

SIMEONA N. DE CASTRO, ET AL., PLAINTIFFS AND APPELLANTS, VS. JOSE G. LONGA, DEFENDANT AND APPELLEE: PAZ DIAGO DE CASTRO, ET AL., PLAINTIFFS AND APPELLANTS, VS. JOSE G. LONGA, DE...

G. R. Nos. L-2152 and L-2153. July 31, 1951

Ponente: BAUTISTA ANGELO, J.

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BAUTISTA ANGELO, J.:

This is an appeal from a decision of the Court of First Instance of Negros Occidental absolving the defendant completely from the complaints filed against him in two separate cases. These two cases were tried jointly by agreement of the parties because, while they emanate from two distinct contracts of lease executed separately on January 9, 1938, they were made in favor of the same lessee, Jose G. Longa, and refer to the same property which consists of the undivided interest of the lessors in Hacienda Biason situated in Bais, Negros Oriental.

In G. R. No. 2152 (case No. 478), plaintiffs seek to recover from the defendant the rentals corresponding to the crop years 1940-1941, 1941-1942, 1942-1943, 1943-1944 and 1944-1945, plus damages, due to the alleged failure of the defendant to deliver the Hacienda Biason upon the termination of the lease at the time and in the condition agreed upon in the contract of lease. The case was tried under the third amended complaint. The original complaint and the first and second amended complaints were ordered stricken out upon motion of the defendant because they contained allegations tending to open the way for the introduction of parol evidence to vary the terms of the written contract, to wit, to prove a supposed verbal agreement to the effect that the defendant agreed to pay the rentals and fulfil all of the conditions of the contract in spite of war or force majeure.

In G. R. No. 2153 (civil case No. 480), the plaintiff seeks to recover from the defendant the amount of 731 piculs of centrifugal sugar representing the rental which the defendant allegedly failed to deliver to the plaintiff for the agricultural year 1941-1942, and damages for the sum of P29,340, plus attorney's fees and costs. Plaintiff alleges that for the third year of his lease contract with the defendant (1941-1942), the latter failed to deliver to the plaintiff the rental due for said year in the amount of 731 piculs of centrifugal sugar; that for the fourth, fifth and sixth year of the contract (1942-1943, 1943-1944, 1944-1945), the defendant likewise failed to pay to the plaintiff the corresponding rentals due for said years; that the defendant violated the provisions of paragraph 15 of the lease contract by not delivering to the plaintiff on or before June 30, 1944, twenty (20) hectares of vacant fields free from cogon grass and appropriate for planting sugar cane; and that the defendant violated the provisions of paragraph 18 of the contract for his failure to secure and furnish the plaintiff with a bond of P10,000 which should have been subscribed by one Gaspar Vicente to guarantee the faithful performance of the terms of the contract. However, plaintiff later renounced her claim over the rentals for the agricultural years 1942-1943, 1943-1944, 1944-1945, for the reason that the Central Azucarera de Bais was not able to mill any sugar cane for the said period due to the Japanese occupation.

In both cases, the defendant filed his answer traversing the material allegations of the complaint and alleged, as

his affirmative defense, the fact that due to the recent war, or to the Japanese occupation, he was unable to fulfill the terms of his lease contract and, consequently, should be excused from complying with the same. The two cases were tried jointly and were decided as stated in the early part of this decision. From this decision the plaintiffs in both cases appealed and filed a joint record on appeal.

The Hacienda Biason is located in the municipality of Bais, Negros Oriental, and was owned pro-indiviso until 1946 by Simeona M. de Castro, her niece Paz Diago de Castro, and the heirs of the late Joaquin Montenegro, represented by their mother and guardian Ines Escay. The land was subject to the usufructuary right of Ines Lezana, widow of Nicolas Montenegro and mother of Simeona N. de Castro, which right terminated upon her death on July 1, 1939. The share pertaining to each co-owner, including that of the usufructuary, was one-fourth. Upon the usufructuary's death, their share became one-third each held pro-indiviso until 1946.

