

## FIRST DIVISION

[ G.R. No. 184458, January 14, 2015 ]

**RODRIGO RIVERA, PETITIONER, VS. SPOUSES SALVADOR CHUA  
AND S. VIOLETA CHUA, RESPONDENTS.**

[G.R. NO. 184472]

**SPS. SALVADOR CHUA AND VIOLETA S. CHUA, PETITIONERS, VS.  
RODRIGO RIVERA, RESPONDENT.**

### D E C I S I O N

**PEREZ, J.:**

Before us are consolidated Petitions for Review on *Certiorari* under Rule 45 of the Rules of Court assailing the Decision<sup>[1]</sup> of the Court of Appeals in CA-G.R. SP No. 90609 which affirmed with modification the separate rulings of the Manila City trial courts, the Regional Trial Court, Branch 17 in Civil Case No. 02-105256<sup>[2]</sup> and the Metropolitan Trial Court (MeTC), Branch 30, in Civil Case No. 163661,<sup>[3]</sup> a case for collection of a sum of money due a promissory note. While all three (3) lower courts upheld the validity and authenticity of the promissory note as duly signed by the obligor, Rodrigo Rivera (Rivera), petitioner in G.R. No. 184458, the appellate court modified the trial courts' consistent awards: (1) the stipulated interest rate of sixty percent (60%) reduced to twelve percent (12%) *per annum* computed from the date of judicial or extrajudicial demand, and (2) reinstatement of the award of attorney's fees also in a reduced amount of P50,000.00.

In G.R. No. 184458, Rivera persists in his contention that there was no valid promissory note and questions the entire ruling of the lower courts. On the other hand, petitioners in G.R. No. 184472, Spouses Salvador and Violeta Chua (Spouses Chua), take exception to the appellate court's reduction of the stipulated interest rate of sixty percent (60%) to twelve percent (12%) *per annum*.

We proceed to the facts.

The parties were friends of long standing having known each other since 1973: Rivera and Salvador are *kumpadres*, the former is the godfather of the Spouses Chua's son.

On 24 February 1995, Rivera obtained a loan from the Spouses Chua:

#### PROMISSORY NOTE

120,000.00

FOR VALUE RECEIVED, I, RODRIGO RIVERA promise to pay spouses SALVADOR C. CHUA and VIOLETA SY CHUA, the sum of One Hundred Twenty Thousand Philippine Currency (P120,000.00) on December 31, 1995.

It is agreed and understood that failure on my part to pay the amount of (P120,000.00) One Hundred Twenty Thousand Pesos on December 31, 1995. (sic) I agree to pay the sum equivalent to FIVE PERCENT (5%) interest monthly from the date of default until the entire obligation is fully paid for.

Should this note be referred to a lawyer for collection, I agree to pay the further sum equivalent to twenty percent (20%) of the total amount due and payable as and for attorney's fees which in no case shall be less than P5,000.00 and to pay in addition the cost of suit and other incidental litigation expense.

Any action which may arise in connection with this note shall be brought in the proper Court of the City of Manila.

Manila, February 24, 1995[.]

(SGD.) RODRIGO RIVERA<sup>[4]</sup>

In October 1998, almost three years from the date of payment stipulated in the promissory note, Rivera, as partial payment for the loan, issued and delivered to the Spouses Chua, as payee, a check numbered 012467, dated 30 December 1998, drawn against Rivera's current account with the Philippine Commercial International Bank (PCIB) in the amount of P25,000.00.

On 21 December 1998, the Spouses Chua received another check presumably issued by Rivera, likewise drawn against Rivera's PCIB current account, numbered 013224, duly signed and dated, but blank as to payee and amount. Ostensibly, as per understanding by the parties, PCIB Check No. 013224 was issued in the amount of P133,454.00 with "cash" as payee. Purportedly, both checks were simply partial payment for Rivera's loan in the principal amount of P120,000.00.

Upon presentment for payment, the two checks were dishonored for the reason "account closed."

As of 31 May 1999, the amount due the Spouses Chua was pegged at P366,000.00 covering the principal of P120,000.00 plus five percent (5%) interest per month from 1 January 1996 to 31 May 1999.

