

FELIX GARCIA, PLAINTIFF AND APPELLANT, VS. ISABEL VDA. DE ARJONA, ET AL., DEFENDANTS AND APPELLEES.

G.R. No. L-8991. May 23, 1956

Ponente: BAUTISTA ANGELO, J.

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BAUTISTA ANGELO, J.:

Plaintiff filed a complaint before the Court of First Instance of Laguna for the purpose of having certain document declared as an equitable mortgage and praying that the consignation he has made of the sum of P4,350.02 with the clerk of court be approved and defendants be ordered to execute a deed of release of said mortgage, to pay the plaintiff the sum of P14,779.98 representing excess interest, to pay P6,000 as damages and P5,000 as attorneys' fees, plus the costs of action.

Defendants answered denying the genuineness and due execution of the aforesaid document and setting up as a defense that said document is a promise to sell or an option contract; that they had already acquired the property subject matter of the mortgage through acquisitive prescription, and that the action is already barred by the statute of limitation.

Parties adduced evidence at the trial in addition to a stipulation of facts they had submitted, and thereupon, the lower court rendered judgment, the dispositive part of which reads:

"(a) Declaring that the contract entered into between the plaintiff and the deceased Marcelmo Arjona, predecessor-in-interest of the defendants, was one of loan; that the document Exhibit 'A' is merely an equitable mortgage or antichresis designed to guarantee the payment of the said loan of P4,350.02 contracted by the plaintiff from the deceased Marcelino Arjona;

(b) Ordering the defendants to receive from the Clerk of Court the amount of P4,350.02 deposited by plaintiff as payment of the repurchase price of the five parcels of land in question, and to execute upon receiving the said amount the corresponding deed reconveying the aforesaid property to the plaintiff, together with the possession of the aforementioned five parcels of land;

(c) Declaring that the interest on the loan is considered paid by the fruits of the land received by the deceased Marcelino Arjona and his successors-in-interest, and dismissing plaintiff's second cause of action;

(d) Dismissing plaintiff's third cause of action;

(e) Dismissing defendant's counter-claim against the plaintiff; with special pronouncement as to costs."

From this decision, both parties have appealed, plaintiff from that portion which declares that the interest of the loan should be considered compensated by the fruits of the land received by defendants and dismisses his claim for attorney's fees and defendants from that portion which declares the document in question as an equitable mortgage or antichresis, but the appeals were taken separately. The appeal of plaintiff was taken to the Court of Appeals which was later certified to this Court as falling under section 17(5) of the Judiciary Act of 1948; whereas the appeal of defendants was taken directly to the Supreme Court. It should be here mentioned that

pending consideration of the present case, the decision on the appeal of defendants was promulgated affirming in toto the decision of the lower court in so far as it finds that the document Exhibit A is an equitable mortgage or antichresis and not merely a promise to sell as contended by defendants (G. R. No. L-7279, promulgated October 29, 1955).

The mortgage in question covers five lots situated in Liliw, Laguna, which were formally covered by Tax Declaration Nos. 16502, 16564, 14646, 16572, and 16563, all in the name of plaintiff. To satisfy a judgment rendered against him in Civil Case No. 2447 of the Court of First Instance of Laguna, said lots were sold at public auction to the plaintiff in said case in whose favor the corresponding certificate of sale was executed by the provincial sheriff on December 14, 1929. On November 20, 1930, Francisco Arjona redeemed four of said lots and Marcelino Arjona redeemed the fifth lot upon the request of Felix Garcia, who promised to reimburse later on the amounts paid by the Arjonas.

In 1932, the first four lots were redeemed from Francisco Arjona with money borrowed by Felix Garcia from Marcelino Arjona with the understanding that the refund of said sums would be guaranteed by a mortgage on the properties above-mentioned. Hence, on March 3, 1932, Felix Garcia and Marcelino Arjona executed the deed Exhibit A. Upon the execution of this deed, Felix Garcia who, despite the auction sale in 1929 and the redemption by the Arjonas in 1930, had remained in possession of the properties in question, delivered the same to Marcelino Arjona, in whose name new tax declarations were issued subsequently. Upon the death of Marcelino Arjona on February 8, 1941, the properties were placed under the administration of the judicial administrator of his estate, his brother Engracio Arjona. In 1951, the latter asked Felix Garcia to redeem the properties for P10,000, but before any definite agreement could be reached, Engracio Arjona died. On February 6, 1952, Felix Garcia offered to redeem the properties, but the widow and the children of Marcelino Arjona, who succeeded in the possession thereof, rejected the offer. So Felix Garcia made a judicial consignment of the sum of P4,350.02 and instituted the present action.

