

## **ESTATE OF RODOLFO JALANDONI, REPRESENTED BY HIS JUDICIAL ADMINISTRATOR, BERNARDO JALANDONI, PETITIONER, VS. THE HONORABLE COURT OF APPEALS, FRANCISCO D. PALANCA AND LOURDES MONT...**

*G.R. Nos. 50374-76. September 24, 1986*

Ponente: NARVASA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-nos-50374-76/>

---

### **NARVASA, J.:**

In this case this Court is once again called to apply the familiar rule that findings of fact of the Court of Appeals (or the Intermediate Appellate Court) are final and cannot be reviewed on appeals by certiorari,[1] with some exceptions.[2]

The factual findings here involved relate to transactions entered into by Rodolfo Jalandoni, now deceased, involving two lots and the building thereon standing, belonging to him, situated at 1368 A. Mabini and 503 Sta. Monica, Manila. The chief issue is whether or not these transactions are void because made by Rodolfo Jalandoni at a time when he was so mentally ill as to be incapable of understanding the nature and consequences thereof or giving consent thereto.

The first transaction was a written contract entered into on November 2, 1959 between Rodolfo Jalandoni and a group of persons -- Leonarda M. Jurado, Eva. B. Gonzalez, Mercedes Gatmaytan, Vicente Gatmaytan, Jr., and Aurea C. Reyes, who had agreed among themselves to form a corporation to be named Sampaguita Crafts Center, Inc. -- for the lease by the latter of the ground floor and mezzanine of the former's building for a term of five (5) years from November 1, 1959.[3]

The second was another lease contract over the same premises executed on November 14, 1963, before the expiry of the first lease, this time between Rodolfo Jalandoni, as lessor, and the corporation set up by the original lessees, Sampaguita Crafts Center, Inc.[4] The new lease agreement also stipulated a five-year term, to run from November 1, 1964, and provided that neither the original nor the second lease would be affected by any transfer, sale, alienation or change in management of the building. Jalandoni also undertook to register the lease in the Registry of Property.

The third transaction was the conveyance by Rodolfo Jalandoni to Francisco D. Palanca of the land and building subject of the leases, by Deed of Absolute Sale dated December 2, 1963.[5] The sale was effected thru a real estate broker, Lourdes Montañer, for whose services Rodolfo Jalandoni bound himself in writing to pay a commission of 5% and any "overprice" above P140,000.00.[6]

The buyer, Palanca, thereafter wrote two (2) letters to the lessees, the Jurado group and Sampaguita Crafts Center, Inc., increasing the rental rates and terminating the lease effective on April 1, 1964.[7] The lessees' response was to file suit in the Court of First Instance of Manila against Francisco D. Palanca and Rodolfo Jalandoni, to compel recognition of their leasehold rights in accordance with their lease agreements or, alternatively, to adjudge

Jalandoni liable to them for damages.[8] The action was filed on January 13, 1964 and was docketed as Civil Case No. 55947.

Rodolfo Jalandoni was sued in another action in the same Court, the plaintiff being Lourdes Montañer, who sought to collect her stipulated commission, with damages.[9] This suit was docketed as Civil Case No. 56896.

Montañer was herself sued, together with Francisco D. Palanca, by Bernardino G. Jalandoni, who filed the action on May 20, 1965 in the same Court as judicial guardian of Rodolfo G. Jalandoni.[10] In this suit, the guardian prayed that the sale of the property to Palanca be declared legally inexistent on account of Rodolfo Jalandoni's insanity, it being claimed that "on December 3, 1963 and prior thereto," said Rodolfo Jalandoni "was, and ever since has been, of unsound mind and without legal capacity to enter into a contract." This suit was docketed as Civil Case No. 60978.

This plea of insanity was also set up by the guardian in the two (2) cases earlier filed against Rodolfo Jalandoni. In Case No. 55947, filed by the Jurado Group and Sampaguita Crafts Center, Inc., the guardian asserted in defense that Rodolfo Jalandoni "was and still is mentally ill, his mental illness dating back to a period before 1949," and hence "incapable of managing his business and financial affairs" or "take care of his person and property," he having in fact been declared incompetent by the Juvenile & Domestic Relations Court of Manila on September 19, 1964.[11] And in Case No. 56896, instituted by Lourdes Montañer for collection of her commission, the guardian averred in defense that Rodolfo Jalandoni "was of unsound mind at the time he allegedly granted x x x (Montañer) on November 27, 1963 an 'authority and option' to sell x x x(the) property in question, and in fact said defendant is still of unsound mind and without legal capacity to enter into a contract"; hence, that "authority and option" was null and void and not binding on Rodolfo Jalandoni.[12]

The three cases were consolidated and jointly tried, on agreement of the parties.

