

VICTORIAS PLANTERS ASSOCIATION, INC., NORTH NEGROS PLANTERS ASSOCIATION, INC., FERNANDO GONZAGA, JOSE GASTON AND CESAR L. LOPEZ, ON THEIR OWN BEHALF AND ON BEHALF OF OTHER SUGAR...

G.R. No. L-6648. July 25, 1955

Ponente: PADILLA, J.

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PADILLA, J.:

This is an action for declaratory judgment under Rule 66. The relief prayed for calls for an interpretation of contracts entered into by and between the sugar cane planters in the districts of Manapla, Cadiz and Victorias, Occidental Negros, and the Victorias Milling Company, Inc. After issues had been joined the parties submitted the case for judgment upon the testimony of Jesus Jose Ossorio and the following stipulation of facts:

1. That petitioners Victorias Planters Association, Inc. and North Negros Planters Association, Inc. are non-stock corporations duly established and existing under and by virtue of the laws of the Philippines, with main offices at Victorias, Negros Occidental, and Manapla, Negros Occidental, respectively, and were organized by, and are composed of, sugar cane planters in the districts of Victorias, Manapla and Cadiz, respectively, having been established principally as the representative entities of the numerous sugar cane planters in said districts whose sugar cane productions are milled by the respondent corporation, with the main object of safeguarding their interests and of taking up with the latter problems and questions which from time to time, may come up between the said respondent corporation the said sugar cane planters; the other petitioners are Filipinos, of legal age, and together with numerous other sugar cane planters who own sugar cane producing properties at Victorias, Manapla, and Cadiz Districts, Negros Occidental, are bona fide officials and members of either one of the two petitioner associations; that petitioner Fernando Gonzaga is a resident of Victorias, Negros Occidental, petitioner Jose Gaston is a resident of Victorias, Negros Occidental, and petitioner Cesar L. Lopez is a resident of Bacolod City, Negros Occidental; and that said petitioners bring this action for the benefit and on behalf of all their fellow sugar cane planters, owners of sugar cane producing lands in the said districts of Victorias, Manapla, and Cadiz, whose sugar cane productions are milled by respondent corporation, and who are so numerous that it would be impractical to include them all as parties herein;

2. That respondent Victorias Milling Co., Inc. is a corporation likewise duly organized and established under and by virtue of the laws of the Philippines, with main offices at Ayala Building Manila, where it may be served with summons;

3. That at various dates, from the year 1917 to 1934, the sugar cane planters pertaining to the districts of Manapla and Cadiz, Negros Occidental, executed identical milling contracts, setting forth the terms and conditions under which the sugar central "North Negros Sugar Co. Inc." would mill the sugar produced by the sugar cane planters of the Manapla and Cadiz districts;

A copy of the standard form of said milling contracts with North Negros Sugar Co., Inc. is hereto attached and made an integral part hereof as Annex "A."

As may be seen from the said standard form of milling contract, Annex "A," the sugar cane planters of Manapla and Cadiz, Negros Occidental had executed on November 17, 1916 with Miguel J. Ossorio, a contract entitled "Contrato de la Central Azucarrera de 300 Toneladas," whereby said Miguel J. Ossorio was given a period up to December 31, 1916 within which to make a study of and decide whether he would construct a sugar central or mill with a capacity of milling 300 tons of sugar cane every 24 hours and setting forth the mutual obligations and undertakings of such central and the planters and the terms and conditions under which the sugar cane produced by said sugar can planters would be milled in the event of the construction of such sugar central by said Miguel J. Ossorio. Such central was in fact constructed by said Miguel J. Ossorio in Manapla, Negros Occidental, through the North Negros Sugar Co., Inc., where after the standard form of milling contracts (Annex "A") were executed, as above stated.

The parties cannot stipulate as to the milling contracts executed by the planters by Victorias, Negros Occidental, other than as follows; a number of them executed such milling contracts with the North Negros Sugar Co., Inc., as per the standard forms hereto attached and made an integral part as Annexes "6" and "B-I," while a number of them executed milling contracts with the Victorias Milling Co., Inc., which was likewise organized by Miguel J. Ossorio and which had! constructed another Central at Victorias, Negros Occidental, as per the standard form hereto attached and made an integral part hereof as Annex "C".

