

KLT FRUITS, INC., JOSEPH LAO TIAK BEN, MICHAEL LAO TIAN BEN, ARLENE LAO AND ROGELIO BUAN, PETITIONERS, VS. WSR FRUITS, INC. AND REGIONAL TRIAL COURT OF MANILA, BRANCH 20, RESPON...*G.R. No. 174219. November 23, 2007*

Ponente: CHICO-NAZARIO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-174219/>**CHICO-NAZARIO, J.:**

This is a Petition for Review on Certiorari under Rule 45 of the Revised Rules of Civil Procedure assailing the: (1) Decision[1] of the Court of Appeals in CA-G.R. SP No. 82487, dated 28 April 2006 denying the Petition of the herein petitioners, and affirming the Order[2] of the Regional Trial Court (RTC) of Manila, Branch 20, dated 7 November 2003 in Civil Case No. 99-92683; and (2) Resolution[3] of the Court of Appeals dated 18 August 2006 denying petitioners' Motion for Reconsideration.

As narrated by the Court of Appeals, the factual background which gave rise to this petition started on 10 February 1999 when private respondent WSR Fruits, Inc. (WSR) filed before the RTC a Complaint for Sum of Money with Writ of Preliminary Attachment[4] against petitioners KLT Fruits, Inc. (KLT), Joseph Lao Tiak Ben, Michael Lao Tian Ben, Roger Buan, Arlene Lao, Leopoldo J. Gonzales, and Leida A. Gonzales before the RTC of Manila (Branch 20).[5] In its Complaint, WSR alleged that it is engaged in the business of fruit dealing wholesale or retail, fresh and preserved - and in food processing; while KLT is engaged in the business of purchasing and processing various fruits. Since 1988, WSR had been supplying KLT with fresh mangoes and other fruits, processed or preserved fruits and finished fruit products; and doing business with KLT through its authorized employee, Leopoldo Gonzales, the purchasing manager, and his spouse Leida Gonzales, the cash manager.

In 1997, KLT incurred a cash flow problem, forcing it to enter into a check rediscounting transaction with WSR, so that it could pay off its other fruit suppliers. The check rediscounting was carried out by the issuance of postdated checks by KLT in exchange for cash from WSR in amounts less than those stated in the checks, with the difference representing the profit earned by WSR from the arrangement. These transactions were all made and facilitated by Leopoldo and Leida Gonzales, as KLT purchasing officer and cash manager, respectively. WSR agreed to enter into the check rediscounting transaction with KLT because the latter had been its customer since 1988, and upon the guarantee and assurance of KLT officers (the other petitioners herein) and Leopoldo and Leida Gonzales that all the checks issued were in order and shall be funded when due. The check rediscounting proceeded smoothly with KLT making good on all their checks to WSR until 1998.

On various occasions in the latter part of 1998, KLT issued in favor of WSR, several postdated checks[6] in exchange for cash, under their check rediscounting arrangement, in the total amount of P3,685,766.00.[7]

However, when the said checks were deposited at the bank as they fell due, they were dishonored for the reason "Account Closed/Stop Payment." Several of the checks were replaced by KLT with other postdated checks but the latter were also dishonored upon presentment for payment for the reason "Stop Payment/DAUD." Despite

several oral and written demands[8] by WSR upon the KLT for the payment of the latter's obligations for unpaid fruit purchases and for the dishonored checks, KLT refused. This led to the filing by the WSR of the Complaint before the RTC, where it prayed:

WHEREFORE, it is respectfully prayed of this Honorable Court that pending the hearing of the case, a Writ of Preliminary Attachment be issued against the properties of the defendants to secure the satisfaction of any judgment that may be recovered therein.

