

Title: **Urbano Lota vs. Benigno Tolentino**

Facts:

- Formation of Partnership (1918):** Urbano Lota and Benigno Tolentino entered a partnership to engage in general business in Alabat, Batangas, with the provision of dividing profits and losses equally. Tolentino was appointed as the managing partner.
- Initial Accounting and Dispute (1929-1937):** Tolentino provided an annual accounting from 1918 until 1928 but failed to do so from 1929 to 1937, prompting Urbano Lota to file a complaint on March 3, 1937, demanding an accounting and liquidation of the partnership assets.
- Defendant's Response (1937):** Tolentino claimed that the partnership was dissolved in 1932, and all assets had been delivered to Lota, leading him to request the dismissal of Lota's complaint.
- Death of Plaintiff (1938):** Urbano Lota died, and Solomon Lota, his estate's administrator, replaced him as the plaintiff on September 28, 1939.
- Death of Defendant and Substitution Efforts (1939-1949):** Benigno Tolentino died on November 22, 1939. The court ordered the substitution of the deceased defendant's legal representative or administrator within thirty days.
- Procedural Delay and Case Dismissal:**
 - January 9, 1940: The court ordered the amendment of the complaint for the substitution of the deceased defendant.
 - January 28, 1941: The case was dismissed due to lack of prosecution, but it was reconsidered after Solomon Lota initiated a proceeding for Tolentino's estate's administration.
 - August 8, 1941: Marta Sadiasa was made administrator but did not qualify. The administration case was dismissed on January 3, 1949.
 - April 6, 1949: Solomon Lota filed a motion to substitute Tolentino's heirs as defendants.
- Trial Court's Resolution (May 4, 1949):** The Court of First Instance of Batangas denied the motion for substitution citing the personal nature of the action, procedural missteps, laches, and the extinguished duty of accounting upon the defendant's death, leading to case dismissal.

****Issues:****

1. ****Does the duty to account and liquidate a partnership continue against the heirs of a deceased managing partner?***
2. ****Was there a procedural failure in the timely substitution of the deceased party, resulting in a lack of prosecution?***
3. ****Can laches and procedural delays warrant dismissal of a case filed for partnership accounting and liquidation after the death of a partner?***

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

1. ****Duty Extinguished with Death:**** The Supreme Court affirmed that the duty to account by a partner is personal and lapses with the partner's death. Therefore, the action could not be maintained against Tolentino's heirs (Po Yeng Cheo vs. Lim Ka Yam was cited).
2. ****Requirement for Proper Substitution:**** The plaintiff failed to procure the appointment and qualification of an appropriate administrator, leading to ineffective substitution attempts over nearly ten years.
3. ****Application of Laches:**** Given the prolonged inaction and lack of prosecution for over a decade, coupled with the extinguished duty and procedural missteps, the Court affirmed the dismissal for lack of prosecution and laches.

****Doctrine:****

- ****Personal Obligation of Partnership Liquidation:**** The obligation to render accountings and conduct liquidation of a partnership is inherently personal to the managing partner and does not extend to heirs.
- ****Laches and Procedural Timeliness:**** Prolonged delays and inaction in legal proceedings, particularly in substituting parties after death, may constitute laches warranting dismissal.

****Class Notes:****

- ****Elements of Partnership Dissolution (Art. 1670, Civil Code):**** A partnership dissolves upon the death of a managing partner. Responsibility to settle affairs shifts to surviving partners, not heirs.

- **Procedural Rules in Civil Litigation (Sections 6 and 686-701, Code of Civil Procedure):** Timely substitution of proper legal representatives in case of a party's death is crucial. An action pending at the time of a partner's death should be appropriately redirected.

Historical Background:

This case occurred in the post-American colonial period of the Philippines, a time of reconstructing legal frameworks inspired by American jurisprudence. Business partnerships were pivotal in the economy, and their legal management often came under dispute, necessitating clear doctrines on personal duties and procedural conduct in civil litigation. The case underscores evolving judicial views on balancing procedural adherence and equitable remedies.