

SECOND DIVISION

[G.R. No. 226495, February 05, 2020]

SPOUSES DENNIS AND CHERRYLYN "CHERRY" GARCIA, DOING BUSINESS UNDER THE NAME AND STYLE OF ECOLAMP MULTI-RESOURCES, PETITIONERS, VS. NORTHERN ISLANDS, CO., INC., RESPONDENT.

R E S O L U T I O N

INTING, J.:

This is a verified Petition for Review on *Certiorari*^[1] under Rule 45 of the Rules of Court seeking to reverse and set aside the Decision^[2] dated November 26, 2015 and the Amended Decision^[3] dated August 17, 2016 of the Court of Appeals (CA) in CA-G.R. CV No. 98237.

The assailed decisions reversed the Decision dated September 21, 2011 of Branch 215, Regional Trial Court (RTC), Quezon City dismissing the Complaint for Sum of Money with Damages filed by Northern Islands, Co., Inc., (respondent Northern) against Spouses Dennis (Dennis) and Cherrylyn (Cherrylyn) Garcia (collectively referred to as petitioner Spouses Garcia), doing business under the name and style of Ecolamp Multi-Resources (Ecolamp).

Antecedents

Respondent Northern is a corporation engaged in the business of selling 3D household appliances. It designated Ecolamp as its exclusive distributor in Southern Mindanao. From March to July 2004, Ecolamp ordered various 3D home appliances from respondent Northern with an aggregate value of P8,040,825.17. However, Ecolamp failed to pay despite demands. Hence, the complaint for sum of money.^[4]

Respondent Northern averred that the goods ordered from March to July 2004 were shipped and delivered to Ecolamp in its place of business in Davao City *via* Sulpicio Lines, Inc. (Sulpicio Lines) and accepted by Ecolamp in good order and condition as shown by the Delivery Cargo Receipts, Bill of Lading, and Proforma Bills of Lading. The goods must be paid within 120 days from receipt, and any unpaid amount shall earn an interest of 18% *per annum*. When the obligation fell due, respondent Northern demanded payment, through a letter dated February 1, 2005, but Ecolamp failed to settle its obligations. Respondent Northern prayed for the issuance of a writ of preliminary attachment and that petitioner Spouses Garcia be ordered to jointly and severally pay Ecolamp's outstanding obligation amounting to P8,040,825.17 plus P1,303,132.45 interest as of August 31, 2005, moral and exemplary damages, and attorney's fees.

Petitioner Spouses Garcia denied receipt of any delivery of goods from respondent Northern for the period of March to July 2004. Petitioner Spouses Garcia averred

that the person who signed the delivery cargo receipts did not do so on behalf of Ecolamp and that the total amount appearing in the bills of lading was not equivalent to P8,040,825.17. Petitioner Spouses Garcia further stressed that respondent Northern failed to submit copies of the sales invoices proving Ecolamp's indebtedness. Thus, respondent Northern has no cause of action against them.^[5]

On October 13, 2005, the RTC issued an Order granting respondent Northern's application for writ of preliminary attachment. Consequently, acting on the writ of preliminary attachment issued on November 7, 2005, Sheriff Adolfo P. Garcia, Jr. levied on six real properties registered in the name of Dennis married to Cherrylyn.^[6]

During trial, the following testified for respondent Northern: (1) Grace G. Cheu (Grace), Vice President for Finance; (2) Genevive D. Ayok (Genevive), Accounting Department Personnel; (3) Michelle M. Espiritu (Michelle), Accounting Assistant; (4) Fe A. Del Rosario (Fe), Warehouse Coordinator, all of respondent Northern; (5) Analiza Cabillo Jeruz (Analiza), Claims Officer; and Tirso M. Tan (Tirso), Branch Manager both of Sulpicio Lines, Davao City.

On the other hand, only Cherrylyn took the witness stand for Ecolamp's defense.

