Title: Philippine National Bank vs. Honorable Elias B. Asuncion, et al.

Facts:

1. **January 16, 1963**: The Philippine National Bank (PNB) granted Fabar Incorporated various credit accommodations including a discounting line, overdraft line, temporary overdraft line, and letters of credit for importing machinery and equipment.

2. **Security**: The credit accommodations were secured by signatures of Jose Ma. Barredo, Carmen B. Borromeo, Tomas L. Borromeo, and Manuel H. Barredo.

3. **May 13, 1977**: The credit had a balance of P8,449,169.98.

4. **October 31, 1972**: Due to non-payment, PNB filed a case for collection against all respondents, including Manuel H. Barredo, in the Court of First Instance of Manila.

5. **May 19, 1975**: Manuel H. Barredo died. Private respondents' counsel notified the court on June 6, 1975.

6. **November 29, 1976**: The trial court dismissed the case against all defendants based on section 6, Rule 86 of the Revised Rules of Court, which pertains to actions on claims against a deceased debtor.

7. **December 14, 1976**: PNB filed a motion for reconsideration, arguing the dismissal should only apply to the deceased defendant, Manuel H. Barredo.

8. **January 26, 1977**: Motion for reconsideration was denied by the trial court.

9. **Petition for Certiorari**: PNB filed a petition for review on certiorari to the Supreme Court.

Issues:

1. Whether Section 6, Rule 86 of the Revised Rules of Court requires the dismissal of a money claim against surviving solidary debtors following the death of a co-debtor.
2. Whether the trial court erred in dismissing the case against all defendants, given that the obligation was solidary.

Court's Decision:

1. **Applicability of Section 6, Rule 86**: The Supreme Court ruled that Section 6, Rule 86 does not prevent a creditor from proceeding against surviving solidary debtors. The provision sets a procedure for claims against a deceased debtor's estate but does not impede actions against survivors.

2. **Creditor's Options**: Article 1216 of the Civil Code allows creditors to pursue debts from any one, some, or all solidary debtors. As such, PNB has the substantive right to proceed against the surviving solidary debtors separately from filing a claim against the deceased's estate.

3. **Substantive vs. Procedural Rules**: The Court emphasized that procedural rules (the Revised Rules of Court) cannot override substantive rights granted by the Civil Code. The bank's rights under Article 1216 cannot be confined by Rule 86.

4. **Remanding the Case**: The Supreme Court modified the trial court's order, dismissing the case only as against Manuel H. Barredo, and remanding for proceedings against the remaining solidary debtors.

Doctrine:

– **Solidary Obligation**: A creditor has the right to pursue claims against any or all solidary debtors regardless of a co-debtor's death.
– **Substantive vs. Procedural Law**: Procedural rules cannot amend or override substantive rights established by statutory law. Article 1216 of the Civil Code supersedes procedural mandates that would limit a creditor's choices for recovery.

Class Notes:

– **Solidary Obligations**: Articles 1215 and 1216, Civil Code – The creditor may proceed against any solidary debtor.
– **Effect of a Debtor's Death**: Obligation and claim must be addressed in estate proceedings under certain circumstances unless the obligations are solidary.
– **Procedural and Substantive Law**: Procedural rules cannot negate or modify substantive rights (New Constitution of the Philippines, Section 5, Article X).

Historical Background:

This decision occurred during a time when the legal system in the Philippines was cementing rules regarding procedural laws and their interactions with substantive laws. The

issue demonstrated the importance of maintaining the creditor's substantive rights under the Civil Code amidst procedural changes by the judiciary. The case also highlighted the Supreme Court's active role in safeguarding statutory rights in the context of evolving procedural frameworks.