

SPECIAL SECOND DIVISION

[CA-G.R. SP No. 119654, May 06, 2014]

ROBERT T. UY, PETITIONER, VS. ROMY CUA AND PATRICK ANTONIO, RESPONDENTS.

D E C I S I O N

GAERLAN, S.H., J.:

For consideration of this Court is a Petition for Review^[1] under Rule 42 of the Rules of Court praying for the reversal and setting aside of the 28 July 2009 Decision^[2] and the 10 May 2011 Order^[3] of the Regional Trial Court (RTC), Branch 19, of Cauayan, Isabela in Civil Case No. Br. 19-2780. The assailed Decision is a modification of the 8 November 2007 Decision^[4] of the Municipal Trial Court in Cities (MTCC) of Cauayan, Isabela in an action for collection of sum of money docketed as Civil Case No. CV-02-040 wherein the RTC absolved herein respondent Romy Cua of any civil liability. The questioned Order is a denial of the Motion for Reconsideration^[5] filed by the petitioner Robert T. Uy.

The facts are as follows:

In his verified complaint,^[6] Robert T. Uy (Uy) alleged that sometime in 19 September 1998, herein respondents Romy Cua (Cua) and Patrick Antonio (Antonio) borrowed the amount of Two Hundred Thousand Pesos (Php 200,000.00) from him. In turn, Antonio issued Consolbank Check No. 0112316 (subject check) in the amount of Php 200,000.00, postdated 19 October 1998, which was indorsed by Cua. However, upon presentment, the check was dishonored by the drawee bank as the account from which it was drawn was already closed. Despite repeated demands, Cua and Antonio failed and refused to settle their obligation which prompted Uy to file an action for collection of sum of money against them.

In his answer,^[7] Antonio averred as affirmative defense that he did not issue the subject check to Uy and that the case was filed merely to harass him. Meanwhile, in Cua's answer,^[8] he stated that Uy is engaged in the business of extending loans. However, Uy would not grant Antonio a loan unless he could present someone he knows who is also known to Uy. Cua maintained that he did not borrow any amount from Uy. According to him, Antonio is merely an acquaintance who approached and asked him if he could sign a postdated check to be delivered by Antonio to Uy as security for the payment of a loan in the amount of Php 200,000.00. Cua signed the dorsal portion of the subject check to accommodate Antonio. Nonetheless, he does not have any knowledge if Antonio was actually able to obtain a loan from Uy thereafter. Cua insisted that he refused to pay the amount of the subject check since it does not belong to him. It is also his postulation that his signature at the reverse side of the subject check does not make him an indorser thereof. He emphasized that Uy is the payee of the check and it was not indorsed to him, thus, he had no personality to subsequently indorse the same.

In its 8 November 2007 Decision,^[9] the MTCC wrote, to wit:

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From the evidence of the plaintiff, it appears that on September 19, 1998, defendants Romy Cua and Patrick Antonio went to the plaintiff at Cauayan City. They offered a check for rediscounting. The check was owned by defendant Antonio, but it was defendant Cua who gave to the plaintiff the check. As plaintiff knew very well defendant Cua, he agreed to rediscount the check deducting 4% as interest. Plaintiff gave the money to defendant Cua because he was the one with whom he made the transaction although defendant Antonio was there when the transaction was made. The check in the amount of Php200,000.00 was postdated to October 19, 1998, payable to Robert T. Uy, plaintiff. Defendant Cua signed at the back of the check to show that he received the Php200,000.00.

The check was dishonored by the bank. Plaintiff demanded payment from the defendants, but they did not pay. Plaintiff engaged the services of counsel who filed the case in Court for a fee equivalent to 10% of Php200.00.00, plus Php1,000.00 per appearance in Court.

Plaintiff offered in evidence the check marked as Exhibit "A", with submarkings, Demand Letters to defendants Cua and Antonio, marked as Exhibits "B" and "C", respectively, Savings Account Deposit Slip as Exhibit "D" and Debit Advice as Exhibit "E", both of RCBC bank.

