

### Title:

**Jose Fortis vs. Gutierrez Hermanos**

### Facts:

- Contractual Employment (1900-1902):** Jose Fortis, the plaintiff, was employed by the defendants, Gutierrez Hermanos, during the years 1900, 1901, and 1902 under a contract that stipulated he would receive 5% of the net profits as his salary for the year 1902. The contract was made by Miguel Alonzo Gutierrez, a manager with full authority to transact all business of the company.
- Dispute Over Salary:** Fortis claimed that 5% of the net profits of the business for 1902 amounted to 26,378.68 pesos, Mexican currency. He had purportedly received 12,811.75 pesos and sought to recover the remaining balance of 13,566.93 pesos with interest.
- Additional Claim:** The plaintiff also sought to recover an additional 600 pesos for money expended in 1903 on behalf of Gutierrez Hermanos.
- Trial Court Decision:** The lower court found in favor of Fortis, confirming the contract terms and awarding him the claimed amounts—13,566.93 pesos as balance of salary for 1902 and 600 pesos with interest—totaling P3,025.40 in Philippine currency.
- Motion for New Trial:** The defendants moved for a new trial and to make the complaint more definite. Both motions were denied, leading the defendants to appeal to the Supreme Court through a bill of exceptions.

### Issues:

- Was there sufficient evidence to support the trial court's finding of an employment contract entitling Fortis to 5% of the net profits for 1902?
- Did the trial court err in denying the defendant's motion to make the complaint more definite and certain?
- Did the contract make Fortis a partner in the business as alleged by the defendants?
- Was it necessary for the employment contract to be in writing?
- Was the plaintiff barred from testifying due to the death of Miguel Alonzo Gutierrez under section 383, paragraph 7, of the Code of Civil Procedure?
- Was the testimony regarding salary payments for 1900 admissible as evidence?
- Was there an error in admitting testimony about a letter concerning profits?

8. Was the ledger entry evidencing the profits for 1902 sufficient to establish a claim for unpaid salary?

9. Was the plaintiff entitled to reimbursement of 600 pesos for expenses incurred in 1903?

### Court's Decision:

1. **Evidence of Contract:** The Supreme Court affirmed that the evidence was sufficient to support the finding that Fortis was entitled to 5% of the net profits for 1902 as his salary.

2. **Denial of Motion:** The court held that denying the motion to make the complaint more definite caused no prejudice to the defendants. If erroneous, it was an "error without prejudice" and not grounds for reversal.

3. **Nature of Contract:** The Supreme Court ruled that the contract did not make Fortis a partner in the business. The contract was simply an employment agreement where compensation was tied to company profits.

4. **Written Contract:** The court reiterated that it was not necessary for the contract to be in writing, referencing *Thunga Chui vs. Que Bentec*.

5. **Testimony of Plaintiff:** The court clarified that since the action was not against the estate or administrator of Miguel Alonzo but against the partnership, section 383, paragraph 7, of the Code of Civil Procedure did not prohibit Fortis from testifying.

6. **Salary Testimony:** The plaintiff's testimony regarding the salary for 1900 was deemed competent evidence to corroborate the existence of the 1902 contract.

7. **Letter Testimony:** The Supreme Court determined any error in admitting testimony about the letter was not prejudicial since the case was sufficiently proven without it.

8. **Profits Evidence:** The court found the ledger entry showing profits for 1902 to be more convincing than contradictory oral testimony.

9. **Reimbursement Claim:** The court upheld the trial court's judgment for the 600 pesos, stating it was rightly claimed under Article 1728 of the Civil Code as reimbursement for expenses.

### Doctrine:

- **Employment Compensation Linked to Profits:** An employment contract that bases

compensation on the net profits of the business does not render the employee a partner in the business.

- **Written Contract Not Required:** Employment contracts need not be in writing unless specified otherwise by statutes.
- **Section 383 of the Code of Civil Procedure:** Prohibitions on testimony do not apply to suits against existing partnerships if the deceased was merely a partner.

### ### Class Notes:

- **Contract of Employment:** A contract stipulating profit-based compensation does not establish a partnership.
- **Code of Civil Procedure:** Section 383, on prohibiting testimony against estates, does not apply to existing partnerships.
- **Reimbursement vs. Compensation:** Claims for money spent on behalf of an employer are governed by Article 1728 of the Civil Code.
- **Error Without Prejudice:** Decisions causing no prejudice are not grounds for reversal.

### ### Historical Background:

This case highlights early 20th-century employment practices and legal principles surrounding partnerships and contracts in the Philippines. The ruling underscores the delineation between partnership and employment, an essential distinction reflecting commercial and legal clarity during the American colonial period in the Philippines.