

# Republic of the Philippines Supreme Court Manila

## SECOND DIVISION

NEIL B. AGUILAR and RUBEN CALIMBAS,

G.R. No. 209605

VELASCO, JR.,\* DEL CASTILLO,

MENDOZA, and LEONEN, JJ.

CARPIO, J., Chairperson,

Present:

Petitioners,

- versus -

LIGHTBRINGERS CREDIT COOPERATIVE, Promulgated:

	Respondent.	2015 Warcabaling Purfection
X		 >

## DECISION

## MENDOZA, J.:

This is a petition for review on *certiorari* filed by petitioners Neil B. Aguilar (*Aguilar*) and Ruben Calimbas (*Calimbas*), seeking to reverse and set aside the April 5, 2013<sup>1</sup> and October 9, 2013<sup>2</sup> Resolutions of the Court of Appeals (*CA*) in CA-G.R. SP No. 128914, which denied the petition for review outright, assailing the January 2, 2013 Decision<sup>3</sup> of the Regional Trial Court, Branch 5, Dinalupihan, Bataan (*RTC*) and the May 9, 2012 Decision<sup>4</sup> of the First Municipal Circuit Trial Court, Dinalupihan-Hermosa, Bataan (*MCTC*).

<sup>\*</sup> Designated Acting member in lieu of Associate Justice Arturo D. Brion, per Special Order No. 1910, dated January 12, 2015.

<sup>&</sup>lt;sup>1</sup> Penned by Associate Justice Mario V. Lopez with Associate Justice Amy C. Lazaro-Javier and Associate Justice Socorro B. Inting, concurring; *rollo*, pp. 135-136.

<sup>&</sup>lt;sup>2</sup> Id. at 137-138.

<sup>&</sup>lt;sup>3</sup> Penned by Executive Judge Jose Ener S. Fernando; id. at 51-55 and 57-61.

<sup>&</sup>lt;sup>4</sup> Penned by Presiding Judge Franco Paulo R. Arago; id. at 62-66 and 67-71.

In the lower courts, one of the issues involved was the proper application of the rules when a party does not appear in the scheduled pretrial conference despite due notice. In this petition, the dismissal by the CA of the petition filed under Rule 42 for failure to attach the entire records has also been put to question, aside from the veracity of indebtedness issue.

### **The Facts**

This case stemmed from the three (3) complaints for sum of money separately filed by respondent Lightbringers Credit Cooperative (*respondent*) on July 14, 2008 against petitioners Aguilar and Calimbas, and one Perlita Tantiangco (*Tantiangco*) which were consolidated before the First Municipal Circuit Trial Court, Dinalupihan, Bataan (*MCTC*). The complaints alleged that Tantiangco, Aguilar and Calimbas were members of the cooperative who borrowed the following funds:

- In Civil Case No. 1428, Tantiangco allegedly borrowed 206,315.71 as evidenced by Cash Disbursement Voucher No. 4010 but the net loan was only 45,862.00 as supported by PNB Check No. 0000005133.<sup>5</sup>
- In Civil Case No. 1429, petitioner Calimbas allegedly borrowed 202,800.18 as evidenced by Cash Disbursement Voucher No. 3962 but the net loan was only 60,024.00 as supported by PNB Check No. 0000005088;<sup>6</sup>
- In Civil Case No. 1430, petitioner Aguilar allegedly borrowed 126,849.00 as evidenced by Cash Disbursement Voucher No. 3902 but the net loan was only 76,152.00 as supported by PNB Check No. 0000005026;<sup>7</sup>

Tantiangco, Aguilar and Calimbas filed their respective answers. They uniformly claimed that the discrepancy between the principal amount of the loan evidenced by the cash disbursement voucher and the net amount of loan reflected in the PNB checks showed that they never borrowed the amounts being collected. They also asserted that no interest could be claimed because there was no written agreement as to its imposition.

