

JOSEPH FELDMAN, PLAINTIFF-APPELLANT,*G.R. No. L-7195. May 11, 1956*

Ponente: CONCEPCION, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/a66166bfcc1d/>**CONCEPCION, J.:**

This is an appeal from a decision of the Court of First Instance of Manila to the Court of Appeals which, however, certified the case to this Court for want of jurisdiction to entertain the appeal on account of the amount involved therein.

It appears that, by an instrument dated May 4, 1938 and marked Exhibit A, Teodoro R. Yangco, now deceased, leased to Rafael Corpus, for a period of five (5) years beginning from May 16, 1938, with option to purchase within five (5) years from May 16, 1938 a property known as "varadero de navotas de Teodoro R. Yangco?" consisting of a dry dock and slipways, including the buildings, machinery, equipment and other appurtenances thereto; and the parcel of land on which they are found, located in the municipality of Navotas, province of Rizal and covered by Original Certificates of Title Nos. 2648 and 3087; and Transfer Certificate of Title No. 3444, of the office of the Register of Deeds of Rizal. On March 20, 1939, Rafael Corpus transferred and assigned his rights and interest under said contract to his son R. Mariano Corpus and plaintiff herein Joseph Feldman (Exhibit B.) Subsequently, on or April 24, 1941, R. Mariano Corpus conveyed the rights thus acquired by him to Joseph Feldman (Exhibit C), who, in order to raise funds for the operation of the Yangco Shipyard, on April 30, 1941, sold one-half (½) of his interest thereon to Clemente Hidalgo for the sum of P8,000 (Exhibit D).

Then war broke out in the Pacific, and soon thereafter, the Japanese forces seized and, later, occupied and used the shipyard. On July 4, 1942, Rafael Corpus, as administrator of the estate of Teodoro R. Yangco, who had died meanwhile, signed Exhibit F, prepared by Atty. Pio Duran, upon the request of one M. Mori, as alleged representative of the Japanese Navy - purporting to convey the shipyard to plaintiff, Joseph Feldman, in pursuance of the option to purchase under Exhibit A, in consideration of the sum of P39,100, of which P14,200 was said to have been previously received by the seller; the balance of P39,100 to be paid as follows: P10,000 upon the execution of said instrument, and P39,100 upon approval thereof by the probate court having jurisdiction over the Yangco estate. However, nothing appears to have been done to secure said judicial approval. About a year later, or on May 5, 1943, the administrator of said estate, acting under duress, executed a deed of sale of the shipyard in favor of M. Mori, as representative of the Japanese Imperial Navy. On the same date, May 5, 1943 Joseph Feldman executed a separate document, Exhibit G-I, whereby he waived and relinquished all claim, right, interest and participation in and to the aforementioned shipyard; in favor of M. Mori, in consideration of the sum of P55,000.00 which was actually paid to said plaintiff on May 10, 1943 (Exh. I-Yangco). Part of said amount, or P30,000, was, on the latter date, delivered by plaintiff to his partner Clemente Hidalgo, who accordingly signed the corresponding deed of quitclaim (Exh. 2-Yangco). Thereafter, M. Mori caused Original Certificate of Title No. 3444 and 3087, and Transfer Certificate of Titles No. 3444 of Rizal, covering the land on which the shipyard was operated, to be issued and secured; in lieu thereof, Transfer Certificates of Title Nos. 44803, 44804 and 44805. Upon liberation of the Philippines in 1945, the Yangco Estate instituted Civil Case No. 7568 of the Court of First Instance of Rizal, against M. Mori for the annulment, upon the ground of duress, of the conveyance made in his

favor by the administrator of said estate on May 5, 1943 as well as of said Transfer Certificates of Title Nos. 44303, 44504 and 44305. In due course, judgment was rendered in said Civil Case No. 7568, on May 10, 1946, as prayed for in the complaint (Exh. 7-Yengco).

Meanwhile, the American forces had taken possession of the shipyard which, upon representation made by the Yangco Estate, acknowledged its rights thereto. As a consequence, the administrator of said estate and a representative of the United States executed; on September 30, 1946, the deed Exhibit 8-Yangco, whereby the shipyard was leased to the United States for the period from February 10 to December 15, 1945; at an aggregate rental of P7,787.00, which was paid to the Yangco Estate on November 18, 1946 (Exh. 8-A). About a week later, or on November 26, 1946, the United States turned over to the Yangco Estate, as rental for the "use of the shipyard from January 1 to May 31, 1946, the additional sum of P3,750.00 (Exh. 10), paid by plaintiff's partner; Henry Pile, to the United States, by way of rentals, for the use and occupation of the shipyard under a contract of lease (Exh. M), executed by the Government of said state in favor of Pile, on December 20, 1945. This contract of lease was, on May 31, 1946, substituted by a "contract of custodianship" (Exh. N), whereby plaintiff's partner Henry Pile, acknowledged receipt of the shipyard from the United States, merely as custodian thereof.

