Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

SUBIC BAY YACHT CLUB, INC.,
Petitioner,

- versus -

GOMECO METAL CORPORATION,
Respondent.

G.R. No. 265921

Present:

CAGUIOA, *J., Chairperson,*
INTING,
GAERLAN,
DIMAAMPAO, and
SINGH,* *JJ.*

Promulgated:

JUL 07 2025

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DECISION

CAGUIOA, *J.:*

Before the Court is a Rule 45 *certiorari* Petition[1] assailing the Court of Appeals' (CA) Decision[2] dated August 23, 2022 and Resolution[3] dated February 1, 2023 in CA-G.R. CV No. 114438. The CA Decision granted the appeal filed by respondent Gomeco Metal Corporation (Gomeco) and upheld and affirmed with modifications the Regional Trial Court's[4] (RTC) Decision[5] dated June 3, 2019. The CA Decision found petitioner Subic Bay Yacht Club, Inc. (SBYC) solidarily liable with Subic Bay Waterfront Development Corporation (SBWDC) to Gomeco for the amount of PHP 1,823,019.00, plus penalty at the rate of 12% per annum from December 15, 1997 until full payment, PHP 100,000.00 as attorney's fees, and costs of suit. The CA Resolution denied the motion for reconsideration[6] filed by SBYC.

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* On leave.
1 *Rollo*, pp. 23–38, excluding Annexes.
2 *Id.* at 40–48. Penned by Associate Justice Marlene B. Gonzales-Sison and concurred in by Associate Justices Gabriel T. Robeniol and Michael P. Ong of the Seventh (7th) Division, CA, Manila.
3 *Id.* at 65–66. Penned by Associate Justice Marlene B. Gonzales-Sison and concurred in by Associate Justices Gabriel T. Robeniol and Michael P. Ong of the Former Seventh (7th) Division, CA, Manila.
4 Branch 269, RTC, Valenzuela City.
5 *Id.* at 290–301. Penned by Presiding Judge Emma C. Matammu.
6 *Id.* at 49–63.

The Facts and Antecedent Proceedings

According to the CA Decision, Gomeco filed a collection for sum of money suit against SBYC and SBWDC.[7] Gomeco is a corporation engaged in the business of manufacturing and installation of metal products and kitchen equipment. SBYC is a corporation in the hotel/hospitality industry, while SBWDC was the contractor/real estate developer of the former.[8]

Gomeco entered into a contract with SBYC and SBWDC wherein Gomeco undertook to supply and install food service equipment for the hotel.[9] Gomeco's kitchen equipment installation project started on October 2, 1996 and was completed on December 15, 1997. The parties agreed that for the project's consideration, the hotel (SBYC) would be making partial payments as the project progressed, with the remaining 50% thereof to be paid upon project completion.[10]

Upon project completion, the hotel failed to pay the remaining balance. After Gomeco's demand letters to the hotel and its real estate developer (SBWDC) were left unheeded, Gomeco filed the collection suit against both.[11]

During pre-trial, the parties stipulated that (1) SBYC and SBWDC are two distinct corporations; (2) in the course of the project, the hotel and real estate developer interchangeably represented themselves; (3) they were acting through the same agent; and (4) they dealt with Gomeco as one entity.[12]

The RTC found that Gomeco was able to adduce sufficient evidence to fully substantiate its monetary claim against both SBYC and SBWDC and granted Gomeco's claim. In its Decision dated June 3, 2019, it ordered SBWDC, the real estate developer, to pay Gomeco PHP 1,823,019.00 plus penalty at the rate of 12% per annum from December 15, 1997 until full payment, attorney's fees of PHP 100,000.00, and costs of suit.[13]

The RTC noted that the several Quotations presented by Gomeco indicated the materials and work involved to be delivered and undertaken by Gomeco, the period of delivery, and terms of payment. Except for one, all the Quotations bore the conformity/approval of "Subic Bay Yacht Club," as indicated by the signature therein of Patrick McCrudden. The one other Quotation was likewise signed by the same Patrick McCrudden in behalf of

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7 *Id.* at 40, CA Decision. Per RTC Decision dated June 3, 2019, in the original Complaint, only SBWDC was impleaded as party-defendant. After Gomeco had presented witnesses, it sought leave to file an amended complaint, which was granted in the RTC Order dated February 7, 2013. The amended complaint impleading SBYC as co-defendant was filed on December 18, 2012. *Id.* at 290 and 300.

