

THE PHILIPPINE NATIONAL BANK, PLAINTIFF AND APPELLANT, VS. JOAQUIN GARCIA, EUSEBIO RAMIREZ, RAFAEL LOPEZ, AND NIEVES CALLEJAS, DEFENDANTS AND APPELLEES.

G.R. No. 23175. March 18, 1925

Ponente: VILLAMOR, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-23175/>

VILLAMOR, J.:

The judgment appealed from contains a statement of the pertinent facts in this action and to make the case clear, the same is here inserted. It reads thus:

"This is an action for the recovery of the sum of P61,000, with legal interest thereon and costs. It was instituted against Joaquin Garcia, Eusebio Ramirez, Rafael Lopez, and Nieves Callejas, as follows: Against Joaquin Garcia, as sheriff, for while he had in his hands the sum of P61,365.67, the proceeds of an execution issued in cases Nos. 17547 and 17709 of this court, entitled Vicente Sotelo y Matti and Manila Oil Refining Co., Inc., vs. Eduardo Campos, the Philippine National Bank, the herein plaintiff, filed a written claim with said sheriff, asking for the payment to it of said amount, on the ground therein alleged, to wit, that the amount the plaintiffs in cases Nos. 17547 and 17709 had the right to recover of the defendant Eduardo Campos was given as a security for the debt owing from the Manila Oil Refining & By-Products Co., Inc., to said Philippine National Bank; and that notwithstanding said claim, the said sheriff paid the aforementioned sum of P61,365.67 to the Manila Oil Refining & By-products Co., Inc., upon the giving of a bond by the latter corporation. And against the defendants Eusebio Ramirez, Rafael Lopez, and Nieves Callejas, this action was instituted because they were the sureties who executed the bond given to secure the claim of the Philippine National Bank in an amount equivalent to the said sum of P61,365.67.

"Subsequent to said claim of the Philippine National Bank, a judgment was rendered against the Manila Oil Refining & By-Products Co., Inc., for the sum of P61,000, with interest thereon at 12 per cent per annum from November 1, 1920, plus 10 per cent thereon as penalty and costs in case No. 19774 of this court, brought by said Philippine National Bank against the Manila Oil Refining and By-Products Co., Inc.

"Now the question in this case is whether or not the bond given by the defendants Eusebio Ramirez, Rafael Lopez, and Nieves Callejas is so effective that a judgment can be rendered against them in the sum of P61,000 claimed by said bank, in view of the fact that the execution issued in said case No. 19774 against the Manila Oil Refining & By-Products Co., Inc., was returned unsatisfied.

"The Philippine National Bank has attempted to prove that the Manila Oil Refining & By-Products Co., Inc., owed it the aforesaid sum of P51,000, covered by the judgment in case No. 19774, which is the value of the note marked Exhibit C signed May 8, 1920, by Vicente Sotelo and Rafael Lopez, manager and treasurer, respectively, of the Manila Oil Refining & By-Products Co., Inc., for the said sum of P61,000, payable on demand. The bank has also attempted to prove that said note was secured with the amount of the judgment rendered in said cases Nos. 17547 and 17709 against the defendant Eduardo Campos, who was sentenced to pay Vicente Sotelo Matti and Manila Oil Refining & By-Products Co., Inc., plaintiffs in said two cases, the sum of P69,436.24; that the security aforementioned is stated in the letter dated April 21, 1920, which was sent

by Sotelo Matti, manager of the Manila Oil Refining & By-Products Co., Inc., to the president of the Philippine National Bank; and that said security was accepted by the president of said banking institution.

"The trial court, after hearing the evidence of the bank and of the herein defendants, finds that the note Exhibit C was executed in order to pay or substitute the notes Exhibits 1 and 2, which had already matured and which were for P16,000 and P45,000, respectively; that said note Exhibit C was not secured with the amount of the judgment obtained against Eduardo Campos, for, while said security was offered in the letter marked Exhibit A in case No. 19774, it was not accepted by the president of the bank, Mr. Venancio Concepcion, as was expressly testified to by Mr. Vicente Sotelo Matti. Mr. Venancio Concepcion, on the other hand, has testified that he does not remember having accepted the aforesaid security and that he rather believes that it was not accepted by him, because had it been approved by him he should have placed his O. K. on the same letter Exhibit A, as it was his practice to do, or attached thereto a note of the conditions by him imposed.

