

43 Phil. 371

[G. R. No. 18336. May 15, 1922]

SIKATUNA, PLAINTIFF AND APPELLANT, VS. POTENCIANA GUEVARA AND FLORENCIO FRANCISCO, DEFENDANTS AND APPELLEES.

D E C I S I O N

ROMUALDEZ, J.:

Judgment was rendered by the trial court in this case upon an agreed statement of facts of the parties, to wit :

“1st. That the defendants admit paragraphs 1, 2, 5, and 6 of the amended complaint.

“2d. That the plaintiff bought from Jacinto, Palma y Hermanos a parcel of land with a building thereon known as the Solomon Temple, a part of which land is that described in the third paragraph of the amended complaint, and the whole land is described in the transfer certificate of title No. 8651, vol. T-19 of the Book of Transfers, page 436, issued by the register of deeds of the city of Manila to the plaintiff.

“3d. That the plaintiff admits each and every paragraph of the special defense and counterclaim of the defendants as set forth in their answer to the amended complaint.

“4th. That the defendants, on January 28, 1920, were notified to vacate the building in question, but up to the present time they still continue in possession of the same.

“5th. That from the month of February, 1920, the reasonable rent of the building in question is P20 per month.

“6th. That after the issuance of the said transfer certificate of title to the herein plaintiff the defendant Potenciana Guevara, in civil case No. 16060 of this court, obtained a final judgment against Jacinto, Palma y Hermanos whereby the said Jacinto, Palma y Hermanos was ordered to execute in favor of the said Potenciana Guevara a deed of sale of the land here in question.

“7th. That for whatever it may be worth in this case, under this agreed statement of facts, the decision of the Supreme Court rendered in case No. 16060 of this court which was a contempt proceeding instituted by the defendant Potenciana Guevara against Jacinto, Palma y Hermanos, as well as the transfer certificate of title No. 8651, page 436, Transfer Book No. T-19, issued by the register of deeds of the city of Manila in favor of the herein plaintiff, is hereto attached and made a part hereof by counsel for plaintiff as plaintiff’s evidence.

“8th. That for whatever it may be worth in the present proceedings, under this agreed statement of facts, the record of civil cause No. 16060 of the Court of First Instance of Manila is hereto attached, and made a part hereof by counsel for defendants as their evidence.”

The decision of the court contains the following order:

“The contract entered into between Sikatuna and Messrs. Jacinto, Palma y Hermanos is hereby declared rescinded insofar as it refers to the land described in paragraph 5 of the amended complaint dated November 16, 1920, in relation with paragraph 3 of the agreed statement of facts, and:

“The corporation known as Sikatuna, by its agent, is hereby ordered to execute the required deed of transfer of the land aforesaid to the defendant upon payment of the sum of P1,000 to the said corporation.

“The defendant Potenciana Guevara is sentenced to pay the, plaintiff corporation a monthly rental of P6 from April, 1918, to the date when the deed of sale of said land is executed.”

Not satisfied with this decision, the plaintiff appeals to this court and assigns as errors committed by the court *a quo* the following: (a) Its decree rescinding the contract in

question; (b) its order directing the transfer of the land in controversy by the plaintiff to the defendant Potenciana Guevara; and (c) its failure to sentence the defendants to pay the plaintiff the sum of P20 from February, 1920, until the termination of this litigation. The following statement of facts contained in the appellant's brief is correct:

"A contract of lease of a portion of land situated on Calle Bilbao of the city of Manila of about 100 square meters' area, was entered into between the partnership Jacinto, Palma y Hermanos, as lessor, and Potenciana Guevara, as lessee, which land is a part of the land belonging to the said partnership covered by certificate of title No. 8651 issued by the register of deeds of the city of Manila and which was presented as evidence in this proceeding.

"The said contract contained an option in favor of the partnership Jacinto, Palma y Hermanos by which the latter, within one year from the date of the execution thereof, could purchase the house of Potenciana Guevara built on the land so leased; however if, within said time, the said partnership did not exercise such option, Potenciana Guevara would have the right to purchase the land leased to her.

"This contract was never noted on the original certificate of title of the land, of which the portion occupied by Guevara is a part. "The time for the option having expired, without the partnership having exercised its right, the defendant attempted to purchase the said land, to which the former objected; in view of which Potenciana Guevara in April, 1918, brought an action against the said partnership, which was registered as civil cause No. 16060, to compel it to sell the land to her.

"Neither was any notice of the commencement of that action filed with the office of the register of deeds.

"While case No. 16060 was pending, the aforesaid partnership sold to the Sikatuna corporation all the land, including the portion which was leased to Potenciana Guevara, which corporation recorded the transfer in the registry, under the provisions of Act No. 496, as a result of which, transfer certificate of title No. 8651 was issued to the said corporation on May 25, 1918.

"On July 15, 1918, judgment was rendered in case No. 16060 whereby Jacinto,

Palma y Hermanos was ordered to sell to Potenciana Guevara the portion of land leased to her, which judgment was affirmed by this Court.

“This judgment, however, was not executed for the reason that, as already stated, the land had been sold to the Sikatuna corporation.

“In the original certificate of title of the partnership Jacinto, Palma y Hermanos, just as in transfer certificate of title No. 8651, issued to the Sikatuna corporation, there is no record of any encumbrance whatsoever upon the land except a mortgage in favor of the National Bank.

“From the time the said land was transferred to the Sikatuna corporation, Potenciana Guevara has been in possession of the portion leased to her until, in view of the fact that the said corporation needed that portion of land for its own purposes, and of the further fact that Potenciana Guevara had not paid the rentals for the land to the new owner, she was notified in January, 1920, to vacate the premises and a demand was made upon her to pay the corresponding rents. Having declined to do so the Sikatuna corporation commenced these proceedings against her for unlawful entry and detainer and for the payment of rents.”

The first assignment of error has to do with the rescission of the sale of the property in question, made by the partnership Jacinto, Palma y Hermanos to the herein plaintiff. The court ordered the rescission under the provisions of the fourth paragraph of article 1291 of the Civil Code, referring to things in litigation. But as the appellant rightfully contends, the rescission of the said sale does not lie in the present case because the property is now in the legal possession of a third person who has not acted in bad faith. The second paragraph of article 1295 of the Civil Code provides as follows:

“Neither shall rescission take place when the things which are the subject-matter of the contract are lawfully in the possession of third persons who have not acted in bad faith.”

There is no doubt but that in this case the plaintiff corporation has the character of a third person, and it has not been shown that it had acted in bad faith.

This case has a special circumstance in that it deals with property registered under the Land Registration Act, No. 496, section 79 of which provides that actions concerning properties registered under the law shall affect only the parties litigant, unless a notice of the commencement of the action is recorded, which does not appear to have been done in the case before us. There was, therefore, no legal obstacle to the transfer of the title of the said property, and for this special reason the said transfer cannot be rescinded. The second and third assignments of error are the result of the first.

We hold that the errors assigned by the appellant to the judgment appealed from have been committed.

Wherefore, the said judgment is reversed and the defendants ordered to vacate the land in controversy and to pay the plaintiff the sum of P132 as rents, corresponding to the period from April, 1918, to January, 1920, inclusive, and the further sum of P20 per month from February, 1920, until the property is actually vacated, and to pay the costs of this instance. So ordered.

Araullo, C. J., Malcolm, Avanceña, Villamor, and Ostrand, JJ., concur.