

****Title:**** Metropolitan Bank and Trust Company v. Ley Construction and Development Corporation and Spouses Manuel and Janet Ley

****Facts:****

This case revolves around an action for the recovery of a sum of money and damages filed by Metropolitan Bank and Trust Company (formerly Philippine Banking Corporation) against Ley Construction and Development Corporation (LCDC) and Spouses Manuel and Janet Ley. The dispute centered on a Letter of Credit issued by Philippine Banking Corporation for LCDC to import 15,000 metric tons of Iraqi cement, which never arrived in the Philippines. Despite repeated demands, the obligation remained unpaid, leading to the bank's filing of the complaint.

The oral representations of LCDC, facilitated through Spouses Ley, led to the issuance of the Letter of Credit (DC 90303-C) favoring supplier Global Enterprises Limited for \$802,500.00, and subsequent amendments thereto. The supplier, through Credit Suisse of Zurich, Switzerland, negotiated the Letter of Credit, resulting in a debit from Philippine Banking Corporation's account amounting to \$770,691.30. LCDC received the shipping documents but failed to fulfill the obligation as the cement did not arrive due to alleged trade embargoes against Iraq.

The trial court dismissed the complaint after granting the defendants' demurrer to evidence, citing the bank's failure to properly authenticate the documents presented due to the incompetence of its sole witness, Mr. Fenelito Cabrera. The Court of Appeals affirmed the trial court's decision, agreeing with the finding that the bank's evidence was insufficient to prove its claim.

****Issues:****

1. Whether the bank established its cause of action against LCDC and Spouses Ley through preponderant evidence despite the exclusion of several exhibits.
2. Whether the relationship and agreement between the bank and LCDC, as well as the spouses Ley, particularly concerning the Letter of Credit and the Trust Receipt, were sufficiently proven to establish liability.
3. Whether the appellate court erred in its interpretation and application of the rules regarding the admittance of documentary evidence and the competence of witness testimony.

****Court's Decision:****

The Supreme Court denied the bank's petition, reinforcing the decisions of the lower courts. It clarified that:

1. The appeal suffered from a procedural infirmity by raising issues of fact rather than purely legal questions as required under Rule 45 of the Rules of Court.
2. The bank's reliance on the Trust Receipt as its primary actionable document was misplaced, as the substance of the complaint fundamentally centered on the Letter of Credit.
3. The bank failed to establish a preponderant evidence of LCDC's and the spouses Ley's liability due to inadequate authentication and presentation of contractual documents, notably the absence of terms and conditions on the reverse side of the Application and Agreement for Commercial Letter of Credit, which was critical in delineating the obligations and rights in relation to the Letter of Credit issuance.

****Doctrine:****

The case reiterated the principle on the distinction between questions of law and questions of fact in appeals by certiorari under Rule 45 of the Rules of Court, emphasizing that this Court is not a trier of facts. It also highlighted the importance of establishing a cause of action based on the assertion of a legal right, a correlative obligation, and an act or omission violating such right resulting in damage or injury for relief recovery from the court.

****Class Notes:****

- ****Questions of Law vs. Questions of Fact:**** An appeal by certiorari under Rule 45 should only raise questions of law. A question of law exists when there is doubt as to what the law is on a certain state of facts.
- ****Preponderance of Evidence:**** This refers to the weight, credit, and value of evidence more convincing than that offered in opposition.
- ****Cause of Action Elements:**** (1) Existence of a legal right; (2) a correlative obligation of the defendant; (3) act or omission by the defendant violating such right.
- ****Actionable Documents:**** When a pleading is based on a document, its substance should be set forth in the pleading, and the original or a copy attached as an exhibit.

****Historical Background:****

In the context of Philippine commercial law, this case serves as a critical reminder of the rigorous standards required for the presentation and authentication of documentary evidence in court. It also underscores the judicial scrutiny applied to contractual relationships, particularly in commercial transactions involving letters of credit, which are instrumental in international trade. This decision illustrates the adjudicative challenges associated with contractual disputes, especially when pivotal documents are inadequately presented or authenticated, affecting the enforcement of contractual rights and obligations.