

DOMINADOR JISON AND REMEDIOS JAVELLANA, PETITIONERS, VS. TEOFILA CONLU VDA. DE HERNAEZ ET AL., RESPONDENTS.*G.R. No. 48009. January 15, 1943*

Ponente: OZAETA, J.

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Respondents commenced this action in the Court of First Instance of Occidental Negros to recover from petitioners the sums of P10,701.61 and P8,383.37, with interest thereon at the rate of 10% and 9%, respectively, from February 21, 1930, as liens on the Hacienda Panaogao described in transfer certificate of title No. 20216. The Court of First Instance rendered judgment as prayed for in the complaint, and the Court of Appeals affirmed it. The case is now before us on certiorari to review the decision of the Court of Appeals.

Petitioners admit liability for the sum of P10,701.61 but not for the interest thereon, nor for the sum of P8,383.37 and the interest thereon. Since this is the sixth case to reach this Court involving the Hacienda Panaogao,[1] we shall abridge the statement of the facts relating to the transactions in question, inasmuch as they have been stated and restated with detail in the previous decisions of this Court, particularly in G.R. Nos. 44522 and 46899, as well as in the decision of the Court of Appeals now under review.

Petitioners acquired the Hacienda Panaogao by purchase from Felisa Rosales, who in turn had purchased it from Felix Jalandoni, who had bought it from the Pacific Commercial Company. Each of the last three successive sales of the said hacienda was made subject expressly to the liens in question, which were duly annotated on the Torrens certificate of title. The hacienda became encumbered with said liens in the following manner:

After Rosendo Hernaez, the original owner, died in 1921, the said hacienda was adjudicated to his son Jose Hernaez subject to a mortgage of P22,183.48 in favor of the Talisay- Silay Milling Company and to an indebtedness in favor of the other heirs, the herein respondents, which was subsequently ascertained and reduced to P10,701.61, one of the amounts involved in this action. By virtue of a deed of assignment made by Jose Hernaez in favor of his mother-in-law Eleuteria Chong Veloso, the original certificate of title of said hacienda was transferred to her name from that of Rosendo Hernaez, with due annotation of the obligations just mentioned. Notwithstanding such transfer the Pacific Commercial Company levied preliminary attachment on all the right, title, and interest which Jose Hernaez had or might have in said hacienda, and subsequently levied execution thereon and bought at the sheriff's sale all such right of Jose Hernaez, procuring a final deed from the sheriff after the lapse of the period of redemption. In the meantime Emilio Gaston, another creditor of Jose Hernaez, successfully sued the latter and Eleuteria Chong Veloso for the annulment of the transfer of said hacienda from Hernaez to her, on the ground that it was made in fraud of creditors. After the affirmance by this Court on November 24, 1933, of the judgment in favor of Gaston against Hernaez and Veloso (58 Phil., 823), the Pacific Commercial Company procured the cancelation of the certificate of title in the name of Eleuteria Chong Veloso and the issuance of another in its name subject to all the encumbrances annotated on Veloso's title. Among those encumbrances was the obligation to pay to the herein respondents interest at 10% per annum on the principal of P10,701.61 from February 21, 1930, and the sum of P8,383.37 with interest thereon at 9% per annum from the

same date. These encumbrances were constituted while the title was in the name of Veloso in this wise:

The Talisay-Silay Milling Company credited to its mortgage on the hacienda the sum of P8,383.37, instead of paying it to the heirs of Rosendo Hernaez as a bonus granted by the company in consideration of the act of liberality of Rosendo Hernaez in his lifetime of mortgaging the said hacienda to secure an obligation of the company to the Philippine National Bank. On February 21, 1930, upon motion by the heirs in the intestate of Rosendo Hernaez, the Court of First Instance of Occidental Negros ordered that the said sum of P8,383.37 be annotated on the certificate of title of Veloso as an encumbrance in favor of the coheirs of Jose Hernaez, the herein respondents. On September 25, 1931, Veloso executed a document known in the record as exhibit D, which on October 19, 1931, was annotated on the certificate of title as follows:

"Escritura otorgada por Eleuteria Ch. Veloso en la que hace constar que no estando en condiciones de poder liquidar el gravamen de P10,701.61 que pesa sobre la propiedad de este titulo a favor de los herederos del finado Don Rosendo Hernaez, ella se compromete pagar a dichos herederos los intereses sobre dicha cantidad a razon de 10% anual a contar desde el 21 de Febrero de 1930 y hasta su completo pago; la misma se compromete ademas pagar a los mismos herederos un interes de 9% anual sobre la otra deuda de P8,383.37 a contar desde el 21 de Febrero de 1930 hasta su complete pago; y sujeto a los demas pactos y condiciones consignados en la escritura original archivada en esta oficina."

