

THIRD DIVISION

[G.R. No. 200469, January 15, 2018]

PHILIPPINE SAVINGS BANK, PETITIONER, V. JOSEPHINE L. PAPA, RESPONDENT.

DECISION

MARTIRES, J.:

This is a petition for review on certiorari seeking to reverse and set aside the 21 July 2011 Decision^[1] and the 1 February 2012 Resolution^[2] of the Court of Appeals (CA) in CA-G.R. SP No. 112611, which affirmed the 14 October 2009 Decision^[3] and the 14 January 2010 Order of the Regional Trial Court of Makati City, Branch 65 (RTC), in Civil Case No. 09-545, which in turn reversed and set aside the 23 December 2008 Decision^[4] of the Metropolitan Trial Court of Makati City, Branch 65 (MeTC) in Civil Case No. 90987.

THE FACTS

On 30 March 2006, petitioner Philippine Savings Bank (PSB) filed before the MeTC a complaint^[5] for collection of sum of money against respondent Josephine L. Papa (*Papa*). In its complaint, PSB alleged that Papa obtained a flexi-loan with a face amount of P207,600.00, payable in twenty-four (24) monthly installments of P8,650.00 with interest at 38.40% per annum. For the said loan, Papa executed a promissory note dated 26 July 2005. PSB further alleged that the promissory note provides additional charges in case of default, to wit: Three percent (3%) late payment charge per month of the total amount until the amount is fully paid; Twenty-Five percent (25%) Attorney's Fees, but not less than P5,000.00; Ten percent (10%) liquidated damages, but not less than P1,000.00; and costs of suit. When the obligation fell due, Papa defaulted in her payment. PSB averred that as of 27 March 2006, Papa's total obligation amounted to P173,000.00; and that despite repeated demands, Papa failed to meet her obligation.

On 26 October 2006, Papa filed her Answer.^[6] She alleged that PSB had no cause of action against her as her liability had already been extinguished by the several staggered payments she made to PSB, which payments she undertook to prove. She likewise claimed that there was no basis for the interest and damages as the principal obligation had already been paid.

During the trial on the merits, PSB introduced in evidence a photocopy of the promissory note,^[7] which the MeTC admitted despite the vehement objection by Papa. Meanwhile, Papa chose to forego with the presentation of her evidence and manifested she would instead file a memorandum.

After the parties had submitted their respective memoranda, the case was submitted for decision.

The MeTC Ruling

On 23 December 2008, the MeTC rendered a decision in favor of PSB and against Papa. The MeTC was convinced that PSB was able to establish its cause of action against Papa by preponderance of evidence. It also emphasized the fact that other than her bare allegation, Papa never adduced any evidence regarding the payments she had allegedly made. The MeTC, however, deemed it equitable to award interest at the rate of twelve percent (12%) per annum only instead of the stipulated interest, penalty, and charges. The dispositive portion of the MeTC Decision provides:

WHEREFORE, premises considered, judgment is hereby rendered ordering defendant JOSEPHINE L. PAPA to pay plaintiff the amount of P173,000.00 plus interest at the rate of 12% per annum from February 9, 2006 until the whole amount is fully paid; the amount of P20,000.00 as and by way of attorney's fees; and the costs.

SO ORDERED.^[8]

Papa moved for reconsideration, but the same was denied by the MeTC in its Order, dated 14 May 2009.

Aggrieved, Papa elevated an appeal before the RTC.

The RTC Ruling

In its decision, dated 14 October 2009, the RTC reversed and set aside the MeTC decision. The trial court ruled that PSB failed to prove its cause of action due to its failure to prove the existence and due execution of the promissory note. It opined that Papa's apparent admission in her Answer could not be taken against her as, in fact, she denied any liability to PSB, and she never admitted the genuineness and due execution of the promissory note. It explained that the fact that Papa interposed payment as a mode of extinguishing her obligation should not necessarily be taken to mean that an admission was made regarding the contents and due execution of the promissory note; specifically the amount of the loan, interests, mode of payment, penalty in case of default, as well as other terms and conditions embodied therein. The dispositive portion of the RTC decision reads:

WHEREFORE, premises considered, the instant appeal is hereby GRANTED. The decision dated December 23, 2008 in Civil Case No. 09-945 is reversed and set aside.

SO ORDERED.^[9]

On 10 November 2009, PSB filed its motion for reconsideration,^[10] wherein it admitted that it received the copy of the 14 October 2009 RTC decision on 26 October 2009.

In its opposition to PSB's motion for reconsideration, Papa posited, among others, that the RTC decision had already attained finality. Papa explained that although PSB filed the motion for reconsideration on 10 November 2009, it appears that service of the said motion was made one (1) day late as PSB availed of a private courier service instead of the modes of service prescribed under the Rules of Court. As such, PSB's motion for reconsideration is deemed not to have been made on the

date it was deposited to the private courier for mailing but rather on 11 November 2009, the date it was actually received by Papa.

