

BACALTOS COAL MINES AND GERMAN A. BACALTOS, PETITIONERS, VS. HON. COURT OF APPEALS AND SAN MIGUEL CORPORATION, RESPONDENTS.

G.R. No. 114091. June 29, 1995

Ponente: DAVIDE, JR., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-114091/>

DAVIDE, JR., J.:

Petitioners seek the reversal of the decision of 30 September 1993 of the Court of Appeals in CA-G.R. CV No. 35180,[1] entitled "San Miguel Corporation vs. Bacaltos Coal Mines, German A. Bacaltos and Rene R. Savellon," which affirmed the decision of 19 August 1991 of the Regional Trial Court (RTC) of Cebu, Branch 9, in Civil Case No. CEB-8187[2] holding petitioners Bacaltos Coal Mines and German A. Bacaltos and their co-defendant Rene R. Savellon jointly and severally liable to private respondent San Miguel Corporation under a Trip Charter Party.

The paramount issue raised is whether Savellon was duly authorized by the petitioners to enter into the Trip Charter Party (Exhibit "A")[3] under and by virtue of an Authorization (Exhibit "C" and Exhibit "1"),[4] dated 1 March 1988, the pertinent portions of which read as follows:

I, GERMAN A. BACALTOS, of legal age, Filipino, widower, and residing at second street, Espina Village, Cebu City, province of Cebu, Philippines, do hereby authorize RENE R. SAVELLON, of legal age, Filipino and residing at 376-R Osmeña Blvd., Cebu City, Province of Cebu, Philippines, to use the coal operating contract of BACALTOS COAL MINES of which I am the proprietor, for any legitimate purpose that it may serve. Namely, but not by way of limitation, as follows:

(1)

To acquire purchase orders for and in behalf of BACALTOS COAL MINES;

(2)

To engage in trading under the style of BACALTOS COAL MINES/RENE SAVELLON;

(3)

To collect all receivables due or in arrears from people or companies having dealings under BACALTOS COAL MINES/RENE SAVELLON;

(4)

To extend to any person or company by substitution the same extent of authority that is granted to Rene Savellon;

(5)

In connection with the preceeding paragraphs to execute and sign documents, contracts, and other pertinent

papers.

Further, I hereby give and grant to RENE SAVELLON full authority to do and perform all and every lawful act requisite or necessary to carry into effect the foregoing stipulations as fully to all intents and purposes as I might or would lawfully do if personally present, with full power of substitution and revocation.

The Trip Charter Party was executed on 19 October 1988 "by and between BACALTOS COAL MINES, represented ... by its Chief Operating Officer, RENE ROSEL SAVELLON" and private respondent San Miguel Corporation (hereinafter SMC), represented by Francisco B. Manzon, Jr., its "SAVP and Director, Plant Operations-Mandaue." Thereunder, Savellon claims that Bacaltos Coal Mines is the owner of the vessel M/V Premship II and that for P650,000.00 to be paid within seven days after the execution of the contract, it "lets, demises" the vessel to charterer SMC "for three round trips to Davao."

As payment of the aforesaid consideration, SMC issued a check (Exhibit "B")^[5] payable to "RENE SAVELLON IN TRUST FOR BACALTOS COAL MINES" for which Savellon issued a receipt under the heading of BACALTOS COAL MINES with the address at No. 376-R Osmeña Blvd., Cebu City (Exhibit "B-1").^[6]

The vessel was able to make only one trip. Its demands to comply with the contract having been unheeded, SMC filed against the petitioners and Rene Savellon the complaint in Civil Case No. CEB-8187 for specific performance and damages. In their Answer,^[7] the petitioners alleged that Savellon was not their Chief Operating Officer and that the powers granted to him are only those clearly expressed in the Authorization which do not include the power to enter into any contract with SMC. They further claimed that if it is true that SMC entered into a contract with them, it should have issued the check in their favor. They set up counterclaims for moral and exemplary damages and attorney's fees.

