant[.][133]

Apparently, petitioner did not only deny the fact of complete deliveries of merchandise for the months of November and December 2007, but it effectively admitted the sum being claimed by respondent. As such, petitioner's Answer failed to tender an issue and admitted the material allegations of respondent's complaint. If only respondent had been more

vigilant, it could have filed a motion to render judgment on the pleadings instead of insisting on petitioner's declaration of default.

Even if respondent failed to promptly move for a judgment on the pleadings, and the last pleading had been served and filed, the 1997 Rules imposes upon respondent, being the plaintiff in this case, the duty to promptly move *ex parte* to set the case for pre-trial. As pre-trial is mandatory, it is at this stage where the court may consider the propriety of rendering a judgment on the pleadings, or summary judgment, or of dismissing the action on valid grounds. Secs. 1 and 2, Rule 18 of the 1997 Rules state:

> Section 1. *When conducted.* — After the last pleading has been served and filed, it shall be the duty of the plaintiff to promptly move *ex parte* that the case be set for pre-trial. (5a, R20)
>
> Section 2. *Nature and purpose.* — The pre-trial is mandatory. The court shall consider:
>
> x x x x
>
> **(g) The propriety of rendering judgment on the pleadings, or summary judgment, or of dismissing the action should a valid ground therefor be found to exist[.]**

In *Spouses Pascual v. First Consolidated Rural Bank (Bohol), Inc.*,[134] the Court had the opportunity to explain that the above rule spells out that unless the motion for such judgment has earlier been filed, the pre-trial *may be* the occasion in which the court considers the propriety of rendering judgment on the pleadings or summary judgment. If no such motion was earlier filed, **the pre-trial judge may then indicate to the proper party to initiate the rendition of such judgment by *filing the necessary motion*.**[135] It bears emphasis that a motion **must** be filed. The pre-trial judge cannot *motu proprio* render the judgment on the pleadings or summary judgment.[136] This also means that a motion for judgment on the pleadings may be filed even prior to pre-trial. Judgment on the pleadings becomes a legal option as long as an Answer was filed. Otherwise, the rule on default would become proper.

In stark contrast, the 2019 Amendments to the 1997 Rules on Civil Procedure[137] (New Rules) introduced several provisions authorizing the trial courts to *motu proprio* render judgment based on the pleadings. Specifically, Sec. 2 of Rule 34 on judgment on the

pleadings now reads:

> **Section 2.** *Action on Motion for Judgment on the Pleadings.* **— The court may *motu proprio* or on motion render judgment on the pleadings if it is apparent that the answer fails to tender an issue, or otherwise admits the material allegations of the adverse party's pleadings**. Otherwise, the motion shall be subject to the provisions of Rule 15 of these Rules.

A parallel proviso is likewise found in Sec. 10, Rule 18 of the New Rules which states that:

> **Section 10.** *Judgment after Pre-Trial.* — Should there be no more controverted facts, or no more genuine issue as to any material fact, or an absence of any issue, or should the answer fail to tender an issue, the court shall, without prejudice to a party moving for judgment on the pleadings under Rule 34 or summary judgment under Rule 35, *motu proprio* include in the pre-trial order that the case be submitted for summary judgment or judgment on the pleadings, without need of position papers or memoranda. In such cases, judgment shall be rendered within ninety (90) calendar days from termination of the pre-trial.
>
> The order of the court to submit the case for judgment pursuant to this Rule shall not be the subject to appeal or *certiorari*. (n)

Unmistakably, these amendments to procedural rules were intended to aid the courts and the parties in resolving cases based on merits in a prompt, effective, and efficient manner.

All told, regardless of whether petitioner should or should not have been declared in default, the Court is convinced that: (1) respondent had adduced preponderant evidence to show that petitioner is obligated to pay the sum of P800,897.27; and (2) petitioner admitted the amount being claimed by respondent, but failed to prove full payment thereof.

