

CAGAYAN VALLEY TOBACCO COMPANY, PLAINTIFF AND APPELLEE, VS. JUAN MOLINA MARTELL ET AL., DEFENDANTS AND APPELLANTS.

G. R. No. 15412. December 15, 1920

Ponente: STREET, J.

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STREET, J.:

This action was instituted in the Court of First Instance of the Province of Cagayan by the Cagayan Valley Tobacco Company for the purpose of compelling the defendants, Juan Molina Martell and Fernando Molina Martell, to pay a promissory note of the following tenor:

"Tuguegarao, April 29, 1910. One day after date we promise to pay to the order of Cagayan Valley Tobacco Company Nine Hundred Pesos at twelve per cent per annum. Value received. Juan de Molina Martell, Fernando Molina."

The defendants admit that they signed the note and also that they received the sum of P900 from one C. F. Humphrey upon the occasion when their signatures were affixed to the note. They claim, however, that the note was signed by them in the belief, and upon the representation of said Humphrey, that it was a mere receipt, acknowledging the payment of said P900, a sum alleged to be due to them upon the purchase price of some land which they had sold. The trial judge found this contention to be supported by the evidence, and he accordingly held that the note in question was null. Instead, however, of absolving the defendants from the complaint, he declared that, in accordance with the precept of article 1303 of the Civil Code, the defendants were obliged to restore to the Cagayan Valley Tobacco Company the sum of P900 which they had received, with interest, and he accordingly gave judgment against them in this sense. From this judgment the defendants appealed.

It appears in evidence that on March 13, 1910, the defendants sold four parcels of land to C. F. Humphrey, for an agreed price of P5,000, of which the sum of only P5 was paid in cash. It was agreed that the balance of P4,995 should be paid later when certain conditions relative to the registration of the land should be fulfilled. In the month of April of the same year the defendants applied to Humphrey for a further payment upon the price of the land and received from him the sum of P900. Upon receiving this money a document was presented to them, which they signed, upon being told that it was a receipt for the money which had been paid to them. Instead of being a receipt, however, the document thus signed turns out to be the note which is the subject of this action. As will be seen, the note in question is written in English, a language with which the defendants are unfamiliar, and their knowledge of its contents was limited to the information given them by Humphrey.

Shortly prior to the transactions which gave rise to the present litigation, the Cagayan Valley Tobacco Company had been organized as a corporation under the laws of the United States; and in the month of April, 1910, said corporation was engaged in business in the Province of Cagayan. The exact relation of Humphrey to this company is not revealed in the record, though it may be assumed that he was one of its promoters. The defendants considered him to be a representative of the company and apparently thought that in selling the land to Humphrey

they were selling it to the Cagayan Valley Tobacco Company. The deed of sale, however, shows that Humphrey was the real purchaser. The trial judge found that the ₱900 which was paid to the defendants at the time they signed the note in question was the money of the Cagayan Valley Tobacco Company. There seems to be nothing in the record to support this finding except the inference which may be drawn from the tenor of the note itself and the circumstance that the defendants considered Humphrey and the company to be in effect one and the same person. In the view we take of the case, the point is not vital.

We are of the opinion that the trial judge was right in finding that the defendants were misled as to the nature of the document signed by them. Their testimony appears to be credible, considering the circumstances surrounding the transaction, and the deposition of Humphrey, who alone could have refuted their version of the facts, was not taken. The controlling facts in the case then are: (1) That the defendants had sold four parcels of land to Humphrey for ₱5,000, none of which had been paid except the petty sum of ₱5; (2) that upon April 29, 1910, a further sum of ₱900 was delivered by Humphrey to the defendants in further part payment of the purchase price; (3) that upon this occasion they were asked to sign a receipt for said money and were thereby misled into signing the note now before us.

Upon this state of facts it is evident that the real transaction was solely with Humphrey and that the Cagayan Valley Tobacco Company was in no sense a party thereto. It follows that the document sued upon in this case, which purports to be a note, does not truly state the agreement between the parties and created no obligation on the part of the defendants. At any time after this note had been delivered, the defendants could have come into court and procured its reformation to the end that it might truly state the nature of the transaction which gave origin to it. There is nothing to show that Humphrey in fact used the money of the Cagayan Valley Tobacco Company; and even supposing that he did wrongfully use the money of that company, there is nothing to show that the defendants were aware that the funds of the company were being misappropriated. It results that no juridical relation existed, or was intended to be created, between the Cagayan Valley Tobacco Company and the defendants. For this reason we consider article 1303 of the Civil Code inapplicable. The note in question is a mere effigy, and created no pact or contract between the parties whose names appear therein. The Cagayan Valley Tobacco Company was a stranger to the actual transaction, and no action of nullity was necessary to relieve the defendants from the bond which was apparently, though not in fact, created by it.

We may add that the solution of the case is not in our opinion affected by the circumstance that the purchase price of the land which the defendants had sold was not presently due at the time they received the ₱900 in question, as it was entirely competent for Humphrey to waive the conditions which would at that time have prevented the collection of the debt in a legal action.

The judgment is reversed, and the defendants are absolved from the complaint, with costs of both instances against the appellee. So ordered.

Mapa, C. J., Araullo, Malcolm and Avanceña, JJ., concur.

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