SECOND DIVISION

[G.R. No. 231485, September 21, 2020]

WATERCRAFT VENTURES CORPORATION, REPRESENTED BY ITS VICE PRESIDENT, ROSARIO E. RAÑOA, PETITIONER, VS. ALFRED RAYMOND WOLFE, RESPONDENT.

R E S O L U T I O N

INTING, J.:

This resolves the Petition for Review on *Certiorari*[1] assailing the Decision[2] dated August 31, 2016 of the Court of Appeals (CA) in CA-G.R. CV No. 101702 which reversed and set aside the Partial Judgment[3] dated February 7, 2012 of Branch 170, Regional Trial Court (RTC), Malabon City in Civil Case No. 4534-MN for collection of sum of money with damages with an application for the issuance of a writ of preliminary attachment. Likewise assailed is the CA Resolution[4] dated March 16, 2017 denying the motion for reconsideration.

The Antecedents

In its Complaint[5] for Collection of Sum of Money with Damages with an Application for the Issuance of a Writ of Preliminary Attachment, Watercraft Ventures Corporation (petitioner), as represented by its Vice President, Rosario E. Rañoa, stated that it is a corporation engaged in the business of building, repairing, storing, and maintaining yachts and other pleasure crafts at the Subic Bay Freeport Zone. Petitioner claimed that relative to its operation and maintenance of facilities, it charged a boat storage fee of US$272.00 per month with interest rate of 4% per month for unpaid charges.[6]

According to petitioner, in June 1997, it hired Alfred Raymond Wolfe (respondent) as Shipyard Manager. Respondent thereafter placed his sailboat, the Knotty Gull (subject sailboat), within its storage facilities for safekeeping. Petitioner insisted that even if he was an employee, respondent was not exempted from paying the boat storage fees, and the latter was aware of it. However, despite having used the facilities throughout his employment, respondent never paid storage fees.[7]

In November 2000, the parties executed an exclusive central listing agreement whereby petitioner was granted the exclusive right to sell the subject sailboat within a period of six months from the execution of the agreement on 10% commission.[8]

On April 7, 2002, petitioner terminated respondent.

On May 2, 2002, respondent received Invoice Nos. 5739 to 5744 indicating his liability for storage fees and items from 1998 until April 2002 in the total amount of

P818,934.71.[9]

On May 7, 2002, respondent received a Statement of Account "Payable to [respondent] as of April 7, 2002."[10]

On June 29, 2002, respondent executed a Boat Pull Out Clearance[11] which indicated the amount of US$16,324.82 purportedly representing unpaid boat storage fees from June 1997 to June 2002. By reason of the Boat Pull Out Clearance and without paying the storage fees, then Shipyard Manager, Franz Urbanek (respondent's successor) permitted respondent to pull out the subject sailboat. Petitioner, however, insisted that the act of the shipyard manager was contrary, to its rules and regulations. Petitioner added that despite several demands, respondent failed to pay the storage fees. As of April 2, 2005, the supposed outstanding obligation of respondent amounted to P3,231,589.25 already.

In his Answer with Compulsory Counterclaim,[12] respondent countered that petitioner employed him as Service and Repair Yard Manager, not a Shipyard Manager. He refuted that he owed petitioner storage fees explaining that in February 1998, the subject sailboat was purchased pursuant to a three-way partnership agreement between him, petitioner's then General Manager and Executive Vice President, Barry Bailey (Bailey), and its then President, Ricky Sandoval (Sandoval). It was agreed upon that no storage fees shall be charged for placing the subject sailboat inside petitioner's premises, and that it would be repaired as training or "fill-in project" for the staff of petitioner whose training was under the supervision of respondent.