It is further prayed that after due hearing on the principal cause of action, judgment be rendered ordering all the defendants, jointly and severally, to pay plaintiff the following:

- FOR THE REDISCOUNTING TRANSACTION:

The amount of THREE MILLION NINE HUNDRED FOURTEEN THOUSAND AND NINE HUNDRED THIRTY-FOUR PESOS AND SEVENTY CENTAVOS (P3,914,934.70), Philippine Currency, representing the total obligation due and owing with interest, thereon at 5% per month from the date of filing of the complaint until the whole obligation is fully paid and satisfied;

- FOR THE PURCHASES:

The amount of NINETY-FIVE THOUSAND FOUR HUNDRED PESOS AND SIX CENTAVOS (P95,400.06), Philippine Currency, representing the total obligation due and owing with interest, thereon at 18% per annum from the date of filing of the complaint until the whole obligation is fully paid and satisfied;

- The sum representing twenty-five percent (25%) of the total amount involved as attorney's fees plus P3,500 per court appearance; and

- Cost of suit.

Plaintiff further prays for such relief deemed just and equitable under the premises.[9]

WSR likewise sought to collect on unpaid purchases of bananas by KLT amounting to P90,830.00.

KLT proceeded to file an Answer with cross-claim and counterclaim.[10]

Issues having been joined, a full-blown trial on the merits ensued, with the parties presenting rebuttal and sur-rebuttal evidence. Consequently, on 26 May 2003, the RTC rendered a Decision, copy of which was received by KLT on 10 July 2003, ruling in favor of the WSR, in this wise:

Premised on the foregoing consideration, the Court finds for the plaintiff and hereby renders its judgment ordering defendants KLT Corporation, Michael Lao Tian Ben and Leopoldo Gonzales jointly and severally

- To pay P3,685,766 to the plaintiff WSR Fruits, Inc. with legal interest;

- To pay plaintiff WSR Fruits, Inc. the amount of P90,830 for the bananas delivered on October 20 & 21, 1998 with legal interest;

- To pay a sum equivalent to 25% of the total amount due and payable as attorney's fees;

- To pay costs.

For insufficient evidence, the case against defendants Arlene Lao, Joseph Lao Tiak Ben, Roger Buan and Leida Gonzales is ordered dismissed.

Defendants['] counter-claim is dismissed.[11]

On 23 July 2003, KLT filed a Motion for Reconsideration of the above-quoted RTC Decision but the same was

denied for lack of merit on 25 September 2003. KLT received a copy of the Order denying its Motion for Reconsideration on 13 October 2003.

On 13 October 2003, KLT filed with the RTC a Notice of Appeal[12] of its Decision but without paying the appropriate docket fees. Thereupon, WSR filed on 24 October 2003 a Motion to Dismiss Appeal[13] on the grounds that, first, the notice of appeal filed by KLT failed to comply with the formal and substantial requirements imposed by Rule 41, Section 5 of the Revised Rules of Civil Procedure governing appeals from regional trial courts;[14] and second, there was no proof of payment of docket and other lawful fees. An Opposition to the Motion to Dismiss Appeal[15] was then filed by KLT on 28 October 2003, attaching thereto a "Corrected Notice of Appeal,"[16] but still without any payment of the required docket fees.

On 7 November 2003, the RTC issued the Order,[17] a copy of which was received by KLT on 14 November 2003, refusing to give due course to their appeal. The pertinent portions of the said Order reads:

Section 4, Rule 41 of the Rules mandates that within the period to appeal, the appellant shall pay to the Clerk of the Court that rendered the judgment x x x the full amount of the appellate court docket and other lawful fees.

Section 13 of the same Rule provides that the trial court may *motu proprio* dismiss the appeal for non-payment of the docket fees and other lawful fees within the reglementary period.

The record of the case shows that defendants have not paid the docket fees and other lawful fees, to date.

KLT subsequently paid the docket fees only on 17 November 2003.

On 20 November 2003, KLT filed an Urgent Motion for Reconsideration[18] of the Order of the court *a quo*, dated 7 November 2003. WSR filed its Opposition[19] thereto, while KLT interposed a Reply. On 26 January 2004, the RTC denied the Urgent Motion for Reconsideration based on the following *ratiocination*:

This resolves the defendant's Urgent Motion for Reconsideration.

The record of the case show (sic) that on November 17, 2003 defendants through counsel filed the necessary docket fees with receipt numbers 18832287, 18827082 and 0101710 to the Office of the Clerk of Court Regional Trial Court, Manila.

It is the rule and the jurisprudence that within the period of appeal, the appellant shall pay the amount of the court docket and other fees.

