

SYLVIA H. BEDIA AND HONTIVEROS & ASSOCIATED PRODUCERS PHILS. YIELDS, INC., PETITIONERS, VS. EMILY A. WHITE AND HOLMAN T. WHITE, RESPONDENTS.

G.R. No. 94050, November 21, 1991

Ponente: CRUZ, J.

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CRUZ, J.:

The basic issue before us is the capacity in which petitioner Sylvia H. Bedia entered into the subject contract with private respondent Emily A. White. Both the trial court and the respondent court held she was acting in her own personal behalf. She faults this finding as reversible error and insists that she was merely acting as an agent.

The case arose when Bedia and White entered into a Participation Contract^[1] reading in full as follows:

THE STATE FAIR OF TEXAS '80

PARTICIPATION CONTRACT

PARTICIPANT (COMPANYNAME) EMILY WHITE
ENTERPRISES

I/We, the abovementioned company hereby agrees to participate in the 1980 Dallas State Fair to be held in Dallas, Texas on October 3 to October 19, 1980. I/We request for a 15 square meter booth space worth \$2,250.00 U.S. Dollars.

I/We further understand that this participation contract shall be deemed non-cancellable after payment of the said down payment, and that any intention on our part to cancel the same shall render whatever amount we have paid forfeited in favor of HONTIVEROS & ASSOCIATED PRODUCERS PHILIPPINE YIELDS, INC.

FOR THE ABOVE CONSIDERATION, I/We understand that HONTIVEROS & ASSOCIATED PRODUCERS PHIL. YIELDS, INC. shall: Reserve said booth for our exclusive perusal; We also understand that the above cost includes overall exterior booth decoration and materials but does not include interior designs which will be per our specifications and expenses.

PARTICIPANT'S AUTHORIZED SIGNATURE: PARTICIPATION ACCEPTED BY:

(SGD.) EMILY WHITE (SGD.) SYLVIA H. BEDIA

DATE: 8/13/80 DATE: Aug. 1, 1980

On August 10, 1986, White and her husband filed a complaint in the Regional Trial Court of Pasay City for damages against Bedia and Hontiveros & Associated Producers Phil. Yields, Inc. for damages caused by their fraudulent violation of their agreement. She averred that Bedia had approached her and persuaded her to participate in the State of Texas Fair, and that she made a down payment of \$500.00 to Bedia on the agreed display space. In due time, she enplaned for Dallas with her merchandise but was dismayed to learn later that the defendants had not paid for or registered any display space in her name, nor were they authorized by the state fair

director to recruit participants. She said she incurred losses as a result for which the defendants should be held solidarily liable.[2]

In their joint answer, the defendants denied the plaintiff's allegation that they had deceived her and explained that no display space was registered in her name as she was only supposed to share the space leased by Hontiveros in its name. She was not allowed to display her goods in that space because she had not paid her balance of \$1,750.00, in violation of their contract. Bedia also made the particular averment that she did not sign the Participation Contract on her own behalf but as an agent of Hontiveros and that she had later returned the advance payment of \$500.00 to the plaintiff. The defendants filed their own counterclaim and complained of malice on the part of the plaintiffs.[3]

In the course of the trial, the complaint against Hontiveros was dismissed on motion of the plaintiffs.[4]

In his decision dated May 29, 1986, Judge Fermin Martin, Jr. found Bedia liable for fraud and awarded the plaintiffs actual and moral damages plus attorney's fees and the costs. The Court said:

In claiming to be a mere agent of Hontiveros & Associated Producers Phil. Yields, Inc., defendant Sylvia H. Bedia evidently attempted to escape liability for herself. Unfortunately for her, the "Participation Contract" is not actually in representation or in the name of said corporation. It is a covenant entered into by her in her personal capacity, for no one may contract in the name of another without being authorized by the latter, or unless she has by law a right to represent her. (Art. 1347, new Civil Code)

Sustaining the trial court on this point, the respondent court[5] declared in its decision dated March 30, 1990:

The evidence, on the whole, shows that she definitely acted on her own. She represented herself as authorized by the State of Texas to solicit and assign booths at the Texas fair; she assured the appellee that she could give her booth. Under Article 1883 of the New Civil Code, if the agent acts in his own name, the principal has no right of action against the persons with whom the agent had contracted.

We do not share these views.

It is noteworthy that in her letter to the Minister of Trade dated December 23, 1984, Emily White began:

I am a local exporter who was recruited by Hontiveros & Associated Producers Phil. Yields, Inc. to participate in the State Fair of Dallas, Texas which was held last Oct. 3 to 19, 1980. Hontiveros & Associated charged me US\$150.00 per square meter for display booth of said fair. I have paid an advance of US\$500.00 as partial payment for the total space of 15 square meter of which is \$2,250.00 (Two Thousand Two Hundred Fifty Dollars).[6]

As the Participation Contract was signed by Bedia, the above statement was an acknowledgment by White that Bedia was only acting for Hontiveros when it recruited her as a participant in the Texas State Fair and charged her a partial payment of \$500.00. This amount was to be forfeited to Hontiveros in case of cancellation by her of the agreement. The fact that the contract was typewritten on the letterhead stationery of Hontiveros bolsters this conclusion in the absence of any showing that said stationery had been illegally used by Bedia.

Significantly, Hontiveros itself has not repudiated Bedia's agency as it would have if she had really not signed in its name. In the answer it filed with Bedia, it did not deny the latter's allegation in Paragraph 4 thereof that she was only acting as its agent when she solicited White's participation. In fact, by filing the answer jointly with Bedia through their common counsel, Hontiveros affirmed this allegation.

If the plaintiffs had any doubt about the capacity in which Bedia was acting, what they should have done was verify the matter with Hontiveros. They did not. Instead, they simply accepted Bedia's representation that she was an agent of Hontiveros and dealt with her as such. Under Article 1910 of the Civil Code, "the principal must

comply with all the obligations which the agent may have contracted within the scope of his authority." Hence, the private respondents cannot now hold Bedia liable for the acts performed by her for, and imputable to, Hontiveros as her principal.

The plaintiffs' position became all the more untenable when they moved on June 5, 1984, for the dismissal of the complaint against Hontiveros,[7] leaving Bedia as the sole defendant. Hontiveros had admitted as early as when it filed its answer that Bedia was acting as its agent. The effect of the motion was to leave the plaintiffs without a cause of action against Bedia for the obligation, if any, of Hontiveros.

Our conclusion is that since it has not been found that Bedia was acting beyond the scope of her authority when she entered into the Participation Contract on behalf of Hontiveros, it is the latter that should be held answerable for any obligation arising from that agreement. By moving to dismiss the complaint against Hontiveros, the plaintiffs virtually disarmed themselves and forfeited whatever claims they might have proved against the latter under the contract signed for it by Bedia. It should be obvious that having waived these claims against the principal, they cannot now assert them against the agent.

WHEREFORE, the appealed decision dated March 30, 1990, of the respondent court is REVERSED and a new judgment is rendered dismissing Civil Case No. 9246-P in the Regional Trial Court of Pasay City.

SO ORDERED.

Narvasa, (Chairman), Feliciano, Griño-Aquino, and Medialdea, JJ., concur.

[1] Exhibit "A."

[2] Original Records, pp. 2-10.

[3] Ibid., pp. 29-34.

[4] Id., p. 100.

[5] Rasul, J., ponente, with Herrera and Bengzon, JJ., concurring.

[6] Exhibit "C."

[7] Original Records, p. 100.

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