

**HIJOS DE I. DE LA RAMA, PLAINTIFFS AND APPELLEES, VS,
VALENTIN INVENTOR, DEFENDANT AND APPELLANT.***G.R. No. 4517. November 14, 1908*

Ponente: TORRES, J.

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On the 10th of July, 1907, the firm of Hijos de I. de la Rama presented an amended complaint setting forth: That a contract of rental on shares had been entered into in the town of Kabankalan, Hog, on the 20th of October, 1903, between it and Valentin Inventor by virtue of which the plaintiff assigned to the defendant the possession of a portion of the lands comprised in the Hacienda de San Lucas, the property of the plaintiff company, in order that the defendant should cultivate them and plant thereon sugar-cane and rice; the defendant was under the obligation to deliver annually to the plaintiff company one-half of the sugar and rice produced by the land, the company engaging to furnish the funds for necessary working expenses with the obligation on the part of the defendant, Inventor, to refund such advances as were made, with interest thereon at the rate of 15 per cent per annum, which amount was to be deducted from the defendant's annual share of the sugar; that, in accordance with the contract, the balance standing against the defendant's account was P77,431.44, payment of which had been demanded, but the debtor had made no settlement up to the time of the filing of the complaint; that, since the month of March, 1907, the defendant, Inventor, had abandoned the lands in question, and disposed of his property, and was even trying to sell other property which he still possessed, to the prejudice of the plaintiff company and with intent to defraud the same; that, for this reason, the plaintiffs asked for the temporary attachment of the 30 head of carabao owned by the debtor, and that he be finally sentenced to pay the said amount owed by him together with the interest as agreed, and with legal interest thereon from the time when the complaint was filed, with costs, and that the temporary attachment be held to subsist upon the corresponding bond being furnished.

The defendant, by his written amended answer, dated July 18, 1907, denied each and every allegation of the foregoing complaint, admitting only such as were contained in paragraphs 1 and 2 of the same; as to paragraph 3, he alleged that it was not true that he had bound himself to deliver to the plaintiff company one-half of the rice grown upon the leased lands, and that, with respect to the sugar, it was to be divided by halves, all expenses incurred in working the cane within the camarin to be defrayed by the said company.

As a special defense he alleged: That, of the three crops gathered since the contract went into effect, the plaintiffs kept one-half of the sugar that should have been apportioned to the defendant, and that the latter has not been informed of the result of the liquidation of accounts corresponding to the last crop; that, though the liquidation might show a balance in favor of the plaintiff, the said balance was not demandable at the present time; and that it was not true that the land had been abandoned, inasmuch as he had 250 lacsas of cane in very good condition when the carabaos with which he worked the land were attached, the land having been carefully cultivated up to that time; he therefore asked that the complaint be dismissed with costs.

At the trial, evidence was adduced by both parties and their exhibits were made of record; the trial judge entered judgment on the 2d of October, 1907, and sentenced the defendant to pay the sum of P7,150.86 for which he was

indebted on the 30th of June, 1906, with interest at the rate of 15 per cent per annum from the said date, and the legal interest thereon from the time the complaint was interposed until full payment of the debt, with costs, the right being reserved to the plaintiffs to take such action as they might be entitled by reason of the corresponding accounts from the 30th of June, 1906, to the 15th of May, 1907.

The defendant excepted to the above decision and moved for a new trial; said motion was overruled, to which he also excepted and presented the corresponding bill of exceptions which was submitted to this court.

The contract hereinbefore referred to is of the following tenor:

"Señores Hijos de I. de la Kama, owners of the Hacienda 'San Lucas and Señor Valentin Inventor, an agriculturist and resident of the town of Kabankalan, Occidental Negros, have agreed to the following :

"First. H. de I. de la Rama cede to Inventor that portion of their lands close to the town of Kabankalan, comprised within the Hacienda 'San Lucas in order that the latter may cultivate the same and plant thereon sugar cane and rice under the system of rental on shares; all expenses in connection with the field, such as clearing the land, sowing, etc., and the cutting and hauling of the cane to the camarin shall be for account of the said Inventor; H. de I. de la Rama shall deliver to Inventor the carts and such cattle as may be necessary for the said cutting and hauling, the latter engaging to take good care of everything and not to use the same except for the purpose mentioned.

"Second. Señores H. de I. de la llama hereby engage to erect on the land one camarin, machinery and furnace, all expenses in connection with the working of the sugar cane inside the camarin being for their account.

"Third. All the produce obtained shall be divided: the sugar by halves from the 'cooler,' each party to provide for the packing of his share, and the rice and corn into four parts, of which three parts shall be for the aparcero (lessee on shares), and one part for the Hacienda.

"Fourth. Señores H. de I. de la Rama shall pay to the said Inventor all expenses necessary to carry out the work mentioned above, under the supervision and management of the administrator of the Hacienda 'San Lucas at 15 per cent interest per annum, payable in sugar, out of the one-half pertaining to him; the rest of the sugar shall remain free as soon as Inventor has paid the whole of his debt. H. de I. de la Rama shall be free at any time to cease to provide Inventor with funds for the expenses; in this case Inventor may look for his expenses elsewhere, but he shall be under the obligation to pay to H. de I. de la Rama whatever he may owe them with interest as stipulated above, out of the first sugar produced.

