

**Title:** Bacani and Matoto v. National Coconut Corporation, 100 Phil 468 (1956)

**Facts:**

1. **Parties Involved:**

- Plaintiffs: Leopoldo T. Bacani and Mateo A. Matoto, court stenographers in Branch VI of the Court of First Instance of Manila.
- Defendants: National Coconut Corporation and Board of Liquidators.

2. **Events Leading Up to the Legal Dispute:**

- During Civil Case No. 2293, titled Francisco Sycip vs. National Coconut Corporation, Assistant Corporate Counsel Federico Alikpala requested copies of the transcript of stenographic notes taken during the hearing.
- Bacani and Matoto provided the requested transcript, totaling 714 pages.
- They submitted bills for payment: Bacani billed for P564 and Matoto for P150, at a rate of P1 per page.
- National Coconut Corporation paid the respective amounts.

3. **Administrative Actions:**

- The Auditor General inspected the books and disallowed the payments.
- On January 19, 1953, the Auditor General required Bacani and Matoto to reimburse the amounts based on a Department of Justice circular that posited the National Coconut Corporation as a government entity exempt from such fees.

4. **Subsequent Developments:**

- On February 6, 1954, the Auditor General directed the Department of Justice Cashier to deduct P25 from Bacani's salary and P10 from Matoto's salary every payday starting March 30, 1954.

5. **Filing the Case:**

- To prevent the salary deductions and seek a judicial ruling that the National Coconut Corporation is not a government entity within the purview of section 16, Rule 130 of the Rules of Court, Bacani and Matoto filed a case in the Court of First Instance of Manila.

6. **Trial Court Decision:**

- The trial court ruled in favor of Bacani and Matoto, declaring:
  1. National Coconut Corporation is not a government entity under section 16, Rule 130 of the Rules of Court.
  2. Payments to Bacani and Matoto for the transcript were valid and legal.

3. Bacani and Matoto are not obliged to refund the payments received.

**\*\*Procedural Posture:\*\***

- Defendants appealed the Court of First Instance's decision.

**\*\*Issues:\*\***

1. Whether the National Coconut Corporation is a government entity under the provisions of section 16, Rule 130 of the Rules of Court.

2. If the payments made for the stenographic services were valid despite the Auditor General's objection.

3. The impact of the procedural issue regarding the case's nature and how it relates to the Auditor General's disapproval.

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

1. **\*\*Government Entity Classification:\*\***

- The Supreme Court ruled that the National Coconut Corporation, despite performing government functions, does not qualify as a government entity within the meaning of section 16, Rule 130 of the Rules of Court.

- It is considered a government-owned or controlled corporation with a separate corporate personality, similar to private enterprises and governed by the Corporation Law.

2. **\*\*Validity of Payments:\*\***

- The Court acknowledged that the transcript payments were agreed upon and executed at P1 per page by the National Coconut Corporation without objection, creating a valid contractual obligation.

- These payments, therefore, were valid even if they exceeded the prescribed limits in section 8, Rule 130 of the Rules of Court.

3. **\*\*Procedural Issue:\*\***

- The Court dismissed the procedural objections raised by the appellants, clarifying that the case was not about a money claim subject to the Auditor General's decision but an action to prevent improper salary deductions.

- Thus, Rule 45, section 1 of the Rules of Court regarding appeals from the Auditor General's decisions was not applicable.

**\*\*Doctrine:\*\***

- A government-owned or controlled corporation, functioning similarly to private corporations, does not enjoy the exemptions provided to government entities under section

16, Rule 130 of the Rules of Court.

- Contractual agreements between individuals and such corporations are binding and valid, even if they surpass statutory fee limits.

**\*\*Class Notes:\*\***

- **\*\*Government Entity Definition:\*\*** Understanding the distinction between government entities and government-owned or controlled corporations.

- **\*\*Rule 130, Rules of Court:\*\*** General exemption for government entities but not necessarily applicable to government-owned corporations.

- **\*\*Corporation Law:\*\*** Governs the corporate existence and liabilities of government-owned corporations.

- **\*\*Principles of Contract Law:\*\*** Valid contractual agreements enforceable even beyond statutory limits when voluntarily agreed upon.

- **\*\*Procedural Law:\*\*** Rule 45, section 1, does not apply to preventing unauthorized salary deductions which are outside the purview of money claims.

**\*\*Historical Background:\*\***

- This case occurred during the mid-20th century in a period of post-war reconstruction in the Philippines. The government actively established corporations to bolster economic sectors such as the coconut industry. The legal distinction between such corporations and traditional government entities was pivotal in these developments, shaping how they were treated under law, especially regarding financial obligations and exemptions.