SECOND DIVISION

[G.R. No. 204729, August 06, 2014]

LOURDES SUITES (CROWN HOTEL MANAGEMENT CORPORATION), PETITIONER, VS. NOEMI BINARAO, RESPONDENT.

R E S O L U T I O N

CARPIO, J.:

The Case

Before this Court is a petition for review under Rule 45 questioning the 7 September 2012 Decision[1] of Branch 148 of the Regional Trial Court of Makati (RTC) dismissing the petition for certiorari, which assailed the 15 March 2012 Decision of Branch 67 of the Metropolitan Trial Court of Makati (MeTC).[2]

The Facts

Lourdes Suites (petitioner) is the owner and operator of a hotel located along Kalayaan Avenue, Makati City. It executed two (2) contracts with Noemi Binarao (respondent) for room accommodations for two groups of students:

Group	Period of stay	Number of rooms	Total contract price
AQ College of Nursing & Health Sciences Students	27 March 2011-16 April 2011 1 May 2011-21 May 2011	12	P1,501,920.00
Mariano Marcos State University College of Nursing & Health Sciences Students	27 March 2011-7 May 2011 9 May 2011-14 May 2011 16 May 2011-21 May 2011 23 May 2011-28 May 2011 30 May 2011-4 June 2011 6 June 2011-11 June 2011 13 June 2011-18 June 2011	13	P 2,760,090.00
Total			P4,262,010.00

According to petitioner's records, respondent was able to pay the total contract price above. However, petitioner claimed that there was an unpaid balance of P47,810.00 representing the charges for damages to the furniture, a lost key and excess guests.[3] Thus, on 25 July 2011, petitioner sent a demand letter to respondent for the unsettled amount.[4] Respondent failed to pay the amount, prompting petitioner to file a Statement of Claim[5] for collection of sum of money plus damages before the

MeTC.

In her Response, respondent alleged that she is not obliged to pay the claimed amount because petitioner billed the charges twice.[6] Petitioner then impugned the validity of the Response, stating that "it was not made in the form of an Answer as required by Section 1, Rule 11 of the Revised Rules of Court."[7]

The MeTC found that:

> x x x [P]laintiff failed to successfully prove by preponderance of evidence the existence of an obligation in its favor and that the defendant has an unpaid account in the amount of Php47,810.00.
>
> Defendant, on the other hand, confirmed that she requested plaintiff several times to make a proper accounting to include specifically the actual number of student[s] who [stayed in the] hotel and the number of rooms actually used by the students. Defendant even asked for a computation [of the unpaid amount], but was continuously ignored by the plaintiff.
>
> x x x x
>
> It would appear therefore that the defendant has already paid her monetary obligation and even made an overpayment in the amount of Php43,060.00.[8]

The MeTC dismissed the complaint with prejudice for lack of cause of action in its Decision dated 15 March 2012.[9] The dispositive portion reads:

> WHEREFORE, the Court RENDERS judgment ordering the DISMISSAL with prejudice of the instant complaint for lack of cause of action.
>
> On the Counter Claim ordering the plaintiff Lourdes Suites (Crown Hotel Management Corporation) to pay the defendant the sum of Php43,060.00 in refund of overpayment made to plaintiff and the amount of Php10,000.00 as moral damages.
>
> For failure of the defendant to prove that the plaintiff has acted in a wanton, fraudulent, reckless, oppressive, or malevolent manner in the filing of the Complaint, her claim for exemplary damages in the amount of Php50,000 is hereby denied.
>
> So ordered.[10]

Aggrieved, petitioner then filed a petition for certiorari before the RTC on 25 May 2012.[11] Petitioner argued that "a dismissal based on the ground that the [c]omplaint states no cause of action cannot be deemed a dismissal with prejudice under the Rules."[12] Petitioner further argued that lack of cause of action is not a

valid ground for dismissal of case, much more a dismissal with prejudice.[13]

In its 7 September 2012 Decision, the RTC ruled against petitioner, and found that there was no grave abuse of discretion on the part of the MeTC.

Petitioner filed a motion for reconsideration dated 3 October 2012[14] which was denied by the RTC in its Order dated 16 November 2012.

Hence, this petition.

The Issues

Petitioner alleges that the RTC "cannot validly sustain the Decision of the [MeTC], because the latter acted with grave abuse of discretion based on the following grounds":

1. A dismissal based on the ground that the [c]omplaint states no cause of action cannot be deemed a dismissal with prejudice under the Rules;
2. The existence of a cause of action is determined only by the facts alleged in the complaint, [but the MeTC Decision] was anchored on the evidence of Defendant, now Respondent x x x ;
3. If the dismissal is not moored on the face of the [c]omplaint, lack of cause of action arises only when the action is not brought in the name of the real party in interest x x x ; and
4. Lack of cause of action, much less with prejudice, is not set forth as a ground for dismissal in both the Rule[s] of Procedure For Small Claims Cases and the Rules of Civil Procedure x x x.[15]

The Court's Ruling

The petition must be denied.

The RTC correctly upheld the MTC Decision. Petitioner argues that even after the presentation of evidence by both parties, a complaint cannot be dismissed with prejudice based on lack of cause of action because: (1) this ground is not expressly provided for under the Rules on Small Claims Cases;[16] and (2) if there was a failure to prove a cause of action the only available remedy would be a demurrer filed by the defendant.[17]

It appears petitioner has misinterpreted our ruling in *Macaslang v. Zamora*,[18] which petitioner cited in its petition before this Court.[19] In *Macaslang,* we stated that:

[f]ailure to state a cause of action and lack of cause of action are really different from each other. On the one hand, failure to state a cause of action refers to the insufficiency of the pleading, and is a ground for dismissal under Rule 16 of the Rules of Court. On the other hand, lack of