

ROSARIO GAYONDATO, PLAINTIFF AND APPELLANT, VS. THE TREASURER OF THE PHILIPPINE ISLANDS ET AL., DEFENDANTS AND APPELLEES.

G. R. No. 24597. August 25, 1926

Ponente: OSTRAND, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-24597/>

OSTRAND, J.:

This action is brought to recover damages in the sum of P30,000 for the erroneous registration in the name of the defendant Gasataya of three parcels of land situated in the municipality of Isabela, Province of Occidental Negros, and of which the plaintiff was the owner at the time of the registration.

There is practically no dispute as to the facts. The three parcels of land were formerly owned by one Domingo Gayondato, who inherited them from his mother, Ramona Granada, in 1896. In 1899 Domingo married the defendant Adela Gasataya, with whom he had a child, the herein plaintiff, born in October, 1900. Upon the death of Domingo in the year 1902, Gabino Gasataya, the father of Adela, took charge of the three parcels of land in question. In 1908 Adela married the defendant Domingo Cuachon, and Gabino Gasataya thereupon turned over to them the possession of the land.

The three parcels were included in cadastral case No. 11 of the Court of First Instance of Occidental Negros as lots Nos. 70, 364 and 375, and when that case came on for hearing in August, 1916, the defendant Domingo Cuachon appeared on behalf of his wife and stepdaughter and filed claims for the aforesaid lots by way of answers in which he stated that the lots were the property of "his wife Adela Gasataya and of her daughter, fifteen years of age." Notwithstanding this statement, the Court of First Instance erroneously decreed the registration of the aforesaid lots in the name of Adela Gasataya alone. Subsequently Adela, with the consent of her husband, mortgaged the property to the National Bank and finally in the year 1920 sold it to the defendant Rodriguez for the sum of P13,000, the purchaser, in addition thereto, assuming the liability for a mortgage of ₱8,000 to the National Bank and for certain other debts amounting to over P4,000.

The complaint in the present case was filed on August 18, 1922, Adela Gasataya, Domingo Cuachon, Francisco Rodriguez and the Insular Treasurer being made parties defendant. Upon the facts above stated the trial court rendered judgment in favor of the plaintiff Rosario Gayondato, ordering the defendants Adela Gasataya and Domingo Cuachon jointly and severally to indemnify the said plaintiff in the sum of P35,000 and to pay the costs. The Insular Treasurer and Francisco Rodriguez were absolved from the complaint. From this judgment the plaintiff appealed.

The sum and substance of the assignments of error is that the court erred in absolving the Insular Treasurer from the complaint, and in this we agree with the appellant. The court below appears to have been under the impression that the liability of the assurance fund is confined to cases where the erroneous registration is due to omission, mistake or malfeasance on the part of the employees of the registration court. That this view is erroneous, is evident from the language of sections 101 and 102 of the Land Registration Act, which read as follows:

"SEC. 101. Any person who without negligence on his part sustains loss or damage through any omission, mistake, or misfeasance of the clerk, or register of deeds, or of any examiner of titles, or of any deputy or clerk of the register of deeds in the performance of their respective duties under the provisions of this Act, and any person who is wrongfully deprived of any land or any interest therein, without negligence on his part, through the bringing of the same under the provisions of this Act or by the registration of any other person as owner of such land, or by any mistake, omission, or misdescription in any certificate or owner's duplicate, or in any entry or memorandum in the register or other official book, or by any cancellation, and who by the provisions of this Act is barred or in any way precluded from bringing an action for the recovery of such land or interest therein, or claim upon the same, may bring in any court of competent jurisdiction an action against the Treasurer of the Philippine Archipelago for the recovery of damages to be paid out of the assurance fund.

"SEC. 102. If such action be for recovery for loss or damage arising only through any omission, mistake, or misfeasance of the clerk, or of the register of deeds, or of any examiner of titles, or of any deputy or clerk of the register of deeds in the performance of their respective duties under the provisions of this Act, then the Treasurer of the Philippine Archipelago shall be the sole defendant to such action. But if such action be brought for loss or damage arising only through the fraud or willful act of some person or persons other than the clerk, the register of deeds, the examiners of titles, deputies, and clerks, or arising jointly through the fraud or wrongful act of such other person or persons and the omission, mistake, or misfeasance of the clerk, the register of deeds, the examiners of titles, deputies, or clerks, then such action shall be brought against both the Treasurer of the Philippine Archipelago and such person or persons aforesaid. In all such actions where there are defendants other than the Treasurer of the Philippine Archipelago and damages shall have been recovered, no final judgment shall be entered against the Treasurer of the Philippine Archipelago until execution against the other defendants shall be returned unsatisfied in whole or in part, and the officer returning the execution shall certify that the amount still due upon the execution cannot be collected except by application to the assurance fund. Thereupon the court having jurisdiction of the action, being satisfied as to the truth of such return, may, upon proper showing, order the amount of the execution and costs, or so much thereof as remains unpaid, to be paid by the Treasurer of the Philippine Archipelago out of the assurance fund. It shall be the duty of the Attorney-General in person or by deputy to appear and defend all such suits with the aid of the fiscal of the province in which the land lies or the city attorney of the City of Manila as the case may be: Provided, however, That nothing in this Act shall be construed to deprive the plaintiff of any action which he may have against any person for such loss or damage or deprivation of land or of any estate or interest therein without joining the Treasurer of the Philippine Archipelago as a defendant therein."

