

**THE WORLD WIDE INSURANCE & SURETY CO., INC., PLAINTIFF
AND APPELLANT, VS. GONZALO L. MANUEL, DOING BUSINESS
UNDER THE NAME AND STYLE OF GLM PRODUCTIONS AND
GONZALO L. MANUEL PRO...**

G.R. No. L-8042. November 29, 1955

Ponente: MONTEMAYOR, J.

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MONTEMAYOR, J.:

In Civil Case.No. 16335 of the Court of First Instance of Manila, entitled "Visayan Surety Insurance Corporation, plaintiff, vs. GLM Productions & Gonzalo L. Manuel Productions, defendants", the plaintiff obtained a writ of attachment against the defendant. To lift the attachment, one Gonzalo L. Manuel (defendant in the present case) in representation of said defendant, and the World Wide Insurance and Surety Company (plaintiff in the present case) filed a bond in the sum of P28,200. For the protection of herein plaintiff, Gonzalo L. Manuel supposedly in representation of the defendant in Case No. 16335, executed an "Agreement of Counter-guaranty with mortgage and/or pledge," in the same amount of P28,200. The plaintiff herein is now suing on that agreement of counter-guaranty with mortgage, the action being brought against Gonzalo L. Manuel, doing business under the name and style of GLM Productions and Gonzalo L. Manuel Productions.

The defendant filed a motion to dismiss on the ground that the complaint states no cause of action for the reason that according to the complaint itself, especially the wording of the copy, of the agreement of counter-guaranty with mortgage attached to said complaint, Gonzalo L. Manuel did not sign the agreement in his individual capacity but as President of the GLM Productions and Gonzalo L. Manuel Productions. The trial court presided over by Judge Francisco E. Jose issued an order dismissing the complaint unless it was amended. Judge Magno S. Gatmaitan who later succeeded Judge Jose, acting upon a motion for reconsideration of the order of dismissal, gave plaintiff ten days within which to amend the complaint "to the effect that Gonzalo L. Manuel should be made personally responsible for the contract averred in the complaint." Acting upon that order and suggestion plaintiff filed an amended complaint making Gonzalo L. Manuel a party defendant in his individual capacity on the ground that according to the certificate of the Securities and Exchange Commission the GLM Productions and the Gonzalo L Manuel Productions whom Gonzalo L. Manuel supposedly represented was not registered with the said Commission; consequently, it had no juridical personality; and when a person enters into an agreement or contract allegedly in representation of a company or corporation and it turns out that the latter has no legal existence, then that person assumes the responsibility or obligation in his individual capacity.

Defendant again filed motion to dismiss the amended complaint. Judge Gatmaitan made his own investigation and examination of the court record including the record of Civil Case No. 16335, and according to him he found that according to the complaint in that case as well as according to the bond filed by Reason of the attachment and the lifting thereof, Gonzalo L. Manuel signed for GLM Productions alias Gonzalo L. Manuel signed for that GLM Productions is the same and is also known as Gonzalo L. Manuel Productions and that it is a juridical entity; that the fact that GLM Productions and Gonzalo L. Manuel Productions as an entity is not duly registered with the

Securities and Exchange Commission does not affect the legal existence of the legal entity for whom Gonzalo L. Manuel signed. On the basis of this finding Judge Gatmaitan dismissed the amended complaint. Plaintiff is now appealing from said order of dismissal.

Appellant contends that in determining whether a complaint states a cause of action one must accept the allegations of the complaint and not go beyond them for other facts, and he cites Moran's Comment on the Rules of Court, Vol. I, pages 170-171, thus:

"This ground for dismissal must appear on the face of the complaint. To determine the sufficiency of the cause of action, only the facts alleged in the complaint, and no other, should be considered. It has been said that the test of the sufficiency of the facts alleged in a petition, to constitute a cause of action, is whether or not admitting the facts alleged, the court could render a valid judgment upon the same in accordance with the prayer of the petition. What is believed, however, to be the best and simplest test is that indicated under Rule 6 Section 1. If the Court finds the allegations to be sufficient but doubt their, veracity, it must deny the motion to dismiss and require the defendant to answer and then proceed to try the case on the merits."

Appellant further asserts that if contrary to the allegation of the complaint in the present case to the effect that Gonzalo L. Manuel signed the agreement of counter-guaranty with mortgage and is responsible thereof in his individual capacity, he wants to show that he merely signed as President of GLM Productions and Gonzalo L. Manuel Productions; that the latter is duly registered and has a legal existence as a juridical entity, and that he is therefore not personally responsible, all that is a matter of defense to be brought out during the hearing.

