

THIRD DIVISION

[G.R. No. 148786, December 16, 2004]

**ROGER MANZANO, PETITIONER, VS. LUZ DESPABILADERAS,
RESPONDENT.**

D E C I S I O N

CARPIO MORALES, J.:

In 1989, during the months of August and September, respondent Luz Despabiladeras obtained on credit from petitioner Roger Manzano various construction materials which she used in her construction project at the Camarines Sur Polytechnic Colleges (CSPC).

By petitioner's claim, he delivered to respondent during above-said period a total of P307,140.50 worth of construction materials payable upon respondent's initial collection from CSPC, to bear 8% monthly interest until fully paid.^[1]

Respondent having paid the amount of only P130,000.00 exclusive of interest, despite receipt of payments from CSPC, petitioner filed on April 6, 1990 a complaint^[2] against her for sum of money with damages before the Regional Trial Court of Iriga City with the following prayer:

WHEREFORE, it is respectfully prayed that pending the final determination of this case, a supplier's lien be established and enforced on the yet collectible payments that defendant has against the Camarines Sur Polytechnic Colleges, and, after hearing, that judgment issue ordering defendant to pay plaintiff the following:

- a) P201,711.74 plus 8% monthly interest thereon from September 20, 1989 until payment in full;
- b) Attorney's fees of P10,000.00 plus equivalent of P500.00 per court appearance as well as 25% of the total award in favor of the plaintiff;
- c) Moral damages in such amount as this Honorable Court may determine;
- d) The value of lost business opportunities as well as the cost of money as the plaintiff may be able to prove;
- e) Such other litigation expenses as plaintiff may be able to prove;
- f) Exemplary damages in such amount as this Honorable Court

may assess;

g) The costs.

Plaintiff respectfully prays for such other reliefs as may be consistent with justice and equity.

In her Answer with Counterclaim,^[3] respondent alleged that petitioner had substantially altered the prices of the construction materials delivered to her; and that in addition to the P130,000.00 she had paid petitioner, she had made additional payments to petitioner via two checks (one in the amount of P43,069.00 and the other in the amount of P14,000.00).

Petitioner filed his Reply and Answer to Counterclaim alleging, inter alia, that the two checks represented payment for past obligations other than that subject of the case.

Branch 36 of the Iriga Regional Trial Court (the trial court) later granted petitioner's "Motion to Establish and Enforce Plaintiff's Supplier's Lien" and accordingly ordered the President of the CSPC "to retain the sum of P201,711.74 from the final payment due to the defendant . . . pending final resolution of this case."^[4]

As required by the trial court, petitioner filed a bond in the amount of P50,000.00 to answer for any damages arising from the grant and enforcement of supplier's lien.

Issues having been joined, the case was set for pre-trial.

After the pre-trial, the trial judge issued the following order:^[5]

At this pre-trial conference, there is no dispute that the plaintiff delivered and defendant received certain construction materials but the defendant does not agree on the cost claimed by the plaintiff. **Wherefore, it is mutually agreed that the plaintiff shall submit an offer to stipulate** showing an itemized list of construction materials delivered to the defendant together with the cost claimed by the plaintiff within fifteen (15) days furnishing copy thereof to the defendant who will state her objections if any, or comment therein within the same period of time.

x x x (Emphasis and underscoring supplied)

Instead of submitting "an offer to stipulate," petitioner filed on October 24, 1990 a "Request for Admission"^[6] asking respondent to admit within 15 days from receipt the following:

1. That on the specific dates set forth in Annexes A, A-1 and A-2 hereof, plaintiff delivered to and defendant received the various items particularly described in said annexes duly covered by the invoices respectively set forth therein;
2. That of the total amount of P314,610.50 representing the value of the goods described in Annexes A, A-1 and A-2, plaintiff has paid only P130,000.00.
(Underscoring supplied)

No response to the Request for Admission was proffered by respondent until in the course of the trial of the case or on April 8, 1991, respondent filed a list^[7] of items admitted to have been delivered and those not admitted, noting therein that "Deliveries admitted do not bear the actual price agreed [upon] or the specifications requested," which filing the trial court noted in its order of even date.^[8]

Petitioner later filed a Motion for Partial Judgment and Execution^[9] alleging that "substantial justice would be served if partial judgment would issue (on the pleadings) in respect to those items admitted to have been received by [respondent]" and attaching as Annex "A"^[10] a list prepared by petitioner containing the items (with the corresponding prices) admitted to have been received by the respondent.

Opposing the Motion for Partial Judgment and Execution,^[11] respondent alleged:

2. That the motion appears to have been based on the list of items on file with the court which defendant admitted to have been delivered to her by plaintiff but which, will still be litigated in order to determine the actual cost or value as the delivery receipts did not contain or reflect the true agreement between the parties or the cost does not appear on the receipt at the time of the delivery of the items;
3. That furthermore, defendant in her answer alleged payments in three (3) checks which amounted to a total of P187,269.00, which if applied to the actual cost of the items admitted to have been delivered would be more than enough to satisfy defendant's indebtedness;
4. That the matter of cost of the items listed in [the motion] is litigious, hence, a partial judgment and execution will not be proper as prayed for by the plaintiff. (Underscoring supplied)

At the hearing conducted on August 2, 1991, petitioner's wife, Ederlinda K. Manzano, testified that in addition to the P130,000.00, she and petitioner also received P97,000.00 which came, upon agreement of the parties, from the "retention lien" of the CSPC.