Savellon did not file his Answer and was declared in default on 17 July 1990.^[8]

At the pre-trial conference on 1 February 1991, the petitioners and SMC agreed to submit the following issues for resolution:

Plaintiff --

- Whether or not defendants are jointly liable to plaintiff for damages on account of breach of contract;
- Whether or not the defendants acted in good faith in its representations to the plaintiff;
- Whether or not defendant Bacaltos was duly enriched on the payment made by the plaintiff for the use of the vessel;
- Whether or not defendant Bacaltos is estopped to deny the authorization given to defendant Savellon;

Defendants —

- Whether or not the plaintiff should have first investigated the ownership of vessel M/V PREM[SHIP] II before entering into any contract with defendant Savellon;
- Whether or not defendant Savellon was authorized to enter into a shipping contract with the [plaintiff] corporation;
- Whether or not the plaintiff was correct and not mistaken in issuing the checks in payment of the contract in the name of defendant Savellon and not in the name of defendant Bacaltos Coal Mines;
- Whether or not the plaintiff is liable on defendants' counterclaim.^[9]

After trial, the lower court rendered the assailed decision in favor of SMC and against the petitioners and Savellon as follows:

WHEREFORE, by preponderance of evidence, the Court hereby renders judgment in favor of plaintiff and against defendants, ordering defendants Rene Savellon, Bacaltos Coal Mines and German A. Bacaltos, jointly and severally, to pay to plaintiff:

- The amount of P433,000.00 by way of reimbursement of the consideration paid by plaintiff, plus 12% interest to start from date of written demand, which is June 14, 1989;
- The amount of P20,000.00 by way of exemplary damages;
- The amount of P20,000.00 as attorney's fees and P5,000.00 as litigation expenses. Plus costs.[10]

It ruled that the Authorization given by German Bacaltos to Savellon necessarily included the power to enter into the Trip Charter Party. It did not give credence to the petitioners' claim that the authorization refers only to coal or coal mining and not to shipping because, according to it, "the business of coal mining may also involve the shipping of products" and "a company such as a coal mining company is not prohibited to engage in entering into a Trip Charter Party contract." It further reasoned out that even assuming that the petitioners did not intend to authorize Savellon to enter into the Trip Charter Party, they are still liable because: (a) SMC appears to be an innocent party which has no knowledge of the real intent of the parties to the Authorization and has reason to rely on the written Authorization submitted by Savellon pursuant to Articles 1900 and 1902 of the Civil Code; (b) Savellon issued an official receipt of Bacaltos Coal Mines (Exhibit "B-1") for the consideration of the Trip Charter Party, and the petitioners' denial that they caused the printing of such official receipt is "lame" because they submitted only a cash voucher and not their official receipt; (c) the "Notice of Readiness" (Exhibit "A-1") is written on a paper with the letterhead "Bacaltos Coal Mines" and the logo therein is the same as that appearing in their voucher; (d) the petitioners were benefited by the payment because the real payee in the check is actually Bacaltos Coal Mines and since in the Authorization they authorized Savellon to collect receivables due or in arrears, the check was then properly delivered to Savellon; and, (e) if indeed Savellon had not been authorized or if indeed he exceeded his authority or if the Trip Charter Party was personal to him and the petitioners have nothing to do with it, then Savellon should have "bother[ed] to answer" the complaint and the petitioners should have filed "a cross-claim" against him.

In their appeal to the Court of Appeals in CA-G.R. CV No. 35180, the petitioners asserted that the trial court erred in: (a) not holding that SMC was negligent in (1) not verifying the credentials of Savellon and the ownership of the vessel, (2) issuing the check in the name of Savellon in trust for Bacaltos Coal Mines thereby allowing Savellon to encash the check, and, (3) making full payment of P650,000.00 after the vessel made only one trip and before it completed three trips as required in the Trip Charter Party; (b) holding that under the authority given to him Savellon was authorized to enter into the Trip Charter Party; and, (c) holding German Bacaltos jointly and severally liable with Savellon and Bacaltos Coal Mines.[11]

