

**VITALIANO JURADO, PETITIONER, VS. MARCELO S. FLORES,
RESPONDENT.***G.R. No. L-1365. November 14, 1947*

Ponente: PARAS, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/ff153bb5f518/>**PARAS, J.:**

The respondent Marcelo S. Flores and the petitioner Vitaliano Jurado are respectively the plaintiff and the defendant in civil case No. 7 of the Court of First Instance of Cebu, which was an action in which the respondent sought to obtain a judgment declaring the respondent to be the owner of lot No. 2600-B of the Subdivision Plan Psd-1366 of the cadastral survey of Cebu, and ordering the petitioner to vacate said lot. After trial, the Court of First Instance of Cebu rendered a decision favorable to the respondent. Having failed to secure a reversal from the Court of Appeals, the petitioner has elevated the case before us in third instance.

The lot in question was bought by the respondent on December 19, 1944, for the sum of P10,000, from Jose S. Leyson who then held transfer certificate of title No. 19743, covering said lot. Registration of this sale on December 20, 1944, led to the issuance of a new transfer certificate of title (No. 1988) in the name of the respondent. In disputing the respondent's title, the petitioner claims that in the middle of the year 1933, Rosario Miranda, the original registered owner of the lot, executed a contract (which was never registered) in favor of the petitioner, by virtue of which Rosario Miranda promised to sell said lot to the petitioner for the sum of P1,600 payable in instalments. It appears, however, that the petitioner failed to pay some instalments amounting to some P300, as a result of which, in accordance with the terms of the contract, Rosario Miranda cancelled the same. From the circumstance that transfer certificate of title No. 19743 was issued in the name of Jose S. Leyson, it may safely be concluded that the lot was conveyed to him in due form, after petitioner's contract had been cancelled.

It is now contended on behalf of the petitioner that although the latter's contract provided for automatic rescission in case of petitioner's failure to pay any instalments, Rosario Miranda had no right to cancel the sale without judicial intervention; that Rosario Miranda, through her agent Jose S. Leyson, tolerated petitioner's irregularity in the payment of the stipulated instalments, such that the contract to sell was thereby novated and Rosario Miranda's right to rescind waived; and that Jose S. Leyson and the respondent acted in bad faith in the execution of the deed of sale in favor of the latter.

The finding of the Court of Appeals, which is of course conclusive in this instance, that bad faith on the part of Jose S. Leyson and the respondent has not been established by the evidence, necessarily compels us to uphold the title acquired by the respondent from Jose S. Leyson, the registered owner of the lot in question, if we are to recognize the proverbial virtuality of a Torrens title. In other words, we have here to give effect to the rule that there is no other owner of a property registered under the Torrens system than that in whose favor a certificate of title has been issued. (*Visayan Surety & Insurance Corporation vs. Versoza*, 72 Phil., 362.)

It becomes unnecessary for us to decide whether the cancellation by Rosario Miranda (without judicial approval) of the contract to sell executed by her in favor of the petitioner, was legally proper, or whether there was a

novation of said contract, since these are matters that concern only the contracting parties and cannot affect any right acquired in good faith by the respondent under the conveyance executed by Jose S. Leyson at a time when the latter, and not Rosario Miranda, was the holder of a Torrens certificate covering the lot in controversy. Similarly, we need not discuss the superfluous pronouncement of the Court of Appeals, also assigned as error by the petitioner, to the effect that even granting that Jose S. Leyson and the respondent acted in bad faith, "it is of no avail for appellant (petitioner) for he never acquired ownership over the lot in controversy."

The decision of the Court of Appeals is hereby affirmed, and it is so ordered, with costs against the petitioner.

Moran, C.J., Feria, Pablo, Hilado, Bengzon, Padilla, and Tuason, JJ., concur.

DISSENTING

PERFECTO, J.:

Petitioner Vitaliano Jurado seeks review of the decision of the Court of Appeals which affirms the one rendered by the Court of First Instance of Cebu declaring Marcelo S. Flores the owner of lot No. 2600-B of the Subdivision Plan PSL-1366 of the cadastral survey of Cebu. The facts of the case are stated in the decision of the Court of Appeals.

