

LOLITA REYES DOING BUSINESS UNDER THE NAME AND STYLE, SOLID BROTHERS WEST MARKETING, PETITIONER, VS. CENTURY CANNING CORPORATION, RESPONDENT.

G.R. No. 165377. February 16, 2010

Ponente: PERALTA, J.

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PERALTA, J.:

Before us is a Petition for Review on Certiorari seeking the reversal of the Decision[1] dated September 16, 2004 of the Court of Appeals (CA) in CA-G.R. CV No. 67975, which reversed and set aside the Decision[2] of the Regional Trial Court (RTC), Branch 267, Pasig City, in Civil Case No. 66863.

The antecedent facts as found by the Court of Appeals are as follows:

Plaintiff corporation, Century Canning Corporation, is engaged in the business of manufacturing, processing, and distribution of canned goods, particularly, Century Tuna. Defendant Lolita Reyes is a businesswoman doing business under the name and style Solid Brothers West Marketing.

The facts as gathered by the Court a quo are as follows:

In the subject case, Plaintiff Century Canning Corporation tried to establish the fact that defendant Lolita Reyes had applied for and was granted "credit line" from the former thereby allowing the latter to allegedly obtain and secure Century tuna canned goods. And when the defendant's obligation to pay became due and demandable, the same failed to pay as she refused to pay her unsettled accounts in the total amount of P787,191.27. However, due to the constant and diligent efforts exerted by the representatives of the plaintiff to collect the alleged unpaid obligations of the defendant, the latter returned some unsold Century tuna canned goods, the value of which at P323,697.64 was deducted from the principal obligation thereby leaving the amount of P463,493.63 as the unsettled account of defendant Reyes. That because of the refusal of the defendant to satisfactorily and completely settle her unpaid account, the plaintiff was constrained to refer the matter to its legal counsel, who consequently sent a demand letter, and accordingly filed the instant case in Court after the defendant failed to comply and satisfy the demand letter to pay.

In her Answer with Compulsory Counterclaim, defendant averred that she has no transaction with the plaintiff for the purchase of the alleged canned goods in question, inasmuch as she is not engaged in the canned goods business but in auto airconditioning, parts and car accessories in Banaue, Quezon City.[3]

Trial thereafter ensued.

On April 28, 2000, the RTC rendered its decision, the dispositive portion of which reads:

WHEREFORE, premises considered, the instant complaint is hereby ordered DISMISSED. The prayer for counterclaim of defendant in the form of moral damages, exemplary damages, and attorney's fees is hereby granted.

Accordingly, let judgment be rendered in favor of defendant's counterclaim, and plaintiff Century Canning

Corporation is directed to pay defendant Lolita Reyes moral damages in the amount of P50,000.00, exemplary damages in the amount of P25, 000.00 and attorney's fees in the amount of P20,000.00 as well as to pay the costs of the suit.[4]

SO ORDERED.

In so ruling, the RTC found that respondent failed to substantiate its allegations that petitioner is liable to pay a certain sum of money. It based its conclusion on the fact that petitioner's signature in the Credit Application Form submitted by respondent was significantly different from the signature appearing in petitioner's COMELEC voter's identification card (ID) and her Community Tax Certificate (CTC) which she proffered to be her usual, true, and genuine signature. It also found that petitioner's signature did not appear in the five sales invoices presented by respondent where the former acknowledged receipt of the delivered canned good; that there was no explicit authority such as a written document showing the appointment of a certain Oscar Delumen as petitioner's authorized representative to transact business and/or receive canned goods for and on petitioner's behalf; that there was also no showing that respondent requested or asked for Delumen's authority to transact or receive the goods on petitioner's behalf inasmuch as the amount involved was of considerable value. The RTC did not give credence to the testimonial as well as the documentary evidence presented by respondent for being self-serving. It awarded damages to petitioner taking into consideration the mental anguish she suffered by reason of the case and for being forced to litigate to protect her right.

Respondent filed its appeal with the CA. Petitioner filed her appellee's brief, and respondent filed a Reply thereto.

