

DOLORES GRANADA, AND ESTRELLA GRANADA, ET AL., PETITIONERS, VS. PHILIPPINE NATIONAL BANK, ET AL., RESPONDENTS.

G.R. No. L-20745. September 02, 1966

Ponente: BARRERA, J.

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BARRERA, J.:

Petitioners herein seek to review the decision of the Court of Appeals reversing that of the Court of First Instance of Negros Occidental, and sentencing petitioners to pay the respondent Philippine National Bank the sum of P1,982.24 with interest thereon at 5% per annum from August 20, 1940 and 10% on the principal as attorneys' fees; and the sum of P1,349.90 with interest at 5% per annum, from September 20, 1941, and 10% on the principal as attorneys' fees, and costs.

There is no dispute as to the amounts involved; that they represent the balances due and unpaid on sugar crop loans applied from and granted by the PNB to Dolores, Estrella, [1] Felisa, and Corazon, all surnamed Granada; that said loans were personally received by the petitioners for which the corresponding promissory notes were personally executed and signed by them, uniformly worded as follows:

"On demand after date, for value received, I promise to pay to the order of the Philippine National Bank at its office in Bacolod or Manila, the sum of (amount in pesos stated), Philippine currency, with interest at the rate of 5% per annum from date until paid.

"In case of judicial execution of this obligation or any part of it, the debtor waives his rights under the provisions of Rule 39, Section 12 of the Rules of Court.

"In case it is necessary to collect this note by or through an attorney-at-law, the makers and indorsers shall pay 10% of the amount due on the notes as attorney's fees. Demand and dishonor waived. Holder may accept partial payment reserving his right of recourse against each and all indorsers."

The only issue raised by petitioners emanated from an amended complaint filed by the attorney of the PNB branch in Bacolod, Occidental Negros, wherein it was alleged that

"defendants Dolores Granada and Estrella Granada, together with their sisters Feliza Granada and Corazon Granada, who are now dead, as representatives of their parents, Cristeta Granada and Matias Granada, borrowed from and were granted by, the plaintiff ... sugar crop loan ... for the cultivation and production of sugar canes in Hacienda Cristeta."

"that said ... loan ... was released to, and received by, defendants Dolores Granada and Estrella Granada and their sisters Feliza Granada and Corazon Granada, as representatives of their parents Cristeta Granada and Matias Granada, as evidenced by promissory notes hereto attached as Exhibits A, B, C,... etc., and made integral parts hereof."

Solely on the strength of the phrase "as representatives of their parents, etc." inserted in the amended complaint,

the petitioners contended, and the trial court sustained the contention, that they are not liable personally as they merely acted as agents of a disclosed principal.

The Court of Appeals, however, reversed the decision of the court a quo after reviewing the facts and antecedents of the case.

It appears that in the original complaint filed by the plaintiff bank, it was alleged that the defendants Dolores, Estrella, Feliza, and Corazon, all surnamed Granada, secured sugar crop loans for the crop year 1940-41 and 1941-42 from the plaintiff and received the money as evidenced by various promissory notes attached to said original complaint marked as Exhibits "A" to "F" and "G" to "P" that the balances of said crop loans in the sums of P1,982.24 and P1,349.90 were not paid; hence, it was prayed that the defendants be sentenced to pay the same, plus interests and costs. [2]

A motion to dismiss the complaint was filed by the defendants alleging prescription and that the signers of the promissory notes have secured and received the amounts of the loans as "mere representatives of their parents Matias and Cristeta Granada," who were the owners of Hda. Cristeta, and that the money was used for the maintenance and support of the said spouses and their children Dolores, Estrella, Feliza and Corazon, who were then still single and living with their parents.

In answer to the motion, plaintiff reiterated that the documents covering the loans were signed and executed by Dolores Granada, for herself and as attorney-in-fact of Estrella, Feliza and Corazon, by virtue of a duly notarized power of attorney, and that plaintiff bank has no documents or evidence in its possession to hold the spouses Matias and Cristeta Granada liable for the payment of the accounts. The motion to dismiss was denied.

Thereafter, the defendants filed their answer, again alleging that the promissory notes were signed by them as mere representatives and administrators of their parents and that the plaintiff has been informed by Cristeta Granada and her attorney-in-fact, Jose Granada that the so-called accounts of "Granada Hermanas" were the accounts of the spouses Matias and Cristeta and could be charged against their properties known as Hda. Cristeta.

Subsequently, the defendants filed another motion calling attention to their defense alleged in their answer and praying that in view thereof "the plaintiff be given leave of court to amend the complaint and include as principal party defendant Cristeta Granada, and the defendants be allowed to file their answer, if they so desire." The motion was granted in an order of the following tenor, "x x x por el presente se les concede a ambas partes autorizacion para presentar los escritos enmendados que deseen presentar dentro del plazo reglamentario."

Accordingly, the plaintiff filed an amended complaint, this time impleading Cristeta Granada, together with the original defendants, and it was in this amended complaint that for the first time, the phrase "as representatives of their parents" was inserted. There was no other amendment in the complaint, and in the prayer, the plaintiff insisted that judgment be rendered ordering defendants Dolores Granada, Estrella Granada and Cristeta Granada to pay the plaintiff the amounts claimed in the complaint, and granting such other relief as the court may deem just and equitable.

In their answer to the amended complaint, defendants Dolores and Estrella Granada reproduced and reiterated their allegations in their answer to the original complaint.

