

Title: W. M. Tipton vs. Mariano Velasco Chua-Chingco

Facts:

The case revolves around a lease executed by the administrator of the San Lazaro Hospital for a term of ten years without special authority. The central question was whether this lease was void due to the lack of authorization. In the specific dispute, W. M. Tipton, the plaintiff, appealed against Mariano Velasco Chua-Chingco, the defendant, on the grounds that the lease was void. The case reached the Supreme Court following a decision by the lower court that found, among other things, that the government had collected lease payments for a period of five years without objecting to the lease's validity, which the lower court took as implicit ratification. Both parties waived the right to introduce new evidence and agreed upon a written stipulation of facts at the appellate level. The case was tethered closely to a precedent case (*W. M. Tipton vs. Roman Martinez y Andueza*, No. 2070) decided on January 2, 1906, which raised a similar legal question about the validity of a lease executed without special authority.

Issues:

1. Whether the lease executed by the administrator of San Lazaro Hospital for ten years without special authority was void.
2. Whether the government's act of collecting rent for five years constituted ratification of the lease.
3. Whether the plaintiff's action to have the lease declared void was barred by the statute of limitations.

Court's Decision:

The Supreme Court reversed the lower court's decision and held that the lease was valid only for the initial six years and void for the last four years. The Court reasoned that:

1. **Regarding the lease's validity**: The lease was void due to the lack of special authority from the government or the owner of the San Lazaro Hospital property, affirming the necessity of authority for contractual validity.
2. **Regarding ratification by rent collection**: There was no evidence supporting that the government ratified the lease by collecting rent, as the parties solely relied on a stipulation of facts without such detail. Furthermore, the administrations of San Lazaro Hospital, not the government, received the rent, and their actions could not validate the lease.
3. **Regarding the statute of limitations**: The action to declare the lease void was not barred by the statute of limitations since it applied differently to contracts like this lease executed without authority. The contract's nullity was of a permanent nature and could not

be remedied by the lapse of time but only by ratification from the authorized party, which had not occurred.

Doctrine:

Contracts executed in the name of another without authority are considered void unless subsequently ratified by the person on whose behalf they were executed. This nullity is permanent and not subject to the statute of limitations that apply to contracts with other defects rendering them void.

Class Notes:

- **Authority and Contract Validity**: A contract executed on behalf of another without proper authority is void unless ratified by the party on whose behalf it was made.
- **Ratification**: An act of ratification can validate a previously unauthorized contract, but it must be made by the person or entity with authority, not by a third party.
- **Statute of Limitations**: The general statute of limitations for voidable contracts does not apply to contracts made without authority; their nullity is permanent unless ratified.
- **Critical Legal Provisions**:
 - **Article 1259 of the Civil Code**: Pertains to the requirement of authority for contracts executed in someone's name and their potential ratification.
 - **Article 1301 of the Civil Code**: Discusses the timeline for bringing an action to declare a contract void due to defects.

Historical Background:

This case reflects the complexity of property management and contractual authority within institutions in the Philippines during the early 20th century. It highlights the Filipino legal system's approach to contracts executed without authority and the importance of ratification in such scenarios, distinguishing between leases executed with and without the owner's explicit permission.