As stated at the beginning, the Court of Appeals affirmed in toto the judgment of the trial court. It held that: (a) the credentials of Savellon is not an issue since the petitioners impliedly admitted the agency while the ownership of the vessel was warranted on the face of the Trip Charter Party; (b) SMC was not negligent when it issued the check in the name of Savellon in trust for Bacaltos Coal Mines since the Authorization clearly provides that collectibles of the petitioners can be coursed through Savellon as the agent; (c) the Authorization includes the power to enter into the Trip Charter Party because the "five prerogatives" enumerated in the former is prefaced by the phrase "but not by way of limitation"; (d) the petitioners' statement that the check should have been issued in the name of Bacaltos Coal Mines is another implicit admission that the Trip Charter Party is part and parcel of the

petitioners' business notwithstanding German Bacaltos's contrary interpretation when he testified, and in any event, the construction of obscure words should not favor him since he prepared the Authorization in favor of Savellon; and, (e) German Bacaltos admitted in the Answer that he is the proprietor of Bacaltos Coal Mines and he likewise represented himself to be so in the Authorization itself, hence he should not now be permitted to disavow what he initially stated to be true and to interpose the defense that Bacaltos Coal Mines has a distinct legal personality.

Their motion for a reconsideration of the above decision having been denied, the petitioners filed the instant petition wherein they raise the following errors:

- THE RESPONDENT COURT ERRED IN HOLDING THAT RENE SAVELLON WAS AUTHORIZED TO ENTER INTO A TRIP CHARTER PARTY CONTRACT WITH PRIVATE RESPONDENT IN SPITE OF ITS FINDING THAT SUCH AUTHORITY CANNOT BE FOUND IN THE FOUR CORNERS OF THE AUTHORIZATION;
- THE RESPONDENT COURT ERRED IN NOT HOLDING THAT BY ISSUING THE CHECK IN THE NAME OF RENE SAVELLON IN TRUST FOR BACALTOS COAL MINES, THE PRIVATE RESPONDENT WAS THE AUTHOR OF ITS OWN DAMAGE; AND
- THE RESPONDENT COURT ERRED IN HOLDING PETITIONER GERMAN BACALTOS JOINTLY AND SEVERALLY LIABLE WITH RENE SAVELLON AND CO-PETITIONER BACALTOS COAL MINES IN SPITE OF THE FINDING OF THE COURT A QUO THAT PETITIONER BACALTOS COAL MINES AND PETITIONER BACALTOS ARE TWO DISTINCT AND SEPARATE LEGAL PERSONALITIES.[12]

After due deliberations on the allegations, issues raised, and arguments adduced in the petition, and the comment thereto and reply to the comment, the Court resolved to give due course to the petition.

Every person dealing with an agent is put upon inquiry and must discover upon his peril the authority of the agent. If he does not make such inquiry, he is chargeable with knowledge of the agent's authority, and his ignorance of that authority will not be any excuse. Persons dealing with an assumed agent, whether the assumed agency be a general or special one, are bound at their peril, if they would hold the principal, to ascertain not only the fact of the agency but also the nature and extent of the authority, and in case either is controverted, the burden of proof is upon them to establish it.[13] American jurisprudence[14] summarizes the rule in dealing with an agent as follows:

A third person dealing with a known agent may not act negligently with regard to the extent of the agent's authority or blindly trust the agent's statements in such respect. Rather, he must use reasonable diligence and prudence to ascertain whether the agent is acting and dealing with him within the scope of his powers. The mere opinion of an agent as to the extent of his powers, or his mere assumption of authority without foundation, will not bind the principal; and a third person dealing with a known agent must bear the burden of determining for himself, by the exercise of reasonable diligence and prudence, the existence or nonexistence of the agent's authority to act in the premises. In other words, whether the agency is general or special, the third person is bound to ascertain not only the fact of agency, but the nature and extent of the authority. The principal, on the other hand, may act on the presumption that third persons dealing with his agent will not be negligent in failing to ascertain the extent of his authority as well as the existence of his agency.

