

Title:

Far East Marble (Phils.), Inc. vs. Bank of the Philippine Islands

Facts:

This case stems from a legal dispute initiated by Bank of the Philippine Islands (BPI) against Far East Marble (Phils.), Inc., and individuals Ramon A. Tabuena and Luis R. Tabuena, Jr., concerning the foreclosure of a chattel mortgage with replevin due to unpaid loans and credit facilities. On February 5, 1987, BPI filed a complaint alleging that Far East Marble had obtained various loans and credit facilities under promissory notes and trust receipts. Despite maturity and repeated demands for payment, Far East Marble failed to fulfill its obligations, prompting BPI to seek legal action.

Far East Marble responded by acknowledging the execution of the promissory notes but denied receiving any payment demands from BPI. They raised the affirmative defenses of prescription (claiming the action was barred by the lapse of time) and lack of cause of action, due to the absence of payment demands.

The Regional Trial Court of the National Capital Judicial Region dismissed BPI's complaint, ruling that the cause of action had prescribed and BPI failed to state a sufficient cause of action due to lack of specificity in alleging demands for payment. BPI appealed to the Court of Appeals, arguing against the trial court's findings. The Court of Appeals reversed the trial court's order and remanded the case for further proceedings, prompting Far East Marble to elevate the matter to the Supreme Court through a petition for review on certiorari, challenging both procedural and substantive aspects of the appellate court's decision.

Issues:

1. Whether the Court of Appeals erred in taking jurisdiction over the case, considering the appeal raised pure questions of law.
2. Whether the Court of Appeals was correct in setting aside the trial court's dismissal of the case based on prescription and insufficiency of BPI's complaint.
3. Whether BPI's complaint sufficiently articulated a cause of action despite the alleged vagueness in the demand for payments.

Court's Decision:

The Supreme Court denied Far East Marble's petition, affirming the decision of the Court of Appeals. The High Court established that the Court of Appeals had jurisdiction over the appeal because the case involved factual disputes, particularly concerning the existence of

demands for payment which were integral to both the defense of prescription and the sufficiency of BPI's cause of action. On substantive matters, the Supreme Court ruled that BPI's general allegation of having made repeated demands was sufficient to establish a cause of action, contrary to the trial court's ruling. Additionally, the Supreme Court found that the questions regarding prescription should be supported by evidence and not prematurely adjudicated based on the pleadings alone.

Doctrine:

The case reiterates the principles concerning the determination of jurisdiction based on questions of law versus questions of fact, emphasizing that factual disputes fall under the appellate jurisdiction of the Court of Appeals. It also highlights the standard for pleading a cause of action, asserting that a complaint is sufficient if it contains a plain and concise statement of the ultimate facts constituting the plaintiff's cause of action, without necessarily detailing the evidentiary facts.

Class Notes:

- ****Prescription****: A defense that can be raised to argue that a claim is no longer enforceable due to the passage of time. Prescription periods can be interrupted by specific acts, such as demands for payment or acknowledgment of debt.
- ****Cause of Action****: Consists of a legal right of the plaintiff, a corresponding obligation of the defendant, and an act or omission by the defendant violating the plaintiff's right.
- ****Evidentiary vs. Ultimate Facts****: Ultimate facts are those essential to constitute the plaintiff's cause of action, whereas evidentiary facts are details that provide evidence of those ultimate facts.
- ****Jurisdiction****: The authority of a court to hear and decide a case. The distinction between questions of law (for the Supreme Court) versus questions of fact (for the Court of Appeals) is crucial in determining jurisdiction over appeals.

Historical Background:

This case is illustrative of the complexities involved in commercial disputes in the Philippines and demonstrates the judicial process of appeals, including the procedural nuances that can significantly impact the resolution of such disputes. It reaffirms the Philippine court system's emphasis on procedural propriety and substantive justice in adjudicating claims arising from financial transactions.