On January 9, 1938, Simeona M. de Castro, with the approval of her husband, Luis F. de Castro, executed a contract of lease of their undivided shares in the said hacienda in favor of Jose G. Longa for a period of six agricultural years beginning from the crop year 1939-1940 up to and including the 1944-1945 agricultural crop. A supplementary contract was executed on the same date wherein it was provided that the lessee would advance to the lessors on January 1 of every year the sum of P3,000 which would be liquidated upon the sale of the sugar corresponding to the lessors. This sum was later increased to P3,500 upon the death of the usufructuary.

On the same date of January 9, 1938, Paz Diago de Castro, together with Ines Lezana, executed a contract of lease of their undivided shares in the said hacienda in favor of Jose G. Longa for the same period of six agricultural years beginning from the crop year 1939-1940 up to and including the 1944-1945 agricultural crop. On February 9, 1940, a supplementary contract was also executed by the same parties to include some parcels of land not covered by the first contract.

Jose G. Longa took possession of the hacienda in accordance with the aforesaid contracts of lease and was able to pay to the plaintiffs the corresponding rentals due for the agricultural years 1939-1940 and 1940-1941 by means of quedans issued by the Central Azucarera de Bais in the name of the lessors, and from the time of the issuance of said quedans the sugar represented by the same was placed at the disposal of the lessors. The rental corresponding to the lessors for each crop year is 731 piculs of sugar considering the percentage agreed upon in the contract of lease. Out of the rental corresponding to the year 1940-1941, 160 piculs were disposed of by lessor Simeona M. de Castro, and the balance of 571 piculs remained deposited in the warehouse of the aforementioned Central at the disposal of said lessor. During the crop year 1941-1942, the lessee was able to mill only about 1,319.92 piculs of sugar out of his quota of 9,086 piculs. For said period, 96.69 piculs were the share of Simeona M. de Castro as rental, and the same were credited to the said lessor by the Central pursuant to their understanding. However, no quedans were issued by the Central for said sugar due to the fact that the Inspector of the Philippine Sugar Administration had absented himself from the Central, and without his signature no quedans could be issued. The above-mentioned balance of 571 piculs of sugar and the 96.69 piculs which was the rental for the crop year 1941-1942 were sold by Julian Teves, acting as President of the Bais Planters Association, obeying the orders of the Japanese Military Administration, to the Mitsui Bushi Shovi Kaisha, its purchasing agent, together with all the sugar of other planters which was stored in the warehouse of the Central Azucarera de Bais. The proceeds of the sale of the said 667.79 piculs of sugar were withdrawn from the Taiwan Bank of Cebu by Simeona M. de Castro and her husband through their attorney-in-fact Mateo Teves.

As regards Paz Diago de Castro, the lessee was also able to pay her the rentals due for the crop years 1939-1940 and 1940-1941 by means of quedans issued by the Central in her name. Paz Diago de Castro, however, claims that she has not received any sugar as rental for the crop year 1941-1942 contrary to the claim of the lessee that the rental for that year was 96.69 piculs which were placed at her disposal by the Central or credited to her account.

However, no *quedan* was issued in her name for said sugar in view of the absence from the Central of the Inspector of the Philippine Sugar Administration without whose signature no *quedan* could be issued.

The foregoing facts are practically admitted by both parties in the two cases that we now have before us, with few exceptions which we will point out hereafter when the time comes for their discussion. While the appellants in both cases have submitted a joint record on appeal, however, they are here represented by different counsels who have submitted separate briefs, each assigning different and separate errors. Because some of those errors are similar in nature, raise the same questions, and are met by the same line of defense by the appellee, for the sake of brevity, and to avoid repetitions, we have decided to discuss them jointly without prejudice to punctuating the questions and issues that have a direct bearing or reference to the particular party affected.

