

JUAN EVANGELISTA, PETITIONER, VS. GUILLERMO MONTANO, FLORENCIO TAYTAY, AND TITO PAZ, RESPONDENTS.

G. R. No. L-5567. May 29, 1953

Ponente: TUASON, J.

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TUASON, J.:

This is an appeal by certiorari from the Court of Appeals.

The plaintiff brought the action to recover certain portions of a parcel of land which he bought from one Juana Dalisay on September 29, 1947, and which Tito Paz, Guillermo Montano and Florencio Taytay, defendants, were severally occupying under claim of ownership. These defendants resisted the action on the ground that they were the owners of their respective lots through purchases while the others disclaimed any interest in the suit.

The Court of Appeals found these facts to have been established:

"* * * on July 20, 1933, there was issued in favor of one Fortunato Dalisay a homestead patent covering a parcel of public land with an area of 19 hectares, 84 ares and 93 centiares, situated in the barrio of Paclasan, municipality of Mansalay, Province of Mindoro. On March 28, 1939, Fortunato Dalisay sold for the sum of P225 a portion of said homestead containing an area of 5 hectares to the defendant Tito Paz, and for the purpose executed in favor of the latter a public deed of sale in which the portion sold was delimited (Exhibit "4"). Tito Paz immediately took possession of the portion sold to him, declared it in his name for purposes of the payment of real estate taxes on May 10, 1939, and since then he has been in possession thereof up to the present. However, he did not have his deed of conveyance recorded in the Register of Deeds for Mindoro and noted on the corresponding certificate of title.

"Fortunato Dalisay died in the year 1941 and the property was inherited by his daughter Juana Dalisay. On the strength of an affidavit of consolidation of ownership, executed by Juana Dalisay on November 5, 1946, and filed with the Register of Deeds for Mindoro on the same date, Transfer Certificate of Title No. T-118, Office of the Register of Deeds for Mindoro, covering the property, free from all liens and encumbrances, was issued in her name and delivered to her.

"On November 7, 1941, in consideration of the sum of P200, Juana Dalisay sold to defendant Guillermo Montano a portion of said homestead containing an area of two hectares, and for the purpose executed in favor of the latter a public deed of sale in which the portion sold appears delimited (Exhibit 5). And on April 9, 1946, she again sold to the same party for P300 another portion of that homestead containing an area of one hectare by means of another public deed in which the portion sold was also delimited (Exhibit 7). Guillermo Montano took possession of those portions, which contained an aggregate area of 3 hectares immediately after they were sold to him, and until now he is in possession thereof. Like Tito Paz, however, he failed to have his deeds of conveyances recorded in the Register of Deeds of Mindoro and noted on the corresponding certificate of title.

"On November 7, 1944, Juana Dalisay, by means of a public deed and in consideration of the sum of P200, sold to the defendant Florencio Taytay a portion of that homestead containing an area of 2 hectares, which also

appear delimited in the deed (Exhibit G). Florencio Taytay took possession of the portion immediately after it was sold to him, but also failed to have his deed of conveyance recorded in the Register of Deeds for Mindoro, and annotated on the corresponding certificate of title.

"It further appears that on November 14, 1946, Juana Dalisay and her husband, Pedro de la Cruz, constituted on the whole lot covered by Transfer Certificate of Title No. T-118 a mortgage in favor of the Philippine National Bank to guarantee the payment of a loan in the sum of P4,000. This transaction was duly annotated on the back of said transfer certificate of title.

"Sometime prior to July 28, 1947, the spouses Juana Dalisay and Pedro de la Cruz offered for sale to the plaintiff the whole homestead and showed him Transfer Certificate of Title No. T- 118. The latter examined said certificate of title and finding that the only encumbrance noted thereon was the mortgage in favor of the Philippine National Bank, became interested in the property. Instead, however, of immediately closing the deal, he endorsed the matter to his lawyer for further study. The latter wrote on July 28, 1947, a letter to the Register of Deeds of Mindoro inquiring whether there were any transactions concerning property which were pending registration and not yet noted on said certificate of title (Exhibit G). On August 1, 1947, the Register of Deeds for Mindoro answered plaintiff's lawyer that there were in his office no transactions concerning the land which were pending registration (Exhibit D). Not contented with this information, the plaintiff inspected the land accompanied by Juana Dalisay. He found on the land the herein defendants, who advised, him not to buy it because the same had already been sold to them. As Juana Dalisay, however, told plaintiff that the defendants were only her tenants, plaintiff decided to buy the property and on September 29, 1947, the necessary deed of sale, in which it was recorded that Juana Dalisay, assisted by her husband, Pedro de la Cruz, in consideration of the payment by the plaintiff of the sum of P9,000, sold and conveyed to the latter the whole parcel of land described in Transfer Certificate of Title No. T-118, Registry of Deeds for the Province of Mindoro, was executed by said Juana Dalisay (Exhibit B). This conveyance having been duly approved by the Secretary of Agriculture and Commerce (Exhibits E and E-1), and the obligation in favor of the Philippine National Bank having been paid and the mortgage constituted on the property released (Exhibit G), the plaintiff presented said deed with the necessary papers to the Register of Deeds for the Province of Mindoro and secured the issuance in his name of Transfer Certificate of Title No. T-463, Register of Deeds for Mindoro, which cancelled Transfer Certificate of Title No. T-118, free from all liens and encumbrances (Exhibit A). Armed with this certificate of title, the plaintiff demanded that defendants vacate the portions of the property respectively held by them. The latter refused. Hence, this action."

