

HARRIS SY CHUA, PETITIONER, VS. HON. COURT OF APPEALS AND STATE FINANCING CENTER, INC., RESPONDENTS.

G.R. No. 88383. February 19, 1992

Ponente: MEDIALDEA, J.

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MEDIALDEA, J.:

This is a petition for review on certiorari of the decision of the respondent appellate court in CA G.R. No. CV-08546, entitled "State Financing Center, Inc. v. AsiaPhil Timber Corporation, et al.," promulgated on February 22, 1989 reversing the judgment of the trial court which dismissed the complaint for sum of money against petitioner.

The antecedent facts of this case are as follows:

On September 1, 1983, respondent State Financing Center, Inc. (State Inc. for brevity) filed a complaint for sum of money with the Regional Trial Court of Manila against AsiaPhil Timber Corporation, Johnny Sy Ping Sing, Delfin S. Lee, Philip Escolin, Lee Chi Uan and petitioner Harris Sy Chua based upon documents attached to the complaint. These documents are the following: 1) Term Loan Agreement 2) Promissory note 3) Comprehensive Surety Agreement dated January 25 and June 19, 1979 4) Demand letters and 5) Statement of outstanding past due account as of August 15, 1983.

On November 24, 1983, the trial court issued an order upon motion of the respondent State Inc. as plaintiff in the case, declaring in default all the defendants including petitioner Harris Sy Chua.

On December 12, 1983, petitioner Chua filed a motion for extension of time within which to file his responsive pleading to the complaint, which the trial court granted.

On December 21, 1983, petitioner filed his answer to the complaint with a counterclaim against private respondent and cross-claim against his co-defendant Asiaphil Timber Corporation.

On December 23, 1983, respondent State Inc. filed a reply to petitioner Chua's answer and an answer to the latter's counterclaim.

On February 2, 1984, after respondent State Inc. had presented its evidence *ex parte* against all the defendants including petitioner, the trial court issued an order declaring that with the admission of the evidence adduced by respondent, the case against all the defendants is considered submitted for decision.

On February 23, 1984, petitioner Chua filed an omnibus motion praying that the order declaring him in default as well as the *ex parte* proceeding insofar as he is concerned be set aside on the ground that he filed his answer within the extended period of time granted by the court.

On March 23, 1984, the trial court, upon petitioner's motion issued an order reconsidering and setting aside both its order of November 24, 1983 which declared him in default and the *ex parte* proceeding against him.

On May 4, 1984, the trial court set the case for pre-trial on June 1, 1984. The pre-trial order issued by the court on the said date reads as follows:

"Upon agreement, and as there is no other matters that could be agreed upon aside from those admitted in the pleadings and the personal circumstances, the above-entitled case is hereby removed from the pre-trial calendar and set for trial on the merits on July 20, 1984 at 9:00 o'clock A.M." (p. 77 Records)

On July 20, 1984, upon motion of respondent State Inc., with the petitioner's conformity, the hearing was reset to another date.

On September 13, 1984, the hearing was again postponed because the witness for the plaintiff was not available.

On November 27, 1984, respondent State Inc. filed a formal offer of exhibits in writing, attaching thereto the documents enumerated therein. Petitioner filed a written opposition thereto alleging that the documents offered in evidence have not been properly presented and identified by any witness during any proceeding before the trial court and considering that the ex parte presentation of evidence against him had already been set aside, there is no more document or testimony that could be taken into account against him.

On March 6, 1985, for failure of petitioner Chua to appear for the presentation of his evidence, the trial court issued an order considering petitioner as having waived his right to present evidence. Thus, the case was deemed submitted for decision based on the evidence on record.

On June 3, 1985, the trial court rendered judgment holding four of the defendants liable to pay respondent State Inc. but dismissing the complaint against petitioner Chua. The dispositive portion of the trial court's decision states:

"PREMISES CONSIDERED, judgment is hereby rendered in favor of the plaintiff and against the defendants Asiaphil Timber Corporation, Johnny Sy Ping Sing, Delfin S. Lee and Lee Chi Uan as follows:

"1. Ordering said defendants, jointly and severally, to pay plaintiff the principal amount of P722,000.00 plus 21% interest thereon per annum and 1% penalty per month from August 16, 1983 until fully paid;

"2. Ordering said defendants, jointly and severally, to pay plaintiff, the accrued interest and charges from June 1, 1981 to August 15, 1983 in the total amount of P512,559.84;

"3. Ordering said defendants, jointly and severally to pay plaintiff the amount of P4,689.72 as litigation expenses and other costs of the suit; and

"4. Ordering said defendants, jointly and severally to pay plaintiff attorney's fees in the amount of P30,000.00, which the court believes is the reasonable amount.

