

ASTRO ELECTRONICS CORP. AND PETER ROXAS, PETITIONER, VS. PHILIPPINE EXPORT AND FOREIGN LOAN GUARANTEE CORPORATION, RESPONDENT.

G.R. No. 136729. September 23, 2003

Ponente: AUSTRIA-MARTINEZ, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-136729/>

AUSTRIA-MARTINEZ, J.:

Assailed in this petition for review on certiorari under Rule 45 of the Rules of Court is the decision of the Court of Appeals in CA-G.R. CV No. 41274,[1] affirming the decision of the Regional Trial Court (Branch 147) of Makati, then Metro Manila, whereby petitioners Peter Roxas and Astro Electronics Corp. (Astro for brevity) were ordered to pay respondent Philippine Export and Foreign Loan Guarantee Corporation (Philguarantee), jointly and severally, the amount of P3,621,187.52 with interests and costs.

The antecedent facts are undisputed.

Astro was granted several loans by the Philippine Trust Company (Philtrust) amounting to P3,000,000.00 with interest and secured by three promissory notes: PN NO. PFX-254 dated December 14, 1981 for P600,000.00, PN No. PFX-258 also dated December 14, 1981 for P400,000.00 and PN No. 15477 dated August 27, 1981 for P2,000,000.00. In each of these promissory notes, it appears that petitioner Roxas signed twice, as President of Astro and in his personal capacity.[2] Roxas also signed a Continuing Surety ship Agreement in favor of Philtrust Bank, as President of Astro and as surety.[3]

Thereafter, Philguarantee, with the consent of Astro, guaranteed in favor of Philtrust the payment of 70% of Astro's loan,[4] subject to the condition that upon payment by Philguarantee of said amount, it shall be proportionally subrogated to the rights of Philtrust against Astro.[5]

As a result of Astro's failure to pay its loan obligations, despite demands, Philguarantee paid 70% of the guaranteed loan to Philtrust. Subsequently, Philguarantee filed against Astro and Roxas a complaint for sum of money with the RTC of Makati.

In his Answer, Roxas disclaims any liability on the instruments, alleging, inter alia, that he merely signed the same in blank and the phrases "in his personal capacity" and "in his official capacity" were fraudulently inserted without his knowledge.[6]

After trial, the RTC rendered its decision in favor of Philguarantee with the following dispositive portion:

WHEREFORE, in view of all the foregoing, the Court hereby renders judgment in favor or (sic) the plaintiff and against the defendants Astro Electronics Corporation and Peter T. Roxas, ordering the then (sic) to pay, jointly and severally, the plaintiff the sum of P3,621.187.52 representing the total obligation of defendants in favor of plaintiff Philguarantee as of December 31, 1984 with interest at the stipulated rate of 16% per annum and stipulated penalty charges of 16% per annum computed from January 1, 1985 until the amount is fully paid. With costs.

SO ORDERED.[7]

The trial court observed that if Roxas really intended to sign the instruments merely in his capacity as President of Astro, then he should have signed only once in the promissory note.[8]

On appeal, the Court of Appeals affirmed the RTC decision agreeing with the trial court that Roxas failed to explain satisfactorily why he had to sign twice in the contract and therefore the presumption that private transactions have been fair and regular must be sustained.[9]

In the present petition, the principal issue to be resolved is whether or not Roxas should be jointly and severally liable (solidary) with Astro for the sum awarded by the RTC.

The answer is in the affirmative.

Astro's loan with Philtrust Bank is secured by three promissory notes. These promissory notes are valid and binding against Astro and Roxas. As it appears on the notes, Roxas signed twice: first, as president of Astro and second, in his personal capacity. In signing his name aside from being the President of Astro, Roxas became a co-maker of the promissory notes and cannot escape any liability arising from it. Under the Negotiable Instruments Law, persons who write their names on the face of promissory notes are makers,[10] promising that they will pay to the order of the payee or any holder according to its tenor.[11] Thus, even without the phrase "personal capacity," Roxas will still be primarily liable as a joint and several debtor under the notes considering that his intention to be liable as such is manifested by the fact that he affixed his signature on each of the promissory notes twice which necessarily would imply that he is undertaking the obligation in two different capacities, official and personal.

Unnoticed by both the trial court and the Court of Appeals, a closer examination of the signatures affixed by Roxas on the promissory notes, Exhibits "A-4" and "3-A" and "B-4" and "4-A" readily reveals that portions of his signatures covered portions of the typewritten words "personal capacity" indicating with certainty that the typewritten words were already existing at the time Roxas affixed his signatures thus demolishing his claim that the typewritten words were just inserted after he signed the promissory notes. If what he claims is true, then portions of the typewritten words would have covered portions of his signatures, and not vice versa.

As to the third promissory note, Exhibit "C-4" and "5-A", the copy submitted is not clear so that this Court could not discern the same observations on the notes, Exhibits "A-4" and "3-A" and "B-4" and "4-A".

Nevertheless, the following discussions equally apply to all three promissory notes.

