

SPOUSES ANTONIO AND SOLEDAD CONSING, PETITIONERS, VS. COURT OF APPEALS AND SUGAR PRODUCERS COOPERATIVE MARKETING ASSOCIATION, RESPONDENTS.

G.R. No. 143584. March 10, 2004

Ponente: CARPIO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-143584/>

CARPIO, J.:

The Case

Before us is a petition for review[1] of the 29 November 1999 Decision[2] and 5 June 2000 Resolution of the Court of Appeals in CA-G.R. CV No. 41604. The Court of Appeals affirmed the 19 June 1989 Decision[3] of the Regional Trial Court of Negros Occidental, Branch 44, Bacolod City in Civil Case No. 13514.

The Antecedent Facts

Petitioner-spouses Antonio and Soledad Consing (“Antonio and Soledad”) were sugar-farm landowners. Antonio and Soledad mortgaged their properties to the Philippine National Bank (“PNB”) Victorias Branch. Antonio and Soledad also had an annual agricultural crop loan with PNB. A portion of this loan was for a fertilizer line.

Private respondent Sugar Producers’ Cooperative Marketing Association (“SPCMA”) is a cooperative engaged in assisting planters-members procure fertilizer and other farm needs.

In 1975, Antonio and Soledad purchased on credit various grades of fertilizer through SPCMA on the strength of the documents presented by Antonio and Soledad. The documents consisted of a certification issued by PNB and a promissory note chargeable against PNB. The certification of PNB stated that Antonio and Soledad “have a 1975-76 Agricultural Crop Loan line of P3,907,000.00 out of which has [sic] a Fertilizer allotment of P1,389,400.00,” and that PNB would hold for SPCMA’s account the proceeds of said allotment “as soon as the same has been processed and approved by us.” The promissory note was for P481,660.52, payable to the order of PNB as payment for the anticipated fertilizer allotment.

When SPCMA presented the promissory note, PNB refused to honor the note as Antonio and Soledad no longer had a fertilizer line with PNB.

On 8 November 1977, SPCMA filed a complaint for collection of sum of money against Antonio and Soledad with the Regional Trial Court of Negros Occidental, Bacolod City.

On 19 June 1989, the trial court ruled in favor of SPCMA.

Dissatisfied with the decision of the trial court, Antonio and Soledad appealed to the Court of Appeals.

On 29 November 1999, the Court of Appeals affirmed the decision of the trial court. On 5 June 2000, the Court of Appeals denied Antonio and Soledad’s motion for reconsideration.

The Ruling of the Trial Court

We quote in full the two-page decision of the trial court, as follows:

Before this Court is a complaint for sum of money filed by plaintiff Sugar Producers' Cooperative Marketing Association, Inc., and against defendant-spouses Antonio and Soledad Consing.

The record shows that sometime in 1975, defendant-spouses purchased on account various grades of fertilizers from plaintiff cooperative, as shown in Exhibits "B", "C", "D", "E", "F", "G", "H", and "I". The total purchase price of which was P544,054.00 as shown in Exhibit "K". Defendant-spouses however failed to pay their obligation to plaintiff, hence the present suit.

On the other hand, the defendant-spouses in their answer, admit their indebtedness with plaintiff regarding the cost of fertilizers but deny the accuracy of the account, other charges and expenses alleged in the complaint. That the promissory note executed by defendant-spouses in favor of plaintiff was novated by a subsequent agreement.

It appears that defendant-spouses had a 1975-76 Agricultural Sugar Crop Loan Line of P3,907,000.00, with the Philippine National Bank, with a Fertilizer allotment of P1,389,400.00, as shown in Exhibit "A". That on the strength of the assurance of defendant-spouses by presenting the Philippine National Bank Certification (Exh. A), and Promissory Note (Exh. "J"), plaintiff delivered voluminous fertilizers of various grades to defendants, as shown in Exhibits "B", "C", "D", "E", "F", "G", "H" and "I". That when plaintiff presented for payment the Promissory Note to the Philippine National Bank, the said note was dishonored by the bank for reason that defendants have no more fertilizer line out of their alleged agricultural crop loan with the Philippine National Bank. When plaintiff demanded payment from defendant-spouses, the latter offered some temporary payment arrangement with the plaintiff (Exh. "O") by assigning one truck load of sugarcane daily, which defendants failed to comply. That as of April 30, 1983, the total obligations due to plaintiff by defendant-spouses amounted to P1,243,325.25, as shown in Exhibit "Q".