Before the promulgation of the decision in civil case No. 7568 of the Court of First Instance of Rizal, annulling the conveyance by the Tangco Estate to Mori, plaintiff, herein asked permission to intervene in said case, for the purpose of seeking annulment of the deed, Exhibit G-1, executed by him, on May 5, 1943; in favor of said Mori. The motion to intervene was denied, however, it having been filed after the conclusion of the trial, when said case was already pending decision, which was rendered soon thereafter. Hence, on June 2, 1946, Joseph Feldman instituted, in the Court of First Instance of Manila, the present action against the administrator of the Tangco estate, the Alien Property Custodian and the Register of Deeds of the Province of Rizal. In the complaint, plaintiff prayed for judgment:

"(a) Declaring that the rights originally granted by Teodoro R. Tangco in favor of Rafael Corpus under the Agreement of Lease with option to Purchase dated May 4, 1938 and which have since been acquired by the plaintiff, are valid and subsisting and in full force;

"(b) Declaring that the deed executed by Joseph Feldman in May, 1943 relinquishing his claim to the property is null and void and without force and effect, and the cancellation of the notation of lease with option to purchase in the Original Certificates of Title Nos. 2645 and 3087 and Transfer Certificate of Title No. 3444 20 illegal;

"(c) Ordering the Register of Deeds of Rizal Province that any new Transfer Certificates of Title to be issued in the name of the Estate of Teodoro R. Tangco covering the property in question be made subject to the rights held by plaintiff under the Agreement of Lease with option to Purchase dated May 4, 1938;

"(d) Ordering the transfer of the property to plaintiff upon payment of the sums tendered in paragraphs 23 and 24 hereof."

(Joint Record on Appeal, pp. 10-11)

and granting "such other and further relief as the facts and the law, justice and equity may warrant."

In its answer to the complaint, the Yangco estate denied most of the allegations thereof; averred that it is the sole owner of the shipyard in question and that plaintiff's rights under the contract of lease, with option to purchase? Exhibit A, had been cancelled prior to December 5, 1941, for delinquency in the payment of rentals; and set up a counterclaim for damages.

Subsequently, or on September 18, 1947) Vesting order No. P-343 (Exh. 14-a), covering the amount of the consideration of the sale which had been annulled by the Court of First Instance of Rizal, was served upon the

Yangco Estate, which, on April 16, 1945, paid to the Philippine Alien Property Administration of the United States the sum of P31,280.00 in full settlement of all claims arising under said vesting "order (Exhibit 14-C). Prior to such payment, or on January 5, 1948, the Yangco Estate, with the approval of the proper probate court, sold the shipyard to Victorio Lachenal, Ildefonso Lachenal and Jose Villaflores, who acquired said property with knowledge of the present litigation (Exhibits 16 and 16-A). As a consequence of this transaction, the registered of Deeds of Rizal issued, on February 26, 1948, Transfer Certificates of Title Nos. 7675; 7676 and 7677 (Exhibits 20, 20-A and 20-B), in the name of Victorio and Ildefonso Lachenal and Jose Villaflores in lieu, respectively, of original Transfer Certificates of Title Nos. 2643 and 3087 and Transfer Certificate of Title No. 3444. Later on, said buyers secured permission to join, and did join, the administrator of the Yangco Estate as his co-defendants in the case at bar.

Upon the other hand, the Philippine Alien Property Administrator of the United States thereafter substituted by the Attorney General of the United States filed a complaint in intervention, based upon the alleged interest of Mori in the Yangco shipyard, vested by virtue of Supplemental Vesting Order No. P-343, and prayed for judgment:

- "Ordering the defendants to recognize that the herein intervenor has a leasehold right and an option to purchase the properties covered by Transfer Certificates of Title Nos. 7675, 7676 and 7677 of the Register of Deeds of Rizal;
- "Ordering the Registered of Deeds of Rizal to annotate on said Transfer Certificates of Title Nos. 7675, 7676 and 7677 Supplemental Vesting Order No. P-343 and the deed marked as Exhibit 'A'.
- "Ordering Joseph Feldman to vacate the premises of the 'Varadero de Navotas de Teodoro R. Yangco,'"
- "Granting to the herein intervenor such further relief as may be deemed just and equitable in the premises."