The three promissory notes uniformly provide: "FOR VALUE RECEIVED, I/We jointly, severally and solidarily, promise to pay to PHILTRUST BANK or order..."[12] An instrument which begins with "I", "We", or "Either of us" promise to pay, when signed by two or more persons, makes them solidarily liable.[13] Also, the phrase "joint and several" binds the makers jointly and individually to the payee so that all may be sued together for its enforcement, or the creditor may select one or more as the object of the suit.[14] Having signed under such terms, Roxas assumed the solidary liability of a debtor and Philtrust Bank may choose to enforce the notes against him alone or jointly with Astro.

Roxas' claim that the phrases "in his personal capacity" and "in his official capacity" were inserted on the notes without his knowledge was correctly disregarded by the RTC and the Court of Appeals. It is not disputed that Roxas does not deny that he signed the notes twice. As aptly found by both the trial and appellate court, Roxas did not offer any explanation why he did so. It devolves upon him to overcome the presumptions that private transactions are presumed to be fair and regular[15] and that a person takes ordinary care of his concerns.[16] Aside from his self-serving allegations, Roxas failed to prove the truth of such allegations. Thus, said

presumptions prevail over his claims. Bare allegations, when unsubstantiated by evidence, documentary or otherwise, are not equivalent to proof under our Rules of Court.[17]

Roxas is the President of Astro and reasonably, a businessman who is presumed to take ordinary care of his concerns. Absent any countervailing evidence, it cannot be gainsaid that he will not sign document without first informing himself of its contents and consequences. Clearly, he knew the nature of the transactions and documents involved as he not only executed these notes on two different dates but he also executed, and again, signed twice, a "continuing Surety ship Agreement" notarized on July 31, 1981, wherein he guaranteed, jointly and severally with Astro the repayment of P3,000,000.00 due to Philtrust. Such continuing suretyship agreement even re-enforced his solidary liability Philtrust because as a surety, he bound himself jointly and severally with Astro's obligation.[18] Roxas cannot now avoid liability by hiding under the convenient excuse that he merely signed the notes in blank and the phrases "in personal capacity" and "in his official capacity" were fraudulently inserted without his knowledge.

Lastly, Philguarantee has all the right to proceed against petitioner, it is subrogated to the rights of Philtrust to demand for and collect payment from both Roxas and Astro since it already paid the value of 70% of roxas and Astro Electronics Corp.'s loan obligation. In compliance with its contract of "Guarantee" in favor of Philtrust.

Subrogation is the transfer of all the rights of the creditor to a third person, who substitutes him in all his rights.[19] It may either be legal or conventional. Legal subrogation is that which takes place without agreement but by operation of law because of certain acts.[20] Instances of legal subrogation are those provided in Article 1302 of the Civil Code. Conventional subrogation, on the other hand, is that which takes place by agreement of the parties.[21]

Roxas' acquiescence is not necessary for subrogation to take place because the instant case is one of the legal subrogation that occurs by operation of law, and without need of the debtor's knowledge.[22] Further, Philguarantee, as guarantor, became the transferee of all the rights of Philtrust as against Roxas and Astro because the "guarantor who pays is subrogated by virtue thereof to all the rights which the creditor had against the debtor." [23]

WHEREFORE, finding no error with the decision of the Court of Appeals dated December 10, 1998, the same is hereby AFFIRMED in toto.

SO ORDERED.

Bellosillo, (Chairman), Callejo, Sr., and Tinga, JJ., concur.
Quisumbing, J., in the result.

[1] Justice Portia Aliño-Hormachuelos, ponente; JJ. Presbitero J. Velasco, Jr. and Buenaventura J. Guerrero, concurring.

[2] Original Records, pp. 6-8, Exhibits "3", "4" and "5".

[3] Id., pp. 10-13, Exhibit "D".

[4] Id., pp. 14-19, Exhibits "F" and "E".

[5] Id., p. 18.

[6] Id., pp. 62-64.

[7] Id., p. 217; RTC Decision dated July 20, 1989, p. 4.

[8] Ibid.

[9] Rollo, p. 25; CA Decision, p. 7.

[10] Negotiable Instrument Law (Act No. 2031), Section 184.

[11] Id., Section 60.

[12] Supra., Note 2.

[13] Republic Planters Bank vs. Court of Appeals, G.R. No. 93073, December 21, 1992, 216 SCRA 738, 744.

[14] Ibid.

[15] Section 3 (p), Rule 131, Rules of Court; Mendoza vs. Court of Appeals, G.R. No. 116710, June 25, 2001, 412 Phil. 14, 30.

[16] Section 3 (d), Rule 131, Rules of Court.

[17] Coronel vs. Constantino, G.R. No. 121069, February 7, 2003; Manzano vs. Perez, Sr., G.R. No. 112485, August 9, 2001, 362 SCRA 430, 439; Cuizon vs. Court of Appeals, G.R. No. 102096, August 22, 1996, 260 SCRA 645, 669.

[18] E. Zobel, Inc. vs. Court of Appeals, G.R. No. 113931, May 6, 1998, 290 SCRA 1, 8.

[19] Philippine National Bank vs. Court of Appeals, G.R. No. 128661, August 8, 2000, 337 SCRA 381, 404.

[20] Chemphil Import & Export Corp. vs. Court of Appeals, G.R. Nos. 112438-39, December 12, 1995, 251 SCRA 257, 279.

[21] Ibid.

[22] Article 1302, paragraph 3, Civil Code.

[23] Article 2067, Civil Code.

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.