The right to appeal is a procedural remedy of statutory origin and, as such, may be exercised only in the manner prescribed by the provisions of law authorizing its exercise. (*Oro vs. Diaz*, 361 SCRA 108)

The payment of docket fees within the prescribed period is mandatory for the perfection of appeal. Without such payment, the appellate court does not acquire jurisdiction of the action and the decision sought to be appealed from becomes final and executory. (*Manalili vs. de Leon*, 370 SCRA 625)

WHEREFORE, defendants' Motion for Reconsideration is hereby DENIED for being unmeritorious.[20]

From the RTC, KLT filed before the Court of Appeals a Petition for Certiorari under Rule 65 of the Revised Rules of Civil Procedure.[21] The Court of Appeals denied the Petition in its Decision dated 28 April 2006.[22]

In refusing to cater to KLT's arguments regarding the liberal interpretation of the rules of procedure, the appellate court underscored that KLT failed to show any justifiable, persuasive or weighty reasons to rationalize a relaxation of the rule. The appellate court noted that in KLT's Urgent Motion for Reconsideration dated 20 November 2003, KLT's counsel, Atty. Vicente Posadas, admitted that he committed an "honest, innocent

oversight or omission” when he was unable to cause the payment of the appeal docket fees when he filed the notice of appeal. The oversight was allegedly due to the recent chronic illness plaguing counsel who was the only full-time lawyer in the law office which he shared with his brother. KLT’s counsel even attached a duly notarized medical certificate to support his claim. He alleged that he failed to notice the non-payment of the docket fees when he filed their “Opposition to Motion to Dismiss Appeal,” as he was already sick, resting at home; and that the said pleading was only filed through the assistance of an outside junior lawyer, who occasionally assisted him in times of indisposition. The Court of Appeals determined that by admitting his “oversight or omission,” KLT’s counsel effectively admitted to being grossly negligent. Negligence, to be deemed “excusable,” must be one which ordinary diligence and prudence could not have guarded against.[23] The omission herein could hardly be characterized as excusable. Despite his alleged illness or indisposition, the Court of Appeals explicitly declared that Atty. Posadas should have exercised greater prudence and diligence in ensuring that the appeal docket and other legal fees were paid as soon as he filed the notice of appeal.[24]

KLT’s Motion for Reconsideration was denied by the Court of Appeals in a Resolution dated 18 August 2006. KLT is now before this Court on an issue that is not novel, i.e., whether the non-payment of appeal docket fees within the reglementary period will mean automatic dismissal of appeal.[25]

Rule 41, Section 4 of the Revised Rules of Civil Procedure, states:

Rule 41. Appeal from the Regional Trial Court:

SEC. 4. Appellate court docket and other lawful fees. – Within the period for taking an appeal, the appellant shall pay to the clerk of court which rendered the judgment or final order appealed from, the full amount of the appellate court docket and other lawful fees. Proof of payment of said fees shall be transmitted to the appellate court together with the original record or the record on appeal. (Emphasis supplied.)

x x x x

SEC. 9. Perfection of appeal; effect thereof. – A party’s appeal by notice of appeal is deemed perfected as to him upon the filing of the notice of appeal in due time.

A party’s appeal by record on appeal is deemed perfected as to him with respect to the subject matter thereof upon the approval of the record on appeal filed in due time.

In appeals by notice of appeal, the court loses jurisdiction over the case upon the perfection of the appeals filed in due time and the expiration of the time to appeal of the other parties.

In appeals by record on appeal, the court loses jurisdiction only over the subject matter thereof upon the approval of the records on appeal filed in due time and the expiration of the time to appeal of the other parties.

In either case, prior to the transmittal of the original record or the record on appeal, the court may issue orders for the protection and preservation of the rights of the parties which do not involve any matter litigated by the appeal, approve compromises, permit appeals of indigent litigants, order execution pending appeal in accordance with Section 2 of Rule 39, and allow withdrawal of the appeal.

The failure of the appellant to pay the docket fees is a ground for the dismissal of the appeal under Rule 50, Section 1(c) of the Revised Rules of Civil Procedure which explicitly states that:

Rule 50. Dismissal of Appeal.