It is contended by appellant that the lower court erred in denying his claim for the refund of the excess interest received by defendants in the form of fruits they and their predecessors-in-interest had enjoyed from the properties in question from 1932 up to and including 1952 notwithstanding the fact that he has adduced sufficient evidence to substantiate said claim. Evidently, appellant refers to the portion of the decision of the trial court which we quote:

"The evidence adduced by the plaintiff concerning the fruits of the land in question from the year 1932 up to the present does not appear to be based on a personal knowledge of the actual produce of the land but on mere assumption that such kind of land should yield so much coconut fruits during a given period of time, and so much cavanes of palay per harvest. Such evidence does not furnish an adequate and reliable basis for making a correct estimate of the annual yield of the land. Likewise, the evidence with respect to the prices are too indefinite, vague and loose to serve as basis for ascertaining the actual market value of the fruits at the time of each and every harvest."

We have examined the evidence adduced by appellant concerning the fruits supposedly enjoyed by defendants and their predecessors-in-interest and have found that the same merely consists in tax declarations covering the five lots in question (Exhibits E, E-1, F, F-1, G, G-1, G-2, H, H-1, I and 1-1), the testimony of Felix Garcia, herein appellant, and of one Macario Monfero who claims to have been an agent of the deceased Marcelino Arjona in the sale of coconuts and the general buyer of a coconut factory which was engaged in the wholesale buying of coconuts in Laguna and neighboring provinces. It is contended that said tax declarations reveal that there are 1,969 fruit-bearing coconut trees planted on the lots and that some portions thereof are devoted to rice farming with a total seedling capacity of one and one-half cavans which, according to Felix Garcia, has an average annual

yield of sixty cavans. It is also contended that said exhibits show that the 1,969 coconut trees have an average annual yield of 75,893 coconuts.

On the other hand, Macario Monfero testified that the price of coconuts per thousand ranged from P5 in 1933 to P50 in 1941, from P18 in 1942 to P10,000 in 1945, and from P100 in 1946 to between P18 and P25 in 1952. Taking the amount of P27.50 per thousand coconuts as the average price during the period from 1932 to 1952, appellant concludes that defendants shall have received every year the sum of P2,087.06 as the value of P75,893 coconuts which represent the average annual produce of the lots, or a total of P41,741.20 for the period of twenty years during which they were in possession of the property. Granting defendants a generous reduction of 50 per cent to cover expenses of maintenance, handling and shares of tenants, it would leave a balance of P20,870.60, and deducting from this amount the interest of the principal obligation amounting to P5,220, the balance is P15,650.60 which, it is claimed, represents the excess interest to which appellant is entitled.

Apparently, the above picture is impressive and may serve as basis for determining the benefits derived by defendants from the lots in question, but a more careful scrutiny thereof would reveal that the same contains many flaws. In the first place, the testimony of Monfero as to the price of coconuts from 1932 to 1952 cannot be relied upon for it is merely based upon memory and is not supported by any document. One would really need a very extraordinary memory to remember prices during so long a time, and besides his testimony does not appear corroborated. And in the second place, there is no actual or positive evidence showing the number of coconuts that had been actually produced, gathered and sold by defendants during the period above-mentioned.

It is true that the tax declarations submitted by appellant show the actual number of coconut trees standing on the lands as well as the calculated annual yield of coconuts that the trees may bear during said period, but such evidence is far from being satisfactory because it fails to take into account certain factors which may prevent production and enjoyment, for it cannot be denied that there may be years where no transaction can be made either because of faulty yield, sickness, lack of buyers and the like. In short, as the lower court well said, "Such evidence does not furnish an adequate and reliable basis for making a correct estimate of the annual yield of the land." For this reason, we are persuaded to uphold the finding of the lower court which we consider to be the most fair and equitable under the circumstances.

As regards the claim for attorney's fees, as there is no stipulation to that effect, and no bad faith is shown on the part of appellees, the same does not come under Article 2208 of the New Civil Code.

Wherefore, the decision appealed from, in so far as the claim of appellant is concerned, is affirmed, with costs against appellants.

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

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