Cristeta Granada, in her answer under oath, significantly denied that she has given or granted any authority to Dolores, Estrella, Feliza and Corazon, or to any of them, to borrow money or secure a loan in her behalf from the bank.

Replying to the answer to the amended complaint of the defendants Dolores and Estrella Granada, the plaintiff

again averred that as alleged in the original complaint, Dolores, Estrella, Feliza and Corazon were personally, jointly and severally liable to the plaintiff for the payment of the amount of the loans, as that is what appears in the promissory notes and the borrowers did not inform the bank when they applied for and secured the loan that they were acting as agents for and in behalf of their parents, and the filing of the amended complaint joining Cristeta Granada as a party defendant was in obedience to the order of the court issued upon motion of the original defendants, and "in order to be relieved of any liability, it is incumbent upon defendants Dolores and Estrella to prove or help the plaintiff prove that they acted as representatives of their parents."

Thereafter, trial was held and plaintiff presented the promissory notes whose genuineness and due execution were unquestioned; proof of the receipt of the loans by defendants and the amounts still unpaid thereon in spite of demands. All this evidence was admitted without objection on the part of the defendants.

Upon these facts, the Court of Appeals, as already stated, reversed the decision of the court a quo and rendered judgment in favor of the plaintiff, reasoning thus:

"As a general rule, facts alleged in a party's pleading are deemed admissions of that party and binding upon it. However, that is not an absolute and inflexible rule. Every admission is to be taken as an entirety of the fact which makes for the one side with the qualifications which limit, modify or destroy its effect on the other side. The reason for this is that, where part of a statement of a party is used against him as an admission, the court should consider and weigh any other portions connected with the statement which tend to neutralize or explain the portion which is against interest. In other words, while the admission is admissible in evidence, its probative value is to be determined from the whole statement and others intimately related or connected therewith as an integrated unit for, as said by the Supreme Court, although acts or facts admitted do not require proof and cannot be contradicted, however, evidence aliunde can be presented to show that the admission was made through palpable mistake. (*Irlandia vs. Pitargue*, 22 Phil. 383.)

"From the pleadings filed by the parties it clearly appears that the cause of action stated in the original complaint was against Dolores, Estrella, Felisa and Corazon, surnamed Granada, for the payment of the loans which they obtained from the bank in their individual and personal capacity, as evidenced by the promissory notes in question. x x x.

"The foregoing facts culled from the pleadings of the parties have persuaded us to believe, and we so hold, that in filing the amended complaint containing the allegation which has become the bone of contention in this appeal, the plaintiff had acted through a mistaken belief that the adverted allegation in the amended complaint did not constitute an amendment of its cause of action, and this matter was made known to the court and the defendants when in its reply to the motion to dismiss it stated that it 'has no document or evidence in its possession to hold the spouses Matias and Cristeta Granada liable to the payment of the accounts.', and it honestly relied on the belief that the defendants, Dolores and Estrella, surnamed Granada, had the necessary evidence to establish the fact. At any rate, guided by the provisions of the rules of court that 'These rules shall be liberally construed in order to promote their object and to assist the parties in obtaining just, speedy, and inexpensive determination of every action and proceeding.', the amended complaint may be treated as stating two or more statements of a claim in a single cause of action, which is permitted under Section 9, Rule 15, or it may be considered as including several defendants in the alternative against any of which plaintiff may be entitled to relief, a course of action sanctioned by Section 13, Rule 3. There are cases where the facts essential to the party's claim or defense are within the knowledge of the adverse party, as to be unable to state them with certainty. He may, however, know that one out of two or more sets of facts is true, without knowing which. In such a case, plaintiff is allowed to make alternative statements of his claim under Section 9, Rule 15. (*Everett vs. Asia Banking Corporation*, 59 Phil. 512, 526, cited in 1 Moran 235, 1957 ed.) On the other hand, Section 13 of Rule 3 'gives the plaintiff the right to include alternatively several possible defendants when he is uncertain against which of them he is entitled to relief, as x x where a defendant may have been acting either as an agent or a principal. x x And the above provision is applicable although the right to relief alleged to exist

against one of the defendants may be inconsistent with the right to relief against the other, as where A is sued as principal and B is joined in the alternative, if A should be found to have been B's agents.' (1 Moran 71, 1957 ed.) The amended complaint in the instant case may not be a model pleading for an alternative statements of the claim or against two or more defendants in the alternative; however, judging the said complaint from a liberal standpoint as ordained by the Rules and considering that in the prayer judgment is asked against all the defendants, Dolores Granada, Estrella Granada and Cristeta Granada, it is within the jurisdiction of the court to render such judgment as the facts warrant against all or some of the defendants for the payment of the amount claimed by the plaintiff.”

Taking into account the circumstances of this case, we find no error committed by the Court of Appeals, both in the assessment of the facts and the application of the law on the matter in dispute. It is evident that the plaintiff bank, in amending the complaint conformably with the order of the trial court, never intended to change the cause of action which was embodied in the original complaint.

WHEREFORE, this petition is hereby dismissed, with costs against the petitioners.

SO ORDERED.

Concepcion, C.J., Reyes, J.B.L., Dizon, Makalintal, Bengzon, J.P., Zaldivar, Sanchez, and Ruiz Castro, JJ., concur.

Regala, J., on leave, no part.

[1] Dolores and Estrella Granada are the herein petitioners, Felisa and Corazon having died before the action was brought.

[2] See p. 1, petitioners' motion for reconsideration of the Court of Appeals' decision, Annex E of the petition.

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