Petitioner, by counsel, also admitted having received P25,000.00 upon the expiration of respondent's counterbond which was posted for the dissolution of petitioner's bond.

On February 21, 1994, the trial court issued the following order:^[12]

Considering that the defendant, up to this time ha[s] **not answered under oath** the request for admission, dated October 23, 1990, as prayed for by the counsel for the plaintiff, the facts requested to be admitted are hereby confirmed.

The plaintiff then presented the last witness, Ederlinda K. Manzano, whose direct testimony was completed. x x x After the testimony of the witness, the counsel for the plaintiff formally offered Exhibits A to E and submarkings which were all admitted. After the admission of the

documentary exhibits, the plaintiff rested his case. (Emphasis and underscoring supplied)

At the reception of evidence for the defense, respondent offered documentary evidence including two cleared checks payable to petitioner, one dated August 10, 1989 in the amount of P43,069.00, and another dated August 12, 1989 in the amount of P14,200.00. As reflected in petitioner's Reply and Answer to Counterclaim, the receipt of the checks was admitted but it was claimed that they represented payment for previous accounts, not for respondent's account subject of the present case.

By Decision^[13] of July 7, 1997, the trial court found for petitioner.

x x x Despite receipt of said request for admission, defendant did **not** answer the same, under oath, consequently, defendant is deemed to have admitted that plaintiff delivered to her and she received the goods delivered with the total value of P314,610.50 and that of the said total amount, she has paid only P130,000.00.

There is no more need for the Court to examine and discuss the evidence submitted by the plaintiff to prove the account of defendant because what has been admitted need not be proved. On the other hand, the evidence submitted by defendant which are intended to impress upon the Court that aside from P130,000.00, she paid on September 20, 1989, she made other payments, and that her total unpaid balance is not the amount being demanded by plaintiff, have to be ignored by the court, without even ruling on their credibility, because of her aforesaid admission that her total account is P314,610.50 and out of which, she has paid only P130,000.00. Admission made by the parties in the pleadings, or in the course of the trial or other proceedings do not require proof and cannot be contradicted unless previously shown to have been made through palpable mistake (Yu v. Magpayo, 44 SCRA 163). There is no showing in this case of such fact. In another case, the Supreme Court ruled that an admission made in the pleadings cannot be controverted by the party making such admission and are conclusive as to him. All proofs submitted by him contrary thereto and inconsistent therewith should be ignored, whether or not objection is interposed (Elayda v. Court of Appeals, 199 SCRA 349).

Plaintiff through his witness has admitted in the course of her testimony, that plaintiff received additional payment in the amount of P97,000.00 as a result of the order of this Court dated June 14, 1991. This was confirmed by plaintiff's counsel (tsn, p. 14, Feb. 21, 1994). And so, as matters now stand, defendant had already paid the plaintiff the total amount of P227,000.00 (P130,000.00 plus P97,000.00) out of the total obligation of P314,610.50, thereby leaving an unpaid balance of P87,610.50.

Plaintiff insists that there was an agreement between him and the defendant for the latter to pay 8% monthly interests on the purchase on credit. Defendant denied that there was such an agreement. According to the counsel for plaintiff in his memorandum, it [is] just "a matter of one's

word against the other's." Plaintiff did not present any written agreement as to payment of interests. In her testimony, Erlinda Manzano admitted that their agreement for the payment of interest was only verbal (tsn, p. 6, Jan. 17, 1996). Consequently, plaintiff cannot collect the said 8% monthly interest because no interest shall be due unless it has been expressly stipulated in writing (Art. 1956, Civil Code of the Philippines). Plaintiff, however, is entitled to interest at the legal rate from the filing of the complaint. Legal rate in this case means 12% per annum (A.C. Enterprises, Inc. v. Construction Industry Arbitration Commission, 224 SCRA 55).

The Court cannot grant the moral, exemplary and other damages prayed for by the plaintiff. The defendant had the right to resist the demands for payment of interest which is not due by virtue of the provision of law herein before cited. Plaintiff is, however, entitled to a reasonable attorney's fee in the amount of P10,000.00 for he had to institute this case in order to collect.

In the light of the defendant's admission herein before explained, her contention that her remaining balance is lesser than the amount being claimed by plaintiff, is without merit. Defendant's claim that she is not liable to pay the 8% monthly interests is correct, but she should have rendered payment of the amount being claimed by the plaintiff minus the 8% monthly interest and if plaintiff refuses to accept, consign the amount in Court.

X X X

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff and against the defendant, ordering the latter to pay the former the sum of –

- a) P87,610.50 plus interest at the legal rate (12% per annum) from the filing of the complaint up to the time of actual payment;
- b) P10,000.00 as reasonable attorney's fees; and
- c) the costs of suit.

All other claims and counterclaims are hereby dismissed.^[14]
(Emphasis and underscoring supplied)

At the Court of Appeals, respondent faulted the trial court

1. [for] ruling that defendant-appellant has admitted the facts requested for admission, particularly the matter of having paid only P130,000.00; and
2. [for] failing to credit another payment which was even admitted by the plaintiff-appellee to have been paid by defendant-appellant.^[15]