On September 16, 2004, the CA granted the appeal, the dispositive portion of which reads:

WHEREFORE, premises considered, the appeal is hereby GRANTED. The assailed decision of the Regional Trial Court is REVERSED and SET ASIDE and the defendant-appellee held liable for the amount claimed by the plaintiff-appellant.[5]

In reversing the RTC, the CA found that the RTC's conclusion that petitioner's signature in the Credit application form was different from her signature in the CTC and voter's ID was contrary to the RTC's observation during the September 9, 1999 hearing, where it made a remark that "as far as the strokes, there seemed to be a similarity, because signatures sometimes differed in size; but as far as the strokes were concerned, they seemed to be the same." The CA found that in the credit application form, where petitioner's certificate of registration of business name was attached, a certain Oscar Delumen represented himself as petitioner's former sales operations manager; that the existence and authenticity of both documents were never refuted by petitioner; that the fact that Delumen was acting for and on petitioner's behalf was not controverted, except by mere denial. The CA noted that in Delumen's Comments on Motion to Cite him in Contempt of Court, he stated that "when he saw on his desk the RTC Order of December 27, 1999, directing him to pay a fine of P1,000.00 as form of wastage fee, he immediately brought the said Order to petitioner and was assured by the latter that she would have her lawyer attend to and take care for him"; that this statement proved that petitioner and Delumen knew each other; and that the RTC should have required Delumen's testimony, as he was a vital witness to the case, but the RTC opted to forego with the same.

The CA gave credence to the respondent's witnesses, who testified that they had previously met with petitioner when they attempted to collect her unpaid accounts; that petitioner even tried to settle her indebtedness through monthly installments until such time that the debt was fully paid; that petitioner even returned some of the goods previously delivered to her to reduce her accountabilities; that the testimonies of these witnesses belied petitioner's defense that she never transacted business with respondent, because, if she did not transact with the latter, she would not have entertained respondent's officers and would not have offered settlement and returned

the goods. The CA concluded that the positive declarations of respondent's witnesses could not be overturned by petitioner's general denial that she never transacted business with respondent.

Hence, this petition where petitioner raises the issue that:

THE COURT OF APPEALS GRAVELY ABUSED ITS DISCRETION IN GRANTING RESPONDENT'S APPEAL AND HOLDING PETITIONER LIABLE TO PAY RESPONDENT'S CLAIM.

Petitioner contends that the CA misquoted or misapplied the remarks made by the RTC during the trial of the case, since the observation "as far as the strokes, there seems to be a similarity" refers to that between petitioner's signature appearing in her community tax certificate and the verification in her answer, and not between petitioner's alleged signatures in the credit application form and her community tax certificate and voter's ID. She argues that contrary to the CA finding that she never refuted the existence and authenticity of the credit application form, she categorically denied having executed the same by claiming that the signature appearing therein was not hers; that she not only denied her signature in the credit application form, but she also presented documents showing her genuine signature. She also claimed that the CA's finding that Delumen was acting on her behalf was not established by competent evidence during the trial of the case, as the only evidence submitted by respondent to prove the authority of Delumen was the credit application form; that said credit application form has no probative value for being self-serving, and its genuineness and authenticity were not established.

Petitioner contended that the Comment on Motion to Cite in Contempt of Court submitted by Delumen, which the CA claimed to have proven the fact that petitioner and Delumen knew each other, was not formally offered as part of respondent's evidence, and Delumen was not even presented during the trial; that the CA erred in concluding that petitioner returned some of the canned goods to respondent, relying on the statement of account which was self-serving, and no copy of the same was sent to the petitioner; and that the statement of account where the amount of P323,697.64 was deducted was merely based on the credit memo, which respondent's witness did not prepare himself. There was no evidence that the goods were received by petitioner, as even the sales invoices did not bear her signatures; and the fact that the goods were received by Delumen because he was petitioner's general manager was not established.

The issue presented before Us is whether the CA correctly found that petitioner was liable to pay respondent's claim. This is a factual issue.

The Court is not a trier of facts, its jurisdiction being limited to reviewing only errors of law that may have been committed by the lower courts.[6] As a general rule, petitions for review under Rule 45 of the Rules of Civil Procedure filed before this Court may only raise questions of law.[7] However, jurisprudence has recognized several exceptions to this rule.[8]

In this case, the factual findings of the Court of Appeals are contrary to those of the RTC; thus, we find it proper to review the evidence.

It is a basic rule in evidence that each party to a case must prove his own affirmative allegations by the degree of evidence required by law.[9] In civil cases, the party having the burden of proof must establish his case by preponderance of evidence,[10] or that evidence that is of greater weight or is more convincing than that which is in opposition to it. It does not mean absolute truth; rather, it means that the testimony of one side is more believable than that of the other side, and that the probability of truth is on one side than on the other.

We find no merit in the petition.

