

INSULAR SAW MILL, INC., PETITIONER, VS. CHARLIE HOGAN AND DEE C. TAM (AS PARTNERS IN THE UNREGISTERED PARTNERSHIP CHARLIE HOGAN AND CO., DOING BUSINESS UNDER THE NAME AND STYLE ...

G.R. No. L-8761. July 31, 1956

Ponente: CONCEPCION, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/6aefba940075/>

CONCEPCION, J.:

This is an appeal by certiorari from a decision of the Court of Appeals, reading as follows:

"Before us are two civil cases from the Court of First Instance of Manila. In one, No. 8974, Woodcraft Works, Ltd., is the plaintiff; in the other, No. 9029, the plaintiff is the Insular Saw Mill, Inc. Both are for recovery of the sum of money and, in each, Charlie Hogan and Dee C. Tarn as partners in an unregistered partnership, are the defendants.

"After joint hearing, Judge Macadaeg rendered judgment granting the claims of Woodcraft Works, Ltd., and the Insular Saw Mill, Inc. against Charlie Hogan alone, while Dee C. Tarn was freed from any liability. Both Woodcraft, Ltd., and the Insular Saw Mill, Inc., appealed Woodcraft Works, Ltd., assigning the following errors:

'1. The lower court error in holding that the unregistered partnership 'Charlie Hogan & Co., Ganie Enterprises' between the herein defendants-appellee Charlie Hogan and Dee C. Tarn had been dissolved prior to the dates appellee Charlie Hogan incurred in behalf of said partnership the obligation subject matter hereof from plaintiff-appellan.

'2. The lower court likewise erred in absolving defendant-appellee Dee C. Tarn from any liability whatever in favor of plaintiff-appellant. and the Insular Saw Mill, Inc., alleging:

- The triad court erred in holding that there was a dissolution of the partnership Charlie Hogan & Co., doing business under the name and style of 'Ganie Enterprises' prior to the obligations contracted by Charlie Hogan in the name of the partnership.

- The trial court erred in declaring that only the defendant Charlie Hogan is liable for the obligation contracted under the partnership name, and in absolving the defendant, Dee C. Tam, from liability for said obligations.'

"No controversy exists regarding the fact that Woodcraft Works, Ltd., a duly registered corporation dealing on lumber, furnished lumber value of P4,955.77 to Charlie Hogan during the months of May and June, 1949. In payment, the latter delivered that sum in three checks D-18267, D-18269 and) D-18270 drawn against the Philippine Bank of Communications, Manila, but which were not honored upon their presentation to the drawee Bank. There is also no question that Charlie. Hogan received lumber valued at Pl,472.17 from the Insular Saw Mill, Inc., on April 30, May 3 and May 5, 1949. In this connection, it was agreed that Charlie

Hogan would pay interest at the rate of one per cent per month on the amount due and the sum equivalent to 20% thereof for attorney's fees and the costs, should the collection be enforced through court action.

"The only issue, therefore, is whether Charlie Hogan's co-defendant in both cases, Dee C. Tam, is severally and jointly liable with him. We are completely in agreement with the court below that Charlie Hogan alone is responsible for the lumber. In the case of Woodcraft Works, Ltd., the latter delivered the lumber during the months of May and June, 1949, and the Insular Saw Mill, Inc., on April 30 and May 3 and May 5, 1949. The partnership between Charlie Hogan and Dee C. Tam was drawn up in a public document on April 9, 1949, but was never registered with the Securities and Exchange Commission. After a few days, that is, on April 25, 1949, it was dissolved, as shown by a public document duly executed to that effect. At the time of the delivery of the Insular to Charlie Hogan, the latter was no longer in partnership with Dee C. Tam.

"If Charlie Hogan had made herein appellants believe that he was taking the lumber in behalf of the unregistered partnership of which Dee C. Tam was a member, that was certainly his own concern. For, subject to the exceptions provided by law, 'the rights of a party cannot be prejudiced by the act, declaration or commission of another * * *' (Section 10, Rule 123, Rules of Court.)

