

CARLITO TULOD, DOING BUSINESS UNDER THE NAME AND STYLE OF “PRECISION MOTOR WORKS,” PETITIONER: VS. FIRST CITY LINE TRANSPORTATION COMPANY,[] RESPONDENT.

G.R. No. 92710, February 27, 1991

Ponente: GANCAYCO, J.

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GANCAYCO, J.:

The sole issue raised in this petition for certiorari concerning a suit for a sum of money is whether the Court of Appeals and the Regional Trial Court may ignore the documentary evidence presented by petitioner and decide the case solely on the basis of the credibility of the witnesses.

The facts of the case are as follows:

Petitioner is the owner/operator of Precision Motor Works, a firm engaged in the business of repairing vehicles and supplying spare parts, while respondent is a corporation engaged in the transportation business. Petitioner alleges that in May 1984, Antonio Acuña made several representations for the former to supply motor vehicle spare parts to respondent, of which Acuña was the maintenance manager. An agreement was subsequently entered into whereby petitioner was to supply respondent with various spare parts on a 10-day credit arrangement.[1] Petitioner further alleges that from June to July of 1984, he made several deliveries of spare parts to the place of business of respondent. As proof of said deliveries, petitioner presented in evidence several delivery receipts, to wit:

"Exhibit B-1 -

Delivery receipt dated June 12, 1984 worth P59,416.00 signed by the stockman of the respondent, Regino Juanillas.

Exhibit C-1 -

Delivery receipt dated June 13, 1984 worth P23,236.00 signed by respondent's maintenance manager, Antonio Acuña.

Exhibit D-1 -

Delivery receipt dated July 7, 1984 worth P20,328.00 signed by respondent's stockman, Regino Juanillas.

Exhibit E -

Delivery receipt dated July 5, 1984 worth P8,200.00 signed by respondent's maintenance manager, Antonio

Acuña."[2]

Petitioner also presented the purchase orders and sales invoices for said deliveries, as well as several demands for payment, both verbal and written, which he made to respondent.[3] When the latter failed to pay, petitioner filed a suit for collection before the Regional Trial Court of Makati. The suit was raffled to Branch 142 thereof and docketed as Civil Case No. 10642.[4]

Respondent denied 'knowledge of the transactions. It alleged that it does not have records of the same, and never had any occasion to transact business with petitioner.[5]

During the trial of the case, respondent tried to show that the purchases of spare parts were irregular, anomalous and fictitious through the following:

Eduardo Vega, Purchasing Officer of respondent, testified that the questioned transactions did not follow established company procedure, which he described on the witness stand as follows:

"Under company procedure, before any order and purchase of spare parts is made, the maintenance department makes a requisition addressed to the purchasing department; the requisition slip is signed by the maintenance supervisor who forwards the same to me; I then verify whether there is a need to purchase the same; afterwards, the purchase order is prepared by the clerk typist, who initials the said purchase order, the purchase order is then forwarded to me for my initial; thereafter, the purchase order is forwarded to Antonio Acuña, the maintenance manager, for his approval."[6]

Vega also testified that Acuña was forced to resign allegedly because of an anomaly, but no criminal or civil case was ever filed against him, and neither was Vega aware of any memorandum or minutes of the alleged investigation of Acuña by respondent.[7]

Respondent also noted that the purchase orders for the spare parts allegedly supplied were dated later than the corresponding delivery receipts, which fact further establishes the irregular nature of the purchases.[8]

Respondent likewise presented a comparison of the price listings of its regular suppliers and that of petitioner's covering the same period, said comparison indicating that the regular suppliers offered the best price. Consequently, respondent avers that it could not have gone against its own company policy to purchase from suppliers who offer the best price by ordering supplies from petitioner.[9]

It was then noted by respondent that some of the transactions were entered into on June 12, 1984, a holiday, Respondent avers that they could not have occurred, since Acuña was absent from work on that date, as shown by his time record.[10]

The trial court sustained the position of respondent, holding that the questioned transactions are simulated and fictitious, and that the evidence presented by respondent is more credible than that of petitioner.

In a decision dated February 12, 1990, the Court of Appeals affirmed the findings of the lower court. Hence, the instant petition.

Petitioner alleges that certain facts of substance were overlooked and/or ignored, which, if considered, might affect the outcome of the case. Petitioner concedes that, as a general rule, findings of fact of the trial court and of the Court of Appeals are generally binding on the Supreme Court, and that this Court is not a trier of facts. However, he claims that the instant petition falls under one of the exceptions to the aforestated general rule, as enunciated in *People vs. Carido*. [11] It was held therein that "findings of the trial court on this issue of credibility of witnesses are entitled to great respect, but the rule will not apply if the court overlooked certain facts of substance and value which, if considered, might affect the outcome of the case." Petitioner adds that factual

findings of the Court of Appeals, by way of exception, are not binding on the Supreme Court where there is a showing that there has been a misapprehension of facts, or that a grave abuse of discretion was committed in the appreciation of evidence.[12]

The petition is impressed with merit.

A careful review of the evidence presented by both parties shows that there was indeed a misapprehension of facts by both the trial court and the appellate court.

We agree with the contention of petitioner that the Regional Trial Court and the Court of Appeals could not have decided the case on the basis of mere credibility of the witnesses alone, in the face of clear documentary evidence proving the existence of the transactions in question.

The arguments presented by respondent to deny its liability are not only self-serving but are largely unsupported by concrete evidence.