8 *Id.* at 41.

9 Per RTC Decision dated June 3, 2019, it was established that Gomeco supplied and installed food service or kitchen equipment for the Subic Bay Yacht Club Project. *Id.* at 296–297.

10 *Rollo*, p. 41, CA Decision.

11 *Id.*

12 *Id.*

13 *Id.* at 296 and 301, RTC Decision.

"Subic Bay Water Front." Such conformity/approval, according to the RTC, signified acceptance of the work proposals, the corresponding price quotes, and other proposed contract terms.[14]

The RTC further noted that SBYC had stipulated with Gomeco that "at the time the kitchen supplies and equipment were delivered and installed, . . . defendants (SBWDC and [SBYC]) interchangeably represented themselves to plaintiff. The quotations were sent alternatively and interchangeably to them, and their representatives signed and approved these quotations also interchangeably. Although they are separate (juridical entities), they dealt with plaintiff as one entity." The RTC interpreted this stipulation as a clear admission by SBYC that it and SBWDC had jointly contracted or transacted with Gomeco for the subject kitchen installation.[15]

After ruling that SBYC and SBWDC were jointly liable to Gomeco for the unpaid balance of PHP 1,823,019.00 according to Gomeco's accountant, the RTC determined whether Gomeco's collection action against said entities had prescribed. The RTC, invoking Article 1144 of the Civil Code, stated that actions upon a written contract must be brought within 10 years from the time the right of action accrues and the period is interrupted when there is a written extrajudicial demand by the creditor, in which case the said period would commence anew from the receipt of the demand. On the issue of prescription, the RTC noted that Gomeco's demand letters dated February 21, 2002 and August 25, 2002 were specifically addressed to SBWDC. As to Gomeco's contention that since the two entities had interchangeably or jointly represented themselves as the second party to the subject transaction with Gomeco, the demand upon one of them should be deemed as demand upon the other, the RTC was not persuaded. According to the RTC, Gomeco having acknowledged that the said entities are separate and distinct from each other, it should have made a separate demand upon SBYC. Even if Gomeco's extrajudicial demand upon SBWDC was deemed as demand upon SBYC, prescription would still have set in. The RTC stated that based on the Registry Return Receipt of the demand letter addressed to SBWDC which SBYC was furnished, the latter received said letter on September 16, 2002. The amended *Complaint* which impleaded SBYC as co-defendant of SBWDC was filed only on December 18, 2012, or three months beyond the 10-year prescriptive period.[16] Accordingly, the RTC ruled that Gomeco's right of action against SBYC had prescribed.[17]

Thus, with Gomeco's cause of action against SBYC having prescribed, only SBWDC was made liable in the RTC Decision. The dispositive portion of the RTC Decision states:

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14 *Id.* at 297.

15 *Id.*

16 The period from September 16, 2002 (receipt of demand) to December 18, 2012 (filing of complaint against SBYC) is 10 years and 3 months.

17 *Rollo*, pp. 299–300, RTC Decision.

> WHEREFORE, judgment is hereby rendered in favor of plaintiff. Defendant Subic Bay Waterfront Development Corporation is hereby ordered TO PAY plaintiff Gomeco Metal Corporation the following:
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> 1. Its outstanding principal obligation in the amount of [PHP] 1,823,019.00, plus penalty at the rate of 12% per annum from December 15, 1997, until full payment;
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> 2. [PHP] 100,000.00 as attorney's fees; and
>
> 3. Costs of the suit.
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> SO ORDERED.[18]

Gomeco appealed the RTC Decision before the CA, challenging the denial of its complaint for sum of money against SBYC. The CA in its Decision dated August 23, 2022 granted the appeal, and upheld and affirmed the RTC Decision with modifications ordering SBWDC and SBYC to pay Gomeco the outstanding principal obligation of PHP 1,823,019.00, plus penalty at the rate of 12% per annum from December 15, 1997 until full payment, PHP 100,000.00 as attorney's fees, and costs of suit.[19]

