DAKILA TRADING CORPORATION, PETITIONER, VS. PROFESSIONAL SERVICES, INC., RESPONDENT.

G.R. NO. 152922. July 12, 2006

Ponente: CHICO-NAZARIO, J.

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CHICO-NAZARIO, J.:

Before Us is a Petition for Review on Certiorari under Rule 45 of the Rules of Civil Procedure assailing the Decision[1] of the Court of Appeals dated 26 March 2002, in CA-GR CV No. 41927, which reversed the Decision[2] of the Regional Trial Court (RTC) of Manila, Branch 16, dated 29 December 1992, in Civil Case No. 92-60101, ordering herein respondent to pay herein petitioner the amount of P1,684,219.82, with 12% interest from the date of the filing of the complaint on 6 February 1992, until fully paid.

Petitioner is a duly organized domestic corporation engaged in the sale and lease of laboratory instrumentation, process control instrumentation, and the trade of laboratory chemicals and supplies. Respondent is also a duly organized domestic corporation which owns and operates the Medical City General Hospital.

On 24 July 1989, both parties entered into a Lease-Purchase Agreement over a laboratory equipment known as the "TECHNICON RA 1000 Chemistry Analyzer with Data Manager and Start-up Kit." Under the said Agreement:

> 2.1 For a period of two (2) years from date of signing hereof or from September 1, 1989 to September 1, 1991, whichever comes earlier, DAKILA shall make available for MEDICAL CITY's use the TECHNICON RA 1000 at the latter's address.
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> 2.2 DAKILA shall provide MEDICAL CITY with consumables free of charge for two (2) years, provided, that reagent trays and sample cuvettes, reaction trays, and pump tubes must be reused for a minimum of fifty (50) times.
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> 2.3 The consideration for the lease of the TECHNICON RA 1000 shall depend on the number of tests that MEDICAL CITY will perform using the equipment, which in no case shall be less than ONE HUNDRED FIFTY (150) per day – and based on the following rates:
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> a. 150 – 200 tests/day = P26.00/test
> b. 201 – 250 tests/day = 24.00/test
> c. 251 and above/day = 22.00/test
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> 2.5 Ownership – The TECHNICON RA 1000 shall remain the property of DAKILA during the entire duration of this contract. At the end of the two (2) year period however, ownership over the equipment shall be transferred by DAKILA to MEDICAL CITY upon the latter's payment of all accounts by virtue of this contract.[3]

Several months after the execution of said Agreement, petitioner averred that after reviewing its records, petitioner discovered that respondent had failed to report a great number of tests conducted on the leased

equipment, in excess of the 150 minimum tests that it had been paying petitioner, based on the amount of reagents ordered by respondent, for use in the operation of the "TECHNICON RA 1000." Petitioner alleged that as of November 1991, the value of the unreported excess tests made by respondent amounted to P2.8 million pesos.

After a series of correspondence between the parties regarding the alleged unreported tests, petitioner, through its General Manager Richard Tee, reduced its claim to P1,684,219.82, in consideration of the assertion of respondent that petitioner failed to take into account allowances for the use of reagents for quality control and calibration tests which form part of standard laboratory procedures.

Despite the reduction of the amount demanded by petitioner, respondent maintained that it had not conducted the alleged excess tests and is therefore not liable to petitioner for any amount beyond the minimum number of tests to be paid under the contract. Thus, petitioner instituted an action for collection of sum of money and damages against respondent before the RTC of Manila, Branch 16.

On 29 December 1992, the court a quo rendered a Decision, the dispositive portion of which states:

> WHEREFORE, PREMISES CONSIDERED, judgment is hereby rendered:
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> I. On plaintiff's complaint:
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> - Ordering defendant to pay plaintiff the amount of P1,684,219.82 as actual damages representing the value of the unreported tests, with 12% interest from February 6, 1992, the date of the filing of the complaint, until fully paid;
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> - Ordering defendant to pay plaintiff the amount of P8,000.00 as attorney's fees; and
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> - Ordering defendant to pay costs.
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> II. On defendant's counterclaims:
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> - Upon full payment by the defendant of the amount of P1,684,219.82 plus accrued interest as above adverted to, plaintiff is directed to execute the deed of absolute sale and proper documentations to transfer ownership of the TECHNICON RA 1000 Analyzer with Data Manager to defendant.
>
> - DISMISSING the other counterclaims of defendant.[4]

Aggrieved by the Decision of the RTC, respondent filed a Motion for Reconsideration which was subsequently denied by the lower court. Thereafter, respondent filed an appeal before the Court of Appeals.

