

**PACIFIC COMMERCIAL COMPANY, PLAINTIFF AND APPELLEE, VS.
JOSE HERNAEZ AND RAFAEL ALUNAN, DEFENDANTS. RAFAEL
ALUNAN, APPELLANT.**

G.R. No. 28211. February 08, 1928

Ponente: MALCOLM, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-28211/>

MALCOLM, J.:

The lower court gave judgment in this case in favor of the plaintiff, the Pacific Commercial Company, and against the defendants, Jose Hernaez and Rafael Alunan, jointly and severally for the sum of P20,000, with interest at 10 per cent per annum on P12,000 from March 1, 1925, and on P8,000 from October 15, 1924, with costs. The appeal taken by Rafael Alunan raises the question of the extent of his obligation.

Plaintiff's cause of action is based on a letter contract signed by all the parties concerned, reading as follows:

"ILOILO, ILOILO, Oct. 15, 1924

"Pacific Commercial Co.

"Iloilo

"DEAR SIRS: In confirmation of our conversation, I write you this letter acknowledging an indebtedness due your company from me in the sum of P20,000, which sum you agree to accept in full satisfaction of all claims and demands which you have against me in civil case No. 5302 now pending in the Court of First Instance of Iloilo. The terms of payment on which we agree are as follows: P12,000 during the month of February, 1925, without interest if paid as agreed, but if payment is delayed beyond the month of February, 1925, the said sum of P12,000 will bear interest at the rate of 10 per cent per annum from and after the first day of March, 1925; the balance of P8,000 I agree to pay during the month of February, 1926, with interest on the said sum of P8,000 from this date until paid, at the rate of 10 per cent per annum.

"There is due me an approved claim against the estate of my deceased father the late Rosendo Hernaez in the sum of P45,000 and this letter is authority to the administrator of the said estate to make to you the payments as set out in this letter with the understanding, of course, that my claim against the estate is to be debited with such payments. I shall request the administrator of the estate of the late Rosendo Hernaez to indicate his conformity to the payments as above-mentioned by affixing his signature to this letter.

"It is understood and agreed that if for any reason the administrator of the estate of Rosendo Hernaez does not make the payments as herein stated, you are at liberty to proceed to the collection of either installment by such means as you deem most advantageous to your interest.

"If this letter accurately states the terms of our verbal agreement, will you please be good enough to indicate your confirmity below.

"Yours very truly,

(Sgd.) "JOSE HERNAEZ

"We confirm the foregoing agreement and agree to the terms thereof.

"PACIFIC COMMERCIAL COMPANY

"By (Sgd.) C. H. GOEBEL

"Agent

"I undertake to make the payment as set out in the foregoing letter.

(Sgd.) "RAF. R. ALUNAN

"Administrator of the Estate of Rosendo Hernaez"

Rafael Alunan, by signing the agreement, did not assume Hernaez' admitted debt to the Pacific Commercial Company, and did not substitute Hernaez as the company's debtor. Alunan simply promised to make the payments to the Pacific Commercial Company as set out in the contract. The letter said, in effect, that there was due Jose Hernaez from the estate of his father the sum of P45,000, and that P20,000 of this could be turned over to the Pacific Commercial Company, and it was to this agreement that Alunan gave his assent. As it turned out that Hernaez did not have any such sum coming to him from the estate of his deceased father, Alunan was not bound to perform something which could not be performed, but was obligated to turn over to the Pacific Commercial Company such part of the assigned debt of Hernaez as came into his possession. The Pacific Commercial Company was entitled to the sum of P7,200 which Alunan, after he had undertaken to apply the funds to the Pacific Commercial Company's claim against Hernaez, actually handed over to Hernaez.

The three-cornered agreement constituted an assignment. "* * * where an agreement is made between a debtor and his creditor that the debt of the latter should be paid out of a fund belonging to the debtor in the hands of a third party, and the agreement is communicated to such third party and is assented to by him, this will be effective in equity to transfer an interest in such fund to the extent of his debt to the creditor." (5 C. J., 915.) The undertaking of Alunan was a promise to be fulfilled.

Alunan gave his conformity to the agreement executed by the Pacific Commercial Company and Hernaez without authority of court. He did not stipulate against personal liability. In failing to pay a claim which it was his duty to pay, he may be sued on his promise in his individual capacity. The fact that Alunan describes himself as administrator does not alter his personal liability. The judgment against him will be *de bonis propriis*. (24 C. J., 452; 11 R. C. L., 166; *Henry vs. Velasco* [1916], 34 Phil., 587, quoting with approval 18 Cyc., 881, now 24 C. J., 379.)

The facts are in effect as found by the trial court. The only mistake made was in drawing partially wrong conclusions from the facts. Jose Hernaez was primarily liable for P20,000 to the Pacific Commercial Company. He still is. Rafael Alunan was not liable originally to the company, but made himself subsidiarily liable to the extent of P7,200 which, through his fault, was transmitted to Hernaez rather than to the Pacific Commercial Company. Other questions arising from the facts as presented in the memorandum for the appellant do not connect up with the assigned errors, and so need not be discussed.

Based on the facts which are practically all admitted and the law which is as hereinbefore announced, it results that Rafael Alunan has not made himself jointly and severally liable with Jose Hernaez to the Pacific Commercial Company for the payment of P20,000, but that Rafael Alunan has made himself secondarily liable to the Pacific Commercial Company in the amount of P7,200. Accordingly, the judgment appealed from will be modified to the extent indicated, without express pronouncement as to costs in this instance.

Johnson, Villamor, Ostrand, Johns, and Romualdez JJ., concur.

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.