

AGUSTIN LIBORO, ET AL., PLAINTIFFS AND APPELLEES, VS. FINANCE AND MINING INVESTMENTS CORPORATION, DEFENDANT AND APPELLANT.

G. R. No. L-8948. November 29, 1957

Ponente: CONCEPCION, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/a0c0ad816e00/>

CONCEPCION, J.:

This is an appeal from an order of the Court of First Instance of Batangas. The record of the case was originally forwarded to the Court of Appeals, but the latter subsequently certified it to this Court, only the questions of law being raised in the appeal.

The main plaintiffs herein, the spouses Agustin Liboro and Socorro Lopez de Liboro, were the registered owners of Lot No. 2097 of the cadastral survey of Balayan, Batangas, covered by Transfer Certificate of Title No. 941 of said province. On October 13, 1938, they constituted thereon a second mortgage in favor of defendant Finance & Mining Investments Corporation, as security for the payment to the latter of a debt of said plaintiffs in the sum of P15,207.42, with interest thereon at the rate of 10% per annum. The balance of this debt as of April 30, 1939, amounted to P8,896.66, and to guarantee its payment, with interest, said spouses executed, on May 3, 1939, another deed of second mortgage on the same property, which document was duly registered in the Office of the Register of Deeds of Batangas and annotated on the aforementioned transfer certificate of title.

Dr. and Mrs. Liboro, and their co-plaintiffs, instituted this action on January 7, 1952. In their complaint it is alleged that defendant's credit was fully paid on or about June 26, 1940, with money borrowed by the Liboros from the Philippine Bank of Commerce, in favor of which a deed of first mortgage was, accordingly executed by said spouses; that, consequently, the defendant executed a deed of cancellation of its aforesaid second mortgage, which instrument, however, was lost or destroyed during the last war; that after its conclusion, the Liboros sold said Lot No. 2097 to their co-plaintiffs, Alfredo Roxas, Domingo Garcia, Magdalena de Roxas, Macario Bayonito, Emiliana Parado and Natalio Bayongan, with the obligation on the part of the vendors to secure the cancellation of the entriea relative to the aforementioned two (2) deeds of second mortgage in favor of defendant herein; and that the latter had, however, failed and refused to execute the corresponding confirmatory deed of cancellation of said second mortgage. Plaintiffs prayed, therefore, that judgment be rendered requiring the defendant to execute said confirmatory deed of cancellation of the second mortgage and sentencing said defendant to pay them the sum of P3,000, representing attorney's fees, as damages.

In its answer, dated February 11, 1952, defendant denied that its credit against the Liboros had been settled and that it had executed a deed of cancellation of mortgage, and alleged, by way of defense and counterclaim, that said credit amounted to P6,855.55, as of December 31, 1941, and to P13,784.33, as of February 8, 1952. Accordingly, it prayed for judgment for the sum last mentioned, with interest thereon and attorney's fees, and, in the event of nonpayment, for an order of foreclosure of the mortgage.

Plaintiffs having subsequently moved for the production, inspection and photographing of some "Specified

documents; defendant stated that it did not have the same. Thereafter plaintiffs served interrogatories upon the defendant with a view to ascertaining whether: (1) it knows of some other person or entity in possession of the documents above mentioned; (2) it has any other document showing that the Liboro's were indebted in the sum of P6,855.55, as of December 31, 1941, and of P13,784.33, as of February 8, 1952; (3) it knows of some other person or entity in possession of such other document. In reply thereto, defendant averred that it had no knowledge of anyone in possession or control of said documents and/or papers; that it had a copy of its own financial statement as of December 31, 1941, showing that the amount then from Dr. Liboro was P6,855.55, and that the sum of P13,784.33 allegedly due from him as of February 8, 1952, consists of said balance of (P6,855.55, plus interest, at the rate of 10% per annum, from January 1, 1952.

