

## SPECIAL TWELFTH DIVISION

[ CA-G.R. SP. No. 120845, February 14, 2014 ]

**ALABANG MEDICAL CENTER, PETITIONER, V. GOMECO METAL CORPORATION, RESPONDENT.**

### D E C I S I O N

**ELBINIAS, J.:**

For disposition is a Petition for Review<sup>[1]</sup> filed under Rule 42 of the Rules of Court. The Petition assails the Decision<sup>[2]</sup> dated June 13, 2008 of the Regional Trial Court ("RTC" for brevity) of Valenzuela City, Branch 75 in Civil Case No. 200-V-05, which affirmed the Decision<sup>[3]</sup> dated August 25, 2005 of the Metropolitan Trial Court ("MeTC" for brevity) of Valenzuela City in Civil Case No. 8419 for "Sum of Money"<sup>[4]</sup>. The Petition also questions the Order<sup>[5]</sup> dated July 28, 2011, which denied petitioner's eventual Motion for Reconsideration<sup>[6]</sup>.

The salient facts are those as found in the RTC's Decision<sup>[7]</sup> dated June 13, 2008, as follows:

"xxx on March 18, 1997, **defendant (*petitioner here*) confirmed the proposal of plaintiff (*respondent here*) to undertake the complete supply and installation of stainless steel food service equipment and consequently, plaintiff and defendant signed the GOMECO Quotation under GMC No. 26857 xxx. Thereafter, plaintiff (*respondent*) proceeded to perform its obligations under the said Quotation while defendant (*petitioner*) warranted and represented that it would pay upon progressive billing by the former.** Further, defendant (*petitioner*) confirmed and assented to the agreements contained in the quotations by receiving the goods and paying the down payment. However, **upon further completion of the project, defendant (*petitioner*) failed to pay the remaining balance in the amount of P154,000.00 as of February 15, 2001. A demand letter dated March 22, 2001 xxx was then sent to defendant (*petitioner*) together with the Statement of Account. xxx Defendant (*petitioner*) however failed to settle and continues to refuse to pay its outstanding unpaid balance amounting to P154,000.00 plus agreed fee of three percent (3%) interest a month to the plaintiff (*respondent*); hence, the instant complaint.**"<sup>[8]</sup> (*Emphasis Supplied*)

As a result of petitioner Alabang Medical Center's ("petitioner AMC" or "petitioner" for brevity) refusal to pay the remaining balance, respondent GOMECO Metal Corporation ("respondent GOMECO" or "respondent" for brevity) filed before the MeTC, a Complaint<sup>[9]</sup> for "Sum of Money"<sup>[10]</sup> against petitioner.

The rest of the facts are continued in the RTC's Decision<sup>[11]</sup> dated June 13, 2008, to wit:

"Summons was issued and defendant (*petitioner*) failed to file the requisite Answer.

Upon motion of plaintiff (*respondent*), the Court in its Order [of] May 30, 2003 declared the defendant (*petitioner*) in default and the plaintiff (*respondent*) was allowed to present its evidence ex-parte. Defendant (*petitioner*) however moved for a reconsideration and to admit attached Answer which was granted.

In its Answer, **defendant (*petitioner*) denied the material allegations of the complaint** and alleged, among others, that **while it entered into a contract with plaintiff (*respondent*), the GOMECO Quotation was not the contract agreed upon but was merely made the basis for the specification and price of the verbal agreement.** xxx Based on their verbal agreement, **plaintiff (*respondent*) proceeded with the works but discontinued** and in the meantime was not completed when the latter (*plaintiff*) (*respondent*) **requested [from] the defendant (*petitioner*) that it (*respondent*) be given time to complete its obligation.** xxx [I]t (*petitioner*) **requested the plaintiff (*respondent*) to finish the works as it might cause accident since the steel railings were not fully welded and might give in when used. Despite repeated and persistent demands, plaintiff (*respondent*) neglected, failed and refused to complete its (respondent's) obligation** xxx. Its (petitioner's) refusal to pay the remaining balance was merely to enforce the verbal agreement that **full payment shall be made after plaintiff's (*respondent's*) completion and turn over of the works to them.** xxx The 3% interest/fee per month is unconscionable, exorbitant and excessively high.

On April 11, 2005, **the parties jointly agreed to have the case litigated under the Revised Rule on Summary Procedure** xxx.

Thereafter, **the case was set for preliminary conference. Despite notice, the defendant (*petitioner*) however failed to appear on the scheduled preliminary conference and the court a quo, upon motion of plaintiff's (*respondent's*) counsel, then declared the instant case submitted for decision** which pronouncement was formalized in its Order dated May 23, 2005."<sup>[12]</sup> (*Emphasis Supplied*)

On August 25, 2005, the MeTC rendered a Decision<sup>[13]</sup> in favor of respondent GOMECO. The dispositive portion of the MeTC's Decision read as follows:

**"WHEREFORE**, in view of the foregoing, judgment is rendered in favor of Gomeco Metal Corporation and ordering Alabang Medical Center to pay the following amount[s]:

1. The principal amount of P154,000.00 with interest at the rate of 3% per month computed from the filing of the complaint on September

- 5, 2003 until the obligation is fully paid;
2. 20% of the total amount due as reasonable attorney's fees; and
3. Costs of suit.