On the scheduled pre-trial conference, only respondent and its counsel appeared. The MCTC then issued the Order,<sup>8</sup> dated August 25, 2009, allowing respondent to present evidence *ex parte*. Respondent later presented Fernando Manalili (*Manalili*), its incumbent General Manager, as

<sup>&</sup>lt;sup>5</sup> Id. at 107.

<sup>&</sup>lt;sup>6</sup> Id. at 82.

<sup>&</sup>lt;sup>7</sup> Id. at 73.

<sup>&</sup>lt;sup>8</sup> Id. at 96-97.

its sole witness. In his testimony, Manalili explained that the discrepancy between the amounts of the loan reflected in the checks and those in the cash disbursement vouchers were due to the accumulated interests from previous outstanding obligations, withheld share capital, as well as the service and miscellaneous fees. He stated, however, that it was their bookkeeper who could best explain the details.

Aguilar and Calimbas insisted that they should have the right to crossexamine the witness of respondent, notwithstanding the fact that these cases were being heard *ex parte*. In the interest of justice, the MCTC directed the counsels of the parties to submit their respective position papers on the issue of whether or not a party who had been declared "as in default" might still participate in the trial of the case. Only respondent, however, complied with the directive. In its Order,<sup>9</sup> dated April 27, 2011, the MCTC held that since the proceedings were being heard *ex parte*, the petitioners who had been declared "as in default" had no right to participate therein and to crossexamine the witnesses. Thereafter, respondent filed its formal offer of evidence.<sup>10</sup>

### MCTC Ruling

On May 9, 2012, the MCTC resolved the consolidated cases in three separate decisions. In Civil Case No. 1428, <sup>11</sup> the MCTC dismissed the complaint against Tantiangco because there was no showing that she received the amount being claimed. Moreover, the PNB check was made payable to "cash" and was encashed by a certain Violeta Aguilar. There was, however, no evidence that she gave the proceeds to Tantiangco. Further, the dates indicated in the cash disbursement voucher and the PNB check varied from each other and suggested that the voucher could refer to a different loan.

The decisions in Civil Case No. 1429<sup>12</sup> and 1430,<sup>13</sup> however, found both Calimbas and Aguilar liable to respondent for their respective debts. The PNB checks issued to the petitioners proved the existence of the loan transactions. Their receipts of the loan were proven by their signatures appearing on the dorsal portions of the checks as well as on the cash disbursement vouchers. As a matter of practice, banks would allow the encashment of checks only by the named payee and subject to the presentation of proper identification. Nonetheless, the MCTC ruled that only the amount shown in the PNB check must be awarded because respondent

<sup>&</sup>lt;sup>9</sup> Id. at 102-103.

<sup>&</sup>lt;sup>10</sup> Id. at 104-106.

<sup>&</sup>lt;sup>11</sup> Id. at 107-111.

<sup>&</sup>lt;sup>12</sup> Id. at 62-66.

<sup>&</sup>lt;sup>13</sup> Id. at 67-71.

failed to present its bookkeeper to justify the higher amounts being claimed. The court also awarded attorney's fees in favor of respondent. The dispositive portion of the decision in Civil Case No. 1429 reads:

WHEREFORE, premises considered, judgment is hereby rendered in plaintiff's favor and against the defendant, ordering the latter to pay plaintiff the amount of 60,024.00 with interest at the rate of 12% per annum from April 4, 2007 until fully paid, plus 15,000.00 as attorney's fees.

Costs against the defendant.

SO ORDERED.<sup>14</sup>

And in Civil Case No. 1430, the dispositive portion states:

WHEREFORE, premises considered, judgment is hereby rendered in plaintiff's favor and against the defendant, ordering the latter to pay the plaintiff the amount of 76,152.00 with interest at the rate of 12% per annum from February 28, 2007 until fully paid.

Defendant is further directed to pay attorney's fees equivalent to 25% of the adjudged amount.

Costs against the defendant.

