

FRANCISCO ABELARDE ET AL., PLAINTIFFS AND APPELLANTS, VS. MARIA LOPEZ ET AL., DEFENDANTS. MARIA LOPEZ, APPELLEE.*G.R. No. 48618. September 27, 1943*

Ponente: BOCOBO, J.

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This case comes up from the Court of Appeals upon a certificate by the latter that the amount involved is more than P50,000.00.

The question at issue is whether the sale of certain sugar haciendas from plaintiffs-appellants, Francisco Abelarde and Adela Araullo, to defendant-appellee, Maria Lopez, includes the sugar quota of 34,227.34 piculs under Act No. 4166. Maintaining the negative, plaintiffs-appellants sued Maria Lopez and the North Negros Sugar Co. Inc. in the Court of First Instance of Cebu for payment for the use of said sugar quota in a sum equivalent to 5% of the quota from October 15, 1936. Upon objection to the venue, the trial court dismissed the action against the North Negros Sugar Co., Inc. On June 15, 1940, the court a quo absolved the defendant Maria Lopez from the complaint. Hence, the present appeal.

It appears that by a deed of conveyance. (Exh. 12) dated October 15, 1936, Francisco Abelarde and Adela Araullo, husband and wife, sold to Maria Lopez the haciendas Canaan Nos. 1 and 2, Milagros and Patrocinio, known as plantations Nos. 28-3, 28-4, 28-5, and 28-6 within the area of the North Negros Sugar Co. Central. The deed recites among other things that in civil case No. 6050 for the foreclosure of mortgage, the Court of First Instance of Negros Occidental under date of August 30, 1935, decided in favor of plaintiff therein, Sing Sui Eng, ordering Francisco Abelarde and Adela Araullo to pay P162,162.74, with 12% interest per annum from December 31, 1934, plus 10% of said capital with interest as attorney's fees and costs; that on August 30, 1936, Sing Sui Eng assigned to Maria Lopez (appellee herein) all his rights over the mortgage and the judgment aforementioned; and that said judgment was appealed by Abelarde and Araullo to the Supreme Court. It was agreed in the deed (Exh. 12) that in consideration of P60,000.00 and other considerations received, Francisco Abelarde and Adela Araullo conveyed to Maria Lopez all the parcels of land which were the subject of foreclosure in said Civil Case No. 6050; that this conveyance was a "dacion en pago" of the judgment in that civil case; that Abelarde and Araullo recognized that they were indebted to Maria Lopez as an assignee of the rights of the mortgage creditor, Sing Sui Eng; that Abelarde and Araullo would immediately withdraw their appeal; that the "dacion en pago" was subject to the milling contract, and the first mortgage in favor of the National Bank. Lastly, the following clause was agreed upon :

"Queda convenido y pactado tambien que desde esta fecha, los esposos Francisco Abelarde y Adela Araullo por la presente hacen renuncia a favor de Da. Maria Lopez a cualquier derecho, titulo, interes, participacion, accion, renta ya en especie ya en efectivo que tienen o pudieran tener en relacion con las mencionadas parcelas de terreno objeto de esta DACION EN PAGO, exception hecha de cualquiera cantidad que los Sres. Francisco Aberlarde y Adela Araullo llegaren a cobrar en concepto de dafios en virtud de los asuntos civiles Ns. 7020 y 7022 actualmente pendiente en el Juzgado de Primera Instancia Negros Occidental, la cual cantidad sera para

beneficio de dichos Sres. Abelarde. Tambien existe actualmente una gestion cerca del Banco National Filipino por parte de los Sres. Abelarde de recobrar de dicho Banco cierta cantidad de dinero que representa la diferencia entre el balance actual de la deuda de los Sres. Abelarde al Banco Nacional, que estos creen erroneo y el verdadero saldo que resultare de la revision de cuentas que actualmente se esta haciendo; dicha diferencia resultante de la referida revision de cuentas, sera igualmente para beneficio de los Abelardes."

After a careful examination of the evidence and the law applicable, we agree with the finding of the trial court that the sugar quota in question was included in the conveyance of those haciendas.