The Spouses Chua alleged that they have repeatedly demanded payment from Rivera to no avail. Because of Rivera's unjustified refusal to pay, the Spouses Chua were constrained to file a suit on 11 June 1999. The case was raffled before the MeTC, Branch 30, Manila and docketed as Civil Case No. 163661.

In his Answer with Compulsory Counterclaim, Rivera countered that: (1) he never executed the subject Promissory Note; (2) in all instances when he obtained a loan from the Spouses Chua, the loans were always covered by a security; (3) at the time of the filing of the complaint, he still had an existing indebtedness to the Spouses Chua, secured by a real estate mortgage, but not yet in default; (4) PCIB Check No. 132224 signed by him which he delivered to the Spouses Chua on 21 December 1998, should have been issued in the amount of only P1,300.00, representing the amount he received from the Spouses Chua's saleslady; (5) contrary to the supposed agreement, the Spouses Chua presented the check for payment in the amount of P133,454.00; and (6) there was no demand for payment of the amount of P120,000.00 prior to the encashment of PCIB Check No. 0132224.

[5]

In the main, Rivera claimed forgery of the subject Promissory Note and denied his indebtedness thereunder.

The MeTC summarized the testimonies of both parties' respective witnesses:

[The spouses Chua's] evidence include[s] documentary evidence and oral evidence (consisting of the testimonies of [the spouses] Chua and NBI Senior Documents Examiner Antonio Magbojos). x x x

x x x x

Witness Magbojos enumerated his credentials as follows: joined the NBI (1987); NBI document examiner (1989); NBI Senior Document Examiner (1994 to the date he testified); registered criminologist; graduate of 18th Basic Training Course [i]n Questioned Document Examination conducted by the NBI; twice attended a seminar on US Dollar Counterfeit Detection conducted by the US Embassy in Manila; attended a seminar on Effective Methodology in Teaching and Instructional design conducted by the NBI Academy; seminar lecturer on Questioned Documents, Signature Verification and/or Detection; had examined more than a hundred thousand questioned documents at the time he testified.

Upon [order of the MeTC], Mr. Magbojos examined the purported signature of [Rivera] appearing in the Promissory Note and compared the signature thereon with the specimen signatures of [Rivera] appearing on several documents. After a thorough study, examination, and comparison of the signature on the questioned document (Promissory Note) and the specimen signatures on the documents submitted to him, he concluded that the questioned signature appearing in the Promissory Note and the specimen signatures of [Rivera] appearing on the other documents submitted were written by one and the same person. In connection with his findings, Magbojos prepared Questioned Documents Report No. 712-1000 dated 8 January 2001, with the following conclusion: "The questioned and the standard specimen signatures RODRIGO RIVERA were written by one and the same person."

[Rivera] testified as follows: he and [respondent] Salvador are

"kumpadres;" in May 1998, he obtained a loan from [respondent] Salvador and executed a real estate mortgage over a parcel of land in favor of [respondent Salvador] as collateral; aside from this loan, in October, 1998 he borrowed P25,000.00 from Salvador and issued PCIB Check No. 126407 dated 30 December 1998; he expressly denied execution of the Promissory Note dated 24 February 1995 and alleged that the signature appearing thereon was not his signature; [respondent Salvador's] claim that PCIB Check No. 0132224 was partial payment for the Promissory Note was not true, the truth being that he delivered the check to [respondent Salvador] with the space for amount left blank as he and [respondent] Salvador had agreed that the latter was to fill it in with the amount of P1,300.00 which amount he owed [the spouses Chua]; however, on 29 December 1998 [respondent] Salvador called him and told him that he had written P133,454.00 instead of P1,300.00; x x x. To rebut the testimony of NBI Senior Document Examiner Magbojos, [Rivera] reiterated his averment that the signature appearing on the Promissory Note was not his signature and that he did not execute the Promissory Note.<sup>[6]</sup>

After trial, the MeTC ruled in favor of the Spouses Chua:

