

[G. R. No. L-9729. April 24, 1957]

THE BACHRACH MOTOR CO., INC., PLAINTIFF AND APPELLANT, VS. CHUA TUA HIAN, DEFENDANT AND APPELLEE.

D E C I S I O N

CONCEPCION, J.:

This case was begun in the Municipal Court of Manila on August 28, 1953. Its purpose is to recover, from defendant Chua Tua Hian, the sum of P1,287.88, with interest and attorney's fees. Plaintiff, the Bachrach Motor Co., Inc., having secured judgment in its favor, the defendant appealed to the Court of First Instance of Manila, which, in due course, rendered a decision holding that the action is barred by the Statute of Limitations, and, accordingly, dismissing the complaint, without pronouncement as to costs. Hence, this appeal by the plaintiff, upon the ground that:

1. "The trial court erred in holding that the debt moratorium laws did not suspend the Statute of Limitations.
2. "The trial court erred in holding: that the letter, dated September 30, 1948, of the defendant-appellee, thru his counsel, did not interrupt the Statute of Limitations.
3. "The trial court erred in holding that plaintiff-appellant's cause of action was barred by the Statute of Limitations."

It is not disputed that on June 10, 1941, defendant executed and delivered to plaintiff a promissory note, in the sum of P2,252.32, representing the balance of the price of a new Nash 600, Sedan automobile, purchased and received by the defendant from the plaintiff; that, pursuant to said promissory note, said sum of P2,252.32 is payable, with interest thereon at the rate of 12 per cent per annum, in specified semi-monthly instalments, ranging from P75.38 to P85.50 each, from June 25, 1941 to August 10, 1942, with the

understanding that, in the event of default in the payment of any instalment, the whole balance then outstanding would become due and demandable, with compounded interest, at the same rate, and, also, in case of non-payment of said balance, with attorney's fees, equivalent to 25 per cent of the principal obligation, by way of penalty; that, as of December 9, 1941, there was, under said promissory note, an unpaid balance of P1,287.88, with interest thereon, at the rate of 12 per cent per annum, which—according to the stipulation of facts submitted by both parties—"the defendant failed to pay in spite of plaintiff's demands, the last of which was made sometime between 1948 and 1953"; and that, in reply to one of such demands, defendant's counsel wrote to plaintiff the lettgr Exhibit B, dated September 30, 1948, stating that said defendant had "filed his claim for the loss of the vehicle which he took from your goodselves, with the War Damage Commission, and that said claim is now under adjustment," and requesting that he be given "a little more time to meet his obligation with you," with the assurance "that, he will pay you as soon as he may conveniently do so."

The only question for determination in this appeal is whether plaintiff's action is barred by the Statute of Limitations, the complaint herein having been filed on August 28, 1953, or eleven (11) years, eight (8) months and eighteen (18) days after defendant had defaulted in the payment of the instalment that fell due on December 10, 1941. Plaintiff maintains the negative view upon the ground: (a) that the running of the Statute of Limitation of Actions was suspended from March 10, 1945 ¹ to July 26, 1948 ²; and (6).that the period within which to enforce plaintiff's claim has been renewed in consequence of the acknowledgment made in said letter Exhibit B.

The lower court overruled plaintiff's pretense upon the theory that "the debt moratorium, which had already been held unconstitutional"—referring evidently to our decision in *Rutter vs. Esteban* (93 Phil., 68, 49 Off. Gaz., 1814) — "did not likewise suspend the Statute of Limitations." As we said in *Pacific Commercial Co. vs. Venaneio H. Aquino* (100 Phil., 961).

"In Rutter vs. Esteban, 49 Off. Gaz., 1807, this Court did not declare the moratorium act (Rep. Act No. 342) as unconstitutional and void ab initio; on the contrary, it recognized that the enactment of a moratorium law, suspending for a reasonable period the remedies for the enforcement of obligations, lay within the police power of the state (Home Building and Loan Association vs. Blaisdell, 290 U. S. 398, 78 Law. Ed. 418). What we actually ruled in the Rutter case was—

"That the continued operation and enforcement of Republic Act No. 342 at the present time

*is unreasonable and oppressive, and should not be prolonged a 'minute longer * * *'*

Moreover, we have repeatedly held (Gaudencio Day vs. Court of First Instance et al., 94 Phil., 816; A. Santos Vda. de Montilla vs. Pacific Commercial Co., 98 Phil., 133; Manila Motor Co. vs. Flores, 99 Phil., 738, 52 Off. Gaz., 5804; Manila Motor Co. vs. Fernandez, 99 Phil., 782, 52 Off. Gaz., 6883; Rio y Compañia vs. Sandoval, 100 Phil, 407; Pacific Commercial Co. vs. Aquino, *supra*; Philippine National Bank vs. J. A. de Aboitiz, L-9500, April 11, 1957), that Executive Orders Nos. 25 and 32 have tolled or suspended the running of the Status of Limitations, from March 10, 1945 to July 26, 1948, or for a period of two (2) years, four (4) months and sixteen (16) days, and we find no reason to depart from: this view. Deducting said period from that which transpired from December 10, 1941 to August 28, 1953, it results that less than ten (10) years had elapsed from the accrual of plaintiff's cause of action to the institution of the present case.

Wherefore, the decision appealed from is hereby reversed, and another one shall be entered sentencing defendant Chua Tua Hian to pay plaintiff Bachrach Motor Co., Inc., the sum of P1,287.88, with interest thereon at the rate of 12 per cent per annum, from December 10, 1941, compounded, yearly, at the same rate, until fully paid, plus 25 per cent of said principal obligation, or P421.97, as attorney's fees, with costs against said defendant-appellee.

It is so ordered.

Bengzon, Padilla, Montemayor, Reyes, A., Bautista, Angelo, Labrador, Conception, Reyes, J. B. L., Endencia, and Felix, JJ., concur.

¹When the President issued Executive Order No. 82 amending Executive Order No. 25, dated November 18, 1944, so as to suspend temporarily "pending action by the Commonwealth Government," the "enforcement of payment of all debts and other monetary obligations payable within the Philippines," except those entered into in areas declared "freed from enemy occupation and control".

²Date of approval and effectivity of Republic Act No. 842, lifting the moratorium declared in said Executive Order No. 25, as amended by Executive Order No. 32, "in so far as it affects prewar obligations", except as regards "debts and other monetary obligations payable by private parties within the Philippines originally incurred or contracted before December 8, 1941, and still remaining unpaid," which "shall not be due and demandable for a period of

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eight (8) years from and after settlement of the war damage claim of the debtor by the United States Philippines War Damage Commission.”

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