Rodolfo Jalandoni died during the pendency of the cases before the Court of First Instance.[13]

Given the state of the pleadings, the trial was, as might be expected, chiefly taken up with the issue of Rodolfo Jalandoni's mental condition at the time of the transactions subject of the three actions. It was of course inevitable that the parties' principal preoccupation would be the presentation of proof by which the Court could reach a well-founded conclusion on the issue.

At the trial, Bernardino Jalandoni, brother and judicial guardian of Rodolfo Jalandoni, testified at some length about the facts and circumstances in the latter's life which purportedly demonstrated the latter's unfortunate mental condition, beginning with the time during the shelling in 1944 of the area at No. 2380 Pennsylvania, Manila, where they were then residing, when Rodolfo Jalandoni was hit in the right temple by a bullet, suffering an injury which, although apparently slight at the time, evidently was the cause of a mental derangement which gradually and progressively worsened with the passage of time despite medical treatment until the family was eventually constrained in 1961 to initiate proceedings to place him under guardianship.[14]

Also deposing in proof of Rodolfo Jalandoni's insanity were two expert witnesses: Dr. Romeo Gustilo, a specialist in neuro-surgery, who declared on the basis of facts specified by him, that Rodolfo Jalandoni had a psychological imbalance, and he had performed a pre-frontal lobotomy on him;[15] and Dr. Lourdes V. Lapuz, a private practitioner in psychiatry, who examined Rodolfo Jalandoni in 1964 for psychiatric evaluation for the Juvenile & Domestic Relations Court in connection with the application to place said Rodolfo Jalandoni under guardianship, and who on the basis of her findings, declared him to be a chronic schizophrenic, and expressed doubts of his mental competency in 1963.[16]

On the other hand, Lourdes Montañer and Francisco Palanca gave evidence of facts and circumstances which in

their view proved Rodolfo Jalandoni's soundness of mind and his voluntary and intelligent execution of the agreements in question.[17] Dr. Manuel Pardo, an American-trained psychiatrist, also gave evidence as an expert on the basis of the facts set out in the recorded testimonies of the witnesses who had testified before him, which he was allowed to read, his conclusion being that it was entirely possible that Rodolfo Jalandoni had sufficient mental capacity to understand the nature and effects of his acts.[18]

After trial, the Court of First Instance rendered judgment under date of December 10, 1971, overruling the plea of insanity and disposing of the cases as follows:[19]

"WHEREFORE, the Court finds that in Civil Case No. 55947, entitled Leonarda M. Jurado, et al. versus Francisco D. Palanca, the judgment after a pretrial rendered by this Court as a result of a compromise agreement is valid and legal and should not be disturbed. Considering that plaintiffs intervenor have not taken steps to see to it that the lease contract with Jalandoni was registered, the Court finds no merit and hereby dismisses their claims against the estate of Rodolfo Jalandoni.

In Civil Case No. 56896 entitled Lourdes Montañer versus Rodolfo Jalandoni, the Court finds that the contract entered into by Lourdes Montañer and Rodolfo Jalandoni is valid and binding and therefore affirms the writ of execution. At any rate, said decision has already been executed and the money was collected by Lourdes Montañer.

In Civil Case No. 60978, the Court finds that the contract executed by Rodolfo Jalandoni selling the lot and property in question to Francisco D. Palanca is also valid and binding. In view thereof, the Court hereby dismisses the complaint."

The Court of Appeals reversed the judgment of the trial court. In a decision promulgated on June 7, 1977,[20] said Court, after an extensive discussion and assessment of the evidence, ruled that "the mental incompetence of Rodolfo G. Jalandoni (had been) duly established, contrary to the finding of the lower court." [21] As regards Civil Case No. 55947, the Court of Appeals adverted to the fact that the plaintiffs therein, Leonarda M. Jurado, et al., had "entered during the pre-trial into a settlement agreement with Palanca upon which judgment was rendered," [22] and therefore that judgment could no longer be challenged, declaring in the process the absence of liability on the part of Jalandoni. As regards the two other cases, the Court's verdict was as follows:[23]

"In Civil Case No. 55947, entitled 'Lourdes Montañer v. Rodolfo Jalandoni,' the decision appealed is hereby reversed, declaring null and void the Authority and Option to Sell executed by appellant Rodolfo Jalandoni, and ordering appellee Lourdes Montañer to return the amount of P30,000.00, together with legal interests thereon from the time it was received on August 21, 1964, until fully paid, with costs against appellee; and

In Civil Case No. 60978, the decision appealed from is hereby reversed, declaring the deed of sale executed by appellant Rodolfo G. Jalandoni in favor of appellee Francisco D. Palanca null and void, ordering said appellee to pay the Estate of Rodolfo G. Jalandoni the rentals he received from the property after December 3, 1963 until said property is fully restored to the appellant estate, with legal interest until fully paid, the same to be deducted from the purchase price of P160,000.00 paid by appellee Palanca which the appellant is hereby ordered to return to appellee Palanca upon being restored to the possession of the property in question, with costs against appellees."

