651 Phil. 117

SECOND DIVISION

[G.R. No. 173881, December 01, 2010]

HYATT ELEVATORS AND ESCALATORS CORPORATION, PETITIONER, VS. CATHEDRAL HEIGHTS BUILDING COMPLEX ASSOCIATION, INC., RESPONDENT.

D E C I S I O N

PERALTA, J.:

Before this Court is a petition for review on *certiorari*,[1] under Rule 45 of the Rules of Court, seeking to set aside the April 20, 2006 Decision[2] and July 31, 2006 Resolution[3] of the Court of Appeals (CA), in CA-G.R. CV No. 80427.

The facts of the case are as follows:

On October 1, 1994, petitioner Hyatt Elevators and Escalators Corporation entered into an "Agreement to Service Elevators" (Service Agreement)[4] with respondent Cathedral Heights Building Complex Association, Inc., where petitioner was contracted to maintain four passenger elevators installed in respondent's building. Under the Service Agreement, the duties and obligations of petitioner included monthly inspection, adjustment and lubrication of machinery, motors, control parts and accessory equipments, including switches and electrical wirings.[5] Section D (2) of the Service Agreement provides that respondent shall pay for the additional charges incurred in connection with the repair and supply of parts.

Petitioner claims that during the period of April 1997 to July 1998 it had incurred expenses amounting to Php 1,161,933.47 in the maintenance and repair of the four elevators as itemized in a statement of account.[6] Petitioner demanded from respondent the payment of the aforesaid amount allegedly through a series of demand letters, the last one sent on July 18, 2000.[7] Respondent, however, refused to pay the amount.

Petitioner filed with the Regional Trial Court (RTC), Branch 100, Quezon City, a Complaint for sum of money against respondent. Said complaint was docketed as Civil Case No. Q-01-43055.

On March 5, 2003, the RTC rendered Judgment[8] ruling in favor of petitioner, the dispositive portion of which reads:

> WHEREFORE, premises considered, JUDGMENT IS HEREBY RENDERED IN FAVOR OF THE PLAINTIFF AND AGAINST THE DEFENDANT ordering the latter to pay Plaintiff as follows:

1. The sum of P1,161,933.27 representing the costs of the elevator parts used, and for services and maintenance, with legal rate of interest from the filing of the complaint;
2. The sum of P50,000.00 as attorney's fees;
3. The costs of suit.

SO ORDERED.[9]

The RTC held that based on the sales invoices presented by petitioner, a contract of sale of goods was entered into between the parties. Since petitioner was able to fulfill its obligation, the RTC ruled that it was incumbent on respondent to pay for the services rendered. The RTC did not give credence to respondent's claim that the elevator parts were never delivered and that the repairs were questionable, holding that such defense was a mere afterthought and was never raised by respondent against petitioner at an earlier time.

Respondent filed a Motion for Reconsideration.[10] On August 17, 2003, the RTC issued a Resolution[11] denying respondent's motion. Respondent then filed a Notice of Appeal.[12]

On April 20, 2006, the CA rendered a Decision finding merit in respondent's appeal, the dispositive portion of which reads:

> WHEREFORE, premises considered, the instant appeal is GRANTED. The Judgment of the Regional Trial Court, Branch 100, Quezon City, dated March 5, 2003, is hereby REVERSED and SET ASIDE. The complaint below is dismissed.
>
> SO ORDERED.[13]

In reversing the RTC, the CA ruled that respondent did not give its consent to the purchase of the spare parts allegedly installed in the defective elevators. Aside from the absence of consent, the CA also held that there was no perfected contract of sale because there was no meeting of minds upon the price. On this note, the CA ruled that the Service Agreement did not give petitioner the unbridled license to purchase and install any spare parts and demand, after the lapse of a considerable length of time, payment of these prices from respondent according to its own dictated price.

Aggrieved, petitioner filed a Motion for Reconsideration,[14] which was, however, denied by the CA in a Resolution dated July 31, 2006.

Hence, herein petition, with petitioner raising a lone issue for this Court's resolution, to wit:

> WHETHER OR NOT THERE IS A PERFECTED CONTRACT OF SALE BETWEEN PETITIONER AND RESPONDENT WITH REGARDS TO THE SPARE PARTS DELIVERED AND INSTALLED BY PETITIONER ON THE FOUR

ELEVATORS OF RESPONDENT AT ITS HOSPITAL UNDER THE AGREEMENT TO SERVICE ELEVATORS AS TO RENDER RESPONDENT LIABLE FOR THEIR PRICES?[15]

Before anything else, this Court shall address a procedural issue raised by respondent in its Comment[16] that the petition should be denied due course for raising questions of fact.

The determination of whether there exists a perfected contract of sale is essentially a question of fact. It is already a well-settled rule that the jurisdiction of this Court in cases brought before it from the CA by virtue of Rule 45 of the Revised Rules of Court is limited to reviewing errors of law. Findings of fact of the CA are conclusive upon this Court. There are, however, recognized exceptions to the foregoing rule, namely: (1) when the findings are grounded entirely on speculation, surmises, or conjectures; (2) when the inference made is manifestly mistaken, absurd, or impossible; (3) when there is grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of fact are conflicting; (6) when, in making its findings, the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee; (7) **when the findings are contrary to those of the trial court**; (8) when the findings are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition, as well as in the petitioner's main and reply briefs, are not disputed by the respondent; and (10) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record.[17]

The present case falls under the 7th exception, as the RTC and the CA arrived at conflicting findings of fact.

