

MANILA LIGHTER TRANSPORTATION, INC., PETITIONER, VS. COURT OF APPEALS AND CHINA BANKING CORPORATION, RESPONDENTS.*G.R. No. 50373. February 15, 1990*

Ponente: GRIÑO-AQUINO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-50373/>**GRIÑO-AQUINO, J.:**

A complaint for recovery of the value of forty-nine (49) checks with alleged forged/Unauthorized indorsements of the payee of which 26 were paid to the petitioner or order and twenty-three (23) to petitioner or bearer, was filed by herein petitioner against private respondent China Banking Corporation on May 22, 1962. The complaint alleged that the checks were issued by customers of the petitioner in payment of brokerage/lighterage services and were all delivered, without petitioner's knowledge, to its collector, Augusto Perez. Upon forged indorsements of the petitioner's general manager, the checks found their way into the accounts of third persons in the respondent bank and the proceeds were later withdrawn, to the damage of the petitioner who sought reimbursement or restoration by said bank of the value of the checks.

Respondent Bank denied liability for the petitioner's loss which was due to its own negligence. It alleged that petitioner is estopped from denying its collector's authority to receive the checks from the drawers/customers; that petitioner failed to give defendant Bank and the drawee Banks notice of the alleged forged or unauthorized indorsements within a reasonable time and that its loss was occasioned by its own failure to observe the proper degree of diligence in the supervision of its employees, particularly its collector, Augusto Perez.

Upon leave of court, respondent Bank filed a third-party complaint against Cao Pek & Co. and Ko Lit who had deposited the checks in question in their respective accounts with the former and had thereafter withdrawn the proceeds thereof.

The trial court, in its decision dated January 22, 1972, made the following findings of facts:

"x x x. Over a period of eighteen months, from January 29, 1960 (Exh. B) to June 22, 1961 (Exh. B-11), Augusto Perez collected from different clients of plaintiff company some 49 checks (Exhs. A to E-2) with a total value of P91,153.11. The endorsement of the payee, plaintiff Manila Lighter Transportation, Inc., by its general manager, Luis Gaskell, appear on the checks. The latter disclaimed such signatures and presented a handwriting expert who gave the opinion that the signatures "L. Gaskell" on the indorsement were indeed forgeries. The checks as thus endorsed were negotiated by Wilfredo Lagamon, accountant of the plaintiff company and relative of Luis Gaskell, with Cao Pek and Co., an electronic store, whose treasurer is Ko Lit. Most of the checks, with a total amount of P90,500.24, were deposited by Ko Lit in his account with defendant bank (Exh. 4). Three checks with a total amount of P1,115.05 were deposited in the account of Cao Pek & Co. while one check for P2,735.19 was deposited in the accounts of Lu Siu Po, manager of Cao Pek & Co. These accounts have no more balances at present.

"As late as July 21, 1961, plaintiff apparently did not know what was happening because on that date it sent S. Quintos Transportation, Inc., one of its clients whose checks were collected by Augusto Perez, the following letter:

‘Upon a detailed examination of our records, we found out that various jobs undertaking (sic) by us in your behalf in 1960 and 1961 are still pending payment as of this date.’

‘We are sending you herewith our statement covering these jobs which amount to P23,520.30 and would request you to kindly confirm its correctness at your earliest.’

“It may be assumed that similar letters were sent to other clients of plaintiff in a similar situation, namely: Go Fay and Co., for P12,568.77; Peter Paul Phil. Corp. for P36,967.80; Central Azucarera Don Pedro for P11,190.14; and Helena Cigar Co. for P4,296.90.

‘Another client, Cia. Gral. de Tabacos de Filipinas, had also paid plaintiff four checks in the total amount of P3,453.53 all drawn against Hongkong and Shanghai Banking Corp. (Exhs. 2-a to 2-d). Upon complaint of the drawer after the anomalies were discovered (Exhs. 2-F, 2) defendant bank refunded the amount to drawee bank (Exh. 3) and the amount is not included in the complaint, although defendant bank has entered a counterclaim for the amount against plaintiff.’

