

**BAY BOULEVARD SUBDIVISION, INC., PLAINTIFF AND APPELLANT,
VS. FRANCISCO SYCIP, ISMAEL LAPUS, MARIANO VILLANUEVA,
REGISTER OF DEEDS OF MANILA, AND THE TREASURER OF THE
REPUBLIC O...**

G. R. No. L-5041. January 27, 1953

Ponente: BAUTISTA ANGELO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/6fe0aeb127c7/>

BAUTISTA ANGELO, J.:

Plaintiff, a domestic corporation organized under the laws of the Philippines, seeks to nullify the deed of sale executed by the Japanese Military Administration on March 15, 1944, over lot No. 60, Cons. & Subd. Plan Psc-52 for P18,429.95, in favor of Francisco Sycip, and that executed by the latter over the same lot in favor of Ismael Lapus on May 23, 1944, for the sum of P150,000, as well as Certificate of Title No. 72263 issued in the name of Francisco Sycip and Certificate of Title No. 2054 issued in the name of Ismael Lapus, both by the Register of Deeds for the City of Manila, as a result of the transfers above referred to; and in the event that said transfers and certificates of title be not declared null and void, to order the Treasurer of the Republic of the Philippines to pay to plaintiff from the assurance fund, or such other fund as may be provided by law, the sum of P18,429.95, with interest thereon at the rate of 9 per cent per annum from January 1, 1942.

The complaint includes as parties-defendant, besides Francisco Sycip and Ismael Lapus, Mariano Villanueva, in his capacity as register of deeds for the city of Manila, and Marciano Guevarra, in his capacity as Insular Treasurer of the Philippines. Francisco Sycip failed to put in any appearance in the case; Ismael Lapus appeared through counsel, whereas the Register of Deeds and the Insular Treasurer were represented by the Solicitor General.

Ismael Lapus set up as special defense that he bought the land in question from Francisco Sycip on May 23, 1944, for valuable consideration; that Francisco Sycip, in selling to him the property, expressly warranted that it was free from any lien or encumbrance; and that he bought said property without knowledge of any defect in the title covering it, as none appears in said title. And by way of cross-claim, he prays that in the event that the purchase made by Francisco Sycip from the Japanese Military Administration of the property be nullified, judgment be rendered against Francisco Sycip in his favor for reimbursement of whatever money judgment may be rendered against him, Lapus, as a result of the present case.

The Solicitor General avers in his answer that the Register of Deeds for the City of Manila issued Transfer Certificate of Title No. 72263 in the name of Francisco Sycip pursuant to Executive Order No. 222 of the Chairman of the Philippine Executive Commission which authorizes the issuance of a new Transfer Certificate of Title even if the duplicate of the certificate of the owner is not presented for cancellation; and, as special defense, he alleges that the assurance fund is only liable when the loss or damage is due to omission, mistake or misfeasance of the Register of Deeds; when the damages cannot be recovered from the persons who caused the loss; and when there is no other remedy available. He also alleges that the assurance fund is not liable for the acts

of the officials of the occupation government, because that is only available for acts of officials of the present government.

The case having been submitted under a stipulation of facts presented by both parties, the court rendered judgment dismissing the complaint without special pronouncement as to costs. From this judgment plaintiff appealed.

It appears that sometime in 1941, Francisco Sycip purchased from plaintiff a parcel of land known as Lot No. 60 with an area of 3,350.90 square meters for the sum of P18,429.95, payable in monthly installments of P236.64 each, with interest thereon at the rate of 10 per cent per annum. This lot is part of the Bay Boulevard Subdivision covered by Transfer Certificate of Title No. 52575 of the land records of Manila, which, lot, together with other portions forming the subdivision, was mortgaged to El Hogar Filipino for the sum of P225,000, of which the sum of P7,000 was the aliquot part of the mortgage corresponding to the lot sold. Up to December 31, 1941, Francisco Sycip only paid a portion of the purchase price leaving a balance unpaid in the amount of P17,000. This amount included the P7,000 encumbrance allotted to this lot. On March 15, 1944, Sycip paid the entire balance of the purchase price to the Enemy Property Custodian of the Imperial Japanese Army, who in turn issued to him a certificate of sale on March 15, 1944 (Exhibit "C") certifying to the fact that he had paid in full the consideration of the sale executed between him and the plaintiff. This certificate was issued pursuant to the provisions of Executive Order No. 222 of the Chairman of the Executive Commission (Exhibit "B"). On March 20, 1944, Mariano Villanueva in his capacity as register of deeds issued Transfer Certificate of Title No. 72263 in the name of Francisco Sycip free from all liens and encumbrances of any kind pursuant to said certificate of sale and in compliance with Executive Order No. 222. On May 23, 1944, Francisco Sycip sold to Ismael Lapus the same land for the sum of P150,000 and as a result the Register of Deeds issued in favor of Lapus Transfer Certificate of Title No. 2054, also free from any lien or encumbrance. Prior to his purchase of the property, Lapus had no knowledge of the encumbrance existing in favor of El Hogar Filipino.

