

TENTH DIVISION

[CA-G.R. CV NO. 67339, August 31, 2006]

**AMECO CONTRACTORS RENTALS, INC., PLAINTIFF-APPELLEE,
VS. FIL-ESTATE PROPERTIES, INC., DEFENDANT-APPELLANT.**

D E C I S I O N

TAYAG, J.:

This is an appeal from the March 31, 2000 Decision^[1] of the Regional Trial Court, Branch 92, Quezon City, in Civil Case No. Q-99-38162, an action for Collection of Sum of Money, the decretal portion of which reads:

"WHEREFORE, foregoing premises considered, defendant is hereby ordered to pay plaintiff the amount of P960,075.00 plus 2% interest compounded monthly until fully paid and to pay the cost of suit.

SO ORDERED."

The trial court summarized the factual and the procedural antecedents as follows:

"This is an action for 'Collection of Sum of Money'" filed on July 14, 1999 by plaintiff Ameco Contractors Rentals, Inc., against defendant Fil-Estate Properties, Inc.

On October 19, 1999, the defendant corporation was declared in default for failure to file its Answer within the legal period allowed by the Court. The plaintiff was allowed to present its evidence ex-parte.

The evidence for the plaintiff adduced ex-parte tends to show that defendant Fil-Estate Properties, Inc., entered into a contract of lease with the plaintiff Ameco Contractors Rentals, Inc., over one equipment, Caterpillar Model D8N Truck-type tractor for a total period of three (3) months; that the former agreed to pay the latter the amount of three thousand (P3,000.00) pesos per hour for a minimum of two (2) hundred hours per month; that in accordance with the terms and conditions of the rental contracts, three billings for the period March 7, 1997 to July 15, 1997 were sent to the defendant; that the computation of the rental billings was based on the summary of operating hours and daily equipment time records; that there were partial payments on the first two billings sent to the defendant but no payment was made on the third billing; that the unpaid rentals of the defendant amounts to P960,075.00 exclusive of 2% interest per month compounded monthly; that on February 8, 1999, a written demand letter was sent to the defendant by the plaintiff but the former ignored said demand; that on April 15, 1999, another demand letter was sent to the defendant by the plaintiff but the same was again ignored by the defendant; and that by reason of the

refusal of the defendant to pay its obligation, the plaintiff suffered damages.”

The case having been submitted for resolution, the court *a quo* made the following pronouncements as to its findings:

“Assessing the plaintiff's uncontroverted evidence, supported by equally uncontroverted documentary evidence, and in the absence of evidence to prove otherwise, the Court finds that the plaintiff has substantially established its cause of action against herein defendant which warrants the granting of the reliefs prayed for.

The evidence established that defendant owes plaintiff the amount of *NINE HUNDRED SIXTY THOUSAND SEVENTY FIVE (P960,075.00) PESOS* and that despite repeated demands for its payment, defendant unjustly refused to pay.

In the absence of controverting evidence, the facts as adduced, the categorical statements of the plaintiff's witness and its documentary evidence stand.

WHEREFORE, foregoing premises considered, defendant is hereby ordered to pay the plaintiff the amount of P960,075.00 plus 2% interest compounded monthly until fully paid and to pay the cost of suit.

SO ORDERED.”^[2]

Aggrieved by the afore-stated Decision, Defendant-appellant interposed this Appeal contending that:

THE LOWER COURT ERRED IN ORDERING DEFENDANT-APPELLANT TO PAY P960,075.00 REPRESENTING ITS ALLEGED PRINCIPAL OBLIGATION WITH 2% INTEREST COMPOUNDED MONTHLY UNTIL FULL PAYMENT, CONSIDERING THAT:

(A)

THE TESTIMONY OF PLAINTIFF 'S SOLE WITNESS IS INCREDIBLE AND INADMISSIBLE TO PROVE THE MATERIAL ALLEGATIONS OF THE COMPLAINT.

(B)

THE DOCUMENTARY EVIDENCE PRESENTED BY PLAINTIFF - APPELLEE AND THE SIGNATURES THEREIN ARE INADMISSIBLE SINCE THESE WERE NOT PROPERLY IDENTIFIED BY PLAINTIFF-APPELLEE'S SOLE WITNESS.

In other words, Defendant-Appellant contends that it was error on the part of the court *a quo* to find it liable for the payment of P960,075 plus 2% interest compounded monthly until full payment because: (a) the testimony of plaintiff-appellee's sole witness is incompetent and incredible; and (b) plaintiff-appellee's

documentary evidence, particularly the signatures therein, were not sufficiently identified.

In its Appellant's Brief, Defendant-Appellant made the following assertions, to wit: that the testimony of plaintiff-appellee's sole witness is much too broad and short of the quantum required to establish Defendant-Appellant's liability in this case; that the witness had no personal knowledge of the transaction denominated as lease contract over a certain tractor unit as well as the terms thereof; that the signatures in the contracts of lease were not properly and competently identified by plaintiff-appellee's sole witness because he failed to lay the basis for such identification; and that while he stated that he was familiar with the signatures of the parties' authorized representatives, namely, Engr. Cecilio Natividad, Engr. Nick Gomez, Terry Morgan, and Preciosa Joy Salvanerra, he failed to state how and why^[3].

We do not agree.

First and foremost, this is a collection suit for the unpaid rentals over a certain tractor unit. Plaintiff-appellee's cause of action is founded upon the non-performance of defendant-appellant of a contractual obligation contained in the written contract of lease. To hold the defendant-appellant liable, plaintiff-appellee has to prove, *first*, that it entered into a contract of lease with the defendant-appellant; and *second*, that defendant-appellant failed to comply with his obligation (*i.e.*, to pay) under the contract. Since this is an action founded on an obligation contained in a written instrument, *Section 3, Rule 130 of the Revised Rules of Court*^[4] provides that the best evidence to prove the existence of the contract is the original document itself. And since the Rules provide that no evidence other than the original document itself shall be admissible when the subject of the inquiry is the contents of a document, it follows therefore that testimonial evidence regarding the terms and conditions of a contract is no longer necessary. In fact, the rule on Parol Evidence further states that " *when the terms of an agreement have been reduced to writing, it is considered as containing all the terms agreed upon and there can be, between the parties and their successors in interest, no evidence of such terms other than the contents of the written agreement.*" If at all, the testimony of the sole witness in this case merely served to pave the way for the identification of the subject lease contract, *i. e.*, that the document being presented to the court is the same lease contract that the parties entered into.

In the light of the foregoing, we believe and so hold that the sole witness is competent to lay the basis for the identification of the subject lease contract because by the nature of his function and in the normal course of performing his duties as rental supervisor of plaintiff-appellee, he is required not only to become knowledgeable but more so familiar with the provisions of the contract to best represent the interest of plaintiff-appellee in their dealings with their clients. It naturally follows also, that he must acquaint himself with their clients with whom they are transacting.

More importantly, since this is an action founded on a contractual obligation, *Section 8, Rule 8 of the Revised Rules of Court* provides that: "*When an action or defense is founded upon a written instrument, copied in or attached to the corresponding pleading as provided in the preceding section, the genuineness and due execution of the instrument shall be deemed admitted unless the adverse party, under oath,*