

Title: Laureano T. Angeles vs. Philippine National Railways (PNR) and Rodolfo Flores

Facts:

The case originated from a May 5, 1980, transaction where the Philippine National Railways (PNR) accepted Gaudencio Romualdez's offer to purchase scrap and unserviceable rails located in Pampanga. After payment, Romualdez authorized Lizette R. Wijanco (subsequently referred to as Lizette Angeles, petitioner's wife) to withdraw the scrap rails on his behalf. Lizette then requested PNR to change the withdrawal location to Tarlac, which PNR approved. However, PNR later suspended the withdrawal due to documentary discrepancies and reported pilferages.

The Angeles spouses demanded a refund of P96,000, which PNR refused, arguing that more than the requested amount's worth in scrap was already withdrawn. As a result, the Angeles filed a lawsuit for specific performance and damages against PNR and its corporate secretary, Rodolfo Flores, in the Regional Trial Court (RTC) of Quezon City in 1988. The RTC dismissed the case, citing Lizette as merely Romualdez's representative and not an assignee of rights. The petitioner appealed to the Court of Appeals (CA), which upheld the RTC's decision, leading to the Supreme Court petition.

Issues:

1. Whether Lizette W. Angeles was merely an agent of Romualdez or an assignee of his interest in the scrap rails.
2. Whether the petitioner and his spouse had legal standing to sue PNR for specific performance and damages.

Court's Decision:

The Supreme Court denied the petition, affirming the decisions of the RTC and the CA. The Court clarified that Lizette acted as an agent, not an assignee, of Romualdez in the withdrawal of the scrap rails. This conclusion was based on the interpretation of Romualdez's letter and subsequent acts that reinforced the agency relationship. Consequently, as an agent, Lizette, and by extension her heirs, lacked the legal standing to sue PNR for specific performance and damages.

Doctrine:

The case reiterated principles on agency, particularly distinguishing between an agent and an assignee in contract agreements. It underscored that an agent acts on behalf of a principal and cannot sue or be sued on the contract, while an assignee may sue in their

capacity if rights have been assigned to them.

Class Notes:

1. Agency vs. Assignment: Agency involves acting on behalf of another, with no right to sue on contracts for the agent. Assignment implies the transfer of rights, allowing the assignee to sue on the contract.
2. Legal Standing: Only a party who is a “real party in interest,” being either a contracting party or a rightful assignee, has the standing to sue or be sued in relation to the contract.
3. Interpretation of Contract Terms: The intention of contracting parties is determined primarily from the language of the agreement, considering all stipulations and subsequent actions.

Historical Background:

The case encapsulates the challenges in distinguishing between agency and assignment in transactions involving representatives. It demonstrates the importance of clear contractual terms and the acknowledgment of subsequent acts to ascertain the parties’ real intentions, a principle that has implications beyond this particular dispute and affects general business and legal practices in the Philippines.