

E.M. BACHRACH, PLAINTIFF AND APPELLANT, VS. EDWARD MANTEL, DEFENDANT AND APPELLEE.

G.R. No. 8253. October 07, 1913

Ponente: MORELAND, J.

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MORELAND, J.:

This is an appeal from the Court of First Instance of the city of Manila, awarding to the defendant a judgment of P708.69 on a counterclaim.

The action is replevin for the recovery of two automobiles hereinafter mentioned, with damages for their detention. Defendant answered alleging that he was entitled to the possession of the automobiles for the reason that they had been delivered to him to be repaired, that he had furnished labor and materials in the reconstruction of said machines, and that he was entitled to hold possession thereof until the value of the labor and materials had been paid. The defendant also set up a counterclaim for the value of the repairs made, and asked for an affirmative judgment thereon if it should be held that he was not entitled to the possession.

The plaintiff sold to Joaquin Ybañez de Aldecoa y Palet two Buick automobiles for the purchase price of which Aldecoa gave his promissory notes. As security for the payment of said notes the purchaser gave the plaintiff a chattel mortgage on the automobiles. These automobiles are referred to in the record in this case as No. 57 and No. 296, these being the numbers of the certificates or licenses issued for said automobiles.

The chattel mortgage was dated October, 1910, was duly filed in the office of the registrar of titles for the city of Manila, and in all respects complied with the requirements of Act No. 1508, known as the Chattel Mortgage Law.

A few weeks after the purchase of the automobiles, machine No. 57 was badly damaged in an accident on the Parañaque road, and was turned over to the defendant, Mantel, under a contract to repair. Such repairs having been made and the automobile having been put in a condition substantially new, Mantel claimed the right to hold it under a lien until the value of the repairs was paid.

With respect to machine No. 296 the court held that the facts were not sufficient to support the contention of the defendant and found in favor of the plaintiff. No appeal having been taken by Mantel, we have nothing to do with that aspect of the case.

The trial court found that the value of the repairs which the defendant had made on machine No. 57 was P1,198.19, while the value of the machinery and automobile parts that the defendant had appropriated from the two machines placed with him for repair was P489.50. Accordingly he was held entitled to recover from the plaintiff P708.69. Mantel did not appeal from this judgment. The plaintiff appealed, and maintains in this court that the amount allowed by the trial court was excessive and asks that the same be reduced. An examination of the record, however, demonstrates that the findings of the trial court are sufficiently supported by the evidence, and we see no reason for disturbing them in that regard.

The trial court treated the action as one for the determination of the relative rights of creditors under articles 1922

to 1926 of the Civil Code. The court regarded the plaintiff as a pledgee with the corresponding rights granted by subdivision 2, article 1922; and the defendant as a creditor with a preference under article 1600 as well as under subdivision 1 of said article 1922. Having settled the question as to the provisions of the Civil Code to which the parties must look in the determination of their rights, the court then states that the question before it consists "in determining whether a creditor who alleges a preference has the right to litigate the amount of his adversary's credit in spite of the fact that the amount of said credit had been fixed in a judgment obtained in a cause in which he was not a party." The court found that, in spite of the fact that both Mantel and Bachrach, the parties in this action, had each previously secured a judgment against Aldecoa, the one for the value of the repairs and the other for the purchase price of the machines themselves, the parties in this action could litigate, as between themselves, the value of the repairs, and that the court was competent to determine what that value was, notwithstanding the existence of the previous judgment upon that question. Proceeding to a determination of the cause the court found, as we have already noted, that the defendant was entitled to recover upon his counterclaim and that, as to that credit, he had a preference over the plaintiff in the proceeds of the sale of the two automobiles, which had been sold by virtue of the foreclosure of the chattel mortgage by the plaintiff.

Without discussing the method or the steps by which the court arrived at the result in this case (and no question relative thereto has been raised by either party), we proceed to a determination of the questions raised on this appeal.

From the facts in this case it appears unquestioned that automobile No. 57 was delivered to the defendant for repair with the full knowledge, authority, and consent of the mortgagee, the plaintiff. Plaintiff had his place of business next door to that of the defendant and was fully aware of the fact that Mantel was repairing the machine in question. In fact, the record shows that the plaintiff himself brought the machine in question from the Parañaque road where the accident occurred to the defendant's workshop, and, during the course of the repairs, went in, from time to time, and counseled with the defendant as to the character of the repairs necessary, noted the progress made and advised him to go forward with the work. He not only made no objection to these repairs, but he approved them and the way in which they were being made. When the automobile was delivered to the defendant for repair it was generally considered to be substantially unfit for anything but the scrap heap. In this condition it represented no security for the mortgage which plaintiff held on it. It cannot be denied that it was, very largely, the labor and materials furnished by the defendant that gave the machine the value, P1,000, which the plaintiff received for it at the foreclosure sale.

Much stress is laid by the plaintiff upon the case of *Meyers vs. Thein* (15 Phil. Rep., 303). That case dealt with a chattel mortgage from the viewpoint of the Civil Code respecting preference of creditors, treating the mortgagee as a creditor with a pledge. Chattel mortgages have another aspect, however, and one from which their real nature more clearly appears. Under the Chattel Mortgage Law the mortgagee becomes the owner of the property in the sense that he has the legal title, the mortgagor having the right to retain possession, to have the beneficial use, and to defeat the title of the mortgagee by compliance with the terms of the mortgage. In a sense, the mortgagee is the legal, the mortgagor the equitable owner.

The plaintiff having the legal title to the property, and having himself brought the machine to the defendant for repairs, and having himself requested and urged the prosecution of such repairs, became personally liable to pay for them.

No question has been raised here relative to the effect, if any, of the prior judgments obtained by the parties against Aldecoa, and we therefore do not touch that subject. The judgment appealed from is affirmed, with costs. So ordered.

Arellano, C. J., Torres, Johnson, Carson, and Trent, JJ., concur.

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