Setting aside for the present all collateral matters or issues raised by counsel for both parties, the basic issue to be determined in this appeal in the opinion of the court is whether the lessee, Jose G. Longa, defendant in both cases, can be legally required to pay the sugar rentals he has obligated himself to pay under the contracts of lease to the lessors not only in spite of war or force majeure but also in spite of the invasion and occupation of the Philippines by the enemy, or, in other words, whether the defendant can allege war or force majeure as a defense to relieve himself from his obligation to comply with the terms and conditions of the contracts of lease.

Let us discuss the theories of both parties in connection with this basic issue.

The Hacienda Biason was allotted a quota of 9,081 piculs of sugar cane. For the agricultural years 1939-1940 and 1940-1941, appellee was able to plant and mill all the quota allotted to said hacienda. It is admitted by appellants that for the crop year 1939-1940 the appellee complied with all his obligations under the contracts of lease. For the crop years 1939-1940 and 1940-1941, the *quedans* representing the rentals were issued by the Central Azucarera de Bais in favor of the appellants, following the practice adopted by the Central on the matter, that is, the Central issued *quedans* for 731 piculs of sugar for each of said crop years in favor of appellants as agreed upon. From the time of the issuance of said *quedans*, the sugar was placed at the disposal of the lessors.

For the agricultural year 1941-1942, appellee was able to plant in said hacienda sufficient sugar cane to cover the whole quota allotted to it. However, due to the existence of war, and the order given by the late President Quezon prohibiting the milling of sugar cane to forestall any help to the enemy in his war effort, appellee was able to mill only 1,319.92 piculs for said year, of which 96.69 piculs were the share corresponding to each of appellants Simeona M. de Castro and Paz Diago de Castro. The said sugar was credited to them by the Central pursuant to the contract, although no *quedans* were issued in their favor due to the fact that the Inspector of the Philippine Sugar Administration had absented himself from the Central and the latter could not legally issue the *quedans* without the said inspector's signature. The letter of Don Jose Maria Rosales, Manager of the Central, which explains the whole situation on the matter, reads as follows:

"CENTRAL AZUCARERA DE BAIS

Bais Central, Negros Oriental

Bais Central, 17 de

Diciembre de 1946.

Sres. Nolan and Manaloto

Abogados,

P. O. Box 51,

Bacolod.

Muy Senores Nuestros:

Correspondemos a su carta del 12 de los corrientes, en la que no3 piden datos referentes a Hda. Biasong, y en contestation, pasamos a manifestarles lo siguiente:

- Esta Central comenzo su molienda de 1941-1942 el 18 de Diciembre de 1941, y termino de moler el 1° de mayo de 1942.

- La suspension de la molienda en 1.° de mayo de 1942 lo fue por ordenes personales recibidas de S. E., el difunto Presidente Manuel L. Quezon, y en dicha fecha quedo en el campo la mayor parte de la cosecha que los hacenderos tenian puesta para la zafra 1941-1942.

- Lo total molido por Don Jose G. Longa en dicha zafra 1941-1942, fue de 1,319.92 picos, siendo la participacion de molienda del hacendero de un 60 por ciento sean 791.95 picos. Dicha participacion, de acuerdo con el contrato de arriendo entre el Sr. Longa y las propietarias de la Hacienda Biasong, fue acreditada por nosotros como sigue:

A Don Jose G. Longa

501.58

A Dna. Paz Diago de Castro

96.69

A Dna. Simeona N. de Castro

96.79

A Herederos de Joaquin Montenegro.....

96.79

Total

791.95

La participacion de las propietarias equivale al 22 por ciento de lo total molido por el Sr. Longa.

Con referencia a las Cosechas 1939-1940 y 1940-1941, podemos decirles que ateniendose al contrato de arriendo y a los deseos del Sr. Longa, en ambas zafra se extendieron quedanes separados a nombre de cada propietaria por la parte que la correspondia en el 22 por ciento de arriendo estipulado en la escritura. Dichos quedanes quedaron a la libre disposicion de las citadas propietarias, las cuales suponemos las habran liquidado personalmente.

