

ELEANOR ERICA STRONG ET AL., PLAINTIFFS AND APPELLEES, VS. FRANCISCO GUTIERREZ REPIDE, DEFENDANT AND APPELLANT.*G.R. No. 7154. February 21, 1912*

Ponente: MORELAND, J.

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Prior to October 10, 1903, the plaintiff, Eleanor Erica Strong, was the owner of 800 shares of the capital stock of the Philippine Sugar Estates Development Company, Limited (sociedad anonima), of the par value of P100 each, evidenced by certificates Nos. 2125 to 2924, inclusive. On the said 10th day of October, 1903, the defendant, Francisco Gutierrez Repide, by means subsequently found and adjudged to have been fraudulent, obtained possession of said shares and thereafter alleged to be the owner thereof. On the 12th day of January, 1904, the plaintiff commenced an action against the defendant in the Court of First Instance of the city of Manila (case No. 2365) asking that the fraudulent sale by means of which the defendant obtained possession of the said shares be declared null and void and that they be returned to her. On the 29th of April, 1904, the Court of First Instance of the city of Manila rendered its decision, finding in part as follows:

"Upon the facts stated, the court holds that the sale of thatee shares was made without the authority of Mrs. Strong, that she never ratified the sale but repudiated it as soon as she learned of it, that this sale was induced by fraud on the part of the defendant, and therefore was a fraudulent sale.

"The court, therefore, declares that the purchase of these shares of stock by the defendant is fraudulent and void, and it is ordered by the court that the same be set aside and for nothing held."

This judgment fixed the value of the shares at P38,352.71, awarding judgment in this amount to the plaintiff and directing that the said judgment might be satisfied by defendant's delivering to the plaintiff the said shares, in which event the plaintiff should pay to the defendant \$16,000 Mexican currency, or its equivalent in Philippine currency. This judgment was, on appeal to the Supreme Court of the Philippine Islands, reversed, and plaintiff's complaint dismissed on the merits.[1] Thereupon plaintiff prosecuted an appeal to the Supreme Court of the United States, which court, on the 3d of May, 1909, rendered its judgment, reversing the decision of the Supreme Court of the Philippine Islands and affirming the judgment of the trial court. On the 27th of July, 1909, the said judgment of April 29, 1904, was satisfied by defendant's returning to the plaintiff 800 shares of stock of said company, evidenced by certificates Nos. 1621, 1623, 1624, 1625, 1626, 1628, 1629, and 1630, and the payment by the plaintiff to the defendant of P14,159.29 Philippine currency, equivalent to \$16,000 "Mexican currency. Said satisfaction was effected by means of a stipulation or agreement entered into between the attorneys for the plaintiff and the defendant, in which the satisfaction of the judgment was acknowledged by both parties. From the 10th day of October, 1903, the date of the said fraudulent purchase by the defendant, until the 27th day of July, 1909, the defendant retained said shares in his possession or under his control and after the rendition of said judgment of April 29, 1904, collected the dividends earned by said shares for the years 1905, 1906, 1907, and 1908 at the rate of 6 per cent per annum, amounting to a total of P19,200, which sum the defendant retained and refused to pay over to the plaintiff. After demand upon and refusal by the defendant, the plaintiff began this action

for the recovery of said sum. On the 24th of March, 1911, the Court of First Instance of the city of Manila rendered judgment in favor of the plaintiff for the said sum of £19,200, with interest thereon at the rate of 6 per cent per annum from the date of the filing of the complaint, allowing to the defendant as an offset interest on P14,159.29 at 6 per cent per annum from October 10, 1903, to July 27, 1909, being the dates, respectively, of the purchase of the stock by the defendant and the satisfaction of the judgment in case No. 2365. Both parties excepted to this judgment and filed motions for a new trial, and the court upon the hearings modified its judgment by allowing defendant to offset against plaintiff's judgment interest on P14,159.29 at the rate of 6 per cent per annum from the 10th day of October, 1903, to the 12th day of January, 1904, the latter date being that of plaintiff's tender of repayment to defendant. From said judgment as modified the defendant prosecutes this appeal. The plaintiff is satisfied.

The appellant in this case relies for the success of this appeal upon the form of the judgment of the court below in said action No. 2365. He asserts that that judgment is for a sum of money and not for the rescission of a contract and the return of shares of stock. This being so, he maintains that the payment of the sum named in the judgment, whether by money or by shares of stock, was a complete satisfaction of the judgment in that case. The mere fact that it was paid in shares of stock did not indicate that the judgment of the trial court was for shares of stock but said judgment was, on the contrary, in reality and in legal effect for a sum of money which could be paid in shares of stock as well as in coin of the realm. Basing himself upon this contention appellant asserts that that judgment having been satisfied by the payment of the sum adjudged to be due, a subsequent action for dividends on said stock is in effect an action for interest on the said sum found to be due, that it affects the subject matter of a judgment already paid and discharged.

