

MIGUEL MULET, PETITIONER, VS. THE PEOPLE OF THE PHILIPPINES, RESPONDENT.

G.R. No. 47069. July 19, 1941

Ponente: MORAN, J.

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MORAN, J.:

On July 25, 1929, Alexandra Rubillos and Espectacion Rubillos secured from petitioner Miguel Mulet a loan of P550, payable within 5 years at 30 per cent interest per annum. In the deed of mortgage executed by the Rubillos as a security, the sum of P1,375 was made to appear as the capital of the loan. This amount obviously represented the actual loan of P550 and the total interest of P825 computed at 30 per cent per annum for 5 years. Within four years following the execution of the mortgage, the debtors made partial payments aggregating P278.27, on account of interest. Thereafter, the debtors paid the whole capital of P550, due to petitioner's promise to condone the unpaid interest upon payment of such capital. But to their surprise, petitioner informed them that they were still indebted in the sum of P546.73 which represented the balance of the usurious interest. And in consideration of this amount, petitioner pressed upon the debtors to execute in October, 1933, in his favor, a deed of sale with pacto de retro of a parcel of land, in substitution of the original mortgage which was cancelled. From the date of the execution of the new deed up to 1936, petitioner received, as his share of the products of the land, the total sum of P480. Prosecuted on November 18, 1936, for the violation of the Usury Law, petitioner was convicted by the trial court, and on appeal, the judgment was affirmed by the Court of Appeals. The instant petition for certiorari is directed at that portion of the decision of the appellate court ordering petitioner to return to the offended parties the sum of P373.27, representing interests received by him in excess of that allowed by law.

Petitioner claims that as the amount in question has been paid more than two years prior to the filing of the complaint for usury, its return can no longer be ordered, as the prescriptive period provided therefor by section 6 of the Usury Law has expired. The amount of P373.27 appears to have been arrived at by adding the usurious interest of P278.27, which was paid in cash, and that of P480, which was paid in kind, and deducting from the aggregate the 14 per cent interest allowed by law amounting to P385. Regardless of this conclusion, we are of the opinion that petitioner should be ordered to return, not the amount of P373.27, but of P480. This last amount is not usurious interest on the capital of the loan but the value of the produce of the land sold to petitioner under pacto de retro, with the unpaid balance of the usurious interest (P546.73) as the consideration of the transaction. This consideration, because contrary to law, is illicit, and the contract which result therefrom, null and void. (Art. 1275, Civil Code.) And, under the provisions of article 1305, in connection with article 1303, of the Civil Code, when the nullity of a contract arises from the illegality of the consideration which in itself constitutes a felony, the guilty party shall be subject to criminal proceeding while the innocent party may recover whatever he has given, including the fruits thereof.

With the modification that petitioner be ordered to pay the sum of P480, instead of P373.27, judgment is affirmed, with costs against said petitioner.

Avanceña, C. J., Abad Santos, Diaz, and Laurel, JJ., concur.

Horrilleno, J., did not take part.

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