In its Decision, although the CA found that SBYC is solidarily liable with SBWDC to Gomeco, the dispositive portion thereof merely ordered SBYC and SBWDC "TO PAY" Gomeco the amounts awarded by the RTC; and there is no mention of solidarity. The dispositive portion of the CA Decision states:

> **WHEREFORE**, premises considered, the appeal is hereby **GRANTED**. The entire Decision of the Regional Trial Court, Branch 269, Valenzuela City, in Civil Case No. 228-V-05, dated [June 3, 2019] is **UPHELD** and **AFFIRMED with modifications**, *viz*:
>
> > *"WHEREFORE, judgment is hereby rendered in favor of plaintiff. Defendants* ***Subic Bay Waterfront Development Corporation*** *and* ***Subic Bay Yacht Club, Inc.*** *are hereby* ***ordered TO PAY*** *plaintiff* ***Gomeco Metal Corporation*** *the following:*
> >
> > 1. *Its outstanding principal obligation in the amount of [PHP] 1,823,019.00, plus penalty at the rate of 12% per annum from December 15, 1997, until full payment;*
> >
> > 2. *[PHP] 100,000.00 as attorney's fees; and*
> >
> > 3. *Costs of the suit."*
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> **SO ORDERED.**[20] (Emphasis in the original)

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18 *Id.* at 301.
19 *Id.* at 47, CA Decision.
20 *Id.*

SBYC filed a motion for reconsideration, which the CA denied in its Resolution dated February 1, 2023.

Hence the present Rule 45 Petition, after SBYC filed a motion for extension.[21] Gomeco filed a Comment[22] dated February 22, 2024.

The Issue

Whether the CA committed reversible error in finding SBYC solidarily liable with SBWDC to Gomeco.

The Court's Ruling

The Court finds in favor of SBYC.

The CA found the appeal of Gomeco meritorious. The CA found SBYC and SBWDC solidarily liable to Gomeco on the following grounds:

First, citing Article 1915 of the Civil Code, which provides that if two or more persons have appointed an agent for a common transaction or common undertaking, they shall be solidarily liable for all the consequences of the agency. Here, according to the CA, as correctly appreciated by the RTC, and as expressly admitted to by the parties, SBYC and SBWDC both appointed and acted through the same agent, Patrick McCrudden, for all their common transactions with Gomeco. Thus, since Article 1915 requires solidary liability, the CA took the position that SBYC's solidary liability exists because, according to Article 1207 of the Civil Code, a liability is solidary only when the law so provides.[23]

Second, the CA ruled that the nature of the obligation requires solidary liability, which is another source of solidary liability under Article 1207, in addition to when the obligation itself expressly so states, and when the law so provides. Invoking *AFP Retirement and Separation Benefits System [(AFPRSBS)] v. Sanvictores*[24] (*AFPRSBS*), and considering that: SBYC and SBWDC interchangeably and alternately entered into numerous quotation contracts with Gomeco throughout the project under consideration; Gomeco considered SBYC and SBWDC as one party; and they dealt with Gomeco as one entity despite their separate juridical existence, the CA concluded that SBYC and SBWDC came to the contracting table with the intention to be bound jointly and severally in their contractual relations with Gomeco.[25]

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21 *Id.* at 3–5, Motion for Extension of Time to File a Petition for Review on Certiorari Under Rule 45 of the Rule of Court.

22 *Id.* at 315–336.

23 *Id.* at 45, CA Decision.

24 793 Phil. 442 (2016) [Per J. Mendoza, Second Division].

25 *Rollo*, pp. 45–46, CA Decision.

Regarding prescription, the CA pronounced that because SBYC is tied in solidum with SBWDC, the timely demand of Gomeco against SBWDC effectively tolled the 10-year prescriptive period to file the collection suit. Being solidary debtors, the interruption of prescription as to SBWDC extended to SBYC.[26]

SBYC, in its Petition, refutes the CA's finding of solidary liability on its part and the extension to it of the computation of the 10-year prescriptive period with respect to SBWDC.

