

Title:

****Philippine National Bank vs. Intestate Estate of Francisco Ubat****

Facts:

The sequence of events begins with Eduardo Ubat securing a loan of P400.00 from the Philippine National Bank (PNB) on October 7, 1936, and mortgaging land as security. Following Eduardo's death, his son Francisco inherited the property and incurred his own debt to PNB on September 18, 1946. Francisco passed away on September 25, 1954, with an outstanding debt of P82.00. An attempt to summarily settle Francisco's estate was dismissed by the court, leading to the initiation of intestate proceedings by creditor Jose L. Soriano on July 9, 1955. Atanasia Ubat de Montes, Francisco's daughter, was appointed administratrix. PNB filed claims for both Francisco's and Eduardo's unpaid debts. The court acknowledged the first claim but limited the second to the latest installment due to prescription.

Issues:

1. Whether the obligation under the promissory note is divisible and each installment gives rise to a separate cause of action.
2. If the statute of limitations applies individually to each unpaid installment of the loan.
3. The application of the Moratorium Law and its effect on the prescriptive period for the bank's claims.

Court's Decision:

The Supreme Court agreed with the lower court's decision that the obligation was divisible and each installment could be the subject of a separate action, applying the statute of limitations accordingly. It recognized that the Moratorium Law suspended the prescriptive period for certain installments. Consequently, only the last payable installment and part of the claims related to Francisco's and Eduardo's debts were recoverable. The decision upheld a nuanced interpretation of the obligations and reinforced the application of the statute of limitations, resulting in partial payment of the bank's claims.

Doctrine:

The doctrine established in this case centers on the divisibility of obligations and the application of the statute of limitations to each installment independently. It also touches upon the principle that a creditor's right to foreclose does not invalidate the mandatory nature of scheduled payments or the application of statutes of limitation.

Class Notes:

1. ****Divisibility of Obligations****: An obligation containing a stipulation for payment in installments is considered divisible, allowing each installment to constitute a separate cause of action.
2. ****Statute of Limitations (Art. 1150, Civil Code)****: This begins to run from the moment the action could be legally initiated, not when the creditor decides to sue.
3. ****Moratorium Law****: This law can suspend the running of the prescriptive period under specific conditions, affecting the recoverability of debts.

Art. 1150 of the Civil Code is critical in understanding the timing for the statute of limitations, emphasizing that it's counted from when an action could be brought, not from the debtor's failure to pay or the creditor's choice to enforce.

Historical Background:

This case provides a glimpse into the post-World War II economic conditions in the Philippines, where debts, estate settlements, and moratorium laws were critical issues. It reflects the judiciary's role in interpreting contracts and obligations amidst changing social and economic landscapes, balancing creditor rights with legal protections against unjust debt recovery practices.