

JOSE T. VALENZUELA, ETC., PLAINTIFF AND APPELLANT, VS. JOSE I. BAKANI, DEFENDANT AND APPELLEE; FLORENCIO H. ARAULLO, INTERVENOR AND APPELLANT.*G.R. No. L-4689. August 31, 1953*

Ponente: PARAS, C.J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/e70333f70f4c/>**PARAS, C.J.:**

On May 8, 1938, Jose T. Valenzuela sold to Jose I. Bakani, for the sum of P13,490.00, eight parcels of land situated in the municipalities of Guagua and Lubao, province of Pampanga, and covered by original certificates title Nos. 21839, 21840, 21848 and 21850 of the Registry of Deeds of Pampanga, Valenzuela reserving to himself the right to repurchase within seven years for the same consideration, and to remain on the land as lessee at an annual rental of P1,100 beginning May 1939. On May 22, 1943, Valenzuela and Bakani executed another agreement extending the period of repurchase to ten years from May 16, 1943, and reducing the annual rental to P867. On February 16, 1944, Valenzuela transferred his rights to the land to Florencio H. Araullo, binding himself at the same time to obtain the cancellation of the sale in favor of Bakani. On March 3, 1944, Valenzuela, thru Atty. Valeriano Silva, addressed a letter to Bakani, offering the sum of P13,490 as payment of the repurchase price, and warning that if no answer was received in ten days, Bakani would be considered as having refused to receive said payment and to reconvey the property, in which case Valenzuela would institute the proper action. This was followed by another letter, dated March 21, 1944, sent to Bakani by Valenzuela through Atty. Silva, calling attention to! the previous letter and admonishing that if no answer was received from Bakani in five days, the corresponding action would be filed. In his answer dated March 24, 1944, Bakani rejected the payment offered and refused to reconvey the property to Valenzuela. Whereupon, on March 31, 1944, Valenzuela instituted the present action in the Court of First Instance of Pampanga, to compel Bakani to execute the proper deed of resale. In paragraph 7 of the complaint, it is alleged that the plaintiff was depositing with the clerk of court the sum of P15,372.50 to cover the amount of the repurchase price (P13,490), the unpaid rentals up to March, 1944 (P1,882.50), and the expenses in connection with the contract (P200), and that the said amount was at the disposal of Bakani. Subsequently Florencio H. Araullo, who had already acquired the rights of Valenzuela, was allowed to intervene in the case. In his decision dated May 10, 1950, the trial Judge held that there was no valid consignation on the part of Valenzuela, and accordingly gave the following judgment:

"WHEREFORE, as prayed for by the intervenor, the defendant is hereby ordered to execute a deed of resale in favor of the intervenor FLORENCIO H. ARAULLO over the eight parcels of land in question and now described in, and recorded under Transfer Certificates of Title Nos. 74, 75, 76 and 77 of the Registry of Deeds of Pampanga, upon payment by said intervenor to the defendant of the sum of thirteen thousand four hundred and ninety pesos (P13,490) in actual currency; and the intervenor is ordered to pay the defendant the sum of P950 as part of the rentals due on May 16, 1943; plus the yearly rentals of P867 from May 15, 1944 until the repurchase of the properties be accomplished, with legal interests thereon from their respective dates of maturity (May 15 of every year) until fully paid, without pronouncement as to costs."

The plaintiff Jose T. Valenzuela and the intervenor Florencio H. Araullo have appealed. After the death of

Valenzuela he was in due time substituted by the administratrix of his estate, Felisa Malicsi Vda. de Valenzuela.

As pointed out in the appealed decision, the defendant-appellee, Jose I. Bakani, contended that the amount offered and consigned in court by the plaintiff-appellant was not the price of the sale with pacto de retro, that the consignation was not in accordance with law, and that by virtue of the second agreement of May 22, 1943, the original contract of sale with right of repurchase was converted into an absolute deed. The first and second points were overruled by the trial judge. As to the first, it was correctly ruled that the Japanese military notes were legal tender in the Philippines during the Japanese occupation. As to the third, the agreement of May 22, 1943, expressly stipulated that "se extiende el plazo del referido retracto a diez (10) años contados desde el Mayo 16, 1943."

The important issue that arises, as the appellants so emphasize, is whether or not the trial court erred in holding that there was no valid consignation. Its ruling was based on the premise that Valenzuela did not give previous notice of the judicial consignation in conformity with article 1177 of the old Civil Code providing that, "In order that the consignation of the thing due may release the obligor, previous notice thereof must be given to the persons interested in the performance of the obligation." Upon the other hand, it is argued for the appellants that the service of the summons and copy of the complaint upon the appellee constituted sufficient notice. The latter's contention is correct. In the case of *Alejandro Andres, et al. vs. Court of Appeals, et al.*, [1] December 29, 1949 (47 Off. Gaz. 2876), this Court made the following applicable pronouncement: "The petitioners also question the validity and regularity of the consignation in court made by respondents of the sum of P5,500. Suffice it to say on this point that after the rejection by the petitioners of the valid tender made by the respondents, the latter filed the corresponding complaint in court accompanying the filing of the suit with the consignation of the money in court and alleging and mentioning said consignation in the complaint. This was sufficient notice to the petitioners of the consignation so that if they wanted to receive that money from the court in return for a reconveyance of the property in question, they could have done so." Again, in *Duñgao, et al. vs. Roque, et al.*, [2] G. R. Nos. L-4140 and L-4141, decided on December 29, 1951, this Court held: "How the second notice is to be affected is not specified. The usual method is, when the consignation is followed by the filing of a suit, through service to the defendant of the summons accompanied by a copy of the complaint."