"No document was executed, evidencing the security offered in Exhibit A, nor does there exist any written evidence to show that said security was accepted and approved.

"These being the facts, which the court finds proven, the bank had no right to demand from the sheriff the payment of the sum of P61,365.67, the proceeds of the execution in the two cases Nos. 17709 and 17547, and therefore the bond given by the herein defendants was entirely useless.

"The complaint is finally dismissed without special pronouncement as to costs."

The appellant assigns seven errors as grounds for his appeal; but we do not deem it necessary to discuss them one by one, for in our opinion the decision of the case depends only upon whether or not the security offered by the defendant Manila Oil Refining & By-Products Co., Inc., to the plaintiff bank was accepted.

We have examined the record before us, and find that the testimony of Mr. Gaskell about the acceptance of said security is insufficient to overthrow the testimony of Messrs. Vicente Sotelo Matti and Venancio Concepcion, then the president of the Philippine National Bank.

Outside of the declaration of Mr. Gaskell, no evidence whatever was presented to prove the acceptance of said security. In no document pertaining to the appellant bank was any note or memorandum whatever made that the president of the bank had accepted said security. Neither does Exhibit A which is the letter from Mr. Vicente Sotelo Matti, president of the defendant company, in which he offered said security, bear any mark whatever of it having been accepted by the president of the bank.

Appellant argues that there was no valid reason for the renewal of the two notes, Exhibits 1 and 2, and their merger into Exhibit C, which is a note for P61,000, the total value of the two Exhibits 1 and 2, payable upon demand of the bank, unless it is admitted that the security offered by the defendant in Exhibit A has previously been accepted by the bank; nor is there any sufficient reason why the bank should have waived the security of the two persons who signed the notes Exhibits 1 and 2, and accepted a new note without security of any kind whatever. But we see nothing incredible in the explanation given by the president of the Manila Oil Refining & By-Products Co., Inc., to the effect that the president of the bank has preferred to have the property of said company reappraised, for the reason that he considered the property of the defendant company to be safer than the security offered. This explanation not having been overthrown, we are inclined to believe it, and the more so because the plaintiff bank, as above stated, has not positively shown its acceptance, nor was any note whatever of the acceptance of said security noted in its books.

In vol. 28, C. J., p. 900, we find the following:

"There is some confusion in the cases in regard to the necessity for notice of acceptance by the guarantee to the guarantor in order to show mutual assent; but, subject to certain exceptions or modifications, it is a well settled

rule that, where there is merely an offer of, or proposition for, a guaranty, or is merely a conditional guaranty in the sense that it requires action by the guarantee before the obligation becomes fixed, it does not become a binding obligation until it is accepted by the guarantee, and unless there is a waiver of notice, until notice of such acceptance is given to, or acquired by, the guarantor, or until he has notice or knowledge that the guarantee has performed the conditions and intends to act upon the guaranty; and in some jurisdictions this rule is in effect prescribed by statute. It is not sufficient that the person to whom the offer is made performs acts in reliance upon the offer, but he must notify the one making the offer of his acceptance thereof or of his intention to act upon it, the rule differing from that applicable to contracts in general, which is, that where a party offers to do a thing in a certain event which may become known to him or with which he can make himself acquainted, he is not entitled to notice of acceptance unless he specifically stipulates for it.

* * * * *

"The reason for requiring acceptance by the guarantee and notice thereof to the guarantor is that it is essential to a meeting of the minds of the parties and an inception of the contract. The guarantor is also entitled to notice in order that, being secondarily liable, he may know the nature and extent of his liability and have an opportunity of taking indemnity from the principal obligor or of otherwise securing himself against loss, and have a reasonable time in which to arrange for the necessary funds to pay the amount of his guaranty, if the principal defaults, and to avail himself of the appropriate means in law and equity to compel the other parties to discharge him from future responsibility. * * *"

Adhering to the doctrine expounded in the foregoing citation, we find that the judgment appealed from is in accordance with law, and must be, as is hereby, affirmed with costs against the appellant. So ordered.

Johnson, Malcolm, Ostrand, and Johns, JJ., concur.

Romualdez, J., dissenting: With due respect, I dissent from the opinion of the majority. I believe that the offer contained in Exhibit A was accepted by the plaintiff bank. This acceptance was proven, in my judgment, by the testimony of Mr. Gaskell.

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.