

**MARCELINO B. FLORENTINO AND LOURDES T. ZANDUETA,
PETITIONERS AND APPELLANTS, VS. PHILIPPINE NATIONAL BANK,
RESPONDENT AND APPELLEE.**

G.R. No. L-8782. April 28, 1956

Ponente: JUGO, J.

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JUGO, J.:

The petitioners and appellants filed with the Court of First Instance of La Union a petition for mandamus against respondent and appellee, Philippine National Bank, to compel it to accept the backpay certificate of petitioner Marcelino B. Florentino issued to him by the Republic of the Philippines, to pay an indebtedness to the Philippine National Bank in the sum of P6,800 secured by a real estate mortgage on certain properties.

The case was submitted on an agreed statement of facts, which reads as follows:

"Parties herein represented by counsel, have agreed on the following facts:

"1. That the petitioners are indebted to the respondent bank in the amount of P6,800 plus interest, the same having been incurred on January 2, 1953, which is due on January 2, 1954;

"2. That the said loan is secured by a mortgage of real properties ;

"3. That the petitioner Marcelino B. Florentino is a holder of Backpay Acknowledgment No- 1721 dated October 6, 1954, in the amount of P22,896.33 by virtue of Republic Act No, 897 approved on June 20, 1953; and

"4. That on December 27, 1953, petitioners offered to pay their loan with the respondent bank with their backpay certificate, but the respondent bank, on December 29, 1953, refused to accept petitioners' offer to pay the said indebtedness with the latter's backpay certificate;

The legal provision involved is section 2 of Republic Act No. 897, which provides:

"Sec. 2. Section two of the said Act (Republic Act 304) as amended by Republic Act Numbered Eight hundred, is further amended to read:

"Sec. 2. The Treasurer of the Philippines shall, upon application of all persons specified in section one hereof and within one year from the approval of this Act, and under such rules and regulations as may be promulgated by the Secretary of Finance, acknowledge " and file requests for the recognition of the right to the salaries or wages as provided in section one hereof, and notice of such acknowledgment shall be issued to the applicant which shall" state the total amount of such salaries or wages due the applicant, and certify that it shall be redeemed by the Government of the Philippines within ten years from the date of their issuance without interest; Provided, That upon application and subject to such rules and regulations 'as may be approved by the Secretary of Finance a certificate of indebtedness may be issued by the[^] Treasurer of the Philippines covering' the .whole or a part of the total salaries or wages the right to which has been duly acknowledged and recognized, provided that the face value of such certificate of indebtedness shall not exceed the amount that the

applicant may need for the payment of (1) obligations subsisting at the time of the approval of this amendatory Act for which the applicant may directly be liable to the Government or to any of its branches or instrumentalities, or the corporations owned or controlled by the Government, or to any citizen of the Philippines, or to any association or corporation organized under the laws of the Philippines, who may be willing to accept the same for such settlement."

The question raised is whether the clause "who may be willing to accept the, same for settlement" refers to all antecedents "the Government, any of its branches or instrumentalities, the corporations owned or controlled by the Government, etc.," or only the last antecedent "any citizen of the Philippines, or any association or corporation organized under the laws of the Philippines"

The contention of the respondent-appellee, Philippine National Bank is that said qualifying. clause refers to all the antecedents, whereas the appellants' contention is that it refers only to the last antecedent.

Incidentally, it may be stated that one of the purposes of Republic Act No. 897 was to include veterans of the Philippine Army and their wives, or orphans among the beneficiaries of the Backpay Law, Republic Act No. 304, in recognition of their great sacrifices in the resistance movement, as shown by the following quotation from the Congressional Record:

"* * * This particular bill, House Bill No. 1228, has been filed by this public servant for three objectives: First, to serve as a source of financial aid to needy veterans, like crippled or disabled veterans, and to their wives or orphans. Secondly, to give recognition to the sacrifices of those who joined the last war, and particularly to those who have given their all for the cause of the last war. And thirdly, to eliminate the discrimination that has been committed either through oversight, or on purpose, against the members of the Philippine Army, the Philippine Scouts, and guerillas or the so-called civilian volunteers, who joined the resistance movement". (Congressional Record No. 61, 2nd Congress, 4th Regular Session, May 6, 1958, page 74; quoted in Appellants' brief, pages 13-14.)

