

FRANCISCO MONARES, PETITIONER, VS. JOSE MARANON AND REMEDIOS PINUELA, RESPONDENTS.

G.R. No. L-6830. March 09, 1956

Ponente: REYES, J.B.L., J.

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REYES, J.B.L., J.:

This appeal is taken from the decision of the Court of Appeals in its case CA-GR No. 9335-R.

The operative facts are stated by the Court of Appeals to be as follows:

"Plaintiff Francisco Monares and his wife Encarnacion Guadalupe were the registered owner in fee simple of a parcel of land, known as Lot No. 1951 of the Cadastral survey of Santa Barbara, Iloilo, and the buildings and improvements thereon (Exh. "D"). On July 5, 1935, Francisco Monares and Encarnacion Guadalupe sold this property to defendant Jose Maranon, with the right to repurchase it after five years, but not beyond nine years from the date of the instrument (Exhs. "A" & "A-1"). Before the expiration of the nine-year period, that is on March 21, 1944} plaintiff Francisco Monares and his wife on one hand and the spouses Jose Maranon and Remedios Pinuela on the other executed a deed of repurchase wherein the latter, in consideration of P800.00 in emergency notes, resold to the former the aforesaid lot. It was, however, further agreed that this property shall be delivered after August, 1944. Before the delivery of the property by the spouses Jose Maranon" and Remedios Pinuela to Francisco Monares, and as the former did not like to accept the repurchase money consisting of emergency notes, the latter prevailed upon Jose Maranon to keep those notes, promising him that after the war he would exchange the same with genuine money. The verbal agreement as to the exchange of the emergency notes was later confirmed in a private document written in the Visayan dialect, the translation of which is reproduced hereunder—

"We who sign below this receipt, Jose Maranon as first party and Francisco Monares as second party, all of legal age and residents of Leganes, Iloilo, Philippines, on this date acknowledge:

That on this date the second party bought from the first party a parcel of land Lot No. of the Sta. Barbara Cadastre in the amount of EIGHT HUNDRED (P800.00) Pesos which amount was all in Emergency Money (Emergency Circulating Notes) and that the first party acknowledges that he has received the amount.

That each party acknowledges that after the emergency or war and the value of the above money changes, it shall be necessary that the amount of EIGHT HUNDRED (P800.00) Pesos in our genuine money be completed and if to whichever party correspond the deficit or the excess in value shall respond to the deficit or excess to complete the amount of EIGHT HUNDRED (P800.00) in our genuine money.

This receipt is executed in duplicate, the original to be in possession of the first party and the duplicate in the possession of the second party.

IN TRUTH WHEREOF, we hereunto sign our signature in Zarraga, Iloilo, Philippines this 17th day of June, 1944.

(SGD.) JOSE MARANON

(SGD.) FRANCISCO MONARES

Witness:

(SGD.) CIRILO ZURILLA'

In April, 1945, when Panay Island was liberated by the American Forces, the value or purchasing power of emergency and guerrilla notes was 10 to 1, that is, P10.00 in emergency notes was equivalent to P1.00 in genuine Philippine money. Bringing with him the eight P100.00 bills in emergency notes, appellant Jose Maranon went to the house of Francisco Monares and asked the latter to either add P720.00 in genuine Philippine money or P7,200.00 in emergency notes. As the appellee was not then able to comply with such request, he asked for a last chance up to 1946 within which to exchange the emergency notes with genuine-Philippine-money.

As in 1945, people refused to accept emergency and guerrilla notes, appellant again went to appellee's house and asked the latter to exchange the aforesaid eight P100.00 bills with genuine Philippine money. Appellee then told appellant that he did not have the desired money and that the sale of the land was not to be carried out. Thus, appellant went home with the emergency notes, and on May 27, 1946, he had the land in question registered in his name and of his wife, and presented the deed of sale executed by appellee on July 5, 1935, as well as the Transfer Certificate of Title No. 3087 covering the land in question, which was then cancelled and Transfer Certificate of Title No. 27255 was then issued in the name of the spouses Jose Maranon and Remedios Pinuela," (Appendix, Petitioner's Brief, pp, a-e)

In December of 1949, Monares instituted action in the Court of First Instance of Iloilo (Civil Case No. 1714) to annul transfer certificate of title No. 27255 in the name of the defendants spouses Jose Maranon and Remedios Pinuela, recover possession of the land, and collect damages;; After trial, the Court rendered decision as prayed for and the defendants elevated the case to the Court of Appeals. The latter court, finding that Francisco Monares failed to comply "with his obligation to exchange the redemption money, of eight P100.00 bills with genuine Philippine money," or to deliver additional emergency notes for P8000.00, reversed the decision of the Court of First Instance, and ordered the dismissal of the complaint, but required the defendant to pay plaintiff P240.00 as the value in genuine, currency of his P800.00 in emergency currency notes.

