

Marsman Drysdale Land, Inc. vs. Philippine Geoanalytics, Inc. and Gotesco Properties, Inc. (G.R. No. 183374; 29 June 2010)

Gotesco Properties, Inc. vs. Marsman Drysdale Land, Inc. and Philippine Geoanalytics, Inc. (G.R. No. 183376; 29 June 2010)

Facts: Marsman Drysdale, Inc. (Marsman) and Gotesco Properties, Inc. (Gotesco) entered into a joint venture agreement for the construction and development of an office building on a land owned by Marsman. They agreed on a 50-50 ratio on the proceeds of the project, but did not agree on how losses would be divided. The joint venture engaged the services of Philippine Geoanalytics, Inc. (PGI) to provide subsurface soil exploration, seismic study and geotechnical engineering. PGI completed its seismic study but failed to complete its subsurface soil exploration because the area where drilling was to be made had not been cleared. The building project was subsequently shelved due to unfavorable economic conditions. PGI billed the joint venture for work done, but was not paid despite its repeated demands. PGI, thus, filed a collection case against Marsman and Gotesco. Marsman passed the obligation to Gotesco because under the joint venture agreement, Gotesco was solely liable for the monetary expenses of the project, and Marsman's participation was limited to the land. Gotesco, on the other hand, asserted that PGI had no cause of action against it as PGI had yet to complete the services in its contract, and it was Marsman's failure to clear the property of debris which prevented PGI from completing its work.

Issue: Who between Marsman and Gotesco was liable to pay PGI its unpaid claims?

Held: Marsman and Gotesco are *jointly* liable to PGI.

PGI was never a party to the joint venture agreement. While the joint venture agreement clearly spelled out the capital contributions of Marsman (land) and Gotesco (cash) and the funding mechanism, it cannot be used to defeat the lawful claim of PGI against the two joint venturers-partners. PGI's contract clearly listed the joint venturers Marsman and Gotesco as the beneficial owner of the project, and all billing invoices indicated the consortium as the client.

When there are two or more debtors, the obligation is presumed to be joint unless the law or the obligation expressly states that the liability is solidary, or unless the nature of the obligation requires solidary liability (Articles 1207 and 1208, Civil Code). In this case, since solidary liability was not required by law, or the contract, or by the nature of the obligation, the obligation to PGI was presumed to be joint between Marsman and Gotesco.

A joint venture being a form of partnership, it is to be governed by the laws on partnership. Under the laws on partnership, particularly Article 1797 of the Civil Code, the losses and profits shall be distributed in accordance with the agreement; **if only the share of each partner in the profits has been agreed upon, the share of each in the losses shall be in the same proportion.**

In the joint venture agreement, Marsman and Gotesco agreed on a 50-50 ratio on the proceeds of the project, but did not provide for the splitting of losses. Applying Article 1797, the same ratio applies in splitting the obligation-loss of the joint venture to PGI.