Section 1. Grounds for dismissal of appeal. – An appeal may be dismissed by the Court of Appeals, on its own motion or on that of the appellee, on the following grounds:

x x x x

(c) Failure of the appellant to pay the docket and other lawful fees as provided in section 5 of Rule 40 and section 4 of Rule 41.

From the foregoing, it can be gleaned that the payment of docket fees within the prescribed period is mandatory for the perfection of an appeal. This is so because a court acquires jurisdiction over the subject matter of the action only upon the payment of the correct amount of docket fees regardless of the actual date of filing of the case in court.

Villena v. Rupisan[26] pronounced the current jurisprudence on the matter, to wit:

In the case of *Gegare v. Court of Appeals* [358 Phil. 228 (1998)], this Court upheld the appellate court's dismissal of an appeal for failure of petitioner to pay the docket fees within the reglementary period despite a notice from the Court of Appeals informing him that such fees had to be paid within 15 days from receipt of such notice. Denying petitioner's plea for judicial leniency, we held that –

“Also without merit, in our view, is petitioner's plea for a liberal treatment by the said court, rather than a strict adherence to the technical rules, in order to promote substantial justice. For it has consistently held that payment in full of docket fees within the prescribed period is mandatory. As this Court has firmly declared in *Rodillas v. Commission on Elections* [245 SCRA 702 (1995)], such payment is an essential requirement before the court could acquire jurisdiction over a case:

The payment of the full amount of the docket fee is an indispensable step for the perfection of an appeal (*Dorego v. Perez*, 22 SCRA 8 [1968]; *Bello v. Fernandez*, 4 SCRA 135 [1962]). In both original and appellate cases, the court acquires jurisdiction over the case only upon the payment of the prescribed docket fees as held in *Acda v. Minister of Labor*, 119 SCRA 306 (1982). The requirement of an appeal fee is by no means a mere technicality of law or procedure. It is an essential requirement without which the decision appealed from would become final and executory as if no appeal was filed at all. The right to appeal is merely a statutory privilege and may be exercised only in the manner prescribed by, and in accordance with, the provision of the law.”

In *Lazaro v. Court of Appeals* [386 Phil. 412 (2000)], decided 6 April 2000, the private respondents therein failed to pay the docket fees within the reglementary period. They paid the fees only after the Court of Appeals had dismissed the appeal, that is, six months after the filing of the Notice of Appeal. The Court of Appeals reinstated the appeal “in the interest of substantial justice” without other justification. This Court, through then Chief Justice Artemio V. Panganiban, though not persuaded, recognized that there are exceptions to the stringent requirements of the law on payment of the docket fees, thus:

We must stress that the bare invocation of “the interest of substantial justice” is not a magic wand that will automatically compel this Court to suspend procedural rules. “Procedural rules are not to be belittled or dismissed simply because their non-observance may have resulted in prejudice to a party's substantive rights. Like all rules, they are required to be followed except only for the most persuasive of reasons when they may be relaxed to relieve a litigant of an injustice not commensurate with the degree of this thoughtlessness in not complying with the procedure prescribed.”

Sure enough, the foregoing jurisprudence truly blazed the trails for a liberal application of the strict interpretation of the law.

In *Mactan Cebu International Airport Authority v. Mangubat*, [371 Phil. 393 (1999)], the payment of the docket fees was delayed by six days, but the late payment was accepted because the party showed willingness to abide by the Rules by immediately paying those fees. The Court also took note of the importance of the issues in this case involving as it does the entitlement or not of the respondents to properties involved.

Of similar import is the ruling of the court in the case of *Ginete v. Court of Appeals* [357 Phil. 36 (1998)], where

we held that aside from matters of life, liberty, honor or property which would warrant the suspension of the rules of the most mandatory character and an examination and review by the appellate court of the lower court's findings of fact, the other elements that should be considered are the following: (1) the existence of special or compelling circumstances; (2) the merits of the case; (3) a cause not entirely attributable to the fault or negligence of the party favored by the suspension of the rules; (4) a lack of any showing that the review sought is merely frivolous and dilatory, and (5) the other party will not be unjustly prejudiced thereby.

