

## FIRST DIVISION

[ G.R. No. 143584, March 10, 2004 ]

**SPOUSES ANTONIO AND SOLEDAD CONSING, PETITIONERS, VS.  
COURT OF APPEALS AND SUGAR PRODUCERS COOPERATIVE  
MARKETING ASSOCIATION, RESPONDENTS.**

### DECISION

**CARPIO, J.:**

#### The Case

Before us is a petition for review<sup>[1]</sup> of the 29 November 1999 Decision<sup>[2]</sup> and 5 June 2000 Resolution of the Court of Appeals in CA-G.R. CV No. 41604. The Court of Appeals affirmed the 19 June 1989 Decision<sup>[3]</sup> of the Regional Trial Court of Negros Occidental, Branch 44, Bacolod City in Civil Case No. 13514.

#### The Antecedent Facts

Petitioner-spouses Antonio and Soledad Consing ("Antonio and Soledad") were sugar-farm landowners. Antonio and Soledad mortgaged their properties to the Philippine National Bank ("PNB") Victorias Branch. Antonio and Soledad also had an annual agricultural crop loan with PNB. A portion of this loan was for a fertilizer line.

Private respondent Sugar Producers' Cooperative Marketing Association ("SPCMA") is a cooperative engaged in assisting planters-members procure fertilizer and other farm needs.

In 1975, Antonio and Soledad purchased on credit various grades of fertilizer through SPCMA on the strength of the documents presented by Antonio and Soledad. The documents consisted of a certification issued by PNB and a promissory note chargeable against PNB. The certification of PNB stated that Antonio and Soledad "have a 1975-76 Agricultural Crop Loan line of P3,907,000.00 out of which has [sic] a Fertilizer allotment of P1,389,400.00," and that PNB would hold for SPCMA's account the proceeds of said allotment "as soon as the same has been processed and approved by us." The promissory note was for P481,660.52, payable to the order of PNB as payment for the anticipated fertilizer allotment.

When SPCMA presented the promissory note, PNB refused to honor the note as Antonio and Soledad no longer had a fertilizer line with PNB.

On 8 November 1977, SPCMA filed a complaint for collection of sum of money against Antonio and Soledad with the Regional Trial Court of Negros Occidental, Bacolod City.

On 19 June 1989, the trial court ruled in favor of SPCMA.

Dissatisfied with the decision of the trial court, Antonio and Soledad appealed to the Court of Appeals.

On 29 November 1999, the Court of Appeals affirmed the decision of the trial court. On 5 June 2000, the Court of Appeals denied Antonio and Soledad's motion for reconsideration.

### **The Ruling of the Trial Court**

We quote in full the two-page decision of the trial court, as follows:

Before this Court is a complaint for sum of money filed by plaintiff Sugar Producers' Cooperative Marketing Association, Inc., and against defendant-spouses Antonio and Soledad Consing.

The record shows that sometime in 1975, defendant-spouses purchased on account various grades of fertilizers from plaintiff cooperative, as shown in Exhibits "B", "C", "D", "E", "F", "G", "H", and "I". The total purchase price of which was P544,054.00 as shown in Exhibit "K". Defendant-spouses however failed to pay their obligation to plaintiff, hence the present suit.

On the other hand, the defendant-spouses in their answer, admit their indebtedness with plaintiff regarding the cost of fertilizers but deny the accuracy of the account, other charges and expenses alleged in the complaint. That the promissory note executed by defendant-spouses in favor of plaintiff was novated by a subsequent agreement.

It appears that defendant-spouses had a 1975-76 Agricultural Sugar Crop Loan Line of P3,907,000.00, with the Philippine National Bank, with a Fertilizer allotment of P1,389,400.00, as shown in Exhibit "A". That on the strength of the assurance of defendant-spouses by presenting the Philippine National Bank Certification (Exh. A), and Promissory Note (Exh. "J"), plaintiff delivered voluminous fertilizers of various grades to defendants, as shown in Exhibits "B", "C", "D", "E", "F", "G", "H" and "I". That when plaintiff presented for payment the Promissory Note to the Philippine National Bank, the said note was dishonored by the bank for reason that defendants have no more fertilizer line out of their alleged agricultural crop loan with the Philippine National Bank. When plaintiff demanded payment from defendant-spouses, the latter offered some temporary payment arrangement with the plaintiff (Exh. "O") by assigning one truck load of sugarcane daily, which defendants failed to comply. That as of April 30, 1983, the total obligations due to plaintiff by defendant-spouses amounted to P1,243,325.25, as shown in Exhibit "Q".