**SO ORDERED.**"<sup>[14]</sup> (*Emphasis Supplied*)

Upon petitioner AMC's appeal<sup>[15]</sup>, the RTC rendered the assailed Decision<sup>[16]</sup> of June 13, 2008, which affirmed *in toto* the MeTC's Decision<sup>[17]</sup>.

After petitioner AMC's Motion for Reconsideration<sup>[18]</sup> was denied by the RTC in its assailed Order<sup>[19]</sup> dated July 28, 2011, petitioner filed the Petition for Review<sup>[20]</sup> at bench praying as follows:

"WHEREFORE, it is respectfully prayed of this Honorable Court that the assailed Decision of the RTC dated June 13, 2008 and the Order dated July 28, 2011 affirming *in toto* the MeTC Decision dated August 25, 2005 in Civil Case No. 8419 be reversed and set aside and another one be issued dismissing the complaint."<sup>[21]</sup>

Petitioner raised the following assignment of errors:

"(FIRST ASSIGNED ERROR)

THE RTC COMMITTED AN ERROR IN NOT FINDING THAT THE LATE APPEARANCE OF PETITIONER'S REPRESENTATIVE FOR A FEW MINUTES IS NOT A VALID JUSTIFICATION TO COMPLETELY DEPRIVE PETITIONER OF ITS DAY IN COURT[.]

(SECOND ASSIGNED ERROR)

THE RTC ERRED IN NOT HOLDING THAT THE FAILURE OF PETITIONER'S COUNSEL TO APPEAR IN THE PRELIMINARY CONFERENCE DUE TO HIS ILLNESS WAS EXCUSABLE AND JUSTIFIED[.]

(THIRD ASSIGNED ERROR)

THE RTC ERRED IN AFFIRMING THE DECISION OF THE MeTC DESPITE THE FACT THAT THE BALANCE OF THE CONTRACT PRICE IS NOT YET DUE FOR FAILURE OF GOMEKO TO COMPLY WITH WHAT IS INCUMBENT UPON IT.

(FOURTH ASSIGNED ERROR)

THE RTC COMMITTED AN ERROR IN AFFIRMING THE DECISION OF THE MeTC DESPITE THE FACT THAT THE AWARD OF 3% INTEREST PER MONTH OR 36% PER ANNUM IS EXHORBITANT AND EXCESSIVE[.]

(FIFTH ASSIGNED ERROR)

THE RTC COMMITTED AN ERROR IN AFFIRMING THE MeTC AWARD OF 20% ATTORNEY'S FEES TO GOMEKO[.]"<sup>[22]</sup>

Contrary to petitioner AMC's arguments in its *first* and *second assigned errors*, the MeTC was justified in submitting the case for decision upon petitioner's failure to attend the Preliminary Conference.

Petitioner raised the following arguments:

**"Petitioner candidly admit that its counsel, Atty. Michael J.B. Salva failed to appear in the preliminary conference set on May 23, 2005 because of his illness.**

It is also admitted that **petitioner's authorized representative, Ms. Melinda Constantino** who was clothed with a board resolution to represent the corporation and who was in possession of the medical certificate of Atty. Salva **did not make it on time**. She arrived a few minutes late because of the far distance of Valenzuela City from her residence in Pila, Laguna and the unexpected heavy traffic she unluckily encountered on her way to the court on May 23, 2005.

However, **such belated appearance is not enough to totally deprive petitioner of its day in court. Given the valid and meritorious defense of the petitioner, the MeTC and the RTC should have been liberal, so as not to sacrifice justice in the altar of technicality."**

[23] (*Emphasis Supplied*)

Defeating petitioner AMC's arguments however, is that the Rules on Summary Procedure warranted<sup>[24]</sup> the MeTC to render judgment on the Complaint<sup>[25]</sup> of respondent GOMEKO, as the plaintiff below, when petitioner AMC, as the defendant below, and its counsel, Atty. Michael Salva ("Atty. Salva" for brevity), failed to appear on the scheduled Preliminary Conference despite notice.<sup>[26]</sup> This, considering that Ms. Melinda P. Constantino ("Ms. Constantino" for brevity), as petitioner AMC's representative<sup>[27]</sup>, arrived after the case had already been called<sup>[28]</sup>. In fact, Atty. Salva's Medical Certificate<sup>[29]</sup>, which was brought by Ms. Constantino for the purpose of requesting for a re-setting of the Preliminary Conference, was received by the MeTC's Clerk of Court at already 9:15 A.M.<sup>[30]</sup> or forty-five (45) minutes after the scheduled Preliminary Conference at 8:30 A.M.<sup>[31]</sup>. Section 7, in relation to Section 6, of the Rules on Summary Procedure provides:

*"SEC 7. Preliminary Conference; appearance of parties.*

xxx

**If a sole defendant shall fail to appear, the plaintiff shall be entitled to judgment in accordance with Section 6 hereof.** xxx

SEC. 6. *Effect of failure to answer.* - **Should the defendant fail to answer the complaint within the period above, the court, motu proprio, or on motion of the plaintiff, shall render judgment as may be warranted by the facts alleged in the complaint and limited to what is prayed for therein: Provided, however,** That the court may in its discretion reduce the amount of damages and attorney's fees claimed for being excessive or otherwise unconscionable. This is without prejudice to the applicability of Section 4, Rule 18 of the Rules of Court, if there are two or more defendants." (*Emphasis Supplied*)