

**THE EARNSHAWS DOCKS & HONOLULU IRON WORKS,
PLAINTIFF AND APPELLEE, VS. MABALACAT SUGAR COMPANY,
DEFENDANT AND APPELLANT.***G.R. No. 32547. October 04, 1930*

Ponente: STREET, J.

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This action was instituted in the Court of First Instance of Manila by the Earnshaws Docks & Honolulu Iron Works, for the purpose of recovering from the defendant, Mabalacat Sugar Company, a sum of money, alleged, in the first cause of action, to be due for labor and materials supplied at the defendant's request and for its use, together with interest at 9 per cent; and, on the second cause of action, a sum of money due upon a promissory note, with interest at 10 per cent. After the defendant answered, the court heard the cause and rendered judgment in favor of the plaintiff for the recovery, upon the first cause of action, of the sum of P16,231.51, with interest at the rate of 9 per cent from August 1, 1928, until paid; and, upon the second cause of action, the sum of P8,000, with interest at the rate of 10 per cent from April 15, 1927, until paid, plus an attorney's fee of 10 per centum of the principal sum of P8,000, with costs against the defendant. From this judgment the defendant appealed.

It is admitted by the appellee that the item of P16,231.51 awarded upon the first cause of action contains an error, and that it ought to be reduced by the amount of P245.30. Indeed it is noted in the body of the opinion] of the trial judge that this deduction should be made, but in the dispositive part of the opinion judgment was erroneously given for the whole, without deduction. Furthermore, there is no controversy over the amount awarded upon the second cause of action, the indebtedness under this head being proved by a promissory note of the Mabalacat Sugar Company, signed by B. A. Green, as president. It results that the real controversy involves only the item of P15,986.21, the subject of the first cause of action.

Both plaintiff and defendant are domestic corporations, domiciled in Manila. The president of the Mabalacat Sugar Company is B. A. Green, who owns about 55 per cent of its capital stock. At the same time Green is general manager of the company. Between September 24, 1926 and June 20, 1928, the plaintiff company rendered services for and supplied materials to the Mabalacat Sugar Company, of the value claimed in the first cause of action stated in the complaint. It is alleged that the balance due from the defendant to the plaintiff for such services and materials, as of July 31, 1928, was P15,384.53, as principal, with interest from that date amounting, at the time of the institution of the action, to P846.98 calculated at the rate of 9 per cent.

It appears that Green, president and general manager, as aforesaid, of the defendant corporation, has adopted the appellation of "B. A. Green & Co." But there is no corporate or partnership entity corresponding to this designation, the term "B. A. Green & Co." being a mere trade-name, commonly printed on the letterheads used by B. A. Green.

The course of business between Green and the Earnshaws Docks & Honolulu Iron Works, with respect to the creation of the obligation with which we are here concerned, appears to have been in the main as follows: Green,

when desirous of obtaining materials, or service from the plaintiff for the benefit of the Mabalacat Sugar Company, was accustomed to make out an appropriate order on a letterhead such as is described above and would sign the same at the bottom with his own name, B. A. Green. On the lower part of the sheet was printed the name "Mabalacat Sugar Company, Mabalacat, Pampanga," as a shipping mark indicating that the finished work corresponding to the order should be sent to the defendant company, as the entity which the work or material was intended to serve. When the order had been filled and work forwarded as directed, bills were usually submitted by the plaintiff to "Mabalacat Sugar Company, Messrs. B. A. Green & Co., agents." All bills for payment were delivered by the plaintiff to B. A. Green & Co. in the form stated; and such payments as were made, with one exception, were made in the name of "B. A. Green & Co." It will be noted that the plaintiff kept its accounts in the name of the Mabalacat Sugar Company and shipped the goods which it supplied directly to that entity.

The contention in this case on the part of the plaintiff is that the Mabalacat Sugar Company is liable for the work supplied and repairs made for it; while the contention of the defendant is that the obligation, or obligations, contracted were the obligations of B. A. Green & Co., and not of the defendant, Mabalacat Sugar Company. In connection with this contention it is worth noting that Green, or B. A. Green & Co., makes no pretense of having sold to the Mabalacat Sugar Company the supplies and labor furnished by the plaintiff.

The simplest view of this situation is perhaps that these orders were given by Green in his capacity as president and manager of the Mabalacat Sugar Company; and Green himself admits that he was empowered by the defendant corporation to run the business of the Mabalacat Sugar Company, to determine what purchases should be made for it, and make all necessary purchases. The superintendent of the plaintiff company, who received and acted upon the orders in question, knew that Green was general manager of the defendant corporation. The device of adopting the mask of a fictitious entity as the nominal agent of the defendant in the course of these incidents cannot obscure the true legal nature of the transactions between the plaintiff and the defendant, since it is the duty of the court to look through the form and into the substance. The credit in this case was extended upon the faith of the credit of the defendant company, and it was not the intention of the plaintiff to extend credit for so many thousands of pesos to the shade bearing the name of B. A. Green & Co.

The trial judge adopted the view, identical in its results with the foregoing, that Green, or B. A. Green & Co., was a mere agent of the defendant. But whether Green acted as officer or agent, the result is the same, namely, that the Mabalacat Sugar Company is liable for the value of the materials and labor supplied to it by the plaintiff. Even supposing Green to have been an agent, in a sense different from officer, the plaintiff has the right to go upon the principal, the recipient of its materials and services, for it does not appear that the plaintiff in this case trusted B. A. Green exclusively and the circumstances do not show that the agent only was intended to be bound. Neither is any usage of trade proved that would alter the situation. The Mabalacat Sugar Company is therefore liable upon the plaintiff's claim (*Wing Kee Compradoring Co. vs. Bark "Monongahela,"* 44 Phil, 464).

It is contended by the appellant that the plaintiff is not entitled to recover interest at 9 per cent on this claim, but Green admitted that he had made a stipulation in court to the effect that he would pay the interest, and this agreement must be understood to cover not only the original principal of the debt but the interest then charged in the account already stated by the plaintiff.

It being understood, therefore, that the judgment upon the first cause of action shall be in the amount of P15,986.21, instead of P16,231.51, the judgment, as thus modified, is in all respects affirmed, with costs against the appellant. So ordered.

Avanceña, C. J., Malcolm, Villamor, Ostrand, Johns, Romualdez and Villa-Real, JJ., concur.

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