Executed and subsequently registered on the same date as exhibit D above mentioned was a contract of lease of the Hacienda Panaogao from Veloso to Pedro C. Hernaez, one of the herein respondents. On the ground that Veloso had no authority to encumber the hacienda in question because her title thereto was subsequently annulled in the case of Gaston vs. Hernaez and Veloso, supra, the herein petitioners and their predecessors in interest unsuccessfully sought to annul said contract of lease in the case of Jison vs. Hernaez, G.R. No. 44522, decided December 24, 1938. We make particular mention of this previous litigation because it is analogous and closely related to the instant case in that in both cases the parties are the same and the principal issue has been the authority of Veloso to encumber the Hacienda Panaogao.

Fundamentally, the case is simple and should offer no difficulties in its solution. We think it has dragged on and up to this Court unnecessarily, propelled by the evident and regrettable animosities between the parties. As a manifestation of our strong disinclination to foster such an avoidable waste of money, talent, and energy on an amor propio litigation like this and that recently decided by this Court in favor of the herein petitioners in G.R. No. 47632, we shall abstain from discussing in detail all the subtle and ingenious, but inherently unmeritorious, questions raised and discussed by the parties in their exuberant briefs, which we have perused and studied. The following bird's-eye view of our concept of the merits of respondents' case against the petitioners must suffice under the circumstances:

First. We are satisfied and so hold that the finding made by this Court in Jison vs. Hernaez, G.R. No. 44522, to the effect that the annotations on the certificate of title of (1) the notice of the pendency of the Gaston-Veloso suit, (2) the sheriff's certificate of sale covering the Hacienda Panaogao in favor of the Pacific Commercial Company, and (3) the sheriff's definite deed of sale in favor of the same company, were made on December 10, 1931, is conclusive upon the parties herein under the second rule mentioned in Penalosa vs. Tuason, 22 Phil., 303, and section 44, Rule 39, of the new Rules of Court. Hence the Court of Appeals did not err in following and adopting that finding. The authority of Veloso to encumber the Hacienda Panaogao with a lease having been upheld by this Court in G.R. No. 44522, we cannot but also uphold her authority to encumber the same hacienda on the same date by means of exhibit D for the payment of interest.

Second. As may be deduced from our decision in G.R. No. 44522, the pronouncement made by this Court in Gaston vs. Hernaez and Veloso (58 Phil., 823) whereby the transfer by Hernaez to Veloso of the hacienda in

question was annulled on the ground that it was in fraud of creditors, did not carry with it the implication that said transfer was void ab initio. (Cf. *Borja vs. Addison*, 44 Phil., 895, 907-908.) Moreover, just as the respondent Pedro C. Hernaez was declared an innocent third person with respect to the execution and registration' of the lease involved in G.R. No. 44522, that is to say, unaffected by the posterior registration of the notice of the pendency of the Gaston-Veloso suit and of the sheriff's sale in favor of the Pacific Commercial Company, by virtue of section 79 of Act No. 496, the present respondents should also be so considered with respect to the execution and registration of the instrument exhibit D wherein Veloso bound the hacienda for the payment of the interest in question.

Third. The recognition by the Pacific Commercial Company of the validity of the encumbrances constituted by Veloso on the property in question was not only voluntary but just and equitable, considering that the interest of Jose Hernaez, which it had previously attached, was at that time burdened with a heavier obligation in favor of the Talisay-Silay Milling Company, and that it acquired said hacienda in payment of a judgment of only P10,000 and subsequently sold it for P57,000. When the successive purchasers down to the present petitioners bought the said hacienda, the liens in question were taken into consideration in fixing the purchase price and were expressly recognized. We are unable to discern any moral or equitable reason that might impel us to sustain the petitioners' attempt to repudiate not only their own voluntary and just commitment but also that of their successive predecessors in interest, including¹ the Pacific Commercial Company, who are not parties in this case.

Fourth. As to the principal sum of P8,383.37, the holding of the Court of Appeals that it was rightfully due to the respondent heirs of Rosendo Hernaez as a bonus in compensation for the liberality of the latter towards the Talisay-Silay Milling Company, and not to the owner of the hacienda as a civil fruit thereof, is in complete accord with the decision of this Court upon the same subject in *Bachrach Motor Company vs. Talisay-Silay Milling Company*, 56 Phil., 117,

The judgment is affirmed, with costs. So ordered,

Moran, Bocobo, Generoso,[1] and Bengzon,[1] JJ., concur.

[1] See *Alunan vs. Veloso* (1928), 52 Phil., 545; *Gaston vs. Hernaez and Chong Veloso* (1933), 58 Phil., 823; *Jison vs. Hernaez* (1938), G. R. No. 44522; *Hernaez vs. Jison* (1941), G. R. No. 46899; and *Jison vs. Hernaez*, G. R. No. 47632.

[1] Presiding Justice Generoso and Justice Bengzon of the Court of Appeals took part in this case by special designation.

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