

INTERNATIONAL HARVESTER COMPANY OF THE PHILIPPINES, PLAINTIFF AND APPELLEE, VS. DELFIN MAHINAY, DEFENDANT AND APPELLANT.

G.R. No. 46168. September 29, 1939

Ponente: LAUREL, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-46168/>

LAUREL, J.:

This is an appeal from the decision of the Court of First Instance of Manila, rendered on January 29, 1938, on an agreed statement of facts, the dispositive part of which decision reads as follows:

"Judgment is hereby rendered in favor of the plaintiff and against the defendant who is hereby ordered to pay to the former the sum of P2,419.58 under the first cause of action, the sum of P2,864.68 under the second cause of action, and the sum of P9,305.81 under the third cause of action, with interest at 8 per cent per annum from March 10, 1937, until paid."

The complaint filed in this case with the Court of First Instance of Manila on June 25, 1937, is predicated on three causes of action. Under the first cause of action, it is alleged that on June 15, 1932, the defendant bought tractors and agricultural implements from the plaintiff of the total value of P4,567.20, delivering as initial payment P947.20. A chattel mortgage on the properties sold (Exhibit A) was executed by the defendant on the same day, as a security for the payment of the balance. After making various payments, defendant defaulted and the mortgage was thereupon foreclosed on April 22, 1937, the property being sold at public auction for P460. Applied to the balance, P2,419.58 remained outstanding. Under the second cause of action, it is averred that on February 27, 1933, defendant purchased a number of tractors from the plaintiff in the amount of P4,850.20, making a first payment of P925.10. A chattel mortgage was also constituted on the properties, and the mortgage, upon default, was likewise foreclosed on March 11, 1937. The tractors were sold at public auction for P451.23, which amount applied to the indebtedness left a balance of P2,864.68. Under the third cause of action, it is alleged that on February 27, 1933, the defendant bought from the plaintiff other machinery and agricultural materials, described in the complaint, worth P9,745, paying the amount of P1,145 in advance. A chattel mortgage was likewise constituted on the properties, which mortgage was foreclosed because of defendant's failure to make the stipulated payments. The properties were sold at public auction on March 11, 1937 for P1,351, and after this amount was applied to the balance, defendant still owed P9,305.81.

The defendant-appellant assigns three errors. Primarily, however, they turn upon the question of whether Act No. 4122 could be given retroactive effect so as to govern transactions consummated prior to the date it went into effect.

In *Manila Trading & Supply Co. vs. Puig* (G. R. No. 43784, decided on October 30, 1936), it was ruled:

"Counsel for the appellant contend that Act No. 4122 is not applicable to the case at bar because the same was approved on December 9, 1933, while the defendant's obligation to the plaintiff was contracted by him on November 27, 1933, eleven days before the Act went into effect.

"There can be no question that Act No. 4122 has no retroactive effect."

Again, in *Levy Hermanos, Inc. vs. Capule* (63 Phil., 624, 626), it was said:

"The only thing sought in this appeal is to have Act No. 4122 applied to the case and that the defendant be absolved from the complaint upon delivery of the automobile purchased and mortgaged to the plaintiff.

"The automobile was sold to the defendant on May 31, 1933 and the mortgage thereon was constituted on said date. Act No. 4122 took effect on December 9, 1933, that is after the consummation of the transactions between the plaintiff and the defendant, which gave rise to this action. Consequently, Act No. 4122 is not applicable to this case."

Likewise, in the case of *Manila Trading & Supply Co. vs. Tell Vda. de Jaucian* (G. R. No. 45918, promulgated on September 30, 1938), it was observed:

"It is likewise admitted that the two chattel mortgages involved in this case were executed on December 18, 1926 and February 21, 1927, respectively. Yet the trial court held that Act No. 4122 of the Philippine Legislature, approved on December 9, 1933, was applicable to this case. Again the lower court erred in so holding. This point is set at rest by the decisions of this court in *Manila Trading & Supply Co. vs. Puig* (G. R. No. 43784), and *Manila Trading & Supply Co. vs. Santos*. This court held in these cases that Act No. 4122, being substantive in nature, has no retroactive effect."

In the more recent case of *Manila Motor Co. vs. Marana* (37 Off. Gaz., 1748), the court, in passing upon the identical question, said:

"Defendant appealed to this court, and here reiterates the view that pursuant to the provisions of Act No. 4122, plaintiff's foreclosure of the chattel mortgage bars it from any further action for the recovery of the balance. It appears, however, that the mortgage was executed prior to the taking effect of the Act invoked; wherefore, said Act cannot be applied thereto."

The chattel mortgages here involved (Exhibits, A, B and C) were constituted before Act No. 4122 took effect on December 9, 1933, the first on June 15, 1932, and the last two on February 27, 1933. It follows that Act No. 4122 is not applicable to the chattel mortgages in question.

It is further contended by counsel for the defendant-appellant that Act No. 4122 is a procedural law, and as such "it applied to all proceedings related to sales of personal property payable in installments, brought after the enactment of said law irrespective of whether the sales were executed before or after its taking effect." (Brief for appellant, p. 12.) We have already ruled that Act No. 4122 is substantive in nature. (*Manila Trading & Supply Co. vs. Tell Vda. de Jaucian*, supra; *Manila Motor Co. vs. Maraña*, supra.)

The judgment of the lower court is affirmed, with costs against the appellant. So ordered.

Avanceña, C. J., Villa-Real, Imperial, Diaz, Concepcion, and Moran, 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.