

MARIANO S. YATCO, PLAINTIFF AND APPELLEE, VS. THE INTESTATE ESTATE OF PABLO MANGUERRA ET AL., DEFENDANTS AND APPELLANTS. SEVERINA ZAVALLA AND ENGRACIA ZAVALLA, INTERVENORS AND A...

G. R. No. 30818. March 25, 1930

Ponente: ROMUALDEZ, J.

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ROMUALDEZ, J.:

body { font-family: Verdana, Geneva, Arial, helvetica, sans-serif; font-size:80%; background-color:#FFFFFF; margin:0 2% 0 2%; text-align: justify; } h1 { font-family:times; } h2 { background-color:#cccccc; padding:10px 0 10px 0; font-weight: bold; text-align: center; } h3 { font-weight: bold; text-transform: uppercase; text-align: center; } div#footer { font-size:9px; }On November 29, 1929, the second division of this court promulgated the first decision in this case.[1]

Upon consideration of the motions for reconsideration filed by the plaintiff and by the third-party claimants, and of the allegation made therein to the effect that the amount involved is at least P40,000, the aforementioned second division of this court vacated its decision and submitted the case to the court in banc.

After the case was considered and voted upon by the court in banc, the present opinion was rendered. The judgment appealed from decrees:

"Wherefore, the court decrees the sale of the ten hectares of rice land of lot No. 2060 of the so-called Santa Rosa Estate) mortgaged to Mariano S. Yatco, to be carried out in accordance with section 14 of Act No. 1508, the Chattel Mortgage Law, the proceeds of the sale to be applied to the payment of (1) the costs and expenses of the sale; (2) the amount of P994 with interest thereon at the rate of 12 per cent per annum, from March 5, 1925 until fully paid, plus P200 as attorney's fees; and (3) the remainder to be turned over to the Calamba Sugar Estate. .Without special pronouncement of costs." (Pp. 23 and 24, bill of exceptions.)

In 1912, the late Pedro Manguerra purchased, on installments, lot No. 2060 of the Friar lands situated in the municipality of Santa Rosa, Laguna.

On July 10, 1921, said Manguerra borrowed P1,980 of Mariano S. Yatco, the plaintiff herein, and secured the loan by mortgaging twenty hectares of irrigable land of said lot 2060 (Exhibit E-l). This mortgage was not recorded in the registry.

On August 17,1922, said Manguerra mortgaged the same lot to the Calamba Sugar Estate for P10,000 with interest at 9 per centum per annum, which mortgage was recorded in the registry of deeds on September 26, 1922.

On December 29,1924, said Manguerra, who had already obtained the certificate of sale of said lot No. 2060, but not the certificate of title for the reason that he had not as yet paid the full price, transferred all his rights and interest in said lot No. 2060 (Exhibit X-l) to the Calamba Sugar Estate. The deed of transfer was forwarded to the Bureau of Lands for approval through a letter of Attorneys Paredes, Buencamino & Yulo, dated January 17, 1925,

and was definitely approved by the Director of Lands on July 16, 1925.

On February 15, 1925, said Manguerra mortgaged a portion of the rice land of the lot in question to Severina and Engracia Zavalla, the intervenors herein, executing a deed for the purpose which was only recorded in the registry of deeds in the year 1927.

On March 5, 1925, said Manguerra executed a second mortgage upon all his rights as purchaser, on installments, "to the ten hectares of rice land of lot No. 2060" in favor of the plaintiff Mariano S. Yatco, to secure the payment of P2,994 to which his debt amounted on July 10, 1921. This second mortgage was recorded in the registry of deeds on March 6, 1925.

The third-party claimants do not dispute the preferential character of the mortgage in favor of the plaintiff Yatco, but they, as well as the latter and the estate of Pablo Manguerra, deny the validity of the assignment of the lot to the Calamba Sugar Estate.

The latter, on the other hand, contends that the conveyance was valid and enforceable inasmuch as it took effect from the date on which it was filed in the Bureau of Lands for approval, that is, on or about January 21, 1925, as may be inferred from Exhibit X-3 Calamba. If this assignment to the Calamba Sugar Estate was valid and enforceable at least since January 21, 1925, all subsequent mortgages, such as those held by the plaintiff and the intervenors, must be void, because when Manguerra executed them he could no longer dispose of the land.

Counsel for the Calamba Sugar Estate cite section 16 of Act No. 1120, as amended by Act No. 2945, which provides as follows:

"In case the holder of the certificate shall have sold his interest in the land before having complied with all the conditions thereof, the purchaser shall have all the rights of the holder of the certificate upon presenting his assignment to the Chief of the Bureau of Public Lands for registration." (Italics ours.)

Counsel for the plaintiff argues that the mere filing of the assignment is not enough, that it must also be approved, and that the Calamba Sugar Estate recognized this when it attempted to obtain and waited said approval.

The wording of the law inclines us to the belief that the purchaser, the Calamba Sugar Estate, acquires all of the vendor's rights from the time the deed is filed with the Director of the Bureau of Public Lands for registration, because, from that instant what is sought for in registering the deeds is obtained in a perpetual manner, namely, to serve notice to the public of the fact of the assignment, inasmuch as from that moment, whoever may be interested in the land may, by repairing to the Bureau of Public Lands, acquaint himself with its legal status. The fact that the Calamba Sugar Estate attempted, and then awaited, the registration of the assignment itself, argues nothing against it, since it was entitled to such registration. The fact that it had this right does not deprive it of the other right granted by the law, that is, the legal effect of the assignment in its favor from the time of the filing of the proper deed with the Director of the Bureau of Lands.