Upon application of Monares, we granted certiorari to review the decision.

That the resale to Monares by respondent Maranon (Exh. B.) in March 1944 was made by the parties to depend on the subsequent agreement to complete the value of the guerrilla notes paid by Monares in genuine currency after the war (Exh. C) is no longer open to question, the Court of Appeals having found it as a fact. It also found that pending compliance with Exh. C, Monares agreed to allow respondents Maranon to remain in possession. Such findings of fact of the Court of Appeals are conclusive upon this Court.

We disagree, however, with the view of the Court of Appeals that, by Exh. G Monares agreed to exchange with genuine currency the P800.00 emergency notes that he delivered to Maranon as repurchase price of the land in dispute. Such characterization of the agreement is completely at variance with the plain text of the second paragraph of Exh. C, previously quoted, that literally provides that if the value of the notes should be changed after the war, the amount of P800.00 would "be completed" in genuine money. In effect this stipulation only obligated Monares to make up the deficiency in value (or deficit as it is termed in the contract) of the emergency notes delivered by him; but the notes were obviously intended to be retained by Maranon, not that they would be returned by him to Monares. In other words, no exchange of notes was agreed upon, but a payment of the difference in value between the notes delivered and the postwar legal tender.

It should be noted that Exh. C does not specify the date or the agency that would determine the difference in value

of the two currencies. So that upon the basis of the actual agreement as written (not as misconstrued by the Court of Appeals), the obligation of Monares was not legally demandable

"until the value of the guerrilla or emergency notes was authoritatively fixed by law or by the Courts. Actually, this was done only in 1949, when Rep. Act, No. 369 was enacted, providing for the registration and redemption of said emergency notes, and further implemented by the Department of Finance order of July 13, 1949³ whereby the redemption value of the notes was officially set. Consequently, when Maranon demanded in 1945, and again in 1946, that petitioner Monares should exchange the guerrilla notes with genuine currency at the rate of ten to one, his demand was not in accord with the agreement Exh. C, and Monares was not in any way bound to comply. Hence, Maranon's act in causing the title to the lot in question to be transferred to his name was not warranted.

Even assuming that Monares had agreed in 1946 "que la transaccion no se puede llevar ya a cabo" because he had no genuine currency, meaning that he renounced to reacquire the property (as claimed by the respondent in his brief), such agreement was obviously made on the erroneous assumption that (a) he (Monares) was obligated to exchange the emergency notes with legal tender, and (b) that the difference in value had been authoritatively fixed in 1946. Neither assumption was true, as we have seen, and consequently such waiver of the reconveyance was invalidated by a false or non-existing "causa" or consideration, since the assent of Monares to the setting aside of the resale (Exh. B) was based in false premises (*Obejera v. Iga Sy*, 76 Phil, 581, 586; *Asiain v. Jalandoni*, 45 Phil. 296, 313)

"CONTRACTS; NULLITY; LACK OF CAUSE OR CONSIDERATION.-: The deed of transfer dated April 19, 1942, (Exhibit I), where by the plaintiffs paid P500 to the defendant and further promised to transfer their property under Transfer Certificate of Title No. 666 in case they failed to return on December 31, 1942 the balance of the loss for which they cannot be held liable, is null and void for lack of cause or consideration (article 1275, Civil Code)." (*Objera v. Iga Sy*, 76 Phil. 581)

We conclude that, as Exh. C did not provide for the forfeiture or cancellation of the repurchase if the value of the emergency notes was not completed, petitioner Monares is entitled to a reconveyance of the disputed property upon payment of P660.00, the guerrilla notes delivered by him having been registered and redeemed at 30% of their face value. This amount should not earn interest, since it was agreed (as found by the Court of Appeals) that the land would remain in possession of the respondents until the readjustment was completed. The filing of the complaint, without tender or consignment of the deficiency in value of the notes delivered by Monares, did not place the respondents in mora, the obligations of both parties being reciprocal (old Civ. Code, Art. 1100; *art. 1169, new*).

Wherefore, the decision of the Court of Appeals is modified in the sense that petitioner Francisco Monares shall pay respondents Jose Maranon and Remedios Pinuela the sum of P600.00, and said respondents shall in turn execute a definitive reconveyance to petitioner of the property known as Lot 1951 of the Cadastral Survey of Santa Barbara, Iloilo. Neither party to recover costs.

So ordered.

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

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