WHEREFORE, premises considered, the Court hereby renders judgment, ordering defendant spouses Antonio and Soledad Consing to be jointly and severally liable to pay the plaintiff SPCMA the sum of P1,243,325.25 with legal rate of interest from November 8, 1977, date of the filing of the complaint until fully paid; ordering defendant-spouses Antonio and Soledad Consing to pay plaintiff SPCMA jointly and severally 10% of the total unpaid obligation as attorney's fees; and to pay the costs of this suit.

SO ORDERED. [4]

The Ruling of the Court of Appeals

The Court of Appeals ruled that based on the documentary evidence, Antonio and Soledad were the purchasers in the transaction. Antonio signed the Fertilizer Order. Antonio bound himself and his wife, Soledad, to pay or reimburse SPCMA for the price, including delivery expenses and taxes, of the fertilizers. The invoices, delivery order and record of deliveries bear the name of Antonio as the recipient or transferee of the goods. None of these actionable documents, the genuineness and due execution of which Antonio and Soledad did not controvert, show that PNB assumed responsibility for Antonio and Soledad's obligations.

The Court of Appeals held that PNB was not the guarantor or surety of Antonio and Soledad. Citing Article 2055 of the Civil Code, the Court of Appeals ruled that a guaranty cannot be presumed but must be express. The PNB certification does not show that PNB guaranteed the transaction as the certification merely embodied the following undertaking:

In this connection, we will hold for your account after we have been duly informed of any fertilizer advances you may have extended to Judge & Mrs. Antonio Consing for the 1976-77 crop against his fertilizer allotment for this aforementioned 1976-77 as soon as the same has been processed and approved by us.[5]

The dispositive portion of the decision of the Court of Appeals reads:

WHEREFORE, finding no reversible error in the appealed decision, the same is hereby AFFIRMED.

SO ORDERED.[6]

The Court of Appeals denied the motion for reconsideration of Antonio and Soledad as it saw no cogent reason to set aside its decision. The dispositive portion of the appellate court's resolution reads:

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

SO ORDERED.[7]

The Issues

Antonio and Soledad raise the following issues in their memorandum:

- THE COURT OF APPEALS GROSSLY ERRED IN HOLDING THAT PETITIONERS ARE LIABLE FOR THE CLAIM OF PRIVATE RESPONDENT, IT BEING PHILIPPINE NATIONAL BANK, WHICH IS PRIMARILY LIABLE THEREFOR.
- THE COURT OF APPEALS GRAVELY ERRED IN ORDERING PETITIONERS TO PAY PRIVATE RESPONDENT P1,243,325.25 WITH LEGAL INTERESTS FROM NOVEMBER 8, 1977, THE DATE OF FILING OF THE COMPLAINT, AS THIS WILL AMOUNT TO DOUBLE IMPOSITION OF INTERESTS.[8]

On the other hand, SPCMA believes that the issues for resolution are as follows:

- WHETHER THE TRIAL COURT, WHICH TRIED AND DECIDED THE CASE ON THE MERITS AND THE COURT OF APPEALS WHICH AFFIRMED ITS DECISION, ERRED IN HOLDING THAT THE PETITIONERS ARE LIABLE FOR THE CLAIM OF SPCMA AMOUNTING TO P1,243,325.25 WITH THE LEGAL RATE OF INTEREST FROM NOVEMBER 8, 1977 UNTIL FULLY PAID;
- WHETHER PETITIONERS ARE ALLOWED TO CHANGE THEIR THEORY OF THE CASE ON APPEAL;
- WHETHER THE FINDINGS OF FACT OF THE TRIAL COURT AND THE COURT OF APPEALS WHICH AFFIRMED ITS DECISION ARE BINDING ON THE SUPREME COURT;
- WHETHER THE INSTANT PETITION FOR REVIEW IS PRO FORMA. HAVING FAILED TO COMPLY WITH THE 1997 RULES OF PROCEDURE, AS AMENDED, REQUIRING THAT THE PETITION SHALL BE ACCOMPANIED BY CERTIFIED TRUE COPIES, AMONG OTHERS, OF ALL PERTINENT PLEADINGS AND DOCUMENTS (RULE 65, SEC. 1).[9]

The Ruling of the Court

The petition is without merit.

Petition Complies with the Requirements of the Rules of Court

SPCMA moves for the outright dismissal of the petition on the ground that it failed to comply with the 1997 Rules of Court requiring petitions for review under Rule 45 to be accompanied by certified true copies of "all pleadings and documents pertinent thereto."

