

JOAQUIN T. ORTEGA, PLAINTIFF AND APPELLEE, VS. BAUANG FARMERS COOPERATIVE MARKETING ASSOCIATION, DEFENDANT AND APPELLANT.

G. R. No. 13547. December 29, 1959

Ponente: MONTEMAYOR, J.

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MONTEMAYOR, J.:

The defendant Bauang FACOMA (Farmers Cooperative and Marketing Association) is appealing the decision of the Court of First Instance of La Union (Civil Case No. 2025), dated July 11, 1956, ordering it to pay to plaintiff Joaquin T. Ortega the sum of P3,136.10, with legal interest from the date of the filing of the complaint, plus costs. The appeal was originally taken to the Court of Appeals, but by resolution of that Court dated January 29, 1958, the appeal was sent up to us because of its opinion "that the issues involved are purely legal, to wit: The propriety in not dismissing the case, the non-inclusion of the ACCFA and the applicability of Article 1883, New Civil Code."

The facts in this case are simple. On June 6, 1955, plaintiff sold and delivered to defendant 2,643 kilos of fluecured Virginia leaf tobacco valued at P7,136.10. On June 8 and June 13, 1955, defendant paid plaintiff the amount of P1,325.00 and P2,675.00, respectively, on account of the total purchase price, leaving a balance of P3,136.10, which the defendant in spite of repeated demands made upon it has failed and refused to pay. For the collection of this balance, the present action was filed by plaintiff.

In its answer, defendant admitted the allegations of the complaint but set up the affirmative defense that the tobacco leaf bought by it from plaintiff was shipped and delivered to and received by the accfa (Agricultural Credit and Cooperative Financing Administration), in accordance with an, agency contract entered into between said ACCFA as principal, and the defendant Bauang FACOMA, as agent, for the purchase of local Virginia leaf tobacco, and that final liquidation had not been made between principal and agent. Shortly after filing its answer, defendant filed a "Motion to Bring in Third Party Defendant," attaching thereto its "Third Party Complaint" against the ACCFA praying that judgment be rendered against it for all sums that may be adjudged against defendant in favor of the plaintiff.

On May 12, 1956, plaintiff filed an "Opposition to Inclusion of Third-Party Defendant and Motion for Judgment on the Pleadings." On May 14, 1956, the trial court, finding the ACCFA to be a necessary party in the case, granted the motion to bring it as a third-party defendant. On June 14, 1956, the ACCFA filed a motion to strike out the third party complaint mainly on the ground that it was filed without leave of Court. On June 21, 1956, the trial court, presided by another Judge, granted the motion and ordered that "the third-party complaint be stricken out." On July 6, 1956, when the case was called for trial, the parties, plaintiff and defendant, filed the following stipulation of facts:

"Come now the plaintiff and the defendant Bauang FACOMA, thru its undersigned Attorney and to this Honorable Court respectfully submit the following stipulation of facts:

- That the plaintiff admits that a Memorandum Agreement was entered into between defendant and the ACCFA, copy of which is attached hereto at Annex 'A'.
- That the plaintiff admits that on March 28, 1956, the ACCFA revoked said Memorandum of Agreement, copy of said Memorandum is herewith attached as Annex 'B'
- That the defendant Bauang facoma admits that at the time the plaintiff sold and delivered his tobacco to the Bauang FACOMA, the plaintiff was not informed of the Agency existing between the ACCFA and the defendant Bauang FACOMA.
- That the purchase invoice issued to plaintiff upon his delivery of the tobacco to the Bauang FACOMA does not mention nor disclose the ACCFA as being a party to the sale or in anyway connected with the transaction, said form having been the standard receipt used by all FACOMA in 1955.

PREMISES CONSIDERED, it is respectfully prayed that the foregoing stipulation of facts be approved and made the basis of the decision of this Court as to the affirmative defenses alleged by the defendant."

On the basis of the pleadings and the stipulation of facts above-reproduced, the trial court on July 11, 1956, rendered the appealed decision mentioned at the beginning of this opinion.

In support of its appeal, appellant makes the following assignment of errors:

- "I. The lower court erred in not dismissing the case against defendant.
- "II. The lower court erred in not including the Agricultural Credit and Cooperative Financing Administration (ACCFA) as third-party defendant.
- "III. The lower court erred in basing its decision on Article 1883 of the Civil Code." Appellant invites our attention to Civil Case No. 1024 for interpleader filed in the Court of First Instance of La Union, entitled "ACCFA, plaintiff, vs. Pio Bombani, et al., defendants".

