

SECOND DIVISION

[G.R. NO. 150128, August 31, 2006]

**LAUREANO T. ANGELES, PETITIONER, VS. PHILIPPINE
NATIONAL RAILWAYS (PNR) AND RODOLFO FLORES,[1]
RESPONDENTS.**

D E C I S I O N

GARCIA, J.:

Under consideration is this petition for review under Rule 45 of the Rules of Court assailing and seeking to set aside the following issuances of the Court of Appeals (CA) in *CA-G.R. CV No. 54062*, to wit:

1. Decision^[2] dated June 4, 2001, affirming an earlier decision of the Regional Trial Court (RTC) of Quezon City, Branch 79, which dismissed the complaint for specific performance and damages thereat commenced by the petitioner against the herein respondents; and
2. Resolution^[3] dated September 17, 2001, denying the petitioner's motion for reconsideration.

The facts:

On May 5, 1980, the respondent Philippine National Railways (PNR) informed a certain Gaudencio Romualdez (Romualdez, hereinafter) that it has accepted the latter's offer to buy, on an "AS IS, WHERE IS" basis, the PNR's scrap/unserviceable rails located in Del Carmen and Lubao, Pampanga at ₱1,300.00 and ₱2,100.00 per metric ton, respectively, for the total amount of ₱96,600.00. After paying the stated purchase price, Romualdez addressed a letter to Atty. Cipriano Dizon, PNR's Acting Purchasing Agent. Bearing date May 26, 1980, the letter reads:

Dear Atty. Dizon:

This is to inform you as President of San Juanico Enterprises, that I have authorized the bearer, LIZETTE R. WIJANCO of No. 1606 Aragon St., Sta. Cruz, Manila, to be my lawful representative in the withdrawal of the scrap/unserviceable rails awarded to me.

For this reason, I have given her the original copy of the award, dated May 5, 1980 and O.R. No. 8706855 dated May 20, 1980 which will indicate my waiver of rights, interests and participation in favor of LIZETTE R. WIJANCO.

Thank you for your cooperation.

Very truly yours,

(Sgd.) Gaudencio Romualdez

The Lizette R. Wijanco mentioned in the letter was Lizette Wijanco- Angeles, petitioner's now deceased wife. That very same day – May 26, 1980 – Lizette requested the PNR to transfer the location of withdrawal for the reason that the scrap/unserviceable rails located in Del Carmen and Lubao, Pampanga were not ready for hauling. The PNR granted said request and allowed Lizette to withdraw scrap/unserviceable rails in Murcia, Capas and San Miguel, Tarlac instead. However, the PNR subsequently suspended the withdrawal in view of what it considered as documentary discrepancies coupled by reported pilferages of over ₱500,000.00 worth of PNR scrap properties in Tarlac.

Consequently, the spouses Angeles demanded the refund of the amount of ₱96,000.00. The PNR, however, refused to pay, alleging that as per delivery receipt duly signed by Lizette, 54.658 metric tons of unserviceable rails had already been withdrawn which, at ₱2,100.00 per metric ton, were worth ₱114,781.80, an amount that exceeds the claim for refund.

On August 10, 1988, the spouses Angeles filed suit against the PNR and its corporate secretary, Rodolfo Flores, among others, for specific performance and damages before the Regional Trial Court of Quezon City. In it, they prayed that PNR be directed to deliver 46 metric tons of scrap/unserviceable rails and to pay them damages and attorney's fees.

Issues having been joined following the filing by PNR, *et al.*, of their answer, trial ensued. Meanwhile, Lizette W. Angeles passed away and was substituted by her heirs, among whom is her husband, herein petitioner Laureno T. Angeles.

On April 16, 1996, the trial court, on the postulate that the spouses Angeles are not the real parties-in-interest, rendered judgment dismissing their complaint for lack of cause of action. As held by the court, Lizette was merely a representative of Romualdez in the withdrawal of scrap or unserviceable rails awarded to him and not an assignee to the latter's rights with respect to the award.

Aggrieved, the petitioner interposed an appeal with the CA, which, as stated at the threshold hereof, in its decision of June 4, 2001, dismissed the appeal and affirmed that of the trial court. The affirmatory decision was reiterated by the CA in its resolution of September 17, 2001, denying the petitioner's motion for reconsideration.

Hence, the petitioner's present recourse on the submission that the CA erred in affirming the trial court's holding that petitioner and his spouse, as plaintiffs *a quo*, had no cause of action as they were not the real parties-in-interest in this case.

We DENY the petition.

At the crux of the issue is the matter of how the aforequoted May 26, 1980 letter of Romualdez to Atty. Dizon of the PNR should be taken: was it meant to designate, or has it the effect of designating, Lizette W. Angeles as a mere agent or as an assignee of his (Romualdez's) interest in the scrap rails awarded to San Juanico

Enterprises? The CA's conclusion, affirmatory of that of the trial court, is that Lizette was not an assignee, but merely an agent whose authority was limited to the withdrawal of the scrap rails, hence, without personality to sue.

Where agency exists, the third party's (in this case, PNR's) liability on a contract is to the principal and not to the agent and the relationship of the third party to the principal is the same as that in a contract in which there is no agent. Normally, the agent has neither rights nor liabilities as against the third party. He cannot thus sue or be sued on the contract. Since a contract may be violated only by the parties thereto as against each other, the real party-in-interest, either as plaintiff or defendant in an action upon that contract must, generally, be a contracting party.

The legal situation is, however, different where an agent is constituted as an assignee. In such a case, the agent may, in his own behalf, sue on a contract made for his principal, as an assignee of such contract. The rule requiring every action to be prosecuted in the name of the real party-in-interest recognizes the assignment of rights of action and also recognizes that when one has a right assigned to him, he is then the real party-in-interest and may maintain an action upon such claim or right.

[4]

Upon scrutiny of the subject Romualdez's letter to Atty. Cipriano Dizon dated May 26, 1980, it is at once apparent that Lizette was to act just as a "representative" of Romualdez in the "withdrawal of rails," and not an assignee. For perspective, we reproduce the contents of said letter:

This is to inform you as President of San Juanico Enterprises, that I have **authorized** the bearer, LIZETTE R. WIJANCO x x x **to be my lawful representative in the withdrawal of the scrap/unserviceable rails awarded to me.**

For this reason, I have given her the original copy of the award, dated May 5, 1980 and O.R. No. 8706855 dated May 20, 1980 which will indicate my waiver of rights, interests and participation in favor of LIZETTE R. WIJANCO. (Emphasis added)

If Lizette was without legal standing to sue and appear in this case, there is more reason to hold that her petitioner husband, either as her conjugal partner or her heir, is also without such standing.

Petitioner makes much of the fact that the terms "agent" or "attorney-in-fact" were not used in the Romualdez letter aforestated. It bears to stress, however, that the words "principal" and "agent," are not the only terms used to designate the parties in an agency relation. The agent may also be called an attorney, proxy, delegate or, as here, *representative*.

It cannot be over emphasized that Romualdez's use of the active verb "authorized," instead of "assigned," indicated an intent on his part to keep and retain his interest in the subject matter. Stated a bit differently, he intended to limit Lizette's role in the scrap transaction to being the representative of his interest therein.

Petitioner submits that the second paragraph of the Romualdez letter, stating - "I have given [Lizette] the original copy of the award x x x which will indicate my