

DOMINADOR NICOLAS AND OLIMPIA MATIAS, PLAINTIFFS AND APPELLANTS, VS. VICENTA MATIAS, AMADO CORNEJO, JR., JOSE POLICABPIO AND MATILDE MANUEL, DEFENDANTS AND APPELLEES.

G.R. No. L-8093. February 11, 1956

Ponente: CONCEPCION, J.

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CONCEPCION, J.:

Two motions for reconsideration are pending determination before this Court: one, filed by plaintiffs-appellants, and another submitted by defendants-appellees.

The latter pray, in effect, that the decision of this Court, dated October 29, 1955, be modified in the sense that defendants' obligation in favor of the plaintiffs, and the interests thereon, be paid in conformity with the Ballantyne scale, in view of the provisions of Articles 2253 and 1250 of the Civil Code of the Philippines, reading:

"The Civil Code of 1889 and other previous laws shall govern rights originating, under said laws, from acts done or events which took place under their regime, even though this Code may regulate them in a different manner, or may not recognize them. But if a right should be declared for the first time in this Code, it shall be effective at once, even though the act or event which gives rise thereto may have been done or may have occurred under the prior legislation, provided said new right does not prejudice or impair any vested or acquired right, of the same origin."

* * * * *

"In case an extraordinary inflation or deflation of the currency stipulated should supervene, the value of the currency at the time of the establishment of the obligation shall be the basis of payment, unless there is an agreement to the contrary."

Defendants maintain that these provisions are applicable to the case at bar, the term of their obligation having been extended for ten (1) days, by virtue of a letter of the plaintiffs, dated June 29, 1951, an alleged photostat copy in which is attached to said motion for reconsideration as Annex A; that, pursuant to the deed of mortgage between the parties, defendants' debt in favor of the plaintiffs is payable one (1) year after the expiration of five (5) years from June 29, 1944, the date of said instrument; that said period of one (1) year expired on June 29, 1950, which should be deemed extended by ninety (90) days, or up to September 27, 1950, because of the mortgagors' equity of redemption, under Section 2, Rule 70, of the Rules of Court; that, as a consequence, plaintiffs' right, as mortgagees, became vested on the date last mentioned, or on September 27, 1960, when the Civil Code of the Philippines was already in force; and that said Code would apply to the present case, even if plaintiffs' right were treated as an ordinary credit, inasmuch as the defendants were not in default until after plaintiffs had made a valid demand, and this took place on July 24, 1951, when plaintiffs rights were vested and the new Civil Code was already effective.

To our mind, the theory of defendants-appellees is untenable, for the following reasons:

- The date of maturity of an obligation affects the enforcement thereof, not its existence. In a contractual obligation, like the one under consideration, the right of the obligee accrues upon the perfection of the contract. The term fixed therein determines, not the vesting of the right of the creditor, but, merely, the time at which he may exact performance of the debtor's obligation. Although compliance with said obligation, in the case at bar, was not demandable until June 30, 1950, plaintiffs acquired their corresponding right on June 29, 1944, and, hence, the same is not subject to the provisions of the Civil Code of the Philippines.
- Even, however, if the term fixed in the contract in question suspended the vesting of plaintiffs' right—although, as already adverted to, it has no such effect—the provisions of the Civil Code of the Philippines would still be inapplicable, because the obligation of defendants herein became payable from June 29, 1949 to June 29, 1950, when said Code was not in force.
- It is undeniable that plaintiffs could have legally demanded payment of defendants' obligation on June 30, 1950. This indicates clearly that the former had a vested right at the time. The period of three (3) months granted in Section 2, Rule 70, of the Rules of Court, to the mortgagor did not postpone the vesting of the mortgagee's right. On the contrary, it implied that the rights of the latter had vested already, for said provision of the Rules, of Court directs the rendition of judgment in favor of the mortgagee—which would be inconceivable, if his rights had not accrued as yet—although foreclosure shall not take place unless the mortgagor fails to satisfy said judgment ninety (90) days, at least, after notice thereof.
- Said Article 2253, authorizing the application of the provisions of the new Civil Code to acts or events which may have been done or may have occurred under the prior legislation, exempts from its operation the case when "any vested or acquired right of the same origin" shall be impaired thereby. In the present case, plaintiffs' right were established prior to the effectivity of the new Civil Code and, would be impaired by its provisions if the same were given retroactive effect.
- Defendants' pretense could not be sustained, even under the provisions of the new Civil Code. Article 1250 thereof—pursuant to which the value of the currency at the time of the establishment of an obligation shall be the basis of payment, when an extraordinary inflation or deflation of the currency stipulated should supervene—expressly declares that it shall not apply to contracts containing an "agreement to the contrary". In the case at bar, the parties herein stipulated that defendants' debt shall be paid one (1) year after the expiration of five (5) years from June 29, 1944. This limitation upon the time at which the debtor could pay his obligation leaves no room for doubt that the parties were aware of the fact (then commonly known) that, on June 29, 1944, the Japanese military notes had depreciated in value; that the process of depreciation would continue at an accelerated tempo; that the contract sought to relieve the plaintiffs from the consequence of said depreciation; and that this is the reason why the defendants were not permitted by the contract to pay their debt until after the expiration of five (5) years from June 29, 1944. In other words, said provision in the contract between the parties herein is equivalent to "an agreement to the contrary", as the expression is used in said Article 1250 of the new Civil Code.