Yambao v. Court of Appeals [399 Phil. 712 (2000)], saw us again relaxing the Rules when we declared therein that "the appellate court may extend the time for the payment of the docket fees if appellant is able to show that there is a justifiable reason for the failure to pay the correct amount of docket fees within the prescribed period, like fraud, accident, mistake, excusable negligence, or a similar supervening casualty, without fault on the part of the appellant.

In *Go v. Tong* [G.R. No. 151942, 27 November 2003, 416 SCRA 557, 567], reiterated in *Heirs of Bertuldo Hinog v. Melicor* [G.R. No. 140954, 12 April 2005, 455 SCRA 460, 475], it was held that while the payment of the prescribed docket fee is a jurisdictional requirement, even its nonpayment at the time of filing does not automatically cause the dismissal of the case, as long as the fee is paid within the applicable prescriptive or reglementary period; more so when the party involved demonstrates a willingness to abide by the rules prescribing such payment.

In *Planters Products, Inc. v. Fertilphil Corporation* [G.R. No. 156278, 29 March 2004, 426 SCRA 414, 420], the Court stated that failure to pay the appellate docket fee does not automatically result in the dismissal of an appeal, dismissal being discretionary on the part of the appellate court. And in determining whether or not to dismiss an appeal on such ground, courts have always been guided by the peculiar legal and equitable circumstances attendant to each case.

In *Camposagrado v. Camposagrado* [G.R. No. 143195, 13 September 2005, 469 SCRA 602, 608], the case involved a deficiency in the payment of docket fees in the amount of Five Pesos (P5.00). This Court called for the liberal interpretation of the rules and gave due course to the appeal. In brief, the Court said that the failure to pay the appellate docket fee does not automatically result in the dismissal of the appeal, dismissal being discretionary on the part of the appellate court. A party's failure to pay the appellate docket fee within the reglementary period confers only a discretionary and not a mandatory power to dismiss the proposed appeal. Such discretionary power should be used in the exercise of the court's sound judgment in accordance with the tenets of justice and fair play with great deal of circumspection, considering all attendant circumstances and must be exercised wisely and ever prudently, never capriciously, with a view to substantial justice.

In the subsequent case of *Far Corporation v. Magdaluyo* [G.R. No. 148739, 19 November 2004, 443 SCRA 218], this Court, while reiterating that the payment of docket and other legal fees within the prescribed period is both mandatory and jurisdictional, in the same vein, recognized that the existence of persuasive and weighty reasons call for a relaxation of the rules.

In *La Salette College v. Pilotin* [463 Phil. 785 (2003)], notwithstanding the mandatory nature of the requirement of payment of appellate docket fees, we also recognized that its strict application is qualified by the following: first, failure to pay those fees within the reglementary period allows only discretionary, not automatic, dismissal; second, such power should be used by the court in conjunction with its exercise of sound discretion in accordance with the tenets of justice and fair play, as well as with a great deal of circumspection in consideration of all attendant circumstances.

In all, what emerges from all of the above is that the rules of procedure in the matter of paying the docket fees

must be followed. However, there are exceptions to the stringent requirement as to call for a relaxation of the application of the rules, such as: (1) most persuasive and weighty reasons; (2) to relieve a litigant from an injustice not commensurate with his failure to comply with the prescribed procedure; (3) good faith of the defaulting party by immediately paying within a reasonable time from the time of the default; (4) the existence of special or compelling circumstances; (5) the merits of the case; (6) a cause not entirely attributable to the fault or negligence of the party favored by the suspension of the rules; (7) a lack of any showing that the review sought is merely frivolous and dilatory; (8) the other party will not be unjustly prejudiced thereby; (9) fraud, accident, mistake or excusable negligence without appellant's fault; (10) peculiar legal and equitable circumstances attendant to each case; (11) in the name of substantial justice and fair play; (12) importance of the issues involved; and (13) exercise of sound discretion by the judge guided by all the attendant circumstances. Concomitant to a liberal interpretation of the rules of procedure should be an effort on the part of the party invoking liberality to adequately explain his failure to abide by the rules. Anyone seeking exemption from the application of the Rule has the burden of proving that exceptionally meritorious instances exist which warrant such departure.

