

VICENTE DELGADO, DEFENDANT AND APPELLEE, VS. PEDRO BONNEVIE AND FRANCISCO ARANDEZ, PLAINTIFFS AND APPELLANTS.*G.R. No. 7097. October 23, 1912*

Ponente: ARELLANO, C.J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-7097/>**ARELLANO, C.J.:**

When Pedro Bonnevie and Francisco Arandez formed in Nueva Caceres, Ambos Camarines, a regular general partnership for engaging in the business of threshing paddy, Vicente Delgado undertook to deliver to them paddy for this purpose to be cleaned and returned to him as rice, with the agreement of paying them 10 centimos for each cavan and to have returned in rice one-half the amount received as paddy. The paddy received for this purpose was credited by receipts made out in this way: "Receipt for (number) cavares of paddy in favor of (owner of the paddy), Nueva Caceres, (day) of (month), 1898." And they issued to Vicente Delgado receipts Nos. 86-99 for a total of 2,003 cavares and a half of paddy, from April 9 to June 8, 1898.

On February 6, 1909, Vicente Delgado appeared in the Court of First Instance of Ambos Camarines with said receipts, demanding return of the said 2,003 and a half cavares of paddy, or in the absence thereof, of the price of said article at the rate of 3 pesos the cavan or 6,009 pesos and 50 centimos, with interest thereon at 6 per cent a year reckoning from November 21, 1905, until complete payment, and the costs. The plaintiff asked that the interest run from November 21, 1905, because on that date his counsel demanded of the defendants, Bonnevie and Arandez, their partnership having been dissolved, that they settle the accounts in this matter.

The court decided the case by sentencing the defendants, Pedro Bonnevie and Francisco Arandez, to pay to Vicente Delgado two thousand seven hundred and fifty-four pesos and 81 centimos (P2,754.81), the value of 2,003 1/2 cavares of paddy at the rate of 11 reales the cavan and 6 per cent interest on said sum reckoned from November 21, 1905, and the costs.

On appeal this Supreme Court, the only grounds of error assigned are: (1) Violation of articles 532 and 950 of the Code of Commerce; (2) violation of articles 309 of the Code of Commerce and 1955 and 1962 of the Civil Code; and (3) violation of section 296 of the Code of Civil Procedure.

With reference to the first assignment of error it is alleged that the receipts in question, the form whereof has been set forth, were all issued before July 11, 1898, and being credit paper as defined in paragraph 2 of article 532 of the Code of Commerce, the right of action arising therefrom prescribed before July 11, 1901, in accordance with article 950 of the Code of Commerce.

This conclusion is not admissible. It is true that, according to article 950 of the Code of Commerce, actions arising from bills of exchange, drafts, notes, checks, securities, dividends, coupons, and the amounts one amortization of obligations issued in accordance with said code, shall extinguish three years after they have fallen due; but it is also true that as the receipts in question are not documents of any of the kinds enumerated in said article, the actions arising therefrom do not extinguish three years from their date (that, after all, they do not fall due). It is

true that paragraph 2 of article 950 also mentions, besides those already stated, "other instruments of draft or exchange;" but it is also true that the receipts in this case are not documents of draft or exchange, they are not drafts payable to order, but they are, as the appellants acknowledge, simple promises to pay; or rather mere documents evidencing the receipt of some cavanes of paddy for the purpose already stated, which is nothing more than purely for industrial, and not for mercantile exchange. They are documents such as would be issued by the thousand so-called rice-mills scattered throughout the Islands, wherein a few poor women of the people in like manner clean the paddy by pounding it with & pestle 'and return hulled rice. The contract whereby one person receives from another a quantity of unhulled rice to return it hulled, for a fixed compensation or remuneration, is an industrial, not a commercial act; it is, as the appellants say, a hire of services without mercantile character, for there is nothing mercantile about it, just as there is nothing mercantile about the operation of washing clothes. Articles 532 and 950 of the Code of Commerce have not, therefore, been violated, for they are not applicable to the case at bar.

Neither are articles 309 of the Code of Commerce and 1955 and 1962 of the Civil Code applicable. The first of these articles reads thus:

"Whenever, with the consent of the depositor, the depositary disposes of the articles on deposit either for himself or for his business, or for transactions intrusted to him by the former, the rights and obligations of the depositary. and of the depositor shall cease, and the rules and provisions applicable to the commercial loans, commission, or contract which took the place of the deposit shall be observed."

The appellants say that, in accordance with this legal provision, the paddy received on deposit ceased to continue under such character in order to remain in their possession under the contract of hire of services, in virtue whereof they could change it by returning rice instead of paddy and a half less than the quantity received. They further say that the ownership of personal property, according to article 1955 of the Civil Code, prescribes by uninterrupted possession for six years, without the necessity of any other condition, and in accordance with article 1962 of the same Code real actions, with regard to personal property, prescribe after the lapse of six years from the loss of possession.