However, this Decision of June 7, 1977 was in turn reversed by a Resolution promulgated on September 12, 1978 by a Special Division of Five Justices of the Court of Appeals, namely: Justices Ameurфина M. Herrera, (now Associate Justice of the Supreme Court), Pacifico P. de Castro (the ponente of the decision), Samuel F. Reyes (the ponente of the resolution), Rafael C. Climaco, and Simeon M. Gopengco. The resolution[24] described the evidence upon which it was grounded, with some particularity. It reads as follows:

"On July 25, 1977, defendant-appellee Francisco D. Palanca filed a Motion for Reconsideration with a prayer

that the "motion for reconsideration and opposition thereto be set for oral argument." The prayer for oral argument was granted and Justices de Castro, Gopengco and the herein ponente of this resolution, heard the arguments of both parties. The result was a vote of 1:2 in favor of granting the motion so that a special division of five (5) was constituted with Justices Herrera and Lood as additional members. With the two (2) additional members having actually heard the merits of the case, the special division of five (5) denied the motion voting at 3:2. The two (2) additional members concurred with the ponente of the decision and the two (2) other original members maintained their previous stand.

Considering that the two (2) additional members were not given the benefit of an oral argument, defendant-appellee consequently filed a Motion for Leave to File Second Motion for Reconsideration. Said motion was granted and subsequently, the second motion for reconsideration was set for oral argument to give particularly Justice Herrera, an additional member, and Justice Climaco, as new member upon Justice Lood's retirement, a second hard look on the case.

After deliberation and having been thoroughly apprised of the facts and the applicable law, Justice Herrera and Justice Climaco voted with Justice Gopengco and this ponente to grant the second motion for reconsideration.

There are two (2) compelling reasons why We voted to grant the second motion for reconsideration.

Firstly, it is undisputed that more than nine (9) months before he was declared incompetent (September 19, 1964), Rodolfo G. Jalandoni through Lourdes Montañer as a real estate agent had sold the house and lot in question to defendant-appellee on December 2, 1963. Therefore, there is every reason to believe that at least on such a date Rodolfo G. Jalandoni possessed the mental capacity to transact ordinary business.

It is equally undeniable that before 1963, Jalandoni had already been diagnosed as a schizophrenic individual. However, Dr. Manuel Pardo, an American-trained specialist testified that "even the severest schizophrenics are not demented" (tsn, Feb. 18, 1971, p. 9). Hence, he concluded that "at the time of the execution of this contract (the deed of sale), Jalandoni had sufficient mental capacity to understand the nature and effect of the transaction he was engaged in at that time."

Dr. Pardo made such a conclusion because:

"I understand he engaged the services of a real estate agent, and they had personally met with Mr. Palanca, the buyer of the property, and they had some haggling over the price; that Mr. Jalandoni had written a letter about his authorizing the real estate agent to deal with Mr. Palanca, in Mr. Jalandoni's behalf that Mr. Jalandoni, upon agreeing on the price of his property, had made arrangements with the buyer for the manner of payment and specifically issued transactions on how the checks were to be paid out, including one for the payment of a previous mortgage.

"Mr. Jalandoni also noticed that one of the checks had been crossed, and it (sic) called his attention, and because he wanted to get it encashed, he therefore asked that the check be cancelled and another one be issued.

"These, to me, indicate that his thinking faculties, his mental capacity, at the time he was carrying out this transaction, was sufficient for him to understand the nature of such transaction, and its effects."

We prefer this testimony to the Psychiatric Evaluation on Jalandoni by Dra. Lourdes V. Lapuz and Dr. Baltazar V. Reyes because the latter refers to his mental state, seven (7) months after the deed of sale in question was executed which puts it in no better position than the former.

Secondly, it is a fact that after he had authorized his agent Montañer to sell the house and lot in question for P160,000.00, Jalandoni voluntarily accepted the amount and used the same for his personal benefit. Thus, when the second check in the amount of P30,000.00 was handed to him, Jalandoni put it to good use by paying his mortgage debt on the house and lot in question. As to the remaining balance of P120,000.00, the same was used to open a new account for him at the Prudential Bank.