Having resolved the procedural aspect, this Court shall now address the substantive issue raised by petitioner. Petitioner contends that the CA erred when it ruled that there was no perfected contract of sale between petitioner and respondent with regard to the spare parts delivered and installed.

It is undisputed that a Service Agreement was entered into by petitioner and respondent where petitioner was commissioned to maintain respondent's four elevators. Embodied in the Service Agreement is a stipulation relating to expenses incurred on top of regular maintenance of the elevators, to wit:

SERVICE AND INSPECTION FEE:

x x x x

(2) In addition to the service fee mentioned in the preceding paragraph under this article, the Customer shall pay whatever additional charges in connection with the repair, supply of parts other than those specifically mentioned in ARTICLE A.2., or servicing of the elevator/s subject of this contract.[18]

Petitioner claims that during the period of April 1997 to July 1998, it had used parts in the maintenance and repair of the four elevators in the total amount of P1,161,933.47 as itemized in a statement of account[19] and supported by sales invoices, delivery receipts, trouble call reports and maintenance and checking reports. Respondent, however, refuses to pay the said amount arguing that petitioner had not complied with the Standard Operating Procedure (SOP) following a breakdown of an elevator.

As testified to by respondent's witness Celestino Aguilar, the SOP following an elevator breakdown is as follows: (a) they (respondent) will notify petitioner's technician; (b) the technician will evaluate the problem and if the problem is manageable the repair was done right there and then; (c) if some parts have to be replaced, petitioner will present the defective parts to the building administrator and a quotation is made; (d) the quotation is then indorsed to respondent's Finance Department; and (e) a purchase order is then prepared and submitted to the Board of Directors for approval.[20]

Based on the foregoing procedure, respondent contends that petitioner had failed to follow the SOP since no purchase orders from respondent's Finance Manager, or Board of Directors relating to the supposed parts used were secured prior to the repairs. Consequently, since the repairs were not authorized, respondent claims that it has no way of verifying whether the parts were actually delivered and installed as alleged by petitioner.

At the outset, this Court observes that the SOP is not embodied in the Service Agreement nor was a document evidencing the same presented in the RTC. The SOP appears, however, to be the industry practice and as such was not contested by petitioner. Nevertheless, petitioner offers an excuse for non-compliance with the SOP on its claim that the SOP was not followed upon the behest and request of respondent.

A perusal of petitioner's petition and evidence in the RTC shows that the main thrust of its case is premised on the following claims: *first*, that the nature and operations of a hospital necessarily dictate that the elevators are in good running condition at all times; and, *second*, that there was a verbal agreement between petitioner's service manager and respondent's building engineer that the elevators should be running in good condition at all times and breakdowns should only last one day.

In order to prove its allegations, petitioner presented Wilson Sua, its finance manager, as its sole witness. Sua testified to the procedure followed by petitioner in servicing respondent's elevators, to wit:

> Q: Can you tell us Mr. witness, what is the procedure actually followed whenever there is a need for trouble call maintenance or repair?
> A: The St. Luke's Cathedral's personnel, which includes the administrative officers, the guard on duty, or the receptionist, will call us through the phone if their elevators brake (sic) down.

Q: Then, what happened?
A: Immediately, we dispatched our technicians to check the trouble.

Q: And who were these technicians whom you normally or regularly dispatched to attend to the trouble of the elevators of the defendant?
A: With regard to this St. Luke's, we dispatched Sunny Jones and Gilbert Cinamin.

Q: And what happened after dispatching these technicians?
A: They come back immediately to the office to request the parts needed for the troubleshooting of the elevators.

Q: Then what happened?
A: A part will be brought to the project cite and they will install it and note it in the trouble call report and have it received properly by the building guard or the receptionist or by the building engineers, and they will test it for a couple of weeks to determine if the parts are the correct part needed for that elevator and **we will secure their approval**, thereafter we will issue our invoices and delivery receipts.

Q: This trouble call reports, are these in writing?
A: Yes, sir. These are in writing and these are being written within that day.

Q: Within the day of?
A: Of the trouble. And have it received by the duly personnel of St. Luke's Cathedral.

Q: And who prepared this trouble call reports?
A: The technician who actually checked the elevator.

Q: When do the parts being installed?
A: On the same date they brought the parts on the project cite.

Q: You mentioned sales invoice and delivery receipts. Who prepared these invoice?
A: Those were prepared by our inventory clerk under my supervision?

Q: How about the delivery receipts?
A: Just the same.

Q: **When would the sales invoice be prepared**?
A: **After the approval of the building engineer.**

Q: But at the time that the sales invoice and delivery receipts were being prepared after the approval of the building engineer, what happened to the parts? Were they already installed or what?
A: They were already installed.