The question now to be determined is whether the payment made by Francisco Sycip of the balance of the purchase price still indebted to appellant to the Enemy Property Custodian of the Imperial Japanese Army which resulted in the issuance in his favor of certificate of title No. 72263 by the Register of Deeds has been made without authority of law, and, therefore, cannot have the effect of a valid payment that may result in the extinguishment of the obligation. This is the main issue raised by appellant in this appeal.

The record shows that said payment was made by Sycip pursuant to Executive Order No. 222 of the Chairman of the Executive Commission who was then the head of the occupation government established in the Philippines during the Japanese occupation. It appears that said Order was issued by said Chairman pursuant to the authority conferred upon him as "Head of the Central Administration Organization by Order No. 1 in connection with Order No. 3, of the Commander in Chief of the Imperial Japanese Forces in the Philippines", to regulate the "Registration of Certificates issued by the Enemy Property Custodian and the transfer of properties owned by hostile subjects or enemy aliens", and it is now well settled that a belligerent occupant has the power to take by sequestration not only public property but also private property of the enemy in an occupied territory under pertinent rules of International Law. In issuing said Executive Order, the Chairman of the Executive Commission did nothing but to comply with the mandate of the belligerent occupant and as such its validity cannot be disputed. In said Order, the Enemy Property Custodian was the one designated as the agency authorized to wind up and liquidate the assets owed by enemy aliens, and it cannot, therefore, be said that the payment made to said custodian by Francisco Sycip of the balance of the purchase price which was then owed to an enemy corporation was made without authority of law (*Haw Pia vs. China Banking Corporation* [1] G. R. No. L-554; *Everett Steamship Corporation vs. Bank of the Philippine Islands* [2] G. R. No. L-1729; *Gibbs vs. Rodriguez, et al.*, [3] G. R. No. L-1494; *Hodges vs. Gay, et al.*, [4] G. R. No. L-2467).

The claim of the plaintiff that the Register of Deeds committed a misfeasance in issuing in favor of Francisco Sycip a new Certificate of Title on the strength of the deed of sale issued by the Enemy Property Custodian of the Imperial Japanese Army without first requiring the production of the owner's duplicate certificate of title as required by law, cannot also be sustained, it appearing that this is expressly authorized in the Order already adverted to. On this matter, said Order provides that whenever a certificate issued by the Enemy Property Custodian certifying to the fact that a person has fully paid the entire consideration of a previous contract of sale of a property registered in the name of a hostile subject is presented to the Register of Deeds, "he shall issue a new Transfer Certificate of Title or make the requisite annotation relative to said cancellation in the corresponding certificate of title, upon payment of the legal fees, even if the duplicate of the certificate of title concerned is not presented to him. If the duplicate certificate of title is not surrendered at the time of the presentation of the certificate herein referred to, the said outstanding duplicate certificate of title is deemed cancelled" (Exhibit "B"). The Register of Deeds did nothing but to comply with this directive and has not, therefore, committed any dereliction of duty.

It is true that in issuing the new transfer certificate of title in favor of Francisco Sycip the Register of Deeds did not annotate on the back thereof the encumbrance then existing in favor of El Hogar Filipino in so far as the parcel of land which was certified to as having been sold to Sycip by the Enemy Property Custodian is concerned, but this is so for the simple reason that the payment made by Sycip of the balance of the purchase price already included the aliquot part of the encumbrance in the amount of P7,000. If the encumbrance has already been satisfied, as appears in the stipulation of facts, there is indeed no point for the register of deeds to annotate on the new title an encumbrance which has already been removed.

With respect to Ismael Lapus, there is nothing in the case which would mark his title with a taint of invalidity it appearing that he bought the property in good faith and for value. Moreover, it now appears that he purchased the property from a person who had a good and valid title over it.

It appearing that the Register of Deeds has not committed any misfeasance in office but rather has complied with his duty in connection with the registration of land belonging to enemy aliens as provided for in Executive Order No. 222 of the Chairman of the Executive Commission, the claim of the plaintiff that the assurance fund should be held answerable for the loss sustained by it must also fail.

Finding no error in the decision appealed from, the same is hereby affirmed, with costs.

Paras, C.J., Pablo, Bengzon, Montemayor, Reyes, Jugo and Labrador, JJ., concur.

[1] 80 Phil., 604

[2] 84 Phil., 202

[3] 84 Phil., 230

[4] 85 Phil., 1

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.