Appellants assures the Tribunal that plaintiff Joaquin T. Ortega in the present case, was or is one of the defendants in that Case No. 1024, whose purpose was that all sellers of tobacco leaf bought by or for ACCFA in the year 1955, plaintiff Ortega herein among them, litigate for the distribution and collection among themselves of the sum of P93,660.72, as the price of said tobacco leaf, placed at their disposal. The record shows that in accfa's motion to strike out the third-party complaint filed against it in the present Case No. 1025, is included the following statement:

"Moreover, the claim of plaintiff which is sought to be the basis of the third-party complaint is one of those included in Civil Case No. 1024 of this Court, entitled 'ACCFA vs. Pio Bombani, et al.' (for Interpleader) which, if given due course, should render it unnecessary for the numerous claimants to ventilate their claims in separate ordinary civil actions. As the undersigned counsel has manifested) in Civil Case No. 1024, interpleader was resorted to precisely to obviate the multiplicity of suits, delay in the recovery of the claimants, unnecessary expense en their part and waste of the valuable time of the Court."

Another fact cited by appellant in support of its appeal is that the P4,000.00 sum total of the two installments of P1,325.00 and P2,675.00 delivered to plaintiff on account of the total purchase price of P7,136.10 was actually paid by the ACCFA itself. From all this, appellant urges that not only was the ACCFA the real purchaser of the leaf tobacco involved sold by the plaintiff, but that it was also willing and ready to pay the balance sought to be collected in the present case.

On the other hand, plaintiff-appellee contends that the appealed decision is based on the fact that the defendant admitted having purchased and received from the plaintiff the Virginia leaf tobacco involved, valued at P7,136.10; that according to the stipulation of facts, plaintiff was not informed of the relation of principal and

agent between the ACCFA and the Bauang FACOMA at the time of the purchase, and that the invoice covering the purchase which was issued to him neither mentions nor discloses the ACCFA as a party to the purchase; and on Article 1883 of the New Civil Code which provides that if an agent acts in his own name, the principal has no right of action against the persons with whom said agent has contracted, neither have such persons against the principal, and that in such case, the agent is the one bound, as if the transaction were his own.

Considering the facts and circumstances surrounding this case, we are inclined to agree with the appellant. Although at the time of the purchase of the tobacco in question, the attention of the plaintiff was not called to the existence of the agency agreement between the ACCFA and the Bauang FACOMA, there is reason to believe that he actually knew of that agency and that the tobacco leaf was purchased not on account of the Bauang FACOMA, but actually for the ACCFA, which is the agency of the Government charged with the purchase of Virginia leaf tobacco, in the implementation of the policy of the Government to buy all Virginia leaf tobacco grown locally, for purposes of aiding Virginia tobacco growers and to foster the tobacco industry. It is a fact well known that the FACOMA (Farmers Cooperative and Marketing Association) as its name implies, is concerned mainly, if not exclusively, in the sale and marketing of the agricultural produce of the farmers. It is not engaged in the buy and sell business for profit. As already stated, installments on account of the total sales price was paid by the ACCFA, not by the defendant. Furthermore, the action for interpleader, Civil Case No. 1024 of the Court of First Instance of La Union, which must have been filed ahead of the present Case No. 1025 in the same court, judging by its case number, was notice to those persons that sold tobacco leaf in La Union in the year 1955, including plaintiff herein, that the ACCFA was the real buyer of said tobacco leaf and that it was ready to pay the amount of said purchases. Again, the motion by the ACCFA to strike out the third-party complaint in this present case with its statement above-reproduced emphasizes the policy of the Government to avoid multiplicity of suits, and the delay and expense involved in separate actions to recover the purchase price of Virginia leaf tobacco by consolidating all said claims in one single action when possible.

In view of the foregoing, the appealed decision is hereby set aside and the case is ordered remanded to the trial court for further proceedings. The order of the trial court striking out the third-party complaint is set aside and the ACCFA should be included as a party in the "further proceedings" contemplated. No costs.

Paras, C. J., Padilla, Bautista Angelo, Labrador, Concepcion, Reyes, J. B. L., Endencia, Barrera, and Gutierrez David, JJ., concur.

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