It bears stressing that while we have laid down the rule on the discretionary interpretation of the rules on the perfection of an appeal or the payment of docket fees, we have also in some cases refused to give due course to an appeal for failure to pay docket fees. Thus, in *Tamayo v. Tamayo, Jr.*,^[27] petitioners therein failed to pay the docket fees on the ground that they were not advised by the trial court and the Court of Appeals as to when to pay the same. In affirming the dismissal of therein petitioners' appeal, this Court reiterated the rule that anyone seeking exemption from the application of the mandatory nature of the payment of docket fees has the burden of proving that exceptionally meritorious instances exist which warrant a departure from the requirement of the law. Of the same tenor is our ruling in *Enriquez v. Enriquez*,^[28] in which we repeated that concomitant to the liberal interpretation of the rules of procedure should be an effort on the part of the party invoking liberality to adequately explain his failure to abide by the rules.^[29]

Guided by the foregoing jurisprudential pronouncements, we shall now address the issue of whether the petition may be granted, and whether the appeal of KLT may be allowed despite the late payment of docket fees. The antecedents that led to the non-payment of docket fees are not disputed.

As borne out by the "Corrected Notice of Appeal" filed by KLT, it received a copy of the RTC Decision dated 26 May 2003, on 10 July 2003. Thus, they had until 25 July 2003 within which to file an appeal therefrom. The 15-day period was interrupted when KLT filed a Motion for Reconsideration on 23 July 2003. The RTC Order denying their Motion for Reconsideration was received by KLT on 13 October 2003. KLT, therefore, had until 15 October 2003 within which to perfect an appeal in accordance with the rules by filing a Notice of Appeal and paying the appropriate appeal court docket and other legal fees.

KLT did file a Notice of Appeal on 13 October 2003, well within the period to appeal, but said notice was defective, for it was filed without payment of the corresponding docket and other fees. At that point, KLT failed to perfect its appeal.

KLT attempted to correct the defect in its Notice of Appeal by filing an Opposition to the Motion to Dismiss Appeal on 28 October 2003, attaching thereto a "Corrected Notice of Appeal," but still without any payment of the required appeal docket fees. KLT paid the docket fees only on 17 November 2003, or more than 30 days after the period to appeal had expired on 15 October 2003. The situation was further aggravated when KLT paid the docket fees only after it had received on 14 November 2003 a copy of the RTC Order dated 7 November 2003, dismissing its appeal, precisely on the ground that the docket and other lawful fees had not been paid.

In seeking exemption from the mandatory application of the rule, the reason advanced by KLT's counsel was that

he was ill at the time the Notice of Appeal was filed, to wit.

- Undersigned counsel admits the honest, innocent oversight or omission he had committed when he was unable to cause the payment of the appeal docket fees with the Clerk of Court of the Regional Trial Court of Manila, when he caused the filing of the notice of appeal. The principal reason for the oversight was that said counsel was already getting frequently sick and staying at home in the month of October and in fact had to visit his physician in the Medical City Medical Center in Mandaluyong City, Dra. Ma. Theresa Chua-Agcaoili, as he had not been feeling well since September due to upper respiratory problems with beginning pneumonia and had been strongly advised to go on leave from active daily law practice for 21 to 30 days. Enclosed herein is said physician's duly notarized Medical Certificate marked as Annex "1."

- The abovementioned facts and circumstances clearly show that the required appeal docket fee was inadvertently not paid by reason of the recent chronic illness plaguing undersigned counsel who is the only full-time lawyer in his and his brother's law firm. The Opposition to Motion to Dismiss Appeal glossed over the said requirement of Sec. 4, Rule 41 of the Rules as undersigned counsel was already sick and resting at home and said pleading was rushed by an outside junior lawyer who occasionally assisted undersigned counsel in times of illness or indisposition. After being informed by phone of the Honorable Court's Order of November 7, 2003, undersigned counsel immediately instructed that appeal docket fee be paid to RTC of Manila Clerk of Court. Attached herewith as Annex "2" is the original copy of the receipt."^[30]

