

THIRD DIVISION

[G.R. No. 219317, June 14, 2021]

**CATHAY PACIFIC STEEL CORPORATION, PETITIONER, VS.
CHARLIE CHUA UY, JR., RESPONDENT.**

D E C I S I O N

HERNANDO, J.:

This Petition for Review on *Certiorari*^[1] filed by petitioner Cathay Pacific Steel Corporation (Cathay) against respondent Charlie Chua Uy, Jr. (Uy) assails the November 25, 2014 Decision^[2] and June 23, 2015 Resolution^[3] of the Court of Appeals (CA) in CA-G.R. CV No. 99656.^[4]

Antecedents:

The facts, as summarized by the appellate court, are as follows:

On July 15, 2008, [Cathay] filed a Complaint against Uy for *Sum of Money and Damages* alleging, that: on February 16, 1996, Cathay hired Uy as section supervisor and (sic) at its Novaliches plant; on July 1, 1999, Uy was assigned as the material handling officer tasked with checking, accepting, and releasing steel products that go through the Novaliches plant premises, and the sale of special assorted (below standard length) steel bars known as *retazos*, authorized to accept cash payments directly from customers to be remitted immediately to Cathay's treasury department; sometime in March 2008, Cathay's management conducted a special audit of sales of *retazos* for the period covering the first quarter of 2008; as a result of the special audit, Cathay discovered that cash proceeds from the sale of *retazos* for the month of February 2008 covered by several delivery receipts amounting to P409,280.00 were not remitted to its treasury department; Uy's signature was on the delivery receipts; on May 29, 2008, Cathay sent a demand letter for payment of the amount covered by the questionable transactions within five days from receipt, but Uy failed to pay or settle with Cathay; and, the unlawful refusal of Uy to settle his obligation to Cathay caused it to file a collection suit and engage the services of counsel. Cathay prayed that a decision be rendered ordering Uy to pay P409,280.00 as principal obligation, legal interest from the filing of the complaint until fully paid; attorney's fees of P50,000.00; and costs of suit.

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On February 11, 2010, Uy filed his Answer. Uy prayed that after hearing, the complaint be dismissed and his counterclaim granted ordering Cathay to pay him actual damages of not less than P1,000,000.00;

P1,000,000.00 by way of moral damages; P500,000.00 as exemplary damages; attorney's fees of P200,000.00 and costs of suit.

x x x x

Cathay presented the testimonies of Elmer San Gabriel, Gerardo Delos Reyes Capitulo, and Angelito Kong Ong.

Elmer San Gabriel testified, that: he was the corporate operations officer of Cathay and was authorized to file the case against Uy; he is in charge of handling the internal and external affairs of Cathay and performs such other duties as may be assigned by management; Cathay employed Uy in February 1995 as section head and later on assigned to various positions; in 1999, Uy was assigned as material handling officer at the Novaliches plant of Cathay; as such officer, **Uy was tasked to monitor, check and authorize the release of steel products going in and out of the plant; Uy was also assigned to handle the sale of retazos on cash transaction basis;** in March 2008, he was tasked to investigate anomalies pertaining to the sale of *retazos*; **the treasury department conducted an audit by looking at the records of the remittances made by Uy and found that there were five (5) transactions in the month of February 2008 where the proceeds of the sale of the retazos were not remitted to Cathay's treasury department; the amount involved was more or less P409,000.00; Uy, who is also in charge of authorizing the release of sold retazos, authorized the release of the retazos in these five (5) transactions which are covered by Scrap Miscellaneous Sales (SMS), because the products will not be released without his signature;** after investigation, Cathay tried to contact Uy but failed to do so; meanwhile, Uy submitted a resignation letter; Cathay sent a letter to Uy on April 4, 2008 informing him that the company did not accept his resignation and that he was being asked to report for work; when Uy failed to respond, Cathay sent another letter dated April 15, 2008 which was received by his wife; when Cathay did not get any response, the matter was referred to the company counsel who then sent a demand letter to Uy; when there was no reply, the case was subsequently filed. Consequently, Cathay incurred P50,000.00 for the services of counsel and P7,128.00 as filing or docket fee. Cathay also filed a criminal complaint with the Office of the City Prosecutor of Quezon City against Uy; however, the complaint was dismissed.