On 26 March 2002, the appellate court rendered the assailed Decision, reversing the Decision of the RTC and dismissing petitioner's complaint for lack of merit. The Court of Appeals further ordered petitioner to prepare the Deed of Absolute Sale and proper documentation to transfer ownership of the "TECHNICON RA 1000" to respondent.

Hence, the instant Petition.

At the outset, we must first emphasize that this Court is not a trier of facts. This Court, in numerous instances, have had occasion to explain that it is not the function of this Court to analyze or weigh evidence all over again. However, we have also ruled that there are instances when this Court may resolve factual issues, such as: 1) when the findings are grounded entirely on speculation, surmises or conjectures; 2) when the inference made is manifestly mistaken, absurd or impossible; 3) when there is grave abuse of discretion; 4) when the judgment is based on a misapprehension of facts; 5) when the findings of facts are conflicting; 6) when in making its findings the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee; 7) when the findings are contrary to the trial court; 8) when the findings are

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conclusions without citation of specific evidence on which they are based; 9) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondent; 10) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record; or 11) when the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, would justify a different conclusion.[5] Consequently, in order to settle the controversy before us, this Court has decide to review the evidence presented before the trial court.

It is clear from the Lease-Purchase Agreement signed by both parties that the amount to be paid by respondent for the lease of the "TECHNICON RA 1000" shall be based on the number of tests conducted daily by respondent using the said equipment, which in no case shall be less than 150 tests per day. Thus, it is unmistakable that petitioner may validly charge respondent for tests made by the latter in excess of the minimum 150 tests per day. There is no question that respondent had indeed religiously complied with its obligation to pay for the lease of the equipment in the amount corresponding to the minimum 150 tests per day. However, it is the alleged excess tests conducted by respondent, using the "TECHNICON RA 1000," which petitioner now claims respondent must pay in accordance with the Lease-Purchase Agreement.

Petitioner contends that, as evidenced by the delivery receipts signed by respondent's representatives, it had discovered that respondent has ordered an unusually large number of reagents than that which could be expected had respondent only been conducting the minimum number of 150 tests per day. Based on the number of reagents ordered, petitioner calculated the number of tests per day that could be performed using such amount of reagents. And from such computation, petitioner concluded that respondent has exceeded the minimum number of tests and has failed to report such for billing purposes.

Respondent, on the other hand, deny that there were tests in excess of the minimum 150 tests per day that were conducted using the "TECHNICON RA 1000." Respondent disagrees with petitioner's computation, asserting that the number of tests assigned to a kit is not fixed but relative, and that petitioner failed to appropriate an allowance for wastage (leftover fluid on transfer instruments or containers), calibration, and quality control procedures.

This assertion was addressed by petitioner in a letter dated 15 November 1990, admitting that they did compute to the last drop for the consumption of the reagents and, thus, agreed to an alternative computation, thereby incorporating a 20% allowance for quality control, 15% for wastage, 5% for calibration, and 5% for uncontrolled consumption, or a total of 45% allowance. As a result, petitioner's original claim for excess tests in the amount of P2.8 million was reduced to P1,684,219.47.

Despite said adjustments, respondent remained adamant that no excess tests were made. It is respondent's elucidation, in which the Court of Appeals agreed and on which it based its reversal of the trial court's Decision, that the word "test" must be understood as "a procedure so conducted or performed in order to aid the physician in making diagnosis of the patient." As such, according to the appellate court, petitioner was mistaken in considering that testing involves other activities such as calibration and quality control procedures; therefore, respondent should not be billed for such activities, albeit, it still made use of the reagents and the equipment. The Court of Appeals expounded thus:

> Upon a closer scrutiny of the records of the instant case, the Court finds that it is the intention of the parties that the defendant-appellant be charged only for actual tests, i.e. those which are billable to patients, which are supported by the corresponding charge slips and recorded in the defendant-appellant's logbook, such logbook being used as basis by the plaintiff-appellee in preparing its sales invoices to the defendant-appellant.
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> The court a quo should have given evidentiary weight to the said logbook as the repository of the number of

> actual tests conducted by the defendant-appellant which the plaintiff-appellee in turn utilized as the basis for the billing statements prepared by it. x x x.
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> x x x x
>
> While this Court likewise makes the observation that the defendant-appellant might have extravagantly consumed reagents in its conduct of laboratory examinations, such fact however does not justify the Court a quo in allowing the plaintiff-appellee to collect from the defendant-appellant because that would amount to unnecessary judicial interference which breaches the autonomy of the Lease Purchase Agreement duly executed by both parties.[6]

We do not agree. First, it must be stressed at this point that, as stated by the trial court, neither the logbook nor the charge slips, which were supposed to show that no more than 150 tests were conducted daily, were never presented before the trial court.[7] Thus, the assertions of respondent that no excess test were made were never substantiated by any other evidence except the bare testimonies of the two hospital employees it presented as witnesses. Therefore, we are at odds with the conclusion of the Court of Appeals that the court a quo should have given evidentiary weight to the said logbook as the repository of the number of actual tests conducted by respondent. If said piece of evidence was never presented before the trial court, then the court a quo appropriately disregarded the supposed evidentiary importance of said logbook.

