

AGUSTIN LIBORO, PLAINTIFF AND APPELLANT, VS. WILLIAM P. ROGERS, ETC., DEFENDANT AND APPELLEE. REPUBLIC OF THE PHILIPPINES, INTERVENOR AND APPELLEE.

G. R. No. 11046. October 30, 1959

Ponente: PARAS, J.

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PARAS, J.:

On April 22, 1947, the Philippines Alien Property Administrator vested for the benefit of the United States Government six parcels of land, together with their improvements, located in Kansas Street, Malate, Manila, and covered by transfer certificates of title Nos. 64862, 64863 (for two lots), 64864, 64865 and 64566 in the name of the Philippine Cotton Growing Association, and on January 12, 1948, took title and possession of the personal properties found therein under Vesting Order No. P-123 (Supplemental). Agustin Liboro filed a claim for the recovery of the properties which was denied by said Administrator; whereupon the present suit was filed in the Court of First Instance of Manila for the same purpose by Agustin Liboro, in which the Republic of the Philippines intervened. On June 30, 1956, the complaint was dismissed without costs. Plaintiff Agustin Liboro has appealed.

It appears that the appellant, the original owner of the properties in controversy, sold the same on March 2, 1942, to the Philippine Cotton Growing Association, a corporation organized under the laws of Japan, for P112,000.00. He received in cash only P12,000.00, as the vendee assumed the responsibility of paying his outstanding obligations to the Bank of the Philippine Islands, the Agricultural and Industrial Bank and the Philippine Bank of Commerce amounting to P100,000.00. Consequently, corresponding transfer certificates of title were issued in favor of the vendee.

The appellant is repudiating the validity of the sale to the Japanese corporation, on the ground of duress and upon the allegation that he had already repurchased the properties although the corporation had failed to execute the necessary deed.

On the matter of duress, the appellant in substance testified that in January, 1942, two Japanese civilians, introducing themselves as Mashiba and Imamura, general manager and assistant manager, respectively, of the Philippine Cotton Growing Association, inspected and offered to buy his house; that as he refused, the two left; that he subsequently received a letter directing him to, as he did, see a certain Kempetai officer at the Finance Building; that on this occasion the same offer was made, only again to be turned down by him; that he was later summoned by said officer twice, and in the last meeting he was warned that, should he refused to cooperate, he might be considered an enemy; that Hashiba was present in all said interviews and the officer cautioned him not to tell anybody about their conversations; that, fearing that he might be brought to and tortured in Fort Santiago, like some of his friends and relatives, he agreed to sell.

This Court has, in many cases, already ruled that "collective" or "general" duress allegedly exercised by the Japanese military forces will not nullify certain contractual acts. In *Fernandez vs. McGrath*, 96 Phil., 411; it was

held:

"As a final argument in annulling the deed of sale in question, the lower court held that the transaction being between the military occupant and an inhabitant of the occupied territory, over a property that was a war necessity, duress may be presumed and no evidence of a particular coercive act is necessary. In numerous cases decided before this, particularly *Philippine Trust Co. vs. Luis Araneta*, 83 Phil., 132; 46 Off. Gaz., 4254; *People vs. Bangalamis*, 78 Phil., 174; 44 Off. Gaz., 2655; and *People vs. Quillooy*, 88 Phil., 53, this Court has already, rejected the theory of 'collective' or 'general' duress allegedly exercised by the Japanese military occupant over the inhabitants of this country as ground to invalidate acts that would otherwise be valid and voluntary if done in times of peace."

Assuming, therefore, that the appellant was compelled to execute the disputed deed of sale, the duress invoked was no more than the general feeling of fear on the part of the Filipinos brought about by the excessive show of might by their military occupants and, we reiterate, insufficient to render an otherwise valid contract a nullity. What is more, appellant's outstanding obligations amounting to P100,000.00 had been paid out of the purchase price, with the result that, even disregarding the statement of Seiichi Tagawa, a mutual friend of Hashiba and Imamura, that the appellant was constrained to sell his house because of financial difficulties (Exh. C), the fact remains that he actually reaped the benefit of the transactions. As this Court had said: "A party that is able to carry out an act redounding to its exclusive benefit simultaneously with the assailed contract, cannot successfully claim in the latter case to have acted mechanically under the influence of violence or intimidation (*Reyes vs. Zaballero*, 89 Phil., 39; *Martinez vs. Hongkong & Shanghai Bank*, 15 Phil., 252; *Vales vs. Villa*, 35 Phil., 769)." And in the case of *Fernandez vs. Brownell*, supra, the pronouncement was laid down that "Even if we concede that the sale was executed through threat and intimidation by Mori, the action for annulment was waived and the contract ratified, by the plaintiff's action in depositing the check for the purchase price and withdrawing the money from time to time."

We have gone over appellant's evidence and found no reason to disturb the lower court's conclusion that he had failed to prove a valid repurchase of the property in question. Supposing that in January, 1945, appellant's daughter made the necessary payment to Imamura, there is no showing that the latter, as assistant general manager, was empowered or authorized to receive such payment for the corporation or that the latter had ever ratified Imamura's act. The powers of a general manager are not unlimited. His province or function is only to supervise and conduct the ordinary business of his principal, and whether an act falls within his implied powers depends on whether or not it is within the ordinary business entrusted to his management (Vol. 2, *Fletcher's Cyclopedia Corporations*, Perm. Ed., p. 607, citing *Carroll-Cross Coal Co. vs. Abrams Creek Coal & Coke Co.*, 83 W. Va. 205, 98 SE 148). And contracts entered into by officers or managers of a corporation beyond the authority granted them do not bind the corporation unless ratified by it (See *Deen vs. Pacific Commercial*, 42 Phil., 758).

Wherefore, the decision appealed from is affirmed, with costs against the appellant. So ordered.

Bengzon, Montemayor, Bautista Angelo, Labrador, Endencia, Barrera, and Gutierrez David, JJ., concur.

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