

PHILIPPINE NATIONAL BANK, PLAINTIFF AND APPELLEE, VS. PHILIPPINE LEATHER CO. INC., ET AL., DEFENDANTS AND APPELLANTS.

G.R. No. L-10884. March 31, 1959

Ponente: PADILLA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/5521d63a55e0/>

PADILLA, J.:

In its complaint filed in the Court of First Instance of Manila, the plaintiff alleges that on 1 September 1952 the defendant Philippine Leather Co., Inc. applied for a commercial letter of credit in the sum of \$14,814.80, U. S. currency, under the terms and conditions set forth in an application filed by the defendants in favor of the Turner Tanning Machinery Co. of Peabody, Massachusetts, U. S. A. to cover the full invoice value of certain machineries and their accessories; that on 3 October 1952 the plaintiff approved the application "subject to 30% deposit and the joint and several signatures of Mr. Isidoro Tinoco and Mrs. Soledad L. Basa" which conditions were complied with; that on 8 October 1952, the plaintiff issued Letter of Credit No. 51469 in favor of the Turner Tanning Machinery Company; that on 15 November 1952 the Turner Tanning Machinery Co., drew upon the letter of credit the sum of \$14,549.17, U. S. currency; that upon arrival in the Philippines of the machineries and their accessories imported by the defendants, the plaintiff released them to the defendants under a trust receipt, that on 23 January 1953 the plaintiff presented to the defendants for payment the draft drawn by the Turner Tanning Machinery Co., upon Letter of Credit No. 51469 which was accepted by them; that after the draft had matured on 23 April 1953 the plaintiff made numerous demands upon the defendants to pay the amount of the draft and the charges due thereon but the defendants failed and refused to pay; and that as of 15 October 1983, the outstanding balance of the defendants on the draft is P22,787.79, Philippine currency, plus interest thereon at the rate of P4.89135 daily until fully paid. It alleges further that on 30 January 1953 the defendant Philippine Leather Co., Inc., applied for a commercial letter of credit in the sum of \$2,587.50, U. S. currency, under the terms and conditions set forth in an application filed by the defendants in favor of Bay State Chemical Co., of Boston, Massachusetts, U. S. A., to pay for the importation of color dye; that the plaintiff approved the application "subject to 30% deposit and the joint and several signatures of Mr. Isidoro Tinoco and Mrs. Soledad L. Basa," which conditions were complied with; that thereafter the plaintiff issued Letter of Credit No. 53753 in favor of the Bay State Chemical Co., that on 12 March 1953 the Bay State Chemical Co., drew upon the letter of credit the sum of \$2,482.40, U. S. currency; that the draft drawn by the Bay State Chemical Co., was presented by the plaintiff to the defendants for payment; that the defendants failed and refused to pay the amount of the draft and the charges due thereon; that because of the failure and refusal of the defendants to pay their obligation, the plaintiff delivered the documents of the shipment to the Luzon Brokerage Co., and requested it to claim and store the shipment in its bonded warehouse, for which service and storage the defendants are liable to the Luzon Brokerage Co.; that as of 15 October 1953; the outstanding balance of the defendants on the draft is P4,503.05, Philippine currency, plus interest thereon at the rate of P0.83569 daily until fully paid.

The plaintiff prays that after hearing judgment be rendered ordering the defendants to pay it the sum of

P22,787.79, with daily interest thereon at the rate of P4.89135 from 15 October 1953 until fully paid; 10% of the said amount as attorney's fee; P4,503.05, with daily interest thereon at the rate of P0.83569 from 15 October 1953 until fully paid; the amount of storage and other charges that the Luzon Brokerage Co., would charge the plaintiff for the handling and storage of the merchandise imported by the defendants under Letter of Credit No. 53753; and the costs of the suit. The plaintiff further prays that pending hearing and final judgment, a writ of attachment be issued commanding the Sheriff of the City of Manila to levy upon attachment on the properties of the defendants as security for the satisfaction of any judgment that it may secure against them.

In their answer filed on 28 December 1953 the defendants admit the plaintiff's averments except as to the correctness of the amounts due on the two drafts, the correctness of which they were still checking, and for that reason lacking sufficient knowledge or information to form a belief as to the truth and veracity of the amounts due on the two drafts, they deny the amounts claimed by the plaintiff to be due from them.

On 25 June 1954 the plaintiff filed a motion for summary judgment on the ground that since the defendants had admitted the material averments of its complaint except as to the correctness of the amounts due, the defendants' answer did not tender a genuine issue. The plaintiff attached to its motion an affidavit subscribed and sworn to by Ceferino Saavedra, Manager of the Special Assets Department of the plaintiff, in charge of all outstanding accounts of its debtors, stating the payments made by the defendants on their account and the exact total amount due from them.

On 7 October 1954 the Court granted the plaintiff's motion and rendered judgment ordering the defendants, jointly and severally, to pay—

* * * the plaintiff in the first cause of action, the amount of P22,787.79, with a daily interest of P4.89135 from October 15, 1953 up to full payment thereof; and 10% of the amount due for attorney's fees. On the second cause of action, defendants shall pay, jointly and severally, the sum of P4,503.05, with a daily interest of P0.83569 from October 15, 1953 until full payment thereof.

Defendants shall also pay the costs.

The defendants appealed to the Court of Appeals. The latter certified the case to this Court for the reason that only questions of law are raised. Rule 36 provides:

Section 1. Summary judgment for claimant.—A party seeking to recover upon a claim, counterclaim, or cross-claim or to obtain a declaratory relief may, at any time after the pleading in answer thereto has been served, move with affidavits for a summary judgment in his favor upon all or any part thereof.

SEC. 3. Motion and proceedings thereon.—The motion shall be served at least ten days before the time specified for the hearing. The adverse party prior to the day of hearing may serve opposing affidavits. The judgment sought shall be rendered forthwith if the pleadings, depositions, and admissions or file, together with the affidavits, show that, except as to the amount of damages, there is no genuine issue as to any of the material fact and that the moving party is entitled to a judgment as a matter of law.

SEC. 5. Form of affidavits.—Supporting and opposing affidavits shall be made on personal knowledge, shall set forth such facts as would be admissible in evidence, and shall show affirmatively that the affiant is competent to testify to the matters stated therein. Sworn or certified copies of all papers or parts thereof referred to in an affidavit shall be attached thereto or served therewith.

The defendants' answer that as to the first cause of action they—

* * * are still checking on the correctness of the alleged balance outstanding against them and in favor of the

plaintiff; consequently, for lack of knowledge or information sufficient to form a belief as to the truth and veracity of the averments embodied in paragraph 7 thereof, they hereby specifically deny the allegations therein stated;

and that as to the second cause of action they—

* * * are checking on the veracity and correctness of the balance allegedly outstanding in favor of the plaintiff manifested in paragraph 6 of the same, they, by virtue thereof, specifically deny it for lack of knowledge and belief as to the truth of the allegations embodied in the aforestated paragraph.

does not tender a genuine issue. In fact they admit that they are indebted to the plaintiff. As the affidavit subscribed and sworn to by the Manager of the Special Assets Department of the plaintiff, in charge of all outstanding accounts of its debtors, attached to the motion for summary judgment, furnishes the Court with the payments made by the defendants on their account and the amount due from them, which they failed to oppose by counter affidavits, the plaintiff is entitled to summary judgment.

The judgment appealed from is affirmed, with costs against the appellants.

Paras, C. J., Bengzon, Montemayor, Reyes A., Bautista Angela, Labrador, Concepcion, Reyes J. B. L., and Endencia, JJ., concur.

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.