Or, as stated in *Harry E. Keller Electric Co. vs. Rodriguez*,[15] quoting *Mechem on Agency*:

The person dealing with the agent must also act with ordinary prudence and reasonable diligence. Obviously, if he knows or has good reason to believe that the agent is exceeding his authority, he cannot claim protection. So if the

suggestions of probable limitations be of such a clear and reasonable quality, or if the character assumed by the agent is of such a suspicious or unreasonable nature, or if the authority which he seeks to exercise is of such an unusual or improbable character, as would suffice to put an ordinarily prudent man upon his guard, the party dealing with him may not shut his eyes to the real state of the case, but should either refuse to deal with the agent at all, or should ascertain from the principal the true condition of affairs. [emphasis supplied]

In the instant case, since the agency of Savellon is based on a written document, the Authorization of 1 March 1988 (Exhibits "C" and "1"), the extent and scope of his powers must be determined on the basis thereof. The language of the Authorization is clear. It pertinently states as follows:

I, GERMAN A. BACALTOS ... do hereby authorize RENE R. SAVELLON ... to use the 'coal operating contract' of BACALTOS COAL MINES, of which I am the proprietor, for any legitimate purpose that it may serve. Namely, but not by way of limitation, as follows: . . . [emphasis supplied]

There is only one express power granted to Savellon, viz., to use the coal operating contract for any legitimate purpose it may serve. The enumerated "five prerogatives" — to employ the term used by the Court of Appeals — are nothing but the specific prerogatives subsumed under or classified as part of or as examples of the power to use the coal operating contract. The clause ";but not by way of limitation" which precedes the enumeration could only refer to or contemplate other prerogatives which must exclusively pertain or relate or be germane to the power to use the coal operating contract. The conclusion then of the Court of Appeals that the Authorization includes the power to enter into the Trip Charter Party because the "five prerogatives" are prefaced by such clause, is seriously flawed. It fails to note that the broadest scope of Savellon's authority is limited to the use of the coal operating contract and the clause cannot contemplate any other power not included in the enumeration or which are unrelated either to the power to use the coal operating contract or to those already enumerated. In short, while the clause allows some room for flexibility, it can comprehend only additional prerogatives falling within the primary power and within the same class as those enumerated. The trial court, however, went further by hastily making a sweeping conclusion that "a company such as a coal mining company is not prohibited to engage in entering into a Trip Charter Party contract." [16] But what the trial court failed to consider was that there is no evidence at all that Bacaltos Coal Mines as a coal mining company owns and operates vessels, and even if it owned any such vessels, that it was allowed to charter or lease them. The trial court also failed to note that the Authorization is not a general power of attorney. It is a special power of attorney for it refers to a clear mandate specifically authorizing the performance of a specific power and of express acts subsumed therein. [17] In short, both courts below unreasonably expanded the express terms of or otherwise gave unrestricted meaning to a clause which was precisely intended to prevent unwarranted and unlimited expansion of the powers entrusted to Savellon. The suggestion of the Court of Appeals that there is obscurity in the Authorization which must be construed against German Bacaltos because he prepared the Authorization has no leg to stand on inasmuch as there is no obscurity or ambiguity in the instrument. If any obscurity or ambiguity indeed existed, then there will be more reason to place SMC on guard and for it to exercise due diligence in seeking clarification or enlightenment thereon, for that was part of its duty to discover upon its peril the nature and extent of Savellon's written agency. Unfortunately, it did not.

Howsoever viewed, the foregoing conclusions of the Court of Appeals and the trial court are tenuous and farfetched, bringing to unreasonable limits the clear parameters of the powers granted in the Authorization.