In its Order, dated 14 January 2010, the RTC denied PSB's motion for reconsideration ratiocinating that its 14 October 2009 decision had already attained finality, among others.

Aggrieved, PSB filed a petition for review under Rule 42 of the Revised Rules of Court before the CA.

In her comment,^[11] Papa reiterated her position that the 14 October 2009 RTC decision had already attained finality.

The CA Ruling

In its assailed decision, dated 21 July 2011, the CA affirmed the 14 October 2009 decision and the 14 January 2010 order of the RTC.

The appellate court ruled that the RTC decision had already attained finality due to PSB's failure to serve on Papa a copy of its motion for reconsideration within the prescribed period. The appellate court noted that in its motion for reconsideration, PSB did not offer any reasonable explanation why it availed of private courier service instead of resorting to the modes recognized by the Rules of Court.

The appellate court further agreed with the RTC that PSB failed to prove its cause of action. It concurred with the RTC that Papa made no admission relative to the contents and due execution of the promissory note; and that PSB failed to prove that Papa violated the terms and conditions of the promissory note, if any.

The dispositive portion of the assailed decision reads:

WHEREFORE, premises considered, the Decision of the Makati Regional Trial Court, Branch 65 dated 14 October 2009 and its subsequent Order dated 14 January 2010 denying petitioner's Motion for Reconsideration in Civil Case No. 09-545 are hereby AFFIRMED in toto. With costs against the petitioner.

SO ORDERED.^[12]

PSB moved for reconsideration, but the same was denied by the CA in its resolution, dated 1 February 2012.

Hence, this petition.

THE ISSUES

I.

WHETHER OR NOT THE COURT OF APPEALS COMMITTED A REVERSIBLE ERROR WHEN IT DISMISSED PETITIONER'S APPEAL BY REASON OF PURE TECHNICALITY THEREBY PREJUDICING THE SUBSTANTIAL RIGHT OF THE PETITIONER TO RECOVER THE UNPAID LOAN OF THE RESPONDENT.

II.

WHETHER OR NOT THE COURT OF APPEALS COMMITTED A REVERSIBLE ERROR WHEN IT AFFIRMED THE LOWER COURTS DECISION DATED 14 OCTOBER 2009 ON THE GROUND THAT PETITIONER FAILED TO PROVE ITS CAUSE OF ACTION WHEN IT FAILED TO PRESENT THE ORIGINAL OF THE PROMISSORY NOTE THEREBY FAILING TO ESTABLISH THE DUE EXISTENCE AND EXECUTION OF THE PROMISSORY NOTE.

III.

WHETHER OR NOT THE COURT OF APPEALS COMMITTED A REVERSIBLE ERROR WHEN IT DISMISSED PETITIONER'S APPEAL RESULTING IN UNJUST ENRICHMENT IN FAVOR OF THE RESPONDENT.^[13]

Stated differently, PSB argues that the appellate court erred when it ruled that the RTC decision had already attained finality; and that the appellate court erred when it ruled that it failed to prove its cause of action despite Papa's admission regarding the existence of the loan.

OUR RULING

PSB insists that it timely filed its motion for reconsideration. It stresses that the records of the case would disclose that it personally filed the subject motion before the RTC on 10 November 2009, or the last day of the 15-day prescriptive period. PSB also claims that, although it deviated from the usual mode of service as prescribed by the Rules of Court when it served the copy of the aforesaid motion by private courier service, there was still effective service upon Papa considering that she received the motion for reconsideration through her counsel, on 11 November 2009, and nine (9) days prior to its intended hearing date. Additionally, PSB contends that the timeliness of the filing of the motion for reconsideration should not be reckoned from the date of the actual receipt by the adverse party, but on the actual receipt thereof by the RTC, pointing out that filing and service of the motion are two different matters.

PSB further argues that, notwithstanding the said deviation, a liberal construction of the rules is proper under the circumstances and that the Court has the power to suspend its own rules especially when there appears a good and efficient cause to warrant such suspension.

These arguments deserve scant consideration.

PSB is correct that filing and service are distinct from each other. Indeed, filing is the act of presenting the pleading or other paper to the clerk of court; whereas, service is the act of providing a party with a copy of the pleading or paper concerned.^[14]

Nevertheless, although they pertain to different acts, filing and service go hand-in-hand and must be considered together when determining whether the pleading, motion, or any other paper was filed within the applicable reglementary period. Precisely, the Rules require every motion set for hearing to be accompanied by proof of service thereof to the other parties concerned; otherwise, the court shall not be allowed to act on it,^[15] effectively making such motion as not filed.