

SECOND DIVISION

[G.R. No. 171702, February 12, 2009]

**MANILA MINING CORPORATION, PETITIONER, VS. MIGUEL TAN,
DOING BUSINESS UNDER THE NAME AND STYLE OF MANILA
MANDARIN MARKETING, RESPONDENT.**

D E C I S I O N

QUISUMBING, J.:

Assailed in this petition for review on certiorari are the Decision ^[1] dated December 20, 2005 and the Resolution ^[2] dated February 24, 2006 of the Court of Appeals in CA-G.R. CV No. 84385. The Court of Appeals had affirmed the Decision ^[3] dated October 27, 2004 of the Regional Trial Court (RTC), Branch 55, Manila, in Civil Case No. 01-101786.

The facts of the case are as follows:

Miguel Tan, doing business under the name and style of Manila Mandarin Marketing, was engaged in the business of selling electrical materials.

From August 19 to November 26, 1997, Manila Mining Corporation (MMC) ordered and received various electrical materials from Tan valued at P2,347,880. MMC agreed to pay the purchase price within 30 days from delivery, or be charged interest of 18% per annum, and in case of suit to collect the same, to pay attorney's fees equal to 25% of the claim. ^[4]

MMC made partial payments in the amount of P464,636. But despite repeated demands, it failed to give the remaining balance of P1,883,244, which was covered by nine invoices. ^[5]

On September 3, 2001, Tan filed a collection suit against MMC at the Manila RTC. ^[6]

After Tan completed presenting evidence, MMC filed a Demurrer to Evidence. ^[7] On December 18, 2003, the RTC issued an Order, denying the demurrer and directing MMC to present evidence. ^[8]

MMC offered as sole witness Rainier Ibarrola, its accountant from year 2000 to 2002. Ibarrola confirmed that it was standard office procedure for a supplier to present the original sales invoice and purchase order when claiming to be paid. He testified that the absence of stamp marks on the invoices and purchase orders negated receipt of said documents by MMC's representatives. ^[9]

On rebuttal, Tan presented Wally de los Santos, his sales representative in charge of MMC's account. De los Santos testified that he delivered the originals of the invoices

and purchase orders to MMC's accounting department. As proof, he showed three customer's acknowledgment receipts bearing the notation:

I/We signed below to signify my/our receipt of your statement of account with you for the period and the amount stated below, together with the corresponding original copies of the invoices, purchase order and requisition slip attached for purpose of verification, bearing acknowledgment of my/our receipt of goods. [10]

On October 27, 2004, the RTC ruled for Tan. Its ruling stated as follows:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff, and against the defendant, ordering the defendant to pay the principal amount of ONE MILLION EIGHT HUNDRED EIGHTY-THREE THOUSAND TWO HUNDRED FORTY-FOUR PESOS (P1,883,244.00), with interest thereon at the rate of eighteen [percent] (18%) per annum starting after thirty (30) days from each date of delivery of the merchandise sold until finality hereof, and thereafter, at the rate of twelve percent (12%) per annum, and the further sum equal to [twenty five percent] (25%) of the principal amount as liquidated damages.

SO ORDERED. [11]

On November 30, 2004, MMC moved for reconsideration, but its motion was denied by the RTC in an Order dated January 5, 2005.

On appeal, the Court of Appeals affirmed the RTC's decision. The decretal portion of the Court of Appeals Decision dated December 20, 2005 reads:

WHEREFORE, premises considered, the appeal is **DENIED**. The Decision of the RTC dated October 27, 2004 is hereby **AFFIRMED**.

SO ORDERED. [12]

Hence, this petition, which raises as sole issue:

WHETHER OR NOT PETITIONER'S OBLIGATION TO PAY HAD ALREADY LEGALLY ACCRUED CONSIDERING THAT RESPONDENT HAS NOT FULLY COMPLIED WITH ALL THE PREREQUISITES FOR PAYMENT IMPOSED UNDER PETITIONER'S PURCHASE ORDERS, THERE BEING NO PROOF THAT RESPONDENT HAD ACTUALLY DONE SO. [13]

Simply stated, we are now called upon to address the question of whether MMC should pay for the electrical materials despite its allegation that Tan failed to comply with certain requisites for payment.

Petitioner contends that respondent's claim for payment was premature inasmuch as the original invoices and purchase orders were not sent to its accounting department. Consequently, Tan's claims were not verified and processed. MMC believes that mere delivery of the goods did not automatically give rise to its obligation to pay. It relies on Article 1545 of the Civil Code to justify its refusal to pay: