

****Title: Lothar F. Engel, et al. v. Mariano Velasco & Co.****

****Facts:****

The case involves a contract dispute between Lothar F. Engel and others (plaintiffs and appellees) and Mariano Velasco & Co. (defendant and appellant). The plaintiffs and defendant engaged in a series of communications to finalize the terms of their contract.

1. ****Telegraphic Communication:**** Initially, the parties exchanged telegrams to discuss the terms of their agreement. These telegrams were not initially recognized as a formal medium for establishing a binding contract under the second paragraph of Article 51 of the Code of Commerce, as it existed before its repeal by Act No. 3089.
2. ****Confirmatory Letters:**** Following the telegraphic correspondence, the parties sent letters that explicitly referred to the content of the telegrams and confirmed the agreements made through these telegrams.

Procedural Posture:

- Plaintiffs filed a lawsuit alleging breach of contract, relying on the telegrams and confirmatory letters as evidence of the agreement.
- The trial court ruled in favor of the plaintiffs, validating the contract based on the telegrams and subsequent confirmatory letters.
- The defendant, Mariano Velasco & Co., appealed the decision, arguing that telegraphic communications alone did not establish a binding contract under Article 51 of the Code of Commerce.

****Issues:****

1. Whether telegraphic correspondence can create binding obligations between parties who have not explicitly admitted this medium in a written contract under the Code of Commerce.
2. Whether subsequent confirmatory letters referring to and validating the telegrams can be used to establish a contractual obligation.

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

In addressing the issues, the Supreme Court upheld the trial court's decision and ruled as follows:

1. **Telegraphic Correspondence as Basis of Obligation:**

- The Court acknowledged that under Article 51 of the Code of Commerce, as it existed prior to its repeal, telegraphic correspondence could not independently establish a binding obligation if the contracting parties had not specifically agreed to this medium in writing.

2. **Confirmatory Letters Establishing Contractual Obligation:**

- The Court found that the confirmatory letters, which explicitly referred to the prior telegrams and affirmed the agreements made through those telegrams, rendered the telegraphic communications admissible.

- The confirmatory letters integrated the telegrams into the parties' correspondence, thereby validating the contract. This sequence of communication met the requirement of a written agreement as contemplated by Article 51, as the letters confirmed the terms and conditions previously discussed through telegrams.

Doctrine:

The doctrine established in this case is that telegraphic communications, followed by subsequent letters confirming and referring to them, can be admissible as part of the contractual correspondence between parties. This doctrine affirms that while telegrams alone may not establish a contract, when validated through confirmatory letters, they can form the basis of a binding obligation.

Class Notes:

1. **Elements/Concepts Central to the Case:**

- Use of telegraphic communication in contract formation.
- Requirements for a binding contract under the Code of Commerce.
- The role of confirmatory letters in validating preliminary agreements.

2. **Key Legal Statutes/Provisions:**

- Article 51 of the Code of Commerce (prior to its repeal by Act No. 3089): This provision restricted the use of telegrams to create binding obligations unless explicitly agreed upon in writing by the contracting parties.

3. **Application in Case:**

- Confirmatory letters referred to and validated prior telegraphic communications, meeting the requirement for a written contract and making the terms enforceable.

****Historical Background:****

At the time this case was decided, Article 51 of the Code of Commerce governed forms of communication acceptable for creating binding contracts. The case provides insight into how the intersection of different communication mediums (telegraphs and letters) were viewed within the ambit of commercial law, reflective of the evolving nature of business practices in the early 20th century. The eventual repeal of this article by Act No. 3089 indicates a shift towards more flexible commercial communication standards.