In the first place, in the last clause in the deed (Exh. 12) above quoted, the appellants herein expressly waived "cualquier derecho, titulo, interes, participation, action, renta" which the grantors had or might have in relation to the parcels of land sold. This stipulation plainly included the sugar quota or allotment.

Then, even if the foregoing clause had been omitted, the conveyance of the haciendas would have carried with it the sugar allotment, in the absence of a specific stipulation excluding the same. Section 1, Act 4166, states that "The allotment corresponding to each piece of land under the provisions of this Act shall be deemed to be an improvement attaching to the land entitled thereto." (Italics supplied.) The reason for this is that lands devoted to sugar, at the time this contract of sale was signed, were practically of no use to the landowner without the sugar allotment. By no stretch of the imagination can it therefore be thought that Maria Lopez would buy these sugar haciendas without the right of the sugar allotment.

Appellants, however, lay stress on the lack of compliance with Executive Order No. 873 which requires that "the instrument effecting or evidencing the transfer shall be registered according to law in the office of the Register of Deeds," and that "either in the instrument of transfer, or in a separate instrument or document duly executed," the sugar coefficient should be specifically described. This contention is without merit, because it being clear, as already set forth, that the parties intended to include the sugar quota, the registration of the deed and the description of the sugar coefficient are mere formalities to be subsequently followed, which do not in the meantime render the transfer ineffective. Precisely, Maria Lopez tried later to have appellants sign the corresponding forms but they refused to do so, in violation of their agreement. Having sold their sugar quota, it was their duty to execute the required forms in accordance with Art. 1279 of the Civil Code which provides:

"Art. 1279. Si la ley exigiere el otorgamiento de escritura u otra forma especial para hacer efectivas las obligaciones propias de un contrato, los contratantes podran compelerse reciprocamente a llenar aquella forma desde que hubiese intervenido el consentimiento y demas requisitos necesarios para su validez."

Furthermore, article 1258 of the same Code ordains:

"Art. 1258. Los contratos se perfeccionan por el mero consentimiento, y desde entonces obligan, no solo al cumplimiento, de lo expresamente pactado, sino tambien a todas las consecuencias que, segun su naturaleza, sean conformes a la buena fe, al uso y a la ley."

The obligation on the part of appellants to execute the forms required by law for the assignment of sugar quota is one of the consequences of the conveyance of the sugar lands, conformably with good faith, custom and law. When in February 1939 appellants were requested by appellee's attorney, Mr. Jose Ma. Lopez Vito, Jr., to sign four forms (one form for each of the haciendas) sent to him by the Sugar Administration, Francisco Abelarde said he had no objection, and had just signed one of the forms when Abelarde's wife, the other appellant Adela Araullo, came out and objected, saying the forms should first be read. So appellee's attorney left the forms to be read and signed by appellants. However, appellants finally refused to execute the forms. The incident just mentioned, when Abelarde signed one of the forms, corroborates the existence of the agreement whereby the sugar allotment was included. But the noncompliance with the contract by the subsequent refusal of appellants to

sign the forms is now turned by them into an argument precisely to show there was no intention to sell the allotment, thus taking advantage of their own wrong. Such ingenious manner of evading a covenant can not be tolerated, much less sanctioned. Cleverness should never take the place of the loyal, upright and straight-forward observance of plighted undertakings. It is mostly these subterfuges that courts guard against in passing upon litigations on contracts, for rarely does any party bent upon infringing his stipulations ever brazenly do so; some adroit and specious pretext is usually set up with vigor. Of such character is the reasoning offered by appellants concerning the alleged significance of their refusal to sign the forms presented to them by appellee's attorney.

We agree with the finding of the trial court discrediting the supposed oral understanding with an agent of appellee during the negotiations that the sugar quota would be excluded. Aside from the express stipulation on the deed of conveyance, there is the testimony of Attorney Jose Ma. Lopez Vito, Jr., who closed the deal, to the effect that the sugar allotment was also sold.

We likewise approve the conclusion of the court a quo that the price was not inadequate for the lands and the sugar quota, considering that there was an order of foreclosure against the haciendas.

The judgment appealed from is hereby affirmed, with costs against the appellants. So ordered.

Yulo, C. J., Moran, Ozaeta, and Paras, JJ., concur.

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