The RTC dismissed respondent's complaint, as it found that the signature appearing in the credit application form, alleged to be that of petitioner, was significantly different from the signature in the CTC and voter's ID that

petitioner claimed to show her usual and genuine signature. However, the CA found that such conclusion was contrary to the RTC's observation made during the trial, when the latter said that "there seems to be a similarity in strokes because a signature sometimes differs on the size." While the CA's finding on this matter was erroneous, since a reading of the transcript of stenographic notes of the September 9, 1999 hearing, when the alleged observation regarding the similarity in strokes was made by the RTC, shows that the RTC was comparing petitioner's signatures in her voter's ID and her CTC with her signature in the Verification in her Answer. We still affirm the CA's reversal of the RTC decision.

While petitioner denies having any transaction with respondent regarding the sale and delivery to her of respondent's canned goods, a review of the evidence shows otherwise. Records show that respondent submitted a certificate of registration of business name under petitioner's name and with her photo, which was marked as respondent's Exhibit "L." [11] Notably, respondent's formal offer of evidence [12] stated that the purpose of Exhibit "L" was to show that petitioner had submitted such certificate as one of her supporting documents in applying as a distributor of respondent's products, and also for the purpose of contradicting petitioner's allegation that she had no transaction with respondent. [13] In petitioner's Objections/Comment to respondent's offer of evidence, [14] she offered no objection to this exhibit. [15] In fact, in the same Comment, petitioner prayed that the other exhibits be denied admission for the purpose for which they were offered, except Exhibit "L." [16] In effect, petitioner admitted the purpose for which Exhibit "L" was offered, i.e., one of the documents she submitted to respondent to be a distributor of the latter's products. Thus, such admission belies her allegation in her Answer with compulsory counterclaim that she had no transaction with respondent for the purchase of the canned goods, [17] as well as her testimony on direct examination that she did not know respondent. [18]

Although petitioner denies her signature in the credit application form, the entries [19] therein show informations whose veracity even admitted by petitioner. Such entries include the residential address at 132 Zamora Street, Caloocan, which was petitioner's previous residence prior to her transfer to Banaue, Quezon City; [20] and shows Eliseo Dy as authorized signatory of two bank accounts, whom petitioner admitted on cross-examination to be her live-in partner for 23 years. [21] Notable also is the fact that the tax account number appearing in the credit application form was the same tax account number stated in petitioner's CTC, which she presented to reflect her true and usual signature. [22] It was also in the credit application form where the name of Oscar Delumen, with his signature affixed thereto, appears as petitioner's operations manager.

Petitioner claims that there was no evidence showing that she received the canned goods delivered by respondent, as the sales invoices evidencing such delivery were not signed by her. The sales invoices were signed by Delumen, her operations manager. While petitioner denies having received the canned goods and knowing Delumen, respondent presented two witnesses who categorically declared and positively identified petitioner as the person whom they met several times in her store and residence for the purpose of collecting her unpaid obligations with respondent.

George Navarez, respondent's former Credit and Collection Supervisor, testified that petitioner was their former customer who failed to pay the purchases and deliveries covered by five sales invoices; [23] that he knew petitioner since he had met her several times when he was collecting her unpaid obligations; [24] that in one of his visits to petitioner, the latter offered to pay P50,000.00 a month as partial settlement of her total indebtedness with respondent; and that to reduce her debt, petitioner even returned some of the canned goods delivered to her. [25] Navarez, on cross examination, testified that he was the one who personally received the canned goods that petitioner returned, as he was there in the store when the goods were pulled out; [26] that the transaction regarding the returned goods was contained in three credit memos, which served as the bases for the amount deducted from petitioner's debt. [27] On re-direct, he clarified that the amount of P323,697.64 was the amount of the returned

canned goods which was reflected as deductions in the statement of account,[28] and that the statement of account was prepared by a clerk and approved by him.[29]

Manuel Conti Uy, respondent's Regional Sales Manager, testified that he met petitioner several times when he presented to her the five unpaid sales invoices[30] that, in one instance, petitioner, who was with Eliseo Dy who could not speak because of a throat infection, asked him to just pull out the remaining unsold goods for application to her total indebtedness;[31] that he told her that he would still have to ask the approval of their credit and collection department. Uy then came back with Navarez and, in the presence of petitioner, initiated the pull-out of the goods;[32] that after deducting the amount of the returned canned goods, the remaining balance was P463,493.63;[33] and when he made another visit, i.e., a few days after Eliseo's death, he presented to petitioner the statement of account where the amount of the returned goods was deducted, but petitioner still refused to pay.[34]

Notably, petitioner did not even rebut, either in her direct testimony or in rebuttal, the testimonies of Navarez and Uy that they met with her several times, and talked with her regarding the collection of her indebtedness and the pull-out of the canned goods. In fact, in Uy's testimony, he also mentioned Eliseo's death, and that Uy even allowed few days to pass before going to petitioner's place to collect so as to give petitioner time to comfort herself. Eliseo's death sometime in October 1997 was confirmed by petitioner.

