

Title: **Bachrach Motor Co., Inc. v. Esteban Icarangal and Oriental Commercial Co., Inc.**

**Facts:**

On June 11, 1930, Esteban Icarangal and Jacinto Figueroa executed a promissory note for ₱1,614 in favor of Bachrach Motor Co., Inc., securing the debt with a real estate mortgage on a property in Pangil, Laguna, registered on August 5, 1931. Defaulting on the agreed monthly installments led Bachrach Motor to file an action for collection in the Court of First Instance of Manila, where judgment favored the plaintiff. Following an unsatisfied writ of execution, due to a third-party claim by Oriental Commercial Co., Inc. (claiming to have acquired the mortgaged property through a different auction), Bachrach initiated a mortgage foreclosure action. The trial court dismissed this complaint, leading Bachrach Motor to appeal, raising the legal question to the Supreme Court on whether pursuing a personal judgment voids the right to foreclose the mortgage.

**Procedural Posture:**

The procedural journey to the Supreme Court involved an initial court action for debt collection resulting in a personal judgment for Bachrach Motor, a botched execution attempt due to a third-party claim, and a subsequent dismissal of Bachrach's foreclosure suit by the trial court. Bachrach Motor's appeal to the Supreme Court debates the viability of foreclosure after a personal judgment.

**Issues:**

1. Whether pursuing and obtaining a personal judgment against a debtor waives the mortgagee's right to later foreclose the mortgage as a means of securing the debt.

**Court's Decision:**

The Supreme Court, reiterating the doctrine from "*Hijos de I. de la Rama vs. Sajo*," upheld that in the absence of statutory provisions to the contrary, a creditor may either pursue a personal action for debt recovery or foreclose the mortgage but not both. The decision explicitly stated that electing to pursue a personal judgment precludes the right to subsequently foreclose the mortgage, aiming to prevent multiple suits over the same cause of action and uphold judicial economy. The majority opinion distinguished between personal and real actions but emphasized their unification under a singular cause when tied to a single breach of contract—non-payment. Consequently, the Court affirmed the trial court's dismissal of Bachrach Motor's foreclosure action.

**Doctrine:**

- Election of Remedies: A creditor must choose between pursuing a personal action for debt collection or foreclosing on a mortgage but cannot undertake both actions.
- Rule Against Splitting a Single Cause of Action: A creditor cannot divide a single cause of action (non-payment of a debt secured by a mortgage) into multiple suits.

**\*\*Class Notes:\*\***

1. **\*\*Election of Remedies Principle\*\***: In cases of secured debts, creditors must choose between a personal action for debt collection or judicious foreclosure of the mortgage. Choosing one bars the pursuit of the other.
2. **\*\*Rule Against Splitting a Single Cause of Action\*\***: This principle prohibits creditors from initiating multiple lawsuits based on the same breach of contract, aimed at avoiding judicial inefficiency and debtor harassment.
3. **\*\*Application in Secured Debts\*\***: When a debt is secured by a mortgage, pursuing personal judgment against the debtor waives the right to later foreclose on the mortgaged property for the same debt (applicable in the absence of contradicting statutory provisions).

**\*\*Historical Background:\*\***

This case reflects the early 20th-century Philippine jurisprudence on the right of creditors in secured transactions, aligning with practices shaped by American colonial influence, evidenced by references to California Code of Civil Procedure. The decision underscores the Philippine courts' inclination towards preventing multiplicity of suits and reaffirms the judicial principle of economizing legal processes through the doctrine of election of remedies and preventing the splitting of a single cause of action.