"There is no merit in the contention that the partnership was not dissolved. The deed of dissolution was executed on April 25, 1949. The partnership constituted between Charlie Hogan and Dee C. Tam on April 9, 1949 and which was not registered, could not have been dissolved in any way better than what they had done, agreeing on its dissolution through a public instrument which they signed together on April 25, 1949. Appellants failed to make any showing why we should believe that the said deed of dissolution is false.

FOR ALL THE FOREGOING, the judgment appealed from is hereby affirmed, with costs against appellants."

Petitioner-appellant Insular Saw Mill, Inc., has appealed from the foregoing decision as regards said case No. 9029, upon the ground that:

"The Court of Appeals erred in absolving the respondent Dee C. Tam from liability of the petitioner Insular Saw Mill, Inc., for credit purchases made by the partnership from the said petitioner on the simple ground that when said purchases were made, Dee C. Tam was no longer in partnership with Charlie Hogan, although the petitioner in extending said credit acted and believed in good faith that the partnership was still existing as there was no notice given or knowledge acquired on the alleged dissolution thereof, and hence, in the disposition of this case, the Court of Appeals has decided a question of substance not heretofore determining by the Supreme Court."

There is no merit in petitioner's contention for:

- Dee C. Tam may not be held responsible for such misrepresentation, if any, as Charlie Hogan may have made to petitioner herein, there being nothing to show that Tam had authorized or ratified said act of Hogan;
- Had Hogan misrepresented that he was acting on behalf of the partnership, the corresponding invoices would have been issued in the name of said partnership, but plaintiff-petitioner did not do so;
- Pursuant to the Articles of Co-partnership executed by Tam and Hogan, "the stock for said company shall be purchased under agreement of both parties" and there is no proofs or even allegation, that Dee C. Tam had agreed or consented to the purchases in question from plaintiff herein;
- Said Articles of Co-partnership state that Tam and Hogan had formed a "business partnership * * * which will

the dealing (in) lumber, hardware and building construction materials". Said partnership was, therefore, a general commercial partnership (Prautch, Scholes & Co. vs. Hernandez, 1 Phil., 705; 2 Blanco, 202). Being unregistered, Charlie Hogan, as general manager and treasurer thereof, is the only person responsible for its obligations in favor of the third parties, under Article 120, Code of Commerce, reading:

"Those in charge of the company's management who violate the provisions of the preceding article shall be solidarily responsible to persons not members of the association with whom they may have contracted in its name."

- The aforementioned transactions with petition-appellant took place after the dissolution of the partnership. It is urged, however, that said dissolution cannot affect the rights of plaintiff herein, for Article 226 of the Code of Commerce, declares:

"The dissolution of a commercial association, which proceeds from any cause other than the termination of the period for which it was created, shall not produce any effect to the prejudice of third persons until it is entered in the mercantile registry."

However, this provision refers solely to registered partnerships, for, in dealing with the same, third parties are entitled to give full faith and credence to the articles of co-partnership recorded in the mercantile registry. It does not apply to unregistered partnerships, inasmuch as those transacting business with the same have no such official record to rely on and are deemed satisfied with the solidary obligation of the manager of the partnership, pursuant to the above quoted Article 120 of the Code of Commerce (Jo Chung Cang et al. vs. Pacific Commercial Co., et al, 45 Phil., 142, 152; The Manila Railroad Co, vs. t. S. Salmon, 48 Phil., 132, 137; Hung-Man-Yoc vs. Kieng-Chiong- Seng, 6 Phil., 498; Ang Seng Quen et al. vs. Juan Te Chico et al., 12 Phil., 547-550).

Wherefore, the decision appealed from is hereby affirmed, with costs against petitioner. It is so ordered.

Paras, C. J., Bengzon, Padilla, Montemayor, Reyes, A., Bautista Angelo, Labrador, 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.