

### Title: Baldomero Inciong, Jr. vs. Court of Appeals and Philippine Bank of Communications

### Facts:

Baldomero L. Inciong, Jr., along with Rene C. Naybe and Gregorio D. Pantanosas, executed a promissory note for P50,000 in favor of the Philippine Bank of Communications (PBC) on February 3, 1983, with a due date of May 5, 1983. The amount remained unpaid past the due date, prompting PBC to issue demand letters to the obligors. With no response from the obligors, PBC filed a collection case on January 24, 1986.

The Regional Trial Court initially dismissed the case due to the plaintiff's failure to prosecute but later reconsidered and proceeded with the case against Inciong after finding that co-obligor Pantanosas had been excused and Naybe was unreachable due to relocation to Saudi Arabia. Inciong contested that his consent to the promissory note was vitiated by misrepresentation, believing he was only liable for P5,000.

Despite these claims, both the lower court and the Court of Appeals held Inciong solidarily liable for the P50,000 plus interest and penalties. Inciong's appeals to the Supreme Court were initially denied due to procedural errors but later reinstated for review. Nevertheless, his arguments, including those based on an affidavit by Pantanosas and assertions of procedural lapses by PBC, were ultimately rejected.

### Issues:

1. Whether the promissory note was enforceable against Inciong despite his claims of fraud and misrepresentation.
2. Whether procedural lapses and the absence of certain banking formalities in the loan's approval vitiated the loan agreement.
3. Whether the dismissal of the case against co-obligors released Inciong from his solidary liability.
4. The applicability of the parol evidence rule in the context of the case.

### Court's Decision:

The Supreme Court denied the petition for review, affirming the decisions of both the lower court and the Court of Appeals that held Inciong solidarily liable. The Court clarified that:

- The promissory note's enforceability was not affected by Inciong's allegations of fraud, which were not sufficiently proven.
- Procedural and formal lapses cited by Inciong did not invalidate the loan agreement.

- Dismissal of the case against co-obligors did not release Inciong from his solidary obligations under the promissory note.
- The parol evidence rule barred the introduction of extrinsic evidence to contest the contents of the promissory note, except in cases of fraud, mistake, or imperfection, which Inciong failed to establish convincingly.

### ### Doctrine:

- The enforceability of promissory notes and the obligations they impose are not dependent on the compliance with all formal banking procedures or on presence during the loan's release but on the consent and agreement of the parties involved.
- The parol evidence rule limits the admissibility of external evidence to dispute the contents of a written agreement, barring proven exceptions such as fraud or mistake.
- Solidary obligors remain liable for the full amount of the obligation, regardless of the dismissal of the case against co-obligors unless the dismissal results from a release of the obligation itself.

### ### Class Notes:

- **Promissory Note and Solidary Liability:** A promissory note is a written promise to pay a specified sum of money. When obligors are "jointly and severally" liable, each is responsible for the entire debt, allowing the creditor to demand full payment from any one of them.
- **Parol Evidence Rule (Rule 130, Sec. 9 of the Rules of Court):** This rule asserts that when an agreement has been reduced to writing, it is presumed to contain all the terms agreed upon. It cannot be contradicted by oral evidence, except in cases of fraud, mistake, or imperfection.
- **Solidary vs. Guarantor Liability:** Solidary debtors are obliged to pay the entire debt. In contrast, a guarantor's obligation is secondary and arises only if the principal debtor fails to pay.

### ### Historical Background:

The case highlights the legal interpretation of loan obligations, the enforcement of promissory notes, and the application of the parol evidence rule in Philippine jurisprudence. It also demonstrates the procedural challenges encountered in civil litigation, emphasizing the need for litigants to adhere strictly to procedural rules, even in the face of substantive disputes over contract terms and obligations.