SO ORDERED.<sup>15</sup>

On July 12, 2012, a notice of appeal<sup>16</sup> was filed by the petitioners, and on August 15, 2012, they filed their joint memorandum for appeal<sup>17</sup> before the Regional Trial Court, Branch 5, Bataan (*RTC*). Aguilar and Calimbas argued out that had they been allowed to present evidence, they would have established that the loan documents were bogus. Respondent produced documents to appear that it had new borrowers but did not lend any amount to them. Attached to the joint memorandum were photocopies of the dorsal portions of the PNB checks which showed that these checks were to be deposited back to respondent's bank account.

#### RTC Ruling

On January 2, 2013, the RTC rendered separate decisions in Civil Case No. DH-1300-12<sup>18</sup> and Civil Case No. DH-1299-12<sup>19</sup> which affirmed the MCTC decisions. It held that the PNB checks were concrete evidence of the indebtedness of the petitioners to respondent. The RTC relied on the

<sup>&</sup>lt;sup>14</sup> Id. at 66.

<sup>&</sup>lt;sup>15</sup> Id. at 71.

<sup>&</sup>lt;sup>16</sup> Id. at 112.

<sup>&</sup>lt;sup>17</sup> Id. at 114-132. <sup>18</sup> Id. at 51-55.

<sup>&</sup>lt;sup>19</sup> Id. at 57-61.

findings of the MCTC that the checks bore no endorsement to another person or entity. The checks were issued in the name of the petitioners and, thus, they had the right to encash the same and appropriate the proceeds. The decretal portions of the RTC decision in both cases similarly read:

WHEREFORE, premises considered, the appeal is hereby DENIED. The Decision dated May 9, 2012 of the First Municipal Circuit Trial Court (1<sup>st</sup> MCTC), Dinalupihan-Hermosa, Bataan is hereby affirmed *in toto*.

## SO ORDERED.

On January 18, 2013, the petitioners filed their joint motion for reconsideration/new trial<sup>20</sup> before the RTC. Aguilar and Calimbas reiterated their position that they did not receive the proceeds of the checks. As an alternative prayer, petitioners moved that the RTC remand the case to the MCTC for a new trial on account of the *Sinumpaang Salaysay* of Arcenit Dela Torre, the bookkeeper of respondent.

On February 11, 2013, the RTC issued separate orders<sup>21</sup> denying the motion of the petitioners. It explained that all the issues were already passed upon and the supposed newly discovered evidence was already available during appeal, but the petitioners failed to present the same in time.

## CA Ruling

Aggrieved, Aguilar and Calimbas filed a petition for review<sup>22</sup> before the CA on March 11, 2013. It was dismissed, however, in the questioned resolution,<sup>23</sup> dated April 5, 2013, stating that the petition was formally defective because the "verification and disclaimer of forum shopping" and the "affidavit of service" had a defective *jurat* for failure of the notary public to indicate his notarial commission number and office address. Moreover, the entire records of the case, inclusive of the oral and documents evidence, were not attached to the petition in contravention of Section 2, Rule 42 of the Rules of Court.

A motion for reconsideration<sup>24</sup> was filed by the petitioners which sought the leniency of the CA. They attached a corrected verification and disclaimer of forum shopping and affidavit of service. They asked the CA to simply order the RTC to elevate the records of the case pursuant to Section 7,

<sup>&</sup>lt;sup>20</sup> Id. at 124-132.

 $<sup>^{21}</sup>$  Id. at 50 and 56.

<sup>&</sup>lt;sup>22</sup> Id. at 27-49.

<sup>&</sup>lt;sup>23</sup> Id. at 135-136.

<sup>&</sup>lt;sup>24</sup> Id. at 139-145.

Rule 42 of the Rules of Court. Moreover, the petitioners could not attach the records of the case because the flooding caused by "Habagat" in August 2012 soaked the said records in water.

In the other questioned resolution, dated October 9, 2013, the CA denied the motion because the petitioners still failed to attach the entire records of the case which was a mandatory requirement under Section 2, Rule 42.

Hence, this petition.