Having accepted the amount and having actually benefited from it, We rule that Rodolfo G. Jalandoni or his heirs are estopped from repudiating the sale in question, executed through his agent Montañer in 1963 (Saura Import & Export Co., Inc., et al. vs. Solidum, et al., L-24514, July 31, 1968, 24 SCRA 574).

We take this stand, aware of the rule that after allowing his agent to transact business for himself with the defendant-appellee, he cannot be allowed to spurn them and undo what his lawful agent has done.

WHEREFORE, the decision of the Court promulgated on June 7, 1977 is hereby RECONSIDERED and SET ASIDE and another decision rendered AFFIRMING in toto the decision of the court a quo promulgated on December 10, 1971 in Civil Case Nos. 55947, 56896 and 60978.

**SO ORDERED.**

SAMUEL F. REYES

Associate Justice

**WE CONCUR:**

**RAFAEL C. CLIMACO**

**SIMEON M. GOPENGCO**

Associate Justice

Associate Justice”

"HERRERA, J., in a separate concurring opinion:

I concur with the view that the heirs of Rodolfo G. Jalandoni are estopped from claiming the latter's insanity to repudiate the sale questioned in Ca-G.R. No. 51372-R. It should be noted that the Petition for Guardianship of the person and estate of Rodolfo Jalandoni, by reason of mental incompetency, was filed before the Juvenile and Domestic Relations Court of Manila by his brother and sister as early as September 28, 1961, and the Order declaring Rodolfo G. Jalandoni incompetent and appointing his brother, Bernardino G. Jalandoni, as his guardian, was issued on September 19, 1964. In the interim, however, no steps were taken by the relatives of Rodolfo to protect the interests of the latter as well as those of third persons, such as the appointment of a guardian ad-litem, and entering cautionary notices on the certificates of title covering the properties owned by Rodolfo regarding the pendency of the guardianship proceedings. On the contrary, Rodolfo was allowed to continue managing his own properties, and third parties were left free to deal directly with him. Thus, when the sale in question was consummated on December 3, 1963, defendants-appellees had no notice whatsoever of the proceedings for the declaration of the incompetency of Rodolfo.

Moreover, that the heirs of Rodolfo recognized the validity of the sale of the property in question is shown by the fact that Bernardino Jalandoni, in a letter dated August 17, 1964, did not question the sale but instead demanded

from defendant-appellee, Francisco Palanca, the balance of P40,000.00, which he thought was still due.

For the foregoing reasons, I vote to grant reconsideration and to affirm the judgment of the lower court.

AMEURFINA MELENCIO-HERRERA

Associate Justice

DE CASTRO, J., dissenting:

I dissent.

PACIFICO P. DE CASTRO

Associate Justice"

It is this resolution of September 12, 1978 and the subsequent resolutions denying two (2) motions seeking reconsideration thereof[25] that the petitioner in this case would have this Court overturn.

It should by now be quite apparent that the petitioner's appeal hinges upon the issue of the sanity of the deceased Rodolfo Jalandoni at the time of the transactions in question. The parties' pleadings in the three (3) actions in the Court of First Instance make this abundantly clear. The principal claim put forth in those actions in behalf of Rodolfo Jalandoni was that he was at all times material "of unsound mind and without legal capacity to enter into contract," and consequently incurred no liability whatever but on the contrary was entitled to relief in respect to the written agreements involved. So it was understood by the trial judge who, in his decision dated December 10, 1971,[26] declared that:[27]

"The basic issue in all these 3 cases revolves on question (1) as to whether or not Rodolfo Jalandoni was mentally competent to enter into the valid conclusion of the deed of lease with the plaintiffs in Civil Case No. 55947; (2) the agreement authorizing Lourdes Montañer as Rodolfo's agent to sell the house and lot in question; and (3) the execution of the deed of sale in favor of Francisco D. Palanca in Civil Case No. 60978."

This, too, was the understanding of the Court of Appeals manifested in its decision of June 7, 1977[28] -- which petitioner desires to be upheld and affirmed. In that decision, the Court of Appeals said:

"The main issue relates to the mental condition of Rodolfo Jalandoni who is a party in each of these 3 cases, which arose out of the sale of his property located at 1368 A. Mabini St. and 503 Sta. Monica St., Ermita, Manila, the validity of which sale is questioned because of his alleged mental incapacity to enter into any contract."

It also pointed out that:

"x x x (T)he lower court found that his (Rodolfo Jalandoni's) mental state did not render him incapable of entering in the contracts involved, and, therefore, held said contracts valid and binding. This particular finding of the lower court is the core of the controversy brought up to this Court."