Before the Court discusses the merits of SBYC's arguments disputing the CA's findings, a brief review of the nature of joint and solidary obligations is in order.

The key Civil Code provisions are:

> ART. 1207. The concurrence of two or more creditors or of two or more debtors in one and the same obligation does not imply that each one of the former has a right to demand, or that each one of the latter is bound to render, entire compliance with the prestation. There is a solidary liability only when the obligation expressly so states, or when the law or the nature of the obligation requires solidarity. (1137a)
>
> ART. 1208. If from the law, or the nature or the wording of the obligations to which the preceding article refers the contrary does not appear, the credit or debt shall be presumed to be divided into as many equal shares as there are creditors or debtors, the credits or debts being considered distinct from one another, subject to the Rules of Court governing the multiplicity of suits. (1138a)

A noted civil law commentator explains:

> According to the above article [(Article 1207)], when there is a concurrence of several creditors or of several debtors or of several creditors and debtors in one and the same obligation, there is a presumption that the obligation is joint and not solidary. Consequently, where the obligation is silent with respect to the nature or character of the right of the creditors or of the liability of the debtors, each of the creditors is entitled to demand only for the payment of his proportionate share of the credit, while each of the debtors can be compelled to pay only his proportionate share of the debt.
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> . . . There are, however, three exceptional cases or instances where collective obligations are solidary and not joint. They are: *first*, when the obligation expressly states that there is solidarity; *second*, when the law requires solidarity; and *third*, when the nature of the obligation requires solidarity. In all of these cases, each creditor is entitled to demand for the payment of the entire credit, while each debtor can be compelled to pay for the entire debt.[27] (Citations omitted)

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[26] *Id.* at 47.

[27] DESIDERIO P. JURADO, COMMENTS AND JURISPRUDENCE ON OBLIGATIONS AND CONTRACTS 168–169 (9th rev. ed., 1987).

The Court in *AFPRSBS* made this elucidation regarding solidary obligations:

> In *Spouses Berot v. Siapno*, the Court defined solidary obligation as one in which each of the debtors is liable for the entire obligation, and each of the creditors is entitled to demand the satisfaction of the whole obligation from any or all of the debtors. On the other hand, a joint obligation is one in which each debtor is liable only for a proportionate part of the debt, and the creditor is entitled to demand only a proportionate part of the credit from each debtor. The well-entrenched rule is that solidary obligations cannot be inferred lightly. They must be positively and clearly expressed. A liability is solidary "only when the obligation expressly so states, when the law so provides or when the nature of the obligation so requires." In this regard, Article 1207 of the Civil Code provides:
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> . . . .
>
> As can be gleaned therefrom, Article 1207 does not presume solidary liability unless: 1] the obligation expressly so states; or 2] the law or nature requires solidarity.[28] (Citations omitted)

As to the finding of its solidary liability, SBYC contends that Article 1915 is not applicable in this case because it provides for solidary liability of principals to an agent and contemplates a situation where an agent can recover his entire commission from one of the principals who appointed him for a common transaction.[29]

The Court agrees with SBYC. Article 1915 is unambiguous, to wit:

> ART. 1915. If two or more persons have appointed an agent for a common transaction or undertaking, they shall be solidarily liable to the agent for all the consequences of the agency. (1731)

What the provision contemplates is the appointment by two or more principals of an agent for a common transaction or undertaking and the solidary nature of the principals' liability to the agent. It does not envision a situation where the appointment of a common agent by several principals to enter into a transaction in their behalf, by itself, already creates solidary liability on their part to the party with whom the agent transacted.

As explained by the Court in *De Castro v. Court of Appeals*,[30] *viz.*:

> Constante signed the note as owner and as representative of the other co-owners. Under this note, a contract of agency was clearly constituted between Constante and Artigo. Whether Constante appointed Artigo as agent, in Constante's individual or representative capacity, or both, the De Castros cannot seek the dismissal of the case for failure to implead the other

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28 *AFP Retirement and Separation Benefits System [(AFPRSBS)] v. Sanvictores*, *supra* note 24, at 451.

29 *Rollo*, p. 28, Petition.

