

ENRIQUE MARTIN, PLAINTIFF AND APPELLANT, VS. FRANCISCO BOYERO, DEFENDANT AND APPELLEE.

G. R. No. 33493. March 06, 1931

Ponente: ROMUALDEZ, J.

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ROMUALDEZ, J.:

Setting up rights derived from Pedro Zorrilla, of whom he is successor-in-interest, the plaintiff has brought this suit upon the ground that the sale price of the undivided two-fifths of the España Estate has become demandable because the defendant has violated the terms of said contract of sale, praying judgment for said price which amounts to P20,000, plus interest, costs, and any other proper, legal, and equitable remedy, including the rendering of an account of said estate.

The defendant answered with a general denial of the allegations in the complaint, and a special defense that the action is premature and contrary to law, for the defendant had not violated the said contract of sale. The complaint is also alleged to be vague and ambiguous. On March 13, 1929, during the pendency of the case in the Court of First Instance, the court ordered the defendant to render an accounting of the products of said estate received by him from December 21, 1925, when the sale took place, as well as of the obligations then attached to the estate, how they were met, and, lastly, of the loans obtained by the defendant upon the estate, together with their application.

The account was rendered, objections thereto taken by the plaintiff, and the defendant answered said objections; and on October 22, 1929, the court issued an order requiring the defendant to furnish certain data, and a summary of the state of the accounts. This was done and the plaintiff again filed objections thereto, after which the case was tried on January 17, 1930, and judgment entered on February 26, 1930, absolving the defendant upon the following grounds:

"(a) That the conditional obligation stated in the contract Exhibit A is void, being subject to a condition which is void under article 1115 of the Civil Code, the fulfillment depending upon the exclusive will of the debtor, that is, lying wholly with him;

"(b) That even if the condition were valid, the defendant has not violated the terms of the contract Exhibit A, and the lease Exhibit B is not an infringement of the agreement contained in Exhibit A;

"(c) That even supposing that the condition were valid, it could not be complied with inasmuch as the obligor has never voluntarily prevented its fulfillment, but, on the contrary, has endeavored to comply therewith, reducing as much as possible the debts of the España Estate within the narrow margin allowed by the price of sugar within the last few years;

"(d) That since the plaintiff has failed to show that the debts of the España Estate have been fully satisfied, he has no right at present to demand the fulfillment of the conditional obligation, supposing the latter to be valid, and therefore his alleged grounds of action are not well taken." (Pp. 95 and 96, Bill of Exceptions.)

The plaintiff has appealed from this judgment, assigning the following alleged errors as committed by the lower

court:

- In holding that inasmuch as the plaintiff has not shown that all the debts appertaining to the estate have been fully satisfied, he is not entitled to demand the fulfillment of the obligation contracted in Exhibit A.
- In holding that Exhibit A leaves the plaintiff such a wide and open field that under it he is permitted to do what he has done and even more; for it is equivalent to authorizing him to impose further obligations upon the estate so as, in effect, to delay the fulfillment of the obligation at will.
- In holding that the contract of lease, Exhibit B, does not violate the conditions stipulated in Exhibit A.
- In failing to hold that article 1119 of the Civil Code is not applicable to the case at bar.
- In dismissing the complaint."

In the deed of sale conveying two-fifths (2/5) of the España Estate to the plaintiff's predecessor-in-interest, the following stipulation appears regarding the payment of the price of P20,000:

"(a) As soon as Francisco Boyero has paid the amounts of his debt to the Hogar Filipino and Messrs. Hijos de I. de la Rama, or to any other person or entity to whom Mr. Boyero is in debt at present, or shall in future become indebted on account of the exploitation of the España Estate, Francisco Boyero shall pay to Pedro Zorrilla the amount of P20,000 according to the following terms:

"Ten thousand pesos upon the date when the aforesaid estate becomes free of all incumbrances, and the remaining P10,000 within the following year: Provided, That the latter sum shall earn interest at ten per centum per annum computed from the date when the estate becomes free of all encumbrances until it is fully paid;

"(b) Should the circumstances be such that Mr. Boyero deems it best to sell the España Estate or should the same be sold under a judgment, and after the payment of the debts which encumber said estate, there should be a balance less than P50,000, Pedro Zorrilla shall only be entitled to receive from Mr. Boyero a sum equal to 2/5 of said balance, deducting therefrom, however, such sums as Mr. Boyero may have paid to Mr. Zorrilla from this date until the voluntary or involuntary sale mentioned above;

"(c) It is hereby agreed and stipulated by and between the parties that if on account of some mishap in exploiting the España Estate or for any other reason whatever Mr. Boyero should lose the estate, whether by attachment and judicial auction or otherwise, Mr. Zorrilla shall not be entitled to claim of Mr. Boyero either the total or any portion of the P20,000 mentioned heretofore, or any other amount." (Pp. 8 and 9, Bill of Exceptions.)

