

PHILIPPINE INTERNATIONAL SURETY COMPANY, INC., PETITIONER VS. COMMISSIONER, OF CUSTOMS, RESPONDENT.

G.R. No. L-18291. January 31, 1964

Ponente: BARRERA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/4ab2d81e71cf/>

BARRERA, J.:

From the resolution of the Court of Tax Appeals (in CTA Case No. 745) dismissing its petition for review of the decision of respondent Commissioner of Customs, petitioner Philippine International Surety Co., Inc., brought the present appeal.

On December 22, 1964, 7 cases of candy arrived at the Port of Manila from San Francisco, California, U.S.A. aboard the S.S. "Doña Nati", consigned to Manuel Santos. The merchandise was accompanied by proper shipping documents, such as a bill of lading and a commercial invoice, but was short of a Central Bank release certificate and consular invoices. For being, allegedly, violative of Central Bank Circulars Nos. 44 and 45, in relation to Sections 1363 (f) and 1250 of the Revised Administrative Code, the merchandise was seized by the Collector of Customs.

During the pendency of the seizure proceedings (Seizure Identification No. 2428), the Collector of Customs released the merchandise seized to the consignee Manuel Santos, upon the posting by the latter of a surety bond (No. 194), subscribed by petitioner (as surety of the principal Manuel Santos), in the sum of P1,785.05, "representing the local appraised value of the merchandise to guaranty the payment of the amount that the Bureau of Customs or the courts of the Philippines may decide to collect, depending upon the outcome of the seizure-proceedings."

Subsequently, or on April 30, 1955, the Collector of Customs rendered a decision in the seizure case, the dispositive part of which, reads:

"Wherefore, by authority of Section 1379 of the Revised Administrative Code, it is ordered and decreed that the seven (7) cases of candy covered "by Seizure Identification No. 2428 be, as they are hereby declared forfeited in favor of the Government of the Republic of the Philippines. As it appears that this shipment of candies was released under Surety Bond No. 194, dated January 13, 1955, issued by the Philippine International Surety Co., Inc. filed for the release of the same, it is hereby ordered that the claimant be required to pay in cash the amount of ONE THOUSAND SEVEN HUNDRED EIGHTY-FIVE AND 05/100 (P1,785.05) covered by the bond, and if said amount is not paid within thirty (30) days from the date of the demand for payment, action should be filed in court to effect collection thereof."

Both Manuel Santos and herein petitioner were furnished copies of said decision on October 4, 1955.

Manuel Santos appealed from said decision of the Collector of Customs to respondents Commissioner of Customs; not so the herein petitioner surety company.

On January 14, 1960, respondent Commissioner of Customs affirmed said decision of the Collector of Customs,

in this wise:

"Wherefore, by authority of Section 1380 of the Revised Administrative Code, in relation to Section 3702 of the Tariff and Customs Code of the Philippines, the Philippine International Surety Co., Inc. Bond No. 194, dated January 13, 1955, which was filed for the release of the articles in question is hereby confiscated and the principal, Manuel Santos, as well as the aforesaid surety are hereby ordered to pay in cash, jointly and severally, the amount of ONE THOUSAND SEVEN HUNDRED EIGHTY-FIVE & 05/100 PESOS (P1,785.05), Philippine currency, to the Bureau of Customs within thirty (30) days from receipt of a copy of this decision in accordance with the terms of the said bond."

Copies of said decision were furnished both Manuel Santos and herein petitioner on January 14, 1960.

On February 1, 1960, petitioner filed with the Court of Tax Appeals a petition for review.^[1] Answering said petition (on March 3, 1960), respondent Commissioner of Customs (represented by the Solicitor General) alleged as special defenses, inter alia, that "petitioner has no legal capacity to sue", since it "did not appeal from the decision (dated April 30, 1955) of the Collector of Customs of Manila"; and that "the petition states no cause of action, because it does not state that the petitioner had previously appealed from the decision of the Collector of Customs".

On March 24, 1960, Manuel Santos filed with the Court of Tax Appeals a petition for inclusion as party petitioner, to enable him to present a common defense (with petitioner) to the seizure proceedings, which petition was duly opposed by respondent Commissioner of Customs, on the ground that Manuel Santos, due to laches, "has lost his remedy to appeal" to the Court of Tax Appeals. On July 11, 1960, the Court of Tax Appeals issued a resolution denying said petition of Manuel Santos for inclusion as co-petitioner, as the decision of the Commissioner of Customs has become final with respect to him for his failure to appeal.