30 434 Phil. 53 (2002) [Per J. Carpio, Third Division]. This is cited by SBYC in its Petition.

co-owners as indispensable parties. ***The De Castros admit that the other co-owners are solidarily liable under the contract of agency***, citing Article 1915 of the Civil Code.

. . . .

The solidary liability of the four co-owners, however, militates against the De Castros' theory that the other co-owners should be impleaded as indispensable parties. A noted commentator explained Article 1915 thus –

> "The rule in this article applies even when the appointments were made by the principals in separate acts, provided that they are for the same transaction. *The solidarity arises from the common interest of the principals, and not from the act of constituting the agency. By virtue of this solidarity, the agent can recover from any principal the whole compensation and indemnity owing to him by the others.* The parties, however, may, by express agreement, negate this solidary responsibility. The solidarity does not disappear by the mere partition effected by the principals after the accomplishment of the agency.
>
> If the undertaking is one in which several are interested, but only some create the agency, only the latter are solidarily liable, without prejudice to the effects of *negotiorum gestio* with respect to the others. And if the power granted includes various transactions some of which are common and others are not, only those interested in each transaction shall be liable for it."

When the law expressly provides for solidarity of the obligation, as in the liability of co-principals in a contract of agency, each obligor may be compelled to pay the entire obligation. The agent may recover the whole compensation from any one of the co-principals, as in this case.[31] (Emphasis in the original; citations omitted)

Concerning the nature of the transaction being the source of SBYC's solidary liability as found by the CA, SBYC argues the inapplicability of *AFPRSBS* in this case because in that case there was a single contract to sell where two entities were singularly referred to therein as the seller (not sellers). In the instant case, SBYC points out that none of the quotation contracts bears the names of SBYC and SBWDC at the same time, and the alleged common agent, Patrick McCrudden, never signed for both entities in a single quotation contract at the same time. Further, according to SBYC, there is nothing in the quotation contracts from which it could be inferred that SBYC and SBWDC intended to be bound solidarily.[32]

Again, the Court agrees with SBYC.

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31 *Id.* at 63–64.

32 *Rollo*, p. 29, Petition.

The CA mistakenly applied *AFPRSBS* in the present case. The relevant portion of *AFPRSBS* is quoted, thus:

> Here, there is no doubt that the nature of the obligation of PEPI and AFPRSBS under the subject contract to sell was solidary. In the said contract, PEPI and AFPRSBS were expressly referred to as the "SELLER" while Sanvictores was referred to as the "BUYER." Indeed, the contract to sell did not state "SELLERS" but "SELLER." This could only mean that PEPI and AFPRSBS were considered as one seller in the contract. As correctly pointed out by the administrative tribunals below and the CA, there was no delineation as to their rights and obligations.
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> Also in the said contract, the signatories were Espina, representing PEPI; Mena, representing AFPRSBS; and Sanvictores. Espina signed under PEPI as seller while Mena signed under AFPRSBS also as seller. Furthermore, the signatures of Espina and Mena were affixed again in the last portion of the Deed of Restrictions under the word "OWNER" with Espina signing for PEPI and Mena for AFPRSBS.[33]

While the Court in *AFPRSBS* used the phrase "the nature of the obligation . . . was solidary," creating an impression that the third exception to the general rule enunciated in Article 1207 of the Civil Code—"the nature of the obligation requires solidarity"—is being invoked to justify the ruling on solidarity, the scenario in that case is really illustrative of the first exception, i.e., "when the obligation expressly so states." The phrase quoted should be understood in the light of Article 1208 regarding "the nature or the wording of the obligations [where solidarity] does not appear," in which case the obligation shall be joint. The wording of the contract to sell in *AFPRSBS* expressly states solidarity when it referred to two entities singularly as the "SELLER", making them as one seller in the contract.