Furthermore, had SMC exercised due diligence and prudence, it should have known in no time that there is absolutely nothing on the face of the Authorization that confers upon Savellon the authority to enter into any Trip Charter Party. Its conclusion to the contrary is based solely on the second prerogative under the Authorization, to wit:

(2) To engage in trading under the style of BACALTOS COAL MINES/RENE SAVELLON;

unmindful that such is but a part of the primary authority to use the coal operating contract which it did not even require Savellon to produce. Its principal witness, Mr. Valdescona, expressly so admitted on cross-examination, thus:

Atty. Zosa (to witness - ON CROSS)

Q

You said that in your office Mr. Rene Savellon presented to you this authorization marked Exhibit "C" and Exhibit "1" for the defendant?

A

Yes, sir.

Q

Did you read in the first part[y] of this authorization Mr. Valdescona that Mr. Rene Savellon was authorized as the coal operating contract of Bacaltos Coal Mines?

A

Yes, sir.

Q

Did it not occur to you that you should have examined further the authorization of Mr. Rene Savellon, whether or not this coal operating contract allows Mr. Savellon to enter into a trip charter party?

A

Yes, sir. We discussed about the extent of his authorization and he referred us to the number 2 provision of this authorization which is to engage in trading under the style of Bacaltos Coal Mines/Rene Savellon, which we followed up to the check preparation because it is part of the authority.

Q

In other words, you examined this and you found out that Mr. Savellon is authorized to use the coal operating contract of Bacaltos Coal Mines?

A

Yes, sir.

Q

You doubted his authority but you found out in paragraph 2 that he is authorized that's why you agreed and entered into that trip charter party?

A

We did not doubt his authority but we were questioning as to the extent of his operating contract.

Q

Did you not require Mr. Savellon to produce that coal operating contract of Bacaltos Coal Mines?

A

No sir. We did not.[18]

Since the principal subject of the Authorization is the coal operating contract, SMC should have required its presentation to determine what it is and how it may be used by Savellon. Such a determination is indispensable to an inquiry into the extent or scope of his authority. For this reason, we now deem it necessary to examine the nature of a coal operating contract.

A coal operating contract is governed by P.D. No. 972 (The Coal Development Act of 1976), as amended by P.D. No. 1174. It is one of the authorized ways of active exploration, development, and production of coal resources[19] in a specified contract area.[20] Section 9 of the decree prescribes the obligation of the contractor, thus:

SEC. 9. Obligations of Operator in Coal Operating Contract. — The operator under a coal operating contract shall undertake, manage and execute the coal operations which shall include:

(a)

The examination and investigation of lands supposed to contain coal, by detailed surface geologic mapping, core drilling, trenching, test pitting and other appropriate means, for the purpose of probing the presence of coal deposits and the extent thereof;

(b)

Steps necessary to reach the coal deposit so that it can be mined, including but not limited to shaft sinking and tunneling; and

(c)

The extraction and utilization of coal deposits.

The Government shall oversee the management of the operation contemplated in a coal operating contract and in this connection, shall require the operator to:

(a)

Provide all the necessary service and technology;

(b)

Provide the requisite financing;

(c)

Perform the work obligations and program prescribed in the coal operating contract which shall not be less than those prescribed in this Decree;

(d)

Operate the area on behalf of the Government in accordance with good coal mining practices using modern methods appropriate for the geological conditions of the area to enable maximum economic production of coal, avoiding hazards to life, health and property, avoiding pollution of air, lands and waters, and pursuant to an efficient and economic program of operation;

(e)

Furnish the Energy Development Board promptly with all information, data and reports which it may require;

(f)

Maintain detailed technical records and account of its expenditures;

(g)

Conform to regulations regarding, among others, safety demarcation of agreement acreage and work areas, non-interference with the rights of the other petroleum, mineral and natural resources operators;

(h)

Maintain all necessary equipment in good order and allow access to these as well as to the exploration, development and production sites and operations to inspectors authorized by the Energy Development Board;

(i)

Allow representatives authorized by the Energy Development Board full access to their accounts, books and records for tax and other fiscal purposes.

Section 11 thereof provides for the minimum terms and conditions of a coal operating contract.

From the foregoing, it is obvious that a scrutiny of the coal operating contract of Bacaltos Coal Mines would have provided SMC knowledge of the activities which are germane, related, or incident to the power to use it. But it did not even require Savellon to produce the same.