Respondent, nevertheless, admitted that although it was originally agreed that Bailey and Sandoval were to contribute to the acquisition of the subject sailboat, he solely funded for its purchase and remodeling. He insisted that he paid petitioner all the expenses incurred for the repair of the sailboat. He also received regular invoices for the expenses, but none of which showed assessment on storage fees. He further stated that later, upon agreement with Bailey and Sandoval, petitioner was appointed as agent in the above-mentioned exclusive central listing agreement for the sale of the sailboat. Even with the agreement, petitioner did not charge respondent of storage fees.[13]

In addition, respondent averred that after repair and while the subject sailboat had not yet been sold, petitioner used it in its towing operations and for which the latter had earned income. This is another reason why the sailboat had not been assessed of any boat storage fees.[14]

Ultimately, respondent prayed for the dismissal of the case. As part of his compulsory counterclaim, he prayed that petitioner be ordered to pay him P409,534.94 representing the commissions and advances he made for the benefit of petitioner, actual damages for the expenses he incurred by reason of the case, moral and exemplary damages, attorney's fees, and costs.

In the interim, the RTC issued a writ of attachment over the properties of respondent. The writ of attachment was eventually annulled and set aside by the Court in G.R. No. 181721[15] and Entry of Judgment[16] was issued on August 15,

2016.

Ruling of the RTC

On February 7, 2012, the RTC rendered a Partial Judgment[17] dated February 7, 2012 in the complaint for sum of money with damages. It ordered respondent to pay petitioner his outstanding balance amounting to P807,480.00 for the storage of the subject sailboat from May 1998 to April 30, 2002 with legal interest rate of 6% *per annum* computed from the date of the decision; and a 12% interest shall be imposed, in lieu of the 6%, on the amount upon the finality of the decision until its full payment. It also ordered respondent to pay petitioner P100,000.00 as attorney's fees.[18]

The RTC gave credence to respondent's Boat Pull Out Clearance with annotation, that "an outstanding balance of US$16,324.82 is under negotiation." It also declared that the absence of written contract for the payment of storage fees did not exculpate respondent from paying petitioner for the use of its facilities.

The RTC ratiocinated that it may be true that respondent was not regularly assessed of monthly storage fees for the entire time he worked for petitioner yet it would not be incorrect to assess him for the first time after four years or after the termination of his employment.

Acting on the parties' respective motions for reconsideration, the RTC issued an Order[19] dated August 22, 2012 modifying the partial judgment and ruling that petitioner was entitled to 2% and 4% monthly penalty charge on the storage fees.

Thereafter, the RTC denied[20] respondent's Motion for Reconsideration.[21] Both parties then filed their respective appeals with the CA.

Ruling of the CA

On August 31, 21016, the CA reversed and set aside[22] the RTC's partial judgment. It ordered petitioner to pay respondent: (a) $12,197.32 (in Philippine currency at the rate prevailing at the time of payment) representing unpaid commissions, and advances with interest rate of 12% *per annum* from the time his employment was terminated up to June 30, 2013 and 6% *per annum* from July 1, 2013 until fully paid; (b) moral damages in the amount of P200,000.00; (c) exemplary damages in the amount of P200,000.00; and (d) attorney's fees in the amount of P100,000.00. [23]

The CA gave no weight to petitioner's claim that it was its policy to charge fees to every boat docked in its shipyard. It also faulted petitioner from failing to promptly demand the payment of storage fees and emphasized that it was only at the last day of respondent's work that he was informed that he must pay for storage fees. It added that even granting that petitioner can demand legally the payment of storage fees, the statement of account dated April 7, 2002 proved that respondent already paid US$16,324.82 being claimed by petitioner.[24]

The CA held that petitioner cannot, in turn, renege from its obligation to pay respondent US$12,197.32 pursuant to the net payable under the statement of account dated April 7, 2002.[25] The amount due represented the commissions and advances that respondent made in favor of petitioner.

Finally, the CA awarded moral and exemplary damages on account of the illegally issued writ of attachment against respondent.

With the denial[26] of its Motion for Reconsideration, petitioner filed the present petition raising the following issues.

