

SPECIAL SECOND DIVISION

[CA-G.R. CV No. 99907, March 19, 2014]

CONSUMER PACKAGING PRODUCTS CORPORATION, PLAINTIFF-APPELLANT, VS. JESSIE CHING AND LIZA A. RONCAL, DOING BUSINESS UNDER THE NAME AND STYLE OF GENTEX PLASTIC MANUFACTURING AND TOPMASTER, DEFENDANTS-APPELLEES.

D E C I S I O N

BRUSELAS, JR. J.:

Before us is an appeal from a decision^[1] of the Regional Trial Court (RTC), the dispositive portion of which reads:

“WHEREFORE, in the light of the foregoing, the amended complaint is hereby DISMISSED for lack of preponderance of evidence. Likewise, the compulsory counterclaim of defendants is ordered DISMISSED.

SO ORDERED.”

The events that led to the instant appeal are as follows:

Plaintiff-appellant Consumer Packaging Products Corporation (CPPC) filed a complaint^[2] for collection of sum of money with application for the issuance of writ of preliminary attachment against defendants-appellees Liza Roncal (Roncal) and Jessie Ching (Ching). CPPC alleged that it was a domestic corporation duly organized and existing under and by virtue of Philippine laws, engaged in the business of production, manufacturing and marketing of various plastic products. Roncal was likewise engaged in the manufacturing, buying and selling of plastic products, under the name and style of Gentex Plastic Manufacturing (Gentex) and/or Topmaster, while Ching acted as her business agent. During the period from 5 April 2006 to 23 May 2006, Ching purchased plastic resins from CPPC with the assurance and representation that the same shall be paid immediately. In the said transactions, Ching never disclosed the fact that he was merely acting as an agent of Roncal. CPPC, relying on the assurance and representation of Ching, was induced to repeatedly deliver huge volumes of resins to the appellees, the aggregate value of which amounted to Four Million Fourteen Thousand Three Hundred Twelve Pesos and Fifty centavos (P4,014,312.50). When CPPC demanded payment for the plastic resins from Ching, the demand was ignored. Later on, in the guise of verifying and reconciling the originals of the delivery receipts with their records before paying its obligations, Ching, as a means of implementing their intention not to pay CPPC, borrowed from the latter the originals of almost all of the aforesaid delivery receipts. Contrary, however, to his representation, Ching, after CPPC had surrendered the originals of all the pertinent delivery receipts, still refused to pay. Despite repeated demands, the appellees refused and continued to refuse, to pay the value of the plastic resins. CPPC, through its counsel, sent a demand letter to Ching dated 15 August 2006. In order to enforce its just and valid claim against the appellees, CPPC

was constrained to litigate and engage the services of its counsel at the rate of P1,500.00 per hour.

In their Answer,^[3] the appellees, denied having purchased from CPPC plastic resin or any product during the period from 5 April 2006 to 23 May 2006. They alleged that in all those instances that Ching acted as business agent of Roncal, Ching had always made it clear with third parties that he was merely an agent and he never represented himself as an employee or owner of the business he was representing. When CPPC began demanding payment from the appellees, the latter asked what the demand was all about. CPPC then merely showed and did not give the appellees photocopies of some of the supposed delivery receipts. The appellees pointed out that the delivery receipts did not show that CPPC made the deliveries as its letterhead bears the letter "LB". Also, in one of the supposed delivery receipts, the name of the customer was Precious Plastic. In the other delivery receipts, it was indicated that the recipient was either Gentex or Topmaster. Thus, assuming for the sake of argument that CPPC did make deliveries to Gentex and Topmaster, CPPC could not therefore deny that it knew it was dealing with Gentex and Topmaster and that it clearly knew that Ching was merely acting as an agent for Gentex and Topmaster. The appellees also alleged that the complaint was not verified. By reason of the unfounded complaint, the appellees prayed for moral damages in the amount of One Million Pesos and attorney's fees in the amount of P300,000.00.

During the trial, one of the witnesses that appeared for CPPC was Allan Malapitan, who was the Vice President of CPPC. Allan Malapitan testified that he knew Ching as he was their client before; and that he caused the filing of a criminal case against Ching because the latter failed to pay his obligation despite repeated demands. When Ching purchased on credit the plastic products, he did not sign any document as proof because in Chinese tradition, his face served as the sole guarantee. He also explained that the customer name, Precious Plastic, appearing on the delivery receipt was merely supplied by Ching.^[4]

Another witness that appeared for CPPC was Mario Prado, who testified that he was employed by CPPC as delivery driver in 2006. Mario Prado narrated that he made many deliveries in May 2006 to Gentex and the proof that the deliveries were made was the delivery receipts which Gentex had put a stamp mark on. He, however, merely stayed in the delivery truck as he had a helper who was the one who actually delivered the items and the receipts to Gentex and who was present when the items were received. He also admitted that he can no longer remember the exact number, as well as the date, of the deliveries that he had made. He also said that the raw materials that he delivered came from CPPC's warehouse in Lawang Bato and that the "LB" in the delivery receipts referred to Lawang Bato.^[5]

On the part of the appellees, Ching testified that it was his sister-in-law, Roncal, who was doing business under Gentex Plastic Manufacturing and that he had sometimes acted as an agent of Gentex. Between 5 April to 23 May 2006 he talked to one of the suppliers of Gentex, Resinsource Inc., through its representative, Liotongco. Gentex ordered 2,000 bags of propelinas yarn and 800 bags of egyptene from Resinsource and paid P4,873,000.00 in check, which was dated 5 May 2006. He also testified that the delivery receipts attached to the complaint were signed by the persons in charge of the records of Gentex. He likewise admitted that he received the Statement of Account, but he later found out, after his sister-in-law checked with the records, that they did not order the said goods from CPPC. He relayed the