

CORAZON CH. VELOSO Y RICABLANCA AND ROBUSTIANO M. ROSALES, PLAINTIFFS AND APPELLEES, VS. LA URBANA, MUTUAL BUILDING AND LOAN ASSOCIATION, AND JOSE MARIA DEL MAR, DEFENDANTS. LA ...

G.R. No. 38384. November 03, 1933

Ponente: IMPERIAL, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-38384/>

IMPERIAL, J.:

The plaintiffs herein brought this action to annul certain mortgages constituted by Jose Maria del Mar in the name of the plaintiff, Corazon Ch. Veloso in favor of the defendant corporation, and recover damages amounting to P2,000 from the defendants.

La Urbana, one of the defendants herein, appealed from the judgment rendered in this case, the dispositive part of which reads as follows:

"For the reasons above stated, the deeds of mortgage executed by Jose del Mar in the name of Corazon Ch. Veloso in favor of La Urbana are declared null and void in so far as they purport to bind the plaintiffs or their property; the sale of the said property to La Urbana by virtue of these mortgages is also hereby declared null and void; and it is further ordered and adjudged that the registration of the said deeds in the office of the register of deeds of Manila be cancelled, and that La Urbana and Jose del Mar pay the costs of this suit.

"This decision is without prejudice to any right of action which La Urbana may have against Jose Maria del Mar or the Insular Treasurer, or both, under the provisions of sections 99 to 107 of Act No. 496. So ordered."

The plaintiff Corazon Ch. Veloso was the owner of certain undivided portions of the five parcels of land in question together with the improvements thereon, situated in the City of Manila, and described in certificates of title Nos. 5767 and 33360. In the month of May, 1929, the defendant herein Jose Maria del Mar, plaintiff's brother-in-law, forged two powers of attorney purporting to have been executed by the plaintiffs, as husband and wife, conferring upon him ample authority to mortgage the plaintiff's participation in the aforementioned properties described in said certificates of title. These powers of attorney were duly registered in the office of the register of deeds. Acting under these powers of attorney, Del Mar succeeded in mortgaging the plaintiff's participations to La Previsora Filipina. On February 6, 1929, he cancelled said mortgage and transferred it to the defendant La Urbana which granted him a loan of P10,600. Upon mortgaging the said participations of the plaintiff to the aforesaid defendant, Del Mar delivered to the mortgage creditor the owner's duplicates of the certificates of title whereon the mortgage in question was noted. On November 14 of the same year, Del Mar obtained from the same defendant an additional loan of P2,875 and executing another mortgage deed which was likewise noted on the aforesaid duplicates of the certificates of title. Del Mar later violated the conditions of the mortgages whereupon La Urbana foreclosed them and purchased the said properties at public auction for the sum of P10,051.82 which was the total amount of Del Mar's indebtedness at that time. The plaintiffs' herein learned of Del Mar's fraudulent transactions from the advertisement of the sale thereof, and in addition to this civil action,

they instituted criminal proceedings against him resulting in his conviction of the crime of falsification and the imposition upon him of a sentence of two (2) years, four (4) months and one (1) day of prision correccional.

In view of the foregoing facts, the court held that pursuant to article 1714 of the Civil Code and under the Torrens Act in force in this jurisdiction, the forged powers of attorney prepared by Del Mar were without force and effect and that the registration of the mortgages constituted by virtue thereof were likewise null and void and without force and effect, and that, they could not in any way prejudice the rights of the plaintiff as the registered owner of her participations in the properties in question.

The defendant-appellant herein assigns various alleged errors in its brief which we have found to be groundless after a careful consideration thereof. Inasmuch as Del Mar is not the registered owner of the mortgaged properties and inasmuch as the appellant was fully aware of the fact that it was dealing with him on the strength of the alleged powers of attorney purporting to have been conferred upon him by the plaintiff, it was its duty to ascertain the genuineness of said instruments and not rely absolutely and exclusively upon the fact that the said powers of attorney appeared to have been registered. In view of its failure to proceed in this manner, it acted negligently and should suffer the consequences and damages resulting from such transactions.

"Every person dealing with an agent is put upon inquiry, and must discover upon his peril the authority of the agent, and this is specially true where the act of the agent is of an unusual nature.

"If a person makes no inquiry, he is chargeable with knowledge of the agent's authority, and his ignorance of that authority will not be any excuse." (Deen vs. Pacific Commercial Co., 42 Phil., 738.)

"Persons dealing with an assumed agent, whether the assumed agency be a general or special one, are bound at their peril, if they would hold the principal, to ascertain not only the fact of the agency but the nature and extent of the authority, and in case either is controverted, the burden of proof is upon them to establish it." (Harry E. Keeler Electric Co. vs. Rodriguez, 44 Phil., 19.)

As has been noted at the beginning, the court reserved to the appellant any right of action it might have against Del Mar and the Insular Treasurer under the provisions of sections 99 to 107 of Act No. 496. We deem it unnecessary to repeat such reservation in this decision. At all events, the appellant may exercise such right of action without the necessity of such reservation if the facts of the case so warrant.

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

Malcolm, Villa-Real, Hull, and Butte, 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.