In 1933, Rosario Miranda was the registered owner of the lot in question, as accredited by transfer certificate of title No. 8731 of the register of deeds of Cebu. About the middle of 1933, she sold the lot of Vitaliano Jurado for the sum of P1,600 payable P100 in cash and the rest in fifty successive monthly installments of P30, to begin from June 1, 1933, issuing the corresponding deed to said effect.

Therein it was stipulated that: (1) the buyer shall take possession of the lot; (2) the buyer shall pay the installments to Jose S. Leyson, attorney of the seller, who shall issue the receipts; (3) while the full price is not paid, the purchaser shall not be the absolute owner of the lot, which shall remain under the full dominion of the vendor together with all the improvements made on it; (4) failure of the purchaser to pay any of the installments within 30 days after becoming due, the sale shall be considered as rescinded and the contract null and void, without resorting to any judicial proceeding, and the purchaser losing every right he might have over said lot and improvements existing thereon, in addition to all the amounts that until then he may have paid, which shall be considered as rents for the occupation of the land. The above stipulations appear in the clause of the contract which we quote:

"I (the vendor) make it appear also that from this date the buyer shall take possession of the aforementioned lot, binding himself, however, to fully pay the 50 installments agreed upon and which he shall prove to have satisfied without interruption by means of the receipts that my attorney, Jose S. Leyson, shall issue in his favor upon making the payment, provided that, while the whole amount is not paid, the purchaser shall not be the absolute owner of said lot which, it is understood, shall remain under the full dominion of the vendor, together with all the improvements made on the lot since this date; and should the purchaser fail to pay any of the installments above referred to within 30 days after becoming due, this compromise of sale shall be considered as rescinded and this contract null and void, without resorting to any judicial proceeding, and the purchaser losing every right he might have over said lot and improvements then existing thereon, in addition to all the amounts that until then he may have paid, which shall be considered as rents for the occupation of the land; in case the matter be brought to the courts, the purchaser binds himself to pay a sum equivalent to the 30 per cent of the amount indebted as a special liquidated penalty, indemnity and damage."

The deed of sale has never been registered.

From the date of its execution up to the time the litigation ensued, Vitaliano Jurado has been in actual possession of the lot in litigation, with the exception of a short period during the war when defendant and his family evacuated from the City of Cebu.

Payment of the installments were made irregularly and in the year 1941, when on account of the war, Jurado ceased to make further payments of the installments, there was still an unpaid balance of the purchase price amounting to between P200 and P300.

Had Jurado paid regularly the installments, the total purchase price of the lot would have been wholly paid either in the year 1938 or 1939.

Long after the execution of the deed of sale in 1933 in favor of Jurado, but before the outbreak of the Pacific War, transfer certificate of title No. 19743, covering the lot in question, was issued in the name of Jose S. Leyson by the register of deeds of Cebu. The Court of Appeals presumes that the issuance of said certificate could not have taken place unless Rosario Miranda, or any of her legal successors in interest, had executed the corresponding instrument and caused the necessary registration thereof as a requisite previous to the transfer to Leyson's name of the muniment of the title of the land.

On December 19, 1944, after the issuance in his name of said certificate, Atty. Jose S. Leyson sold the lot in question to Marcelo S. Flores in consideration of the sum of P10,000. The deed of sale was registered on December 20, 1944, causing the issuance of transfer certificate of title No. 1988 in the name of Marcelo S. Flores.

The transaction took place when Vitaliano Jurado had evacuated from Cebu. Flores claims that he took immediate possession of the property, although soon thereafter he had to evacuate from the City of Cebu because of the intensity of the bombardments of the city by the Americans.

