

5 Phil. 197

[G.R. No. 2206. November 02, 1905]

MANUEL GASPAR, PLAINTIFF AND APPELLEE, VS. JUAN B. MOLINA, DEFENDANT AND APPELLANT.

D E C I S I O N

WILLARD, J.:

No question of fact is presented in the brief of the appellant. He presents, however, several questions of law.

It is claimed that the judgment is void because it is written in the English language. The official language of the courts is Spanish, and the judgment should have been written in that language. The court committed an error in writing and signing it in English. For this error, however, we can not reverse the judgment. Section 503 of the Code of Civil Procedure is as follows:

“Judgment not to be reversed on technical grounds.—

No judgment shall be reversed on formal or technical grounds, or for such error as has not prejudiced the real rights of the excepting party.”

It is apparent in this case that the error referred to has not prejudiced the real rights of the appellant.

The evidence contained in the bill of exceptions returned to this court is also in English, and the appellant claims that this fact entitles him to a new trial. It does not appear in the record how the evidence was taken in the court below. It does not appear whether the witnesses testified in Spanish or in English, If they testified in

Spanish and the defeated party desired to present any question to the Supreme Court based upon such evidence, it was his duty, and not the duty of the judge, to prepare a bill of exceptions which contained the evidence so given in the official language. The record does not show that any error was committed in this respect.

This action was brought to recover 4,121.42 pesos-the value of hats sold by the plaintiff to the defendant in July, 1903. It does not appear from the evidence that there was any agreement between the parties as to the kind of money in which payment for the hats should be made. The court in its judgment found that the plaintiff was entitled to recover of the defendant 3,596.06 pesos, Mexican currency. The action was brought in February, 1904, and the judgment was rendered on the 17th of September, 1904. The court in its judgment, following the provisions of section 3 of Act No. 1045, which act took effect on January 27, 1904, reduced the said sum of 3,596.06 pesos, Mexican currency, to Philippine currency, at the rate of 1.10 pesos, Mexican currency, for each peso of Philippine currency, and ordered judgment against the defendant for 3,269.14 pesos, Philippine currency.

It is said by the appellant that the court made this reduction without hearing any proof concerning the relative value of Mexican and Philippine currency, and it is true that it does not appear from the bill of exceptions that such evidence was received. The act above mentioned (No. 1045, sec. 3) allows the parties to introduce evidence upon this question. The appellant had an opportunity to produce such evidence bearing upon this point as he saw fit. He did not avail himself of this opportunity, and now claims that there was no evidence upon which this finding of the court as to the relative value of Mexican and Philippine currency can be sustained. It is made the duty of the court to render judgment in Philippine currency. If the parties refuse to produce any evidence of the relative value of Mexican and Philippine currency, we think and hold that the court is entitled to take into consideration the executive orders issued from time to time fixing such value. In the absence of other proof contradicting these orders, we hold that they are sufficient evidence, *prima facie*, to show that the relative value of the two currencies is as stated

therein. Executive Order No. 24, dated May 20, 1904, fixed the rate at 1 peso and 10 centimos, for both Spanish-Filipino currency and Mexican currency; Executive Order No. 29, dated the 21st of June, 1904, fixed the rate for Spanish-Filipino currency at 1.13; Executive Order No. 34, dated the 29th of July, 1904, fixed the rate at 1.10. It thus appears that the court had before it at the time it rendered judgment on the 17th day of September, 1904, evidence that the rate was 1.10.

The appellant claims that Act No. 1045 is void because it impairs the obligation of his contract, which was made prior to its passage and which did not specifically provide for payment in any kind of money. The appellant made no tender of any kind of money in discharge of his obligation.

The act of Congress of March 2, 1903, provides, in section 3, as follows:

“That the silver Philippine peso authorized by this act shall be legal tender in the Philippine Islands for all debts, public and private, unless otherwise specifically provided by contract: *Provided*, That debts contracted prior to the thirty-first day of December, nineteen hundred and three, may be paid in the legal-tender currency of said Islands existing at the time of the making of said contracts, unless otherwise expressly provided by contract.”

Sections 3, 4, and 5 of Act No. 1045 are as follows:

“SEC. 3. Whenever any contract, debt, or obligation, payable by the terms thereof in local currency, is sought to be enforced in any court and the right of the plaintiff is established, it shall be the duty of the court to render judgment for the plaintiff to recover as damages the law-ful sum due to him, in Philippine pesos, instead of in the currency mentioned in the contract, debt, or obligation. For the purpose of determining the amount of such judgment the court shall receive evidence as to the real and just value

in Philippine currency of the currency named in the contract, debt, or obligation, including evidence of the local market value of such currency, its value in neighboring countries as currency, its value in the great markets of the world, its bullion value, and any other facts necessary to determine its true value. The local market value, whether affected by the prohibition of the importation of such currency or by other causes, shall not be conclusive evidence of the amount of the judgment to be rendered in such cases. Payment of a judgment thus rendered shall extinguish all liability on the contract, debt, or obligation.

“SEC. 4. Whenever any contract, debt, or obligation is made payable in local currency, the debtor or person under obligation to make payment may tender to the creditor in lieu of such currency the just amount due thereon in Philippine pesos, computed in the manner stated in the preceding section, and the effect of such tender shall be the same as though the tender had been made in the kind of currency named in such contract, debt, or obligation.

“SEC.

5. The two last preceding sections shall apply to all contracts, debts, or obligations made before the passage of this act, as well as to those made subsequent thereto.”