From the foregoing, we are tasked to determine whether the above justification constitutes adequate excuse to call for a relaxation of the Rules of Civil Procedure regarding the mandatory payment of docket fees. We answer this in the negative. In exceptional circumstances, we allowed a liberal application of the rule.^[31] However, in those exceptional circumstances, the payments of the required docket fees were delayed for only a few days,^[32] so much unlike this case in which the delay was for more than thirty days; and, at worse, counsel had several opportunities to rectify said faux pas, yet failed to do so. We are, thus, reminded of *Guevarra v. Court of Appeals*,^[33] in which the payment of docket fees was made 41 days after notice of the questioned Decision; and the excuse of "inadvertence, oversight, and pressure of work was disregarded as too flimsy, an old hat, a hackneyed pretext. Such has never been given the badge of excusability by the Court.

As to the existence of a meritorious defense which warrants a further hearing of the case, KLT insist that the checks in question were forged^[34] or stolen from the vault of KLT by Leopoldo Gonzales, and that Gonzales admitted that he was the author of the forgery and theft. The forgery and theft of the checks in question will prevent WSR from recovering from KLT the value of the said checks. It bears stressing, though, that the RTC did not give due credence to the claim of forgery by KLT that would insulate it from liability for the amount of the checks. All told, the instant case underwent a full-blown trial, in which both parties presented evidence including rebuttal and sur-rebuttal evidence. Where a party was given the opportunity to defend its interest in due course, it cannot be said to have been denied due process of law, for this opportunity to be heard is the very essence of due process.^[35] It must be emphasized that KLT was adequately heard, and that all issues were ventilated before the Decision was promulgated. All the necessary pleadings were filed by KLT's counsel to protect its interests when the case was still before the RTC. KLT was not deprived of its day in court.^[36] No denial of due process was shown. Verily, KLT was afforded adequate and full opportunity to ventilate its case in the proceedings below.

WHEREFORE, premises considered, the Petition is DENIED for lack of merit. The Decision of the Court of Appeals dated 28 April 2006 and its Resolution dated 18 August 2006 in CA-G.R. SP No. 82487 are Affirmed. Costs against petitioners.

SO ORDERED.

Ynares-Santiago, (Chairperson), Austria-Martinez, Nachura, and Reyes, JJ., concur.

[1] Penned by Associate Justice Edgardo F. Sundiam with Associate Justices Martin S. Villarama, Jr., and Japar B. Dimaampao, concurring; rollo, p. 46

[2] Penned by Presiding Judge Marivic Balisi Umali, rollo, p. 109.

[3] Rollo, p. 48.

[4] Id. at 50.

[5] The petitioners occupy positions in KLT as follows:

a) Joseph Lao Tiak Ben

- President

b) Michael Lao Tian Ben

- Executive Vice-President

c) Roger Buan

- Vice-President

d) Arlene Lao

- Assistant Vice-President

e) Leopoldo J. Gonzales

- Purchasing Manager

f) Leida A. Gonzales

- Cash Manager (CA rollo, p. 20)

[6]

PCIB Check No. Amount Date For payment to

(Name of Supplier)

Annex A 0000263661 P186,220.00 17 Nov 1998 Moreno de Villa

Annex B 0000263649 P235,720.00 20 Nov 1998 Moreno de Villa

Annex C 0000263659 P322,990.00 25 Nov 1998 Moreno de Villa

Annex D 0000263673 P238,290.00 27 Nov 1998 Moreno de Villa

Annex E 0000263682 P108,220.00 29 Nov 1998 Moreno de Villa

Annex F 0000263677 P148,119.00 06 Dec 1998 Moreno de Villa

Annex G 0000263681 P211,970.00 09 Dec 1998 Moreno de Villa

Annex H 0000263687 P 89,140.00 09 Dec 1998 Norma Atlas
Annex I 0000263685 P 66,440.00 10 Dec 1998 Norma Atlas
Annex J 0000263678 P106,213.00 10 Dec 1998 Nando Cosico
Annex K 0000263684 P174,190.00 11 Dec 1998 Moreno de Villa
Annex L 0000263674 P197,216.00 11 Dec 1998 Moreno de Villa
Annex M 0000263693 P198,220.00 11 Dec 1998 Moreno de Villa
Annex N 0000263696 P198,386.00 14 Dec 1998 Moreno de Villa
Annex O 0000263688 P 67,931.00 16 Dec 1998 Norma Atlas
Annex P 0000263676 P146,390.00 16 Dec 1998 Nardo Cosico
Annex Q 0000263675 P98,472.00 16 Dec 1998 Norma Atlas

