

RAFAEL LACSON, PETITIONER, VS. THE COURT OF APPEALS AND PACIFIC COMMERCIAL COMPANY, RESPONDENTS.

G.R. No. 10119. September 30, 1960

Ponente: PAREDES, J.

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PAREDES, J.:

On May 27, 1938, in Civil Case No. 11137 and on August 23, 1939, in Civil Case No. 11525, Court of First Instance of Hollo, both entitled "Pacific Commercial Company, plaintiff, vs. Rafael Lacson, defendant," said plaintiff obtained judgments in its favor for various sums of money.

Pursuant to the judgment in Civil Case No. 11137, a writ of execution was issued and two parcels of land particularly described and covered by Transfer Certificate of Title No. 24865 issued by the Register of Deeds of Negros Occidental, in the name of Defendant Rafael Lacson, were levied upon and sold at public auction. At the auction, the judgment creditor (Pacific Commercial Company) bought said parcels, subject to the existing mortgage, and TCT No. 24865 in the name of Rafael Lacson was cancelled, and in lieu thereof TCT No. 34885 was issued to the Pacific Commercial Company. Similarly, in case No. 11525, a writ of execution was issued and the same properties, designated in TCT No. 24865, together with the sugar quota allocation to Hacienda Sta. Maria, were levied upon to satisfy the judgment. They were not, however, sold at public auction.

On December 3, 1947, the Pacific Commercial Company executed a Deed of Sale (Exh. A, same as Exh. 1) in favor of Ramon B. Lacson, the pertinent portions of which are hereby reproduced:

"That for and in consideration of the sum of Four Thousand Pesos (P4,000.00) Philippine Currency, receipt of which is hereby acknowledged, the Pacific Commercial Company hereby sells, transfer, conveys, and quitclaims unto RAMON B. LACSON of legal age, Filipino, married to Teresa Cuaycong and resident of the City of Bacolod, Negros Occidental, all its rights, title to and interests in the parcels of land described as follows:

'1.—Una parcela de terreno catastro de Manapla con sus mejoras existentes en la misma situada en el Municipio de Manapla. Linda al NE. con una Manlar y Propiedad de la Sra. Casimera Parcon y Rio Balulan; al S. por la Carretera de Cadiz para Manapla; y al L. con la propiedad del Sr. Guillermo Benedicto. Contiene NUEVE CIENTOS TRES MIL SEISCIENTOS SESENTA Y UNO (903,661) metros cuadrados poco mas o menos.

'2.—Otra parcela de terreno catastro de Manapla con sus mejores existentes en la misma situada en el Municipio de Manapla. Linda al NO. y NE. con la carretera de Cadiz para Manapla; al SE. con el Rio Balulan; al SO. con la propiedad del Sr. Guillermo Benedicto. Contiene CIENTO OCHENTA Y CUATRO SEISCIENTOS TREINTA Y NUEVE (184,639) metros cuadrados poco mas o menos".

subject to all incumbrances existing thereon,, with Transfer certificate of Title No. 34885, issued by the Register of Deeds of Negros Occidental in the name of the Pacific Commercial Company, and whatever right and interest the Pacific Commercial Company may in the future acquire in the aforesaid sugar quota of Hacienda Sta. Maria above described, if and when the Pacific Commercial Company acquires any, by virtue of the execution of its judgment in said Civil Case No. 11525 against Rafael Lacson."

On May 3, 1949, the Pacific Factors, Inc. (same as Pacific Commercial Company) filed with the Court of First Instance of Manila, an action to revive the judgment in Civil Case No. 11526 of the Court of First Instance of Iloilo, praying that defendant therein Rafael Lacson be condemned to pay it the following:

"(1) The sum of One Thousand Five Hundred Pesos (P1,500.00) with interest thereon at the rate of 9% per annum from May 3, 1949, the date of the filing of this complaint;

(2) The sum of Twelve Thousand Pesos (P12,000.00) with legal interest thereon from the date of the filing of this complaint;

(3) The sum of Eight Thousand Four Hundred Ninety-five Pesos (P8,495.00) with legal interest thereon from the date of the filing of this complaint;

(4) The sum of Sixty Pesos (P60.00) with legal interest thereon from the date of the filing of the complaint."

Rafael Lacson interposed the defense that his obligation to the plaintiff, if any, had already been extinguished through merger or confusion of rights because (a) on December 3, 1947, the Pacific Commercial Company, in a public instrument executed in the City of Manila, conveyed and transferred all its rights and interests in Civil Case No. 11525 in favor of Ramon B. Lacson for the sum of P4,000.00; (b) that as a result of such conveyance, said Ramon B. Lacson, instituted several cases against the herein defendant among which is Civil Case No. 1234 of the Court of First Instance of Negros Occidental, entitled "Ramon B. Lacson, plaintiff vs. Rafael Lacson, defendant", in which the judgment in said Civil Case No. 11525, was made the subject of litigation by Ramon B. Lacson as successor in interest of all the rights, title and interests of the Pacific Commercial Company; (c) that on August 17, 1950, Ramon B. Lacson, as such successor in interest of the Pacific Commercial Company and defendant Rafael Lacson, entered into an agreement wherein said Ramon B. Lacson among other things, transferred and conveyed unto Rafael Lacson, his heirs and assigns all the rights and interests which he had acquired from the Pacific Commercial Company in Civil Case Nos. 11137 and 11525, for the sum of P55,000.00.