Accordingly, the motion for reconsideration of defendants-appellees must be, as it is hereby, denied.

Upon the other hand, plaintiffs-appellants, in a pleading entitled "Petition for Additional Grant," which is in the nature of a motion for reconsideration, pray that our decision of October 29, 1955 be so amended as to sentence the defendants-appellees to pay, also, the additional sum of P3,000.00, by way of attorney's fees, in conformity with the following stipulation of said contract:

"Na subalit di narain mabayaran sa taling na panahon ang Tiasabing halaga at dalhin sa juzgado ang bagay na

ito upang doon kami piliting- magbayad ay nangangako kaming magbabayad ng halagang P3,000.00 bilang honararios ng abogado tangi ang gastos sa juicio" (Record on Appeal, p. 4.)

Inasmuch as, apart from the present case, it had been necessary for the plaintiffs-appellants to defend themselves in civil case No. 156 of the Court of First Instance of Nueva Ecija, instituted by herein defendants-appellees, which case was appealed, first, to the Court of Appeals, and, later on, to this Court, said plaintiffs are prima facie entitled to the benefits of the above stipulation. Considering, however, that plaintiffs- will collect—for their investment of P30,000.00, in Japanese currency, made on June 29, 1944—the sum of P30,000.00 in Philippine currency, with interest thereon at the rate of six per centum (6%) per annum, or the aggregate sum of P48,000.00, more or ' less, in Philippine currency, we believe that the demands of justice and equity would be satisfied if the defendants-appellees were sentenced to pay only the additional sum of P1,000.00 by way of attorney's fee, with the understanding that so much of the compensation to which plaintiffs' counsel may justly be entitled as exceeds the aforementioned sum of P1,000.00, shall be satisfied by. the plaintiffs-appellants.

Wherefore, the dispositive part of the decision of this Court, promulgated on October 25, 1955, is hereby amended so as to read as follows:

Wherefore, the defendants-appellees are hereby sentenced to pay to the plaintiffs-appellants, either directly or through the clerk of the lower court, within ninety (90) days from the date on which this decision shall become final, the sum of P30,000.00 in Philippine currency, with interests thereon at the rate of six per centum (6%) a year, from June 29, 1945. In default of such payment, let the mortgagee in question be foreclosed in the manner provided by law and the rules of court. Defendants-appellees shall, also, pay to the plaintiffs-appellants the additional sum of P1,000,000, by way of attorney's fee. With costs against the defendants-appellees."

It is so ordered.

Montemayor, Reyes, A., Bautista Angelo, Labrador and Reyes, J. B. L., JJ., concur.

Parás, C.J.: I dissent for the same reasons stated in the original decision.

Padilla, J.: I dissent for the. reasons referred to in my dissent from the original decision.

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