

**LUZON COMMODITIES CORPORATION, PLAINTIFF AND APPELLEE,
VS. AMOR AND SAYO, DOING BUSINESS UNDER THE STYLE SUNRISE
HILLS VETERANS HOUSING PROJECT, ETC. ET AL., DEFENDANTS
AND APPE...***G.R. No. L-16147. April 30, 1964*

Ponente: PAREDES, J.

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On various dates in 1958, plaintiff Luzon Commodities supplied on credit defendants-appellees Amor and Sayo, construction materials which said defendants used in the Sunrise Hills Veterans Housing Project, having a value of P10,255.40. The receipt of said construction materials and the value thereof, are admitted by Amor and Sayo. Failing to pay the amount, even after several demands, plaintiff Luzon Commodities filed with the Court of First Instance of Manila, Civil Case No. 37534, for collection, against Amor and Sayo, doing business under the style Sunrise Hills Veterans Housing Project. The case was, dismissed without prejudice, upon motion of the parties, for possible amicable settlement on December 12, 1958. On February 6, 1959, however, due to the failure to settle Civil Case No. 39230, the one at bar was presented.

Defendants Amor and Sayo, before answering the complaint, moved for the inclusion of the Government Service Insurance System (GSIS, for short), claiming that the project had been transferred to the GSIS, which undertook to finish the same; that at the time of the transfer of the project, there were materials in the premises, some of which were those used and subject of the collection case, to complete the construction. Over the opposition of the GSIS, the CFI, on March 21, 1959, entered an Order requiring plaintiff to amend its complaint. An Amended Complaint was presented on April 1, 1959, this time making GSIS a party defendant and praying for judgment for P10,255.40, the value of the materials plus legal interest from the filing of the complaint, the further sum of P3,000.00 by way of attorney's fees, and other reliefs and remedies, against any of the defendants therein.

The defendants presented Answers containing Cross-Claim against each other, aside from the usual admissions and denials and defenses. Sayo and Amor, in their cross-claim prayed that their co-defendant GSIS be ordered to pay to them P60,753.90, representing the value of construction materials which said GSIS took over and used in finishing the housing project, some of which belonged to plaintiff Luzon Commodities valued at P10,255.40.

At the trial, Sayo and Amor proved that there were construction materials in the premises of the project at the time of the transfer and which were inventoried in a memorandum by representatives of the appellant GSIS. They did not deny their liability to plaintiff. The GSIS did not present evidence in support of its cross-claim against Sayo and Amor, and relied mainly on its pleadings.

On June 22, 1959, the trial court rendered judgment, the pertinent portions of which recite—

"Considering that the materials in question were taken by defendant Government Service Insurance System for its own benefit, such act 'gives rise to the juridical relation of quasi-contract to the end that no one shall be unjustly enriched or benefited at the expense of another.' (Art. 2142, Civil Code of the Philippines.) As the

defendant Government Service Insurance System used the said materials of its co-defendants, Amor & Sayo, in the construction or work on its parcels of land within the Sunrise Hills Veterans Housing Project, it should pay the value of said materials to defendant Amor and Sayo (Art. 447, Civil Code of the Philippines). Nevertheless, inasmuch as the ownership of the parcels of land in the housing project, as well as the improvements and constructions thereon, has been transferred to defendant Government Service Insurance System, under the compromise agreement (Exh. B), said defendant has also assumed the obligation of paying for the unpaid materials furnished by the suppliers thereof.

In view of all the foregoing, judgment is hereby rendered:—

- Ordering defendant Government Service Insurance System to pay unto plaintiff Luzon Commodities Corporation the sum of P10,255.40, representing the value of the materials and supplies claimed by said plaintiff, with interest thereon at the legal rate from April 3, 1959, the date of filing of amended complaint, until the same is fully paid, plus the sum of P200.00 as attorney's fees, and the costs of suit.
- Ordering defendant Government Service Insurance System to pay unto cross-claimants and defendants Amor and Sayo, or Marcelino N. Sayo and Antonio C. Amor, the sum of P50,498.50, representing the balance of the cross-claim deducting plaintiff's demand, for unused materials and supplies, per inventory (Exh. 1-Amor & Sayo), which were taken and used by said cross-defendant Government Service Insurance System.
- Dismissing the cross-claim of defendant Government Service Insurance System for lack of evidence in support thereof."

The motion of the GSIS to reconsider the above judgment, on various grounds, which was opposed by defendants Amor and Sayo, was on August 1, 1959, denied for lack of merits. Several proceedings had taken place before the Court a quo, but We consider them not necessary to delve into.

In the appeal brought directly to this Court, the GSIS assigned four (4) errors' supposedly committed by the lower court to wit:

- In condemning the GSIS to pay the claim of plaintiff when by its own findings the plaintiff did not exhaust all the legal remedies against the debtors, Amor and Sayo, who are solvent, the plaintiff is not asserting preference of credit;
- In ordering payment of plaintiff's claim out of the value of materials taken by the GSIS in the housing project when the sale of materials to Amor and Sayo and the taking over by the GSIS of the project are separate and did not arise out of the same transaction, the trial court also erred in ordering the payment of the value of materials to Amor and Sayo the same being contrary to the evidence, has no basis in law and not in keeping with the agreements of the parties;
- In granting discretionary execution to Amor and Sayo as said defendants are not entitled to the payment as shown in assignment of error No. 2.
- In condemning the GSIS to pay interests, expenses and fees when it has nothing to do with the claim of plaintiff nor in the delay of payment of its claims.

Obviously, the above errors supposedly committed, present mixed questions of law and of facts, since it cannot be disputed that in order to resolve some of them, specially Nos. 1 and 2, the appellate Court will be called upon to examine the evidence and concomitant agreements. The GSIS denies that it guaranteed the payment of materials. Amor and Sayo claim that the certificate of guaranty is the best proof. Upon the other hand, the GSIS contends that the alleged guaranty did not refer to anyone in particular, much less to the plaintiff Luzon Commodities Corporation. Another factual issue is whether the goods, subject matter of the claim of Luzon Commodities Corp.

were used in the construction of the housing project. Then again, on the issue, whether or not the alleged guarantor is liable, there must be a finding that Amor & Sayo were insolvent or not. The parties have a divergence of opinion regarding the matter. There being no valuation of the materials alleged to have been made in the memorandum-inventory, the price or cost fixed by the trial court, was not only unsupported by evidence, but it was allegedly arbitrary. Lastly, the issue of credibility of the evidence, is likewise being presented.

Moreover, the amount involved in the appeal is only P60,753.90, reason for which although there are mixed questions of law and of facts, the appeal was brought directly to this Court because at that time the amount of our appellate jurisdiction was over P50,000.00. But with the passage of Rep. Act No. 2613, increasing the jurisdictional amount to P200,000.00, this Court does not have any authority to entertain this appeal now.

Let the records of the case be forwarded to the Court of Appeals for proper disposition.

Bengzon, C.J., Padilla, Bautista Angelo, Labrador, Concepcion, Reyes, J.B.L., Barrera, Dizon, and Makalintal, JJ., concur.

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