We disagree. In *Cadayona v. Court of Appeals*,^[10] we held that in appeals by certiorari under Rule 45,^[11] what the rules require is a certified true copy of the questioned judgment, final order or resolution.

The present petition is accompanied by the certified true copies of the decision of the trial court and the decision and resolution of the Court of Appeals. The petition therefore does not suffer from any infirmity.

Decision of the Regional Trial Court Failed to State the Legal Basis of its Ruling

Antonio and Soledad draw our attention to the two-page decision of the trial court penned by Judge Cicero U. Querubin (“Judge Querubin”). While Judge Querubin mentioned his factual findings, the legal basis of his ruling is not set out in the decision. Judge Querubin failed to meet faithfully the requirement demanded by the Constitution from the courts in rendering their decisions.

Section 14, Article VIII of the Constitution declares that:

Sec. 14. No decision shall be rendered by any court without expressing therein clearly and distinctly the facts and the law on which it is based.

No petition for review or motion for reconsideration of a decision of the court shall be refused due course or denied without stating the legal basis therefor. (Emphasis supplied)

The court must inform the parties to a case of the legal basis for the court’s decision so that if a party appeals, it can point out to the appellate court the points of law to which it disagrees.[12] Every judge should know the constitutional mandate and the rationale behind it. Judge Querubin should have known the exacting standard imposed on courts by Section 14, Article VIII of the Constitution and should not have sacrificed the constitutional standard for brevity’s sake.

The failure of the trial court decision to measure up to the standard set by the Constitution is too gross to ignore as it is in stark contrast to the Court of Appeals’ decision. The Court of Appeals’ decision, while also brief, being only three pages long, laid down the factual and legal reasons why Antonio and Soledad are the ones liable to SPCMA, and not PNB. The Court of Appeals’ discussion of the merits of this case enabled the parties to pinpoint the proper issues that we now review.

Antonio and Soledad are Solely Liable for the Value of the Fertilizers they Purchased on Credit through SPCMA

We find no ground to overturn the factual finding of the trial court and Court of Appeals. The records support the trial and appellate courts’ finding that Antonio and Soledad purchased on credit the fertilizers through SPCMA. The obligation to pay is solely that of Antonio and Soledad’s since they failed to prove that PNB was their guarantor or surety.

We will not allow Antonio and Soledad to adopt a new defense at this very late stage of the case. To permit them to do so would not only be unfair to the other party but it would also be offensive to the basic rules of fair play, justice and due process.[13] Thus, we will not delve into Antonio and Soledad’s new claim that PNB should be liable to SPCMA because PNB managed their farm. The fact that Antonio and Soledad are introducing this unsubstantiated claim for the very first time is proof that this defense is just an afterthought.

Total Amount Due to SPCMA

Antonio and Soledad contest the P1,243,325.25 and the legal interest the trial and appellate courts awarded to SPCMA. Antonio and Soledad argue that the total claim of SPCMA in its complaint amounted to only P607,950.49, which is the value of the unpaid fertilizers. The P607,950.49 should have been the basis of the award and not the P1,243,325.25 which already includes the principal, interest, liquidated damages and attorney’s fees. Antonio and Soledad insist that there was a double imposition of interest when the trial and appellate courts

ordered them to pay SPCMA P1,243,325.25 with legal interest from 8 November 1977, the date of filing of the complaint until full payment. Antonio and Soledad implore us to correct this reversible error.

Antonio and Soledad raised the issue of double imposition of interest in their appeal before the Court of Appeals but the appellate court did not pass upon this issue. We modify the award made by the trial and appellate courts. We do not base our modification of the decisions of the two courts on Antonio and Soledad's theory of double imposition of interest, but on the ground that the trial and appellate courts awarded attorney's fees twice. We also clarify the imposition of legal interest.

