

**LUZON METAL AND PLUMBING WORKS CO., INC.,
PLAINTIFF-APPELLEE, VS. THE MANILA UNDERWRITERS
INSURANCE CO., INC., DEFENDANT-APPELLANT.**

G.R. No. L-27863. August 29, 1969

Ponente: CONCEPCION, C.J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/7672a0e36ff9/>

CONCEPCION, C.J.:

This case has been certified to Us by the Court of Appeals, pursuant, presumably, to Section 31 of Republic Act No. 296.

On February 24, 1961, Roda Construction Company, herein-after referred to as the Lessee, entered into a written contract with the Luzon Metal and Plumbing Works Company, hereinafter referred to as the Lessor, whereby the Lessee rented and hired from the Lessor specified tools and machineries, at a given weekly rental, for a period of four (4) months, at the expiration of which the tools and machineries would be returned to the Lessor "in the same good working and satisfactory conditions they were taken," with the obligation, inter alia, on the part of the Lessee, that, "in case there are defects" in said tools and machinery, to cause them to "be re-paired, if reparable, and if not" to secure new ones to replace those damaged, all at the expense of the Lessee. The latter, also, agreed to file a performance bond in the sum of P2, 000 "to guaran-tee the full payment of the value of the above-mentioned tools and machineries in case of breakage, damage or loss, as well as the weekly-rentals for the use of said tools and machineries. " On the same date, the Lessee and the Manila Underwriters Insurance Co., Inc., executed, the former as principal and the latter as guarantor, a surety bond in said sum of P2, 000, to "secure" the performance and fulfillment of "all the undertakings, covenants, terms, conditions and agreements stipulated in said contract" between the Lessor and the Lessee.

Subsequently, or on November 7, 1962, the Lessor commenced the present action, in the municipal court of Manila, against the Les-see and the Guarantor, to recover the sums of P73.25, as balance of the weekly rentals said to be due from the Lessee, under its afore-mentioned contract with the Lessor, from May 18 to June 12, 1961, and P1,005.50, as value of the damages allegedly caused on the leased tools and machineries, plus P300, as attorney's fees, apart from the costs. After declaring the Lessee in default, said court rendered, in due course, a decision, on October 4, 1962, the dispositive part of which reads:

"JUDGMENT is hereby rendered for the plaintiff and against the defendants (Roda Construc-tion Co. by default), ordering the latter to pay the former, jointly and severally, the sum of P73.25 as the unpaid weekly rentals for the period from May 18, 1961 to June 12, 1961; to pay plaintiff, jointly and sev-erally, the sum of P1, 005.50 as damages sustained by the plaintiff in having the tools and machineries; plus the sum of P100.00 for attorney's fees, aside from the costs of the suit."

From this decision, only the Guarantor appealed to the Court of First Instance of Manila, in which said appellant reproduced its answer in the municipal court, admitting the allegations of the com-plaint, regarding the capacity of the parties and execution of the aforementioned two (2) contracts, and the demands made by the Les-sor for the

payment of the sums above referred to and the refusal of the defendants to heed said demands, but denying their liability under said contracts and alleging lack of knowledge or information sufficient to form a belief as to the truth of the allegations relative to the delivery of the tools and machinery in question to the Lessee, the condition thereof at the time of said delivery, the agreement of the Lessee to return said tools and machinery in good working and satisfactory condition, the amount of unpaid rentals due from the Lessee, the damaged condition of the tools and machinery at the time of the return thereof to the Lessor and the alleged bad faith of the Lessee and the Guarantor in not satisfying the claims of the Lessor.

On motion of the latter, supported by the requisite affidavit, and over the Guarantor's objection, the court of first instance subsequently rendered a summary judgment against the Guarantor, the dispositive part of which judgment is substantially identical to that of the municipal court. A reconsideration of this decision having been denied, the Guarantor interposed the present appeal, in which it raises several questions, the gist of which is that said court erred: (1) in holding that the decision of the municipal court had become final and executory, insofar as the Lessee is concerned, despite the appeal taken by the Guarantor; and (2) in rendering a summary judgment without any evidence on the amount of damages collectible by the Lessor.

It is urged by the Guarantor that its appeal from the decision of the municipal court had the effect of vacating the same in its entirety, even insofar as the Lessee is concerned, notwithstanding the fact that the latter had not appealed from said decision. This pretense is manifestly devoid of merit. To be sure, the appeal of the Guarantor vacated said decision of the municipal court, but as regards said appellant only. It could not and did not affect the decision against the Lessee, which, in view of its failure to appeal, became final and could have been enforced by writ of execution.[1] In the language of *Singh v. Liberty*[2]:

"It is true, as appellant claims, that an appeal from the decision of an inferior court operates to vacate said decision, thereafter the case to stand trial de novo in the Court of First Instance, but it seems obvious that this applies only to the party who had taken the appeal. As against other parties adversely affected by the decision who did not appeal, the decision must be deemed to have become final and executory. A contrary view would lead to indefensible results. "

In *Municipality of Orion v. Concha*,[3] the question: "(w)ill the appeal of one of several persons who have been declared jointly and severally liable for the payment of a sum of money affect the liability of his cojudgment debtors in case the appeal results in modifying the judgment of the lower court as to the appellant?" was resolved in the negative. That case involved a performance bond to guarantee a construction contract. The bond was executed by the contractor and two (2) bondsmen. Judgment having been rendered against all of them, by the court of first instance, holding them jointly and severally liable for the amount of the bond, an appeal was taken by one of the bondsmen, who was absolved by the appellate court, upon the ground that the creditor had granted the contractor, without the knowledge or consent of the appellant, an extension of the stipulated time to complete the construction, thereby relieving said appellant from liability under the bond. It was held that this result did not inure to the benefit of the other bondsmen who had not appealed, "considering that the principal debtor has not appealed and the judgment against him has not been modified x x x ."

