

**ERLANGER & GALINGER, INC., PETITIONER, VS.
HERMENEGILDO G. ALAGAR ET AL., RESPONDENTS.***G.R. No. 46458. September 29, 1939*

Ponente: CONCEPCION, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-46458/>**CONCEPCION, J.:**

Erlanger & Galinger, Inc., brought suit in the Court of First Instance of Ilocos Sur against Hermenegildo G. Alagar and others for the recovery of the sum of P5,883.84 due from the defendants jointly and severally, and for the foreclosure of the mortgage constituted on certain real property. Judgment was rendered in favor of the plaintiff for the sum of P5,316.23, with legal interest from the filing of the complaint, and the costs, at the same time ordering the foreclosure of the mortgage should the defendants fail to pay the said sum with interest thereon within ninety days from the date of the judgment. The defendants appealed to the Court of Appeals and the latter, on the ground that Exhibit D should not have been admitted as evidence by the trial court because it is an offer of compromise and not a confession of indebtedness, set aside that part of the judgment relative to the amount which the appellants should pay to the plaintiff, and ordered the case remanded to the court of origin so that both parties may adduce evidence bearing upon the amount of the obligation sought to be recovered.

By a petition for certiorari, Erlanger & Galinger, now submits to this court that the Court of Appeals erred in excluding the note Exhibit D as evidence and in not considering the same as an admission of liability on the part of the defendant Hermenegildo G. Alagar and his sureties Mariano G. Alagar and others.

The note Exhibit D in question is couched in the following language:

"PROMISSORY NOTE

"VIGAN, ILOCOS SUR
May 22, 1933

"P5,316.23.

"For value received. I promise to pay to the order of Erlanger & Galinger, Inc., at its offices in Manila the sum of five thousand three hundred sixteen pesos and twenty-three centavos (P5,316.23), at the rate of P150 payable monthly beginning on June 20, 1933, and continuously thereafter until paid. This amount represents the collectible rentals due from customers which is P3,716.23, and the balance of P1,600 current account of Mr. Hermenegildo G. Alagar.

"Unpaid balances of the current account to earn interest at 1 per cent per month, such interest to be paid monthly or quarterly.

"Failure to pay any installments after thirty days of grace shall cause the entire balance, principal and interest, to immediately become due and payable, and should judicial action be filed for the collection thereof, there shall be paid to the holder or holders of this note, Erlanger & Galinger, Inc., an additional sum equivalent to ten per centum of (10 per cent) of the total sum then outstanding and unpaid as attorney's fees and costs of

collection besides judicial costs.

"(Sgd.) Hermenegildo G. Alagar

"We guarantee jointly and severally, payment of the foregoing note, according to the preceding terms and conditions, as long as Mr. Hermenegildo Alagar remains agent of the Company and authorized by the company to collect unpaid rentals, mentioned above. It is understood that this guarantee is valid only after it will have been signed by the Hon. Quintin Paredes as one of the bondsmen.

(Sgd.) "Mariano G. Alagar

"Juan G. Vilorio

"Carlota T. Vilorio

"Esteban Rosario

"Ciriaca Corpus

"Rosalia Tolentino

"(Heir to Aducta Tomaneng)

"Tomas Farinas

"Nicolas Azores (dead)

"Quintin Paredes."

From the terms in which the aforequoted note is couched and drafted, it is evident that the defendant Hermenegildo G. Alagar admitted to be indebted to the petitioner in the sum of P5,316.23, acknowledging that of said sum, P3,716.23 is the amount of rentals due from the customers, and the amount of P1,600 the balance of the current account of said defendant.

The said document Exhibit D is not an offer of compromise inasmuch as it expressly and unqualifiedly acknowledges the indebtedness and states the origin thereof, specifying the nature or the reason for the defendant's indebtedness. The offer to pay the debt at the rate of P150 a month until fully paid, in no wise alters the nature of the document as an admission and confession of indebtedness. When the obligation is not denied expressly or by implication, and the only question at issue is as to how it should be paid, the rule of exclusion of compromise negotiations does not apply. (*Varadero de Manila vs. Insular Lumber Co.*, 46 Phil., 176.)

In his treatise on evidence (volume II, page 1232), Wigmore cites the following case:

"1828, Richardson, C. J., in *Sanborn v. Neilson*, (4 N. H., 501, 609). 'The reason why a mere offer of money or other thing by way of compromise is not to be evidence against him who makes it, is very plain and easily understood,—such an offer neither admits nor ascertains any debt, and is no more than saying that so much will be given to be rid of the controversy. But where the offer has been grounded upon an express admission of a fact, and that fact afterwards comes to be controverted between them, there seems to be no ground on which the evidence of the offer can be excluded. Thus if A sue B for \$100, and B offer to pay \$20, this offer shall not be received as evidence, because it may have been made merely for the sake of peace where nothing was due. But in such a case, if B admit expressly that \$20 are due, and offer to pay that sum, then it seems to us that both the admission and the offer are evidence. We are, therefore, of opinion, that the offer made by the defendant in this case was, under the circumstances, admissible in evidence.' "

Wigmore (Volume II, pages 1232-33) also cites this case:

"1822, Hosmer, C. J., in *Hartford Bridge v. Granger* (4 Conn., 142, 148) : 'The law on this subject has often been misconceived; and it is time that it should be firmly established. It is never the intendment of the law to shut out the truth; but to repel any inference which may arise from a proposition made, not with design to admit the existence of a fact, but merely to buy one's peace. If an admission, however, is made, because it is a fact, the evidence to prove it is competent, whatever motive may have prompted to the declaration. In

illustration of this remark, it may be observed, that if A offer to B ten pounds, in satisfaction of his claim of a hundred pounds, merely to prevent a suit, or purchase tranquility, this implies no admission that any sum is due; and therefore, testimony to prove the fact must be rejected, because it evinces nothing concerning the merits of the controversy. But if A admit a particular item in an account, or any other fact, meaning to make the admission as being true, this is good evidence, although the object of the conversation was to compromise an existing controversy. The question to be considered is what was the view and intention of the party in making the admission; whether it was to concede a fact hypothetically, in order to effect a settlement, or to declare a fact really to exist' "

The circumstance that the sureties have jointly and severally guaranteed the payment of the debt under the terms and conditions set out in the note, while the defendant Hermenegildo G. Alagar continues to be an agent of Erlanger & Galinger, Inc. and to be authorized by the company to collect the unpaid rentals, above-mentioned, does not affect the acknowledgment of the debt made by Hermenegildo G. Alagar during the effectiveness of the guaranties executed by the original sureties.

In view of the foregoing, the petition for certiorari is granted, the decision appealed from is reversed, and that of the court of origin is affirmed in toto, with the costs of both instances to the defendants-respondents. So ordered.

Avanceña, C. J., Villa-Real, Imperial, Diaz, Laurel, and Moran, 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.