Sin otro particular, quedamos de Vds.

Attos. y ss. ss.

CENTRAL AZUCARERA DE BAIS

(Fdo.) Jose Maria Eosales

Gerente"

The failure of appellee to cover his whole quota for the agricultural year 1941-1942 is ascribed not only to stoppage of the mill by the central on May 1, 1942, by order of President Quezon, as pointed out in the above-quoted letter, but to other contributory factors. One of them is the fact that the laborers whom appellee had employed for that milling season were temporary ones, known in the locality as "sacada", which means that they were laborers recruited from other provinces and brought to the hacienda for that milling season only. Upon the outbreak of the war, the said laborers abandoned the hacienda and returned to their respective homes thus making it impossible for the appellee to harvest and mill all the sugar cane planted by him. Another factor is the fear and apprehension entertained by the people as a result of the impending invasion of the province by the enemy which forced the appellee to evacuate his family, consisting of his wife, two young daughters, aged 18 and 15 respectively, and four sons, to a place of safety in the mountains in the early part of 1942. Moreover, the Hacienda Biason was about seven kilometers away from the aforesaid Central and adjoining it was a Philippine Army camp, which in time of war constitutes a handy ground for impending military activities on the part of the enemy. As a matter of fact, when the Japanese occupied the Municipality of Bais on May 26, 1942, they immediately took possession of the Central and established a garrison thereat. The same shortcoming was suffered by the haciendas of other owners in the same municipality, like the Hacienda Tamagong, Hacienda Cambuelao and Hacienda Consolacion, where a large portion of the sugar canes planted thereon was left unmilled.

It, therefore, appears that the failure of appellee to comply with the terms of the contract not only for the crop year 1941-1942 but also for the other crop years covered by the enemy occupation is due to war, or to its effects, and to other factors which could not have been foreseen or avoided by appellee, which in the light of the authorities and precedents on the matter are deemed to be a sufficient cause to justify the non-fulfillment by the appellee of the terms of his contract of lease with the appellants, and to relieve him of all responsibility therefor. This is more so if we take into account the fact that to produce or mill sugar cane at that time was contrary to public policy as it would be giving aid and comfort to the enemy, and was in violation of a specific order emanating from our legitimate government to forestall any help that may be rendered the enemy in his war effort it being an undisputed fact that sugar is essential not only to feed the enemy but as raw material for fuel to bolster up his war machine.

"ART. 1105. Outside of the cases mentioned in the law and of these in which the obligation so declares, no one shall be responsible for events which could not be foreseen, or which having been foreseen were unavoidable.

Art. 1184. The debtor shall also be released in obligations to do when the undertaking becomes legally or physically impossible.

Recalling that the contract provided for the construction of a railroad 'whenever the contour of the land, the curves, and elevations permit the same,' and that such construction is possible but very dangerous, the question then arises if the defendant can excuse itself on this ground, or if the plaintiff can recover from the defendant for damages for breach of contract, through inability to mill cane.

It is elemental that the law requires parties to do what they have agreed to do. If a party charges himself with an obligation possible to be performed, he must abide by it unless performance is rendered impossible by the act of God, the law, or the other party. A showing of mere inconvenience, unexpected impediments, or increased expenses is not enough. Equity cannot relieve from bad bargains simply because they are such. So one must answer in damages where the impossibility is only so in fact. (*Thoroborow vs. Whitacre*, 2 Ld. Raym. (1164), 92 E. R., 270; *Reid vs. Alaska Packing Co.* (1903), 43 Or., 429; *Columbus Ry. & Power Co. vs. Columbus* (1919), 249 U. S., 399.)