‘Plaintiff made its initial demand against defendant bank for the refund of the amount of the checks on September 9, 1961 (Exh. T). There were some attempts made to negotiate an amicable settlement, but nothing came of it.’

“On May 30, 1962, the defendant Bank filed a third-party complaint against Cao Pek and Co. and Ko Lit Cato Pek and Co., in turn, filed a crossclaim against Ko Lit.” (pp. 38-40, Rollo.)

The lower court found both parties equally negligent, the plaintiff (herein petitioner), for allowing a state of affairs in which its employees could appropriate the checks and falsify the indorsement thereon of its manager with impunity, and the defendant (private respondent herein), for not detecting the falsification made by the plaintiff’s employees when the checks were presented to it.

The dispositive portion of the trial court’s decision reads:

“WHEREFORE, judgment is hereby rendered:

“1. Ordering defendant China Banking Corporation to pay plaintiff Manila Lighter Transportation, Inc., an amount equal to 50% of the total amount of the checks Exhibits A to E-2;

“2. Ordering plaintiff to pay defendant 50% of the amount of the Tabacalera checks Exhibits 2-A to 2-D;

“3. Ordering third-party defendant Ko Lit to pay P90,500.24 and third-party defendant Cao Pek & Co. to pay P1,215.05 both to China Banking Corporation;

“4. Ordering China Banking Corporation to pay plaintiff 50% of any amount it may recover from Ko Lit and Cao Pek & Co.

“The parties shall bear their own costs and attorney’s fees.” (p. 40, Rollo.)

Both petitioner and private respondent appealed to the Court of Appeals, contending that the other should be entirely liable. Ko Lit and Cao Pek also appealed but their appeal was dismissed for failure to pay the docket fee and to file the record on appeal.

On January 18, 1979, the Court of Appeals rendered judgment, the dispositive portion of which states:

“WHEREFORE, the judgment appealed from is hereby modified such that the complaint is dismissed and the defendant-appellant is freed from any liability to the plaintiff-appellant. The counterclaim of P3,453.53 is granted with interests from the date the amended counterclaim was filed. The third-party defendants are adjudged directly liable to the plaintiff-appellant for the checks they respectively indorsed. No costs.” (p. 49,

Rollo.)

Petitioner filed a motion for reconsideration of the decision but it was denied, hence, this petition for review, alleging that the Court of Appeals erred:

1. in finding that the petitioner was negligent;
2. in holding that said negligence constituted sufficient ground to preclude it from alleging forgery or want of authority;
3. in not ruling that the proximate cause for the loss was the respondent Bank's failure in its duty to ascertain the genuineness of the signatures appearing in checks;
4. in not ruling that the respondent Bank should have been held entirely liable for the loss; and
5. in not condemning respondent Bank to pay petitioner damages, attorney's fees, expenses and costs.

The instant petition for review must necessarily fail. The issues raised therein are factual. The main issue of petitioner's negligence had already been determined by the trial court against petitioner and affirmed by the Court of Appeals after examining the evidence in the records.

Since the petitioner was not a client of respondent Bank, i.e., did not maintain an account in said Bank, the latter had no way of ascertaining the authenticity of its indorsements on the checks which were deposited in the accounts of the third-party defendants in said Bank. Respondent Bank was not negligent because, in accordance with banking practice, it caused the checks to pass through the clearing house before it allowed their proceeds to be withdrawn by the depositors (third-party defendants in the lower court). (p. 117, Rollo.)

The Supreme Court decides appeals which only involve questions of law. It is not the function of the Supreme Court to analyze or weigh the evidence all over again, its jurisdiction being limited to resolving errors of law that might have been committed by the lower court. (*Dihiansan vs. Court of Appeals*, 153 SCRA 712; *Francisco vs. Mandi*, 152 SCRA 711; *Director of Lands vs. Funtilar*, 142 SCRA 57).

WHEREFORE, the petition for review is denied for lack of merit. Costs against the petitioner.

SO ORDERED.

Narvasa, (Chairman), Cruz, and Gancayco, JJ., concur.
Medialdea, J., on leave.

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.