

PHILIPPINE NATIONAL BANK, PLAINTIFF, VS. CORNELIO S. RUPERTO, ET AL., DEFENDANTS.

G.R. No. L-13777. June 30, 1960

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

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

On August 1, 1951, the plaintiff, Philippine National Bank, filed with the Court of First Instance of Manila a complaint for the recovery of a sum of money allegedly due it from the defendants, Cornelio S. Ruperto and Juana S. Ruperto, under a promissory note as follows:

"Manila, November 24, 1948

P2,500.00

NINETY DAYS . . . after date, for value received, I promise to pay the order of the PHILIPPINE NATIONAL BANK at its Office in _____ or Manila, the sum of two thousand five hundred pesos _____, Philippine Currency, with interest at the rate of 8 percent per annum from Maturity until paid. In case of judicial execution of this obligation or any part of it, the debtor waives all his rights under the provisions of Rule 39, Section 12 of the Rules of Court.

In case it is necessary to collect this note by or through an attorney-at-law, the makers and endorsers shall pay 10 per cent of the amount due on the note as attorney's fees. DEMAND AND DISHONOR WAIVED. Holder may accept partial payment reserving his right of recourse against each and all indorsers.

(SGD.) CORNELIO S. RUPERTO

(SGD.) JUANA S. RUPERTO

It is averred that after making partial payments in the of P200.00 and P50.00 on March 11, 1949 and May 15, 1950, respectively, defendants failed to make any other payment despite written demands from the plaintiff for the balance.

Defendants filed answers, admitting the existence of the debt as evidenced by the promissory note, but alleging, as special defense, that defendant Cornelio Ruperto had offered to pay and tendered payment of the balance of the note by means of his backpay certificate in the amount of P7,079.64 issued by the Insular (National) Treasurer on June 23, 1949, which offer and tender plaintiff "was reluctant to accept since November 10, 1951". It is prayed, therefore, that, among other things, plaintiff be required to accept the tender of payment on the balance of the loan by means of Backpay Certificate No. 139765; defendants be exempted from the payment of interest from and after the date the plaintiff refused to honor the tender of payment; and, after such payment, the promissory note be cancelled.

Because of several postponements "on the ground that the defendants would settle the case amicably with the plaintiff or on other grounds", the case was finally decided by the court only on February 21, 1958. Portions of the Court's decision as are pertinent to the present appeal are stated as follows:

"It must be stated at the outset that when Republic Act No. 304 was approved on June 18, 1948, the loan in question was not yet subsisting, the same having been contracted on November 24, 1948, and that Republic Act No. 897, approved June 20, 1953, amending Republic Act No. 304, allows the use of certificates of indebtedness for payment of obligations 'subsisting at the time of the approval of this Act'. It must be further noted that on June 16, 1956, Republic Act No. 1576 was approved amending the charter of plaintiff bank, and prohibiting the acceptance by the Bank of backpay certificates in payment of outstanding obligations contracted after the promulgation of the aforesaid Republic Act No. 304. From this, it is seen that had this case been tried and submitted for decision before the approval of the aforesaid Republic Act No. 1576, on June 16, 1956, the provisions of Republic Act No. 897 would unquestionably have been applied, as was done in the aforementioned Florentino case. But, as already stated above, the trial of this case did not start until September 16, 1957, and the case is only now submitted for decision, when the law in force on the matter is the aforesaid Republic Act No. 1576. In view hereof the question above-propounded is answered in the negative.

It is needless to state that the allegation of defendants that defendant Juana S. Ruperto merely acted as guarantor is untenable.

WHEREFORE, judgment is hereby rendered, sentencing defendants, jointly and severally, to pay plaintiff the sum of P2,250.00, with interest thereon at 8 per cent per annum from March 1, 1949, until fully paid, plus 10 per cent of the said sum as attorney's fees, and the costs."

Not satisfied with the decision, defendants Ruperto appealed directly to this Court on points of law, insisting in effect that since they had tendered payment through back pay certificate on November 10, 1951 and on May 22, 1952, their right to have said back pay certificate applied to their debt could not be barred by R.A. 1576, enacted on June 16, 1956.

We think this appeal is not meritorious.

Since the debt of appellants was contracted on November 24, 1948, they could not validly seek to discharge it by application of their backpay certificate under Republic Act 304, passed on June 18, 1948, because that Act, in terms, limited any such application to "obligations subsisting at the time of the approval of this Act" (Sec. 2).

The appellants might have compelled the Bank to consent to the application when Republic Act No. 897 was approved on June 20, 1953. But the record is barren of any proof that the debtors demanded any application during the period when Republic Act No. 897 was in effect, and before it was repealed by Act 1576, enacted June 16, 1956. The only demands alleged were made in 1951 and 1952, before Republic Act 897 was passed, and such tender was invalid under the reigning statute (R. A. 304) for the reasons previously expressed. After Republic Act 1576 was enacted in 1956, the Philippine, National Bank was prohibited from accepting back pay certificates in discharge of pre-existing obligations.

Even if the amended answer were construed as an offer of appellants to apply the backpay certificate to their debt, it came too late, since the amended answer was filed only on September 19, 1957, when the prohibitory law (Republic Act 1576) was already in force.

Republic Act No. 1576 may not be condemned as being an ex post facto law, for this constitutional principle applies only in criminal proceedings or in instances where the law inflicts criminal punishment, but cannot be invoked to protect allegedly vested civil rights (Prov. of Camarines Sur vs. Director of Lands, 64 Phil., 600 see also Roman Catholic Bishop of Lipa vs. Municipality of Taal, 38 Phil., 367). Neither did the amending statute impair the obligation of contract between the parties herein, since the loan in question was contracted before the effectivity of Republic Act No. 897, which allowed payments to the bank by means of mere certificates of indebtedness.

Wherefore, the judgment appealed from is affirmed. Costs against appellants Ruperto.

Bengzon, Montemayor, Bautista Angelo, Labrador, Concepcion, Barrera and Gutierrez David, JJ., concur.
Padilla, J., took no part.

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