

Title: Hernaez and Alunan vs. McGrath: Property Rights and Japanese Occupation

Facts:

1. Rafael R. Alunan and Pedro C. Hernaez originally owned the disputed land equally. It consisted of eight contiguous parcels totaling 4,533.34 square meters, located in Manila.
2. Eight residential houses on the land were destroyed during World War II operations in early 1945.
3. On February 20, 1943, a deed of sale was reportedly signed by Alunan and Hernaez selling the land to Hakodate Dock Co., Ltd., a Japanese firm, for P170,000. This deed of sale was registered, and new transfer certificates of title were issued to Hakodate Dock Co. on March 3, 1943.
4. The property was vested by the Philippine Alien Property Administration as that of an enemy national on April 20, 1947, per U.S. and Philippine acts and orders.
5. The Republic of the Philippines, as prospective transferee, and Dr. Nicanor Jacinto, intervened in the case. Dr. Jacinto alleged the property had been mortgaged to him and the mortgage was canceled under duress.
6. The lower court ruled in favor of Hernaez and Alunan, dismissing interventions.

Procedural History:

- The action of ejectment and damages was initiated in the Court of First Instance of Manila by Hernaez and Alunan against the Philippine Alien Property Administration.
- The case involved a series of procedural complexities, including theft from the register's office, blocking oral evidence by appellants, and secondary evidence.
- Defendants appealed the lower court's ruling to the Supreme Court of the Philippines.

Issues:

1. Whether the sale of the land to Hakodate Dock Co. by Alunan and Hernaez was valid.
2. The admissibility of secondary evidence concerning the deed of sale's execution.
3. The legality of the acquisition of property by a foreign (Japanese) entity during the war.
4. Whether Dr. Jacinto could repudiate the cancellation of his mortgage.

Court's Decision:

1. Validity of the Sale: The Court held that the sale to Hakodate was valid. The plaintiff's claims of forgery were unsubstantiated, and evidence such as Watanabe's testimony, and the mortgage cancellation supported the legitimacy of the transaction.
2. Secondary Evidence: The Court clarified that parol evidence was admissible for proving execution, not contents. The plaintiffs' objections were unfounded, as authenticity typically

involves parole evidence.

3. Legality during Occupation: The Court concluded that laws prohibiting foreign land ownership were inoperative during the Japanese occupation, as the Philippine Constitution did not apply.

4. Dr. Jacinto's Mortgage: The Court found the mortgage payment was enforceable, given that the debt was settled with the only currency available (Japanese war notes) at the time, and Dr. Jacinto accepted it.

Doctrine:

- Philippine constitutional and statutory prohibitions on foreign ownership were inoperative during the Japanese occupation.
- Secondary evidence of execution (not content) is admissible when the original document is unavailable.

Class Notes:

- Key Elements: Transfer of property, foreign ownership prohibitions, secondary evidence, estoppel, wartime legal doctrines.
- Legal Provisions: Sections 46 and 51 of Rule 123 pertain directly to evidence admissibility criteria.
- Application: Principles of evidence and property law adapted to wartime context and occupation laws.

Historical Background:

The case arose during a turbulent period of Philippine history, set against the backdrop of the Japanese occupation in World War II, which disrupted legal systems and property rights. The case highlighted how wartime conditions affected legal transactions, foreign ownership issues, and property law application in occupied territories. The U.S.'s administration through the Philippine Alien Property Administration emphasized international law's complexity during occupation.