

GO CHIOCO, PLAINTIFF AND APPELLEE, VS. INCHAUSTI & CO., DEFENDANTS AND APPELLANTS.

G.R. No. 3550. March 23, 1908

Ponente: ARELLANO, C.J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-3550/>

ARELLANO, C.J.:

- The subject-matter of this litigation is the following document:

"Hacienda Consuelo, February 6, 1900. Messrs. Inchausti & Co., Iloilo, Dear Sirs; I hope you will be kind enough to pay to the order of Chinaman Yap-Soco at six days' sight the sum of eight hundred pesos on account of this hacienda.—Yours faithfully,—Esteban Lopez."

- Said document was presented for acceptance, and the following note appears at the foot thereof:

"We accept. Payable on February 13, 1906. Iloilo, February 7, 1906, pp. Inchausti & Co. T. V. Kauffmann."

- Later on the following note was placed thereon:

"Payment stopped until further notice, as per drawer's advice. Iloilo, February 13, 1906. pp. Inchausti & Co. T. V. Kauffmann."

- On one side of the draft a signature in blank appears ; "M. C. Yap-Soco."

- On February 14, 1906, protest was made through a notary, and Kauffmann stated:

"(1) That on the 7th day of February the said order of payment drawn by Mr. Esteban Lopez, of the Hacienda Consuelo was presented to us, and we accepted the same at six days' sight but on the 12th we received a telegram from Mr. Lopez asking us to stop payment of said order.

"(2) On the following day we received a letter from Mr. Lopez informing us of the fire which occurred at La Carlota, and stating that he had not received from the Chinaman Yap-Soco the sum of eight hundred pesos, the subject-matter of said order of payment, and that the properties owned by said Chinaman at La Carlota had been burned.

"(3) On the 13th the said order of payment was presented to us for collection, and the same not having been indorsed, and it being drawn to the order of the same Chinaman, we stopped payment thereof until further notice from Mr. Lopez."

- At the foot of the protest the following appears:

"Notice: On the same day I advised the Chinaman Yap-Soco, at La Carlota, of the above protest, by sending through the post-office a copy of this record. Iloilo, February 14, 1906. Federico Soler, notary public."

- On the 21st of the same month and year, Go Chioco filed a complaint for the value of the protested order of payment, with legal interest from the 13th of the same month and the costs of the protest and of the trial.

- The defendants denied the allegations stated in the complaint, except the first, and they specially denied that part

of the second allegation which states that "Mr. Yap-Soco indorsed in blank this order of payment by selling and delivering the same to the plaintiff herein," and they alleged in support of their contention: (1) The lack of provision of funds by the drawer and (2) the advice to stop payment, received from the drawer.

- Evidence, documentary and oral, was presented by both parties, which, however, is of no importance for the decision of the case.

- The court rendered judgment in favor of the plaintiff for the payment of 800 and the costs of the trial, against which judgment the defendants excepted and filed a bill of exceptions with this court.

On examination of the appeal and of the assignment of errors filed, this court deems it to be sufficient to discuss the first only, namely, whether the court erred "in considering as valid the indorsement by Yap-Soco in favor of the plaintiff, Go Chioco, at the foot of the supposed order of payment."

The expression of the error committed in the judgment, with reference to the very question contained in the complaint, does not seem to us to be exact. Go Chioco appearing as plaintiff—that is, as owner of the mercantile document in question—the said question is whether the ownership of the document, called an order of payment in the litigation, or a bill of exchange, as designated in this instance by the appellee, and which was drawn by Esteban Lopez in favor of Yap-Soco, was transferred to him.

Go Chioco claims that this bill of exchange was indorsed in his favor, and the alleged indorsement is the one stated in paragraph No. 4 of this opinion—that is, a signature in blank, written on one side of the draft as follows: "M. C. Yap-Soco."

Under the hypothesis that it is a bill of exchange (which can not be admitted, because the value thereof is not expressed, it being only a promissory note according to article 450 of the Code of Commerce), the question to be resolved is whether or not the indorsement so expressed has transferred to the bearer the ownership of the supposed bill of exchange.

Recently, in the case of Warner, Barnes & Co. vs. E. Diaz & Co.,^[1] this court held:

"For the reason above set forth, we maintain herein the doctrine set up in the matter of the International Banking Corporation vs. Montagne (6 Phil. Rep., 667), that if the date is omitted in the indorsement, the ownership of the draft shall not be transferred, and it shall be understood as simply a commission for collection."

It was error on the part of the trial court in rendering judgment in favor of the plaintiff, Go Chioco, for the payment of 800 to consider the latter as owner of the bill by virtue of such indorsement in blank, without date.

We therefore reverse the judgment appealed from, without any special ruling as to costs in this instance. So ordered.

Torres, Mapa, Jolmson, Carson, and Tracey, JJ., concur.

Willard, J., dissents.

[1] Page 418, *supra*.

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.