#### SOLE ASSIGNMENT OF ERROR

THE COURT OF APPEALS COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR IN EXCESS OF JURISDICTION WHEN IT DISMISSED THE PETITION FOR REVIEW FILED BEFORE IT BY THE PETITIONERS UNDER RULE 42 OF THE RULES OF COURT CITING THAT THE SAID PETITION IS FORMALLY DEFECTIVE FOR FAILURE OF THE PETITIONERS TO SUBMIT WITH THE SAID PETITION THE ENTIRE RECORDS OF THE APPEALED CIVIL CASE NOS. DH-1300-12 AND DH-1299-12.<sup>25</sup>

The petitioners argue that contrary to the findings of the CA, they substantially complied with the required form and contents of a petition for review under Section 2, Rule 42 of the Rules of Court. There is nothing in the provision which requires that the entire records of the appealed case should be endorsed to the CA. Such requirement would definitely be cumbersome to poor litigants like them.

They assert that they submitted the following pleadings and material portions of the court records in their petition for review: (1) certified copies of the decisions, orders or resolutions of the RTC and the MCTC; (2) complaints against the petitioners attached with documents used by respondent in its formal offer of evidence; (3) answer of the petitioners; (4) order of the MCTC declaring the petitioners in default; (5) respondent's formal offer of evidence; (6) notice of appeal; (7) joint memorandum of appeal; and (8) joint motion for reconsideration/new trial. According to the petitioners, these pleadings and records were sufficient to support their petition for review.

<sup>&</sup>lt;sup>25</sup> Id. at 14.

Assuming that there was a reason to dismiss the petition on account of technicalities, the petitioners argue that the CA should not have strictly applied the rules of procedure and provided leniency to the petitioners. They also ask the Court to give a glance on the merits of their case brought before the CA.

On February 7, 2014, respondent filed its comment<sup>26</sup> contending that the petitioners had no excuse in their non-compliance with Section 2, Rule 42. They claim that the court records were not attached because these were soaked in flood water in August 2012, but the RTC rendered its decision in January 2013. The petitioners failed to secure a certification from the RTC that these records were indeed unavailable.

On May 21, 2014, the petitioners filed their reply before this Court,<sup>27</sup> adding that the elevation of the entire records of the case was not a mandatory requirement, and the CA could exercise its discretion that it furnished with the entire records of the case by invoking Section 7, Rule 42 of the Rules of Court.

## **The Court's Ruling**

## First Procedural Issue

On the sole assignment of error, the Court agrees with the petitioners that Section 2, Rule 42 does not require that the entire records of the case be attached to the petition for review. The provision states:

Sec. 2. Form and contents. - The petition shall be filed in seven (7) legible copies, with the original copy intended for the court being indicated as such by the petitioner, and shall (a) state the full names of the parties to the case, without impleading the lower courts or judges thereof either as petitioners or respondents; (b) indicate the specific material dates showing that it was filed on time; (c) set forth concisely a statement of the matters involved, the issues raised, the specification of errors of fact or law, or both, allegedly committed by the Regional Trial Court, and the reasons or arguments relied upon for the allowance of the appeal; (d) be accompanied by clearly legible duplicate originals or true copies of the judgments or final orders of both lower courts, certified correct by the clerk of court of the Regional Trial Court, the requisite number of plain copies thereof and of the pleadings and other material portions of the record as would support the allegations of the petition. [Emphasis and underscoring supplied]

<sup>&</sup>lt;sup>26</sup> Id. at 160-171.

<sup>&</sup>lt;sup>27</sup> Id. at 178-188.

The abovequoted provision enumerates the required documents that must be attached to a petition for review, to wit: (1) clearly legible duplicate originals or true copies of the judgments or final orders of both lower courts, certified correct by the clerk of court of the Regional Trial Court; (2) the requisite number of plain copies thereof; and (3) of the pleadings and other material portions of the record as would support the allegations of the petition. Clearly, the Rules do not require that the entire records of the case be attached to the petition for review. Only when these specified documents are not attached in the petition will it suffer infirmities under Section 3, Rule 42, which states:

Sec. 3. Effect of failure to comply with requirements. - The failure of the petitioner to comply with any of the foregoing requirements regarding the payment of the docket and other lawful fees, the deposit for costs, proof of service of the petition, and the contents of and the documents which should accompany the petition shall be sufficient ground for the dismissal thereof.