WHEREFORE, [Rivera] is required to pay [the spouses Chua]: P120,000.00 plus stipulated interest at the rate of 5% per month from 1 January 1996, and legal interest at the rate of 12% percent per annum from 11 June 1999, as actual and compensatory damages; 20% of the whole amount due as attorney's fees.<sup>[7]</sup>

On appeal, the Regional Trial Court, Branch 17, Manila affirmed the Decision of the MeTC, but deleted the award of attorney's fees to the Spouses Chua:

**WHEREFORE**, except as to the amount of attorney's fees which is hereby deleted, the rest of the Decision dated October 21, 2002 is hereby **AFFIRMED**.<sup>[8]</sup>

Both trial courts found the Promissory Note as authentic and validly bore the signature of Rivera.

Undaunted, Rivera appealed to the Court of Appeals which affirmed Rivera's liability under the Promissory Note, reduced the imposition of interest on the loan from 60% to 12% *per annum*, and reinstated the award of attorney's fees in favor of the Spouses Chua:

**WHEREFORE**, the judgment appealed from is hereby **AFFIRMED**, subject to the **MODIFICATION** that the interest rate of 60% per annum is hereby reduced to 12% per annum and the award of attorney's fees is reinstated at the reduced amount of P50,000.00 Costs against [Rivera].<sup>[9]</sup>

Hence, these consolidated petitions for review on *certiorari* of Rivera in G.R. No. 184458 and the Spouses Chua in G.R. No. 184472, respectively raising the following issues:

A. In G.R. No. 184458

1. WHETHER OR NOT THE HONORABLE COURT OF APPEALS ERRED IN UPHOLDING THE RULING OF THE RTC AND M[e]TC THAT THERE WAS A VALID PROMISSORY NOTE EXECUTED BY [RIVERA].
2. WHETHER OR NOT THE HONORABLE COURT OF APPEALS ERRED IN HOLDING THAT DEMAND IS NO LONGER NECESSARY AND IN APPLYING THE PROVISIONS OF THE NEGOTIABLE INSTRUMENTS LAW.
3. WHETHER OR NOT THE HONORABLE COURT OF APPEALS ERRED IN AWARDING ATTORNEY'S FEES DESPITE THE FACT THAT THE SAME HAS NO BASIS IN FACT AND IN LAW AND DESPITE THE FACT THAT [THE SPOUSES CHUA] DID NOT APPEAL FROM THE DECISION OF THE RTC DELETING THE AWARD OF ATTORNEY'S FEES.<sup>[10]</sup>

B. In G.R. No. 184472

[WHETHER OR NOT] THE HONORABLE COURT OF APPEALS COMMITTED GROSS LEGAL ERROR WHEN IT MODIFIED THE APPEALED JUDGMENT BY REDUCING THE INTEREST RATE FROM 60% PER ANNUM TO 12% PER ANNUM IN SPITE OF THE FACT THAT RIVERA NEVER RAISED IN HIS ANSWER THE DEFENSE THAT THE SAID STIPULATED RATE OF INTEREST IS EXORBITANT, UNCONSCIONABLE, UNREASONABLE, INEQUITABLE, ILLEGAL, IMMORAL OR VOID.<sup>[11]</sup>

As early as 15 December 2008, we already disposed of G.R. No. 184472 and denied the petition, via a Minute Resolution, for failure to sufficiently show any reversible error in the ruling of the appellate court specifically concerning the correct rate of interest on Rivera's indebtedness under the Promissory Note.<sup>[12]</sup>

On 26 February 2009, Entry of Judgment was made in G.R. No. 184472.

Thus, what remains for our disposition is G.R. No. 184458, the appeal of Rivera questioning the entire ruling of the Court of Appeals in CA-G.R. SP No. 90609.

Rivera continues to deny that he executed the Promissory Note; he claims that given his friendship with the Spouses Chua who were money lenders, he has been able to maintain a loan account with them. However, each of these loan transactions was respectively "secured by checks or sufficient collateral."

Rivera points out that the Spouses Chua "never demanded payment for the loan nor interest thereof (sic) from [Rivera] for almost four (4) years from the time of the alleged default in payment [*i.e.*, after December 31, 1995]."<sup>[13]</sup>