

### Title:

**\*\*Antonio C. Goquiolay & The Partnership 'Tan Sin An and Antonio C. Goquiolay' vs. Washington Z. Sycip, et al.\*\***

### Facts:

This case stems from a dispute over the sale of partnership properties following the death of one of the partners, Tan Sin An. Antonio C. Goquiolay and Tan Sin An entered into a general commercial partnership "Tan Sin An and Antonio C. Goquiolay" for dealing in real estate in 1940, with Tan Sin An as the sole managing partner. Upon Tan Sin An's death in 1942, his widow, Kong Chai Pin, eventually acted as the administratrix of his estate and purportedly as the managing partner of the surviving partnership. Without Goquiolay's consent, she sold the partnership's real estate properties to Washington Z. Sycip and Betty Y. Lee in 1949 to settle partnership debts, a sale that Goquiolay later sought to annul. The lower court upheld the sale, and the plaintiffs appealed directly to the Philippine Supreme Court due to the involvement of an amount exceeding P200,000.00.

### Issues:

1. Whether Kong Chai Pin succeeded her husband as the managing partner of the partnership upon his death and had the authority to sell the partnership properties.
2. Whether the sale of the partnership's real estate to Sycip and Lee, without Goquiolay's consent, was valid.

### Court's Decision:

The Supreme Court found that the trial court erred in holding Kong Chai Pin as the managing partner upon Tan Sin An's death. The managing rights were personal to Tan Sin An and thus, did not pass to Kong Chai Pin upon his death. However, by acting in management capacities and with Goquiolay's acquiescence, she became a de facto managing partner. The Court held that third parties had the right to assume she had the authority to bind the partnership. Thus, the sale executed by Kong Chai Pin, even without Goquiolay's consent, was considered valid and binding, primarily due to the principle of estoppel by laches on Goquiolay's part for not objecting to her management sooner.

### Doctrine:

The decision reiterated the doctrine that the specific management rights of a partner, premised upon trust and confidence, are extinguishable upon death and do not automatically transfer to the heirs. Nevertheless, heirs may become de facto managing partners through conduct that suggests management authority, and third parties may rely

on such apparent authority. The case also emphasized the principle of estoppel by laches, affirming that a partner's failure to timely dispute the actions of another party purportedly acting in a managerial capacity can ratify such actions.

### ### Class Notes:

- The partnership operations prescribed specific roles and management structures which could be altered by the death of a managing partner.
- Heirs stepping into partnership roles must indicate their intent and capacity within which they are acting; their default position is that of a limited partner.
- Third parties engaging with a partnership have the right to assume the apparent authority of individuals representing the partnership.
- The principle of estoppel by laches prevents a party from denying the validity of actions taken by another when the former's inaction has implied consent over time.
- Relevant legal provisions include Article 222 of the Code of Commerce regarding the continuation of a partnership despite a partner's death, and the doctrines of apparent authority and estoppel.

### ### Historical Background:

The backdrop of this case included the complexities involving the transition and continuity of partnerships amid the legal and procedural consequences following a partner's demise. Embedded within a broader commercial tradition, the case illustrates the adaptability of partnership laws to the challenges posed by changes in a partnership's managing authority, especially in scenarios without explicit anticipatory measures.