

Title:

****Kue Cuison v. Court of Appeals and Valiant Investment Associates****

Facts:

- ****Parties Involved****:
 - Petitioner: Kue Cuison, sole proprietor of “Kue Cuison Paper Supply”
 - Respondent: Valiant Investment Associates, a partnership

- ****Timeline of Events****:
 - ****December 4, 1979 to February 15, 1980****: Valiant Investment Associates (VIA) delivered various kinds of paper products amounting to PHP 297,487.30 to Lilian Tan of LT Trading.
 - ****Orders and Deliveries****: Orders allegedly placed by Tiu Huy Tiac, who was an employee in Kue Cuison’s Binondo office.
 - ****Payments****: Lilian Tan issued several checks payable to cash as instructed by Tiu.
 - ****Tiu Huy Tiac’s Payment****: Tiu issued nine postdated checks to VIA, which were dishonored by the drawee bank.
 - ****Demands for Payment****: VIA made several demands to Kue Cuison, asserting that Tiu was authorized by Cuison.
 - ****Denial of Involvement****: Kue Cuison denied involvement and refused to pay.

- ****Procedural History****:
 - VIA filed an action for collection:
 - ****Trial Court****: Dismissed the complaint for lack of merit.
 - ****Court of Appeals****: Reversed the trial court’s decision, holding Kue Cuison liable to pay PHP 297,487.30 with 12% interest, 7% attorney’s fees, and costs.

Issues:

1. ****Agency Question****: Whether Tiu Huy Tiac had the authority from Kue Cuison sufficient to hold the latter liable for the transactions.
2. ****Factual Issues****: Whether the findings of the appellate court were correct in holding Kue Cuison liable.

Court’s Decision:

- ****Factual Inquiry****: The Supreme Court recognized the factual nature of the issue but accepted the petition for review due to the conflicting findings of the lower courts.

- ****Agency Relationship****:
 - ****Apparent Authority****: The court stated that one who holds another out to the public as

having authority cannot later deny such authority.

- **Evidence**: Several testimonies and conduct confirmed Tiu Huy Tiac's role as manager:
 - Petitioner introduced Tiu to respondent's manager as branch manager.
 - Regular business transactions involved Tiu.
 - Petitioner's delayed disavowal showed acceptance of Tiu's deals.
- **Estoppel**:
 - **Compound Responsibility**: Petitioner's actions held Tiu out as making transactions on his behalf, thus legally and morally responsible.
 - **Article 1911, Civil Code**: Made clear that even when an agent acts beyond authority apparent authority was sufficiently established.

Doctrine:

- **Apparent Authority and Estoppel**:
 - Principles of agency by estoppel hold that representations of authority by the principal bind the principal to the third party.
 - **Civil Code Article 1911**: Principal is liable for agent's unauthorized acts if the principal created an appearance of authority.

Class Notes:

1. **Agency by Estoppel**:
 - **Apparent Authority**: Principal cannot deny agency if he created an apparent authority for an agent.
 - **Supporting Legal Entity**: Article 1911, Civil Code of the Philippines.
2. **Estoppel in Agency**:
 - A principal encouraging reliance by third parties on apparent authority leads to liability—even for unauthorized acts.
 - **Relevant Cases / Sections**:
 - Philippine National Bank v. CA
 - U.S. vs. Ching Po
3. **Principal's Liability**:
 - **Article 1431, Civil Code**: Actions and omissions taken by an individual are presumed near true reflections and bind the individual legally.

Historical Background:

- The decision emphasizes the importance of commercial transparency and accountability in

the mid-20th century Philippine business landscape.

- Reflects the judicial approach towards business disputes involving agency and the extended responsibility of business owners in contracts and delegations.