

DOMINGO E. LEONOR, PLAINTIFF AND APPELLEE, VS. FRANCISCO SYCIP, DEFENDANT AND APPELLANT.

G.R. No. 14220. April 29, 1961

Ponente: CONCEPCION, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-14220/>

CONCEPCION, J.:

Appeal from a decision of the Court of First Instance of Eizal, the dispositive part of which reads:

"In view of the foregoing, the Court hereby renders judgment ordering the defendant, Francisco Sycip, to vacate the leased premises, to pay plaintiff Domingo E. Leonor the batfk rentals from July 13, 1956 at the rate of three hundred fifty pesos P350.00 a month until he shall have vacated the leased premises and to pay the costs."

The case is before us, the pertinent facts having been agreed upon and only questions of law being raised in the appeal.

On July 11, 1955, plaintiff Domingo E. Leonor and defendant Francisco Sycip entered into a contract, whereby the former leased to the latter a two-story building located at No. 1728-D Taft Avenue, interior, Pasay City, for a period of two years, beginning, from August 1, 1955, at a monthly rental of P350.00. From July to October, 1956, Sycip failed to pay the corresponding rentals in view of which, on October 12, 1956, Leonor instituted against him, in the municipal court of Pasay City, Civil Case No. 1972 thereof, for unlawful detainer. Inasmuch as, on October 19, 1956, one Napoleon A. Coronado agreed to guarantee the payment of the rentals due from Sycip by assigning to Leonor his (Coronado's) rights under a deed of chattel mortgage executed, prior thereto, by Sycip in his (Coronado's) favor, on November 10, 1956, Leonor moved for the dismissal of said case No. 1972, which was granted on November 12, 1956.

As Sycip kept on defaulting in the payment of rentals, Leonor requested the Sheriff of Pasay City, on February 11, 1957, to cause the personal property subject to said chattel mortgage to be foreclosed extra judicially, as stipulated in the contract, but this provision thereof could not be enforced because Sycip refused to surrender said property to the sheriff. Hence, on March 7, 1957, Leonor again sued Sycip in the municipal court of Pasay City for unlawful detainer (Civil Case No. 2067), to eject him from the leased premises and collect the rental from July, 1956 to March, 1957. On the date set for the hearing of the case, Leonor introduced his evidence, after which Sycip waived his right to introduce evidence and submitted the case for decision, which was rendered on May 24, 1957. It sentenced Sycip to vacate said premises and to pay Leonor P3,800 as rentals due up to said date, with interest thereon at the legal rate from the institution of the case, as well as the rentals that may fall due thereafter, at the rate of P 350 a month, until the premises shall have been vacated, in addition to P150 as attorney's fees, and the costs of the proceedings.

On May 27, 1957, Sycip filed notice of appeal from this decision. Pending perfection of the appeal, or on May 28, 1957, plaintiff moved for the immediate execution of said decision, which was granted on June 1, 1957. Pursuant to the writ of execution accordingly issued, the Sheriff of Pasay City sold at public auction, on July 8, 1957,

certain properties of Sycip for the sum of P3,500. Deducting this sum from the amount then due from Sycip under the appealed decision, or P4,495.60, plus the expenses of execution, amounting P327.00, there remained a balance of P1,322.60 still due from him. Moreover, Sycip's ejectment took place on July 13, 1957. When the appealed case was heard in the Court of First Instance of Rizal (Civil Case No. 1756-B), Sycip maintained that it should be dismissed upon the ground:

"I. That the claim set forth in the complaint has been released;

"II. That the Assignment of Chattel Mortgage which dismissed the first action (Civil Case No. 1792, is a compromise agreement that had upon the parties the effect and authority of Res-Judicata;

"III. That the second action, the case at bar, (Civil Case No. 2067) cannot be taken to mean as a rescission of the compromise agreement."

Said court, however, overruled defendant's pretense and rendered the decision appealed from. A reconsideration thereof having been denied, the case has been brought to us on appeal taken by Sycip.

Appellant says that the lower court erred in holding that the claim set forth in the complaint herein has not been "released by novation", which he maintains, took place, because the deed of assignment by Coronado to Leonor of the chattel mortgage executed by Sycip in favor of Coronado stated that the sum of P2,450 then due from Sycip was payable on December 31, 1956, whereas the contract of lease between Leonor and Sycip stipulated that the agreed rentals were "payable on or before the 5th of every month". Said assignment was made, however, on October 6, 1956, and, hence, the period therein given for the payment of the aforementioned sum of P2,450.00, due up to that date, did not novate or otherwise affect the obligation to pay the rentals accruing subsequently thereto, in conformity with the provisions of the aforementioned contract of lease, or "on or before the 5th of every month", although payment of these rentals was also guaranteed by the chattel mortgage thus assigned to Leonor. Inasmuch as Sycip continued defaulting in the payment of such rentals, and failed to pay the same as well as to vacate the leased premises, despite repeated demands, it follows that Leonor was entitled to seek the proper remedy against the resulting unlawful detainer by Sycip.

