



Republic of the Philippines
Supreme Court
 Manila

SECOND DIVISION

V-GENT, INC.,
 Petitioner,

G.R. No. 186305

- versus -

Present:
 CARPIO, J., Chairperson,
 BRION,
 DEL CASTILLO,
 MENDOZA, and
 LEONEN, JJ.

MORNING STAR TRAVEL and
 TOURS, INC.,
 Respondent.

Promulgated:

JUL 22 2015

H. Cabalog Jr. et al.

x-----

DECISION

BRION, J.:

We resolve the petition for review on *certiorari* filed to challenge the November 11, 2008 Decision and February 5, 2009 Resolution of the Court of Appeals (CA) in **CA-G.R. SP No. 97032**.¹

ANTECEDENTS

Sometime in June and in September 1998, the petitioner V-Gent, Inc. (*V-Gent*) bought twenty-six (26)² two-way plane tickets (Manila-Europe-Manila) from the respondent Morning Star Travel and Tours, Inc. (*Morning Star*).

On June 24, 1998 and September 28, 1998, V-Gent returned a total of fifteen (15) unused tickets worth \$8,747.50 to the defendant. Of the 15, Morning Star refunded only six (6) tickets worth \$3,445.62. Morning Star

¹ Both were penned by Associate Justice Jose C. Reyes, Jr. and concurred in by Associate Justices Jose L. Sabio, Jr. and Myrna Dimaranan Vidal.
² *Rollo*, p. 42.

Ph

refused to refund the remaining nine (9) unused tickets despite repeated demands.

On December 15, 2000, petitioner V-Gent filed a money claim against Morning Star for payment of the unrefunded \$5,301.88 plus attorney's fees. The complaint was raffled to Branch 2 of the Metropolitan Trial Court (*MeTC*) of Manila and docketed as **Civil Case No. 169296-CV**.

Morning Star countered that V-Gent was not entitled to a refund because the tickets were bought on the airline company's "buy one, take one" promo. It alleged that there were only fourteen (14) unused tickets and only seven (7) of these were refundable; considering that it had already refunded six (6) tickets (which is more or less 50% of 14), then there was nothing else to refund.

Morning Star also questioned V-Gent's personality to file the suit. It asserted that the passengers, in whose names the tickets were issued, are the real parties-in-interest.

On January 27, 2006, after due proceedings, the MeTC dismissed the complaint for lack of a cause of action. Citing Rule 3, Section 3 of the Rules of Court,³ the MeTC declared that, as agent of the passengers who paid for the tickets, V-Gent stood as the real party-in-interest. Nevertheless, it still dismissed the complaint because V-Gent failed to prove its claim by a preponderance of evidence.

V-Gent appealed to the Regional Trial Court (*RTC*) and the case was docketed as **Civil Case No. 06-115050**.

On September 25, 2006, the RTC granted the appeal after finding that V-Gent had established its claim by a preponderance of evidence. It set aside the MeTC's judgment and ordered Morning Star to pay V-Gent the value of the nine (9) unrefunded tickets plus attorney's fees.

Morning Star filed a petition for review with the CA; the case was docketed as **CA-G.R. SP No. 97032**. Morning Star questioned the RTC's appreciation of the evidence and factual conclusions. It also reiterated its question about V-Gent's legal standing, submitting once again that V-Gent is not the real party-in-interest.

On November 11, 2008, the CA granted the petition for review and dismissed V-Gent's complaint. The CA held that V-Gent is not a real party-in-interest because it merely acted as an agent of the passengers who bought the tickets from Morning Star with their own money.

³ Id. at 42.

A handwritten signature in black ink, consisting of stylized initials or a name, located in the bottom right corner of the page.

V-Gent moved for reconsideration, which motion the CA denied on February 5, 2009, thus clearing the way for the present petition for review on *certiorari*.

THE PETITION

V-Gent argues that the CA erred in ruling that it is not the real party-in-interest. It asserts: (1) that the issue of its legal standing to file the complaint has already become final because Morning Star did not appeal the MeTC's ruling on the issue; (2) that it is a real party-in-interest in filing the complaint; and (3) that Morning Star is already estopped from questioning V-Gent's legal standing to file the complaint.

In its Comment, Morning Star counters: (1) that it had no obligation to appeal the MeTC judgment dismissing the complaint in its favor; (2) that the MeTC did not specifically state that V-Gent is the real party-in-interest; (3) that the real parties-in-interest are the passengers named on the tickets; and (4) that it made no admissions that would estop it from denying the refund.

OUR RULING


V-Gent maintains that the MeTC determined that it was the real party-in-interest. It argues that since Morning Star did not appeal this specific finding with the RTC, then the MeTC's ruling on this point had already become final and conclusive; therefore, Morning Star can no longer revive the issue before the CA.

We disagree with V-Gent.

The MeTC dismissed V-Gent's complaint against Morning Star *for failure to prove its claim*. This dismissal meant that the plaintiff did not prove a violation of its right for which the defendant should be held liable. This ruling was plainly a judgment in Morning Star's favor and one that it had no cause to question. Indeed, it would be legally illogical for Morning Star to file an appeal to question a ruling of dismissal in its favor.

V-Gent also argues that it is a real party-in-interest with legal standing to institute the complaint against Morning Star. In the present petition, it states:

36. The Court of Appeals chose to ignore the fact that while **the plane tickets bore the names of the individual passengers**, the respondent admitted that it was the petitioner that transacted business with it concerning the purchase of these plane tickets. Both the purchase order and receipt of payments were under the name of the petitioner. Thus, **since it was the petitioner who purchased these plane tickets on behalf of the passengers**, the respondent voluntarily refunded to the former the value of six (6) unused return tickets in the total amount of US\$3,445.62.