4. The North Negros. Sugar Co., Inc. had its first molienda or milling during the 1918-1919 crop year, and the Victorias Milling Co., had its first molienda or milling during the 1921-1922 crop year.

Subsequent moliendas or millings took place every successive crop year thereafter, except the 6-year period, comprising 4 years of the last World War II and 2 years of post-war reconstruction of respondent's central at Victorias, Negros Occidental.

5. That after the liberation, the North Negros Sugar Co., Inc. did not reconstruct its destroyed central at Manapla, Negros Occidental, and in 1946, it advised the North Negros Planters Association, Inc. that it had made arrangements with the respondent Victorias Milling Co., Inc. for said respondent corporation to mill the sugar cane produced by the planters of Manapla and Cadiz holding milling contracts with it. Thus, after the war, all the sugar cane produced by the planters of petitioner associations, in Manapla, Cadiz, as well as in Victorias, who held milling contracts, were milled in only one central, that of the respondent corporation at Victorias; .

6. Beginning with the year 1943, and in the following years, when the planters-members of the North Negros Planters Association, Inc. considered that the stipulated 30-year period of their milling contracts executed in the year 1918 had already expired end terminated in the crop year 1947-1948, and the planters-members of the Victorias Planters Association, Inc. likewise considered the stipulated 30-year period of their milling contracts, as having likewise expired and terminated in the crop year 1948-1949, under the pertinent provisions of the standard milling contract (Annex "A") on the duration thereof, which provided in Par. 21 thereof as follows:

"(a) Que entregaran a la Central de la 'North Negros Sugar Co., Inc.' o a la que se construya en Victorias por Don Miguel J. Ossorio o bus cesionarios por espacio de treinta (30) anos desde la primera molienda, la cana que produzcan sus respectivas haciendas, obligandose ademas a sembrar anualmente con canadulce por lo menos en tres quintas partes de su extension total apropiado para cana, incluyendo en esta denorainacion tanto la siembra con puntas nuevas como el cultivo del retono o cala-anan y sujetando la siembra a las epocas convenientes designadas por el comity de hacenderos a fin de poder proporcionar cana a la Central de conformidad con las clausulas 17 y 18 de esta.escritura.

* * * * *

"(i) 'Los hacenderos' imponen sobre sus haciendas mencionadas y citadas en esta escritura servidumbres voluntarias a favor de Don Miguel 3, Ossorio de sembrar cana por lo menos en tres quintas partes (3/5) de su extension superficial y entregar la cana que produzcan a Don Miguel J. Ossorio, de acuerdo con este contrato,

por espacio de treinta (30) años, a contar un (1) año desde la fecha de la primera molienda."

repeated representation were made with respondent corporation for negotiations regarding the execution of new milling contracts which would take into consideration the changed circumstances presently prevailing in the sugar industry, as compared with those prevailing over 30 years ago and would provide for an increased participation in the milled sugar for the benefit of the planters and their workers.

7. That notwithstanding these repeated representations made by the herein petitioners with the respondent corporation for the negotiation and execution of new milling contracts, the herein respondent has refused and still refuses to accede to the same, contending that under the provisions of the mining contract (Annex "A") "It is the view of the majority of the stockholder-investors, that our contracts with the planters call for 30 years of milling— not 30 years in time" and that "as there was no milling during 4 years of the recent war and two years of reconstruction, when these six years are added on to the earliest of our contracts in Manapla, the contracts by this view terminate in the autumn of 1952," and the "the contracts for the Victorias Planters would terminate in 1957, and still later for those in the Cadiz districts," and that "apart from the contractual agreements, the Company believes these war and reconstruction years accrue to it in equity."