"Fifth. The duration of this contract shall be of four consecutive crops beginning with the crop of 1904-1905, unless both parties thereto agree as to its renewal at the expiration of the said term; all the calaan and other sowings made by Inventor during the four years shall remain in favor of H. de I. de la Rama as well as the houses that he may have erected.

"Both parties executed the present contract and found the same in order in all of its parts, and for the effectiveness thereof and to insure compliance therewith, sign the same at Kabankalan on this 20th day of October, 1903.

(Signed) Hijos de I. de la Rama.—Valentin Inventor."

The complaint calls for the payment of a certain sum which appeared as balance of the account of the sugar business carried on between the plaintiff company and the defendant.

In his judgment the trial judge reserved the plaintiffs' right to the balance of the account of May 15, 1907; held that the balance of P7,150.86 in the account of June 30, 1906, was demandable and sentenced the defendant to pay the same, inasmuch as it is a net balance admitted by the debtor, from whom payment was demanded without result.

The defendant appellant assigned as error the declaration that the aforesaid balance is demandable for the reason that, according to the fourth clause of the contract, everything that the defendant owed to the plaintiff company as balance of account could not be demanded before the expiration of the term of four crops and should be carried over, as was done prior to the filing of the complaint.

It is assumed by the contract that, from the liquidation of the expenses paid by the plaintiffs, and from the proceeds of each annual crop, there would remain a balance in favor of the defendant who, without waiting for the term agreed to, is entitled to receive his said annual balance, for the same reason that he has the unquestionable right to keep one-half of the sugar produced and three-fourths of the rice and corn, after deducting the amount of the advances made by the plaintiffs.

However, the fact that from the annual liquidation a debit balance would result, as has been the case, certainly does not appear to have been foreseen in the said contract.

The verbal engagement entered into by the defendant debtor, whereby he offered to pay the balance of the account of June 30, 1906, during the month of January, 1907, duly proven in the case as considered by the judge below, saves the necessity of demonstrating which is the right and proper interpretation of said contract, because even if it is admitted to be legally true that said balance can only be claimed after the fourth crop, the promise to pay it during the month of January conferred on the creditor the right to demand its payment, as has been done, because the debtor did not fulfill his agreement. Article 1278 of the Civil Code provides—

"Contracts shall be binding, whatever may be the form in which they may have been executed, provided the essential conditions required for their validity exist."

The supreme court of Spain, in applying the provisions of this article, in its decisions of the 4th of July, 1899, and 19th of October, 1901, established the following doctrine:

"Contracts are binding and therefore enforceable reciprocally by the contracting parties, whatever may be the form in which the contract has been entered into, provided that the essential conditions for their validity are present. The observance of this general rule expressly established by article 1278 of the Civil Code, is not in opposition to the provisions of the two following articles, as this supreme court has repeatedly held, and especially in its judgment of July 4, 1899; because article 1280 is limited to an enumeration of the acts and contracts which should be reduced to writing in a public or private document, and article 1279, far from making the enforceability of the contract dependent upon any special extrinsic form, recognizes its enforceability by the mere act of granting to the contracting parties an adequate remedy whereby to compel the execution of a public writing, or any other special form, whenever such form is necessary in order that the contract may produce the effect which is desired, according to whatever may be its object. This, in substance, is equivalent to establishing, as an implied condition of every contract, that these formal requisites shall be complied with, notwithstanding the absence of any express agreement by the contracting parties to that effect, but does not subordinate the principal action for the enforcement of the agreement to the bringing of the secondary action concerning the form. Such subordination would be unnecessary, as the cause of action would be the same in both cases, i. e., the existence of a valid contract."

It is an old doctrine established by the courts that obligations must be fulfilled just as they are contracted, and, whatever may be the form whereby one desires to bind himself, he remains efficiently bound; these legal principles were subsequently sanctioned by article 1091 of the Civil Code which reads:

"Obligations arising from contracts have legal force between the contracting parties, and must be fulfilled in accordance with their stipulations."

If Valentin Inventor promised or bound himself to pay within the month of January, 1907, the balance appearing

from the account offered in evidence as Exhibit No. 3, to which he agreed, the fact that four crops were fixed as the duration of the contract of rental on shares is no legal reason to exempt him from the fulfillment of his obligation ; because if, after every crop, a corresponding liquidation of the proceeds and of the amounts advanced to the aparcero is made, since he engaged to settle the balance of the account independently of the term of the contract, compliance with what was promised is not contrary to law or good morals, and the obligated party must be compelled to pay that which he legally owes.

If to the failure to pay in January, 1907, as promised the facts proven in the case are added, that is, that the debtor disposed of his carabaos and abandoned his sugarcane plantation and placed himself in such a position that he could not fulfill his obligations when the term of the contract expired, such facts demonstrate the propriety of the complaint in the form in which the same was limited by the judgment of the court below.

Therefore, accepting the considerations stated by the judge below in so far as they agree with such as are herein set forth, it is our opinion that the judgment appealed from should be affirmed and it is hereby affirmed with costs. So ordered.

Arellano, C. J., Mapa, Carson, Willard, and Tracey, JJ., concur.

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