SMC's negligence was further compounded by its failure to verify if Bacaltos Coal Mines owned a vessel. A party desiring to charter a vessel must satisfy itself that the other party is the owner of the vessel or is at least entitled to its possession with power to lease or charter the vessel. In the instant case, SMC made no such attempt. It merely satisfied itself with the claim of Savellon that the vessel it was leasing is owned by Bacaltos Coal Mines and relied on the presentation of the Authorization as well as its test on the seaworthiness of the vessel. Valdescona thus declared on direct examination as follows:

A

In October, a certain Rene Savellon called our office offering us shipping services. So I told him to give us a formal proposal and also for him to come to our office so that we can go over his proposal and formally discuss his offer.

Q

Did Mr. Rene Savellon go to your office?

A

Few days later he came to our office and gave us his proposal verbally offering a vessel for us to use for our cargo.

Q

Did he mention the owner of that vessel?

A

Yes, sir. That it is Bacaltos.

Q

Did he present a document to you?

A

Yes, sir. He presented to us the authorization.

Q

When Mr. Rene Savellon presented to you the authorization what did you do?

A

On the strength of that authorization we initially asked him for us to check the vessel to see its sea worthiness, and we assigned our in-house surveyor to check the sea worthiness of the vessel which was on drydock that time in Danao.

Q

What was the result of your inspection?

A:

We found out the vessel's sea worthiness to be our cargo carrier.

Q:

After that what did you do?

A:

After that we were discussing the condition of the contract.

Q:

Were you able to execute that contract?

A:

Yes, sir.[21]

He further declared as follows:

Q

When you entered into a trip charter contract did you check the ownership of M/V Premship?

A

The representation made by Mr. Rene Savellon was that Bacaltos Coal Mines operates the vessel and on the strength of the authorization he showed us we were made to believe that it was Bacaltos Coal Mines that owned it.

COURT: (to witness)

Q

In other words, you just believed Rene Savellon?

A

Yes, sir.

COURT: (to witness)

Q

You did not check with Bacaltos Coal Mines?

A

That is the representation he made.

Q

Did he show you document regarding this M/V Premship II?

A

No document shown.[22]

The Authorization itself does not state that Bacaltos Coal Mines owns any vessel, and since it is clear therefrom that it is not engaged in shipping but in coal mining or in coal business, SMC should have required the presentation of pertinent documentary proof of ownership of the vessel to be chartered. Its in-house surveyor who saw the vessel while drydocked in Danao and thereafter conducted a seaworthiness test could not have failed to ascertain the registered owner of the vessel. The petitioners themselves declared in open court that they have not leased any vessel for they do not need it in their coal operations[23] thereby implying that they do not even own one.

The Court of Appeals' asseveration that there was no need to verify the ownership of the vessel because such ownership is warranted on the face of the trip charter party begs the question since Savellon's authority to enter into that contract is the very heart of the controversy.

We are not prepared to accept SMC's contention that the petitioners' claim that they are not engaged in shipping and do not own any ship is belied by the fact that they maintained a pre-printed business form known as a "Notice of Readiness" (Exhibit "A-1").[24] This paper is only a photocopy and, despite its reservation to present the original for purposes of comparison at the next hearing,[25] SMC failed to produce the latter. This "Notice of Readiness" is not, therefore, the best evidence, hence inadmissible under Section 3, Rule 130 of the Rules of Court. It is true that when SMC made a formal offer of its exhibits, the petitioners did not object to the admission of Exhibit "A-1," the "Notice of Readiness," under the best evidence rule but on the ground that Savellon was not authorized to enter into the Trip Charter Party and that the party who signed it, one Elmer Baliquig, is not the petitioners' employee but of Premier Shipping Lines, the owner of the vessel in question.[26] The petitioners raised the issue of inadmissibility under the best evidence rule only belatedly in this petition. But although Exhibit "A-1" remains admissible for not having been timely objected to, it has no probative value as to the ownership of the vessel.