Regarding this first exception, before it can be applied, the solidary character of the obligation must be made in express terms; but it is not necessary that the agreement shall employ precisely the word "solidary" in order that the obligation will be so.[34] It is enough that the agreement will provide, for example, that each of the debtors can be obligated for the aggregate value of the obligation.[35]

As correctly pointed out by SBYC, in the numerous quotation contracts, although signed by the same agent, Patrick McCrudden, only one entity, either SBYC or SBWDC, was indicated therein as the entity to whom the quotation is addressed. There is no quotation contract which bears both entities as the addressees. There is no wording in the quotation contracts which expressly provides that SBYC and SBWDC are solidarily liable to Gomeco for the items specified therein. Neither can solidary obligation be inferred therefrom because, as mentioned, there is only one entity to whom the quotation contract

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33 *AFP Retirement and Separation Benefits System [(AFPRSBS)] v. Sanvictores, supra* note 24, at 452.

34 JURADO, *supra* note 27, at 169.

35 *Id.*

is addressed. Gomeco prepared the quotation contract and, if there was an agreement on solidarity, it should have ensured that the same was expressly reflected therein.

As the Court emphasized in *AFPRSBS*: "The well-entrenched rule is that solidary obligations cannot be inferred lightly. They must be positively and clearly expressed."[36]

Thus, the first exception finds no application in this case.

As to the third exception, it must be shown that the nature of the obligation requires solidarity. The same noted civil law commentator cited above gave examples of the third exception, *viz.*:

> Examples of the third exception are obligations arising from criminal offenses and torts. The responsibility of two or more persons guilty of a criminal offense or liable for a tort is solidary. This is so because of the very nature of the obligation itself. It must be noted, however, that under Art. 110 of the Revised Penal Code, it is expressly stated that the responsibility of principals, accomplices, and accessories, each within their respective class, is solidary, and under Art. 2194 of the Civil Code, it is also expressly stated that the responsibility of two or more persons liable for a quasi-delict is solidary. Apparently, the obligations comprehended by the exception on which we are commenting are also included within the scope of the second exception. There are, however, some torts which cannot be classified as quasi-delicts because the element of negligence does not enter as an essential requisite, such as interferences with human relations, nuisances, infringements of copyrights, patent or trademark, unfair competition and several others. Responsibility of joint tortfeasors in such cases is solidary because the nature of the obligation requires it.[37]

Given the nature of the transaction in this case, which, pursuant to the RTC Decision, is the complete supply and installation of stainless food service equipment by Gomeco to SBYC and SBWDC,[38] solidarity can hardly be inferred therefrom.

The pre-trial stipulations that in the course of the project, SBYC and SBWDC interchangeably represented themselves, were acting through the same agent and dealt with Gomeco as one entity do not go into the nature of the obligation as requiring solidarity. Such stipulations merely described the manner or modus by which the transaction was undertaken. As pointed out by SBYC and reflected in the quotation contracts, Gomeco specified the entity, which is SBYC, except for one, to whom such quotation pertained.[39]

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36 *AFP Retirement and Separation Benefits System [(AFPRSBS)] v. Sanvictores*, *supra* note 24, at 451.

37 JURADO, *supra* note 27, at 170.

38 *Rollo*, p. 290, RTC Decision.

39 The RTC Decision states: "Except for one, all the Quotations [bore] the conformity/approval of 'Subic Bay Yacht Club,' as indicated by the signature therein of Patrick McCrudden. Nonetheless, the one other Quotation [was] likewise signed by the same Patrick McCrudden in behalf of 'Subic Bay Water Front.'" *Id.* at 297.

The Court reminds that in order to invoke the third exception the very nature of the transaction must clearly REQUIRE solidary liability, which is not readily apparent in this case.

Since the CA erred in its finding of solidary liability on SBYC's part, its finding that the collection action has not prescribed as to SBYC cannot be sustained. It will be recalled that the CA anchored such finding regarding prescription on its finding of SBYC's solidary liability and bound the demand letter that Gomeco sent to SBWDC to SBYC.[40]

Based on the original *Complaint*[41] wherein only SBWDC was impleaded as defendant, which is attached to the Petition, it was filed with the RTC on November 10, 2005.[42] However, it was only on December 18, 2012 that Gomeco filed a *Motion for Leave of Court to Amend Complaint*[43] to which a *Complaint*[44] (amended *Complaint*) was attached. That it took over seven years before Gomeco amended the original *Complaint* to implead SBYC as a co-defendant despite the allegation in part III FIRST CAUSE OF ACTION (For Recovery of Sum of Money), paragraph 3.8 that "the Managing Director of Subic Yacht Club, Mr. Jose Mari Vargas, was also copy furnished of the . . . letter [of August 25, 2002],"[45] and the fact that except for one quotation contract, which was addressed to SBWDC, the rest of the quotation contracts were addressed to SBYC baffles the Court. Also, by this time, as correctly ruled by the RTC, the cause of action, if any, of Gomeco against SBYC had prescribed.

