

FILEMON AGUILAR, PLAINTIFF AND APPELLEE, VS. VALERIANO MIRANDA, DEFENDANT AND APPELLANT.

G.R. No. L-16510. November 29, 1961

Ponente: BAUTISTA ANGELO, J.

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BAUTISTA ANGELO, J.:

On September 22, 1944, Valeriano Miranda borrowed from Filemon Aguilar the sum of P15,000.00 in Japanese military notes to secure which he mortgaged a parcel of land situated in Las Piñas, Rizal wherein the following clause relative to the redemption period appears:

"sa kasunduan na kung aking mabayaran o mangyaring mabayaran ko sa kanya ang naturang halagang kuarta, pagkatapos makalampas ang apat (4) na taon at apat (4) na ani sa panahon, mula sa pagkakabisa nito, na hindi magdadala ng pakinabang, ay ang kasunduang ito ay mawawalan ng bisa, lakas at kabuluhan; subalit kundi ko matupad ay mananatili ang bisa, lakas at kabuluhan ng kasunduang ito at maaring hingin ipatupad ito sa akin sangayon sa ipinasisiya ng Batas."

The above mortgage was registered in the Office of the Register of Deeds of Rizal on October 2, 1944, and after the redemption period had expired without the loan having been paid by Miranda in spite of repeated demands, Aguilar filed an action before the Court of First Instance of Rizal to recover the loan and foreclose the mortgage. Issues having been joined, the trial was held, and thereafter the lower court rendered judgment ordering defendant to pay plaintiff within 90 days from receipt of the decision the sum of P15,000.00, with legal interest and costs, and in case of default, to have the property sold in the manner provided for by law. Defendant appealed directly to this Court on questions of law.

The only question to be determined is whether the loan of P15,000.00 obtained by appellant in Japanese military notes should be repaid by him in the same currency or its equivalent based on the Ballantyne schedule, or should be repaid peso for peso in the present currency as found by the trial court.

The question raised is not new. We have repeatedly held in several cases that if a monetary obligation was contracted during the Japanese occupation and is payable within a specified period which covers partly said occupation and partly after liberation such that its repayment may be made any time before the termination of the war, the repayment should be made in Philippine currency convertible under the Ballantyne scale of values and not entirely in accordance with the legal tender at the time of repayment. [1] However, if the indebtedness was expressly agreed upon to be paid within a period the maturity of which falls after the war or after the liberation, unless there is a clear agreement to the contrary, the repayment cannot be made under the Ballantyne schedule but should be made in accordance with the currency then prevailing at the time of repayment.[2] Indeed, it is a well settled rule in this jurisdiction that where the obligation incurred during the Japanese occupation was made payable after a fixed period, the maturity falling after liberation, the promisor must pay in Philippine currency the same amount stated in the obligation, that is, the obligation must be settled peso for peso in Philippine currency. He cannot discharge his debt by paying only the equivalent in Philippine currency of the value of the military notes he had received.[3]

But appellant argues that in the cases where the rule stated above was applied it can be gleaned that there was an express stipulation that the loan shall be paid in the currency prevailing at the time the obligation becomes due or the intention was clear that the loan was to be paid in the currency prevailing at the time of payment, while in the instant case there is no such stipulation nor can it be inferred that such was the intention of the parties. This argument is based on an incorrect premise for in most of the cases decided by this Court on the point the dominant thought was that, to be payable in the currency prevailing at the time of payment, the stipulation must be that the period of repayment should fall or mature either after the war or after liberation, even if the agreement is silent as to the currency in which payment should be made. Thus, in the case of *Gomez vs. Tabia*, 84 Phil., 269, which is the basic case on the point, there was no stipulation that the loan was to be paid in legal tender prevailing at the time of repayment and yet because it was admitted that the loan was to be paid "within 30 days after the expiration of one year from June 24, 1944", it was held that the obligation must be paid peso for peso in the currency prevailing at the time of redemption. This Court even went further by ruling that such agreement is unnecessary and superfluous. "In the absence of any agreement to the contrary",—the Court said—"it is always understood that all payment of an obligation is to be made in legal tender, namely, Philippine silver peso, half peso and gold coins of the United States."

The claim that because the loan does not bear interest the period stipulated in the contract should be deemed intended for the exclusive benefit of the debtor is untenable for it runs counter to the very tenor of the law that in such a case the period shall be presumed to have been constituted for the benefit of both the creditor and debtor (Article 1127, old Civil Code) Moreover, while it may be true that when the loan does not bear interest the term may appear to be for the benefit of the debtor alone, this rule is not absolute for there are other circumstances aside from the non-payment of interest which the parties may have taken into account in entering into the contract such as the desire of the creditor to protect himself against the sudden decline in the purchasing power of the currency due to its fluctuating nature (*Ponce de Leon vs. Santiago Syjuco, Inc.*, 90 Phil., 311).

Wherefore, the decision appealed from is affirmed, with costs against appellant.

Bengzon, C. J., Labrador, Concepcion, Reyes, J. B. L., Barrera, Paredes, Dizon, and De Leon, JJ., concur.

[1] *Soriano vs. Abalos*, 84 Phil., 206; 47 Off. Gaz., 168; *Ang Lam vs. Peregrina*, 92 Phil., 506 *Asis vs. Agdamag*, L-5709, Oct. 25, 1957; *Cruz vs. The Hon. Auditor General*, L-12233, May 30, 1959; *Ceynas, et al., vs. Ulanday*, 105 Phil., 1007; 56 Off. Gaz., (36) 5613; *Mercado, vs. Mercado*, 109 Phil., 180; (37) 6008.

[2] *Roño vs. Gomez*, 83 Phil., 890; *Gomez vs. Tabia*, 84 Phil., 269; *Arevalo vs. Barreto*, 89 Phil., 633; *Garcia vs. Delos Santos*, 93 Phil., 683; 49 Off. Gaz., (11) 4830; *Berg. vs. Teus*, 96 Phil., 260; *Jimenez vs. Bucoy*; 54 Off. Gaz., No. 32, 7560; *Arellano vs. De Domingo*, 101 Phil., 902; *Kare, et al. vs. Imperial, et al.*, 102 Phil., 173; 54 Off. Gaz., (7) 2165; *Stenberg, et al. vs. Solomon*, 102 Phil., 995; 54 Off. Gaz., (28) 6882; *Fong vs. Javier*, 107 Phil., 392; 60 Off. Gaz., (26) 3736.

[3] *Garcia vs. De los Santos*, supra; *Bono vs. Gomez* supra; *Gomes vs. Tabia*, supra and cases cited therein.

PADILLA, J., DISSENTING:

I dissent for the reasons set forth in my opinion in *Ponce de Leon vs. Santiago Syjuco, Inc.*, G. R. No. L-3316, 31 October 1951.

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