In *Canton v. City of Cebu*,<sup>28</sup> the Court discussed the importance of attaching the pleadings or material portions of the records to the petition for review. "[P]etitioner's discretion in choosing the documents to be attached to the petition is however not unbridled. The CA has the duty to check the exercise of this discretion, to see to it that the submission of supporting documents is not merely perfunctory. The practical aspect of this duty is to enable the CA to determine at the earliest possible time the existence of *prima facie* merit in the petition."<sup>29</sup> In that case, the petition was denied because the petitioner failed to attach the complaint, answer and appeal memorandum to support their allegation.

In *Cusi-Hernandez v. Diaz*,<sup>30</sup> a case where the petitioner did not attach to her petition for review a copy of the contract to sell that was at the center of controversy, the Court nonetheless found that there was a substantial compliance with the rule, considering that the petitioner had appended to the petition for review a certified copy of the decision of the MTC that contained a verbatim reproduction of the omitted contract.

Recently, in *Galvez*, *v*. *CA*,<sup>31</sup> it was held that attaching the other records of the MTC and the RTC were not necessary based on the circumstances of the case. The petitioner therein was not assailing the propriety of the findings of fact by the MTC and the RTC, but only the conclusions reached by the said lower courts after their appreciation of the

<sup>30</sup> 390 Phil. 1245, 1252 (2000).

<sup>&</sup>lt;sup>28</sup> 544 Phil. 369 (2007).

<sup>&</sup>lt;sup>29</sup> Id. at 377.

<sup>&</sup>lt;sup>31</sup> G.R. No. 157445, April 3, 2013, 695 SCRA 10, 24.

facts. In dealing with the questions of law, the CA could simply refer to the attached decisions of the MTC and the RTC.

Thus, the question in the case at bench is whether or not the petitioners attached the sufficient pleadings and material portions of the records in their petition for review. The Court rules that the petition was in substantial compliance with the requirements.

The assignment of error<sup>32</sup> in the petition for review clearly raises questions of fact as the petitioners assail the appreciation of evidence by the MCTC and the RTC. Thus, aside from the decisions and orders of the MCTC and the RTC, the petitioners should attach pertinent portions of the records such as the testimony of the sole witness of respondent, the copies of the cash disbursement vouchers and the PNB checks presented by respondent in the MCTC. In the petition for review, the petitioners attached respondent's complaints before the MCTC which contained the photocopies of the cash disbursement vouchers and PNB checks. These should be considered as ample compliance with Section 2, Rule 42 of the Rules of Court.

## Second Procedural Issue

Nevertheless, instead of remanding the case to the CA, this Court deems it fit to rule on the merits of the case to once and for all settle the dispute of the parties.

The rule is that a court can only consider the evidence presented by respondent in the MCTC because the petitioners failed to attend the pre-trial conference on August 25, 2009 pursuant to Section 5, Rule 18 of the Rules of Court.<sup>33</sup> The Court, however, clarifies that failure to attend the pre-trial does not result in the "default" of the defendant. Instead, the failure of the defendant to attend shall be cause to allow the plaintiff to present his evidence *ex parte* and the court to render judgment on the basis thereof.

The case of *Philippine American Life & General Insurance Company v. Joseph Enario*<sup>34</sup> discussed the difference between non-appearance of a defendant in a pre-trial conference and the declaration of a defendant in default in the present Rules of Civil Procedure. The decision states:

9

<sup>&</sup>lt;sup>32</sup> *Rollo*, pp. 36-37.