Gerardo Delos Reyes Capitulo stated, that: he is employed as weigher and dispatcher at the material handling office of Cathay in Novaliches tasked with measuring deliveries or pick-ups of steel bars; he assists customers who want to buy steel bar *retazos*; when an investigation was conducted about the sale of *retazos*, Uy stopped reporting for work; during the investigation, sales receipts that were not remitted were shown to them; **Cathay issues SMS as receipts in the sale of retazos; the signature of Uy appeared on the SMSes subject of the investigation;** he is familiar with Uy's signature having worked with him from 1999 to 2008; he does not remember if he participated in the anomalous sale transactions covered by the SMSes; and when the

investigation was conducted, Uy was no longer in Cathay and did not take part therein.

Finally, Angelita Kong Ong testified, that: he was a sales executive of Cathay whose function is to receive and process orders of the customers; sometimes he is tasked to check and verify whether the statement of account of customers have been paid or not; sometime in 2008, he was instructed to check and verify the unpaid statement of accounts for the purchase of steel bars and retazos; **he found an unpaid account at the Novaliches plant; since Uy was the person in-charge of the material handling office and the sale transactions, he attempted to call the attention of Uy about the unpaid balance of a particular customer in March 2008, but Uy had stopped reporting to the office; hence, he referred the matter to their legal department.**

x x x x

Uy testified in his defense and stated, that: he is a civil engineer by profession; he felt embarrassed and suffered sleepless nights because of the filing of the case; he also lost business and job opportunities and incurred costs for the hiring of lawyers; he submitted a resignation letter which was objected to by the plant manager so he had the letter received by the security guard; and he resigned because a job opportunity opened up, but which he lost because of the filing of a criminal case against him.

[5] (Emphasis supplied, citations omitted)

In addition to the testimonial evidence offered by Cathay, it also presented the **delivery receipts**, also known as "scrap miscellaneous sales (SMS)," covering the five transactions when Uy allegedly authorized the release of the *retazos* on a cash transaction basis,^[6] as well as the corresponding **statements of account** to prove that during such transactions, Uy did not remit the payments to Cathay's treasury department.^[7]

For his part, Uy presented the records of Cathay's prior criminal complaint against him for qualified theft, to prove that Cathay had earlier instituted a similar complaint and that it had been dismissed by Quezon City's Office of the City Prosecutor.^[8]

Ruling of the Regional Trial Court (RTC):

In its August 10, 2012 Decision,^[9] the RTC, relying on the testimonial and documentary evidence presented by Cathay, found that the latter was able to prove by preponderance of evidence that Uy had the duty to accept cash payment for the sale of the *retazos*, and that he failed to observe such duty by not remitting the amount of P409,280.00 to Cathay's treasury department.^[10] Thus, the trial court held Uy liable for such amount.^[11]

The dispositive portion of the Decision reads:

WHEREFORE, premises considered, defendant is hereby ordered to pay plaintiff the following:

the amount of Four Hundred Nine Thousand Two Hundred Eighty Pesos (P409,280.00) as actual damages with legal interest from the filing of the complaint, attorney's fees in the amount of Fifty Thousand Pesos (P50,000.000) plus cost of suit.