"All other claims and/or counterclaim is hereby dismissed for lack of merit, including the complaint against defendants Harris Sy Chua and Philip Escolin, against whom no evidence has been presented."

"SO ORDERED." (p. 22, Rollo)

Not satisfied with the portion of the decision absolving petitioner Chua from any liability to respondent State Inc., the latter appealed to the Court of Appeals.

On February 22, 1989, respondent appellate court rendered a decision which reversed the ruling of the trial court, the dispositive portion of which reads:

"WHEREFORE, the judgment dismissing the complaint of the plaintiff-appellant State Financing Center, Inc. against the defendant-appellee Harris Sy Chua and the order denying its motion for reconsideration, both appealed from, are hereby REVERSED. Accordingly, the said defendant-appellee is hereby adjudged liable

and ordered to pay unto the plaintiff-appellant, jointly and severally with his co-defendants Asiaphil Timber Corporation, Johnny Sy Ping Sing, Delfin S. Lee and Lee Chi Uan, the amounts provided for in the judgment of the Regional Trial Court of Manila Branch III, in Civil Case No. 83--19953, quoted earlier in this decision. Costs against defendant-appellee.

"SO ORDERED."(p. 32, Rollo)

Hence, this petition.

Petitioner Chua contends that the respondent appellate court erred in rendering a decision which is not based on the issues raised in the appeal brief of respondent State Inc. He also argues that the documentary evidence which were formally offered by private respondent in a written offer of exhibits but which were not properly identified by any witness during the trial cannot be considered as evidence against petitioner in order to hold the latter liable to private respondent.

We find the petitioner's contentions devoid of merit.

From the decision of the trial court dismissing the complaint against petitioner Chua, respondent State Inc. appealed to the Court of Appeals alleging in its brief that the lower court erred in dismissing the complaint as against petitioner Harris Sy Chua for the reason that no evidence has been presented against him. Although the respondent's assigned error of the trial court in its appellant's brief was couched in broad and general terms, the meaning which respondent intends to convey by its assignment of error is quite clear, that is the trial court should have found petitioner Chua liable to respondent because there was evidence which was presented to prove said liability.

It is an established rule that pleadings should be construed liberally in order that the litigants may have ample opportunity to prove their respective claims and that a possible denial of substantial justice due to legal technicalities may be avoided (*Philippine Veterans Bank v. Court of Appeals*, G.R. 81957, May 23, 1989, 173 SCRA 544). Moreover, issues though not specifically raised in the pleadings in the appellate court, may, in the interest of justice be properly considered by said court in deciding a case, if they are questions raised in the trial court and are matters of record having some bearing on the issue submitted which the parties failed to raise or the lower court ignored (*Tambunting v. Court of Appeals* No. L-48278, November 8, 1988, 167 SCRA 16). It is clear from the decision of the respondent appellate court that the latter made a discussion on the respondent's assigned error which was allegedly committed by the trial court. The appellate court made the following explanation:

"The appellee's unexplained denial of the term loan agreement x x x and promissory notes x x x for lack of knowledge or information sufficient to form a belief when as a party to them it is within his capacity to know their due execution and authenticity or not is evasive and is insufficient to constitute an effective denial. Hence, it is to be deemed as an admission. With that and the appellee's admission of the existence and due execution of the comprehensive surety agreements x x x, there is no need for the appellant to adduce evidence to establish the due execution and authenticity of the term loan agreement, promissory note and comprehensive surety agreement x x x sued upon. x x x." (p. 31, Rollo)

Anent petitioner's second contention that respondent State Inc.'s written offer of documentary evidence should not have been considered by the respondent appellate court in finding the former liable, We find that the same must likewise fail.

Our rule on evidence provides the procedure on how to present documentary evidence before the court, as follows: firstly, the document should be authenticated and proved in the manner provided in the rules of court; secondly, the document should be identified and marked for identification; and thirdly, it should be formally offered in evidence to the court and shown to the opposing party so that the latter may have an opportunity to

object thereon.