Non-compliance with alleged company procedure is not sufficient to establish the non-existence of the alleged orders and deliveries of spare parts made to respondent. The record shows that Antonio Acuña was authorized as maintenance manager to approve all purchase orders in behalf of respondent, which fact is confirmed by the testimony of Eduardo Vega, respondent's Purchasing Officer.[13] The purchase orders in question were all signed by him and two of the deliveries made were even received by him. When called to appear in court, Acuña testified that the spare parts were actually received and used by respondent, and that all along, he thought that they were already fully paid for.[14] All these show that the transactions in question could have been entered into by respondent notwithstanding that the company procedure was not strictly followed.

The dismissal of Acuña does not at all serve to prove the non-existence of the questioned transactions. In fact, the alleged dismissal of Acuña has no relation whatsoever to the issue in the case. If respondent intended to show thereby that Acuña acted on his own and without authority in ordering and accepted the supplies from petitioner, thus negating any liability of respondent therefor, it has failed miserably in its effort to do so. Respondent did not even bother to explain the "anomaly" in which Acuña was purportedly involved. Had respondent categorically stated that the cause or part of the cause for the termination of Acuña was due to his unauthorized business dealings with petitioner, and submitted proof thereof, then the dismissal would have been material in proving the claim of respondent that it has no liability toward petitioner. But respondent did no such thing. The only logical purpose for the averment on Acuña's dismissal is to discredit his testimony as an adverse witness. Standing alone, however, the said averment cannot serve to override the strong evidence presented by petitioner.

Corollarily, it is worth noting that respondent did not present Regino Juanillas, its stockman/warehouseman, before the trial court, who could have easily testified that he did not accept two deliveries from petitioner and did not affix his signature on the corresponding delivery receipts. Such direct testimony could have proven that at least two of the deliveries allegedly made by petitioner were simulated and fictitious. Such an omission must be construed against respondent, following the ruling in *Orfanel vs. People*,^[15] that "a party's failure to produce evidence which if favorable would naturally have been produced, is open to the inference that the facts were unfavorable to his cause."

Further, the comparison of the price listings submitted by respondent likewise proves nothing. The fact that petitioner's prices may be higher than those of the regular suppliers of respondent does not give rise to the inference that it was totally impossible for respondent to have ordered supplies from petitioner.

By the same token, the fact that the purchase orders were dated later than the corresponding delivery receipts does not discount the occurrence of the disputed deliveries. Petitioner satisfactorily explained the discrepancy by

averring that Antonio Acuña made the orders verbally through the telephone, and that the deliveries were in response to said orders. It was only at the start of the processing for payment, or after delivery, that respondent issued the corresponding purchase orders, thus creating the disparity in the dates of the two sets of documents.[16]

Similarly, there is no merit to the contention of respondent that the delivery made dated June 12, 1984 could not have taken place because Acuña was absent on said date. It clear from the delivery receipt of June 12, 1984 that it was Regino Juanlilas, and not Acuña, who received the delivery of spare parts from petitioner on that date.

Finally, the most telling consideration against respondent is the utter absurdity of the conclusion that may be drawn from its contentions -- that petitioner went to ridiculous lengths just to have the questioned transactions simulated with the end in view of making respondent pay for auto spare parts which it never ordered and which were never supplied to it by petitioner, to the point of pursuing the matter all the way up to the Supreme Court. To sustain such a conclusion would be to go against the ordinary dictates of logic and human experience. It is highly unlikely that petitioner would go to the outrageous extreme of concocting transactions with respondent, falsifying business documents in the process, and bothering to waste much time, effort and funds to hold respondent liable for a wholly inexistent monetary obligation.

We thus hold that the transactions in question are not simulated or fictitious. The evidence on record firmly establishes that they were indeed entered into by the parties to this case. Consequently, respondent is liable to pay for the auto supplies it received from petitioner, pursuant to said transactions.

The Court urges that the worth of documentary evidence presented should not be lightly taken in judicial controversies. As a matter of fact, when duly identified, or otherwise, its due execution had been established, such type of evidence should be given much weight in relation with other evidence adduced before the Court. While the credibility of the witnesses is a valuable aid in determination of what theory or cause of action should be sustained, the written or printed word of a transaction or agreement, should be just as seriously considered, to insure just and fair determination of a litigation.

WHEREFORE, the petition is hereby GRANTED. The decision of the Court of Appeals dated February 12, 1990 is hereby REVERSED and SET ASIDE. Respondent First City Interlink Transportation Co., Inc. is hereby ordered to pay petitioner Carlito Tulod, doing business under the name and style of "Precision Motor Works" the sum of P111,180.00 plus legal interest as payment for auto supplies delivered by petitioner and accordingly received and used by respondent. Respondent is likewise ordered to pay petitioner the sum of P15,000.00 for attorney's fees and to pay the costs. SO ORDERED.

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

[*] The Court of Appeals was incorrectly omitted in the caption of the petition.

[1] Page 8, Rollo. (TSN, August 15, 1985, pp. 5-8).

[2] Page 78, *ibid.*

[3] Exhs. "F," "F-1," and "F-2," page 79, *ibid.*

[4] Page 17, *ibid.*

[5] Page 82, *ibid.* (TSN, July 26, 1985, pp. 14-15 and p. 4).

[6] Pp. 18-19, *ibid.*

[7] Page 80, *ibid.* (TSN, January 30, 1986, pp. 65-66).

[8] Page 82, *ibid.*

[9] Page 19, *ibid.*

[10] *ibid.*, (Exhibit "11")

[11] 167 SCRA 462 (1988).

[12] *Gimeno vs. Court of Appeals*, 80 SCRA 623 (1977).

[13] Page 18, *Rollo* (Exhibit "1," p. 1).

[14] Pages 79-80, *ibid.*

[15] 30 SCRA 819 (1969).

[16] Page, 82, *Rollo*.

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