

## **SECOND DIVISION**

**[ G.R. No.125267, February 18, 2008 ]**

**EL ORO ENGRAVER CORPORATION, Petitioner, vs. COURT OF APPEALS and EVERETT CONSTRUCTION SUPPLY, INC., Respondents.**

### **D E C I S I O N**

**CARPIO, J.:**

#### **The Case**

Before the Court is a petition for review<sup>[1]</sup> assailing the 29 February 1996 Decision<sup>[2]</sup> and 13 June 1996 Resolution<sup>[3]</sup> of the Court of Appeals in CA-G.R. CV No. 44782.

#### **The Antecedent Facts**

Everett Construction Supply, Inc. (respondent) is engaged in the sale of construction supplies. El Oro Engraver Corporation (petitioner) is one of its customers. Whenever respondent sold merchandise to its customers, it would prepare a Sales Invoice for the transaction in quadruplicate copies. An employee of respondent would bring the original and duplicate copies of the Sales Invoice to the customer for signature upon receipt of the merchandise. Respondent would either append the original copy of the Sales Invoice to the Statement of Account or return it to the customer upon payment of the merchandise.

During the period from August to December 1980 and from January to March 1981, respondent delivered merchandise to petitioner in the total amount of P681,316.70. The transactions were covered by separate Sales Invoices. Petitioner failed to pay its obligations. On 20 February 1981, respondent sent petitioner Statements of Account which indicated the price for each purchase and the totality of petitioner's liability as of that date. Respondent appended to the Statements of Account the original copies of the Sales Invoices for the period from 4 August 1980 to 15 January 1981. Respondent retained the original Sales Invoices which were not yet due when it sent the Statements of Account on 20 February 1981. Petitioner neither responded to the Statements of Account nor made any payment to respondent.

On 12 March 1985, respondent sent petitioner a demand letter for the payment of P681,316.70. Petitioner ignored the demand letter. On 25 March 1985, respondent filed an action for Collection of Sum of Money with Damages against petitioner.

#### **The Ruling of the Trial Court**

In a Decision<sup>[4]</sup> dated 30 September 1993, the Regional Trial Court of Kalookan City, Branch 127 (trial court) ruled, as follows:

WHEREFORE, judgment is rendered in favor of the plaintiff and against the defendant:

1. Ordering the defendant to pay a total amount of P37,055.20 plus 12% [interest per annum] as of the filing of the complaint;
2. Ordering the payment of P3,016.00 as litigation expenses;
3. Ordering defendant to pay attorney's fees in the amount of P10,000.00; and

Dismissing the counterclaim.

SO ORDERED. <sup>[5]</sup>

The trial court ruled that respondent has the burden of showing that a valid debt exists. The trial court did not accept respondent's argument that the original of some Sales Invoices were already with petitioner. The trial court ruled that if the Sales Invoices were already with petitioner, it gives rise to the presumption that the debt had been paid. The trial court concluded that petitioner did not receive the goods and such goods might have been delivered to somebody else.

Respondent appealed from the trial court's Decision.

### **The Ruling of the Court of Appeals**

In its 29 February 1996 Decision, the Court of Appeals affirmed with modification the trial court's Decision. The Court of Appeals ruled that while the copies of the Sales Invoices which were not considered by the trial court did not bear the signatures of petitioner's representatives, the merchandise were sold and delivered to petitioner. The Court of Appeals noted that petitioner never objected to nor denied the Statements of Account it received from respondent for more than four years. Petitioner also failed to respond to respondent's demand letter. The Court of Appeals ruled that petitioner's silence for more than four years is an admission of its liability to respondent under the Sales Invoices and the Statements of Account.

The dispositive portion of the Court of Appeals' Decision reads:

IN THE LIGHT OF ALL THE FOREGOING, the Decision appealed from is hereby AFFIRMED with the modification that the Appellee is hereby ordered to pay to the Appellant the principal amount of P681,316.70 with interests thereon at the rate of 12% per annum, from February 20, 1981 until the said amount is paid in full, and the amount of P20,000.00 as and by way of attorney's fees. Without pronouncement as to costs.

SO ORDERED. <sup>[6]</sup>

Petitioner filed a motion for reconsideration. In its 13 June 1996 Resolution, the Court of Appeals denied the motion for lack of merit.

Hence, the petition before this Court.

### **The Issue**

The sole issue in this case is whether the Court of Appeals committed a reversible error in modifying the trial court's Decision and in increasing petitioner's liability to respondent.

### **The Ruling of this Court**

The petition has no merit.

As a general rule, factual findings of the Court of Appeals are binding on this Court. This rule is subject to exceptions, such as when the factual findings of the Court of Appeals and the trial court are contradictory.<sup>[7]</sup>

In this case, the trial court only considered the original copies of the Sales Invoices presented by respondent. The trial court did not consider the Sales Invoices which did not have the signature of petitioner's representative. The trial court concluded that the merchandise must have been delivered to someone else instead of to petitioner.

We have reviewed the records of the case and we are more convinced with the factual findings of the Court of Appeals. Rosita P. Lee (Lee), respondent's Treasurer, explained that it is the company practice to prepare four copies of Sales Invoices. Respondent's delivery personnel would bring two copies of the Sales Invoices at the time of the delivery – the original and a duplicate copy. Both copies were supposed to be signed by petitioner's representative. Respondent's delivery personnel would leave the duplicate copy with petitioner and retain the original copy of the Sales Invoice. Whenever respondent made a collection, it would prepare a Statement of Account and it would send the Statement of Account, together with the original copies of the Sales Invoices, to petitioner.<sup>[8]</sup>

Considering this practice, it is impossible for respondent to present the original or duplicate copies of the Sales Invoices which bore the signatures of petitioner's representative because they are both in petitioner's possession. The Sales Invoices accepted by the trial court, which bore the signatures of petitioner's representatives, were retained by respondent and not delivered to petitioner because they were not yet due at the time the Statement of Account was prepared.

The Court also notes that the Sales Invoices state: "PAYMENT NOT VALID WITHOUT OUR OFFICIAL RECEIPT."<sup>[9]</sup> The Sales Invoices are not evidence of payment. They are only evidence of the receipt of the goods. The best evidence to prove payment of the goods is the official receipt. Petitioner failed to present any official receipt to prove that it had already paid the goods to respondent.

We agree with the Court of Appeals' observation that petitioner did not object to the entries in the Statements of Account. Petitioner did not do anything despite the clear reminder in the Statements of Account which states: "IMPORTANT: *If this statement does not agree with your record, please notify us at once.*"<sup>[10]</sup> Petitioner remained silent for **four years** from the time it received the Statements of Account until the filing of the case against it. Petitioner did not even bother to respond to the demand letter sent by respondent. Petitioner's silence is uncharacteristic of persons who have just been asked to pay an obligation to which they are not liable.<sup>[11]</sup> In one