

**THE PHILIPPINE TRUST COMPANY, AS GUARDIAN OF THE
PROPERTY OF THE MINOR, MARIANO L. BERNARDO, PETITIONER,
VS. SOCORRO ROLDAN, FRANCISCO HERMOSO, FIDEL C. RAMOS
AND EMILIO CRUZ, R...**

G.R. No. L-8477. May 31, 1956

Ponente: BENGZON, J.

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BENGZON, J.:

As guardian of the property of the minor Mariano L. Bernardo, the Philippine Trust Company filed in the Manila court of first instance a complaint to annul two contracts regarding 17 parcels of land: (a) sale thereof by Socorro Roldan, as guardian of said minor, to Fidel C. Ramos; and (b) sale thereof by Fidel C. Ramos to Socorro Roldan personally. The complaint likewise sought to annul a conveyance of four out of the said seventeen parcels by Socorro Roldan to Emilio Cruz.

The action rests on the proposition that the first two sales were in reality a sale by the guardian to herself—therefore, null and void under Article 1459 of the Civil Code. As to the third conveyance, it is also ineffective, because Socorro Roldan had acquired no valid title to convey to Cruz.

The material facts of the case are not complicated. These 17 parcels located in Guiguinto, Bulacan, were part of the properties inherited by Mariano L. Bernardo from his father, Marcelo Bernardo, deceased. In view of his minority, guardianship proceedings were instituted, where in Socorro Roldan was appointed his guardian. She was the surviving spouse of Marcelo Bernardo, and the step-mother of said Mariano L. Bernardo.

On July 27, 1947, Socorro Roldan filed in said guardianship proceedings (Special Proceeding 2485, Manila), a motion asking for authority to sell as guardian the 17 parcels for the sum of P14,700 to Dr. Fidel C. Ramos, the purpose of the sale being allegedly to invest the money in a residential house, which the minor desired to have on Tindalo Street, Manila. The motion was granted.

On August 5, 1947 Socorro Roldan, as guardian, executed the proper deed of sale in favor of her brother-in-law Dr. Fidel C. Ramos (Exhibit A-1); and on August 12, 1947 she asked for, and obtained judicial confirmation of the sale. On August 13, 1947, Dr. Fidel C. Ramos executed in favor of Socorro Roldan, personally, a deed of conveyance covering the same seventeen parcels, for the sum of P15,000 (Exhibit A-2) And on October 21, 1947 Socorro Roldan sold four parcels out of the seventeen to Emilio Cruz for P3,000, reserving to herself the right to repurchase (Exhibit A-3).

The Philippine Trust Company replaced Socorro Roldan as guardian, on August 10, 1948. And this litigation, started two months later, seeks to undo what the previous guardian had done. The step-mother in effect, sold to herself, the properties of her ward, contends the plaintiff, and the sale should be annulled because it violates Article 1459 of the Civil Code prohibiting the guardian from purchasing "either in person or through the mediation of another" the property of her ward.

The court of first instance, following our decision in *Rodriguez vs. Mactal*, 60 Phil. 13 held the article was not controlling, because there was no proof that Fidel C. Ramos was a mere intermediary or that the latter had previously agreed with Socorro Roldan to buy the parcels for her benefit.

However, taking the former guardian at her word—she swore she had repurchased the lands from Dr. Fidel C. Ramos to preserve it, and to give her protegee opportunity to redeem—the Court rendered judgment upholding the contracts but allowing the minor to repurchase all the parcels by paying P15,000, within one year.

The Court of Appeals affirmed the judgment, adding that the minor knew the particulars of, and approved the transaction, and that "only clear and positive evidence of fraud or bad faith, and not mere insinuations and inferences will overcome the presumptions that a sale was concluded in all good faith for value".

At first glance the resolutions of both courts accomplished substantial justice: the minor recovers his properties. But if the conveyances are annulled as prayed for, the minor will obtain a better deal: Tie receives all the fruits of the lands from the year 1947 (Article 1303 Civil Code) and will return P14,700, not P15,000.

To our minds the first two transactions herein described couldn't be in a better juridical situation than if this guardian had purchased the seventeen parcels on the day following the sale to Dr. Ramos. Now, if she was willing to pay P15,000 why did she sell the parcels for less? In one day (or actually one week) the price could not have risen so suddenly. Obviously when, seeking approval of the sale she represented the price to be the best obtainable in the market, she was not entirely truthful. This is one phase to consider.

