

ANG SENG QUEN ET AL., PLAINTIFFS AND APPELLEES, VS. JUAN TE CHICO ET AL., DEFENDANTS AND APPELLANTS.

G.R. No. 4765. January 20, 1909

Ponente: WILLARD, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-4765/>

WILLARD, J.:

A former appeal in this case is reported in 7 Phil. Rep., 541. The judgment there appealed from was affirmed as to the defendant Uy Su Liong but was reversed and a new trial ordered as to the defendants Juan Te Chico and Cu Ung Jeng. In the opinion upon that appeal the court said (p. 544) :

"There was evidence in the court below tending to prove the allegations of the complaint against some at least of the defendants, which evidence made out a prima facie case in favor of the plaintiffs."

Upon the second trial the plaintiffs introduced the same evidence that was introduced at the first trial and there appeared, moreover, a letter written by the then manager of the business at Iloilo, Ong Bun Po, to the manager at Manila, in which he said:

"The debts we owed Hoc Jua Bee you must ask for an extension of time to pay him until our business becomes better. If not, we are hard in getting money to pay in cash."

The additional evidence introduced by the defendants at the second trial did not in any way destroy the prima facie case made by the plaintiffs. The court below entered judgment for the amount claimed in favor of the plaintiffs and against the defendants Juan Te Chico, Trinidad Jurado Te Quim Jua, Cu Ung Jeng, Ang Ban Gui, and Ang Ban Bi. From this judgment Juan Te Chico and Cu Ung Jeng have appealed. The others have not appealed.

The additional evidence introduced by the defendants not having affected the force of the plaintiffs' testimony, the latter were entitled to judgment against some of the defendants. The question is, whether they are entitled to judgment against the two appellants.

That the plaintiffs as individuals can maintain this action, although their partnership articles were not recorded in the registry, has been settled by the decisions of this court. (*Prautch vs. Jones*, 8 Phil. Rep., 1.) The defendant partnership was devoted entirely to commercial transactions, to the buying and selling of personal property with a view to profit. It was, therefore, a commercial partnership and the liability of the members thereof must be determined by the Code of Commerce. (*Hung-Man-Yoc vs. Kieng-Chiong-Seng*, 6 Phil. Rep., 498.)

Considerable evidence was presented in the court below to show the custom among Chinese merchants in the Philippines relating to the organization of commercial partnerships, such evidence tending to show that in such organizations they disregarded entirely the provisions of the Code of Commerce, and it is apparently claimed that custom has the effect of law and that the rights of Chinese merchants and persons dealing with them must be determined not by the law in force in the Islands relating to commercial partnerships, but by such customs as they may see fit to follow, which customs are directly contrary to the provisions of the Code of Commerce. No

argument is necessary to show that there is nothing whatever in this contention.

We will first consider the liability of Cu Ung Jeng.

The contract between the defendants was evidenced by the notarial document made on the 22d of December, 1902, by the terms of which Juan Te Chico, Cu Ung Jeng, and Ang Ban Gui formed a special partnership (sociedad en comandita), the general partner being Juan Te Chico and the special partners being Cu Ung Jeng and Ang Ban Gui. Each of the partners contributed 4,000 pesos as capital, the name of the partnership was declared to be Te Chico, sociedad en comandita, and the entire management of the business was entrusted to Juan Te Chico. The articles of partnership were never recorded in the mercantile registry. The partnership, therefore, never acquired any juridical personality. Article 24 of the Code of Commerce is as follows:

"Articles constituting associations not recorded shall be binding between the members who execute the same; but they shall not prejudice third persons, who, however, may make use thereof in so far as advantageous."

But this article does not aid the plaintiffs so far as Cu Ung Jeng is concerned because his liability is, by the terms thereof, limited to the amount of money which he invested and under the provisions of the Code of Commerce relating to special partnerships (sociedades en comandita) no personal liability can be imposed upon a special partner who has actually contributed to the capital of the partnership the amount which he agreed to contribute. If, however, that document be eliminated from the case and it be considered that the contract between the parties was the entry made in the books of the company when it was first organized in 1899, the case would then fall directly within the decision of *Hung-Man-Yoc vs. Kieng-Chiong-Seng* (6 Phil. Rep., 498) above cited. In that case it is said (p. 500) :

"The agent Yu-Yec-Pin himself and some of his so-called partners have merely noted in the books of the partnership, which by the way, were not introduced in evidence, the capital which each had contributed."

In that case it was held that one of the partners, Chua Che Co, who had contributed a part of the capital but who had taken no part in the management of the business, who had made no contract with the plaintiffs, and whose name did not appear in the partnership title, was not responsible for the debts of the concern. Those facts all appear in the case at bar.

The name under which the defendant partnership or business was operated prior to 1902 was Sam Jap Jim & Co. Although the name indicated in the articles of partnership of 1902 was Te Chico, sociedad en comandita, yet it seems that the business was still carried on in the name of Sam Jap Jim & Co. The name of Cu Ung Jeng does not appear in either one of these designations. He took no part whatever in the management of the business of the company, either in Iloilo or Manila. He never made any contract with the plaintiffs in connection with the business of the defendant company. He, therefore, can not be held liable for its debts.

Mere participation in the profits of a commercial partnership by a person does not necessarily make such person liable for the debts of the partnership. (*Bourns vs. Carman*, 7 Phil. Rep., 117; *Fortis vs. Gutierrez Hermanos*, 6 Phil. Rep., 100.)

As to Juan Te Chico, it is apparent that the judgment must be affirmed. He was the sole manager of the business and carried it on, either personally or through his agents, and in accordance with the provisions of article 120 of the Code of Commerce is personally responsible for the debts of the partnership.

The judgment of the court below so far as it relates to Juan Te Chico is affirmed, with the costs of this instance against him. So far as it relates to Cu Ung Jeng, it is reversed and he is acquitted of the complaint, with the costs of the first instance against the plaintiffs. No costs will be allowed to him in this court.

Arellano, C. J., Torres, Mapa, and Tracey, JJ., concur.
Johnson and Carson, JJ., reserve their votes,

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.