Two questions are presented in these allegations: One regarding the nature of the obligation contracted by the appellants; and the other regarding prescription, not for a period of three years, but of six years.

With reference to the first, it is acknowledged that the obligation of the appellants arose primarily out of the contract of deposit, but this deposit was later converted into a contract of hire of services and this is true. But it is also true that, after the object of the hire of services had been fulfilled, the rice, in every way remained as a deposit in the possession of the appellants for them to return to the depositor at any time they might be required to do so, and nothing has relieved them of this obligation; neither the dissolution of the partnership that united them, nor the revolutionary movement of a political character that seems to have occurred in 1898, nor the fact that they may at some time have lost possession of the rice.

With reference to the second question, or under title of deposit or hire of services, the possession of the appellants can in no way amount to prescription, for the thing received on deposit or for hire of services could not prescribe, since for every prescription of ownership the possession must be in the capacity of an owner, public, peaceful, and uninterrupted (Civil Code, 1941) ; and the Appellants could not possess the rice in the capacity of owners, taking for granted that the depositor or lessor never could have believed that he had transferred to them ownership of the thing deposited or leased, but merely the care of the thing on deposit and the use or profit thereof; which is expressed in legal terms by saying that the possession of the depositary or of the lessee is not adverse to that of the depositor or lessor, who continues to be the owner of the thing which is merely held in trust by the depositary or lessee.

In strict law, the deposit, when it is of fungible goods received by weight, number, or measurement, becomes a mutual loan, by reason of the authorization' which the depositary may have from the depositor to make use of the goods deposited. (Civil Code, 1768, and Code of Commerce, 309.)

But in the present case neither was there authorization of the depositor nor did the depositaries intend to make use of the rice for their own consumption or profit; they were merely released from the obligation of returning the same thing and contracted in lieu thereof the obligation of delivering something similar to the half of it, being bound by no fixed terms, the opposite of what happens in a mutual loan, to make the delivery or return when and how it might please the depositor.

In fact, it has happened that the depositaries have, with the consent of the depositor, as provided in article 309 of the Code of Commerce, disposed of the paddy "for transactions he intrusted to them," and that in lieu of the deposit there has been a hire of services, which is the one entered into between the parties to the end that one should return in rice half of the quantity of paddy delivered by the other, with the obligation on the latter's part of paying 10 centimos for each cavan of hulled rice. The consequence of this is that the rules and regulations for contract of hire of services must be applied to the case, one of which is that the thing must be returned after the operation entrusted and payment of compensation, and the other that the action for claiming the thing leased, being personal, does not prescribe for fifteen years under article 1964 of the Civil Code.

If the action arising from the receipts in question does not prescribe in three years, as does that from bills of exchange, because they are not drafts payable to order or anything but receipts that any warehouseman would sign; if the possession of the paddy on the part of those who received it for threshing is not in the capacity of owner but only in that of depositary or lessor of services and under such character ownership thereof could not prescribe in six years, or at any time, because lease for recovery of possession that has not been lost but maintained in the lessee in the name of the lessor; if prescription of any kind can in no way be held, only because there could not have been either beginning or end of a fixed period for the prescription, it is useless to talk of interruption of the period for the prescription, to which tends the third assignment of error, wherein it is said that the court violated article 296 of the Code of Civil Procedure in admitting as proven facts not alleged in the complaint, just as if by admitting them there would have been a finding with regard to the computation of the period for timely exercise of the action, taking into consideration the legal interruptions of the running of the period of prescription. The court has made no finding in the sense that this or that period of time during which these or those facts occurred must be counted out, and therefore the action has not prescribed, because by eliminating such period of time and comparing such and such date the action has been brought in due time. Prescription of three or six years cannot be presupposed in the terms alleged, but only of fifteen years, which is what is proper to oppose to the exercise of a right of action arising from hire of services, and even of deposit or mutual loan, whether common or mercantile; and such is the prescription considered possible by the trial court, in conformity with articles 943 of the Code of Commerce and 1964 of the Civil Code.

The trial judge confined himself to sentencing the defendants to payment of the price of the paddy, ignoring the thing itself, return whereof ought to have been the subject of judgment in the first place, because the thing itself appears to have been extinguished and its price has taken its place. But the assigning of legal interest from November 21, 1905, can have no other ground than the demand made by plaintiff's counsel upon the defendants to settle this matter. Legal interest on delinquent debts can only be owed from the time the principal amount constitutes a clear and certain debt, and in the present case the principal debt has only been clear and certain since the date of the judgment of the lower court; so the legal interest can be owed only since then.

The judgment appealed from is affirmed, except that the legal interest shall be understood to be owed from the date thereof; with the costs of this instance against the appellants.

Torres, Mapa, Johnson, and Carson, 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.