

Title:

****Development Bank of the Philippines vs. Hon. Midpanto L. Adil and Spouses Patricio Confesor and Jovita Villafuerte: A Case on the Validity of a Promissory Note and Renunciation of Prescription****

Facts:

In a step-by-step account, the case unfolded as follows:

1. ****Initial Loan and Obligation****: On February 10, 1940, spouses Patricio Confesor and Jovita Villafuerte obtained a P2,000 agricultural loan from the Agricultural and Industrial Bank (now DBP), promising to repay in ten yearly amortizations.
2. ****Non-payment and Second Promissory Note****: After failing to fulfill the repayment terms, Patricio Confesor, then a member of the Philippine Congress, executed a second promissory note on April 11, 1961, acknowledging the debt and pledging repayment by June 15, 1961, or face foreclosure.
3. ****Legal Proceedings Begin****: The DBP initiated a complaint for payment in the City Court of Iloilo City on September 11, 1970, after the spouses failed to pay as per the second promissory note.
4. ****City Court Decision (1976)****: The City Court, after trial, ruled in favor of DBP, mandating the Confesor spouses to pay P5,760.96 plus interests and legal costs.
5. ****Appeal to the Court of First Instance****: The defendants appealed to the Court of First Instance of Iloilo, which, on April 28, 1978, reversed the City Court's decision, dismissing both the complaint and counter-claim.
6. ****Motion for Reconsideration****: DBP's motion for reconsideration was denied by the Court of First Instance on August 10, 1978.
7. ****Supreme Court Petition****: DBP then elevated the matter to the Supreme Court, challenging the lower court's refusal to recognize the renunciation of prescription and questioning whether Patricio Confesor could bind the conjugal property or be personally liable through the second promissory note.

Issues:

1. Whether the right to prescription for the initial loan was effectively renounced by the execution of the second promissory note.
2. Whether Patricio Confesor, by signing the second promissory note, could bind the conjugal partnership without his wife's consent or be personally liable.

Court's Decision:

The Supreme Court held:

1. **Renunciation of Prescription**: The execution of the second promissory note constituted an express renunciation and waiver of the right to prescription pertaining to the first note. This aligns with legal precedents establishing that a new contract recognizing a prescribed debt is enforceable.
2. **Conjugal Partnership Liability**: The Court disagreed with the lower court's interpretation of the Civil Code concerning the binding of conjugal property by one spouse. It ruled that, as administrator of the conjugal partnership, Patricio Confesor's action in signing the promissory note, aimed at benefitting the partnership, made the conjugal property liable for the debt.

The Supreme Court reversed the decision of the Court of First Instance, reinstating the City Court's ruling in favor of DBP.

Doctrine:

- **Renunciation of Prescription**: Persons with the capacity to alienate property may renounce the prescription already obtained but not the right to prescribe in the future. A new explicit promise to pay a barred debt revitalizes the creditor's remedy.
- **Conjugal Partnership Liability for Debts**: As the administrator of the conjugal partnership, the actions taken by a spouse for the partnership's benefit obligate the partnership.

Class Notes:

Key concepts from this case include:

- **Prescription**: A method by which one acquires a right or frees oneself from a liability under the condition of the lapse of a certain period of time, and its potential waiver through explicit acknowledgment of the debt.
- **Conjugal Partnership Administration**: The husband's capacity as administrator and his ability to bind the partnership under specific conditions for its benefit.
- **Legal Capacity and Renunciation of Rights**: Understanding the legal ability to waive rights, such as the renunciation of the prescription, which cannot be done preemptively for future prescriptions.

Historical Background:

This case underscores the evolving legal interpretations concerning debt acknowledgment and the binding effect on conjugal property in the Philippines. It illustrates the balance between statutory limitations on debt recovery and the principal obligations undertaken by spouses, reflecting both statutory law and jurisprudential trends at the time.