Thereafter, the Court of Tax Appeals proceeded to consider the special defenses raised by respondent Commissioner of Customs. On January 12, 1961, said Court issued a resolution dismissing petitioner's petition for review holding that "petitioner does not fall within the purview of Section 31 of Republic Act No. 1125 and, consequently, does not have the legal capacity to institute the instant petition for review before this Court."

Its motion for reconsideration of said resolution of the Court of Tax Appeals having been denied, petitioner appealed to us.

The appeal is unmeritorious. Note that the decision of the Collector of Customs in the seizure proceedings (Seizure Identification No. 2428) against Manuel Santos, which specifically states:

"As it appears that this shipment of candies was released under Surety Bond No. 194 dated January 13, 1956, issued by the Philippine International Surety Co., Inc., filed for the release of the same, it is hereby ordered that the claimant be required to pay in cash the amount of ONE THOUSAND SEVEN HUNDRED EIGHTY-FIVE and 05/100 (P1,785.05) covered by the bond, and if said amount is not paid within thirty (30) days from the date of the demand for payment, action should be filed in court to effect collection thereof." (Emphasis supplied).

in effect, holds herein petitioner jointly and severally liable with the principal Manuel Santos for the amount covered by the bond (P1,785.05) furnished by petitioner as his surety, because should Santos fail to pay said amount, said bond furnished by petitioner will surely answer for said obligation in an action filed in court to enforce its collection. Now, petitioner, although duly notified (on October 4, 1955) of said decision, failed to appeal therefrom to herein respondent Commissioner of Customs as required by law (Section 1380, Rev. Adm. Code). Having failed to do so, said decision became final and executory as to petitioner and, consequently, it lost its standing to institute the present petition for review (appeal) in the Court of Tax Appeals. In the case of *Sampaguita Shoe & Slipper Factory vs. Commissioner of Customs, et al.*, 102 Phil., 850, involving a similar

question, we held:

"As petitioner herein did not interpose an appeal to the Commissioner of Customs from the decision of the Collector of Customs of Cebu within the period of 15 days prescribed by law, said decision of the latter became final and executory; hence, petitioner cannot take its case on appeal to the Court of Tax Appeals."

Note also that petitioner, in its brief, expressly admits that it was a party to the seizure proceeding; aforementioned, to wit:

"Although petitioner surety was not an original party in the seizure proceeding, it, however, became a party thereto when and from the moment the seized merchandise was released to the importer Manuel Santos in consideration of petitioner's having put up and underwritten the bond No. 194, which was accepted by the Collector of Customs in substitution of the goods, so much so that when judgment was finally rendered in the case, it could no longer be taken against the goods, because they had already been long released to the importer, but that judgment had to be rendered against petitioner's surety bond, which was ordered confiscated and the petitioner, together with the importer Manuel Santos was ordered jointly and severally to pay the amount of said bond. Now, as one of the parties hold jointly and severally liable under the judgment, petitioner surety has every legitimate, legal right, to appeal therefrom, being a party directly prejudiced aggrieved, or adversely affected' thereby." (Pages 8-9, Petitioner's Brief.)

If it was such party as it expressly admits, "when and from the moment the seized merchandise was released to the importer Manuel Santos in consideration of petitioners having put up and underwritten the bond No. 194, which was accepted by the Collector of Customs in substitution of the goods", by reasons of "which it was always notified of the seizure proceedings, then petitioner should have appealed from said decision of the Collector of Customs, to protect its interest as surety of the principal (importer Manuel Santos), considering that it was duly notified of said decision. It chose, however, not to appeal. It has no one, therefore, to blame but itself for its own laches.

Needless to say, claimant Manuel Santos (principal in the bond furnished by herein petitioner as surety) appealed from said decision of the Collector of Customs, but respondent Commissioner affirmed said decision holding both Santos and petitioner jointly and solidarily liable to pay the sum of P1,785.05 covered by the bond furnished by petitioner. In other words, the appeal was unsuccessful. Such result bound the surety, herein petitioner, in much the same way that had it been successful, the success would have inured to its (petitioner's) benefit. Note, finally, that Santos, the principal, did not appeal from the decision of the Commissioner of Customs to the Court of Tax Appeals.

Wherefore, the resolution appealed from is hereby affirmed, with costs against the petitioner. So ordered.

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

[1] Manuel Santos did not appeal.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.