

Title:

Chevron Philippines, Inc. vs. Alberto T. Looyuko and Others: A Case of Unsettled Obligations and the Principles of Sales, Agency, and Contracts

Facts:

Chevron Philippines, Inc., previously known as Caltex Philippines, Inc., engaged in transactions with Noah's Ark Sugar Refinery through Alberto T. Looyuko, Achilles "Kelly" L. Pacquing, and Julieta "Juliet" T. Go, involving the purchase of various petroleum products. Despite sending multiple demand letters for the settlement of an outstanding account amounting to P7,381,510.70, plus interest and attorney's fees, Chevron received no response, leading to the filing of a complaint in the Regional Trial Court (RTC) of Manila. Despite a contested service of summons and claims of non-involvement by the respondents, the RTC, after a lengthy trial process, favored Chevron, ordering Alberto T. Looyuko and his legal heirs to pay the outstanding amount, interest, and other fees. The case, upon appeal, saw the Court of Appeals (CA) reversing the RTC's decision, leading to a dispute at the Supreme Court over the contractual obligations and the applicability of sales, agency, and contract law principles.

Issues:

1. Whether the appellate defense suffices to dismiss the claim based on non-compliance with procedural rules.
2. The existence of a contractual relationship between Chevron and the respondents, considering the transactions and delivery receipts.
3. Legality and fairness of the 24% interest payment charges imposed by the RTC on the overdue account.

Court's Decision:

The Supreme Court granted Chevron's petition, reinstating the RTC's decision with modifications regarding the interest rates applicable to the outstanding obligations. The Court conducted a comprehensive analysis emphasizing:

- The evidence substantiating the deliveries made and services rendered by Chevron to Noah's Ark Sugar Refinery, implicating Alberto T. Looyuko, given the refinery's operations under his registered business name.
- The failure of respondents, particularly Alberto Looyuko, to properly contest the actionable documents (invoices) and to adequately deny under oath the genuineness and due execution of these documents, leading to an implied admission.
- The application of agency principles, particularly agency by estoppel, which prevented the

respondents from disclaiming the authority of those who received the goods on behalf of Noah's Ark Sugar Refinery.

- Modification of interest rates from an erroneous 24% to a legally grounded rate in line with prevailing jurisprudence and statutory rates before and after the issuance of BSP Circular No. 799.

Doctrine:

The case reiterates the principles of sales and agency within the context of contract law, specifically highlighting the rules pertinent to actionable documents, specific denials, and agency by estoppel. Moreover, it clarifies the computation of interest rates on unpaid obligations, anchoring on the "prevailing duly authorized maximum interest rate" and statutory guidelines.

Class Notes:

- **Actionable Documents**: Requires specific denial under oath for contestation; otherwise, genuineness and due execution are presumed.
- **Specific Denials**: Essential to counter claims based on documents; mere denial or claim of lack of knowledge, if not substantiated, can constitute an implied admission.
- **Agency by Estoppel**: Prevents principals from disclaiming obligations when they have allowed agents to act with apparent authority.
- **Interest Computations**: Governed by prevailing laws and circulars; the case underscored the shift from a 24% rate to a legal framework defining interest rates pre- and post-BSP Circular No. 799.

Historical Background:

The case delves into contractual disputes within commercial engagements, elucidating on procedural contentions, principles governing sales and agency, and legal standards for interest computation on overdue accounts. It emphasizes how businesses and individuals engaged in commercial transactions must navigate the complexities of contract law, the significance of procedural adherence, and the legal ramifications of their commercial dealings.