Likewise, the administratrix of the estate of Clemente Hidalgo, who had died meanwhile, intervened as party plaintiff, but? failed to prosecute the claim set up in her complaint in intervention, which was based upon her husband's share in the Yangco shipyard.

After appropriate proceedings, the Court of First Instance of Manila rendered judgment, the dispositive part of which reads as follows:

"IN VIEW OF THE FOREGOING; judgment is hereby rendered absolving the defendants of the plaintiff's complaint and of the two complaints in intervention filed by Mercedes Hilario Vda de Hidalgo and by the Philippine Alien Property Administrator of the United States. On the counterclaims of the defendants, the plaintiff and his business partners, Henry Pile and George Feldman, are hereby ordered to vacate and to surrender to the defendants the property formerly known as Varadero de Navotas in the Municipality of Navotas, Province of Rizal Philippines, and now described in the Transfer Certificate Titles Nos. 7576, 7676 and 7677 of the Registry of Deeds of Rizal Province, together with all the improvements, found, erected and introduced thereon and to pay the defendants, by way of rentals on the shipyard the amount of P1,000.00 a month from the beginning June 1, 1946, up to the date the physical possession of the entire property or shipyard with all its accessories and improvements thereon shall have been actually returned to an duly received by the defendants, the registered owners thereof, with legal interest thereon from the date of the filing of the counterclaim,

"Defendants will recover their lawful costs from the plaintiff."

Plaintiff Joseph Feldman and the intervenor, Attorney General of the United States, have appealed from this decision. The issues raised in their appeals may be summed up as follows: a) whether or not Feldman's consent to Exhibit G-1 was given through duress; b) whether he had seasonably exercised his option to purchase Exhibit A;

c) whether he has, as regards certain improvements In oho property in dispute, the rights provided for in Article 36l of the Civil Code of Spain; and d) whether the intervenor, Attorney General], of the United States lies any title or interest in and to said property.

With reference to the first question, His Honor, the Trial Judge, had the following to say;

"Two witnesses were presented by the plaintiff to show duress. The first, Atty. Pio Duran, a friend of the plaintiff, testified that when Feldman asked him for advice about signing over the shipyard to the Japanese; he "told Feldman to do anything that the Japanese wanted because the Japanese could get what they wanted anyway and that on the return of the American forces, all such transactions of the Japanese would be set aside as void. The second, the plaintiff himself; testified that he vies told by the Japanese to go to the store 'Osaka bazar' where M. Mori told him that the Japanese Navy wanted the shipyard, and ordered him to go to See Pio Duran, who would prepare all the papers. Plaintiff further testified that he asked the advice of his close friend, Gen. Vicente Lim of the Philippine Army, who also advised him to sign anything the Japanese tell him to sign. Accordingly, the plaintiff signed Exhibit 'G' and received from Mori, upon signing the same, the stated consideration of P55,000.00, of which P30,000.00 went to his partner, Clomente Hidalgo, who also signed the corresponding receipt with waiver in favor of the said M. Mori. To show that he could have not voluntarily sold his rights to the entire property for P55,000.00, the plaintiff attempted to establish thru the testimony of Helton Carson, that in October, 1941? the letter, or behalf of Jan H. Marsman, offered him P100,000.00 for his rights in the shipyard, which offer he refused. Likewise, plaintiff availed of the deposition of Judge Rafael Corpus to the effect that in July, 1941, Madrigal made an offer to purchase the Varadero for P70,000.00, which offer plaintiff also turned down.

"Duress to be availed of must be proven and established. It is incumbent upon the plaintiff to prove and establish it. Upon the foregoing evidence of the plaintiff and upon the facts of record, the Court finds, end so holds, that there was no duress or threat in the execution of the said deed of waiver of May 5, 1943, Exhibit "G-1". There was only fear of displeasing the Japanese civilian, M. Mori, to whom obedience and respect was then due³ but this fear is no legal ground for annulling the contract. The advice riven him by Atty. Fio Duran and Gen. Vicente Lim does not constitute such threat of duress that would cause the voidance of the doc urgent in question. In order that threat, intimidation or duress may be a sufficient ground for the annulment of s sale? it is necessary that the same should be reasonable and well "'founded, and this requires that the threats be actual, serious and possible of realization, and that it be proven by sufficient evidence and not merely by implication. And assuming that there was such a semblance of duress, in order to annul the contract? it is necessary that the person employing it has the necessary means to inflict the injury afraid of. But the evidence for the plaintiff, as above recited, fails to establish these legal requisites. And not even plaintiff's fear of imprisonment, had he refused to sign the document; would constitute duress or intimidation that would void the document under consideration.