The foregoing are familiar principles to be found in the American and English law of contracts. The Civil law

on the subject of obligations is not essentially different. Article 1272 of the Civil Code provides 'Impossible things or services cannot be the subjectmatter of contracts.' And article 1184 of the Code provides: 'The debtor shall also be relieved from obligations which consist in the performance of an act if fulfillment of the undertaking becomes legally or physically impossible.'

May one obligate himself to do something which, when accomplished, will prove to be dangerous to life and property? We doubt it. Take the contract in question as an example. It was a general contract of the form used by the central and various proprietors of sugar-cane fields. It was intended to be limited in particular application to haciendas where not impeded by physical impossibility. The contract was qualified by an implied condition which, if given practical effect, results in absolving the central from its promise. Not to sanction an execution to the general rule would run counter to public policy and law by forcing the performance of a contract undesirable and harmful. (8 Manresa's *Codigo Civil Espaiol*, p. 355). (*Labayen vs. Talisay-Silay Milling Co.*, 52 Phil., 440, 443, 444)."

For similar reasons, we cannot escape the conclusion that appellee should also be excused from his obligation. to deliver the hacienda to appellants on or before June 30, 1944, free from cogon grass, with sugar points and ratoons, and suitable for planting sugar cane, under paragraphs 3 and 4 of their lease contract. He could not comply with said obligation either because of the order of President Quezon suspending the milling of sugar cane or prohibiting its planting during the Japanese occupation, or because he was prevented from doing so in view of the uncertain conditions of peace and order then prevailing in the municipality, which this Court may well take judicial notice of. Moreover, it may not be amiss to state that, as a result of the contract of rescission of the lease contract entered into between the lessors and the lessee sometime in 1943, the hacienda was returned to the appellants and placed under their virtual possession in that year. It was delivered to one Aurelio Alegria, the person authorized by them to receive it.

Have the appellants introduced any evidence to disprove the fact that appellee failed to comply with the terms of the contract of lease during the enemy occupation because of war or other unforeseen and unavoidable circumstances? Appellants did not present any. They merely limited their claim to the proposition that the appellee cannot relieve himself from his liability under the contract (1) because he bound himself to pay the rentals and fulfill the terms thereof in spite of war or force majeure; and (2) because under the contract of lease he agreed to pay the rental on the basis of the total quota assigned to Hacienda Biason and not on the basis of sugar that may be obtained from the hacienda as erroneously found by the lower court. In other words, appellants do not dispute the fact that appellee's failure to comply with the terms of the contract is due to the existence of war or force majeure, but they reject the proposition that such eventuality has the effect of relieving him from his liability under the contract.

Let us discuss these two theories of the appellants.

As it has been stated before, this case (No. 478) was tried under the third amended complaint because the lower court ordered the plaintiffs to amend their complaint by striking out certain allegations which tended to open the way for the introduction of parol evidence to show that the defendant agreed to pay the rentals and fulfill all the conditions of the contract notwithstanding the happening of war or force majeure. We have seen that every attempt made by the plaintiffs during the trial to introduce oral evidence to show said understanding was blocked by the lower court on the ground that their purpose was to introduce parol evidence to modify the terms of a written agreement. Appellants now contend that the lower court erred in so preventing them from proving by parol evidence such understanding which is of vital importance in fixing the liability of the appellee in this case.

Appellants' claim is based on section 22 of Rule 123, which provides that "when the terms of an agreement have been reduced to writing, it is to be considered as containing all those terms, and, therefore, there can be, between

the parties and their successors in interest, no evidence of the terms of the agreement other than the contents of the writing", except (a) when there "is failure to express the true intent and agreement of the parties". Under this provision,—appellants contend—it is clear that a party to a written contract may be allowed to introduce parol evidence of a stipulation not contained therein if he alleges that it fails to express the true intent of the parties, and so their attempt to introduce parol evidence under the plea that the contract of lease does not contain the true intent regarding the payment of the rentals comes within its purview, and, therefore, the trial court erred in not allowing them to do so. As a consequence, appellants were not able to prove by parol evidence the alleged omitted stipulation.