After a careful study of the legal issue to involved we are inclined to agree with appellant. To determine whether a complaint states a cause of action one must accept its allegations as true. One may not go beyond and outside the complaint for data or facts, especially contrary to the allegations of the complaint, to determine whether there is cause of action. Of course, there are cases where there may be a conflict or contradiction between the allegations of a complaint and a document or exhibit attached to and made part of it. In that case, instead of dismissing the complaint, defendant should be made to answer the same so as to establish an issue and then the parties will be given an opportunity, the plaintiff to reconcile any apparent conflict between the allegations in his complaint and a document attached to support the same, and the defendant an equal opportunity to refute the allegations of the complaint and to show that the conflict between its allegation and the document attached to it is real, material and decisive.

The not exactly or directly in point, we may examine with profit the case of Mercado vs. Tan Lingco, 27 Phil., 319, Plaintiff therein brought an action to set aside and annul a mortgage, executed by his wife over her separate property, allegedly without his consent, on the ground that under the law, a wife may not mortgage or alienate said kind of property without the consent of her husband. A copy of the mortgage was incorporated in the complaint. In said mortgage the mortgagor's wife recites that the husband, had given her the corresponding power or authority and "the marital license necessary for her to appear in suit, by herself or by means of an attorney, and to perform whatever acts may be to her interest to perform, and finally for every purpose which, according to existing legislation, a married woman is prohibited from doing without the consent of her husband, hereby, ratifying all her previous acts with regard to contracts since our marriage," and that by virtue of said consent she was executing the mortgage in question. Acting upon a demurrer to the complaint on the ground that the complaint did not state facts sufficient to constitute a cause of action and the complaint was ambiguous, unintelligible, and vague, the trial court dismissed the complaint. The trial court said that as the plaintiff has included in his complaint the statement of his wife as mortgagor that plaintiff (her husband) had given his consent to her entering into the contract of mortgage, and in the same complaint alleged that his wife's act of mortgaging her separate property was performed without his knowledge or consent, the court was unable to determine which

allegation of the complaint the plaintiff wanted the court to accept. Reversing the order of dismissal this Tribunal held that the fact that the document recites certain facts which if alleged in the complaint by the plaintiff would be in contradiction to other allegations in, the complaint is not sufficient ground on which to find and hold that the complaint is vague and uncertain; that plaintiff is bound only by the allegations of the complaint unless the facts set out in the instrument itself as incorporated in the complaint are contradictory to the allegations of the complaint; that the recital made by the mortgagor relative to some act performed by this person is not in reality a fact set in the instrument, at least, not in the sense in which the date of the instrument, the names of the parties thereto, the description of the land therein, and the amount of the debt secured are facts set out in the instrument. In other words, this Court found that the recital of the wife in the mortgage about marital consent having been given may not be considered an allegation of the complaint. Applying the above reasoning to the present case, the complaint alleges that defendant Gonzalo L. Manuel is being held liable in his individual capacity, because he signed for a company or entity which had no legal existence or juridical personality. The fact that the copy of the agreement of counter-guaranty as incorporated in the complaint apparently shows on its face that Gonzalo L. Manuel signed as President of GLM Productions and/or alias Gonzalo L. Manuel Productions and that consequently, he is not individually responsible, does not in our opinion, affect the basic allegation of the complaint as to Gonzalo L. Manuel's individual responsibility; he may in his defense show that as supposedly found by Judge Gatmaitan as a result of his investigation and examination of the court records that GLM Productions is the same as Gonzalo L. Manuel Productions; that the same is, duly registered and has a legal existence and juridical personality; that Gonzalo L. Manuel was authorized to represent it as its President and to bind it in the agreement of counter-guaranty and consequently, he was not bound in his individual capacity but only as agent of his principal and so, the plaintiff has no cause of action against him individually. But that is a matter of defense, to be alleged in the answer and proven at the hearing. We repeat that in order to determine whether or not a complaint states a cause of action the allegations of the said complaint must be accepted as true and correct and that any apparent contradiction between said allegations and statements or recitals contained in the instrument incorporated in the complaint itself should not be held to affect or refute said allegations, unless said statements in the said instrument are basic or ultimate facts and not merely recitals or claims, by one of the parties in the said instrument.

In view of the foregoing, the order of dismissal appealed from, is reversed and the case is ordered remanded to the lower court for further proceeding, with costs.

Paras, C. J., Bengzon, Padilla, Reyes, A., Jugo, Bautista Angelo, Labrador, Concepcion, and Reyes, J. B. L., JJ., concur.

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