The records reveal that as of 30 April 1983, the total claim of SPCMA against Antonio and Soledad is P1,243,325.25.[14] While SPCMA alleged in the complaint that the unpaid fertilizer account of Antonio and Soledad was P607,950.49, SPCMA however further alleged in the complaint that:

it has been stipulated that in case of delay in the payment of the aforesaid obligation, defendants [Antonio and Soledad] shall pay plaintiff [SPCMA], aside from the rate of 1% per month from the date said obligation became overdue, another sum equivalent to twenty five (25%) percent of the amount as attorney's fees and expenses of collection plus (10%) percent of the indebtedness as liquidated damages which, in either case, shall not be less than P250 in addition to the costs of litigation.[15]

The terms and conditions of the contract embodied in the Fertilizer Order are also clear. Antonio, on behalf of Soledad, agreed to the following terms:

I hereby agree and firmly bind myself to pay or reimburse the Sugar Producer's Marketing Association, Inc., the prices for which these fertilizers have been contracted for plus handling and delivery expenses, taxes and all other charges, incidental or otherwise, it being agreed and hereby stipulated that my fertilizer account shall automatically become overdue if not paid on actual delivery of the fertilizer ordered if delivery is made in full and on actual delivery of each part of the whole order, if delivery is partially made, it being further agreed and likewise hereby stipulated that interest at the rate of one (1%) per cent a month shall be charged on all my overdue accounts beginning or effective from the date when my aforesaid fertilizer accounts shall be considered as automatically overdue. Notification, correspondence or other communications from the Sugar Producer's Marketing Association, Inc., to the corresponding planter or planters' association shall be considered and accepted as notification to the undersigned planter himself and any act, gesture or representation by the planters association shall be considered as the personal actuations, gesture or representation by the undersigned planter himself.

xxx

In the event of the planter's failure to pay the herein fertilizer account together with the corresponding expenses, taxes and other charges as they are considered as automatically due, the planter hereby binds himself to further pay the Sugar Producer's Marketing Association, Inc., an additional sum equivalent to twenty-five (25%) per cent of the total amount due, for and as attorney's fees plus 10% of the indebtedness as liquidated damages, in either case not to be less than P250.00 in addition to costs of collection or suit irrespective of whether the case is settled judicially or extrajudicially. xxx[16] (Emphasis ours)

Antonio and Soledad did not only bind themselves to pay the principal amount, they also promised to pay (1) the interest of 1% per month on all the overdue accounts, (2) the additional sum of 25% of the total amount due as attorney's fees, and (3) 10% of the indebtedness as liquidated damages which, in either case, shall not be less than P250. Since Antonio and Soledad freely entered into the contract, the stipulations in the contract are binding on them.

The law allows a party to recover attorney's fees under a written agreement. Article 2208 of the Civil Code provides that an award of attorney's fees is proper if the parties stipulate it.[17] The parties in this case agreed in

writing that Antonio and Soledad are liable for 25% attorney's fees. The total amount finally adjudged by the trial and appellate courts, which is P1,243,325.25, already includes the stipulated 25% attorney's fees. Yet, the trial and appellate courts still made another award of 10% attorney's fees.

We delete the separate award of 10% attorney's fees, as there is no basis in awarding attorney's fees twice. The trial and appellate courts also failed to lay down the legal and equitable reasons for the second award of attorney's fees. The second award of attorney's fees, which the parties did not stipulate, is not one of those cases enumerated in Article 2208 that would justify the award of attorney's fees.

The trial and appellate courts imposed legal interest on the P1,243,325.25 without specifying the legal rate of interest. In *Eastern Shipping Lines, Inc. v. Court of Appeals* ("Eastern Shipping"),^[18] we laid down the following guidelines on the imposition of legal interest:

- When an obligation, regardless of its source, i.e., law, contracts, quasi-contracts, delicts or quasi-delicts is breached, the contravenor can be held liable for damages. The provisions under Title XVII on "Damages" of the Civil Code govern in determining the measure of recoverable damages.
- With regard particularly to an award of interest in the concept of actual and compensatory damages, the rate of interest, as well as the accrual thereof, is imposed, as follows:
 - When the obligation is breached, and it consists in the payment of a sum of money, i.e., a loan or forbearance of money, the interest due is that which may have been stipulated in writing. Furthermore, the interest due shall itself earn legal interest from the time it is judicially demanded. In the absence of stipulation, the rate of interest shall be 12% per annum to be computed from default, i.e., from judicial or extrajudicial demand under and subject to the provisions of Article 1169 of the Civil Code.
 - When an obligation, not constituting a loan or forbearance of money, is breached, an interest on the amount of damages awarded may be imposed at the discretion of the court at the rate of 6% per annum xxx
 - When the judgment of the court awarding a sum of money becomes final and executory, the rate of legal interest, whether the case falls under paragraph 1 or paragraph 2, above, shall be 12% per annum from such finality until its satisfaction, this interim period being deemed to be by then an equivalent to a forbearance of credit.