The trial court rendered judgment the dispositive part of which is—

Wherefore, the Court renders judgment in favor of the petitioners and against the respondent and declares that the milling contracts executed between the sugar cane planters of Victorias, Manapla and Cadiz, Negros Occidental, and the respondent corporation or its predecessors in interest, the North Negros Sugar Co., Inc., expired and terminated upon the lapse of the therein stipulated 30-year period, and that respondent corporation is not entitled to claim any extension of or addition to the said 30-year term or period of said milling contracts by virtue of an equivalent to 6 years of the last war and reconstruction of its central, during which there was no planting and/or milling.

From this judgment the respondent corporation has appealed.

The appellant contends that the term stipulated in the contracts is thirty milling years and not thirty calendar years and postulates that the planters fulfill their obligation—the six installments of their indebtedness—which they failed to perform during the six milling years from 1941-42 to 1946-47. The reason the planters failed to deliver the sugar cane was the war or a fortuitous event. The appellant ceased to run its mill due to the same cause.

Fortuitous event relieves the obligor from fulfilling a contractual obligation.[1] The fact that the contracts make reference to "first milling" does not make the period of thirty years one of thirty milling years. The term "first milling" used in the contracts under consideration was for the purpose of reckoning the thirty-year period stipulated therein. Even if the thirty-year period provided for in the contracts be construed as milling years, the deduction or extension of six years would not be justified. At most on the last year of the thirty-year period stipulated in the contracts the delivery of sugar cane could be extended up to a time when all the amount of sugar cane raised and harvested should have been delivered to the appellant's mill as agreed upon. The seventh paragraph of Annex "C", not found in the earlier contracts (Annexes "A", "B", and "B-I"), quoted by the appellant in its brief, where the parties stipulated that in the event of flood, typhoon, earthquake, or other force majeure, war, insurrection, civil commotion, organized strike, etc., the contract shall be deemed suspended during said period, does not mean that the happening of any of those events stops the running of the period agreed upon. It only relieves the parties from the fulfillment of their respective obligations during that time—the planters from delivering sugar cane and the central from milling it. In order that the central, the herein appellant, may be entitled to demand from the other parties the fulfillment of their part in the contracts, the latter must have been able to perform it but failed or refused to do so and not when they were prevented by force majeure such as war. To require the planters to deliver the sugar cane which they failed to deliver during the four years of the Japanese occupation and the two years after liberation when the mill was being rebuilt is to demand from the obligors the

fulfillment of an obligation which was impossible of performance at the time it became due. *Nemo tenetur ad impossibilia*. The obligee not being entitled to demand from the obligors the performance of the latter's part of the contracts under those circumstances cannot later on demand its fulfillment. The performance of what the law, has written off cannot be demanded and required. The prayer that the plaintiffs be compelled to deliver sugar cane to the appellant for six more years to make up for what they failed to deliver during those trying years, the fulfillment of which was impossible, if granted, would in effect be an extension of the term of the contracts entered into by and between the parties.

In accord with the rule laid down in the case of *Lacson vs. Diaz*, 47 Off. Gaz., Supp. No. 12, p. 337, where despite the fact that the lease contract stipulated seven sugar crops and not seven crop years as the term thereof, we held that such stipulation contemplated seven consecutive agricultural years and affirmed the judgment which declared that the lessee was not entitled to an extension of the term of the lease for the number of years the country was occupied by the Japanese Army during which no sugar cane was planted^[2] we are of the opinion and so hold that the thirty-year period stipulated in the contracts expired on the thirtieth agricultural year. The period of six years—four during the Japanese occupation when the appellant did not operate its mill and the last two during which the appellant reconstructed its mill—cannot be deducted from the thirty-year period stipulated in the contracts.

The judgment appealed from is affirmed, with costs against the appellant.

Bengzon, Acting C. J., Montemayor, Reyes, A., Jugo, Bautista Angelo, Labrador, Concepcion, and Reyes, J.B.L., JJ., concur.

[1] Article 1105, old Civil Code; article 1174, new Civil Code.

[2] Cf. *Lo Ching vs. Court of Appeals*, 46 Off. Gaz., Supp. No. 1, p. 399, 81 Phil., 601 and *American Far Eastern School of Aviation vs. Ayala y Cia.*, 89 Phil., 292.

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