After trial, the lower court rendered judgment, the more significant portions of which read:

"As it will be noted from the above-quoted provision of Exhibit 1, all the rights, title, interests, etc of the Pacific Commercial Company, judgment creditor in Civil Case No. 11525, had already been sold, transferred, and conveyed to Ramon B. Lacson, for and in consideration of the sum of P4,000.00, and for this reason, the said Pacific Commercial Company had nothing more to sell or to assign to the plaintiff herein, formerly, the Pacific Factors, Inc., and the defendant Rafael Lacson, having: acquired all the rights and interests of Ramon B. Lacson, the assignee in the above-quoted document Exhibit 1, should be absolved from the complaint and should be reimbursed for his expenses and attorney's fees in this litigation which is fixed at P1,000.00.

Wherefore, the Court renders judgment dismissing the complaint with costs against the plaintiff, and the latter is further ordered to pay the defendant in the amount of P 1,000.00 for his expenses and attorney's fees."

The above decision was appealed by the Pacific Commercial Company (CA-G. R. No. 13675-R.) and on September 30, 1955, the Court of Appeals reversed the decision of the lower court, declaring that what the Pacific Commercial Company sold, transferred and conveyed to Ramon B. Lacson were the rights, title and interests of said company in the land and not rights, title or interest in the judgment in Civil Case No. 11525 of the Court of First Instance of Iloilo, decreed the revival of the judgment and ordered the defendant Rafael Lacson to pay the various sums of money adjudged in said case to the plaintiff-appellant Pacific Commercial Company. The decision of the Court of Appeals is now the subject of the present appeal on certiorari.

The execution of the document which plays an important role in this controversy, is admitted by the parties. The conflict lies in their respective contentions, for whereas petitioner Rafael Lacson claims that what the respondent

Pacific Commercial Company assigned to Ramon Lacson, his predecessor in interest, are the rights, title and interests which it (Pacific Commercial Company) had, not only in the parcels of land but on the judgment as a whole in Civil Case No. 11525, respondents counter by alleging that what it transferred and/or assigned to said Ramon B. Lacson is only its rights, We and interest in the two parcels and nothing more. The law provides that if the terms of a contract are clear and leave no doubt, regarding the intention of the contracting parties, the literal meaning of its stipulations shall control. (Art. 1370 new Civil Code; 1281 old Civil Code). The contract executed by respondent Pacific Commercial Company, provides: "That for and in consideration of the sum of Four Thousand Pesos (P4,000.00) * * *, the Pacific Commercial Company hereby sells, transfers, conveys, and quitclaims unto Ramon Lacson, * * *, all its rights, title to and interests in the parcels of land described as follows * * *." Petitioner, however, argues that the insertion in the deed of sale of the clause "That on or about August 23, 1939, the Pacific Commercial Company obtained a judgment in its favor and against Rafael Lacson * * * in Civil Case No. 11525 of the Court of First Instance of Iloilo * * * and that by virtue of the judgment in Civil Case No. 11525 aforesaid writ of execution was issued and the Provincial Sheriff levied upon the parcels of land and on the sugar quota allocated to Hda. Sta. Maria * * *" all that the judgment had decreed in favor of respondent company in said Civil Case No. 11525 was included in said transfer. We do not share the view taken by petitioner. The above clause was merely inserted in the deed to trace the source of the rights, title to and interest in the parcels of land.

A cursory examination of the judgment in Civil Case No. 11525 will yield the fact that petitioner Rafael Lacson was ordered to pay respondent company P1,500.00 with interest of 9% per annum from January 1, 1939; the further sum of P12,000.00 with legal rate of interest of 6% from June 22, 1939, and P60.00 for the costs. If the intention of respondent was to cede all its rights, title, and interests in the said judgment it would not have sold them for the sum of P4,000.00 only. It will be noted that the principal amount, exclusive of interest in the judgment alone is P13,560.00.

The penultimate paragraph of Exhibit A reads:

"It is further a condition of this sale that Ramon B. Lacson * * * admits having full knowledge of the nature and extent of the rights, title and interest of the Pacific Commercial Company in the properties herein sold to him."

If the intention was to include the judgment in the sale, then the last portion of said paragraph would have been worded thus "in the properties and judgment herein sold to him".

The notarial acknowledgment of the said document Exhibit A, states "Personally appear before me Mr. Elmer Madsen in his capacity as Treasurer of the Pacific Commercial Company, known to me and by me known to be the same person who executed the foregoing document of deed of sale of all its rights, title and interest on two parcels of land and sugar quota and he acknowledged to me that the same is his own free and voluntary act and deed and the free and voluntary act and deed of the Pacific Commercial Company which he represents", without in any way making mention of the judgment in Civil Case No. 11525.

The very complaint filed by Ramon B. Lacson against Rafael Lacson in the Court of First Instance of Negros Occidental, (Exhibit B), does not make reference what-soever of Civil Case No. 11525, but solely of the two parcels of land acquired by Ramon B. Lacson from the Pacific Commercial Company, which also belies petitioner's assertion in his brief that by reason of the deed of sale Exhibit 1, the judgment in Civil Case No. 11525 of the Court of First Instance of Iloilo was made the subject of litigation by Ramon B. Lacson as successor in interest of the Pacific Commercial Company against Rafael Lacson.

In view of the foregoing, the decision appealed from is hereby affirmed, without costs.

Bengzon, Bautista Angelo, Labrador, Concepcion, Reyes, J. B. L., Barrera, Gutierrez David, and Dizon, JJ., concur.

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