Grammatically, the qualifying clause refers only to the last antecedent; that is, "any citizen of the Philippines or any association or corporation organized under the laws of the Philippines." It should be noted that there is a comma before the words or to any citizen, etc., which separates said phrase from the preceding ones.

But even disregarding the grammatical construction, as done by the appellee, still there are cogent and powerful reasons why the qualifying clause should be limited to the last antecedent. In the first place, to make the acceptance of the backpay certificates obligatory upon any citizen, association, or corporation, which are not government entities or owned or controlled by the government, would render section 2 of Republic Act No. 897 unconstitutional, for it would amount to an impairment of the obligation of contracts by compelling private creditors to accept a sort of promissory note payable within ten years with interest at a rate very much lower than the current or even the legal one.

The other reason is found in the Congressional Record, which says:

"Mr. Tible: On page 4, line 17, between the words 'this and 'act', insert the word 'amendatory'.

"Mr. Zosa: What is the purpose of the amendment?

"Mr. TIBLE: The purpose of the amendment is to clarify the provision of section 2. I believe, gentleman from Cebu, that section 2, as amended in this amendatory bill permits the use of backpay certificates as payment for obligations and. indebtedness in favor of the government". (Congressional Record No. 64, 2nd Congress, 4th Regular Session, May 11, 1953, page 41; quoted in Appellants' brief, p. 15.)

As there would have been no need to permit by law the use of backpay certificates in payment of debts to private

persons, if they are willing to accept them, the permission necessarily refers to the Government of the Philippines, its agencies or other instrumentalities, etc.

Another reason is that it is matter of general knowledge that many officials and employees of the Philippine Government, who had served during the Japanese Occupation have already received their backpay certificates and used them for the payment of obligations to the Government and its entities for debts incurred before the approval of Republic Act No. 304.

The case of *Diokno vs. Rehabilitation Finance Corporation*, '91 Phil., 608 (July 11, 1952), is different from the present one. In the *Diokno* case, his debt to the Rehabilitation Finance Corporation was incurred on January 27, 1950. He brought the action on November 10, 1950, under the provisions of Republic Act No. 304 (section 2), which was approved on June 18, 1948; that is, one year and almost eight months before *Diokno* incurred the debt. *Diokno* could not avail himself of the provisions of section 2 of Act No. 304, because said section provides that the application for recognition "of backpay, must have been filed within one year after the approval of said Act No. 304, and the debt must be subsisting at the time of said approval, *Diokno* having incurred the debt on January 27, 1950, and brought action on November 10, 1950. It was, therefore, discretionary in the *Diokno* case for the Rehabilitation Finance Corporation to accept or not his backpay certificate in payment.

The Secretary of Justice, in his Opinion No. 228, series of 1948, held that the phrase "who may be willing to accept the same for such settlement" qualifies only its immediate antecedent and does not apply to the Government or its agencies.

The appellee asserts in his brief that the Secretary of Justice, in his letter of June 19, 1953, remarked that the clause "who may be willing to accept such settlement" refers to all the antecedents, including the Government and its agencies. We are not impressed with this observation of the Secretary, for we believe that his Opinion No. 226, series of 1948, is correct for the reasons we have stated above.

In the present case, *Marcelino B. Florentino* incurred his debt to the Philippine National Bank on January 2, 1953; hence, the obligation was subsisting when the Amendatory Act No. 897 was approved. Consequently, the present case falls squarely under the provisions of section 2 of the Amendatory Act No. 897.

In view of the foregoing, the decision appealed from is reversed, and the appellee is ordered to accept the backpay certificate above mentioned of the appellant, *Marcelino B. Florentino*, in payment of his above cited debt to the appellee, without interest from December 27, 1953, the date when he offered said backpay certificate in payment. Without pronouncement as to costs. It is ordered.

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

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