"Much stress is laid by the plaintiff on the theory that because the deed of sale, Exhibit "A", executed on May 5, 1943, by the Estate of Teodoro R. Yangco was voided by the Court on the ground that duress, plaintiff's waiver of his rights and interests over the same property and executed on the same day in favor of the sane Japanese should also be so declared void. The analogy is not well taken. In said Civil Case No. 7568 the Court based its declaration of nullity on the following facts established in the trial:

"x x x that in the month of February, 1942, the Imperial Japanese Navy sealed, took possession of and required the administrator of the Estate of Teodoro R. Yangco to sell said property to the defendant; Mo Mori, in his capacity as representative of the Imperial Japanese Navy, but said administrator refused and declined to sell the same; and that later OR;. the Imperial Japanese Navy made repeated demands to acquire the property and informed the administrator of the Estate,, Mr- Rafael Corpus; that his refusal to sell the property would be considered as lack of cooperation on his part and would consider it a hostile act against the Imperial Japanese Navy; that sometime on May. 1943? the Administrator of the Estate of Teodoro R. Yangco, a ; deed of sale, already prepared, covering the property above mentioned in Japanese Military Notes, with specific orders to

have it signed, executed and thereafter submit the same to the Probate Court of the City of Manila for approval; that, in view of the continuous demand and strong military pressure, threat and Intimidation, the said Administrator signed, executed and obtained the approval of the Probate Court of said deed of sale against his own-will and against the will of all the legatees of the Estate; x x x' (Decision, Exhibit "7").

On the other hand, in the evidence presented by the plaintiff, no such continuous demand and strong military pressure, threat and intimidation were employed on the plaintiff when he signed the document, Exhibit 'G-1' other than the., advice of attorney and friend? Atty. Pio Duran and Gen. Vicente Lim. Furthermore, the Court believes that there was a great difference in the position of the two contending parties with respect to the property in question. The Estate of Teodoro R. Yangco was the registered owner of the whole property. The price paid for it was quite disproportionate to the actual value? especially if it is taken into account that the option to purchase the same under the original lease. Exhibit 'A1, already expired on May 3s 1943, or three days before the execution of the voided sale; if Feldman and Hidalgo had any remaining claim, right or interest in the property, it was nothing but the unexpired term of ten (10) days of the lease; which they were no longer enjoying at the time and which would have expired anyway on May 15, 1943, In fact, it has been established that Feldman acquired the lease rights over the shipyard without any consideration:

"Q. And on March 20, 1939, you acquired one-half of the lease hold rights over the Varadero de Navotas of the late Don Teodoro R. Yangco from Judge Corpus"?

'A. Yes, he transferred his rights to me.

'Q. And one-half to his son Marino Corpus?

'A. Yes.

'Q. Did you pay any sum of money for the said transfer of his rights and interests of the naif he transferred to you?

'A. No, I did not pay any money to Judge Corpus. Judge Corpus gave the transfer of his rights without any cash'.

(plaintiff's testimony, t.s.n. p. 144)

"Plaintiff did not have any business activities in 1943; he and his partner, Hidalgo, were not in physical possession of the property; their option to purchase, if any, had already lapsed and their lease was to expire in ten days or on May 15, 1943; Feldman was to receive for his supposed rights so acquired without paying a single centavo a substantial amount of P25,00.00 while his business partner, was to receive an amount almost 1 four times his investment. This Court takes judicial notice of the fact that residents of Manila and neighboring towns during those days of uncertainty were selling their properties either because of necessity or to avoid hazards of loss. In the opinion of this Court, the plaintiff and his partner could not be considered as an exception to the prevailing precarious condition obtaining in the City of Manila and the nearby towns during the Japanese occupation. The Court has no other recourse, therefore, but to hold that the execution of his waiver of May 5, 1943, Exhibit 'G-1', as voluntary and on good consideration and not under duress. Consequently, his first cause of action is without merit and untenable."

We are, substantially, in accord with the foregoing finding. At any rate; it appears that plaintiff's option to purchase had expired on May 3, or 4, 1943; or previous to the "execution of Exhibit G-1, 3-0 that, regardless of the alleged nullity of said instrument, he has no mere rights in and to the Yangco shipyards

Plaintiff maintains that he retained those rights in view of the execution of Exhibit F on July 4, 1942. The record shows clearly that plaintiff signed this instrument without the slightest intent to exercise his option to purchase the

shipyard, and that, in fact, he did not exercise said right for:

- Exhibit F was prepared without his knowledge, by order of Mori. Plaintiff affixed his signature thereunder merely because the Japanese told him to do so. Indeed, after signing the instrument, plaintiff did not do everything about it. He did not even know or inquire and, hence, he did not introduce any evidence on - what was done with it.

