

TWENTY-SECOND DIVISION

[CA-G.R. CV No. 02898-MIN, February 23, 2015]

**RICARDO UY HO, PLAINTIFF-APPELLEE, VS. CHARLES TING,
DEFENDANT-APPELLANT.**

D E C I S I O N

PEREZ, J.:

For consideration is the 21 October 2011 Decision^[1] rendered by the Regional Trial Court, Branch 13, 11th Judicial Region, Davao City, in Civil Case No. 29,002-2002 filed by plaintiff-appellee Ricardo Uy Ho (appellee) against defendant-appellant Charles Ting (appellant) for Sum of Money, Damages, Attorney's Fees with Prayer for Writ of Preliminary Attachment.

The 21 October 2011 Decision^[2] disposed as follows:

WHEREFORE, in view of all the foregoing, judgment is hereby rendered in favor of plaintiff and against defendant, ordering defendant to pay the plaintiff the following amounts:

- a) P404,000.00 representing the principal obligation which is the face value of the checks;
- b) P100,000.00 as Attorney's Fees
- c) P15,000.00 as Litigation Expenses;

Defendant likewise, is directed to pay interest on the principal obligation at the rate of 12% per annum from the date of this Decision until fully paid.

SO ORDERED.

The Antecedents

The case at hand centers around four (4) Pay to Cash Metrobank Checks^[3] issued by appellant covering different amounts which matured on the following dates, as follows:

- 1) Metrobank Check No. 950117681 dated 5 March 1998 payable to the order of cash in the amount P186,000.00;
- 2) Metrobank Check No. 950117700 dated 12 March 1998 payable to the order of cash in the amount P32,000.00;
- 3) Metrobank Check No. 950117723 dated 15 March 1998 payable to the

order of cash in the amount P91,000.00;

4) Metrobank Check No. 950117724 dated 15 March 1998 payable to the order of cash in the amount P95,000.00;

On the maturity dates of the foregoing checks, the appellee who was the bearer thereof presented them to the drawee bank for payment but the same were dishonored as payment was apparently ordered stopped by appellant.^[4]

As a background prior to the filing of the instant suit, the appellee made personal appeals to appellant to pay his obligation in the amounts reflected in the checks which, however, fell on deaf ears as appellant denied knowing appellee or owing him anything.^[5] Eventually, appellee wrote a demand letter urging appellant to pay the amount of P404,000.00 but the same was left unheeded.^[6] Prompted by these events, appellee filed the instant suit against appellant on 8 March 2002 praying that appellant settle his obligation and pay damages.^[7]

In his *Answer*,^[8] appellant denied any obligation to appellee and averred that the four (4) Metrobank pay to cash checks were issued in favor of a certain Rose Buenaflor, a rice bran dealer, who allegedly failed to deliver goods per their agreement prompting the latter to order the stop payment of the checks.^[9]

During the trial, appellee testified that he was engaged in the buy and sell business of empty sacks and that appellant was a rice bran and corn dealer.^[10] Appellee narrated that it was a customary business practice that the suppliers who were paid by appellant would indorse their checks in his favor either as payment for sacks they would purchase from him or in exchange for cash at a discounted rate of three (3) percent.^[11]

Appellee testified that he came into possession of the checks sometime in February 1998 and when he presented them to the drawee bank for payment, he was surprised that appellant had ordered its stop payment considering their previous transactions of the same nature went through without any hitches.^[12] Appellee stated that he made personal appeals, imploring appellant to settle his obligations, but the same proved unsuccessful as the latter insisted that the checks were not issued in his favor, and altogether denied having any transactions with him to warrant any payment on the issued amounts^[13]

Appellant for his part, insisted that the order for "stop payment" of the checks was due to the non-delivery of a certain Rose Buenaflor of Rice Bran.^[14] Appellant alleged that the checks were really intended for Rose Buenaflor as she even crossed-check the same at the time of issue and likewise denied knowing or having done any business with appellee. Appellant added that at the time the "stop payment" order was implemented, her account had sufficient funds to cover or clear the amounts issued in the check. This allegation was corroborated by the testimony of Metrobank Manager Milagros Gumban.^[15]

After due proceedings, the RTC rendered the assailed Decision^[16] in favor of the appellee.

