

FIRST DIVISION

[G.R. No. 119020, October 19, 2000]

**INTERNATIONAL EXPRESS TRAVEL & TOUR SERVICES, INC.,
PETITIONER, VS. HON. COURT OF APPEALS, HENRI KAHN,
PHILIPPINE FOOTBALL FEDERATION, RESPONDENTS. D E C I S I
O N**

KAPUNAN, J.:

On June 30 1989, petitioner International Express Travel and Tour Services, Inc., through its managing director, wrote a letter to the Philippine Football Federation (Federation), through its president private respondent Henri Kahn, wherein the former offered its services as a travel agency to the latter.^[1] The offer was accepted.

Petitioner secured the airline tickets for the trips of the athletes and officials of the Federation to the South East Asian Games in Kuala Lumpur as well as various other trips to the People's Republic of China and Brisbane. The total cost of the tickets amounted to P449,654.83. For the tickets received, the Federation made two partial payments, both in September of 1989, in the total amount of P176,467.50.^[2]

On 4 October 1989, petitioner wrote the Federation, through the private respondent a demand letter requesting for the amount of P265,894.33.^[3] On 30 October 1989, the Federation, through the Project Gintong Alay, paid the amount of P31,603.00.^[4]

On 27 December 1989, Henri Kahn issued a personal check in the amount of P50,000 as partial payment for the outstanding balance of the Federation.^[5] Thereafter, no further payments were made despite repeated demands.

This prompted petitioner to file a civil case before the Regional Trial Court of Manila. Petitioner sued Henri Kahn in his personal capacity and as President of the Federation and impleaded the Federation as an alternative defendant. Petitioner sought to hold Henri Kahn liable for the unpaid balance for the tickets purchased by the Federation on the ground that Henri Kahn allegedly guaranteed the said obligation.^[6]

Henri Kahn filed his answer with counterclaim. While not denying the allegation that the Federation owed the amount P207,524.20, representing the unpaid balance for the plane tickets, he averred that the petitioner has no cause of action against him either in his personal capacity or in his official capacity as president of the Federation. He maintained that he did not guarantee payment but merely acted as an agent of the Federation which has a separate and distinct juridical personality.^[7]

On the other hand, the Federation failed to file its answer, hence, was declared in default by the trial court.^[8]

In due course, the trial court rendered judgment and ruled in favor of the petitioner and declared Henri Kahn personally liable for the unpaid obligation of the Federation. In arriving at the said ruling, the trial court rationalized:

Defendant Henri Kahn would have been correct in his contentions had it been duly established that defendant Federation is a corporation. The trouble, however, is that neither the plaintiff nor the defendant Henri Kahn has adduced any evidence proving the corporate existence of the defendant Federation. In paragraph 2 of its complaint, plaintiff asserted that "Defendant Philippine Football Federation is a sports association xxx."

This has not been denied by defendant Henri Kahn in his Answer. Being the President of defendant Federation, its corporate existence is within the personal knowledge of defendant Henri Kahn. He could have easily denied specifically the assertion of the plaintiff that it is a mere sports association, if it were a domestic corporation. But he did not.

x x x

A voluntary unincorporated association, like defendant Federation has no power to enter into, or to ratify, a contract. The contract entered into by its officers or agents on behalf of such association is not binding on, or enforceable against it. The officers or agents are themselves personally liable.

x x x^[9]

The dispositive portion of the trial court's decision reads:

WHEREFORE, judgment is rendered ordering defendant Henri Kahn to pay the plaintiff the principal sum of P207,524.20, plus the interest thereon at the legal rate computed from July 5, 1990, the date the complaint was filed, until the principal obligation is fully liquidated; and another sum of P15,000.00 for attorney's fees.

The complaint of the plaintiff against the Philippine Football Federation and the counterclaims of the defendant Henri Kahn are hereby dismissed.

With the costs against defendant Henri Kahn.^[10]

Only Henri Kahn elevated the above decision to the Court of Appeals. On 21 December 1994, the respondent court rendered a decision reversing the trial court, the decretal portion of said decision reads:

WHEREFORE, premises considered, the judgment appealed from is hereby REVERSED and SET ASIDE and another one is rendered dismissing the complaint against defendant Henri S. Kahn.^[11]

In finding for Henri Kahn, the Court of Appeals recognized the juridical existence of the Federation. It rationalized that since petitioner failed to prove that Henri Kahn guaranteed the obligation of the Federation, he should not be held liable for the same as said entity has a separate and distinct personality from its officers.

Petitioner filed a motion for reconsideration and as an alternative prayer pleaded that the Federation be held liable for the unpaid obligation. The same was denied by the appellate court in its resolution of 8 February 1995, where it stated that:

As to the alternative prayer for the Modification of the Decision by expressly declaring in the dispositive portion thereof the Philippine Football Federation (PFF) as liable for the unpaid obligation, it should be remembered that the trial court dismissed the complaint against the Philippine Football Federation, and the plaintiff did not appeal from this decision. Hence, the Philippine Football Federation is not a party to this appeal and consequently, no judgment may be pronounced by this Court against the PFF without violating the due process clause, let alone the fact that the judgment dismissing the complaint against it, had already become final by virtue of the plaintiff's failure to appeal therefrom. The alternative prayer is therefore similarly DENIED.^[12]

Petitioner now seeks recourse to this Court and alleges that the respondent court committed the following assigned errors:^[13]

A. THE HONORABLE COURT OF APPEALS ERRED IN HOLDING THAT PETITIONER HAD DEALT WITH THE PHILIPPINE FOOTBALL FEDERATION (PFF) AS A CORPORATE ENTITY AND IN NOT HOLDING THAT PRIVATE RESPONDENT HENRI KAHN WAS THE ONE WHO REPRESENTED THE PFF AS HAVING A CORPORATE PERSONALITY.

B. THE HONORABLE COURT OF APPEALS ERRED IN NOT HOLDING PRIVATE RESPONDENT HENRI KAHN PERSONALLY LIABLE FOR THE OBLIGATION OF THE UNINCORPORATED PFF, HAVING NEGOTIATED WITH PETITIONER AND CONTRACTED THE OBLIGATION IN BEHALF OF THE PFF, MADE A PARTIAL PAYMENT AND ASSURED PETITIONER OF FULLY SETTLING THE OBLIGATION.

C. ASSUMING ARGUENDO THAT PRIVATE RESPONDENT KAHN IS NOT PERSONALLY LIABLE, THE HONORABLE COURT OF APPEALS ERRED IN NOT EXPRESSLY DECLARING IN ITS DECISION THAT THE PFF IS SOLELY LIABLE FOR THE OBLIGATION.

The resolution of the case at bar hinges on the determination of the existence of the Philippine Football Federation as a juridical person. In the assailed decision, the appellate court recognized the existence of the Federation. In support of this, the CA cited Republic Act 3135, otherwise known as the Revised Charter of the Philippine Amateur Athletic Federation, and Presidential Decree No. 604 as the laws from which said Federation derives its existence.

As correctly observed by the appellate court, both R.A. 3135 and P.D. No. 604 recognized the juridical existence of national sports associations. This may be gleaned from the powers and functions granted to these associations. Section 14 of R.A. 3135 provides:

SEC. 14. *Functions, powers and duties of Associations.* - The National Sports' Association shall have the following functions, powers and duties:

1. To adopt a constitution and by-laws for their internal organization and government;
2. To raise funds by donations, benefits, and other means for their purposes.
3. To purchase, sell, lease or otherwise encumber property both real and personal, for the accomplishment of their purpose;