The question that now comes to our mind is: is the parol evidence which appellants desired to present of such probative value as to indicate that its rejection constitutes a serious error or abuse of discretion on the part of the lower court? Did the court err in rejecting" it?

In this respect, we find that the evidence which appellants attempted to present to prove the alleged stipulation is the deposition of Simeona M. de Castro, taken before Notary Public Angel Calumpang in Dumaguete, Negros Oriental, on October 3, 1947, at the instance of her husband, Luis F. de Castro. It appears that this deposition was objected to by counsel for appellants on the following grounds: (1) it was not filed with the clerk of court in a sealed envelope as required in section 20 of Rule 18 of the Rules of Court; (2) it was not read during the trial to give the defendant an opportunity to present his objection; (3) no evidence was presented to prove that the deponent could not appear in court to give her testimony; and (4) none of the exhibits mentioned in the deposition were offered in evidence as part of said deposition.

It likewise appears that the deposition does not meet the requirements of section 4, paragraph (c) of Rule 18, which provides:

"(c) The deposition of a witness, whether or not a party, may be used by any party for any purpose if the court finds: (1) that the witness is dead; or (2) that the witness is out of the province and at a greater distance than fifty kilometers from the place of trial or hearing, or is out of the Philippines, unless it appears that his absence was procured by the party offering the deposition; or (3) that the witness is unable to attend or testify because of age, sickness infirmity, or imprisonment; or (4) that the party offering the deposition has been unable to procure the attendance of the witness by subpoena; or (5) upon application and notice, that such exceptional circumstances exist as to make it desirable, in the interest of justice and with due regard to the importance of presenting the testimony of witnesses orally in open court, to allow the deposition to be used." (I Moran, Rules of Court, pp. 248, 349).

And, on this point, the lower court made the following findings:

"According to the above cited sub-paragraph, if it appears that the absence of the deponent was procured by the party offering the deposition, same cannot be accepted in evidence. Applying the same principle to the deposition of Simeona M. de Castro, who, according to all indication based on the above stated facts, has voluntarily gone to Dumaguete instead of coming to Bacolod City to give her testimony, it would seem that, although the deposition was admitted by the Court as evidence, no such credit should be given to the same, otherwise, a plaintiff in a case could at his whims and caprices refuse to appear in Court and only give his testimony by means of deposition regardless as to whether there was a legal ground or not for the taking of the deposition and its admission as evidence."

On the other hand, we find that there is strong evidence in the record to sustain appellee's contention that the contracting parties never agreed to hold him liable on the terms of the contract in case of war or force majeure. In the first place, appellee Jose G. Longa and witness Gaspar Vicente stoutly denied that there was such a stipulation between the parties. They were not even cross-examined on this point by counsel for the appellants. In the second

place, if there was really such a stipulation, it is strange that it was not inserted in the written contract of lease. It is significant to note that it was Atty. Luis F. de Castro, husband of Simeona M. de Castro, who prepared the contract, and, therefore, whatever defect or omission said contract may suffer must of necessity be construed against them. In the third place, Ines Escay and her children, who were a party to the contract of lease, did not join the appellants in their action against the appellee, which indicates that they do not share their view that appellee should respond even in case of force majeure or unforeseen events. Paz Diago de Castro has also a similar contract with the appellee, yet she has waived all her claim against him for rentals during the Japanese occupation. This is also an indication that she does not share the view of appellants on this matter.

The foregoing considerations support the conclusion reached by the lower court that there was no such stipulation between the parties, and justify the action taken by the court in disregarding the deposition of Simeona M. de Castro relative to such stipulation, although it has committed a technical error in ordering the striking out of the pertinent paragraphs from the original complaint.

