

**BLADE INTERNATIONAL MARKETING CORPORATION, EVAN J. BORBON, EDGAR J. BORBON, AND MARCIAL GERONIMO, PETITIONERS, VS. COURT OF APPEALS AND METROPOLITAN BANK & TRUST COMPANY, RESPON...**

*G.R. No. 131013. December 14, 2001*

Ponente: PARDO, J.

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**PARDO, J.:**

The Case

The case under consideration is a petition to annul the decision[1] of the Court of Appeals that ordered petitioners Blade International Marketing Corporation, Evan J. Borbon, Edgar J. Borbon, and Marcial Geronimo to pay, jointly and severally, the total amount of their obligation to respondent Metropolitan Bank and Trust Company, including interest, penalty charge and attorney's fees.

The Facts

The facts, as stated in the petition, are as follows:

"1. The instant complaint for a "Sum of Money" was instituted by the Metropolitan Bank & Trust Co. with an application for issuance of a Writ of Preliminary Attachment against the petitioners Blade International Marketing Corporation, Evan J. Borbon, Edgar J. Borbon, Marcial Geronimo and Elenito G. Santos. The complaint consisted of eight (8) causes of actions involving the delivery, shipment of merchandise, and tools. Private Respondent alleged, that it paid the suppliers thereof by way of letters of credit against bills of exchange and that said merchandise or shipment were delivered in trust and/or accepted by the petitioner/s under the conditions of the trust receipt which required the said petitioner/s as entrustee/s to hold the goods, merchandise, documents and/or instrument as well as the proceeds thereof, for the payment of petitioner/s obligations acceptances, indebtedness and liabilities and that without justifiable reason, they allegedly failed and refused to account for and turn over to the private respondent the proceeds of sale of the above mentioned goods or merchandise, documents and instruments subject matter of the trust, the details of which are as follows:

"x x x.

"2. On 20 November 1987, petitioners BLADE, Evan J. Borbon, Edgar J. Borbon and Marcial Geronimo filed a "Joint Answer with Counterclaim," and which answer was anchored on the following grounds:

"1. That defendant corporation thru its authorized officers applied for and in its own behalf for several commercial letters of credit with the plaintiff in blank form;

"2. That defendants further denied the material and ultimate facts of the eight (8) causes of actions in the complaint and interposed Special and Affirmative Defenses, to wit:

"x x x.

"3. By way of "Special and Affirmative Defenses," defendants also maintained, that individual defendants Evan J. Borbon, Marcial Geronimo and Edgar J. Borbon never signed the letters of credit and related documents in their personal capacities nor agreed to be bound thereon in anyway or as sureties or as entrustees to the plaintiff, since they merely acted for and in behalf of defendant corporation in the execution of the documents in question and therefore not liable thereon in their personal capacities; that defendants and/or individual defendants never received the subject merchandise/goods in concept of a trust or as entrustees to account or to hold and/or turn over the goods/merchandise, instruments or the proceeds of sale thereof to the plaintiff and that they have not misused or converted the merchandise or proceeds thereof and that plaintiff has not made any demand nor given any notice to defendants to account for or hold or turn over of the merchandise, instruments, documents, as well as the proceeds thereof to the plaintiff, and further the plaintiff has no causes of actions and that the trust receipts being simulated contracts are void and unenforceable;

"4. Defendant by way of counterclaim further maintained, that the suit was premature and filed maliciously and in bad faith by making it appear that the defendant corporation and individual defendants committed breaches of trust which are non-existent, since the documents supposedly the 'trust receipts' were prepared and executed for convenience purposes but not in concept of trust and therefore simulated contracts or void ab initio. However, the plaintiff with full knowledge thereof maliciously instituted this suit, as a consequence plaintiff unduly prejudiced and/or damaged defendants corporation as well as the individual defendants business reputation and/or credit standing and further caused the individual defendants to suffer unnecessary damages for which defendants are entitled moral damages in the sum of P100,000.00 and for having dragged the defendants before to court, who were compelled and to protect their rights and interest in the premises for which they agreed to pay counsel the sum of P25,000.00 as and for attorney's fees;