The testimony of Grace showed that the delivery cargo receipts, bill of lading, and proforma bills of lading were sufficient evidence to prove the deliveries to Ecolamp covering the period of March to July 2004. Besides, when Grace informed Cherrylyn of Ecolamp's indebtedness, the latter manifested her willingness to pay P1,000,000.00; but no payment was made.^[7]

Genevive, on the other hand, testified that she personally received and prepared the purchase orders from Ecolamp via a facsimile transmission and prepared the corresponding sales invoices. Petitioner Spouses Garcia were given duplicate copies of the sales invoices. Based on the purchase orders and sales invoices, Genevive prepared the picking lists and requisition for packing which indicated the quantity, the type of goods, and the name of the customer. Thereafter, a packing list was prepared. This was used by the warehouse department in its transaction with the shipping company. However, respondent Northern could not present in court the copies of sales invoices, picking lists, and packing lists because Gilbert Guy^[8] took possession of these documents when he assumed the operations of respondent Northern. Genevive further alleged that Starlite Cargo Xpress (Starlite) delivered the goods to Ecolamp. The values appearing on the bills of lading were the actual values of the goods based on the requisition for packing.^[9]

Per Michelle's testimony, she prepared the statement of account of Ecolamp relative to its purchase orders for March to July 2004 and delivered to Ecolamp the duplicate copies of the sales invoices. On May 4, 2005, respondent Northern sent a demand letter to petitioner Spouses Garcia for the payment of P8,040,825.27.

Further, Fe testified that Starlite and Sulpicio Lines delivered the goods to respondent Northern's customers.

Lastly, Analiza and Tirso alleged that the purchase orders for March to July were delivered to Ecolamp and received by Alvin Gludo (Alvin), its representative, as his

signature appeared on the delivery cargo receipts.^[10]

On the other hand, for the defense, Cherrylyn testified that respondent Northern would issue a sales invoice for every purchase order. For Ecolamp, respondent Northern issued pink and blue sales invoices. The pink sales invoice was issued before payment, and the blue sales invoice was issued after payment has been made. In this instance, Ecolamp was not issued a pink sales invoice on March to July 2004, which would show that no transaction happened between Ecolamp and respondent Northern; and that there was no unpaid obligation on the part of Ecolamp for that period. Cherrylyn further denied that Ecolamp's obligation was due within 120 days from delivery.

Cherrylyn further testified that Ecolamp transacted with respondent Northern in October 2004, but all payments due for that period had been settled and that Ecolamp did not receive any letter concerning its failure to reach the sales quota of P8,000,000.00 for 2004.^[11]

Ruling of the RTC

On September 21, 2011, the RTC rendered a Decision dismissing the complaint of respondent Northern and ruled that the requisition for packing, picking and packing lists, delivery cargo receipts, and bills of lading could only be given significance upon proof of existence of the purchase orders and sales invoices. The RTC further ruled that because of respondent Northern's failure to prove the existence, execution, and the reason for the loss of the purchase orders and sales invoices, the rule on presentation of secondary evidence, therefore, was not applicable.

Ruling of the CA

On appeal to the CA by respondent Northern, the CA rendered a Decision^[12] dated November 26, 2015 granting the appeal. The dispositive portion of the CA Decision reads:

WHEREFORE, the appeal is GRANTED. The September 21, 2011 Decision of the Regional Trial Court, Branch 215, Quezon City in Civil Case No. Q-05-53699 is hereby REVERSED and SET ASIDE. Northern Islands, Co., Inc.'s complaint for sum of money is GRANTED and Spouses Dennis and Cherrylyn "Cherry" Garcia, doing business under the name and style of Ecolamp Multi Resources, are hereby ORDERED to pay P5,200,900.00 plus 12% interest *per annum* from date of last extrajudicial demand on May 4, 2005 until June 30, 2013, and 6% *per annum* from July 1, 2013 until finality of this Decision. Thereafter, the principal amount due as adjudged by interest shall likewise earn interest at 6% *per annum* until fully paid.

SO ORDERED.^[13]

Petitioner Spouses Garcia filed a Motion for Reconsideration of the Decision dated November 26, 2015 while respondent Northern filed a Motion for Partial Reconsideration and prayed among others that in light of overwhelming documentary evidence, the amount of goods delivered is more than P5,200,900.00,