Second, a meticulous perusal of the Internal Memorandum of Marilyn Atienza, Chief Medical Technologist of respondent hospital, cited by the appellate court in its Decision, and the annexes accompanying said Memorandum, which contain respondent's own computations for the use of the reagents, would reveal that if indeed no excess exams were being conducted, then the bulk of the reagents ordered by respondent were being used for quality control and not for actual testing. According to said computation, respondent was conducting 81,120 tests per year for quality control, which is almost double the 46,800 tests done per year,[8] if only 150 tests were indeed conducted daily.[9] This excessive use of reagents, to our minds, is quite unreasonable, if not unbelievable. Furthermore, it must be reiterated that in trying to oblige respondent's assertion that petitioner's calculations neglected to take into account necessary allowances for wastage, calibration, and quality control, petitioner had adjusted its computation to give a 45% allowance for the use of the reagents.

In the course of trial in a civil case, once plaintiff makes out a prima facie case in his favor, the duty or the burden of evidence shifts to defendant to controvert plaintiff's prima facie case, otherwise, a verdict must be returned in favor of plaintiff.[10] A careful examination of the evidence presented by petitioner will show that it was able to adduce preponderant evidence to prove its claim. As stated above, petitioner has shown through testimonial and documentary evidence that respondent had ordered an unusually large number of reagents used in the operation of the "TECHNICON RA 1000". Petitioner was further able to show that a computation based on the number of said orders would lead to the conclusion that respondent was able to conduct tests in excess of the minimum 150 tests per day. Nonetheless, respondent failed to present convincing evidence to sufficiently controvert this claim of petitioner that excess tests were conducted on the "TECHNICON RA 1000". As was pointed out earlier, neither the logbook nor the charge slips, which were supposed to show that no more than 150 tests were conducted daily were never presented before the trial court. Accordingly, we conclude that respondent is liable for the amount of P1,684,219.82 representing the value of the tests conducted in excess of the minimum 150 tests per day.

WHEREFORE, premises considered, the instant Petition is hereby GRANTED. The Decision of the Court of Appeals in CA-G.R. CV No. 41927, dated 26 March 2002, reversing the Decision dated 29 December 1992 of the Regional Trial Court of Manila, Branch 16, is hereby REVERSED and SET ASIDE. Respondent is hereby ORDERED to pay petitioner the amount of P1,684,219.82 representing the value of the unreported tests, with 12% interest from 6 February 1992, the date of the filing of the original Complaint before the trial court, until

fully paid. Upon full payment by respondent of the amount of P1,684,219.82 plus accrued interest, petitioner is DIRECTED to execute the deed of absolute sale and proper documentation to transfer ownership of the "TECHNICON RA 1000 Chemistry Analyzer with Data Manager and Start-up Kit" to respondent.

SO ORDERED.

Panganiban, (Chairman), Ynares-Santiago, Austria-Martinez, and Callejo, Sr., JJ., concur.

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[1] Penned by Associate Justice Andres B. Reyes, Jr., with Associate Justices Conrado M. Vasquez, Jr., and Amelita G. Tolentino, concurring; Rollo, pp. 32-53.

[2] Penned by Judge Ramon O. Santiago; Rollo, pp. 67-82.

[3] Annex "C"; Rollo, pp. 63-64.

[4] RTC Decision, pp. 15-16; Rollo, pp. 81-82.

[5] Almendrala v. Ngo, G.R. No. 142408, 30 September 2005, 471 SCRA 311, 322.

[6] CA Decision, pp. 9, 14-15; Rollo, pp. 40, 45-46.

[7] RTC Decision, p.11; Rollo, p. 77.

[8] Based on 150 tests per day multiplied by 26 days in a month.

[9] Exhibits "4-B" and "4-C"; Folder of Exhibits, pp. 145-146.

[10] Jison v. Court of Appeals, 350 Phil. 138, 173 (1998).

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