

HILARIO T. DE LOS SANTOS, PETITIONER, VS. COURT OF APPEALS, EMILIO MILLER, SR., ROSEMARIE OLAZO, AND MANUEL SERRANA, JR., RESPONDENTS.*G.R. No. 111935. September 05, 1997*

Ponente: MENDOZA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-111935/>**MENDOZA, J.:**

Petitioner Hilario T. del los Santos filed a complaint in the Regional Trial Court of Makati for “Removal of Cloud and Delivery of Title” against private respondents Emilio Miller, Sr., Rosemarie Olazo, and Manuel Serrana, Jr. Miller, Sr., was petitioner’s business partner in the MS Rice Mill Company, while Olazo and Serrana, Jr. were officials at Manphil Investment Corporation (Manphil). Petitioner alleged that he and Miller, Sr., obtained a P450,000.00 loan from Manphil on September 30, 1982 in consideration of which he (petitioner) mortgaged his house and lot covered by TCT No. 337164; and that out of the profits of MS Rice Mill Company, respondent Miller, Sr. surreptitiously paid the loan from Manphil in full, but despite the fact that said payment resulted in the extinguishment of the real estate mortgage, private respondent maliciously refused to return his title. Petitioner therefore prayed that private respondents be ordered to surrender TCT No. 337164 to him and to execute a Deed of Cancellation of Mortgage to be annotated on the back of the title.

The RTC of Makati (Branch 150) dismissed petitioner’s complaint and ordered him to pay private respondents P15,000.00 as attorney’s fees and the costs. On appeal the decision was affirmed. The Court of Appeals held that petitioner and respondent Miller, Sr.’s loan from Manphil was not a partnership obligation but was secured by them in their private capacities with their respective private properties as collateral; and that the funds used by respondent Miller, Sr. to pay did not come from the partnership because at that time, the partnership only had “Cash on Bank” of P2,000.00, “Current Assets” of P26,807.60, and “Fixed Investment” of P354,574.68, a total of P381,382.28, which the Court of Appeals noted could not pay off the principal of the P450,000.00 loan. The money came from respondent Miller, Sr.’s wife Felisa. Respondent Miller, Sr. had to advance the amount otherwise he would run the risk of losing his properties which were mortgaged to Manphil together with petitioner’s property covered by TCT No. 337164. Pursuant to the agreement petitioner had with respondent Miller, Sr. after obtaining the loan, if petitioner failed to pay his share (50%) of the semi-annual amortization, respondent Miller, Sr. would advance the necessary amount. Having fully paid the loan respondent Miller, Sr. was subrogated to Manphil’s rights. Consequently, respondent Miller, Sr. could not be compelled to return petitioner’s title until petitioner had fully settled his obligation to respondent Miller, Sr.

Petitioner filed this petition contending that under his agreement with respondent Miller, Sr., the latter is entitled to be repaid what the latter has advanced in petitioner’s behalf, and that ownership of petitioner’s land and the bungalow thereon in which petitioner and his family reside should not have “reverted automatically” to respondent Miller, Sr.

Petitioner is under a misapprehension. The Court of Appeals did not hold that by virtue of respondent Miller,

Sr.'s payment in full of the loan to Manphil, the latter automatically became the owner of petitioners property covered by TCT No. 337164, only that respondent Miller, Sr. succeeded to Manphil's rights as petitioner's creditor under Art. 1303 which provides:

Art. 1303. Subrogation transfers to the person subrogated the credit with all the rights thereto appertaining, either against the debtor or against third persons, be they guarantors or possessors of mortgages, subject to stipulation in a conventional subrogation.

The Court of Appeals erred, however, in holding that respondent Miller, Sr. cannot be compelled to return petitioner's TCT No. 337164 to him until he has been repaid what he had advanced in behalf of petitioner. It is disputed that petitioner's mortgage to Manphil annotated at the back of said title had already been cancelled in 1983, apparently upon payment of the loan. There is therefore no more mortgage to which the property covered by the title is subject and therefore no basis for Miller Sr.'s refusal to return the title to petitioner.

WHEREFORE, the decision of the Court of Appeals is REVERSED and private respondent Emilio Miller, Sr. is ORDERED to return petitioner Hilario T. de los Santos' Transfer Certificate of Title No. 337164 to petitioner without prejudice to his instituting a separate action to collect the latter's debt.

SO ORDERED.

Romero, Puno, and Torres, Jr., JJ., concur.
Regalado, (Chairman), J., on leave.

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.