Though, for reasons it did not reveal to petitioner, it refused to refund the rest.⁴ (Emphasis supplied.)

V-Gent admits that it purchased the plane tickets on behalf of the passengers as the latter's agent.⁵ The tickets were issued in the name of the passengers and paid for with the passengers' money. No dispute or conclusion in the lower courts' minds on this point; hence, both the MeTC⁶ and the CA⁷ commonly found that V-Gent acted as an agent of the passengers when it purchased the passengers' plane tickets.

However, while the MeTC held that V-Gent could sue as an agent acting in his own name on behalf of an undisclosed principal, the CA held that it could not because the requirements for such a suit by the agent had not been satisfied.

We agree with the Court of Appeals.

Every action must be prosecuted or defended in the name of the real party-in-interest – the party who stands to be benefited or injured by the judgment in the suit.⁸ In suits where an agent represents a party, the principal is the real party-in-interest; an agent cannot file a suit in his own name on behalf of the principal.

Rule 3, Section 3 of the Rules of Court provides the **exception when an agent may sue or be sued without joining the principal.**

Section 3. Representatives as parties. – Where the action is allowed to be prosecuted and defended by a representative or someone acting in a fiduciary capacity, the beneficiary shall be included in the title of the case and shall be deemed to be the real party-in-interest. A representative may be a trustee of an express trust, a guardian, an executor or administrator, or a party authorized by law or these Rules. **An agent acting in his own name and for the benefit of an undisclosed principal may sue or be sued without joining the principal except when the contract involves things belonging to the principal.** (Emphasis supplied.)

Thus an agent may sue or be sued solely in its own name and without joining the principal when the following elements concur: (1) the agent acted in his own name during the transaction; (2) the agent acted for the benefit of an undisclosed principal; and (3) the transaction did not involve the property of the principal.

When these elements are present, the agent becomes bound as if the transaction were its own. This rule is consistent with Article 1883 of the Civil Code which says:

⁴ Petition, pp. 8-9; id. at 17-18.

⁵ See also par. 3 of the Complaint; id. at 32.

⁶ MeTC Judgment, p. 4; id. at 42.

⁷ CA Decision, p. 8; id. at 28.

⁸ Rule 3, §2 of the Rules of Court.



Art. 1883. If an agent acts in his own name, the principal has no right of action against the persons with whom the agent has contracted; neither have such persons against the principal.

In such case, the agent is the one directly bound in favor of the person with whom he has contracted, as if the transaction were his own, except when the contract involves things belonging to the principal.

The provisions of this article shall be understood to be without prejudice to the actions between the principal and agent.

In the present case, only the first element is present; the purchase order and the receipt were in the name of V-Gent. However, the remaining elements are absent because: (1) V-Gent disclosed the names of the passengers to Morning Star – in fact the tickets were in their names; and (2) the transaction was paid using the passengers' money. Therefore, Rule 3, Section 3 of the Rules of Court cannot apply.

To define the actual factual situation, V-Gent, the agent, is suing to recover the money of its principals — the passengers — who are the real parties-in-interest because they stand to be injured or benefited in case Morning Star refuses or agrees to grant the refund because the money belongs to them. From this perspective, V-Gent evidently does not have a legal standing to file the complaint.

Finally, V-Gent argues that by making a partial refund, Morning Star was already estopped from refusing to make a full refund on the ground that V-Gent is not the real party-in-interest to demand reimbursement.⁹

We find no merit in this argument.

The power to collect and receive payments on behalf of the principal is an ordinary act of administration covered by the general powers of an agent.¹⁰ On the other hand, the filing of suits is an *act of strict dominion*.

Under Article 1878 (15) of the Civil Code, a duly appointed agent has no power to exercise any act of strict dominion on behalf of the principal unless authorized by a special power of attorney. An agent's authority to file suit cannot be inferred from his authority to collect or receive payments; the grant of special powers cannot be presumed from the grant of general powers. Moreover, the authority to exercise special powers must be duly established by evidence, even though it need not be in writing.¹¹

⁹ Petition, p. 9; *rollo*, p. 18.

¹⁰ Civil Code, Art. 1877.

¹¹ *Home Insurance, Co. v. United States Lines Co.*, G.R. No. L-25593, November 15, 1967, 21 SCRA 863, 866.

By granting the initial refund, Morning Star recognized V-Gent's authority to buy the tickets and collect refunds on behalf of the passengers. However, Morning Star's recognition of V-Gent's authority to collect a refund for the passengers is not equivalent to recognition of V-Gent's authority to initiate a suit on behalf of the passengers. Morning Star therefore, is not estopped from questioning V-Gent's legal standing to initiate the suit.


WHEREFORE, premises considered, we **DENY** the petition for lack of merit.

SO ORDERED.



ARTURO D. BRION
Associate Justice

WE CONCUR:



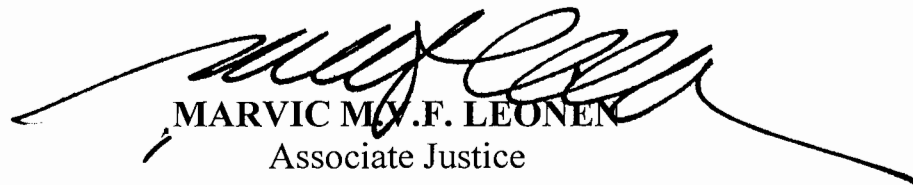
ANTONIO T. CARPIO
Associate Justice
Chairperson



MARIANO C. DEL CASTILLO
Associate Justice




JOSE CATRAL MENDOZA
Associate Justice



MARVIC M. F. LEONEN
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ANTONIO T. CARPIO
Acting Chief Justice