Thereupon, plaintiffs moved for a summary judgment upon the ground that defendant's defense and counterclaim for P13,784.33 are based upon the unpaid balance of P6,855.55 allegedly existing on December 13, 1941 which had already prescribed, on February 11, 1952, when defendant's answer was filed. On July 24, 1952, the lower court denied this motion, for the reason that there was still an issue of fact to be threshed out and that the running of the statute of limitations had been suspended by the Moratorium Law. Less than a year later, or on May 18, 1953, our decision in *Rutter vs. Esteban*,[*] L-3708, was promulgated. Soon after said decision had become final and executory, or on October 21, 1953, plaintiffs herein filed another motion for a summary judgment, upon the ground, mainly, that, having been declared unconstitutional, in the *Rutter* case, said Moratorium Law did not tell the running of the prescriptive period. This motion was granted by an order dated November 19, 1953, which dismissed defendant's counterclaim and ordered the Register of Deeds of Batangas to cancel the annotations, on Transfer Certificate of Title No. 941, and on all other Transfer Certificates of Title subsequently issued for the property in question, relative to the two deeds of second mortgage above-referred to. Hence, this appeal by the defendant herein.

The only question before this Court is whether appellant's defense and counterclaim, based upon the balance of P6,855.55 allegedly due from the Liboros as of December 31, 1941, are barred by the statute of limitations of actions. The lower court answered this question in the affirmative, upon the ground that more than ten (10) years had elapsed from the date last mentioned to that of the filing of defendant's answer, and that the running of the period of prescription had not been suspended by the Moratorium Law, the same having been declared unconstitutional and, accordingly, "having had no existence from the very beginning."

Such view has been explicitly and consistently rejected by this Court. In *Bachrach Motor Co., Inc. vs. Chua Tua Iliu*, (101 Phil., 184), we used the following language.

* * * * *

"As we' said in *Pacific Commercial Co. vs. Venancio H. Aquino* 100 Phil., 961) :

'In *Rutter vs. Esteban*, 49 Off. Gaz., 1807, this Court did not declare the moratorium act (Rep. Act No. 842) as unconstitutional and void ab initio; on the contrary, it recognized that the enactment of a moratorium law, suspending for a reasonable period the remedies for the enforcement of obligations, lay within the police power of the state (*Home Building and Loan Association vs. Ftlaisdell*, 290 U.S. 398, 78 Law. Ed. 413). What we actually ruled in the *Rutter* case was—

'That the continued operation and enforcement of Republic Act No. 432 at the present, time is unreasonable and oppressive and should not be prolonged a minute longer * * *.

Moreover, we have repeatedly held (*Gaudencio Day vs. Court of First Instance et al.*, L-6691, April 27, 1954; *A. Santos Vda. de Montilla vs. Pacific Commercial Co.*, L-8223, December 20, 1955; *Manila Motor Co. vs. Flores*, 62 Off. Gaz., 5804; *Manila Motor Co. vs. Fernandez*, 52 Off. Gaz., 6883; *Rio y Compania vs. Sandoval*, 100 Phil., 407; *Pacific Commercial Co. vs. Aquino* supra; *Philippine National Bank vs. J. A. de Aboitiz*, L-9500,

April 11, 1967), that Executive Orders Nos. 25 and 32 have tolled or suspended the running of the Statute of Limitations, from March 10, 1945 to July 26, 1948, or for a period of three (3) years, four (4) months and sixteen (16) days, and we find no reason to depart from this view."

From December 31, 1941 to February 11, 1952, when defendant's counterclaim was filed, ten (10) years, one (1) month and ten (10) days had elapsed. Deducting therefrom the aforementioned period of three (3) years, four (4) months, and sixteen (16) days, during which the running of the prescriptive period was suspended, it is clear that defendant's claim is not barred by the statute of limitations.

Wherefore, the order appealed from is hereby reversed, and let the record be remanded to the court of origin for further proceedings not inconsistent with this decision, with the costs of this instance against plaintiffs-appellees. It is so ordered.

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

[*]93 Phil., 68.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.