<sup>&</sup>lt;sup>33</sup> Sec. 5. Effect of failure to appear. - The failure of the plaintiff to appear when so required pursuant to the next preceding section shall be cause for dismissal of the action. The dismissal shall be with prejudice, unless otherwise ordered by the court. A similar failure on the part of the defendant shall be cause to allow the plaintiff to present his evidence *ex parte* and the court to render judgment on the basis thereof. <sup>34</sup> 645 Phil. 166, 174-175 (2010).

Prior to the 1997 Revised Rules of Civil Procedure, the phrase "as in default" was initially included in Rule 20 of the old rules, and which read as follows:

Sec. 2. A party who fails to appear at a pre-trial conference may be non-suited or considered as in default.

It was however amended in the 1997 Revised Rules of Civil Procedure. Justice Regalado, in his book REMEDIAL LAW COMPENDIUM, explained the rationale for the deletion of the phrase "as in default" in the amended provision, to wit:

1. This is a substantial reproduction of Section 2 of the former Rule 20 with the change that, instead of defendant being declared "as in default" by reason of his non-appearance, this section now spells out that the procedure will be to allow the *ex parte* presentation of plaintiff's evidence and the rendition of judgment on the basis thereof. While actually the procedure remains the same, the purpose is one of semantical propriety or terminological accuracy as there were criticisms on the use of the word "default" in the former provision since that term is identified with the failure to file a required answer, not appearance in court.

If the absent party is the plaintiff, then his case shall be dismissed. If it is the defendant who fails to appear, then the plaintiff is allowed to present his evidence *ex parte* and the court shall render judgment on the basis thereof. Thus, the plaintiff is given the privilege to present his evidence without objection from the defendant, the likelihood being that the court will decide in favor of the plaintiff, the defendant having forfeited the opportunity to rebut or present his own evidence.<sup>35</sup>

The pre-trial cannot be taken for granted. It is not a mere technicality in court proceedings for it serves a vital objective: the simplification, abbreviation and expedition of the trial, if not indeed its dispensation.<sup>36</sup> More significantly, the pre-trial has been institutionalized as the answer to the clarion call for the speedy disposition of cases. Hailed as the most important procedural innovation in Anglo-Saxon justice in the nineteenth century, it paved the way for a less cluttered trial and resolution of the case. It is, thus, mandatory for the trial court to conduct pre-trial in civil cases in order to realize the paramount objective of simplifying, abbreviating and expediting trial.<sup>37</sup>

<sup>&</sup>lt;sup>35</sup> Tolentino v. Laurel, G.R. No. 181368, February 22, 2012, 666 SCRA 561, 569-570.

<sup>&</sup>lt;sup>36</sup> United Coconut Planters Bank v. Magpayo, 473 Phil. 739, 746 (2004).

<sup>&</sup>lt;sup>37</sup> Parañaque Kings Enterprise, Inc. v. Santos, G.R. No. 194638, July 2, 2014.

In the case at bench, the petitioners failed to attend the pre-trial conference set on August 25, 2009. They did not even give any excuse for their non-appearance, manifestly ignoring the importance of the pre-trial stage. Thus, the MCTC properly issued the August 25, 2009 Order, <sup>38</sup> allowing respondent to present evidence *ex parte*.

The MCTC even showed leniency when it directed the counsels of the parties to submit their respective position papers on whether or not Aguilar and Calimbas could still participate in the trial of the case despite their absence in the pre-trial conference. This gave Aguilar and Calimbas a second chance to explain their non-attendance and, yet, only respondent complied with the directive to file a position paper. The MCTC, in its Order,<sup>39</sup> dated April 27, 2011, properly held that since the proceedings were being heard *ex parte*, Aguilar and Calimbas had no right to participate therein and to cross-examine the witness.

Thus, as it stands, the Court can only consider the evidence on record offered by respondent. The petitioners lost their right to present their evidence during the trial and, *a fortiori*, on appeal due to their disregard of the mandatory attendance in the pre-trial conference.