There is likewise no proof that the petitioners received the consideration of the Trip Charter Party. The petitioners denied having received it.[27] The evidence for SMC established beyond doubt that it was Savellon who requested in writing on 19 October 1988 that the check in payment therefor be drawn in favor of BACALTOS COAL MINES/RENE SAVELLON (Exhibit "B-3") and that SMC drew the check in favor of RENE SAVELLON IN TRUST FOR BACALTOS COAL MINES (Exhibit "B") and delivered it to Savellon who thereupon issued a receipt (Exhibit "B-1"). We agree with the petitioners that SMC committed negligence in drawing the check in the manner aforesaid. It even disregarded the request of Savellon that it be drawn in favor of BACALTOS COAL MINES/RENE SAVELLON. Furthermore, assuming that the transaction was permitted in the Authorization, the check should still have been drawn in favor of the principal. SMC then made possible the

wrong done. There is an equitable maxim that between two innocent parties, the one who made it possible for the wrong to be done should be the one to bear the resulting loss.[28] For this rule to apply, the condition precedent is that both parties must be innocent. In the present case, however, SMC is guilty of not ascertaining the extent and limits of the authority of Savellon. In not doing so, SMC dealt with Savellon at its own peril.

Having thus found that SMC was the author of its own damage and that the petitioners are, therefore, free from any liability, it has become unnecessary to discuss the issue of whether Bacaltos Coal Mines is a corporation with a personality distinct and separate from German Bacaltos.

WHEREFORE, the instant petition is GRANTED and the challenged decision of 30 September 1993 of the Court of Appeals in CA-G.R. CV No. 35180 is hereby REVERSED and SET ASIDE and another judgment is hereby rendered MODIFYING the judgment of the Regional Trial Court of Cebu, Branch 9, in Civil Case No. CEB-8187 by setting aside the declaration of solidary liability, holding defendant RENE R. SAVELLON solely liable for the amounts adjudged, and ordering the dismissal of the case as against herein petitioners.

SO ORDERED.

Bellosillo, Quiason, and Kapunan, JJ., concur.

Padilla, J., (Chairman), no part.

[1] Annex "D" of Petition; Rollo, 64-71. Per Herrera, M., J., with Francisco, C., and Guerrero, B., JJ., concurring.

[2] Annex "B," Id.; Id., 24-32. Per Judge Benigno G. Gaviola.

[3] Original Records (OR), 8-10.

[4] Id., 11. The document is not acknowledged before a notary public.

[5] OR, 12.

[6] Id., 13.

[7] Id., 16-18.

[8] Id., 44.

[9] OR, 57-58.

[10] OR, 138; Rollo, 32.

[11] Annex "C" of Petition, Brief for Appellants; Rollo, 45-46.

[12] Rollo, 9.

[13] Veloso vs. La Urbana, 58 Phil. 681 [1933], citing Deen vs. Pacific Commercial Co., 42 Phil. 738 [1922] and Harry E. Keller Electric Co. vs. Rodriguez, 44 Phil. 19 [1922]. See also Strong vs. Repide, 6 Phil. 680 [1906], and Pineda vs. Court of Appeals, 226 SCRA 754 [1993].

[14] 3 Am Jur 2d Agency § 83 [1986].

[15] Supra note 13.

[16] OR, 135; Rollo, 29.

[17] See Article 1876, Civil Code.

[18] TSN, 4 April 1991, 21-22.

[19] Section 4.

[20] Section 6.

[21] TSN, 4 April 1991, 6-7.

[22] TSN, 4 April 1991, 14-15.

[23] TSN, 30 April 1991, 23-24.

[24] OR, 73.

[25] TSN, 4 April 1991, 11-12.

[26] OR, 74.

[27] TSN, 30 April 1991, 5-6.

[28] *Francisco vs. Government Service Insurance System*, 7 SCRA 577 [1963], cited in *Cuison vs. Court of Appeals*, 227 SCRA 391 [1993].

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.