The authentication and proof of documents are provided in Sections 20 to 24 of Rule 132 of the Rules of Court. Only private documents require proof of their due execution and authenticity before they can be received in evidence. This may require the presentation and examination of witnesses to testify on this fact. When there is no proof as to the authenticity of the writer's signature appearing in a private document, such private document may be excluded (*General Enterprises, Inc. v. Lianga Bay Logging Co., Inc.*, No. L-18487 August 31, 1964, 11 SCRA 733). On the other hand, public or notarial documents, or those instruments duly acknowledged or proved and certified as provided by law, may be presented in evidence without further proof, the certificate of acknowledgment being prima facie evidence of the execution of the instrument or document involved. There is also no need for proof of execution and authenticity with respect to documents the genuineness and due execution of which are admitted by the adverse party. These admissions may be found in the pleadings of the parties or in the case of an actionable document which may arise from the failure of the adverse party to specifically deny under oath the genuineness and due execution of the document in his pleading.

After the authentication and proof of the due execution of the document, whenever proper, the marking for identification and the formal offer of such documents as evidence to the court follow.

With respect to offer of evidence, Section 35 of Rule 132 of the Rules of Court, as amended, which is the applicable rule then, provides:

"Offer of evidence - The court shall consider no evidence which has not been formally offered. The purpose for which the evidence is offered must be specified."

When a party offers a particular documentary instrument as evidence during trial, he must specify the purpose for which the document or instrument is offered. He must also describe and identify the document, and offer the same as an exhibit so that the other party may have an opportunity of objecting to it (*Ahag v. Cabiling*, 18 Phil 415). The offer of evidence is necessary because it is the duty of the judge to rest his findings of facts and his judgment only and strictly upon the evidence offered by the parties at the trial. Such offer may be made orally or in writing sufficient to show that the party is ready and willing to submit the evidence to the court. (*Llaban y Catalan et al. v. Court of Appeals*, G.R. No. 63226, Dec. 20, 1991; *U.S. v. Solana*, 33 Phil 582; *Dayrit v. Gonzales*, 7 Phil 182).

Applying the aforesaid legal principles to the circumstances in the case at bar. We find that the presentation or written offer of documentary exhibits by the respondent to the court was properly made and could be considered as basis by the court for holding petitioner liable under the contracts, set forth in the documents presented, for the following reasons:

When respondent State Inc. filed a complaint for sum of money against petitioner Harris Chua and several others, the former attached thereto, five annexes, four of which consist of 1) Term Loan Agreement executed between respondent State Inc. as one of the creditors and defendant AsiaPhil Timber Corporation as the borrower 2) Promissory Note executed by AsiaPhil Timber Corporation in favor of respondent State Inc. 3) Comprehensive Surety Agreement executed by petitioner Harris Chua and other defendants in favor of State Inc., "to guarantee in joint and several capacity the punctual payment" of the indebtedness of AsiaPhil Timber Corp. and 4) Demand letters to petitioner Chua by respondent State Inc. (pp. 8-40 Records). In his answer to the complaint, petitioner Chua admitted the allegations in the complaint with respect to the existence and due execution of the Term Loan Agreement and Comprehensive Surety Agreement to which he is one of the signatories, while pleading certain affirmative defenses (pp. 57-60 Records). Because of this judicial admission, the due execution of the Term Loan Agreement and Comprehensive Surety Agreement are already admitted by the petitioner and there is no more need for the respondent State Inc. to present witnesses to testify on the genuineness of the documents. Further,

records show that the aforementioned documents are all notarial instruments, the due execution of which is already presumed and need not be proven. Records show that respondent State Inc. did not present any proof or witness to testify on the execution of the said document but it did, however, submit a written formal offer of exhibits before the court, wherein respondent State Inc. identified and marked each of the aforementioned documents as its exhibits. These exhibits were similar to the documents attached to the complaint. The respondent State Inc. also specified in its written offer the purpose for which each of the documentary exhibits was offered in evidence (pp. 91-93, Records). Despite the fact that a copy of the written offer of exhibits was furnished to petitioner Chua, thus giving the latter the opportunity to object thereon and to present rebutting evidence, the latter failed to do so on the date set for the presentation of evidence for his defense. Because of this, the trial court considered him as having waived this right and deemed the case submitted for decision.

In view of the foregoing, We find no compelling reasons to reverse the conclusion of the respondent appellate court finding the petitioner jointly and severally liable with his co-defendants in the trial court on the basis of documentary evidence presented and offered before the court.

ACCORDINGLY, the petition is hereby DENIED and the assailed decision of respondent Court of Appeals dated February 22, 1989 is AFFIRMED.

SO ORDERED.

Narvasa, C.J., (Chairman), Cruz, and Griño-Aquino, JJ., concur.

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