SO ORDERED.^[12]

Ruling of the Court of Appeals:

On appeal, the CA reversed and set aside the RTC's August 10, 2012 Decision after finding that Cathay failed to prove the existence of the unremitted payments.^[13] The appellate court noted that the statements of account offered to prove such payments were dated June 1, 2011, nearly three years after the filing of the complaint against Uy, and could not therefore have been the statements of account used in Cathay's supposed audit investigation.^[14] Further, it found that the corresponding statement of account for SMS No. 2276, which covered one of the transactions when Uy supposedly did not remit any payment, did not actually reflect any unpaid balance.^[15] The CA finally noted the existence of discrepancies between the delivery receipts subject of the instant civil case on the one hand, and those in the criminal case, on the other hand.^[16] For these reasons, the appellate court held that Cathay failed to discharge its burden of proof.^[17]

The dispositive portion of the assailed Decision reads:

WHEREFORE, premises considered, the Appeal is GRANTED. The Decision dated August 10, 2012 of the Regional Trial Court, Branch 91, Quezon City, in Civil Case No. Q-08-63028 is **REVERSED and SET ASIDE**. The Complaint against Charlie Chua Uy, Jr., is hereby **DISMISSED**. No costs.

SO ORDERED.^[18] (Emphasis in the original)

Cathay moved for a reconsideration which was however denied by the appellate court in its assailed Resolution.^[19] Hence, the instant Petition.

The Petition:

In its Petition, Cathay argues that the CA misappreciated the evidence on record when it reversed the RTC's August 10, 2012 Decision, considering it was able to prove by preponderance of evidence its cause of action against Uy through the testimonies of Elmer San Gabriel (San Gabriel), Angelito Ong (Ong), and Gerardo Capitulo (Capitulo), as well as its documentary evidence consisting of the delivery receipts and the corresponding statements of account, among others.^[20] As to the inclusion of SMS No. 2276 in the Complaint, Cathay explains that it was due to a mere oversight.^[21] It argues that in any case, it was still able to prove the total unremitted payments amounting to P391,155.00.^[22] As to the statements of account, Cathay discloses that these were dated June 1, 2011 to reflect the up-to-date outstanding balance of the customers.^[23]

In its Comment,^[24] Uy points out that the Petition raises questions of facts which are not allowed in a Rule 45 petition.^[25] Further, Uy states that the Petition utterly lacks merit and is dilatory in nature, and should therefore be denied outright.^[26]

In its Reply,^[27] Cathay counters that the review of the assailed Decision is proper in view of the appellate court's misappreciation or misapprehension of facts, and also because its findings of facts are contrary to those of the trial court.^[28]

Issue

Did the CA err in ruling that Cathay failed to prove by preponderance of evidence its cause of action against Uy?

Our Ruling

The Petition is meritorious.

The Court may review the factual findings of the lower courts when the same are conflicting

A reading of the Petition reveals that it raises a question of fact, which is generally not allowed in a Rule 45 petition. The Court's jurisdiction in a Rule 45 petition is limited to the review of questions of law^[29] because the Court is not a trier of facts.^[30] However, the rule admits of exceptions, including when the factual findings of the lower courts are conflicting.^[31] Since the factual findings of the RTC and the CA are conflicting in this case, We find that a factual review is proper.

Cathay was able to establish by preponderance of evidence Uy's liability for the unremitted payments.

In civil cases, the party having the burden of proof must establish its cause of action by a preponderance of evidence,^[32] or that "evidence which is of greater weight or is more convincing than that which is in opposition to it."^[33] Preponderance of evidence "does not mean absolute truth; rather, it means that the testimony of one side is more believable than that of the other side, and that the probability of truth is on one side than on the other."^[34] The guidelines in the determination of preponderance of evidence are provided under Section 1, Rule 133 of the Rules of Court:

SECTION 1. *Preponderance of evidence, how determined.* — In civil cases, the party having the burden of proof must establish his [or her] case by a preponderance of evidence. **In determining where the preponderance or superior weight of evidence on the issues involved lies, the court may consider all the facts and circumstances of the case, the witnesses' manner of testifying, their intelligence, their means and opportunity of knowing the facts to which they are testifying, the nature of the facts to which they testify, the probability or improbability of their testimony, their interest or want of interest, and also their personal credibility so far as the same legitimately appear upon the trial. The court may also consider the number of witnesses, though the**