The foregoing view was quoted with approval in *Unsay, Basilio et al. v. Muñoz-Palma*⁴ and applied in *Gutierrez v. Court of Appeals*⁵.

In the case at bar, the liability of the Lessee does not depend upon that of the Guarantor. The latter's liability is the one dependent upon that of the former, which is principal, without which its accessory - the contract of guaranty - cannot exist⁶.

As regards the propriety of a summary judgment rendered by the court of first instance without receiving therein

any evidence on the amount of damages due to the Lessor, it should be noted that the performance bond in its favor guaranteed that the Lessee "shall well and truly perform and fulfill all the undertakings, covenants, terms, conditions and agreements stipulated" in the contract of lease, which, in turn, provided that said bond shall "guarantee the full payment of the value of the above-mentioned tools and machineries in case of- x x x damage x x x as well as the weekly rentals for the use of said tools and said machineries. " Upon the other hand, the breach of said contract of lease by the Lessee and the amount of its liability thereunder have been definitely settled and fixed in the decision of the municipal court against said Lessee, which is final and executory. That decision, which formed part of the record of this case in the court of first instance, is conclusive proof, not only of the afore-mentioned breach, but, also, of the amount of the liability of the Lessee arising therefrom. Hence said court needed no further evi-dence thereon. Indeed, it has been held:

"It is too well settled not to admit of any dis-cussion that a surety on an eventual condemnation money bond in an action of trover is bound by the judgment against his principal, and will not be heard, after judgment, to raise any question which could have been raised by his principal before judgment. *Jackson v. Guilmartin*, 61 Ga. 544; *Crawford v. Jones*, 65 Ga. 523 (2); *Thomas v. Price*, 88 Ga. 533; 15 S.E. 11 (2); *Hogans v. Dizon*, 105 Ga. 171, 31 S.E. 422 (1); *Holmes v. Langston*, 110 Ga. 869, 36 S.E. 255. In the case last cited it was said: 'After becoming securities on the bond, they must remain silent wit-nesses to the conflict between the parties to the suit, standing ready to fulfill at the end of the litigation the obligation they have undertaken, x x x'."7

" x x x After judgment against his principal, the surety cannot 'raise any question which could have been raised by the principal before judgment.' *Wal-drop v. Wolff*, 114 Ga. 610 (7), 620, 40 S.E. 830,"8

"The surety on a bond given by the defendant in an action of trover for the eventual condemnation money is bound by the judgment against the defendant, and cannot, after judgment, raise any question which could have been raised by the principal before judg-ment. x x x"9

" x x x The judgment of the trial court is final as to these principals, and since the latter cannot now question the correctness of the judgment rendered ag-ainst them, the sureties cannot."10

" x x x Many authorities held that a judgment against the principal, x x x absent fraud, collusion, or clerical error in its entry, is conclusive on the sure-ties. x x x "11

Inasmuch as the Guarantor's answer to the complaint herein set up no affirmative or special defense of any kind whatsoever, and limited itself to a general denial of said liability and to asserting lack of knowledge or information sufficient to form a belief as to the truth of the allegations in said complaint regarding the amount of rentals unpaid by the Lessee and the amount of damages due there-from, it follows that the court of first instance has properly rendered its summary judgment relying upon the determination of such amounts in the decision rendered by the municipal court against said Lessee.

WHEREFORE, the decision appealed from should be, as it is, hereby affirmed, with costs against the guarantor, Manila Under-writers Insurance Co., Inc.

IT IS SO ORDERED.

Dizon, Makalintal, Zaldivar, Sanchez, Castro, Fernando, Capistrano, Teehankee and Barredo, JJ., concur.
Reyes, J., is on official leave abroad

[1] *Fiesta v. Llorente*, 25 Phil. 554; *Lim v. Singian*, 37 Phil. 817; *Ebero v. Cañizares*, 79 Phil. 152.

[2] G.R. No. L-16860, July 31, 1963; See, also, *Firestone Tire & Rubber Co. of the Phil. v. Tempogko*, G.R. No. L-24399, March 28, 1969. Underscored supplied.

[3] 50 Phil. 679, 680.

4 G.R. No. L-17712, May 31, 1965.

5 G.R. No. L-25972, Nov. 26, 1968.

6 Article 2052, Civil Code of the Philippines.

7 Waldrop v. Wolff, 40 S. E. 830, 835.

8 Taliaferro v. Farkas, 166 S.E. 426.

9 King v. Irwin, 171 S. E. 302, 303.

10 Lawyers Lloyds of Texas v. Webb, 154 S.W. 2d 867, 868.

11 Home Ins. Co. of New York v. Savage, 103 S. W. 2d 900, 902.

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.