The word "registration" employed in the paragraph of the above-quoted law does not mean "approval." "Registration" there means the registration of the assignment in the Bureau of Lands. And prior to, and independent of, said registration and approval, the law gives legal effect to the assignment upon the mere filing thereof with the Director of the Bureau of Lands.

As to the contention that Attorneys Paredes & Buencamino were aware of the lien which the plaintiff had, as may be seen from their letter of July 25, 1923 (Exhibit E-2), it appears of record that said attorneys were not then counsel for the Calamba Sugar Estate.

The failure of the latter to take possession of the portion of the rice land mortgaged to the plaintiff, is explained in

Exhibits X-6, X-7, and X-8, Calamba.

With regard to the nullity, simulation, and defect in the expression of the will of the parties, imputed by the appellant to said deed of conveyance, they have not been proved. The fact that the Calamba Sugar Estate did not intend to retain the land, providing the money was soon forthcoming, does not necessarily mean that that assignment was not intended. Having acquired the ownership of the land by virtue of the assignment, the Calamba Sugar Estate had a perfect right to dispose of it, delivering it to Manguerra subject to any conditions it might see fit to impose, and such a procedure would nowise destroy or even alter the nature of the consummated sale.

The plaintiff in his motion for reconsideration cites the case of *Arayata vs. Joya* (51 Phil., 654), and particularly that portion of the syllabus declaring that the assignee is not subrogated to the assignor's rights until the assignment has been approved by the Director of Lands, and registered in the registry of deeds kept in the Bureau of Public Lands.

In the body of said opinion, is found the following:

"It will be seen that the holder of a certificate of sale of friar lands has a right to sell his interest therein, even before having fully paid the purchase price and upon presentation of the certificate of transfer to the chief of the Bureau of Public Lands for registration ***** "

And elsewhere in the same opinion, it is stated that:

"* * * in order that a transfer of the rights of a holder of a certificate of sale of friar lands may be legally effective, it is necessary that a formal certificate of transfer be drawn up and submitted to the chief of the Bureau of Public Lands for his approval and registration."

It should be noted that in *Arayata vs. Joya*, supra, the issue was not whether, in order that the transferee of real property might acquire all of the transferor's rights, who held a certificate, it was sufficient to file the deed of assignment with the Director of the Bureau of Lands, or whether its approval and registration were necessary. The question which gave rise to these statements, and which resulted in the findings of this court, was mainly whether the transfers made by Cecilio Joya were fraudulent, and whether said Cecilio Joya could lawfully dispose of the lots of the Friar lands, to which he held a certificate of sale, issued by the Government, devising them by will as he had done.

We take it that the doctrine laid down in said case of *Arayata vs. Joya*, supra, does not hold that it is necessary to obtain the approval of the Director of the Bureau of Lands to the assignment made by a holder of a certificate of sale of friar lands, nor its registration in the books of said office in order that said assignment may be legally made, and the mere filing thereof with the director of said bureau is insufficient to give legal effect thereto. This was not the issue nor the provisions of the law, as we have shown above.

Wherefore the assignment made by Pablo Manguerra on December 29, 1924 of all his rights to the lot in question in favor of the Calamba Sugar Estate, became legally effective on the day of its filing in the Bureau of Lands, which took place on or about January 21, 1925, from which date Pablo Manguerra lost all his rights and interest in said lot No. 2060.

For this reason, the mortgages of parts of said lot executed by the said Pablo Manguerra in favor of the plaintiff and of the intervenors subsequently to January 21, 1925, cannot be taken into consideration against the Calamba Sugar Estate, since they could not and do not affect said lot No. 2060, being a mere unsecured credit which the plaintiff Yatco has against the intestate estate of Pablo Manguerra for P2,994 with interest at 12 per cent per annum from March 5, 1925, plus P200 as attorney's fees, according to the judgment of the court below; and also the intervenors have, according to the evidence (pages 15-18, t. s. n.; and Exhibits 1 and 1-A), against said estate

for P2,646.81 with interest, at 12 per cent per annum from February 15, 1925. Inasmuch as by the nullity of the mortgages in favor of the plaintiff and the intervenors, their credits have become but common credits though evidenced by public deeds, the order of preference depends on their priority of dates, according to the rule laid down in No. 3, article 1924, Civil Code. Wherefore, the intervenors' credit, dated February 15, 1925, takes preference over the plaintiff's, dated March 5, 1925.

Wherefore, denying the motions of reconsideration in so far as they conflict with the foregoing opinion, and modifying the judgment appealed from, the Calamba Sugar Estate is hereby absolved from the complaint; and the intestate estate of Pablo Manguerra is hereby ordered to pay the intervenors Severina Zavalla and Engracia Zavalla the sum of P2,646.81 with 12 per cent interest per annum from February 15, 1925, and thereafter to pay the plaintiff Mariano S. Yatco the sum of P2,994 with 12 per cent interest per annum from March 5, 1925, plus P200 as attorney's fees. Without costs. So ordered.

Johnson, Malcolm, Villamor, Ostrand, Johns and Villa- Real, JJ., concur.

[1]Not Reported.

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