Obviously, the security given to guarantee the payment of rentals falling due after October 6, 1956, did not extinguish or novate the obligation to satisfy the same, or impair the right of the lessor to the aforementioned remedy (*Bank of the P.I. vs. Herridge*, 47, Phil., 57; *Asia Banking Corporation vs. Lacson*, 48 Phil., 482; 8 Manresa 429). There is no incompatibility between, either this remedy or said obligation, on the one hand, and the aforementioned security, on the other. On the contrary, the chattel mortgage bolstered up said remedy and strengthened the effectivity of the obligation, by insuring the collection of the money judgment that may be rendered in the action for unlawful detainer.

It is next urged by the defendant that plaintiff should have sought a judicial foreclosure of the chattel mortgage or sued the guarantor Napoleon A. Coronado. This contention is premised upon the assumption that by plaintiff's acceptance of the assignment of chattel mortgage, there had been a novation of the lease contract between him and Sycip, for the period subsequent to October 6, 1956, which is not a fact. Plaintiff had, of course, the option to seek judicial foreclosure of said chattel mortgage, but he was not bound to do so, for the assignment in his favor of the chattel mortgage merely gave him additional rights. It did not deprive him of any of his existing rights, either substantive or procedural, except insofar as the sum of P2,450 due as rentals up to October 6, 1956, which was made payable on or before December 31, 1956. With respect to the rentals accruing after October 6, 1956, he retained all such rights, plus the corresponding lien on the personal property subject to the chattel mortgage.

Contrary to defendant's pretense, plaintiff could not have sued Coronado for, by virtue of his aforementioned assignment, the latter merely yielded his preferred lien in favor of plaintiff herein, and did not assume any

responsibility for defendant's obligation in favor of plaintiff herein. Besides, having violated the chattel mortgage contract, by refusing to deliver the mortgaged property to the sheriff, for purposes of the extrajudicial foreclosure, to which the defendant had explicitly agreed in the deed of chattel mortgage, he may not require the plaintiff to adhere thereto (Art. 1191, Civil Code of the Phil). Again, owing to the breach of the compromise agreement between the parties, resulting, not only from defendant's refusal to deliver the mortgaged property to the sheriff, but, also from his failure to pay, on or before December 31, 1956, the sum of P2.450, due on October 6, 1956, plaintiff has, under Article 2041 of the Civil Code of the Philippines, the right either to "enforce the compromise or regard it as rescinded and insist upon his original demand".

It is worthy of notice, in this connection, that, unlike Article 2089 of the same Code, which speaks of "a cause of annulment or rescission of the compromise" and provides that "the compromise may be annulled or rescinded" for the cause therein specified, thus suggesting an action for annulment or rescission, said Article 2041 confers upon the party concerned, not a "cause" for rescission, or the right to "demand" the rescission of a compromise, but the authority, not only to "regard it as rescinded", but, also, to "insist upon his original demand". The language of this Article 2041, particularly when contrasted with that of Article 2039, denotes that no action for rescission is required in said Article 2041, and that the party aggrieved by the breach of a compromise agreement may, if he chooses, bring the suit contemplated or involved in his original demand, as if there had never been any compromise agreement, without bringing an action for rescission thereof. He need not seek a judicial declaration of rescission, for he may "regard" the compromise agreement already "rescinded".

Any other view would lead, insofar as the parties herein are concerned, to a splitting of plaintiff's cause of action. Indeed, to seek a rescission of the compromise, an action would have to be brought in the court of first instance, for such action is incapable of pecuniary estimation, whereas the unlawful detainer case would have to be filed with the municipal court. Moreover, if the right of action for unlawful detainer would be subordinated to the action for rescission of the compromise agreement, then the latter would be a prejudicial question and the proceedings in the former would have to be suspended until the final disposition of the action for rescission. The summary nature of the remedy of unlawful detainer would thus be completely defeated or destroyed. Surely, the framers of Article 2041 of the Civil Code of the Philippines could not have intended such result. The case of *Bas Vda. de Concepcion vs. Santos*, 89 Phil., 429, cited in appellant's brief, involved a compromise made on January 24, 1943, years before the approval of said Code, and, hence, it is not in point.

In the light of the foregoing, defendant's theory to the effect that plaintiff's complaint in the present case contains no allegations to warrant rescission of their compromise agreement is pointless, an action for rescission being unnecessary.

Defendant brands the decision of the Court of First Instance of Rizal as vague and erroneous because it sentences him to pay the plaintiff back rentals, at the rate of P350.00 a month, from July 13, 1956 until such time as he (defendant) shall have vacated the leased premises, whereas the record on appeal shows that he had been ejected from said premises on July 13, 1957, or prior to the rendition of said decision on March 29, 1958. This fact does not detract, however, from the precision and accuracy of said decision, for, pursuant thereto, he shall pay rentals, at the aforementioned rate, from July 13, 1956 to July 13, 1957.

Wherefore, the decision appealed from is hereby affirmed, with costs against defendant-appellant, Francisco Sycip. It is so ordered.

Bengzon, C.J., Padilla, Bautista Angelo, Labrador, Reyes, J.B.L., Barrera, Paredes, and Dizon, 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.