

## FOURTEENTH DIVISION

**[ CA-G.R. CV NO. 71842, August 31, 2006 ]**

**CORPORATE VISIONS, INC., PLAINTIFF-APPELLEE, VS. THE  
APPAREL FAR EAST, DEFENDANT-APPELLANT.**

### DECISION

**DIMARANAN-VIDAL, J.:**

This is an appeal which seeks to set aside the Decision<sup>[1]</sup> dated 10 April 2001 of the Regional Trial Court (Br. 49, Manila) in Civil Case No. 01-99749 entitled *CORPORATE VISIONS, INC., Plaintiff, versus THE APPAREL FAR EAST, Defendant*, in a suit for Sum of Money and Damages.

### THE FACTS

Sometime in April 2000, Plaintiff-Appellee CORPORATE VISIONS INC., (hereinafter Appellee) as the Agency, entered into a Memorandum of Agreement <sup>[2]</sup>(MOA) with THE APPAREL FAR EAST (hereinafter Appellant) as the client, wherein the former will provide temporary/contractual personnel for the latter's operational requirements. During the effectivity of the Agreement, the Appellant failed to comply with its obligation particularly par. 7 of the MOA which provides:

7. For and in consideration of the faithful performance by the AGENCY of its obligations under this Agreement, the Client shall pay the AGENCY the fees itemized under ANNEX "A" hereto which shall be payable within seven (7) working days from receipt of the billing.

However, despite repeated demands by the Appellee the last of which was a demand letter<sup>[3]</sup> dated 18 December 2000, the Appellant failed to fulfill its obligation under the MOA, the Appellee was therefore constrained to file a Complaint for Sum of Money and Damages<sup>[4]</sup> against the Appellant for collection of sums of money and damages, seeking:

1. the amount of Five Hundred Two Thousand Pesos Six Hundred Ninety Seven and Five Centavos (Php502,697.05);
2. the amount of One Hundred Thousand Pesos (Php100,000.00) as and by way of Attorney's and Acceptance Fees;
3. the amount of Five Thousand (Php5,000.00) as and by way of Appearance Fee for every appearance of counsel in court hearings;
4. the amount of Fifty Thousand Pesos (Php50,000.00) as and by way of exemplary damages;

5. and cost of suit.

Accordingly, Summons<sup>[5]</sup> was then sent and duly served<sup>[6]</sup> upon the Appellant but as borne by the records, the latter failed to file any responsive pleading. The Appellees then moved to declare the Appellant in default<sup>[7]</sup> which was granted by the court *a quo* in its 19 February 2001 Order<sup>[8]</sup> and in same order, the court *a quo* allowed the Appellee to present evidence ex-parte while Appellant was permitted to participate in the proceedings after its Answer shall have been filed, which the Appellant failed to do.

On 10 April 2001, the court *a quo* rendered the assailed Decision<sup>[9]</sup> in favor of Appellee and against Appellant, the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered in favor of the plaintiff and against the defendant, ordering the latter to pay the plaintiff the following amounts:

1. P502,697.05, representing the principal claim;
2. P50,000.00, as and for attorney's fees; and
3. The cost of the suit.

The Appellant then seasonably filed a Motion for New Trial<sup>[10]</sup> citing mistake or excusable negligence as grounds: "*the well founded belief that the parties could arrive at an amicable settlement*" and that it wasted no time in arranging the immediate discussions between the parties to settle their differences.

On 4 May 2001 the court *a quo* then directed<sup>[11]</sup> the parties to submit their computations on their respective claims but only the Appellee complied thereto. Despite negotiations between the parties, they failed to reach an amicable settlement of the case.

Finally, in an Order dated 20 August 2001,<sup>[12]</sup> the court *a quo* directed its Decision dated 20 April 2001, reinstated and further declared that all other incidents filed thereafter will no longer be entertained.

Hence, the instant appeal raising the following assignment of errors, thus-

1. THE TRIAL COURT GRAVEDLY ABUSED ITS DISCRETION WHEN IT DENIED DEFENDANT-APPELLANT'S MOTION FOR NEW TRIAL DATED APRIL 30, 2001; AND
2. THE TRIAL COURT GRAVELY ERRED WHEN IT REVERSED ITS OWN RULINGS ON MAY 11 AND 25, 2001 ALLOWING THE PARTIES TO PRESENT EVIDENCE;<sup>[13]</sup>

#### **OUR RULING**

We resolve to DENY the appeal.

The court *a quo* did not err in adjudging that the Appellee is entitled to the reliefs

prayed for in the complaint and subsequently denied the Appellant's Motion for New Trial.

The Appellant submits that the trial court erred in denying its Motion for New Trial which was anchored on the ground of mistake and excusable negligence because the parties were at the stage of finalizing their settlement and that during their meeting on 21 February 2001 and 9 March 2001 and series of telephone conversations on 10 March 2001, 19 March 2001 and 26 March 2001, the parties were discussing the possibility of amicably settling their differences and appellant had the "well founded belief that the parties could arrive at an amicable settlement" [14]. The Appellant further posits that the following matters were taken up during the meetings between the parties, to wit:

- a) the possibility of plaintiff's willingness to deduct from its total claim the 13th month pay for the year 2000 advanced by defendant to the employees of the former, either in the amount of P136,236.40 per computation of plaintiff or P200,476.60 per computation of defendant;
- b) the possibility of plaintiff's willingness to waive the claimed differential in the amount of P136,917.59 stated on Annex "B" of the instant complaint because they were unauthorized except for the amount of P26,789.85 representing under payment covering the payroll period of July 24 to August 7, 2000;
- c) the possibility of defendant's willingness to pay the unpaid billings covering the payroll period of October 23 to November 22, 2000 less the amount of P25,779.91 representing proportionate 13th month pay and proportionate unremitted SSS/Philhealth Premium of P8,199.76 (October 23 to November 7, 2000 payroll) and P10,504.77 (November 8 to 22, 2000 payroll);
- d) the possibility of plaintiff's willingness to waive Attorney's Fee; and
- e) defendant's desire to be furnished with proof of remittances of SSS/Philhealth made by plaintiff.

On the occasion of the parties' meeting, it was further agreed that Defendant-appellant had advanced the 13th month pay of the laborers.

Appellant further allege that during the telephone conversations between the parties' representatives, the Appellant informed the Appellee that-

- 1.) defendant (herein appellant) is willing to settle the differential in the total amount of P136,917.59;
- 2.) defendant is willing to settle the unpaid billings in the total amount of P365,779.46 corresponding to two (2) pay days covering the period October 23 to November 7, 2000 and