Both the Court of First Instance and the Court of Appeals absolved the defendants, having found and declared after weighing the evidence that the plaintiff was not a purchaser in good faith. That this conclusion is a finding of fact and, being a finding of fact, not subject to review, is too plain to admit of argument.

The assignment of error that need some attention is that which assails the validity of the defendant's titles on the premise that their purchases were not approved by the Secretary of Agriculture and Natural Resources as provided for by section 118 of Commonwealth Act No. 141, as amended by section 1 of Commonwealth Act No. 456.

The Court of Appeals agreed with the plaintiff that these conveyances "violated said provision." But, citing *Maninang vs. Consolacion*, 12 Phil., 242; *Ibañez, et al. vs. Hongkong and Shanghai Banking Corporation, et al.* 22 Phil., 572; *Wolfson vs. Estate of Martinez*, 20 Phil, 341; and *Puyat & Sons, Inc. vs. De la Amas, et al.*, 2 Off. Gaz., No. 2, February 1943, p. 162, for authority, the court opined, as had the trial court, that the "plaintiff had no personality to invoke said law." Plaintiff's counsel, on the other hand, contends that the authorities relied upon by the Court of Appeals are not in point, and that the applicable decisions are *Oliveros vs. Porcioncola*, 69 Phil., 305 and *Porkan, et al. vs. Navarro* 73 Phil., 698, which, he submits, are against the Appellate Court's opinion.

From the view we take of the case, however, there is no necessity of deciding this point. We will proceed at once to consider the question at issue on the merits, except to advert to the fact that the sale to Tito Paz, which was

executed on March 28, 1939, did not come within the operation of Act No. 456, which was approved on June 8, 1939, and was not retroactive; only the sales to Guillermo Montano and Florencio Taytay were affected by the new legislation.

The provision added to Section 118 of Commonwealth Act No. 141 by the amendment, and which is the provision pertinent to the case, states that, "No alienation, transfer, or conveyance of any homestead after five years and before twenty-five years after issuance of title shall be valid without the approval of the Secretary of Agriculture and Natural Resources, which approval shall not be denied except on constitutional and legal grounds."

By Article 1461 of the Civil Code of 1889, in force at the time of the disputed sales, the vendor was bound to deliver and warrant the subject matters of the sales. By virtue of this warranty, she was responsible to the vendees for the legal and peaceful possession of the lots she sold (Article 1474). We take this to mean, among others, obligation to deliver clear title, including the securing of the approval of the sales by the Secretary of Agriculture and Natural Resources.

By force of this obligation, the plaintiff, who stepped into the shoes of his grantor, can not use the lack of approval to nullify the sales. A seller will not be allowed to take advantage of his or her wrong or omissions. Under the maxim "Equity regards that as done which should have been done," the Court will view the sales as though the obligations imposed upon the parties had been met, and treat the purchasers as the owners of the subject matters of the sales, notwithstanding the defects of the conveyances or of their execution. As a corollary, the purchasers as owners will be protected against subsequent purchasers and encumbrances, except bona fide purchasers for value and without notice, which the plaintiff clearly was not. (21 C. J., 201, 202.)

It is important to keep in mind in this connection that the want of approval of the sales by the Secretary of Agriculture and Natural Resources did not, in our opinion, invalidate the sales. Upon the facts of the instant case, the required approval may be regarded as directory. Section 118 of Commonwealth Act No. 141, as amended, specifically enjoins that the approval by the Department Secretary "shall not be denied except on constitutional and legal grounds." There being no allegation that there were constitutional or legal impediments to the sales, and no pretense that if the sales had been submitted to the Secretary concerned they would have been disapproved, approval was a ministerial duty, to be had as a matter of course and demandable if refused. For this reason, and if necessary, approval may now be applied for and its effect will be to ratify and adopt the transactions as if they had been previously authorized.

It was the sale of the portions already conveyed to the defendants which should not have been approved, and, we incline to believe, would not have been approved if the Secretary of Agriculture and Natural Resources had been apprised of the conveyances to the defendants. For the plaintiff's purchase was illegal in the broader sense of the term. From this standpoint, the plaintiff does not come with clean hands, and his title may be said to be tainted with fraud, at least constructive fraud. Such title can not be permitted to defeat those whose only defect is the lack of authorization which might be had of course, and which it was the duty of plaintiff's predecessor in interest to obtain, in the first place.

Plaintiff's next point is that, regardless of any approval by the Secretary of Agriculture and Natural Resources, the sales to the defendants were absolutely void because they were not registered. This contention overlooks the doctrine, well settled in an unbroken line of decisions, that unrecorded sales of land brought under the Land Registration Act are effective between and binding upon the immediate parties, and that the registration required by section 50 of that Act is intended primarily for the protection of innocent third persons, i.e., persons who, without knowledge of the sales and in good faith, have acquired rights to the property. As has been shown the plaintiff was not an innocent purchaser for value.

The decision of the Court of Appeals is affirmed, with costs against the petitioner.

Paras, C. J., Feria, Bengzon, Montemayor, Reyes, Jugo and Bautista Angelo, JJ., concur.

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