

PRICE STABILIZATION CORPORATION (PRISCO), PLAINTIFF AND APPELLEE, VS. AMPARO FRANCISCO AND JUAN D. FRANCISCO, DEFENDANTS AND APPELLANTS.

G.R. No. L-8011. December 29, 1955

Ponente: REYES, A., J.

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REYES, A., J.:

PRICE STABILIZATION CORPORATION (PRISCO), PLAINTIFF AND APPELLEE, VS. AMPARO FRANCISCO AND JUAN D. FRANCISCO, DEFENDANTS AND APPELLANTS body { font-family: Verdana, Geneva, Arial, helvetica, sans-serif; font-size:80%; background-color:#FFFFFF; margin:0 2% 0 2%; text-align: justify; } h1 { font-family:times; } h2 { background-color:#cccccc; padding:10px 0 10px 0; font-weight: bold; text-align: center; } h3 { font-weight: bold; text-transform: uppercase; text-align: center; } div#footer { font-size:9px; }

This action was commenced in the Justice of the Peace Court of Morong, Rizal, for the recovery of P1,655.00, alleged balance of the purchase price of goods sold by the PRRA to the defendants. The action was brought by the PRATRA, successor to the PRRA. The case having been dismissed by that court, plaintiff appealed to the Court of First Instance of Rizal where judgment was rendered in favor of the plaintiff for the sum claimed plus interest and costs. The case was thereafter appealed by defendants to the Court of Appeals, but that court has certified it here on the ground that the real issue involved was purely legal. While the case was still in that court, PRATRA was abolished and substituted by PRISCO.

From the stipulation of facts and additional evidence presented by the parties, it appears that in the morning of April 16, 1946, the defendant Amparo Francisco bought of plaintiff 3,000 yards of textiles described as "Batista Supremo" for P4,440.00 and 2,000 yards of textiles described as "Batista Washington" for P2,600.00. The first item was covered by Cash Invoice No. 06043 (Exh. "E") and the second by Credit Invoice No. 05421 (Exh. "B"). On that same morning, the purchaser's husband, the other defendant, Juan D. Francisco, delivered to Joaquin Lectura, then administrative officer of plaintiff and second in rank to Dr. J. Salcedo, Jr., its executive officer, a check for P6,095.00, payable to cash, to cover full payment for the cash invoice for P4,440.00 and part payment for the credit invoice for P2,600.00, thus leaving an unpaid balance of P1,655.00 on the credit invoice. This balance was paid by defendants to plaintiff's cashier on June 11, 1946.

Lectura cashed the check for P6,095.00 given to him by defendant Juan D. Francisco, but did not apply all of its proceeds to the payment of defendants' purchases, but only P4,440.00 thereof, or only the amount sufficient to cover the cash invoice. The remaining P1,655.00, which should have been applied against the credit invoice, he either appropriated to his own use or applied to the payment of invoices corresponding to other purchasers. As a result, plaintiff refused to give defendants credit for said remainder and considered defendants still indebted in that amount. Hence, the present suit.

The main point at issue is the validity of the payment made by defendants to Lectura. The trial court held the

payment invalid on the theory that Lectura had no authority to receive payment for purchases from the PRRA. But in our opinion the facts are such that to permit plaintiff to deny the said authority in this case would not be in consonance with justice and equity.

Lectura was the chief of the Administrative Division, Office of the Procurement, Storage and Distribution of the PRRA. He was second in rank to Dr. Juan S. Salcedo, Jr., Chief Executive Officer of that organization, and was empowered "to coordinate and supervised" in place and on behalf of Dr. Salcedo the activities of its various divisions. The defendant Juan D. Francisco declared that he took Lectura for a responsible official of the PRRA, for before paying for the goods, he asked Col. Gilhouser, Technical Assistant in the PRRA, if there was anyone who could attend to them inasmuch as Lectura was out, and Col. Gilhouser told them to wait for Lectura because he was the one taking care of the matter. When Francisco delivered the check to Lectura, the latter gave him the cash and credit invoices already mentioned above, which Francisco considered as sufficient receipts of payment. The cash invoices (Exh. "E") has the word "PAID" stamped on its face; while the credit invoice bears the following annotation on its face:

"Credit: Verified correct -- F. de la Fuente, Representative of the Auditor.

"Paid by PNB Check No. 879247-B - P1,655.00 balance P945.00 -- J. L."

This exhibit "B" was presented by plaintiff as its own, and according to a cash examiner of the General Auditing Office, it "is copy taken from the Accounting Division of the PRRA." It also appears that, upon receiving the invoices from Lectura, defendants went to the warehouse to claim the goods and presented the invoices to Josefina U. Luna, the assistant cashier assigned to that warehouse; that Josefina demanded payment for the cash invoices and when told that they had already made payment to Lectura, she sent a note to the latter regarding the matter of payment and received a reply to the effect that she would be paid later and that, in the meantime, she would deliver the goods to the buyers; that Josefina delivered the goods to the buyers and stamped on the cash invoice the word "PAID" with the notation "Amount paid to Mr. J. Lectura as per arrangement -- J. Luna, Assistant Cashier." It may also be mentioned that Lectura received payment, not only from defendants, but also from other buyers and that, as a general rule, purchasers of goods at an establishment do not inquire if the person making sale has the authority to receive payment. In view of all these circumstances, we think defendants were justified in believing that Lectura was authorized to receive payment and that it was under that belief that they gave the check to him. If not actually invested with specific authority, Lectura should at least be regarded as having the ostensible authority. Such apparent authority should be enough to bind the principal to third persons who, in good faith, have dealt with the agent.

It is also a principle of equity that where one of two innocent parties must suffer for a breach of trust committed by a third person, the one who reposed the confidence that was breached should bear the loss. As it was plaintiff that put Lectura in a position of trust and allowed him to act therein under circumstances which justified the belief that he had authority to receive payment, the loss due to his defalcation must be borne by plaintiff.

Wherefore, the judgment appealed from is reversed, and the appellants absolved from the complaint. No costs.

Paras, C.J., Bengzon, Padilla, Jugo, Labrador, Concepcion, and Reyes, J.B.L., JJ., concur.

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