

JOSE B. AZNAR, PLAINTIFF AND APPELLANT, VS. RAFAEL YAP-DIANGCO, DEFENDANT AND APPELLEE; TEODORO SANTOS, INTERVENOR AND APPELLEE.

G.R. No. L-18536. March 31, 1965

Ponente: REGALA, J.

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REGALA, J.:

This is an appeal, on purely legal questions, from a decision of the Court of First Instance of Quezon City, Branch IV, declaring the intervenor-appellee, Teodoro Santos, entitled to the possession of the car in dispute.

The records before this Court disclose that sometime in May, 1959, Teodoro Santos advertised in two metropolitan papers the sale of his FORD FAIRLANE 500. In the afternoon of May 28, 1959, a certain L. De Dios, claiming to be a nephew of Vicente Marella, went to the Santos residence to answer the ad. However, Teodoro Santos was out during this call and only the latter's son, Irineo Santos received and talked with De Dios. The latter told the young Santos that he had come in behalf of his uncle, Vicente Marella, who was interested to buy he advertised car.

On being informed of the above, Teodoro Santos instructed his son to see the said Vicente Marella the following day at his given address: 1642 Crisostomo Street, Sampaloc, Manila. And so, in the morning of May 29, 1959, Irineo Santos went to the above address. At this meeting, Marella agreed to buy the car for P14,700.00 on the understanding that the price would be paid only after the car had been registered in his name.

Irineo Santos then fetched his father who, together with L. De Dios, went to the office of a certain Atty. Jose Padolina where the deed of sale for the car was executed in Marella's favor. The parties to the contract thereafter proceeded to the Motor Vehicles' Office in Quezon City where the registration of the car in Marella's name was effected. Up to this stage of the transaction, the purchase price had not been paid.

From the Motor Vehicles Office, Teodoro Santos returned to his house. He gave the registration papers and a copy of the deed of sale to his son, Irineo, and instructed him not to part with them until Marella shall have given the full payment for the car. Irineo Santos and L. De Dios then proceeded to 1642 Crisostomo Street, Sampaloc in Manila where the former demanded for the payment from Vicente Marella. Marella said that the amount he had on hand then was short by some P2,000.00 and begged off to be allowed to secure the shortage from a sister supposedly living somewhere in Azcarraga Street also in Manila. Thereafter, he ordered L. De Dios to go to the said sister and suggested that Irineo Santos to go with him. At the same time, he requested for the registration papers and the deed of sale from Irene Santos on the pretext that he would like to show them to his lawyers. Trusting the good faith of Marella, Irene handed over the same to the latter and thereupon, in the company of L. De Dios and another unidentified person proceeded to the alleged house of Marella's sister.

At a place in Azcarraga, Irineo Santos and L. De Dios alighted from the car and entered a house, while their unidentified companion remained in the car. Once inside, L. De Dios asked Irineo Santos to wait at the sala while he went inside a room. That was the last that Irene saw of him. For, after a considerable length of time waiting in

vain for De Dios to return, Ireneo went down to discover that neither the car nor their unidentified companion was there anymore. Going back to the house, he inquired from a woman he saw for L. De Dios and he was told that no such name lived or was even known therein. Whereupon, Ireneo Santos rushed to 1642 Crisostomo to see Marella. He found the house closed and Marella gone. Finally, he reported the matter to his father who promptly advised the police authorities.

That very .same day, on the afternoon of May 29, 1959, Vicente Marella was able to sell the car in question to the plaintiff-appellant herein, Jose B. Aznar, for P15,000.00. Insofar as the above incidents are concerned, we are bound by the factual finding of the trial court that Jose B. Aznar acquired the said car from Vicente Marella in good faith, for a valuable consideration and without notice of the defect appertaining to the vendor's title.

While the car in question was thus in the possession of Jose B. Aznar and while he was attending to its registration in his name, agents of the Philippine Constabulary seized and confiscated the same in consequence of the report to them by Teodoro Santos that the said car unlawfully taken from him.

In due time, Jose B. Aznar filed a complaint for replevin against Captain Rafael Yapdiangco, the head of the Philippine Constabulary unit which seized the car in Question. Claiming ownership of the vehicle, he prayed for its delivery to him. In the course of the litigation, however, Teodoro Santos moved and was allowed to intervene by the lower court.

At the end of the trial, the lower court rendered a decision awarding the disputed motor vehicle to the intervenor-appellee, Teodoro Santos. In brief, it ruled that Teodoro Santos had been unlawfully deprived of his personal property by Vicente Marella, from whom the plaintiff-appellant traces his right. Consequently, although the plaintiff-appellant acquired the car in good faith and for a valuable consideration from Vicente Marella, the said decision concluded, still the intervenor-appellee was entitled to its recovery on the mandate of Article 559 of the New Civil Code which provides:

"Art. 559. The possession of movable property acquired in good faith is equivalent to title. Nevertheless, one who has lost any movable or has been unlawfully deprived thereof, may recover it from the person in possession of the same.

"If the possessor of a movable lost or of which the owner has been unlawfully deprived, has acquired it in good faith at a public sale, the owner cannot obtain its return without reimbursing the price paid therefor."

From this decision, Jose B. Aznar appeals.

The issue at bar is one and simple, to wit: Between Teodoro Santos and the plaintiff-appellant, Jose B. Aznar, who has a better right to the possession of the disputed automobile?

We find for the intervenor-appellee, Teodoro Santos.