"5. After due hearing, the Trial Court rendered a decision on 10 February 1992 dismissing both the complaint and counterclaim, the dispositive portion of which provides, as follows:

"x x x

"WHEREFORE, judgment is hereby rendered dismissing the complaint of plaintiff Metropolitan Bank and Trust Company against defendants Blade International Marketing Corporation, Evan J. Borbon, Edgar J. Borbon and Marcial Geronimo, as well as the counter claim of the latter against the former, without pronouncement as to costs."

"6. On 24 February 1992, the private respondent not satisfied with the said Decision filed a "Notice of Appeal" before the Honorable Court of Appeals, upon the `ground that said decision is contrary to the evidence adduced by the parties and to the applicable laws and jurisprudence;

"7. On 13 June 1997, the Honorable Court of Appeals (Third Division) rendered a Decision, which reversed and set-aside the assailed decision and a new one was entered, copy of which was received by the petitioners thru counsel on 20 June 1997, the dispositive portion of which are as follows:

"WHEREFORE, finding reversible error in the assailed decision, the same is hereby REVERSED and SET ASIDE and a new one is ENTERED finding the appellees liable, jointly and severally, with each other and ordering them to pay the appellant the sum of P2,118,841.20 representing the total amount of the obligation as of May 31, 1997, inclusive of 18% interest and 2% penalty charge until their obligation is fully paid, and the payment of P50,000.00 as attorney's fees. No pronouncement as to costs.

"SO ORDERED.

"8. On 04 July 1997, petitioners filed a "Motion for Reconsideration" thereof, and the Honorable Court of Appeals DENIED the same in its Resolution dated 24 October 1997, copy of which was received on 30 October 1997, the

dispositive portion of which reads as follows:

"WHEREFORE, the instant motion for reconsideration is hereby DENIED for lack of merit.

"SO ORDERED." [2]

Hence, this appeal. [3]

#### The Issue

The issue raised is whether the petitioners Evan J. Borbon, Edgar J. Borbon, and Marcial Geronimo are personally liable jointly and severally with Blade International for fulfillment of its obligations under the letters of credit opened with Metrobank.

Petitioners Evan J. Borbon, Edgar J. Borbon, and Marcial Geronimo disclaim liability because they never signed the letters of credit and related documents in their personal capacities.

#### The Court's Ruling

We hold petitioners liable solidarily.

In this case, petitioners admit that they signed the letters of credit and related documents pertaining to the transactions with Metrobank. However, petitioners claimed that they signed the forms in blank. The documents show that the petitioners agreed to jointly and severally undertake payment of the obligations and also consented to each and all of the stipulated conditions on the documents. "An experienced businessman who signs important legal papers cannot disclaim the consequent liabilities therefor after being a signatory thereon." [4]

Thus, the Court of Appeals was correct in finding that petitioners contractually agreed to hold themselves personally solidarily liable with the corporation in the fulfillment of its obligations to Metrobank.

#### The Fallo

WHEREFORE, the Court AFFIRMS the decision of the Court of Appeals in toto. [5]

No costs.

### **SO ORDERED.**

Davide, Jr., C.J., (Chairman), Puno, Kapunan, and Ynares-Santiago, JJ., concur.

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[1] In CA-G. R. CV No. 37068, promulgated on June 13, 1997. Buena, J., ponente, Austria-Martinez and Callejo, Sr., JJ., concurring.

[2] Petition, Rollo, 7-35, at pp. 8-18.

[3] Petition filed on December 12, 1997. Rollo, pp. 7-35. On October 21, 1998, we gave due course to the petition (Rollo, p. 104).

[4] BA Finance Corporation v. Intermediate Appellate Court, 217 SCRA 261, 268 [1993].

[5] In CA-G. R. CV No. 37068, promulgated on June 13, 1997.

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