The RTC resolved as follows:

During the hearings conducted by the court, defendant did not deny having issued the checks. He only claimed that the checks were not issued to plaintiff himself but to a certain Rose Buenaflor in payment of rice bran which Rose Buenaflor did not deliver. Unfortunately, defendant did not include Rose Buenaflor as a third party-defendant in this case. This, to the mind of the Court is fatal to defendant's case.

When Charles Ting issued the checks payable to "CASH", he gave notice to the world that these checks may be encashed by the holder thereof. In this case, the holder of the checks is plaintiff. There is nothing in the checks to show that the same were paid for rice bran which should be delivered at a particular date. The checks in fact directed Metrobank Sta. Ana Branch to pay the holder of thereof (sic) the amounts indicated in the checks.

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The checks that were given to Rose Buenaflor allowed her to negotiate the checks to third persons, or to use the said negotiable instruments as payment for her obligation. Since the defendant was not prudent when he issued the checks payable to "Cash" he cannot disclaim any liability for their issuance.

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Defendant cannot just say that he transacted with Rose Buenaflor, on the glaring evidence that he issued the checks payable to cash. Rose Buenaflor could have been joined as a third party for a complete determination of the claims of defendant. But this was not done by defendant.

Dissatisfied with result, appellant raises the following assignment of errors for resolution:

I

WHETHER OR NOT THE DECISION OF THE TRIAL COURT IS NULL AND VOID FOR BEING VIOLATIVE OF THE REQUIREMENTS OF SECTION 1 RULE 36 OF THE 1997 RULES OF CIVIL PROCEDURE, THERE BEING NO LAW OR JURISPRUDENCE CITED BY THE TRIAL COURT UPON WHICH THE APPEALED DECISION WAS BASED;

II

WHETHER OR NOT THE JUDGMENT OF THE TRIAL COURT WAS BASED ON A MISAPPREHENSION OF FACTS AND FINDINGS OF FACTS WHICH ARE CONFLICTING AND/OR CONTRARY TO THE ADMISSION MADE BY THE

III

WHETHER OR NOT THE TRIAL COURT ERRED IN AWARDING PLAINTIFF-APPELLEE P100,000.00 AS ATTORNEY'S FEES.

The Court's Ruling

On the first assignment of error, appellant asserts that the lower erred when it rendered a decision without allegedly stating the law on which its findings of facts are based.

The contention has no merit.

Contrary to appellant's contention, a closer inspection of the RTC's Decision reveals that the same applied basic principles of the negotiable instruments law when it ruled against appellant. The RTC held that a check payable to the order of cash gave "notice to the whole world, that these checks maybe encashed by the holder thereof."^[17] This ruling finds support under Section 9 of the Negotiable Instruments Law as it has long been established that a check payable to cash is payable to the bearer because the name of the payee in the check as "cash" does not purport to be the name of any person.^[18]

On the second assignment error, appellant harps on the alleged inconsistency between appellee's allegation in the complaint and his testimony. Appellant insists that the appellee in his complaint alleged that the four (4) checks were negotiated to him by appellant in exchange for cash, while during his testimony, he admitted that the checks were indorsed to him by agents or the suppliers of appellant as payment for sacks that they would buy from him or that he would simply exchange the checks for cash at a discounted rate of three percent.

At the onset, the Court must emphasize the overriding principle, despite the seeming inconsistencies in appellee's testimony, that a check payable to cash entitles the holder thereof to present the same to the drawee bank for encashment upon its maturity. As early as the case of *Ang Tek Lian v. Court of Appeals*,^[19] the Supreme Court defined the simplicity and convenience of a check payable to cash which entitles the bearer to present it for payment, without need of an indorsement.

The Supreme Court explained:

Under the Negotiable Instruments Law (sec. 9 [d]), a check drawn payable to the order of "cash" is a check payable to bearer, and the bank may pay it to the person presenting it for payment without the drawer's indorsement.

Where a check is made payable to the order of "cash", the word cash "does not purport to be the name of any person", and hence the instrument is payable to bearer. The drawee bank need not obtain any indorsement of the check, but may pay it to the person presenting it without any indorsement.