

EULOGIO RODRIGUEZ, SR., PLAINTIFF AND APPELLEE, VS. SOFRONIO FRANCISCO, ETC., DEFENDANT AND APPELLANT.

G.R. No. L-12039. June 30, 1961

Ponente: DIZON, J.

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DIZON, J.:

Appeal from the decision of the Court of First Instance of Rizal "(1) declaring plaintiff the rightful owner of the lot in question, Lot 3, Psu-8223 covered by TCT No. 31304, Land Records of Rizal, described in the complaint; (2) ordering defendant to deliver the land immediately to plaintiff; and (3) without pronouncement as to costs."

Appellant took this appeal directly to Us, his contention being that the decision of the lower court is against the law. The findings of fact made by the trial court are not, therefore, in dispute. They are as follows:

"The facts of the case are simple. It appears that Exequiel Ampil, now deceased, was the registered owner of the land in question under Original Certificate of Title No. 2497 issued way back on May 25, 1918, Exhibit B-1. On March 24, 1924 Exequiel Ampil executed a deed of sale covering the land in favor of defendant Maximo Francisco for the sum of P1,500 Exhibit 4. Sometime thereafter, the defendant took possession of the premises which, upon his death was continued by concept of owner. The land taxes thereon since 1924 was religiously paid by Maximo Francisco up to 1955 (see Exhibits 5, 5-a to p for 1924-1948). Despite the sale, the Torrens title continued until 1937 in the name of the vendor Exequiel Ampil. At the trial, defendant presented the owner's duplicate, Exhibit 1, of Original Certificate of Title No. 2497 which was delivered to defendant by Ampil.

"Prior to October 21, 1933, Exequiel Ampil was indebted to various creditors, to wit: (1) China Banking Corporation—P11,995, (2) Philippine National Bank—P9,400, (3) Don Wenceslao Trinidad—P10,000, total—P31,395. The payment of this indebtedness was guaranteed by the plaintiff Eulogio Rodriguez, Sr., so that on that date Exequiel Ampil executed a document entitled "Venta Condicional", Exhibit D-1. The deed was duly registered in the office of the Register of Deeds on November 15, 1933 (see Exhibit 1, memoranda of encumbrances). This deed conveyed the land together with some other parcels to plaintiff by a conditional sale, the conveyance to be absolute upon the fulfillment of certain conditions specified therein.

"On February 9, 1934, as Exequiel Ampil made payment amounting to P15,181.67, plaintiff executed "Release of Part of the Conditionally Sold Premises", Exhibit 2. Therein, the real properties covered by Certificate of Title Nos. 8756, 8670, 2673 and 8672 which were embraced in the "Venta Conditionally sold, among which was the land covered by Original Certificate of Title No. 2497, it was provided in Exhibit 2 that they were to be held and retained by the plaintiff as security for money remaining due on the conditioned sale.

"On December 10, 1936, plaintiff filed an affidavit consolidating ownership over the land in question together with five other parcels by virtue of the fact that the conditioned sale of October 21, 1933 between him and Ampil had become absolute (Exhibits C and C-1) However, as the Owner's Duplicate Certificate of Title was unavailable, a petition was filed in the original registration proceedings, Case No. 106, G.L.R.O. Rec. No. 13181, of the Court of First Instance of Rizal for the issuance of a new owner's duplicate and after due notice and hearing, the court ordered that the lost certificate be cancelled and a new one issued to the owner (see

Exhibit B-1, memo. of encumbrances). Then, on February 12, 1937 by virtue of the affidavit of consolidation, the Register of Deeds of Rizal cancelled Original Certificate of Title No. 2497 and issued to plaintiff Transfer Certificate of Title No. 31204, Exhibit A-1."

Appellant's specific contentions in this instance are: firstly, that the public document Exhibit D-1 entitled "CONTRATO DE VENTA CONDICIONAL" is a deed of equitable mortgage; secondly, that the terms and conditions of said document are void because they amount to a pacto comisorio; and lastly, that the lower court erred in declaring appellee as owner of the land in question instead of holding that appellant had acquired title thereto by prescription.

The provisions of the deed of sale in question may be summarized as follows: that the vendor sold to the vendee the real properties described in the appendices marked A and B attached thereto in consideration of the obligation assumed by the vendee—to pay what the vendor owed to several parties amounting to the total sum of P31,395; that if the vendor paid the debts aforesaid, the sale shall become inoperative and void, but that if the vendee paid the same debts by reason of the vendor's failure to do so, the sale made shall become absolute and irrevocable automatically, without the need of executing any other deed of conveyance.

Considering the provisions of the agreement—as summarized above—we agree with the trial court that "the contract is obviously a perfected contract of sale and subjected to a resolutory condition, authorized by Articles 1145, 1113 (2nd par.) and 1114 of the Civil Code". It does not constitute a mere security—which is the manifest purpose of a contract of mortgage—but instead it makes a conditional transfer of ownership which becomes automatically absolute and final upon performance of the condition agreed upon, namely, payment by the vendee of what the vendor owed the parties mentioned in the deed of conveyance. This, as the lower court found, had been done by the vendee. As a consequence, the conditional sale in his favor became absolute. In fact, upon presentation of the corresponding instrument, the certificate of title issued in the name of the vendor was cancelled and a transfer certificate of title was issued in the name of the vendee.

Considering the conclusion we have reached regarding the true nature of the deed marked Exhibit D-1, no further argument need be adduced to show that its provisions do not constitute the prohibited "pactum commissorium." (Alcantara vs. Alinea, 8 Phil., 111; Agoncillo vs. Javier, 38 Phil., 424, 428; Caridad, Inc. vs. Santero, 71 Phil., 114).

We find appellant's other contention likewise untenable.

The land in question had been brought under the Torrens system since 1918. The deed of sale in favor of the now deceased Maximo Francisco is, therefore, without legal effect as against third persons because, although it was executed on March 24, 1924, it was never registered in accordance with law. Upon the other hand, the deed of sale in favor of appellee executed on October 21, 1933, was duly registered on November 15, of the same year.

Appellant claims, however, that appellee should be deemed not to be a purchaser in good faith, because he knew or should have known that Maximo Francisco had taken possession of the property and paid the taxes due thereon since the date of execution of the sale in his favor—March 24, 1924. This, however, is a question of fact which the lower court resolved against appellant. Its finding on the matter is not now before Us for review, because appellant appealed only on questions of law.

Neither did the lower court err in refusing to hold that Maximo Francisco had acquired title to the land in question by prescription for the simple reason that no title to registered land may be acquired by prescription or adverse possession (Section 46, Act 496).

Wherefore, the decision appealed from is affirmed, with costs.

Bengzon, C.J., Padilla, Labrador, Concepcion, Reyes, J.B.L., Barrera, Paredes, De Leon and Natividad, JJ., concur.

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