

**REPUBLIC OF THE PHILIPPINES, PLAINTIFF AND APPELLANT, VS.
CLARITA CUAYCONG AND EULALIO LACSON, JR., DEFENDANTS AND
APPELLEES.**

G. R. No. L-18797. December 27, 1963

Ponente: BARRERA, J.

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BARRERA, J.:

This is an appeal from the order of the Court of First Instance of Negros Occidental, dismissing the complaint in Civil Case No. 5250, filed by the Republic of the Philippines against Clarita Cuaycong, et al.

The case originated in the Justice of the Peace Court of Victorias, Negros Occidental, where the Republic of the Philippines sought to collect a loan obtained by Clarita Cuaycong from the former Bank of Taiwan, evidenced by eight promissory notes of different dates and a chattel mortgage executed on the standing crops growing on Lot Nos. 797, 4 and 5 (Hacienda "Clarita"). The promissory notes are dated April 8, 1943, April 21, 1943, May 14, 1943, June 24, 1943, June 28, 1943, July 29, 1943, September 16, 1943 and March 21, 1944, while the chattel mortgage is dated April 8, 1943 on the same date as the first promissory note. The loan having remained unpaid, the Republic of the Philippines, which had taken over the assets and properties of the Bank of Taiwan, instituted the action for collection on February 9, 1960.

On October 14, 1960, defendants filed a motion to dismiss on the ground that venue was improperly laid, and that plaintiff's cause of action had already prescribed. It was claimed that the place of execution of the promissory notes being Bacolod City, the proper venue should be in said place. Furthermore, defendants also contended that the action, which was based on written contracts, was brought beyond the 10-year prescriptive period as provided by law. Sustaining such contentions of defendants, the court ordered the dismissal of the case.

On plaintiff's appeal to the Court of First Instance of Negros Occidental, the order appealed from was affirmed and the complaint dismissed, the trial court having made a finding of fact that "upon examination of the promissory notes and the chattel mortgage, marked Annexes "A" through "I", it appears that said documents which constitutes the cause of action in the complaint are all dated in Bacolod City and not in the Municipality of Victorias, Negros Occidental." Consequently, venue was declared improperly laid.

Plaintiff now comes directly to this Court, maintaining that as the place of their execution does not appear on the documents, the action was properly brought in the municipality where defendant Clarita Cuaycong resides.

The promissory notes are uniformly worded, thus:

"PROMISSORY NOTE

(Amount)

(Date)

"On or before _____, for value received, I promise to pay the BANK OF TAIWAN, LTD. or order

thru the VICTORIAS PLANTERS' ASSOCIATION OF BACOLOU CITY, at the City of Bacolod, the sum of (amount) plus interest at the rate of 69% per annum from date compounded quarterly.

"Against 80% loans.

(Sgd.) CLARITA CUAYCONG

Name Victorias,
Negros Occidental
Address"

On the other hand, the chattel mortgage which, as heretofore stated, was signed simultaneously with the first promissory note, clearly states on its face that it was executed at the City of Eacolod. Paragraphs 4 and 5 of the Chattel Mortgage recite as follows:

"4. This mortgage is executed to secure the payment by the Mortgagor to the Mortgagee at the latter's office of a loan herein granted to the Mortgagor thru the Victorias Planters' Association in the sum of ONE THOUSAND FOUR HUNDKED THREE PESOS ONLY (1,403.00), Philippine Currency, with interest at the rate of six (6%) per annum, which loan shall be given to the Mortgagor thru the Victorias Planters' Association either in lump sum or in installments as the Mortgagee may determine. The Mortgagee may increase or decrease the amount of the loan as well as the installments as it may deem convenient, and the Mortgagor shall submit such periodical reports on the crops mortgaged as the Mortgagee may require. In the event that the loan is increased, such increase shall likewise be secured by this mortgage."

"5. The funds advanced or which may be advanced to the Mortgagor by the Mortgagee under this mortgage, shall be used exclusively in the crops herein mortgaged as follows:

(1) Plowing (2) Purchasing seeds (3) Planting (4) Cultivation' (5) Harvesting and Marketing (6) Transportation (7) Purchase)f carabaos or agricultural implements (8) Purchase of fertilizers, and (9) Construction of irrigation canals."

It thus appears that the loan obtained by the mortgagor was up to a total sum of P1,403.00., to be taken either in lump sum or in installments, and the amounts so taken would be used exclusively for the specific purposes stated 111 (1), paragraph 5 of the Chattel Mortgage. Note that the promissory notes are silent on these points.[1] Hence, it is clear that the entire agreement as to the conditions t the loan is embodied not only in the promissory notes alone which merely state the amount taken, but principally In the chattel mortgage which recites the main stipulations. Consequently, we do not find sufficient reason to modify the finding of fact of the trial court that promissory notes and the chattel mortgage "constitute (the basis of) the cause of action in the complaint." And, since the chattel mortgage is expressly dated at Bacolod City, the venue for the enforcement of the loan evidenced by said shattel mortgage and the promisory notes is in that place.

But what is more, plaintiff itself averred in paragraph 3 of its own complaint

"That in 1943 and 1944, the defendant Clarita Cuaycong obtained eight (8) separate loans from the former Bank of Taiwan, Ltd., at its offices in Bacolod City, to wit:

(Here follows a recital of the 8 promissory notes)

.... evidenced by eight (8) promissory notes executed, signed and delivered by him (her) to said Bank of Taiwan. Ltd " (Italics supplied.)

The conclusion, therefore, reached by the trial court that under the circumstances the venue of the action is at Bacolod City, is not devoid of reason or justification. The order appealed from is hereby affirmed, without costs. So ordered.

Bengzon, C. J., Padilla, Bautista Angela, Labrador, Concepcion, Reyes, J. B. L., Paredes, Dizon, Regala and

Makalintal , JJ., concur.

[1] The total amount of the 8 promissory notes is only P1,230.00.

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