## Substantive Issue

And on the merits of the case, the Court holds that there was indeed a contract of loan between the petitioners and respondent. The Court agrees with the findings of fact of the MCTC and the RTC that a check was a sufficient evidence of a loan transaction. The findings of fact of the trial court, its calibration of the testimonies of the witnesses and its assessment of the probative weight thereof, as well as its conclusions anchored on the findings are accorded high respect, if not conclusive effect.<sup>40</sup>

The case of *Pua v. Spouses Lo Bun Tiong*<sup>41</sup> discussed the weight of a check as an evidence of a loan:

In *Pacheco v. Court of Appeals*, this Court has expressly recognized that a check constitutes an evidence of indebtedness and is a veritable proof of an obligation. Hence, it can be used in lieu of and for the same purpose as a promissory note. In fact, in the seminal case of *Lozano v. Martinez*, We pointed out that a check functions more than a promissory note since it not only contains an undertaking to pay an amount of money but is an "order addressed to a bank and partakes of a representation that the drawer has

<sup>&</sup>lt;sup>38</sup> Id. at 96-97.

<sup>&</sup>lt;sup>39</sup> Id. at 102-103.

<sup>&</sup>lt;sup>40</sup> *People v. Warriner*, G.R. No. 208678, June 16, 2014.

<sup>&</sup>lt;sup>41</sup> G.R. No. 198660, October 23, 2013, 708 SCRA 571.

funds on deposit against which the check is drawn, sufficient to ensure payment upon its presentation to the bank." This Court reiterated this rule in the relatively recent *Lim v. Mindanao Wines and Liquour Galleria* stating that a check, the entries of which are in writing, could prove a loan transaction.<sup>42</sup>

There is no dispute that the signatures of the petitioners were present on both the PNB checks and the cash disbursement vouchers. The checks were also made payable to the order of the petitioners. Hence, respondent can properly demand that they pay the amounts borrowed. If the petitioners believe that there is some other bogus scheme afoot, then they must institute a separate action against the responsible personalities. Otherwise, the Court can only rule on the evidence on record in the case at bench, applying the appropriate laws and jurisprudence.

As to the award of attorney's fees, the Court is of the view that the same must be removed. Attorney's fees are in the concept of actual or compensatory damages allowed under the circumstances provided for in Article 2208 of the Civil Code, and absent any evidence supporting its grant, the same must be deleted for lack of factual basis.<sup>43</sup> In this case, the MCTC merely stated that respondent was constrained to file the present suit on account of the petitioners' obstinate failure to settle their obligation. Without any other basis on record to support the award, such cannot be upheld in favor of respondent. The settled rule is that no premium should be placed on the right to litigate and that not every winning party is entitled to an automatic grant of attorney's fees.<sup>44</sup>

### WHEREFORE, the petition is PARTIALLY GRANTED.

In accord with the discourse on the substantive issue, the January 2, 2013 decision of the Regional Trial Court, Branch 5, Dinalupihan, Bataan, is **AFFIRMED.** The award of attorney's fees is, however, **DELETED**.

#### SO ORDERED.

AL MENDOZA JOSE CAT Associate Justice

<sup>&</sup>lt;sup>42</sup> Id. at 584.

<sup>&</sup>lt;sup>43</sup> People v. Likiran, G.R. No. 201858, June 4, 2014.

<sup>&</sup>lt;sup>44</sup> First Lepanto-Taisho Insurance Corporation v. Chevron Philippines, Inc., G.R. No. 177839, January 18, 2012, 663 SCRA 309, 325.

DECISION

WE CONCUR:

ANTONIO T. CARPÍO Associate Justice Chairperson Uducentino PRESBITERO J. VELASCO, JR. MARIANO C. DEL CASTILLO Associate Justice Associate Justice MARVIC M.V.F. LEONEN Associate Justice

## ΑΤΤΕ SΤΑΤΙΟΝ

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ANTONIO T. CARPIO Associate Justice Chairperson, Second Division

14

## CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

mannen

MARIA LOURDES P. A. SERENO Chief Justice