We agree with the CA when it said that if indeed petitioner did not transact with respondent, she should not have entertained respondent's collecting officers and should not have offered settlement or returned some of the canned goods.

The testimonies of respondent's witnesses were further bolstered by the absence of any motive on their part to falsely testify against petitioner; thus, their testimonies are hereby accorded full faith and credit.

Petitioner's defense consists of denial. We have held that denial, if unsubstantiated by clear and convincing evidence, is a negative and self-serving evidence that has no weight in law and cannot be given greater evidentiary value over the testimony of credible witnesses who testified on affirmative matters.[35]

We find that respondent has sufficiently established petitioner's liability in the amount of P463,493.63. Such amount must be paid with legal interest from the filing of the complaint on June 25, 1998, until fully paid. As held in the landmark case of *Eastern Shipping Lines, Inc. v. Court of Appeals*,[36] to wit:

1. When the obligation is breached, and it consists in the payment of a sum of money, i.e., a loan or forbearance of money, the interest due should be that which may have been stipulated in writing. Furthermore, the interest due shall itself earn legal interest from the time it is judicially demanded. In the absence of stipulation, the rate of interest shall be 12% per annum to be computed from default, i.e., from judicial or extrajudicial demand under and subject to the provisions of Article 1169 of the Civil Code.

x x x x

3. When the judgment of the court awarding a sum of money becomes final and executory, the rate of legal interest, whether the case falls under paragraph 1 or paragraph 2, above, shall be 12% per annum from such finality until its satisfaction, this interim period being deemed to be by then an equivalent to a forbearance of credit.

WHEREFORE, the decision dated September 16, 2004 of the Court of Appeals in CA-G.R. CV No. 67975 is hereby **AFFIRMED**.

SO ORDERED.

DIOSDADO M. PERALTA

Associate Justice

WE CONCUR:

Corona, (Chairperson), Velasco, Jr., Nachura, and Mendoza, JJ., concur.

[1] Penned by Justice Eliezer R. delos Santos with Justices Delilah Vidallon-Magtolis and Arturo D. Brion (now an Associate Justice of the Supreme Court), concurring, rollo, pp. 47-53.

[2] Records, pp. 216-224; per Judge Florito S. Macalino.

[3] Rollo, pp. 48-49.

[4] Records, p. 224.

[5] Rollo, p. 53.

[6] Bank of the Philippine Islands v. Reyes, G.R. No. 157177, February 11, 2008, 544 SCRA 206, 215.

[7] Triumph International (Philippines), Inc v. Apostol, June 16, 2009.

[8] Id citing Almendrala v. Ngo, G.R. No. 142408, 30 September 2005, 471 SCRA 311.

Several instances when this Court may review findings of fact of the Court of Appeals on appeal by certiorari, to wit: (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 misapprehension of facts; (5) when the findings of fact 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 that of the trial court; (8) when the findings are 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.

[9] Bank of the Philippine Islands, supra, at 216 citing Revised Rules of Court, Rule 131, Sec. 1.

[10] Id. citing Revised Rules on Evidence, Rule 133, Sec. 1.

[11] Records, p. 156.

[12] Id. at 143.

[13] Id. at 144.

[14] Id. at 157-159.

[15] Id. at 158.

[16] Id. at 159.

[17] Id. at 10.

[18] TSN, September 9, 1999, p. 3.

[19] Records, p.150, Exhibit "F."

[20] Id. at 13.

[21] Id. at 23.

[22] Records, p. 179, Exhibit "3."

[23] TSN, May 27, 1999, pp 6-8.

[24] Id. at 15-16.

[25] Id. at 16.

[26] Id. at 27.

[27] Id. at 29.

[28] Id. at 30.

[29] Id. at 31.

[30] TSN, June 22, 1999, pp. 18-20

[31] Id. at 23.

[32] Id. at 24..

[33]Id. at 25.

[34] Id. at 26.

[35] See Santos, Jr. v. NLRC, G.R. No. 115795, March 6, 1998, 287 SCRA 117, 126, citing Abadilla v. Tabilaran, Jr., A.M. No. MTJ-92-16, October 25, 1995 249 SCRA 447; Caca v. Court of Appeals, G.R. No. 116962, July 7, 1997, 275 SCRA 123, 126.

[36] G.R. No. 97412, July 12, 1994, 234 SCRA 78, 95.

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