We do not believe that the contention of the appellant is sound. The action begun in the trial court was to set aside a sale made by the plaintiff to the defendant and for the return of the shares of stock which were the subject of that sale. The basis of that action was the claim that the plaintiff had been deprived of the shares of stock in question by false and fraudulent representations and fraudulent concealment on the part of the defendant, or of his agents, and that thereby she had been induced to part with those shares without just compensation and, in reality, without her legal consent. The trial court found in favor of the plaintiff, declaring the sale of the stock to have been fraudulently obtained and setting aside the sale absolutely, as is indicated by that portion of its opinion heretofore quoted. On the appeal to the Supreme Court of the United States the fraudulent character of the representations by which the plaintiff had been induced to part with her stock was fully affirmed after a thorough consideration of the facts and circumstances of the case and the judgment of the trial court setting aside the sale on the ground of fraud was affirmed in every particular. It is a necessary conclusion, therefore, that the action was in reality for the return of the stock itself, with appropriate damages in case the return was not made by the defendant. The finding of the court that the value of the stock was P138,352.71 was not made for the purpose of declaring the nature of the action to be one for the recovery of money, but rather, for the purpose of giving to the plaintiff her alternative remedy in case the stock itself should not be returned. That the same identical shares of stock obtained by the defendant were not, as a matter of fact, returned to plaintiff is not controlling. They were identical in everything except their numbers and were tendered and received in fulfillment of the provisions of the judgment. All of the stock of said company was of the same kind and paid the same dividend.

The judgment of the trial court, as affirmed by the Supreme Court of the United States, set aside the sale as fraudulent, and, therefore, by necessary result, the title to the shares of stock in question passed to the plaintiff if it be conceded that the title ever legally passed from her. The delivery of those shares to her by the defendant under that judgment was an admission of her title as declared by the court and was a delivery of possession in pursuance of that declaration of ownership. Under the decisions referred to, as between the parties thereto, the plaintiff was legally the owner of said stock from the time when she was fraudulently deprived of it until the time it was

returned to her as fully and as completely as she was after the adjudication of the title and return of the stock itself. Whoever, therefore, during that period collected the dividends upon the said stock took from the plaintiff something which belonged to her. While the defendant asserts that he was at no time the owner of said stock, the finding of the trial court and the finding of the Supreme Court of the United States on appeal were to the effect that the defendant was the real purchaser of the stock from the plaintiff under the fraudulent sale, although the negotiations leading up to the sale were carried on by other persons. The fraudulent sale having been made to him, it is unquestionable that he became responsible to the plaintiff from that moment forward. So far as the responsibility of the defendant was concerned, it is of no consequence who actually collected and retained the dividends. The plaintiff had a right to look to the defendant and to him alone.

Unless, therefore, the plaintiff has, by some act subsequent to obtaining the judgment referred to, released her rights to recover of the defendant the income of the stock during the time he held it, that right still subsists. The consideration of this question brings us to the other contention of the appellant. It is to the effect that when the judgment in question was paid a stipulation or agreement was entered into between him and the plaintiff by virtue of which the plaintiff released him from all responsibility in connection with the transaction relating to the stock. That agreement, translated, reads as follows:

"I, W. H. Lawrence, lawyer, with full authority from the plaintiff in the above-entitled action for the purpose of this instrument; and I, Eduardo Gutierrez Repide, lawyer, and being also fully authorized and empowered hereto by the defendant in said action, now, for the purpose of satisfying the judgment rendered therein, I, W. H. Lawrence, hereby deliver to Eduardo Gutierrez P14,159.29, and L Eduardo Gutierrez, on my part deliver to said W. H. Lawrence the costs of this action and eight certificates of stock of the Philippine Sugar Estates Development Company, each certificate representing 100 shares, which certificates are of the par value of P10,000 each, and are numbered 1621,1628,1624,1625,1626,1628,1629, and 1630. Wherefore, both parties agree and stipulate that, by reason of the said payments hereby mutually made, the judgment in the above-entitled action is entirely paid and the action is finally settled and terminated, together with all the legal results flowing from said judgment."

We see nothing in this written discharge which could properly be given the legal effects which the appellant in this case assigns to it. It is a discharge of a judgment and nothing more. Being such, it reaches no further than the terms of the judgment itself. It is to be presumed that an instrument satisfying a debt or obligation manifested in another instrument extends no further than the terms of the instrument which manifests the obligation to be discharged, unless, from the terms of that instrument, it is clear that the parties intended something more. So far as the record discloses, at the time this satisfaction was executed nothing whatever occurred between the parties relative to the dividends on the stock which formed the subject-matter of that judgment, nor did anything transpire as to any other relations between the parties than those embraced within the judgment itself. There was nothing in the conduct of the parties, or in their relations or attitudes, from which it could be implied or inferred that they were dealing with aught else than the judgment itself. There is no basis, then, for the contention of the appellant unless it be found in the wording of that instrument itself. As we have already indicated, however, there is nothing in the phraseology of that document which in the remotest way touches the rights of the parties as to the dividends upon the stock or which embraces any other matter between the parties than the subject matter of the judgment itself. The words employed in such an instrument should not be extended beyond the consideration upon which the instrument was executed as otherwise the courts would be making for the parties a release which they never intended or contemplated.