After the liberation of Cebu by the American forces, Jurado went back to his residence, the house he had erected on the lot in question. When Flores returned to the city, he found Jurado occupying the place. On June 15, 1945, Flores filed a complaint in the Court of First Instance of Cebu praying that he be declared the owner of the land and that Jurado be ordered to vacate the premises.

As stated in the decision of the Court of Appeals, Jurado's contention that Flores cannot be the owner of the land is argued as follows:

- (a) That the execution by Atty. Leyson of the deed of sale in favor of Flores and the issuance of transfer certificate of title No. 1988 in his name, took place at a time when the government offices of the city and Province of Cebu under the so-called Philippine Republic were in great disorder and when any government official or employee, especially Atty. Leyson, then Governor of Cebu under the Japanese regime, could have done or cause to be done any illegality or thing he wanted;
- (b) That Atty. Leyson was the notary public before whom Rosario Miranda ratified the deed of sale issued in favor of Jurado and was the vendor's agent to whom the payment of the installments agreed upon had to be made and was the one authorized to issue the receipts for said payments;
- (c) That since 1933 up to the present time, Jurado was and is in possession, adverse and open, of the lot in question, residing and doing business all that time in his house built on the lot in question;
- (d) That the lot in dispute is situated in a very noticeable part of the City of Cebu, and that Jurado's business is very well advertised by signboards and in different newspapers;
- (e) That the deed of sale executed by Atty. Leyson in favor of Flores contains a clause to the effect that the sale involved therein was "without recourse and without warranty of eviction," which is a very strange and unusual

clause to be accepted by a real estate broker like Flores, and which clearly denotes that Leyson's ownership over the property in question had defects or flaws from which the vendor desired to be protected;

(f) That considering the facts, it seems clear that in the transaction between Leyson and Flores, both the vendor and the vendee acted in bad faith; and

(g) That anyway, neither Rosario Miranda nor her agent, Atty. Leyson, could without the intervention of the courts deprive Jurado of whatever rights he might have acquired on the property in question by virtue of the deed executed by Rosario Miranda in 1933.

The above facts mentioned in the decision of the Court of Appeals appear not to be in dispute. The Court of Appeals disposed of Jurado's contention as follows:

- That because the deed of sale executed by Rosario Miranda in favor of Jurado was never registered, in virtue of section 50 of Act No. 496, Jurado "never acquired any right of ownership over the lot in question," and the deed only served to operate as a covenant between the contracting parties and as authority to the clerk or Register of Deeds to make registration.

- That in said deed of sale, although Jurado was authorized to take, as in fact he did take, immediate possession of the lot, the parties agreed that the purchaser shall not be the absolute owner of the lot, which was to remain under the full dominion of the vendor, together with the improvements made on the lot until after the purchase price of the property would be fully satisfied, and failure to pay any of the installments agreed upon after 30 days of their becoming due, would cause the rescission of the sale and would make the contract null and void, without resort to any judicial proceeding, and would result to the loss on the part of the purchaser of every right he might have over said lot and improvements then existing thereon and of all the amounts paid which were to be considered as rents for the occupation of the premises.

- That Jurado does not deny that he paid the installments irregularly and that up to the outbreak of the war he had not paid the balance of from P200 to P300 of the purchase price, which should have been fully satisfied in 1938 or at most in 1939, although he contends that the above referred clause of the deed of sale relative to the payment of the installments was null and void and afterwards novated because of the liberality and tolerance of Atty. Leyson.

- That the clause in question is not illegal in accordance with article 1258 of the Civil Code.

- That, under article 1124 of the Civil Code, the right to resolve reciprocal obligations in case one of the obligors shall fail to comply with that which is incumbent upon him, is deemed to be implied therein, though such right must be invoked judicially.

- That because of the lack of registration of the deed of sale issued by Rosario Miranda in favor of Jurado, the latter never acquired any right of ownership over the land in litigation, and therefore, no contract of sale can be rescinded by the courts in this case for the simple reason that title over the lot purported to be purchased was never conveyed to appellant.