UCPB CHECKS NUMBERS

Annex R 00005439824 P44,910.00 17 Dec 1998 Norma Atlas
Annex S 00005439832 P188,995.00 18 Dec 1998 Moreno de Villa
Annex T 00005439823 P 86,330.00 21 Dec 1998 Moreno de Villa
Annex U 00005439822 P172,390.00 22 Dec 1998 Moreno de Villa
Annex V 00005439885 P113,631.00 29 Dec 1998
Annex W 00005439893 P156,265.00 06 Jan 1999
Annex X 00005439886 P129,118.00 16 Jan 1999
TOTAL P3,685,766.00 (Rollo, p. 52)

[7] Id. at 57-63.

[8] Id. at 64.

[9] Id. at 55.

[10] Id. at 75.

[11] Id. at 99.

[12] KLT's Notice of Appeal reads:

NOTICE OF APPEAL

COME NOW DEFENDANTS, by undersigned counsel, hereby file their Notice of Appeal from the judgment of this Honorable Court in the above-entitled case dated 26 May 2003 to which they filed a Motion for Reconsideration which was subsequently denied by the Honorable Court on 25 September 2003, copy of which was received by counsel on October 13, 2003.

Makati City for Manila, 13 October 2003

(SGD) VICENTE R. POSADAS (Id. at 100)

[13] WSR's Motion to Dismiss Appeal states:

- Specifically, the Notice of Appeal is not sufficient in form and substance for the following reasons:

- It does not specify the court to which the appeal is being taken.

- It does not state the material dates showing the timeliness of the appeal:

b.1 Date of receipt of the copy of the judgment or final order appealed from.

b.2 Date when the Motion for Reconsideration was filed and that it was filed within the fifteen-day reglementary period to file Notice of Appeal.

b.3 Statement that the Notice of Appeal is filed within the remainder/balance of the original fifteen-day period of perfecting an appeal from the trial court.

- It does not state and indicate the proof of payment of docket and other lawful fees. (Id. at 103)

[14] SEC. 5. Notice of Appeal. – The notice of appeal shall indicate the parties to the appeal, specify the judgment or final order or part thereof appealed from, specify the court to which the appeal is being taken, and state the material dates showing the timeliness of the appeal.

[15] Rollo, p. 106.

[16] Id. at 101.

[17] Id. at 109.

[18] Id. at 110.

[19] Id. at 115.

[20] Id. at 124.

[21] Certiorari, Prohibition and Mandamus.

[22] Rollo, p. 32.

[23] *Insular Life Savings and Trust Company v. Runes, Jr.*, G.R. No. 152530, 12 August 2004, 436 SCRA 317, 325.

[24] CA rollo, pp. 185-186.

[25] Rollo, p. 199.

[26] G.R. No. 167620, 3 April 2007, 520 SCRA 346, 363-368.

[27] G.R. No. 148482, 12 August 2005, 466 SCRA 618, 622-623.

[28] G.R. No. 139303, 25 August 2005, 468 SCRA 77, 86.

[29] Id.

[30] Rollo, p. 228.

[31] *Villena v. Rupisan*, supra note 26.

[32] *Mactan Cebu International Airport Authority v. Mangubat*, 371 Phil. 393 (1999); *Villena v. Rupisan*, id.

[33] G.R. No. L-43714, 15 January 1988, 157 SCRA 32, 37.

[34] Rollo, p. 24.

[35] Legarda v. Court of Appeals, 345 Phil. 890, 905 (1997).

[36] Saint Louis University v. Cordero, G.R. No. 144118, 21 July 2004, 434 SCRA 575, 585.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.