Issues

WHETHER THIS CASE FALLS WITHIN THE EXCEPTION TO THE RULE THAT A PETITION FILED IN ACCORDANCE WITH RULE 45 OF THE RULES OF COURT MAY ONLY RAISE PURE QUESTIONS OF LAW

WHETHER THE COURT OF APPEALS MAY GRANT RESPONDENT A RELIEF NOT PRAYED FOR IN HIS *ANSWER WITH COMPULSORY COUNTERCLAIMS*

WHETHER THE COURT OF APPEALS WAS CORRECT IN FINDING PETITIONER LIABLE FOR A SUPPOSED OBLIGATION BASED UPON A DOCUMENT DENIED BY RESPONDENT

WHETHER THE COURT OF APPEALS WAS CORRECT IN REFUSING TO RECOGNIZE THE RESPONDENT'S OBLIGATION BASED UPON A DOCUMENT WHICH WAS THE VERY BASIS OF ITS FINDING OF LIABILITY IN FAVOR OF THE RESPONDENT

WHETHER THE RATE OF 12% INTEREST IS APPLICABLE TO THE SUPPOSED LIABILITY OF THE PETITIONER BASED UPON A JUDGMENT WHICH HAS NOT YET BECOME FINAL AND EXECUTORY

WHETHER THE DISCHARGE OF THE WRIT OF PRELIMINARY ATTACHMENT AUTOMATICALLY RENDERED PETITIONER LIABLE FOR DAMAGES DESPITE RESPONDENT'S FAILURE TO APPLY THEREFOR AND THE LACK OF ANY HEARING CONDUCTED FOR THE PURPOSE

WHETHER RESPONDENT HAS THE BURDEN OF PROVING THAT HE IS EXEMPTED FROM PAYING STORAGE AND BERTHING FEES TO PETITIONER

WHETHER THE RESPONDENT SHOULD BE LIABLE UPON AN OBLIGATION EVIDENCED BY A DOCUMENT HE NEVER DENIED DESPITE SUFFICIENT OPPORTUNITY TO DO SO

WHETHER THE LEGAL INTEREST OF 12% PER ANNUM IS APPLICABLE TO RESPONDENT'S OBLIGATION FROM THE TIME OF DEMAND

WHETHER RESPONDENT IS LIABLE FOR DAMAGES IN FAVOR OF THE PETITIONER[27]

Our Ruling

The petition is partly meritorious.

As a general rule, only pure questions of law may be raised in a petition for review on *certiorari*. However, considering the divergent findings and conclusions arrived at by the RTC and the CA, the Court is constrained to depart from the general rule and finds it necessary to evaluate anew the evidence adduced by the parties in the case. [28]

It is also settled that a person who asserts a fact has the burden of proving it as the "necessity of proving lies with the person who sues."[29] Additionally, in civil cases, the party who has the burden of proof must support one's case by preponderance of evidence or evidence more convincing to the court or more convincing when compared to that proffered in its opposition. Simply, preponderance of evidence is the "greater weight of the evidence" or "greater weight of the credible evidence." [30]

Here, the Court finds that petitioner failed to discharge its burden such that the CA properly denied its claim for payment of storage fees.

As correctly observed by the CA, petitioner did not present proof of any agreement between the parties as regards the storage fees for the subject sailboat. Notably, there was also no showing that petitioner indeed has the policy to charge every boat docked in its shipyard for storage facilities.

At the same time, petitioner submitted no evidence supporting its allegation that it made several demands on respondent to pay storage fees. In fact, petitioner only demanded payment when it gave respondent invoices on May 2, 2002 indicating his supposed liability from 1998 until April 2002. To the Court's mind, the demand to pay was only an afterthought on the part of petitioner given that the entire time that the sailboat was in its facilities it neither informed respondent of any storage fees nor demanded payment for it. In other words, aside from the absence of an agreement for the payment of fees, there was also no demand to pay, other than that made subsequent to respondent's termination from work or more than four years from the time the sailboat was docked in the storage facilities.

Definitely, mere allegation is not evidence. Petitioner must rely on the strength of its own evidence, not on the weakness of respondent's defense. The extent of the relief that may be granted to petitioner must be that which it has alleged and established by preponderance of evidence. However, petitioner miserably failed to substantiate its entitlement to storage fees.

Furthermore, petitioner's own evidence belied its assertions. The Court agrees with the CA that the statement of account "Payable to [Respondent] as of April 7, 2002" issued by petitioner speaks for itself that it was petitioner which owed money to respondent.