WHEREFORE, premises considered, the Court hereby renders judgment, ordering defendant spouses Antonio and Soledad Consing to be jointly and severally liable to pay the plaintiff SPCMA the sum of P1,243,325.25 with legal rate of interest from November 8, 1977, date of the filing of the complaint until fully paid; ordering defendant-spouses Antonio and

Soledad Consing to pay plaintiff SPCMA jointly and severally 10% of the total unpaid obligation as attorney's fees; and to pay the costs of this suit.

SO ORDERED. [4]

### **The Ruling of the Court of Appeals**

The Court of Appeals ruled that based on the documentary evidence, Antonio and Soledad were the purchasers in the transaction. Antonio signed the Fertilizer Order. Antonio bound himself and his wife, Soledad, to pay or reimburse SPCMA for the price, including delivery expenses and taxes, of the fertilizers. The invoices, delivery order and record of deliveries bear the name of Antonio as the recipient or transferee of the goods. None of these actionable documents, the genuineness and due execution of which Antonio and Soledad did not controvert, show that PNB assumed responsibility for Antonio and Soledad's obligations.

The Court of Appeals held that PNB was not the guarantor or surety of Antonio and Soledad. Citing Article 2055 of the Civil Code, the Court of Appeals ruled that a guaranty cannot be presumed but must be express. The PNB certification does not show that PNB guaranteed the transaction as the certification merely embodied the following undertaking:

In this connection, we will hold for your account after we have been duly informed of any fertilizer advances you may have extended to Judge & Mrs. Antonio Consing for the 1976-77 crop against his fertilizer allotment for this aforementioned 1976-77 as soon as the same has been processed and approved by us. [5]

The dispositive portion of the decision of the Court of Appeals reads:

WHEREFORE, finding no reversible error in the appealed decision, the same is hereby **AFFIRMED**.

SO ORDERED. [6]

The Court of Appeals denied the motion for reconsideration of Antonio and Soledad as it saw no cogent reason to set aside its decision. The dispositive portion of the appellate court's resolution reads:

WHEREFORE, the subject motion for reconsideration is hereby **DENIED** for lack of merit.

SO ORDERED. [7]

### **The Issues**

Antonio and Soledad raise the following issues in their memorandum:

1. THE COURT OF APPEALS GROSSLY ERRED IN HOLDING THAT PETITIONERS ARE LIABLE FOR THE CLAIM OF PRIVATE RESPONDENT, IT BEING PHILIPPINE NATIONAL BANK, WHICH IS

PRIMARILY LIABLE THEREFOR.

2. THE COURT OF APPEALS GRAVELY ERRED IN ORDERING PETITIONERS TO PAY PRIVATE RESPONDENT P1,243,325.25 WITH LEGAL INTERESTS FROM NOVEMBER 8, 1977, THE DATE OF FILING OF THE COMPLAINT, AS THIS WILL AMOUNT TO DOUBLE IMPOSITION OF INTERESTS.<sup>[8]</sup>

On the other hand, SPCMA believes that the issues for resolution are as follows:

1. WHETHER THE TRIAL COURT, WHICH TRIED AND DECIDED THE CASE ON THE MERITS AND THE COURT OF APPEALS WHICH AFFIRMED ITS DECISION, ERRED IN HOLDING THAT THE PETITIONERS ARE LIABLE FOR THE CLAIM OF SPCMA AMOUNTING TO P1,243,325.25 WITH THE LEGAL RATE OF INTEREST FROM NOVEMBER 8, 1977 UNTIL FULLY PAID;
2. WHETHER PETITIONERS ARE ALLOWED TO CHANGE THEIR THEORY OF THE CASE ON APPEAL;
3. WHETHER THE FINDINGS OF FACT OF THE TRIAL COURT AND THE COURT OF APPEALS WHICH AFFIRMED ITS DECISION ARE BINDING ON THE SUPREME COURT;
4. WHETHER THE INSTANT PETITION FOR REVIEW IS PRO FORMA. HAVING FAILED TO COMPLY WITH THE 1997 RULES OF PROCEDURE, AS AMENDED, REQUIRING THAT THE PETITION SHALL BE ACCOMPANIED BY CERTIFIED TRUE COPIES, AMONG OTHERS, OF ALL PERTINENT PLEADINGS AND DOCUMENTS (RULE 65, SEC. 1).<sup>[9]</sup>

### **The Ruling of the Court**

The petition is without merit.

### ***Petition Complies with the Requirements of the Rules of Court***

SPCMA moves for the outright dismissal of the petition on the ground that it failed to comply with the 1997 Rules of Court requiring petitions for review under Rule 45 to be accompanied by certified true copies of "all pleadings and documents pertinent thereto."

We disagree. In ***Cadayona v. Court of Appeals***,<sup>[10]</sup> we held that in appeals by certiorari under Rule 45,<sup>[11]</sup> what the rules require is a certified true copy of the questioned judgment, final order or resolution.

The present petition is accompanied by the certified true copies of the decision of the trial court and the decision and resolution of the Court of Appeals. The petition therefore does not suffer from any infirmity.

### ***Decision of the Regional Trial Court Failed to State the Legal Basis of its Ruling***

Antonio and Soledad draw our attention to the two-page decision of the trial court penned by Judge Cicero U. Querubin ("Judge Querubin"). While Judge Querubin mentioned his factual findings, the legal basis of his ruling is not set out in the decision. Judge Querubin failed to meet faithfully the requirement demanded by the Constitution from the courts in rendering their decisions.

Section 14, Article VIII of the Constitution declares that:

Sec. 14. No decision shall be rendered by any court without expressing therein clearly and distinctly the facts and **the law on which it is based.**

No petition for review or motion for reconsideration of a decision of the court shall be refused due course or denied without stating the legal basis therefor. (Emphasis supplied)

The court must inform the parties to a case of the legal basis for the court's decision so that if a party appeals, it can point out to the appellate court the points of law to which it disagrees.<sup>[12]</sup> Every judge should know the constitutional mandate and the rationale behind it. Judge Querubin should have known the exacting standard imposed on courts by Section 14, Article VIII of the Constitution and should not have sacrificed the constitutional standard for brevity's sake.

The failure of the trial court decision to measure up to the standard set by the Constitution is too gross to ignore as it is in stark contrast to the Court of Appeals' decision. The Court of Appeals' decision, while also brief, being only three pages long, laid down the factual and legal reasons why Antonio and Soledad are the ones liable to SPCMA, and not PNB. The Court of Appeals' discussion of the merits of this case enabled the parties to pinpoint the proper issues that we now review.

***Antonio and Soledad are Solely Liable for the Value of the Fertilizers they Purchased on Credit through SPCMA***

We find no ground to overturn the factual finding of the trial court and Court of Appeals. The records support the trial and appellate courts' finding that Antonio and Soledad purchased on credit the fertilizers through SPCMA. The obligation to pay is solely that of Antonio and Soledad's since they failed to prove that PNB was their guarantor or surety.

We will not allow Antonio and Soledad to adopt a new defense at this very late stage of the case. To permit them to do so would not only be unfair to the other party but it would also be offensive to the basic rules of fair play, justice and due process.<sup>[13]</sup> Thus, we will not delve into Antonio and Soledad's new claim that PNB should be liable to SPCMA because PNB managed their farm. The fact that Antonio and Soledad are introducing this unsubstantiated claim for the very first time is proof that this defense is just an afterthought.

***Total Amount Due to SPCMA***

Antonio and Soledad contest the P1,243,325.25 and the legal interest the trial and appellate courts awarded to SPCMA. Antonio and Soledad argue that the total claim