Counsel for the appellant contends that these conditions of the sale are void unless a term is fixed for the payment of the P20,000, which, according to said conditions is left entirely with the defendant, and that, at any rate, even supposing said conditions are valid, the obligation has become demandable under the provisions of article 1119 of the Civil Code from the time the contract of lease, Exhibit B, was executed and the defendant prevented the fulfillment of the condition.

Considering the circumstances of the estate at the time said deed of sale was executed, we do not think the stipulation void which makes the payment of the P20,000 to the vendor Zorrilla depend upon the full satisfaction of the debts encumbering the estate. We must not lose sight of the fact that these debts were then so numerous and pressing that all of them almost exceeded the value of the property itself with all its improvements, making it for the moment practically worthless. Of course, the stipulation implied that the defendant herein was under the obligation to liquidate those debts as soon as possible, applying all the products from the estate which could be disposed of to such payment.

Taking the stipulation in this sense, it cannot be said that the duty of paying the P20,000 depended exclusively upon the defendant's will. With these obligations upon him, and his own good intentions and earnest desire to meet them, which must be presumed in the absence of evidence to the contrary, there are still other factors determining the payment of the aforementioned debts, factors as essential as they are independent of the defendant's will, and subject to those difficulties and hindrances which attend the exploitation of a sugar plantation in the circumstances as shown by the record. Therefore, article 1117 of the Civil Code is not applicable to this case.

Whether or not the stipulation in the contract, Exhibit A, authorizing the defendant to sell the estate, either voluntarily or by judicial process, has any bearing on the resolutions of the questions raised in this case, is immaterial, because the defendant has not sold the estate voluntarily or by judicial process, and it has neither been alleged nor proved that he intended to do so. Furthermore, in view of the circumstances of the estate at the time of the execution of said contract, the stipulation in question is perfectly clear and an adequate measure of protection for the interests of the contracting parties.

With reference to the period for the payment of P20,000, which the court must fix, according to the appellant, such a period has already been fixed in the contract, which, according to the judgment appealed from, is after the debts of the estate are paid. This period, as we have indicated above, does not depend exclusively upon the defendant's will. Therefore, article 1128 of the Civil Code is not applicable to this case.

In executing the contract of lease, Exhibit B, the defendant has not, in our opinion, violated the contract of sale, Exhibit A. By virtue of said lease, Claudio Aldecoa assumed the obligation to the Hijos de I. de la Kama, paying them P11,000 on account of said debt, and giving promissory notes for the balance, thereby securing a reduction of the obligation and a postponement of its maturity. Furthermore, Claudio Aldecoa, according to the contract of lease, agreed to pay the rents to El Hogar Filipino, which held a first mortgage on the land in question. Claudio Aldecoa also took charge, under the terms of the lease, of paying the debt to the Philippine National Bank, subrogating the latter in its rights to the crop then existing on the plantation. Not one of these terms nor any other in the lease violates the contract Exhibit A.

As to the agreement of delivering to the defendant Francisco Boyero P2,000 each year during the first three years, there is no prohibition against it in the contract Exhibit A, and the defendant, as owner of the plantation, had a right to reserve that amount for his own personal necessities. At all events, the P6,000 which the defendant would or may have received by virtue of that agreement would not have been sufficient to satisfy the debts of the estate, and much less fulfill the terms of the obligation of the defendant in delivering to the predecessor-in-interest of the plaintiff, or to the latter his share in the España Estate.

The plaintiff alleges that it would have been more advantageous for the estate if the defendant had continued to till it personally instead of leasing it out. As a matter of fact, had the estate not been leased, it would not have been free from the attachment by the creditors Hijos de I. de la Rama, whose credit, amounting to P40,000, was already due. The contract of lease, no doubt, brought about a substantial reduction in the original amount of the obligations encumbering the estate.

We are convinced from an examination of the record that the defendant has made efforts to satisfy the debts of the estate in question as soon as the circumstances have permitted; and consequently, as the lower court rightly declared, there is no reason for holding him responsible for the fact that the debts are not yet entirely paid.

Inasmuch as the record does not show that all the debts of the España Estate have been paid, or that the defendant is responsible for their not being paid, the plaintiff has no cause of action to ask for the relief prayed for in his complaint.

Wherefore, the judgment appealed from is affirmed in so far as it holds that the complaint is without a cause of action, and absolves the defendant therefrom.

The plaintiff shall pay the costs of this instance.

Avanceña, C. J., Johnson, Street, Malcolm, Villamor, Ostrand, and Johns, JJ., concur.

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