- Had he intended to exercise, or believed to have exercised, the option to purchase by virtue of Exhibit F, plaintiff would have caused the corresponding certificates of title to be issued in his name and otherwise asserted ownership over the Yangco shipyard; immediately after the execution of said instrument or shortly afterwards, yet he did not do so. What is more, his acts indicate otherwise. Thus, for instance, - his partner Henry File, leased the shipyard from the United States and paid thereto the stipulated rental, instead of demanding from the United States, as the Yangco Estate did, payment of the corresponding compensation for the use and occupation of said property during the year 1945. As above stated, the amount paid by plaintiff's aforesaid partner to the United States, by way of rental for the period from January 1, 1946 to May 31, 1946 was turned over by the United States to the Tangee Estate.

- Plaintiff admitted on the witness stand that he has not, as yet, exercised his option to purchase, despite the execution of Exhibit F.

As regards plaintiff's claim over the improvements allegedly introduced by him on the property in dispute, suffice it to say that Article 36I of the Civil Code of Spain, upon which he relies, refers to improvements introduced by a possessor, as owner; and, hence, does not apply to him, he having held said property, first as lessee, and then as custodian, but never as owner thereof (Alburo vs. Villanueva, 7 Phil., 277; Tiah vs. Jose, 38 Off. Gas., 1197; 3 Manresa, 4th ed., 215-216; Kontinola vs. Bentug, 71 Phil., 449).

Besides, his contract of lease, and as well as that of custodianship, with the United States, specifically provided:

"All improvements that the LESSEE may erect or construct on the leased property shall belong to the LESSOR upon termination of this contract of lease, except when such improvements may be removed without impairing the nature of the leased property". (Exhibit M.)

"All improvements that the CUSTODIAL may erect or construct on said premises shall become a part of the realty and are not removable upon termination of custodianship, except when such improvements may be removed without impairing the nature of said property." (Exhibit N.)

In short, plaintiff herein is Entitled to recover nothing for the improvements already adverted to.

As to the complaint in intervention of the Attorney General of the United States, it is obvious that his interest in the Yangco shipyard is dependent solely upon such rights. If any, as Mori may have thereon in consequence of the execution of Exhibit G-I. Considering, however, that by virtue of said deed, Mori merely sought to acquire such rights as plaintiff had to lease and purchase the shipyard; that plaintiff's right of lease expired on May 15, 1943; and that his option to purchase expired before the execution of Exhibit G-I, it follows that the same could not have transmitted said option to Mori, and that the United States could not have acquired either said option to purchase, or any right of lease under Exhibit A, both having been extinguished prior to the issuance of the vesting orders already adverted to. In Fact the United States had already acknowledged the title of the Yangco Estate to the shipyard in question, for the former leased this property from the latter during the year 1945 (Exhibit S), and delivered to the latter's administrator the rentals paid by Henry Pile to the United States for the period from January 1, to May 31, 1946 (Exhibits 10, 10-a and 10-b). Its representative even wrote to Pile, on November 26, 1946 the letter Exhibit H, reading:

"We have been directed by the Office of the Alien Property Custodian to terminate the Contract of Custodianship given to you by this office to operate the 'Varadero de Navotas de Teodoro R. Yangco', and to turn over the possession of said property to the Administrator of the Estate of the late Teodoro R. Yangco.

"Any negotiations for continued use of the premises and for the accrued rentals for the period of custodianship should be made directly with the administrator." (Underscoring supplied.)

Evidently, the complaint in intervention of the Attorney General of the United States was filed merely as a matter of legal expediency, based upon the belief that should the validity of Exhibit G-1 be upheld, K. Mori might still have an interest in the Yangco shipyard, which would have passed to the United States in consequence of the vesting orders above referred to. This possibility has not materialized, however, for the reasons already stated.

WHEREFORE, the decision appealed from is hereby affirmed, with costs against plaintiff Joseph Feldman.

IT IS SO ORDERED.

Paras, C.J., Bengzon, Padilla, Montemayor, Reyes, A., Jugo, Bautista Angelo, Labrador, Concepcion, Reyes, J.B.L., and Endencia, JJ., concur.

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.