

NATIONAL FOOD AUTHORITY, (NFA), PETITIONER, VS. INTERMEDIATE APPELLATE COURT, SUPERIOR (SG) SHIPPING CORPORATION, RESPONDENTS.

G.R. NO. 75640. April 05, 1990

Ponente: PARAS, J.

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PARAS, J.:

This is a petition for review on certiorari made by National Food Authority (NFA for brevity) then known as the National Grains Authority or NGA from the decision* of the Intermediate Appellate Court affirming the decision* of the trial court, the decretal portion of which reads:

"WHEREFORE, defendants Gil Medalla and National Food Authority are ordered to pay jointly and severally the plaintiff:

"a. the sum of P25,974.90, with interest at the legal rate from October 17, 1979 until the same is fully paid; and,

"b. the sum of P10,000.00 as and for attorney's fees.

"Costs against both defendants.

"SO ORDERED." (p. 22, Rollo)

Hereunder are the undisputed facts as established by the then Intermediate Appellate Court (now Court of Appeals), viz:

"On September 6, 1979 Gil Medalla, as commission agent of the plaintiff Superior Shipping Corporation, entered into a contract for hire of ship known as "MV Sea Runner" with defendant National Grains Authority. Under the said contract Medalla obligated to transport on the "MV Sea Runner" 8,550 sacks of rice belonging to defendant National Grains Authority from the port of San Jose, Occidental Mindoro, to Malabon, Metro Manila.

"Upon completion of the delivery of rice at its destination, plaintiff on October 17, 1979, wrote a letter requesting defendant NGA that it be allowed to collect the amount stated in its statement of account (Exhibit "D"). The statement of account included not only a claim for freightage but also claims for demurrage and stevedoring charges amounting to P93,538.70.

"On November 5, 1979, plaintiff wrote again defendant NGA, this time specifically requesting that the payment for freightage and other charges be made to it and not to defendant Medalla because plaintiff was the owner of the vessel "MV Sea Runner" (Exhibit "E"). In reply, defendant NGA on November 16, 1979 informed plaintiff that it could not grant its request because the contract to transport the rice was entered into by defendant NGA and defendant Medalla who did not disclose that he was acting as a mere agent of plaintiff (Exhibit "F"). Thereupon on November 19, 1979, defendant NGA paid defendant Medalla the sum of P25,974.90, for freight services in connection with the shipment of 8,550 sacks of rice (Exhibit "A").

"On December 4, 1979, plaintiff wrote defendant Medalla demanding that he turn over to plaintiff the amount of P27,000.00 paid to him by defendant NFA. Defendant Medalla, however, 'ignored the demand.'

"Plaintiff was therefore constrained to file the instant complaint.

"Defendant-appellant National Food Authority admitted that it entered into a contract with Gil Medalla whereby plaintiff's vessel 'MV Sea Runner' transported 8,550 sacks of rice of said defendant from San Jose, Mindoro to Manila.

"For services rendered, the National Food Authority paid Gil Medalla P27,000.00 for freightage.

"Judgment was rendered in favor of the plaintiff. Defendant National Food Authority appealed to this court on the sole issue as to whether it is jointly and severally liable with defendant Gil Medalla for freightage." (pp. 61-62, Rollo)

The appellate court affirmed the judgment of the lower court, hence this appeal by way of certiorari, petitioner NFA submitting a lone issue to wit: whether or not the instant case falls within the exception of the general rule provided for in Art. 1883 of the Civil Code of the Philippines.

It is contended by petitioner NFA that it is not liable under the exception to the rule (Art. 1883) since it had no knowledge of the fact of agency between respondent Superior Shipping and Medalla at the time when the contract was entered into between them (NFA and Medalla). Petitioner submits that "(A)n undisclosed principal cannot maintain an action upon a contract made by his agent unless such principal was disclosed in such contract. One who deals with an agent acquires no right against the undisclosed principal."

Petitioner NFA's contention holds no water. It is an undisputed fact that Gil Medalla was a commission agent of respondent Superior Shipping Corporation which owned the vessel "MV Sea Runner" that transported the sacks of rice belonging to petitioner NFA. The context of the law is clear. Art. 1883, which is the applicable law in the case at bar provides:

"Art. 1883. If an agent acts in his own name, the principal has no right of action against the persons with whom the agent has contracted; neither have such persons against the principal.

"In such case the agent is the one directly bound in favor of the person with whom he has contracted, as if the transaction were his own, except when the contract involves things belonging to the principal.

"The provision of this article shall be understood to be without prejudice to the actions between the principal and agent."

Consequently when things belonging to the principal (in this case, Superior Shipping Corporation) are dealt with, the agent is bound to the principal although he does not assume the character of such agent and appears acting in his own name. In other words, the agent's apparent representation yields to the principal's true representation and that, in reality and in effect, the contract must be considered as entered into between the principal and the third person (*Sy Juco and Viardo v. Sy Juco*, 40 Phil. 634). Corollarily, if the principal can be obliged to perform his duties under the contract, then it can also demand the enforcement of its rights arising from the contract.

WHEREFORE, PREMISES CONSIDERED, the petition is hereby DENIED and the appealed decision is hereby AFFIRMED.

SO ORDERED.

Melencio-Herrera, (Chairman), Padilla, Sarmiento, and Regalado, JJ., concur.

* Penned by Justice Jorge R. Coquia with the concurring votes of Justice Floreliaana Castro-Bartolome and Justice Bienvenido C. Ejercito.

** Penned by Judge Ricardo D. Pronove, Jr.

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