Let us now come to the second theory of appellants that the rental stipulated in the contract of lease was on the basis of 20 per cent of the total quota of Hacienda Biason and not on the basis of the sugar that may be obtained annually from said hacienda as erroneously found by the lower court. This claim is based on paragraph 5 of the contract of lease (Annex "A"), which specifically provides that the rental will consist in "la mitad del veinte dos por ciento (1/2 del 22%) de la Cuota Total, asignada annual, a la Hacienda Biason".

Appellants claim that the finding of the trial court that the rent stipulated was on the basis of the sugar that may be obtained from the hacienda is patently erroneous because the contract of lease clearly fixes the rental on the basis of the total quota assigned to said hacienda. They contend that there is a great distinction between these two statements, citing for purposes of comparison the contract of lease of Diia. Dolores Vda. de Longa (Exh. "D"). They point out that an annual quota is fixed and certain, whereas the sugar that may be obtained is uncertain and indefinite. They emphasize that even the effects flowing from the two statements are different. If the amount of the rent is certain,—they contend,—the contract is one of lease, whereas if the rent is based on the fruits to be obtained, it is an *aparceria*. And if the contract is lease, the lessee is bound to pay the rental whether he produces sugar or not. If the contract is *aparceria*, the lessor is entitled to the rental only when there is some sugar obtained from the land.

We have no quarrel with counsel as regards the technical difference existing between a contract of lease and an *aparceria*, for we are aware that each contract has its own meaning in the law; but we are not inclined to agree to their view that the contract in question does not partake of the nature of *aparceria* simply because paragraph 5 thereof bases the rental to be paid on the total quota of Hacienda Biason.

If in the contract of Dolores Vda. de Longa the rental was based on the total amount of sugar that may be obtained from the hacienda, it can only be attributed to the fact that that contract was executed on November 29, 1932, when the word "quota" in the production of sugar was still unknown. At that time, the Tydings-McDuffie Law and the Sugar Limitation Law (Act No. 4166) were not yet in force. The first law became in force in 1933 and the second in 1934. The assignment of quotas to every hacienda in the Philippines came only as a necessary consequence of the application of said laws. And when the lease contract of appellants was entered into on January 9, 1938, said laws were already in operation and so there was need to fix the rental on the basis of the quota assigned to the hacienda in question. When, therefore, the contract of lease of appellee speaks of "cuota total, asignada annual, a la Hacienda Biason", that must necessarily refer to the amount of sugar that may be produced from said hacienda, subject only to the limitation as to quota. It is preposterous to claim that the rental can be divorced from the hacienda or can be filled from sugar obtained elsewhere. Such was never contemplated by the parties, nor it was their intention. This is apparent from a perusal of the provisions of the contract. This is

also apparent from an examination of the provisions of the Tydings-McDuffie Law and the Sugar Limitation Law regarding allocation of quotas to the different plantation owners and sugar mills in the Philippines. Any other interpretation would be unfair and arbitrary.

The foregoing considerations, as well as the findings and conclusions we have reached, apply with equal force and effect, in so far as may be pertinent, to the appellant in G. R. No. L-2153.

We wish only to add a few words in connection with the claim that appellee should be made to pay damages equivalent to the amount of the bond of P10,000 which he failed to post in violation of an express provision of the contract of lease. It is admitted that appellee did not post said bond as required by the contract. However, due to the fact that he had faithfully complied with the terms of the contract, at least for the first two crop years as we had pointed out, appellant did not insist on his posting said bond. No demand was ever made from the appellee or from Gaspar Vicente concerning the same. The contract was executed on January 9, 1938, and it was only on September 12, 1946, after a lapse of almost 9 years, that appellant complained of the failure of appellee to file said bond. And considering the conclusions we have reached in this case, no plausible reason exists for exacting this liability from the appellee or his bondsman.

Wherefore, the decision appealed from is hereby affirmed, with costs against the appellants in both cases.

Paras, C. J., Feria, Pablo, Bengzon, Montemayor, Reyes and Jugo, JJ., concur.

Padilla, J., concurs in the result.

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