As the plaintiff-appellant was a minor at the time of the registration of the land and consequently no negligence can be imputed to her, it is clear from the sections quoted that in the absence of special circumstances to the contrary the assurance fund is secondarily liable for the damages suffered by her through the wrongful registration.

But the Attorney-General in his brief for the Insular Treasurer raises the point that Domingo Cuachon and Adela Gasataya prior to the registration must be considered to have held the property in trust and for the benefit of the plaintiff; that the relation of trustee and cestui que trust was thus created; and that the case therefore falls under section 106 of the Land Registration Act, which provides that "the assurance fund shall not be liable to pay for any loss or damage or deprivation occasioned by a breach of trust, whether express, implied, or constructive, by any registered owner who is a trustee, or by the improper exercise of any sale in mortgage-foreclosure proceedings."

At first blush the Attorney-General's contention seems quite plausible. For want of better terms the words "trust" and "trustee" are frequently used in a broad and popular sense so as to embrace a large variety of relations. Thus if a person obtains legal title to property by fraud or concealment, courts of equity will impress upon the title a so-called constructive trust in favor of the defrauded party. The use of the word "trust" in this sense is not

technically accurate: as Perry says, such trusts "are not trusts at all in the strict and proper signification of the word 'trust'; but as courts are agreed in administering the same remedy in a certain class of frauds as are administered in fraudulent breaches of trusts, and as courts and the profession have concurred in calling such frauds constructive trusts, there can be no misapprehension in continuing the same phraseology, while a change might lead to confusion and misunderstanding." (Perry on Trusts, 5th ed., sec. 166.)

If this is the kind of constructive trust referred to in section 106, *supra*, it must be conceded that the plaintiff cannot recover damages from the assurance fund. But that such is not the case, becomes quite apparent upon an examination of sections 101 and 102, above quoted, in which the right of recovery from the assurance fund in cases of registration through fraud or wrongful acts is expressly recognized and which, in our opinion, clearly show that the term trust as used in section 106 must be taken in its technical and more restricted sense. Indeed, if it were to be regarded in its broadest sense, the assurance fund would, under the conditions here prevailing, be of little or no value.

Bouvier defines a trust in its technical sense as "a right of property, real or personal, held by one party for the benefit of another." In the present case we have this situation : The plaintiff was a minor at the time of the registration of the land and had no legal guardian. It is true that her mother in whose name the land was registered was the natural guardian of her person, but that guardianship did not extend to the property of the minor and conferred no right to the administration of the same (*Palet vs. Aldecoa & Co.*, 15 Phil., 232; *Ibañez de Aldecoa vs. Hongkong & Shanghai Banking Corporation*, 30 Phil., 228) and the plaintiff, being a minor and under disability, could not create a technical trust of any kind. Applying Bouvier's definition to this state of facts, it is clear that there was no trust in its technical signification. The mother had no right of property or administration in her daughter's estate and was nothing but a mere trespasser. The language of the New Jersey Court of Chancery in the case of *Henninger vs. Heald* (30 Atlantic, 809), is therefore particularly apposite in the present case,

"In the case before us the title was acquired by Heald tortiously, or in violation of every well-settled principle of law. It never was trust property. Strictly speaking, he was not a trustee, any more than a trespasser or other wrongdoer. The wrongdoer who becomes possessed of property under such circumstances has been styled a 'trustee;' but this is for want of a better term, and because he has no title to property, and really holds it for the true owner. It might as well be said that, where two persons conspire to possess themselves of the personal property of another when he brings trover for its recovery, they should be styled 'trustees,' instead of 'tortfeasors' and should be permitted to claim the benefit of a lien for care or for provender."

From what has been said it follows that the judgment absolving the Insular Treasurer from the complaint must be reversed. We also note from the record that Adela Gasataya died March 1, 1923, before the trial of the case and that an administrator of her estate was appointed. It was therefore error to render judgment against her personally. It may further be noted that the measure of damages applied by the court below, i. e. the full value of the land, is not strictly accurate. The property was subject to a life estate of one-third in favor of Adela Gasataya as the widow of Domingo Gayondato, the value of which must be deducted from the total value of the fee simple. It may also be observed that the amount demanded in the complaint is only P30,000 and that the land was sold to Francisco Rodriguez for but little more than P25,000. We are therefore of the opinion that the damages awarded should be reduced to P25,000.

The judgment appealed from is reversed, and it is hereby ordered that the defendants Domingo Cuachon and the estate of Adela Gasataya jointly and severally pay to the plaintiff, the sum of P25,000, with interest at the rate of 6 per cent per annum from August 18, 1922, the date of the filing of the complaint, with the costs. It is further ordered that if the execution of this judgment is returned unsatisfied in whole or in part and the officer returning the execution certifies that the amount upon the execution cannot be collected except by application to the

assurance fund and the court having jurisdiction over the action shall be satisfied as to the truth of such return, said court shall order the amount of the execution and costs, or so much thereof as remains unpaid, to be paid by the Treasurer of the Philippine Archipelago out of the assurance fund. The complaint will stand dismissed as to Francisco Rodriguez. No costs will be allowed. So ordered.

Avanceña, C. J., Street, Villamor, Johns, and Romualdez, 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.