WHEREFORE, the petition is **DENIED**. The May 31, 2011 Decision and the November 24, 2011 Resolution of the Court of Appeals in CA-G.R. CV No. 94331 are **AFFIRMED WITH MODIFICATION**. Petitioner Sioland Development Corporation is hereby **ORDERED** to **PAY** Fair Distribution Center Corporation the amount of P800,894.27 with interest at the rate of six percent (6%) *per annum* from date of extrajudicial demand on September 8, 2008

until full payment. The total monetary awards shall bear legal interest at the rate of 6% *per annum* from finality of this Resolution until full payment.

SO ORDERED.

Hernando, Zalameda, Dimaampao,[**] and *Marquez, JJ.,* concur.

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[*] Part of the Supreme Court Decongestion Program.

[**] Designated as Additional Member per Raffle dated June 20, 2023.

[1] *Rollo*, pp. 9-31.

[2] *Id*. at 37-47; penned by Associate Justice Hakim S. Abdulwahid and concurred in by Associate Justices Ricardo R. Rosario (now a Member of the Court) and Danton Q. Bueser.

[3] *Id*. at 33-34.

[4] *Id*. at 48-53; penned by Judge Honorio E. Guanlao, Jr.

[5] Section 14. No decision shall be rendered by any court without expressing therein clearly and distinctly the facts and the law on which it is based.

x x x x.

[6] *Rollo*, p. 37.

[7] *Id*.

[8] Records, p. 43.

[9] *Id*. at 3-6.

[10] *Id*. at 47.

[11] Sheriff's Return; *id*. at 46.

[12] *Id*. at 48-49.

[13] *Id*. at 51.

[14] *Id*. at 52-53.

[15] *Id*. at 52.

[16] Order; *id*. at 55.

[17] *Id*. at 56-57.

[18] *Id*. at 59.

[19] *Id*. at 60-63.

[20] *Id*. at 61.

[21] *Id*. at 65-66.

[22] *Id*. at 68.

[23] *Id*. at 70.

[24] *Id*.

[25] *Id*. at 73-77.

[26] *Id*. at 78.

[27] *Rollo*, pp. 48-53.

[28] *Id*. at 52-53.

[29] *Id*. at 85-93.

[30] *Id*. at 105.

[31] Notice of Appeal; *id*. at 108-109.

[32] CA *rollo*, pp. 26-31.

[33] *Id*. at 52.

[34] *Id*. at 53-54.

[35] *Rollo*, p. 44.

[36] *Id*. at 45.

[37] *Id*. at 46.

[38] *Id*. at 46-47.

[39] CA *rollo*, pp. 62-74.

[40] *Id*. at 98-99.

[41] *Rollo*, pp. 17-18.

[42] *Id*. at 163-181.

[43] **SEC. 1. *Rendition of judgments and final orders.*** — A judgment or final order determining the merits of the case shall be in writing personally and directly prepared by the judge, stating clearly and distinctly the facts and the law on which it is based, signed by him, and filed with the clerk of the court.

[44] *Rollo*, p. 173.

[45] *Id*. at 174.

[46] *Id*. at 175.

[47] *Id*. at 191-192.

[48] *Id*. at 192.

[49] **RULE 41. Appeal From The Regional Trial Courts**

SEC. 1. *Subject of appeal*. — An appeal may be taken from a judgment or final order that completely disposes of the case, or of a particular matter therein when declared by these Rules to be appealable.

[50] *Rollo*, p. 193.

[51] *Id*. at 194.

[52] 553 Phil. 271 (2007).

[53] *Id*. at 276.

[54] **G.R. No. 217138**, August 27, 2020.

[55] 697 Phil. 459 (2012).

[56] *Id*. at 466.

[57] Records, p. 55.

[58] *Id*. at 64.

[59] **Spouses Paglinawan v. Spouses Trampe, G.R. No. 242340**, November 18, 2021.

[60] **ABS-CBN Publishing, Inc. v. Director of the Bureau of Trademarks**, 833 Phil. 791, 800-801 (2018).

[61] O**ng Lay Hin v. Court of Appeals**, 752 Phil. 15, 23 (2015).

