

**S. V. S. PICTURES, INC., AND RAMON S. SEVILLA, PETITIONERS, VS.
THE COURT OF APPEALS, RAMCAR, INC., AND JOSE NEPOMUCENO,
RESPONDENTS.**

G.R. No. L-9075. January 29, 1960

Ponente: GUTIERREZ DAVID, J.

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GUTIERREZ DAVID, J.:

This is an appeal by certiorari from a judgment of the Court of Appeals.

It appears that on April 22, 1947, a contract was entered into between Jose Nepomuceno and S. V. S. Pictures, Inc., whereby for a consideration of P23,000.00, the former undertook to furnish to the latter "a complete service of equipment and personnel" for the filming of a picture entitled "Dalawang Anino" and to release to the said corporation six prints of said picture for exhibition in the different theaters. The stipulated consideration of P23,000.00 was to be paid in installments, P5,000.00 on the date of the contract, P1,000.00 weekly for ten weeks and the balance from the first receipts from the showing of the picture. In fulfillment of the contract, the picture mentioned was filmed. Three prints thereof were delivered to S. V. S. Pictures. The latter, in turn, made partial payments to Nepomuceno as stipulated in the contract. On November 10, 1947, after the picture had been exhibited in Manila and in the provinces, an accounting was had between the parties. As it was found that there was still due Nepomuceno the sum of P6,000.00, the S. V. S. Pictures, represented by Ramon S. Sevilla and its president and general manager Arsenio J. Santos, executed six promissory notes for P1,000.00 each payable without interest to Nepomuceno. The first of the notes was to mature on December 10, 1947 and the others successively on the 10th of the following months.

The aforesaid notes having been subsequently assigned to RAMCAR, Inc., the latter, upon the notes being dishonored, brought the present action on July 19, 1948 in the Court of First Instance of Manila against S. V. S. Pictures and Ramon S. Sevilla for the total amount of the notes with legal interest from the filing of the complaint.

The defendants, in their separate answers, set up the defense that the notes were void for want of consideration; that their assignment to plaintiff RAMCAR was not valid because it was without consideration and without notice to the makers; and that Nepomuceno had no right to make such assignment. Defendant Sevilla further disclaimed liability on the contract alleging that the same was signed by him as Treasurer and Director of S. V. S. Pictures and not in his personal capacity. Together with the answers, defendants each filed a third party complaint against Nepomuceno alleging that the latter had breached his contract by not releasing to the S. V. S. Pictures the remaining three other prints of the film and praying that for such breach Nepomuceno be condemned to pay damages in the sum of P10,000.00. In their amended third-party complaint, defendants further alleged that the negative of the film "Dalawang Anino" was delivered to Nepomuceno which the latter failed and refused to return, and accordingly prayed that Nepomuceno be ordered to return said negative.

After hearing, the trial court rendered judgment condemning the defendants to pay the plaintiff RAMCAR, jointly and severally, the sum of P6,000.00 with legal interest from the filing of the action and dismissing the third party

complaint against Jose Nepomuceno as well as the counterclaim filed by defendant S. V. S. Pictures.

The above decision having been affirmed by the Court of Appeals, the defendants brought the case to this Court through appeal by certiorari, contending that the Court of Appeals erred (1) "in not permitting petitioners to introduce evidence in support of their right to recover the film negative as well as to ask for damages for the delay of the return thereof;" and (2) "in not making complete finding of fact and law in its decision."

After going over the record, we find that, contrary to petitioners' first assignment of error which appears to be directed against the trial court they were in fact allowed to introduce evidence in support of their alleged right to recover the film negative. Their witnesses testified on the matter and portions of such testimony are even quoted in their own brief. What is more, petitioners themselves admit that "they introduced evidence to show ownership of this film negative and to show proof of the delivery thereof to the respondents." What petitioners, in reality, are questioning, as gleaned from their arguments, is the denial by the trial court of their motion for the admission of their second amended answer and to present additional evidence on the execution of the promissory notes and on damages they suffered, as well as the denial of their other motion for the admission of additional documentary evidence for attachment to the record. The motions, however, sought the introduction of evidence which would establish damages allegedly suffered by the petitioners as a result of Nepomuceno's alleged breach of contract and had nothing to do with their claim for the return of the film negative. Thus, petitioners in their petition for review state that their purpose in filing those motions was to prove some allegations in their answers. The pleadings, on the other hand, show that their claim to the film negative is alleged only in their third-party complaints. At any rate, the motions were filed after the case was submitted for decision so that their grant or denial was purely discretionary upon the court. In the circumstances of the case, we hold that the Court of Appeals correctly sustained the action of the trial court denying the said motions.