Two questions are presented: First, does Act No. 1045 impair the obligation of the contract or deprive the defendant of his property without due process of law? Second, are these sections, so far as contracts made prior to the passage of this law are concerned, inconsistent with the above-quoted act of Congress because they require the payment in Philippine pesos instead of permitting the payment in Mexican pesos?

If Act No. 1045 had required the defendant to discharge his debt by the delivery of an equal number of Philippine pesos, it would have been objectionable as being inconsistent with the provisions of the above-quoted section 3 of the act of Congress.

In view of the acts of Congress providing for the new Philippine currency, and in view of the decisions of the Supreme Court at Washington in the Legal Tender Cases (12 Wallace, 457 and 110 U.S., 421) whether such a law would also have been objectionable because it impaired the obligation of the contract may perhaps be open to question. It is not necessary, however, to pass upon this point, for we do not think Act No. 1045 impairs the obligation of the contract.

The Philippine Commission possesses general powers of legislation for the Islands, and its laws are valid unless they are prohibited by some act of Congress, some provision of the Constitution, or some provision of a treaty. At the time Act No. 1045 was enacted the Government of the Islands was undertaking to introduce here a new currency, and to place that currency upon a gold basis. It was attempting to drive out of circulation the old currency. In this same act (No.1045) it adopted radical, and as the event showed, successful measures to accomplish that end. As a means for making the substitution of the new currency for the old more complete, and to lessen the number of cases in which the old currency would be needed, it provided that all judgments entered in the courts of the , Islands should be stated in terms of the new currency. In so providing it did not undertake to nor did it in any way increase or diminish the rights and obligations of parties to contracts entered into prior to its passage. It did not require the debtor to pay more nor the creditor to receive less than they were required to pay or receive under the former law. By the terms of the contract in question the debtor was required to pay, say, 3,600 Mexican pesos. In a judicial proceeding to which he was a party and in which he had a right to introduce evidence upon the subject, it was determined that 3,600 Mexican pesos were of the same value as, say, 3,300 Philippine pesos. This judicial determination having been made, it must be taken as a fact that 3,300 Philippine pesos were the exact equivalent of 3,600 Mexican pesos. The, judgment orders him to pay not 3,600 Mexican pesos but 3,300 Philippine pesos. By this order his rights are not in any way impaired. It can make no difference to him whether .he delivers to the sheriff in satisfaction of the judgment 3,600 Mexican pesos, or whether with these 3,600 Mexican pesos he buys

3,300 Philippine pesos and delivers them.

If Congress should desire to withdraw from circulation the legal-tender notes, for example, and should pass an act saying that all contracts theretofore executed and payable expressly by their terms in legal-tender notes should be discharged by the payment in other lawful money of the value of the legal-tender notes so contracted to be delivered, could it be said that such a law in any way prejudiced either of the parties to the contract, or that it in any way increased the obligation of the debtor?

The law relating to the obligation of contracts does not prohibit every change in existing laws. To fall within the prohibition the change must impair the obligation of the existing contract, and the impairment must be substantial. In the case of *Ochiltree vs.*

The Railway Company (21 Wallace, 249) the phrase "materially impairs" is used at page 252. In the case of *the City and Lake Railroad Company vs. New Orleans* (157 XJ. U.S., 219) the phrase "*any substantial right*" is used at page 224. In the case of *Barnitz vs. Beverly* (163 U. S., 118) the phrase "*seriously interfere*" is used at page 122. In the case of *Van Hoffman vs. City of Quincy* (4 Wallace, 535) it is said at page 553:

"It is competent for the States to change the form of the remedy or to modify it otherwise, as they may see fit, provided no substantial right secured by the contract is there by impaired."

We see nothing in this Act No. 1045 which impairs the obligation of any contract or deprives the defendant of his property without due process of law.

Are sections 3, 4, and 5, so far as they relate to contracts existing at the time of the passage of the act, inconsistent with the proviso in section 3 of the act of Congress above quoted, and therefore void? The purpose of the proviso, we think, is plain. It perhaps being doubtful whether the Commission, under its general power of legislation and its control over the currency, had not the right to impair the obligation of contracts in the introduction of the new currency,

Congress declared in this proviso its purpose to deprive the Commission of this right, if it did exist. It prohibited the Commission from passing a law that required the debtor to pay more than he was required to pay under the old law. Having protected the debtor in that respect, Congress did not, we think, intend to hamper the Commission in its plans for making effective the change in the currency. As to the details of those plans, everything was left to the Commission after. Congress had provided that the debtor's rights should not be infringed. We think that the Commission had a right to pass any law on the subject, provided that the debtor was not thereby bound to pay more nor the creditor to receive less in value than he was required to pay or receive under the old law. If this right was preserved, the particular kind of money which the debtor should deliver in representation of that value was not, in the opinion of Congress, important. We think that sections 3, 4, and 5 of Act No. 1045 are not inconsistent with the proviso of section 3 of the act of Congress of March 2, 1903, and are therefore valid.

The only cases cited by the appellant in support of his contention are the cases of *Hepburn vs. Griswold* (8 Wallace, 603) and *Broderick's Executor vs. Magraw* (8 Wallace, 639), which were overruled by the *Legal Tender* cases (12 Wallace, 457).

The judgment of the court below is affirmed, with costs of this instance against the appellant, and after the expiration of twenty days judgment should be entered in accordance herewith, and the cause remanded to the court below for execution of said judgment. So ordered.

Arellano, C.J., Torres, Mapa, and Johnson, JJ., concur.

Carson, J., reserves his opinion.