- That article 1473 of the Civil Code provides that if the same thing should have been sold to different vendees, should it be real property, it shall belong to the purchaser who first recorded it in the Registry of Deeds.

- That the implication of bad faith on the part of Jose S. Leyson and Marcelo S. Flores in the execution of the deed of sale between both, has not been established by the evidence and, at any rate, it is of no avail for appellant for he never acquired ownership over the lot in controversy.

We cannot agree with the position taken by the Court of Appeals. The evident injustice resulting from it is abhorrent to the conscience.

From the facts proved and stated in the very decision of the Court of Appeals, we are constrained to conclude that the decision in favor of Marcelo S. Flores, depriving Vitaliano Jurado of the property and possession of the lot in controversy, is wrong and unjust. We are convinced that Jurado is a victim of a conspiracy which Leyson and Flores concocted with undisputed bad faith. The trick to deprive Jurado of the property in question is one of the dirtiest ever woven. Conscience revolts against it.

Leyson was one of the protagonists in the sale made by Rosario Miranda to Jurado. He was the attorney of the vendor. He was the notary public before whom the deed of sale was ratified. He was the attorney authorized to issue receipts for the installments paid. For him to deny knowledge of the sale made in favor of Jurado is to commit a stark falsehood. The facts in this case show conclusively that Atty. Leyson was fully aware of the transaction which had taken place in 1933 between Rosario Miranda and Jurado. He was fully aware of the fact that, of the purchase price of P1,600, Jurado paid from P1,300 to P1,400. When Leyson secured the issuance in his name of a certificate of title over the lot which Rosario Miranda sold to Jurado, he was fully aware that one logical effect of his act was to unjustly deprive Jurado of the land he bought or of the money he paid for the lot. He is an attorney-at-law.

That Leyson was cognizant of the laches of the title he acquired on the lot in question is shown by his failure to take any direct action against Vitaliano Jurado. He dared not eject Jurado from the possession of the land. He dared not question Jurado's claim to the property of the lot. Even with the omnimodous powers he was wielding as Governor of Cebu under the Japanese regime, when he could have made use of the services of soldiers and officers of the Constabulary, of police officers, of members of the all-powerful Nippon kempei, he did not have the courage to deprive Jurado of the possession of the land or to sue him in court. His conscience was not completely silent. He could have taken action against Jurado, but he lacked the courage to defy the stern admonitions of his conscience. To complete his work of injustice, he needed the help of an accomplice. Marcelo S. Flores appeared as a willing tool.

Neither Leyson nor Flores could or can allege good faith. The lot is located in a very noticeable part of the city of Cebu, Jurado had erected his own house in the lot. He has been residing therein since 1933. He has a business opened in the place. The business was publicized by signboards and in advertisements in newspapers. Flores could not allege ignorance as to these facts. He is a real estate broker, and real estate brokers are smart enough not to buy any property without full information. Full information in regard to the lots they purchased or sell as mediators between third persons is part of their business. They certainly cannot fail to have such information when they themselves are the buyers.

It has been repeatedly said that those who seek relief in courts of justice should appear before them with clean hands. Flores has not lived up to that standard. The certificates of title issued in the name of Atty. Leyson and Flores are both tainted with fraud. They should be declared null and void. There is no kind of legal technicality that may serve as a cloak so that the authors of a fraud may enjoy unhampered the profits of their evil doings and bad faith. The victim is entitled to all the protection of the law. Courts of justice are duty bound to make effective that protection.

With the reversal of the decisions of the Court of First Instance of Cebu and of the Court of Appeals, we vote to declare Vitaliano Jurado as the owner of the lot in question. Vitaliano Jurado should not be disturbed in the possession of the lot in question and should be allowed to register the sale executed in his favor by Rosario Miranda in the Registry of Deeds of Cebu. There being no certainty as to the unpaid amount, which is estimated between P200 and P300, the case should be remanded to the Court of First Instance of Cebu to receive evidence and upon it determines the exact amount which Jurado should pay to Rosario Miranda. No costs shall be allowed.

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.