The plaintiff-appellant accepts that the car in question originally belonged to and was owned by the intervenor-appellee, Teodoro Santos, and that the latter was unlawfully deprived of the same by Vicente Marella. However, the appellant contends that upon the facts of this case, the applicable provision of the Civil Code is Article 1506 and not Article 559 as was held by the decision under review. Article 1506 provides:

"Art. 1506. Where the seller of goods has a voidable title thereto but his title has not been voided at the time of the sale, the buyer acquires a good title to the goods, provided he buys them in good faith, for value, and without notice of the seller's defect of title"

The contention is clearly unmeritorious. Under the aforequoted provision, it is essential that the seller should have a voidable title at least it is very clearly inapplicable where, as in this case, the seller had no title at all.

Vicente Marella did not have any title to the property under litigation because the same was never delivered to him. He sought ownership or acquisition of it by virtue of the contract Vicente Marella could have acquired ownership or title to the subject matter only by the delivery or tradition of the car to him.

Under Article 712 of the Civil Code, "ownership and other real rights over property are acquired and transmitted by law, by donation, by testate and intestate succession, and in consequence of certain contracts, by tradition." As interpreted by this Court in a host of cases, by this provision, ownership is not transferred by contract merely but by tradition or delivery. Contracts only constitute titles or rights to the transfer or acquisition of ownership, while delivery or tradition is the mode of accomplishing the same. (Gonzales vs. Rojas, 16 Phil. 51; Ocejo, Perez and Co. vs. International Bank, 37 Phil. 631; Fidelity and Deposit Co. vs. Wilson, 8 Phil. 51; Kuenzle & Streiff vs. Wacke & Chandler, 14 Phil. 610; Easton vs. Diaz & Co., 32 Phil. 180)

"For the legal acquisition and transfer of ownership and other property rights, the thing transferred must be delivered, inasmuch as, according to settled Jurisprudence the tradition of the thing is a necessary and indispensable requisite in the acquisition of said ownership by virtue of a contract. (Waller Easton vs. E. Diaz & Co. & the Provincial Sheriff of Albay, supra.)

"So long as property is not delivered, the ownership over it is not transferred by contract -merely but by delivery. Contracts only constitute titles or lights to the transfer or acquisition of ownership, while delivery or tradition is the method of accomplishing the same, the title and the method of acquiring it being different in our law." (Gonzales vs. Rojas, 16 Phil. 51)

In the case on hand, the car in question was never delivered to the vendee by the vendor as to complete or consummate the transfer of ownership by virtue of the contract. It should be recalled that while there was indeed a contract of sale between Vicente Marella and Teodoro Santos, the former, as vendee, took possession of the subject matter thereof by stealing the same while it was in the custody of the latter's son.

There is no adequate evidence on record as to whether Irineo Santos voluntarily delivered the key to the car to the unidentified person who went with him and L. De Dios to the place in Azcarraga where a sister of Marella allegedly lived- But even if Irineo Santos did, it was not the delivery contemplated by Article 712 of the Civil Code. For then, it would be indisputable that he turned it over to the unidentified companion only so that he may drive Irineo Santos and De Dios to the said place in Azcarraga and not vest the title to the said vehicle to him as agent of Vicente Marella. Article 712 above contemplates that the act be coupled with the intent of delivering the thing. (10 Manresa 132)

The lower court was correct in applying Article 559 of the Civil Code to the case at bar. For under it, the rule is to the effect that if the owner has lost the thing, or if he has been unlawfully deprived of it, he has a right to recover it, not only from the finder, thief or robber, but also from the third person who may have acquired it in good faith from such finder, thief or robber. The said article establishes two exceptions to the general rule of irrevindicability to wit: when the owner (1) has lost the thing, or (2) has been unlawfully deprived thereof. In these cases, the possessor cannot retain the thing as against the owner, who may recover it without paying any indemnity, except when the possessor acquired it in a public sale. (Del Rosario v. Lucena, 8 Phil. 535; Varela v. Finnick, 9 Phil. 482; Varela v. Matute, 9 Phil. 479; Arenas v. Raymundo, 19 Phil. 46. Tolentino, id., Vol II, p. 261,

In the case of Cruz vs. Pahati, et al., 98 Phil., 788; 52 O.G. 3053, this Court has already ruled that—

"Under Article 559 of the new Civil Code, a person illegally deprived of any movable may recover it from the person in possession of the same and the only defense the latter may have is if he has acquired it in good faith at a public sale, in which case, the owner cannot obtain its return without reimbursing the price paid therefor. In the present case, plaintiff has been illegally deprived of his car through the ingenious scheme of defendant B

to enable the latter to dispose of it as if he were the owner thereof. Plaintiff, therefore, can still recover possession-of the car even if it is in the possession of a third party who had acquired it in good faith from defendant B. The maxim that "no man can transfer to another a better title than he has himself obtains in the civil as well as in the common law." (U.S. vs. Sootelo, 28 Phil. 147).

Finally, the plaintiff-appellant here contends that inasmuch as it was the intervenor-appellee who had caused the fraud to be perpetrated by his misplaced confidence on Vicente Marella, he, the intervenor-appellee, should be made to suffer the consequences arising therefrom, following the equitable principle to that effect. Suffice it to say in this regard that the right of the owner to recover personal property acquired in good faith by another, is based on his being dispossessed without his consent. The common law principle that where one of two innocent persons must suffer by a fraud perpetrated by Another, the law imposes the loss upon the party who, by his misplaced confidence, has enabled the fraud to be committed, cannot be applied in a case which is covered by an express provision of the new Civil Code, specifically Article 559. Between a common law principle and a statutory provision, the latter must prevail in this jurisdiction. (Cruz vs. Paihati, supra)

UPON ALL THE FOREGOING, the instant appeal is hereby dismissed and the decision of the lower court affirmed in full. Costs against the appellant.

Bengzon, C. J., Bautista Angelo, Concepcion, Reyes, J.B.L., Barrera, Paredes, Dizon, Makalintal, Bengzon J.P. and Zaldivar, JJ., concur.

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