The consignation being thus valid, Valenzuela was released from any further obligation regarding the repurchase price, and it consequently became the duty of the appellee to execute the necessary deed of reconveyance in favor of Valenzuela, now subrogated by Florencio H. Araullo. It is noteworthy that the amount deposited in court covered not only the repurchase price but also the rentals due up to the date of the consignation, plus the necessary expenses.

Wherefore, the appealed judgement is reversed and the appellee, Jose I. Bakani, is hereby ordered to execute, within ninety days from the finality of this decision, the proper deed of reconveyance covering the properties herein involved, in favor of Florencio H. Araullo. So ordered without pronouncement as to costs.

Bengzon, Tuason, Montemayor, Reyes, Jugo, Bautista Angelo and Labrador, JJ., concur.

[1] 85 Phil. 192.

[2] 90 Phil. 657.

DISIDENTE

PABLO, M.,

Yo opino que la decision del Juzgado de Primera Instancia debe confirmarse, y no ordenar al demandado Bakani a otorgar la escritura de reventa sin recibir nada, considerando buena y legitima la consignacion verificada por Valenzuela en 31 marzo de 1944 al presentar la demanda.

La escritura otorgada por las partes en 6 mayo de 1938, decia que la recompra seria en la suma de P13,490 pesos filipinos, y no en papel moneda japonesa; al tiempo de otorgarse la escritura, a nadie se le ocurría que vendrian los japoneses a ocupar las Islas; por lo tanto, el demandado Bakani tiene derecho a exigir que la recompra se haga con moneda filipina, y no con otra, de acuerdo con el articulo 1090 delCodigo Civil.

En la escritura otorgada en 22 de mayo de 1943 (Exh. B) no se estipulo sobre el precio de la recompra, ni en su cantidad, ni en su calidad. El parrafo que enmendo la primera escritura dice asi:

"Que yo el vendedor y comprador a retro convenimos por el presente en que: (1.º) se extienda el plazo del referido retracto a diez (10) años contados desde el Mayo 16, 1943; (2.º) se reduzca el pago del canon a P867 anual en vez de P1,100; y (3.º) para el caso de que dentro del referido plazo dicho vendedor a retro no pudiera retraer aun las referidas fincas la expresada venta a retro adquirira el caracter de absoluta e irrevocablemente consumada."

No hubo novacion en cuanto a la calidad del precio de recompra; solamente hubo novacion en cuanto al plazo del retracto.

Puesto que la cantidad consignada no era la moneda convenida—pesos filipinos, sino papel moneda japonesa,—la consignacion entonces no es buena, no se ha hecho de acuerdo con la ley.

DISSENTING

PADILLA, J.,

I dissent from the pronouncement that the Japanese military or war notes were legal tender and that the consignment of the repurchase price and stipulated annual rentals was valid, for the same reasons stated in my dissent in *La Orden de PP. Benedictinos vs. Philippine Trust Company*,[*] 47 Off. Gaz., 2894, 2897. That part of the judgment appealed from requiring the vendors's assignee to pay in the present currency the redemption price of the parcels of land sold under a pacto de retro, together with the annual rentals due and unpaid, should be affirmed.

Excerpts from the Minutes of September 29, 1953

"The motion for reconsideration filed by attorneys for the defendant-appellee in G. R. No. L-4689, Jose T. Valenzuela, etc. vs. Jose I. Bakani, is denied. Notice of consignment mentioned in Article 1777 of the Civil Code was in effect accomplished simultaneously with the tender of payment made by the plaintiff-appellant in his two letters addressed to the defendant-appellee, wherein, aside from offering the repurchase price, expressly advised the appellee that, if no answer thereto was received, the proper judicial action would be instituted. As aptly commented by Manresa (Vol. 8, 4th ed., p. 299) 'A pesar de asas notables diferencias (con motivo de las cuales hemos ido explicando lo relativo al anuncio de consignacion), nada se opone a que se simplifique el procedimiento, haciendo aquel y la oferta de pago en un solo acto, que comprenda, con la distincion necesaria, el ofrecimientoa ante todo, y subsidiariamente el anuncio de que, al no ser aceptado aquel,

se procedera a consignar lo debido. El anuncio, lo mismo que el ofrecimiento, pueden hacerse judicial o extrajudicialmente, justificandose su practica de un modo autentico por uno u otro procedimiento para porceder a la consignacion del pago.' The purpose of previous notice of consignment is to avoid court litigation and to give the creditor both the choice and the opportunity to be saved from the consequential expenses and costs; and the flat rejection by the defendant-appellee of the tender of payment constituted a positive indication of his preference to abide by the result of a judicial action necessarily involving consignment." Mr. Justice Pablo dissents.

[*] 85 Phil. 217.

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.