[62] **B.E. San Diego, Inc. v. Bernardo**, 844 Phil. 980, 985 (2018).

[63] 692 Phil. 714 (2012).

[64] *Id*. at 724-725, citing **Lina v. Court of Appeals**, 220 Phil. 311, 316-317 (1985).

[65] 241 Phil. 48 (1988).

[66] *Id*. at 66-68.

[67] 729 Phil. 440 (2014).

[68] *Id*. at 471.

[69] *Supra*.

[70] *Id*. at 66-68.

[71] **SEC. 3.** *Default; declaration of.* — If the defending party fails to answer within the time allowed therefor, the court shall, upon motion of the claiming party with notice to the defending party, and proof of such failure, declare the defending party in default.

Thereupon, the court shall proceed to render judgment granting the claimant such relief as his pleading may warrant, unless the court in its discretion requires the claimant to submit evidence. Such reception of evidence may be delegated to the clerk of court. (1a, R18)

x x x x

(b) *Relief from order of default*. — A party declared in default may at any time after notice thereof and before judgment file a motion under oath to set aside the order of default upon proper showing that his failure to answer was due to fraud, accident, mistake or excusable negligence and that he has a meritorious defense. In such case, the order of default may be set aside on such terms and conditions as the judge may impose in the interest of justice. (3a, R18)

[72] **Momarco Import Company, Inc. v. Villamena**, 791 Phil. 457, 466 (2016).

[73] **Building Care Corporation v. Macaraeg**, 700 Phil. 749, 755 (2012).

[74] **Latogan v. People, G.R. No. 238298**, January 22, 2020.

[75] **Bank of the Philippine Islands v. Dando**, 614 Phil. 553, 562-563 (2009).

[76] **Pimentel v. Adiao**, 842 Phil. 394, 404 (2018), citing **Sanchez v. Court of Appeals**, 452 Phil. 665, 674 (2003).

[77] **Royal Plains View, Inc. v. Mejia**, 843 Phil. 70, 81 (2018).

[78] 519 Phil. 791 (2006).

[79] *Id*. at 794.

[80] *Id*. at 804, citing **Lim Tanhu v. Ramolete**, 160 Phil. 1101, 1126 (1975).

[81] **SEC. 1.** *Judgment definition and form*. — Judgment is the adjudication by the court that the accused is guilty or not guilty of the offense charged and the imposition on him of the proper penalty and civil liability, if any. It must be written in the official language, personally and directly prepared by the judge and signed by him and shall contain clearly and distinctly a statement of the facts and the law upon which it is based. (1a)

[82] **University of the Philippines v. Dizon**, 693 Phil. 226, 263 (2012); **Sayoc v. People**, 605 Phil. 338, 347 (2009); **Office of the Ombudsman v. Coronel**, 526 Phil. 351, 359-360

(2006); **Nicos Industrial Corporation v. Court of Appeals**, 283 Phil. 12, 21-24 (1992); **Francisco v. Permskul**, 255 Phil. 311, 320-326 (1989).

[83] 825 Phil. 61 (2018).

[84] *Id*. at 75, citing **De Leon v. People**, 776 Phil. 701, 714-715 (2016).

[85] **University of the Philippines v. Dizon**, *supra*, at 262.

[86] **Villongco v. Yabut**, *supra*, at 76.

[87] *Rollo*, p. 52;

From the evidence adduced by the plaintiff consisting of documentary exhibits presented and marked in evidence as well as the testimony of plaintiff which remains uncontroverted, the Court is convinced that plaintiff is entitled to the relief prayed for in the Complaint.

[88] **Spouses Morales v. Court of Appeals**, 349 Phil. 262, 274 (1998).

[89] *Trial on merits*, Black's Law Dictionary with Pronunciations (6th Edition. 1991), p. 1506.

[90] **Dela Peña v. Court of Appeals**, 598 Phil. 862, 876 (2009).

[91] 791 Phil. 457 (2016).

[92] *Id*. at 465.

