

44 Phil. 630

[ G.R. No. 20329. March 16, 1923 ]

**THE STANDARD OIL COMPANY OF NEW YORK, PETITIONER, VS. JOAQUIN JARAMILLO, AS REGISTER OF DEEDS OF THE CITY OF MANILA, RESPONDENT.**

**D E C I S I O N**

**STREET, J.:**

This cause is before us upon demurrer interposed by the respondent, Joaquin Jaramillo, register of deeds of the City of Manila, to an original petition of the Standard Oil Company of New York, seeking a peremptory mandamus to compel the respondent to record in the proper register a document purporting to be a chattel mortgage executed in the City of Manila by Gervasia de la Rosa, Vda. de Vera, in favor of the Standard Oil Company of New York.

It appears from the petition that on November 27, 1922, Gervasia de la Rosa, Vda. de Vera, was the lessee of a parcel of land situated in the City of Manila and owner of the house of strong materials built thereon, upon which date she executed a document in the form of a chattel mortgage, purporting to convey to the petitioner by way of mortgage both the leasehold interest in said lot and the building which stands thereon.

The clauses in said document describing the property intended to be thus mortgaged are expressed in the following words:

“Now, therefore, the mortgagor hereby conveys and transfers to the mortgagee, by way of mortgage, the following described personal property, situated in the City of Manila, and now in possession of the mortgagor, to wit:

“(1) All of the right, title, and interest of the mortgagor in and to the contract of lease hereinabove referred to, and in and to the premises the

subject of the said lease;

“(2) The building, property of the mortgagor, situated on the aforesaid leased premises.”

After said document had been duly acknowledged and delivered, the petitioner caused the same to be presented to the respondent, Joaquin Jaramillo, as register of deeds of the City of Manila, for the purpose of having the same recorded in the book of record of chattel mortgages. Upon examination of the instrument, the respondent was of the opinion that it was not a chattel mortgage, for the reason that the interests therein mortgaged did not appear to be personal property, within the meaning of the Chattel Mortgage Law, and registration was refused on this ground only.

We are of the opinion that the position taken by the respondent is untenable; and it is his duty to accept the proper fee and place the instrument on record. The duties of a register of deeds in respect to the registration of chattel mortgages are of a purely ministerial character; and no provision of law can be cited which confers upon him any judicial or quasi-judicial power to determine the nature of any document of which registration is sought as a chattel mortgage.

The original provisions touching this matter are contained in section 15 of the Chattel Mortgage Law (Act No. 1508), as amended by Act No. 2496; but these have been transferred to section 198 of the Administrative Code, where they are now found. There is nothing in any of these provisions conferring upon the register of deeds any authority whatever in respect to the “qualification,” as the term is used in Spanish law, of chattel mortgages. His duties in respect to such instruments are ministerial only. The efficacy of the act of recording a chattel mortgage consists in the fact that it operates as constructive notice of the existence of the contract, and the legal effects of the contract must be discovered in the instrument itself in relation with the fact of notice. Registration adds nothing to the instrument, considered as a source of title, and affects nobody’s rights except as a species of notice.

Articles 334 and 335 of the Civil Code supply no absolute criterion for discriminating between real property and personal property for purposes of the

application of the Chattel Mortgage Law. Those articles state rules which, considered as a general doctrine, are law in this jurisdiction; but it must not be forgotten that under given conditions property may have character different from that imputed to it in said articles. It is undeniable that the parties to a contract may by agreement treat as personal property that which by nature would be real property; and it is a familiar phenomenon to see things classed as real property for purposes of taxation which on general principle might be considered personal property. Other situations are constantly arising, and from time to time are presented to this court, in which the proper classification of one thing or another as real or personal property may be said to be doubtful.

The point submitted to us in this case was determined on September 8, 1914, in an administrative ruling promulgated by the Honorable James A. Ostrand, now a Justice of this Court, but acting at that time in the capacity of Judge of the fourth branch of the Court of First Instance of the Ninth Judicial District, in the City of Manila; and little of value can be here added to the observations contained in said ruling. We accordingly quote therefrom as follows:

“It is unnecessary here to determine whether or not the property described in the document in question is real or personal; the discussion may be confined to the point as to whether a register of deeds has authority to deny the registration of a document purporting to be a chattel mortgage and executed in the manner and form prescribed by the Chattel Mortgage Law.”

Then, after quoting section 5 of the Chattel Mortgage Law (Act No. 1508), his Honor continued:

“Based principally upon the provisions of section quoted the Attorney-General of the Philippine Islands, in an opinion dated August 11, 1909, held that a register of deeds has no authority to pass upon the capacity of the parties to a chattel mortgage which is presented to him for record. *A fortiori* a register of deeds can have no authority to pass upon the character of the property sought to be encumbered by a chattel mortgage. Of course, if the mortgaged property is real instead of personal the chattel mortgage would no doubt be held ineffective as against third parties, but this is a question to be

determined by the courts of justice and not by the register of deeds.”

In *Leung Yee vs. Frank L. Strong Machinery Co. and Williamson* (37 Phil., 644), this court held that where the interest conveyed is of the nature of real property, the placing of the document on record in the chattel mortgage register is a futile act; but that decision is not decisive of the question now before us, which has reference to the function of the register of deeds in placing the document on record.

In the light of what has been said it becomes unnecessary for us to pass upon the point whether the interests conveyed in the instrument now in question are real or personal; and we declare it to be the duty of the register of deeds to accept the estimate placed upon the document by the petitioner and to register it, upon payment of the proper fee.

The demurrer is overruled; and unless within the period of five days from the date of the notification hereof, the respondent shall interpose a sufficient answer to the petition, the writ of mandamus will be issued, as prayed, but without costs. So ordered.

*Araullo, C.J., Malcolm, Avanceña, Ostrand, Johns, and Romualdez, JJ., concur.*