

BANK OF THE PHILIPPINE ISLANDS, PETITIONER, VS. GREGORIO C. ROXAS, RESPONDENT.

G.R. No. 157833. October 15, 2007

Ponente: SANDOVAL-GUTIERREZ, J.

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SANDOVAL-GUTIERREZ, J.:

For our resolution is the instant Petition for Review on Certiorari assailing the Decision[1] of the Court of Appeals (Fourth Division) dated February 13, 2003 in CA-G.R. CV No. 67980.

The facts of the case, as found by the trial court and affirmed by the Court of Appeals, are:

Gregorio C. Roxas, respondent, is a trader. Sometime in March 1993, he delivered stocks of vegetable oil to spouses Rodrigo and Marissa Cawili. As payment therefor, spouses Cawili issued a personal check in the amount of P348,805.50. However, when respondent tried to encash the check, it was dishonored by the drawee bank. Spouses Cawili then assured him that they would replace the bounced check with a cashier's check from the Bank of the Philippine Islands (BPI), petitioner.

On March 31, 1993, respondent and Rodrigo Cawili went to petitioner's branch at Shaw Boulevard, Mandaluyong City where Elma Capistrano, the branch manager, personally attended to them. Upon Elma's instructions, Lita Sagun, the bank teller, prepared BPI Cashier's Check No. 14428 in the amount of P348,805.50, drawn against the account of Marissa Cawili, payable to respondent. Rodrigo then handed the check to respondent in the presence of Elma.

The following day, April 1, 1993, respondent returned to petitioner's branch at Shaw Boulevard to encash the cashier's check but it was dishonored. Elma informed him that Marissa's account was closed on that date.

Despite respondent's insistence, the bank officers refused to encash the check and tried to retrieve it from respondent. He then called his lawyer who advised him to deposit the check in his (respondent's) account at Citytrust, Ortigas Avenue. However, the check was dishonored on the ground "Account Closed."

On September 23, 1993, respondent filed with the Regional Trial Court, Branch 263, Pasig City a complaint for sum of money against petitioner, docketed as Civil Case No. 63663. Respondent prayed that petitioner be ordered to pay the amount of the check, damages and cost of the suit.

In its answer, petitioner specifically denied the allegations in the complaint, claiming that it issued the check by mistake in good faith; that its dishonor was due to lack of consideration; and that respondent's remedy was to sue Rodrigo Cawili who purchased the check. As a counterclaim, petitioner prayed that respondent be ordered to pay attorney's fees and expenses of litigation.

Petitioner filed a third-party complaint against spouses Cawili. They were later declared in default for their failure to file their answer.

After trial, the RTC rendered a Decision, the dispositive portion of which reads:

WHEREFORE, in view of the foregoing premises, this Court hereby renders judgment in favor of herein plaintiff and orders the defendant, Bank of the Philippine Islands, to pay Gerardo C. Roxas:

1.)

The sum of P348,805.50, the face value of the cashier's check, with legal interest thereon computed from April 1, 1993 until the amount is fully paid;

2.)

The sum of P50,000.00 for moral damages;

3.)

The sum of P50,000.00 as exemplary damages to serve as an example for the public good;

4.)

The sum of P25,000.00 for and as attorney's fees; and the

5.)

Costs of suit.

As to the third-party complaint, third-party defendants Spouses Rodrigo and Marissa Cawili are hereby ordered to indemnify defendant Bank of the Philippine Islands such amount(s) adjudged and actually paid by it to herein plaintiff Gregorio C. Roxas, including the costs of suit.

SO ORDERED.

On appeal, the Court of Appeals, in its Decision, affirmed the trial court's judgment.

Hence, this petition.

Petitioner ascribes to the Court of Appeals the following errors: (1) in finding that respondent is a holder in due course; and (2) in holding that it (petitioner) is liable to respondent for the amount of the cashier's check.

Section 52 of the Negotiable Instruments Law provides:

SEC. 52. What constitutes a holder in due course. – A holder in due course is a holder who has taken the instrument under the following conditions:

(a)

That it is complete and regular upon its face;

(b)

That he became the holder of it before it was overdue and without notice that it had been previously dishonored, if such was the fact;

(c)

That he took it in good faith and for value;

(d)

That at the time it was negotiated to him, he had no notice of any infirmity in the instrument or defect in the title of person negotiating it.

As a general rule, under the above provision, every holder is presumed prima facie to be a holder in due course. One who claims otherwise has the onus probandi to prove that one or more of the conditions required to constitute a holder in due course are lacking. In this case, petitioner contends that the element of “value” is not present, therefore, respondent could not be a holder in due course.

Petitioner’s contention lacks merit. Section 25 of the same law states:

SEC. 25. Value, what constitutes. – Value is any consideration sufficient to support a simple contract. An antecedent or pre-existing debt constitutes value; and is deemed as such whether the instrument is payable on demand or at a future time.

In *Walker Rubber Corp. v. Nederlandsch Indische & Handelsbank, N.V. and South Sea Surety & Insurance Co., Inc.*,^[2] this Court ruled that value “in general terms may be some right, interest, profit or benefit to the party who makes the contract or some forbearance, detriment, loan, responsibility, etc. on the other side.” Here, there is no dispute that respondent received Rodrigo Cawili’s cashier’s check as payment for the former’s vegetable oil. The fact that it was Rodrigo who purchased the cashier’s check from petitioner will not affect respondent’s status as a holder for value since the check was delivered to him as payment for the vegetable oil he sold to spouses Cawili. Verily, the Court of Appeals did not err in concluding that respondent is a holder in due course of the cashier’s check.

Furthermore, it bears emphasis that the disputed check is a cashier’s check. In *International Corporate Bank v. Spouses Gueco*,^[3] this Court held that a cashier’s check is really the bank’s own check and may be treated as a promissory note with the bank as the maker. The check becomes the primary obligation of the bank which issues it and constitutes a written promise to pay upon demand. In *New Pacific Timber & Supply Co. Inc. v. Señeris*,^[4] this Court took judicial notice of the “well-known and accepted practice in the business sector that a cashier’s check is deemed as cash.” This is because the mere issuance of a cashier’s check is considered acceptance thereof.

In view of the above pronouncements, petitioner bank became liable to respondent from the moment it issued the cashier’s check. Having been accepted by respondent, subject to no condition whatsoever, petitioner should have paid the same upon presentment by the former.

WHEREFORE, the petition is DENIED. The assailed Decision of the Court of Appeals (Fourth Division) in CA-G.R. CV No. 67980 is AFFIRMED. Costs against petitioner.

SO ORDERED.

Puno, C.J., (Chairperson), Corona, Azcuna, and Garcia, JJ., concur.

[1]Rollo, pp. 36-44. Penned by Associate Justice Martin S. Villarama, Jr. and concurred in by Associate Justice Godardo A. Jacinto (retired) and Associate Justice Mario L. Guariña.

[2] 105 Phil. 934 (1959).

[3] 404 Phil. 353 (2001).

[4] G.R. No. 41764, December 19, 1980, 101 SCRA 686.

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