It would seem that under the first assignment of error petitioners are also claiming for damages based on the alleged delay of the return of the film negative. In this connection, it is to be noted that in the trial court, as well as in the Court of Appeals, petitioners as third party plaintiffs asked for damages only on the ground that Nepomuceno breached their contract by failing to release three additional prints. Such being the case, petitioners cannot now for the first time on appeal claim for damages based on the alleged delay of the return of the film negative.

Under the second assignment of error, petitioners allege that the Court of Appeals did not make a complete finding of fact and law. They claim that as that court did not resolve the question of the return of the film negative which was properly raised before it, its decision is void. We find, however, that the appealed decision holding the petitioners liable on the promissory notes is based on sufficient findings of fact. Thus, the Court of Appeals found that—

'* * * from the terms of the contract between the parties for the filming or the picture 'Dalawang Anino', dated April 22, 1947, can be clearly gleaned that what Nepomuceno undertook to provide was the equipment and facilities of the studio the technical personnel etc., but not the raw materials (films) to be used for the making of the picture, which were to be furnished and supplied by defendant corporation, and the uncontradicted testimony of Nepomuceno plainly points out the reason why three prints only of the picture were actually released and delivered to defendant corporation, such reason being the failure of the latter to provide and supply the raw materials needed for the making of the three additional prints. Anyway, the promissory notes in question were executed on November 10, 1947, after a formal accounting and liquidation of the transaction was made, which showed an unpaid balance of P6,000.00, and the execution of said promissory notes for the satisfaction of said P6,000.00 not only shows the consideration for the drawing of the notes but also a recognition of the indebtedness on the part of the makers thereof, which was over and above or despite the alleged violations of contract by Nepomuceno."

What is more, petitioners in this appeal no longer question their liability on the promissory notes. The pretense, therefore, that the decision sought to be reviewed does not comply with the rule that a judgment must state the facts on which it is based cannot be sustained.

It is true that the Court of Appeals in its decision did not expressly rule on petitioners' claim in their third party complaints for the return of the film negative. This failure, however, in our opinion, is not a reversible error, particularly since petitioners had already called the attention of the appellate court in that regard in their motion for reconsideration. If that court denied their motion, it was apparently because it deemed it unjustified or without merit.

It cannot be ascertained, however, from the decision appealed from just why petitioners' claim for the return of the film negative was denied. Neither does said decision—or that of the trial court—state facts essential to the determination of that claim. On the other hand, it is of record that the question regarding the return of the negative was one of the issues squarely raised in the proceedings below and, for that matter, the parties had already presented their evidence. Petitioners alleged that the negative, worth at least P25,000.00, belonged to S. V. S. Pictures and that it had been delivered to respondent Nepomuceno. The latter, on the other hand, averred that petitioners did not present sufficient evidence to establish his liability to return the negative film as it had not been shown that he was in possession thereof. Counsel for the respondent RAMCAR, Inc., after hearing of the case before this Court, has also made allegations, factual in nature, regarding the negative film, which tend to defeat petitioners' claim for its return. Needless to say, resolution of these conflicting claims necessarily involve an examination of the probative value of the evidence presented (or still to be presented, if necessary) by the parties. The transcript containing the testimony of the witnesses, however, is not before us, the instant case being an appeal by certiorari wherein only questions of law may be raised. In the circumstances, we think the interest of justice would be better served if the case were remanded to the Court of Appeals for further proceedings insofar as petitioners' claim for the return of the film negative is concerned.

Wherefore, the decision appealed from holding petitioners liable on the promissory notes is affirmed, but the case is hereby ordered remanded to the Court of Appeals for further proceedings insofar as the controversy on the film negative is concerned. Without pronouncement as to costs.

Paras, C. J., Bengzon, Padilla, Montemayor, Bautista Angelo, Labrador, Concepcion, Reyes, J. B. L., Endencia, and Barrera, JJ., concur.

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