Relative to the scope and extent of the satisfaction referred to the trial court said:

"While it may appear from the stipulation entered into when the judgment was satisfied between the parties interchanging the shares of stock and money, as before stated, that the plaintiff had no further claim against

the defendant, because at that time the plaintiff paid the defendant a large sum of money without making claim, it also appears that the plaintiff was not aware that the defendant had collected the dividends before referred to."

In arguing this question plaintiff's counsel devotes himself at some length to sustaining this finding of fact, and asserts that "even had she been aware of this fact it would make no difference for the reason that the matter of dividends was not and could not have been involved in the original suit." It is true that the dividends were not included in the cause of action set forth in the complaint in cause No. 2365 and were not, therefore, a subject of adjudication in that action. We are of the opinion, however, that they might have been, at least in part. The plaintiff in suing for the recovery of shares illegally taken from her by the defendant had, the right to demand their return and with them whatever damages she had sustained by reason of their retention, which would be in this case the dividends which had been collected on them by the defendant while they were in his possession. That is, strictly speaking, what the plaintiff should have demanded in her complaint. Generally speaking, it is not permitted that a plaintiff sue for the recovery of property which is illegally detained by another, and, after recovering that property, sue in a separate action for the damages sustained by that illegal detention. The law seeks to prevent multiplicity of actions, and it is the duty of every person suing to join in one action every cause of action which he has against the defendant, to the end that all questions between the parties be litigated in one suit, and multiplicity of actions and resulting expenses prevented. This is a question, however, which could have been raised in the court below by the defendant. He did not do so. Neither has he raised the question in this court directly. We, therefore, do not pass upon it or base any finding upon it. The purpose which we have in referring to it at all is to indicate that the real question arising from the controversy between the parties relative to this particular assignment of error really resolves itself into one of multiplicity of actions, that is, of the duty of the plaintiff to join all her causes of action against the defendant in one complaint, and not the one presented by the appellant in his argument relative to the reach which should be given to the judgment of satisfaction. We, therefore, disapprove of the contention of the appellant that the satisfaction of the judgment reaches further than the terms of the judgment itself. It does not embrace any other relations between the parties than those embraced in the plain wording of the judgment. While the dividends might, in part, have been included in the cause of action set forth in the complaint in that action and, as far as possible, should have been incorporated therein, nevertheless they were not so made and, therefore, formed no part of the judgment in which that action terminated. When, therefore, after the satisfaction of that judgment, plaintiff began a separate action to recover the dividends, the only defense available to the defendant was the plea of multiplicity. That plea not having been made, no question relating thereto is presented on this appeal.

It is true that plaintiff could have included in her action and recovered at the most only those dividends which were due at the time judgment in her favor was entered. It happens in this case that most of the dividends became payable after the plaintiff had secured her judgment. That being so, they could not have been included by her in the original complaint, nor could they have been incorporated within the judgment in that action. This, then, furnishes another reason why the contention of the appellant in this regard cannot be sustained. Under such circumstances a plea of multiplicity, even if made, would not have been available as to those dividends which became payable after the judgment was entered in that action.

The remaining question presented by appellant relates to the interest which he was entitled to recover or the amount due him from the plaintiff. As we have already seen, the judgment of the court in the first place gave him the interest on said amount from the 10th day of October, 1903, to the 27th day of July, 1909. On motion made by the plaintiff the court amended that judgment by giving the defendant interest on said sum from the 10th day of October, 1903, to the 12th day of January, 1904. The reason for the amendment was the fact, as disclosed by the proofs, that on the latter date the plaintiff tendered to the defendant said sum of money and the defendant at that

time refused to accept the same. Under such circumstances, the court properly held that the tender of the sum and its refusal by the defendant stopped the running of interest in favor of the latter and he was not, therefore, entitled to recover interest from that day forward. The appellant argues in this connection that he should not be blamed or punished for the refusal to accept the tender of the plaintiff for the reason that he was not the owner of the stock at the time of such tender and, therefore, could not accept it. As we have already seen in touching another question raised on this appeal, the court, in a judgment now final, found that the sale of stock afterwards declared fraudulent was executed between the plaintiff and the defendant. As to this there can be no question. As a necessary result the plaintiff need look for her redress no further than the defendant himself and she could produce all of the legal effects possible in her favor by dealing directly with him, as she did when she made the tender in question.

For these reasons the judgment appealed from is affirmed, without special finding as to costs. So ordered.

Torres, Johnson, Carson, and Trent, JJ., concur.

[1] 6 Phil. Rep., 680.

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