[93] **Royal Plains View, Inc. v. Mejia**, 843 Phil. 70, 83 (2018).

[94] *Id*., citing **Rural Bank of Sta. Catalina Inc. v. Land Bank of the Philippines**, 479 Phil. 43, 52 (2004).

[95] **Otero v. Tan**, *supra* note 63, at 726-727.

[96] 722 Phil. 743 (2013).

[97] *Id*. at 759.

[98] **Gumabon v. Philippine National Bank**, 791 Phil. 101, 118 (2016).

[99] **SEC. 3.** *Original document must be produced; exceptions*. — When the subject of inquiry

is the contents of a document, no evidence shall be admissible other than the original document itself, except in the following cases:

(a) When the original has been lost or destroyed, or cannot be produced in court, without bad faith on the part of the offeror;

(b) When the original is in the custody or under the control of the party against whom the evidence is offered, and the latter fails to produce it after reasonable notice;

(c) When the original consists of numerous accounts or other documents which cannot be examined in court without great loss of time and the fact sought to be established from them is only the general result of the whole; and

(d) When the original is a public record in the custody of a public officer or is recorded in a public office. (2a)

[100] **Monteverde v. People**, 435 Phil. 906, 921 (2002).

[101] **Seaoil Petroleum Corporation v. Autocorp Group**, 590 Phil. 410, 419 (2008).

[102] **Libunao v. People, G.R. No. 194359**, September 2, 2020.

[103] **Commissioner of Internal Revenue v. Manila Mining Corporation**, 505 Phil. 650, 665 (2005).

[104] See **Memita v. Masongsong**, 551 Phil. 241, 254 (2007).

[105] **El Oro Engraver Corporation v. Court of Appeals**, 569 Phil. 373, 380 (2008).

[106] *Rollo*, p. 51.

[107] Records, Exhibit for the Plaintiff, Exh. MM.

[108] Records, Exhibit for the Plaintiff, Exhs. OO, PP, and QQ.

[109] *Rollo*, p. 51.

[110] TSN, February 20, 2009, pp. 20-21.

[111] *Id*.

[112] *Id*. at 24-30.

[113] Records, Exhibit for the Plaintiff, Exhs. NN, NN-1.

[114] TSN, January 30, 2009, pp. 38-41.

[115] Records, p. 4.

[116] **Princess Talent Center Production, Inc. v. Masagca**, 829 Phil. 381, 416 (2018).

[117] **Decena v. Asset Pool A (SPV-AMC), Inc., G.R. No. 239418**, October 12, 2020.

[118] *Rollo*, p. 176.

[119] *Id*. at 178.

[120] **El Oro Engraver Corporation v. Court of Appeals**, *supra* note 105.

[121] 478 Phil. 466 (2004).

[122] *Id*. at 475.

[123] **Alonzo v. San Juan**, 491 Phil. 232, 244-245 (2005).

[124] **Commissioner of Internal Revenue v. Manila Mining Corporation**, 505 Phil. 650, 665 (2005).

[125] **Alonzo v. San Juan**, *supra*, at 245-246.

[126] **G.R. No. 225433**, September 20, 2022.

[127] Art. 2212. Interest due shall earn legal interest from the time it is judicially demanded, although the obligation may be silent upon this point.

[128] See **Lara's Gifts & Decors, Inc. v. Midtown Industrial Sales, Inc.**, *supra*.

[129] **Nacar v. Gallery Frames**, 716 Phil. 267, 280-283 (2013).

[130] **Heirs of Pacaña v. Spouses Masalahit, G.R. No. 215761**, September 13, 2021.

[131] **Asian Construction and Development Corporation v. Sannaedle Co., Ltd.**, 736 Phil. 200, 206 (2014).

[132] *Rollo*, pp. 55-58.

[133] *Id*. at 55-56.

[134] 805 Phil. 488 (2017).

[135] *Id*. at 498.

[136] *Id*. at 499.

[137] A.M. No. 19-10-20-SC dated October 15, 2019 and which became effective on May 1, 2020.

Date created: November 06, 2023