On the other hand, the evidence of the defendant Cua shows that he knows the defendant Antonio. In 1998, Antonio went to Cua at his office and asked the latter if he knows plaintiff Uy. Cua said yes and asked Antonio, why? Antonio told Cua that he wanted to borrow money from the plaintiff, but the plaintiff did not know him. Plaintiff asked Antonio if he knew one from Cauayan City and Antonio said, he knew Romy Cua.

Antonio asked Cua if could sign the check that would prove that he, Cua, knew Antonio. Cua obliged. He signed the check in the amount of Php200,000.00, payable to Robert Uy (Exhibit "1"). Cua signed at the back of the check (Exhibit "1-C"). Cua did not receive any portion of the money. He declared that he did not borrow any money from the plaintiff. If he needed money, he had a credit line with Metrobank for eleven million pesos. He has also friends, brothers and sisters who could lend him if he needed money.

As for defendant Patrick Antonio, he testified in Court saying that he did not receive from the plaintiff the Php200,000.00 subject matter of this case.

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Unsatisfied with the ruling of the MTCC, Cua moved for reconsideration thereof while Antonio appealed therefrom. Nevertheless, in its 2 January 2008 Order,^[11] the MTCC denied Cua's Motion for Reconsideration. Consequently, Cua likewise filed an Appeal.

In its 28 July 2009 Decision,^[12] the RTC modified the 8 November 2007 Decision of the MTCC^[13] and disposed of in this wise:

WHEREFORE, in view of the foregoing consideration, the Decision of the lower court dated 8 November 2007 is hereby MODIFIED with regard to defendant-appellant ROMY CUA who is accordingly absolved of any civil liability.^[14]

In absolving Cua of any civil liability, the RTC ruled that the signature of the former on the dorsal portion of the subject check did not make him an indorser thereof. According to the RTC, Cua had no personality to indorse the subject check as it was never indorsed to him by the payee. As such, the RTC gave credence to Cua's claim that he signed the subject check only to accommodate Antonio and not to make himself solidarily liable with said acquaintance.

Aggrieved, Uy moved for reconsideration^[15] of the RTC Decision which was denied by the said Court in its 10 May 2011 Order.^[16] Hence, Uy is before this Court with the sole issue of:

WHETHER OR NOT THE REGIONAL TRIAL COURT ERRED IN RULING THAT ONLY DEFENDANT PATRICK ANTONIO SHOULD BE HELD LIABLE FOR THE CHECK AND ABSOLVING DEFENDANT CUA OF ANY LIABILITY AS HE MERELY SIGNED THE CHECK TO ACCOMMODATE DEFENDANT PATRICK ANTONIO.^[17]

Uy is of the position that as an accommodation party, Cua is likewise liable to him.

The instant petition is meritorious.

The accepted rule is that the negotiability or non-negotiability of an instrument is determined from the writing, that is, from the face of the instrument itself. In the construction of a bill or note, the intention of the parties is to control, if it can be legally ascertained.^[18] While the writing may be read in the light of surrounding circumstances in order to more perfectly understand the intent and meaning of the parties, yet as they have constituted the writing to be the only outward and visible expression of their meaning, no other words are to be added to it or substituted in its stead. The duty of the Court in such case is to ascertain, not what the parties may have secretly intended as contradistinguished from what their words express, but what is the meaning of the words they have used. What the parties meant must be determined by what they said.^[19]

The provisions of the Negotiable Instruments Law (NIL) can be applied only to negotiable instruments.^[20] Under Section 1 of the NIL, an instrument to be negotiable must conform to the following requirements: (a) It must be in writing and signed by the maker or drawer; (b) Must contain an unconditional promise or order to pay a sum certain in money; (c) Must be payable on demand, or at a fixed or determinable future time; (d) Must be payable to order or to bearer; and (e) Where the instrument is addressed to a drawee, he must be named or otherwise indicated therein with reasonable certainty.

A check is a negotiable instrument that serves as a substitute for money and as a convenient form of payment in financial transactions and obligations.^[21] Section