

POLYFOAM CHEMICAL CORP., PETITIONER, VS. ELISA S. CHEN, RESPONDENT.

G.R. No. 156869. June 27, 2012

Ponente: ABAD, J.

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ABAD, J.:

This case is about allegations in the complaint that are deemed admitted by the answer and on which basis a judgment on the pleadings may be had.

The Facts and the Case

On January 19, 1993 petitioner Polyfoam Chemical Corporation (Polyfoam) filed a collection suit against respondent Elisa Chen (Chen) before the Regional Trial Court (RTC) of Quezon City in Civil Case Q-93-14499. Subsequently, the RTC consolidated this case with Civil Case Q-93-14500, Mayer Velvet Manufacturing Corp. v. Elisa Chen, also a collection suit, apparently because the plaintiffs were sister companies simultaneously transacting business with Chen. The present action is concerned only with the claims in the first case.

Polyfoam sought in its complaint the payment of P929,137.07 worth of foam products that it sold to Chen from April 1 to August 27, 1992. It also sought the issuance of a writ of preliminary attachment against Chen. On January 29, 1993 the RTC granted the motion.

While admitting the purchase of substantial quantities of foam products from Polyfoam, Chen claimed that the figure was wrong, citing a summary of her purchases attached to her answer. She claimed receiving only P654,301.02 during the period mentioned in the complaint.

On July 16, 1996 Polyfoam filed a motion for summary judgment on the ground that Chen's answer did not tender a genuine issue of fact. The RTC granted the motion. On March 20, 1997 it rendered a summary judgment, ordering Chen to pay Polyfoam the sum of P925,173.35.

On Chen's appeal in CA-GR CV 55741, the Court of Appeals (CA) rendered judgment on August 12, 2002, modifying the RTC decision by limiting the amount of the summary judgment against Chen to only P654,301.02, which amount the CA said Chen admitted owing to Polyfoam in her answer. The CA ordered the case remanded to the lower court for further proceedings.

The Issue Presented

The sole issue presented in this case is whether or not the CA erred in ruling that the summary judgment against Chen should be limited to P654,301.02.

The Ruling of the Court

A summary judgment is resorted to in order to expedite the disposition of a case, it appearing from the pleadings, depositions, admissions, and affidavits of record that no genuine question or issue of fact exists in such case.[1]

When the facts as pleaded are uncontested, there is no genuine issue as to the facts, and summary judgment is warranted. In contrast, when the facts as pleaded by the parties are disputed or contested, proceedings for summary judgment cannot take the place of trial. The presence of a genuine issue of fact, as distinguished from a sham, fictitious, contrived, or false claim, requires the presentation of evidence.[2]

Polyfoam alleged in its complaint that it manufactured, sold, and distributed foam products and other upholstery materials; that from April 1 to August 27, 1992, approximately, it sold to Chen P929,137.07 worth of foam products;[3] that in partial payment for the goods she received, Chen issued 23 checks to Polyfoam, totaling P534,470.00; that these checks were dishonored for the reason that the bank account on which they were drawn had been closed; that the rest of the goods valued at P394,667.07 were not covered by checks; and that the total sum of P929,137.07 were due but remained unpaid despite repeated demands.[4]

In her consolidated answer insofar as relevant to the issue in this case, Chen denied that her purchases from April 1 to August 27, 1992 from Polyfoam amounts to P929,137.07.[5] She pointed out that her obligations to Polyfoam are "as reflected in the accounting and reconciliation of Accounts found in her Annex '6'"[6] Under these "Accounts," her purchases from April 1 to August 27, 1992, the period stated in the complaint, amounted to only P654,301.02. Chen also claimed having made substantial payments to Polyfoam. She had since 1983 been religious in paying her obligations but her store and all her goods were gutted by fire on August 28, 1992, resulting in delayed payments.

It is clear from Polyfoam's complaint that its cause of action referred to Chen's failure to pay for her purchases from April 1 to August 27, 1992 totaling P929,137.07. Chen claims on the other hand that, as her Annex "6" showed, her purchases during that period amounted to only P654,301.02. Annex "6" also showed, however, that she received goods worth P270,816.33 in the subsequent months of September and October 1992, which amount when added to the April-August account of P654,301.02 totals P925,117.35.

The question is whether her admission that she owed P270,816.33 for the September and October deliveries in addition to P654,301.02 for the July and August deliveries, totaling P925,117.35, constitutes substantial admission of Polyfoam's claim to the extent of the latter amount.

The CA points out that Chen merely clarified in her Annex "6" that her total indebtedness to Polyfoam included P126,078.88 incurred from September 4 to 30, 1992 and P144,737.45 from October 1 to 16, 1992. The CA adds that, although she owed these additional amounts, they obviously were not part of the debt that Polyfoam sought to collect in the case. She indicated these additional amounts in the statement of account, Annex "6", to show that the complaint did not cover them.

But, Polyfoam's cause of action consists in Chen's failure to pay its due obligations totaling P929,137.07 covering the value of the goods it delivered to her, not any lesser amount. Any error in specifying the particular months in 1992 when these obligations were incurred does not affect the cause of action since Chen does not invoke prescription in her defense.

Besides, Polyfoam's complaint qualified the period when the obligations were incurred, stating in paragraph 4 that "during the period from April 1, 1992 to August 27, 1992, approximately, defendant purchased and received, on credit, from plaintiff various foam products with a total value of P929,137.07." The term "approximately," referring to the period of the transactions, allowed for some error. Consequently, the statement can be read to embrace unpaid deliveries made in the immediately succeeding months of September and October 1992.

Chen's Annex "6", which she said reflected the "truth" regarding her obligations, is an admission that she owed Polyfoam the total of P925,117.35 stated in that document, a sum within the latter's actual claim of P929,137.07.

WHEREFORE, the Court GRANTS the petition, SETS ASIDE the

Court of Appeals decision in CA-G.R. CV 55741 dated August 12, 2002, and REINSTATES the decision of the Regional Trial Court of Quezon City in Civil Case Q-93-14499 dated March 20, 1997. Elisa Chen is ordered to pay Polyfoam Chemical Corporation the amount of P929,137.07 with legal interest of 6% per annum from the time of the filing of the complaint on January 19, 1993 and 12% per annum from the time this Court's decision attains finality until their full satisfaction.

SO ORDERED.

Velasco, Jr., (Chairperson), Peralta, Del Castillo,[*] and Perlas-Bernabe, JJ., concur.

[*] Designated Acting Member in lieu of Associate Justice Jose Catral Mendoza, per Special Order 1241-B dated June 14, 2012.

[1] Republic of the Philippines v. Sandiganbayan, 461 Phil. 598, 608 (2003).

[2] Cotabato Timberland Co., Inc. v. C. Alcantara and Sons, Inc., G.R. No. 145469, May 28, 2004, 430 SCRA 227, 233, citing Evadel Realty and Development Corporation v. Spouses Soriano, 409 Phil. 450, 461 (2001).

[3] Rollo, p.41.

[4] Id. at 43.

[5] Id. at 49.

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