Indeed, the petitioner's brief in the Court of Appeals made clear that the chief error of the trial court in its view was "in not finding as a fact, notwithstanding clear and convincing proof to the contrary, that Rodolfo G. Jalandoni at the time of the execution x x x (of the agreements in question) was and ever since has been of unsound mind and therefore incompetent and without capacity to enter into any legal transaction." [29] The other two (2) errors assigned in the brief related merely to the legal effects flowing from the alleged insanity of Rodolfo Jalandoni.[30] Even in its petition before this Court, petitioner's thesis is that "respondent Court of Appeals (had erred in) holding that Rodolfo Jalandoni possessed the mental capacity to transact business on December 3, 1966," notwithstanding certain facts specified by said petitioner which it claimed to have been duly "admitted,

proved, or pleaded,"[31] and "other independent evidence established without adequate and credible refutation," as well as the fact that "lucid interval has not been sufficiently shown." [32]

Now, there can be no doubt that the issue of Rodolfo Jalandoni's mental condition is an issue of fact and not of law, determinable only by and after a study and appraisal of evidence adduced by the parties on the matter. On the other hand, the question of the effects of his insanity, assuming this to be satisfactorily proven, would be a question of law. But the whole controversy lies in the matter of whether or not Rodolfo Jalandoni was insane at the execution of the transactions involved. There is no controversy about the legal effects resulting from the actuality of his insanity, if established. This issue of Rodolfo Jalandoni's insanity was the subject of extensive proof in the trial court; and that proof was considered and assessed in no little detail both in the trial court and in the Court of Appeals.

The appellate court's findings on this issue cannot and will not be reviewed by this Court. For it is axiomatic, as pointed out in the opening paragraph of this decision, that findings of fact of the Court of Appeals are final and may not be reviewed even by this Court.[33] There are exceptions to this rule, of course, but the record does not show that the case falls within any of said exceptions.[34] In any event, the study of the record undertaken by this Court, which has led it to the conclusions just stated, has in the process also convinced it that the factual findings set out in the resolution of September 12, 1978, now subject of appeal, are entirely correct and adequately demonstrated by preponderance of evidence.

WHEREFORE, the appealed Resolution of the Court of Appeals of September 12, 1978 is affirmed in toto. Costs against petitioners.

SO ORDERED.

Yap, (Chairman), Cruz, Paras, and Feliciano, JJ., concur.

Melencio-Herrera, J., no part.

---

[1] Sec. 2 (second par.), Rule 45 of the Rules of Court; *Teruñez v. IAC*, 134 SCRA 414; see also *De Garcia v. C.A.*, 37 SCRA 129; *Bunyi v. Reyes*, 39 SCRA 504; *Talosig v. Vda. de Nieba*, 43 SCRA 472; *Tiongco v. de la Merced*, 58 SCRA 89; *Evangelista & Co. v. Santos*, 51 SCRA 416.

[2] *Ramos, et al. v. Pepsi Cola Bottling Co. of the Phils., et al.*, 19 SCRA 289, 291-292; *Napolis v. C.A.*, 43 SCRA 301, 309; *Ladanga v. C.A.*, Aug. 24, 1984; 131 SCRA 361.

[3] *Rollo*, p. 72.

[4] *Rollo*, p. 73.

[5] *Rollo*, p. 88.

[6] *Rollo*, p. 98.

[7] *Rollo*, p. 75.

[8] *Rollo*, pp. 71-79.

[9] *Rollo*, p. 20.

[10] *Rollo*, pp. 85 et seq.

[11] *Rollo*, p. 105.

- [12] Rollo, p. 97.
- [13] Rollo, p. 129.
- [14] Rollo, pp. 130 et seq.
- [15] Rollo, p. 133.
- [16] Rollo, pp. 133-134.
- [17] Rollo, pp. 134-137.
- [18] Rollo, pp. 138 et seq.
- [19] Rollo, p. 145.
- [20] Rollo, pp. 146-164.
- [21] Rollo, p. 159.
- [22] Rollo, p. 160.
- [23] Rollo, pp. 163-164.
- [24] Rollo, pp. 166-169.
- [25] Rollo, pp. 201 & 214.
- [26] Rollo, pp. 123-145.
- [27] Rollo, p. 141.
- [28] Rollo, pp. 146-164.
- [29] Rollo, p. 34.
- [30] Id., Rollo.
- [31] Rollo, pp. 35-36.
- [32] Rollo, p. 36.
- [33] Footnote 1.
- [34] Footnote 2.

**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.