

**REPUBLIC OF THE PHILIPPINES, PLAINTIFF AND APPELLANT, VS.
HEIRS OF CRESENCIO V. MARTIR: MARIO MARTIR, ESTHER M.
TUPAS, RUTH C. VDA. DE MARTIR, ET AL., DEFENDANTS AND
APPELLEES.**

G.R. No. L-20192. February 28, 1967

Ponente: DIZON, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/dae84551e4c1/>

DIZON, J.:

On December 8, 1961, the Republic of the Philippines filed with the Court of First Instance of Occidental Negros a complaint for foreclosure of mortgage against Cresencio V. Martir (Civil Case No. 6386). This complaint was later amended by substituting herein appellees as parties defendants, it having been found that Cresencio V. Martir was already dead. The amended complaint alleged that on May 11 and June 4, 1943, said deceased obtained two separate loans from the former Bank of Taiwan, Ltd. in the total amount of P2,000.00, with interest at the rate of six per centum per annum, compounded quarterly, payable one year thereafter, as evidenced by two promissory notes executed by him in favor of said bank, copies of which were attached to the complaint as Annexes "A" and "B" thereof; that as security therefor, the obligor executed in favor of said bank a real estate mortgage on a parcel of land covered by Transfer Certificate of Title No. 34979 of the Register of Deeds of Negros Occidental issued in his name, and a chattel mortgage on the growing crops thereon, which instruments were registered on June 22 and 23, 1943, respectively, with the office of the Register of Deeds of Negros Occidental; that said account was one of the assets of the Bank of Taiwan, Ltd., vested in the United States of America through the Alien Property Custodian on January 21, 1946, under authority of the Trading With the Enemy Act, and transferred to the Republic of the Philippines on July 20, 1954; and that, despite repeated demands by the latter, Martir had failed to pay the mortgage debt and the interests due thereon.

On December 27, 1961, appellees filed a motion to dismiss the complaint on the ground that the cause of action alleged therein was already barred by the Statute of Limitations.

The lower court sustained the motion and dismissed the case. Hence, the present appeal, it being appellant's contention - to secure a reversal - that the lower court erred in holding: firstly, that the property subjectmatter of the action is subject to prescription; secondly, that appellant's cause of action had already prescribed when the action was filed; and finally, in dismissing the complaint.

Considering the undisputed facts of the case, we believe that the question of whether or not the prescriptive period had already elapsed when appellant commenced its action would be decisive of this appeal - on the assumption, of course, that the subjectmatter of appellant's action is subject to prescription. We shall, therefore, proceed to its consideration.

In relation to the first promissory note in question, appellant's cause of action accrued on May 11, 1944.

It is the law in this jurisdiction that actions to enforce written contracts prescribe upon the lapse of ten years from

the accrual of the cause of action (Article 1144, New Civil Code).

However, Executive Order No. 25 issued on November 18, 1944 provides for the suspension of payment of all debts and other monetary obligations contracted after December 31, 1941 - that is, during the war.

On the other hand, Executive Order No. 32 issued on March 10, 1945 provides for the suspension of payment of all debts and other monetary obligations incurred before and after December 31, 1941, except debts contracted in any area liberated from the enemy. That Executive Order No. 32 merely amended the previous one by providing for the suspension of payment of all debts and other monetary obligations incurred before December 31, 1941 - which were not covered by the pro-visions of Executive Order No. 25 - is beyond question.

Lastly, Republic Act No. 342 enacted on July 26, 1948 provided for the lifting of the moratorium only with respect to pre-war obligations, except in such cases where the debtors are war sufferers and had filed claims with the War Damage Commission.

We have held heretofore in several cases that during the period of time the two executive orders mentioned above were in force, no action could be taken to collect any outstanding monetary obligation covered by their provisions (Cruz vs. Avila 42 O.G. No. 9, p. 2114; dela Fuente vs. Borromeo, 42 O.G. p. 3172; Ma-ao Sugar Central Company vs. Barrios, 45 O.G. 2444), and that the time during which the moratorium was in force must be excluded in the computation of the prescriptive period (Philippine National Bank vs. Osen et al., January 21, 1958). In fact, in Manila Motor Company, Inc. vs. R. F. Fernandez (52 O.G. No. 16, p. 6884) We held not only to this same effect but ruled likewise that "The debt moratorium lasted from November 18, 1944, etc." (Underline supplied).

On the other hand, it is not disputed that it was only on May 18, 1953 that the moratorium was declared unconstitutional in Rutter vs. Esteban, G.R. No. L-3708. Consequently, the suspension of the running of the prescriptive period lasted from November 18, 1944 to May 18, 1953 - a period of eight (8) years and six (6) months.

From May 11, 1944 - the date when the earliest cause of action in favor of appellant accrued - until December 8, 1961 - the date when appellant commenced the action at bar - we have a period of seventeen (17) years. Deducting therefrom the period during which the moratorium was in force, namely, eight (8) years and six (6) months, the result would be eight (8) years and six (6) months. It is, therefore, clear that appellant filed the action before the lapse of the period of prescription.

With the conclusion arrived at on the decisive issue, We find it unnecessary to consider the others raised in appellant's brief.

WHEREFORE, the order appealed from is reversed and set aside and the record of this case is remanded below for further Proceedings. With costs.

Concepcion, C.J., Reyes, Regala, Makalintal, Bengzon, Zaldivar, Sanchez and Ruiz Castro, JJ., concur.

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.