The obligation in this case is not a loan or forbearance of money, but one that involves a contract where SPCMA did not receive full payment for the fertilizers that it purchased for Antonio and Soledad. Based on Article 2210 of the Civil Code^[19] and *Eastern Shipping*, the court in its discretion may award interest at the rate of 6% per annum on the amount of damages.

We, however, find no ground to impose a legal interest of 6% per annum on the amount of damages awarded in this case.^[20] Antonio and Soledad and SPCMA had already agreed in writing that all of the overdue accounts of Antonio and Soledad should earn interest at the rate of 1% per month or 12% per annum. SPCMA also made provisions for Antonio and Soledad's payment of 25% attorney's fees and 10% liquidated damages in case of their default. SPCMA has undoubtedly amply protected itself.

The stipulated interest in this case is 1% per month or 12% per annum. As of 30 April 1983, the total account of Antonio and Soledad amounted to P1,243,325.25. From then on, the P1,243,325.25 should have earned the stipulated interest of 1% per month or 12% per annum.

Once the judgment in this case becomes final and executory and the amount adjudged is still not satisfied, legal interest at the rate of 12% per annum can then apply until full payment. The rate of 12% per annum is proper because the "interim period from the finality of judgment awarding a monetary claim and until payment thereof,

is deemed to be equivalent to a forbearance of credit.”[21] The actual base for the computation of this 12% interest is the amount due upon finality of this decision.[22]

WHEREFORE, the appealed Decision dated 29 November 1999 of the Court of Appeals in CA-G.R. CV No. 41604 is AFFIRMED with MODIFICATION. Petitioners Antonio and Soledad Consing are ordered to pay P1,243,325.25 to Sugar Producer’s Cooperative Marketing Association, Inc. with interest at 1% per month or 12% per annum counted from 30 April 1983 until the finality of this decision. After this decision becomes final and executory, interest at 12% per annum shall be additionally imposed on the total obligation until full payment. No costs.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Ynares-Santiago, and Azcuna, JJ., concur.
Panganiban, J., on official leave.

[1] Under Rule 45 of the 1997 Rules of Court.

[2] Penned by Associate Justice Conchita Carpio Morales with Associate Justices Bernardo P. Abesamis and Edgardo P. Cruz, concurring.

[3] Penned by Judge Cicero U. Querubin.

[4] Rollo, pp. 30-31.

[5] Ibid., p. 23.

[6] Ibid.

[7] Ibid., p. 26.

[8] Ibid., pp. 75-76.

[9] Ibid., p. 83.

[10] 381 Phil. 619 (2000).

[11] Governing appeals by certiorari from the Court of Appeals to the Supreme Court.

[12] *People v. Bugarin*, 339 Phil. 570 (1997).

[13] *Cruz v. Court of Appeals*, G.R. No. 108738, 17 June 1994, 233 SCRA 301.

[14] Records, pp. 18-19.

[15] Ibid., p.2.

[16] Exhibits B-2 and B-3, *ibid.*

[17] ART. 2208. In the absence of stipulation, attorney’s fees and expenses of litigation, other than judicial costs, cannot be recovered except:

- (1) When exemplary damages are awarded;
- (2) When the defendant’s act or omission has compelled the plaintiff to litigate with third persons or to incur expenses to protect his interest;
- (3) In criminal cases of malicious prosecution against the plaintiff;

- (4) In case of a clearly unfounded civil action or proceeding against the plaintiff;
- (5) Where the defendant acted in gross and evident bad faith in refusing to satisfy the plaintiff's plainly valid, just and demandable claim;
- (6) In actions for legal support;
- (7) In actions for the recovery of wages of household helpers, laborers and skilled workers;
- (8) In actions for indemnity under workmen's compensation and employer's liability laws;
- (9) In a separate civil action to recover civil liability arising from a crime;
- (10) When at least double judicial costs are awarded;
- (11) In any other case where the court deems it just and equitable that attorney's fees and expenses of litigation should be recovered.

In all cases, the attorney's fees and expenses of litigation must be reasonable.

[18] G.R. No. 97412, 12 July 1994, 234 SCRA 78.

[19] ART. 2210. Interest may, in the discretion of the court, be allowed upon damages awarded for breach of contract.

[20] See *General Enterprises, Inc. v. Lianga Bay Logging Co., Inc.*, 120 Phil. 720 (1964).

[21] *Eastern Shipping Lines, Inc. v. Court of Appeals*, supra, note 18.

[22] See *Vicente v. Planters Development Bank*, G.R. No. 136112, 28 January 2003.

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.