Again, supposing she knew the parcels were actually worth P17,000; then she agreed to sell them to Pr. Ramos at P14,700; and knowing the realty's value she offered him the next day P15,000 or P15,500, and got it. Will there be any doubt that she was recreant to her guardianship, and that her acquisition should be nullified? Even without proof that she had connived with Dr. Ramos. Remembering the general doctrine that guardianship is a trust of the highest order, and the trustee cannot be allowed to have any inducement to neglect his ward's interest and in line with the court's suspicion whenever the guardian acquires the ward's property [1] we have no hesitation to declare that in this case, in the eyes of the law, Socorro Roldan took by purchase her ward's parcels thru Dr. Ramos, and that Article 1459 of the Civil Code applies.

She acted it may be true without malice; there may have been no previous agreement between her and Dr. Ramos to the effect that the latter would buy the lands for her. But the stubborn fact remains that she acquired her protegee's properties, through her brother-in-law. That she planned to get them for herself at the time of selling them to Dr. Ramos, may be deduced from the very short time between the two sales (one week). The temptation which naturally besets a guardian so circumstanced, necessitates the annulment of the transaction, even if no actual collusion is proved (so hard to prove) between such guardian and the intermediate purchaser. This would uphold a sound principle of equity and justice.[2]

We are aware of course that in *Rodriguez vs. Mactal*, 60 Phil. p. 13 wherein the guardian Mactal sold in January 1926 the property of her ward to Silverio Chioco, and in March 1928 she bought it from Chioco, this Court said:

"In order to bring the sale in this case within the part of Article 1459, quoted above, it is essential that the proof submitted establish some agreement between Silverio Chioco and Trinidad Maetal to the effect that Chioco should buy the property for the benefit of Mactal. If there was no such agreement, either express or implied, then the sale cannot be set aside. * * *. (Page 16; Italics supplied.)"

However, the underlined portion was not intended to establish a general principle of law applicable to all subsequent litigations. It merely meant that the subsequent purchase by Mactal could not be annulled in that particular case because there was no proof of a previous agreement between Chioco and her. The court then

considered such proof necessary to establish that the two sales were actually part of one scheme—guardian getting the ward's property through another person—because two years had elapsed between the sales. Such period of time was sufficient to dispel the natural suspicion of the guardian's motives or actions. In the case at bar, however, only one week had elapsed. And if we were technical, we could say, only one day had elapsed from the judicial approval of the sale (August 12), to the purchase by the guardian (Aug. 13).

Attempting to prove that the transaction was beneficial to the minor, appellee's attorney alleges that the money (P14,700) invested in the house on Tindalo Street produced for him rentals of P2,400 yearly; whereas the parcels of land yielded to his step-mother only an average of P1,522 per year.[3] The argument would carry some weight if that house had been built out of the purchase price of P14,700 only.[4] One thing is certain: the calculation does not include the price of the lot on which the house was erected. Estimating such lot at P14,700 only, (ordinarily the city lot is more valuable than the building) the result is that the price paid for the seventeen parcels gave the minor an income of only P1,200 a year, whereas the harvest from the seventeen parcels netted his step-mother a yearly profit of P1,522.00. The minor was thus on the losing end.

Hence, from both the legal and equitable standpoints these three sales should not be sustained: the first two for violation of article 1459 of the Civil Code; and the third because Socorro Roldan could pass no title to Emilio Cruz. The annulment carries with it (Article 1303 Civil Code) the obligation of Socorro Roldan to return the 17 parcels together with their fruits and the duty of the minor, through his guardian to repay P14,700 with legal interest.

Judgment is therefore rendered:

- a. Annulling the three contracts of sale in question;
- b. declaring the minor as the owner of the seventeen parcels of land, with the obligation to return to Socorro Roldan the price of P14,700 with legal interest from August 12, 1947;
- c. Ordering Socorro Roldan and Emilio Cruz to deliver said parcels of land to the minor;
- d. Requiring Socorro Roldan to pay him beginning with 1947 the fruits, which her attorney admits, amounted to P1,522 a year;
- e. Authorizing the minor to deliver directly to Emilio Cruz, out of the price of P14,700 above mentioned, the sum of P3,000; and A charging appellees with the costs. So ordered.

Paras, C. J., Padilla, Montemayor, Reyes, A., Bautista Angela, Concepcion, Reyes, J. B. L., and Endencia, JJ., concur.

[1]25 Am. Jur. pp. 128, 130; Daniel vs. Tolon, 53 Okla. 666, 4 A. L. R. 704.

[2]cf. Severinb vs. Severino, 44 Phil, 343. "No fraud in fact need be shown".

[3]8 Appellee's brief r p. 20.

[4]The contract with the builder called for P16,500.00; and Roldan said its total cost amounted to P18,720.00.

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