The RTC noted that based on the Registry Return Receipt of the demand letter of August 25, 2002 addressed to SBWDC which SBYC was furnished, the latter received said letter on September 16, 2002. The amended *Complaint* which impleaded SBYC as co-defendant of SBWDC was filed only on December 18, 2012, or three months beyond the 10-year prescriptive period,[46] pursuant to Article 1144 of the Civil Code, which provides that an action upon a written contract must be brought within 10 years from the time the right of action accrues, and jurisprudence[47] that the prescriptive period is interrupted when there is extrajudicial demand by the creditor, in which case the said period would commence anew from the receipt of the demand.[48]

Interestingly, the amended *Complaint* contains the following underscored modifications concerning SBYC: (1) SBYC is added as a co-defendant in the case title or caption; (2) SBYC is added as a party after

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40 *Id.* at 47, CA Decision.
41 *Id.* at 144–151, original Complaint.
42 *Id.* at 144.
43 *Id.* at 278–282.
44 *Id.* at 283–288, amended Complaint.
45 *Id.* at 146, original Complaint.
46 *Supra* note 16.
47 *See Permanent Savings and Loan Bank v. Velarde*, 482 Phil. 193, 204 (2004) [Per J. Austria-Martinez, Second Division], cited in the RTC Decision, *rollo*, p. 299.
48 *Rollo*, pp. 299–300, RTC Decision.

SBWDC in paragraph 2.3, part II PARTIES; (3) the letter "s" is added to the word "defendant" in various allegations of the original *Complaint*; and (4) the amount of unpaid remaining balance in the Prayer portion was increased. There is even no allegation of solidary liability on the part of SBYC in the body of the amended *Complaint*, and in its Prayer, Gomeco sought that:

> . . . .
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> 2. After trial, to render judgment in their favour and against defendants. Sentencing defendants to pay plaintiff . . . PHP 3,461,754.66 . . . representing the unpaid remaining principal balance as of March 2002 PLUS THE THREE PERCENT (3%) interest/penalty until full payment of the obligation.
>
> 3. Sentencing defendants to pay plaintiff exemplary damages in the amount of . . . PHP 100,000.00 . . .
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> 4. Sentencing defendants to pay plaintiff attorney's fees in the amount of . . . PHP 100,000.00 . . . plus . . . PHP 2,000.00 . . . as appearance fee per hearing as well as cost of suit.[49]

Clearly, the theory of solidary liability of SBYC with SBWDC to Gomeco in the subject transaction is but an afterthought by Gomeco after the RTC Decision ruled that prescription had set in with respect to Gomeco's claim against SBYC. Gomeco, it would seem, committed a colossal legal *faux pas*.

ACCORDINGLY, the Petition is **GRANTED**. The Decision dated August 23, 2022 and Resolution dated February 1, 2023 in CA-G.R. CV No. 114438 of the Court of Appeals, Seventh (7th) Division and Former Seventh (7th) Division, Manila, are **REVERSED** and **SET ASIDE**. The Decision dated June 3, 2019 of Branch 269, Regional Trial Court, Valenzuela City in Civil Case No. 228-V-05 is **REINSTATED**.

SO ORDERED.

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

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49 *Id.* at 285, amended Complaint.

WE CONCUR:

HENRI JEAN PAUL B. INTING
Associate Justice

SAMUEL H. GAERLAN
Associate Justice

JAPAR B. DIMAAMPAO
Associate Justice

(On leave)
MARIA FILOMENA D. SINGH
Associate Justice

ATTESTATION

I attest 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.

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, 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.

ALEXANDER G. GESMUNDO
Chief Justice