

Title: Philippine Banking Corporation vs. Lui She

Facts:

The case revolves around a series of agreements entered into by Justina Santos and Wong Heng, beginning on November 15, 1957, with a lease contract for 50 years. Subsequent contracts amended this agreement and introduced additional terms, ultimately extending the lease to 99 years and giving Wong Heng an option to buy the premises should he become a naturalized citizen. These contracts were challenged on the grounds of being designed to circumvent constitutional prohibitions against the sale of land to aliens, as Justina Santos intended to transfer ownership of her land to Wong Heng, a Chinese national.

The Philippine Banking Corporation, representing the estate of Justina Santos after her death, initiated the legal battle against Lui She, Wong Heng's widow and the administratrix of his estate. Following the trial court's decision, the case was escalated to the Supreme Court. The dispute centered around the validity of the lease and supplementary contracts in light of constitutional restrictions on land ownership by non-Filipinos.

Lui She filed two motions following the Supreme Court's decision to invalidate the contracts: one for reconsideration and another for a new trial based on supposed newly-discovered evidence - a codicil and two wills by Justina Santos, which allegedly supported the legality of the lease agreement.

Issues:

1. Whether the lease contract and supplementary contracts were inseparable agreements intended to circumvent constitutional limits on land ownership by aliens.
2. Whether the codicil and wills presented by Lui She constituted newly-discovered evidence that could warrant reopening the case.

Court's Decision:

The Court denied both motions filed by Lui She. It established that the contracts in question were indeed part of an elaborate scheme to subvert the constitutional provision against the transfer of land to non-Filipinos. The attempt to sever the lease contract from the subsequent agreements was found to be without merit as each contract was interdependent and designed to fulfill Justina's intent to transfer her property to Wong Heng.

On the issue of the codicil and wills being newly-discovered evidence, the Court found that these documents were known to the defendant-appellant and her counsel prior to Justina Santos' death and had already been considered during the trial. Therefore, they could not

be considered newly-discovered. Furthermore, the Court determined that the codicil and wills did not alter the essence of their prior decision, as the expressed wishes of Justina Santos in these documents did not invalidate the underlying goal to transfer property ownership to Wong Heng.

Doctrine:

The doctrine established in this case reaffirms the principle that contracts designed to circumvent constitutional provisions, such as restrictions on land ownership by aliens, are void and cannot be validated by purportedly separable agreements or testamentary wishes that conflict with the law.

Class Notes:

1. Circumvention of Constitutional Provisions: Contracts devised to skirt constitutional limits, particularly on alien land ownership in the Philippines, are invalid.
2. Inseparability of Contracts: Agreements conceived as part of a unified scheme to achieve an illegal purpose cannot be validated by treating them as separable.
3. Newly-Discovered Evidence: For evidence to be considered “newly-discovered” for purposes of reopening a case, it must not have been known or accessible to the party invoking it during the original trial.

Historical Background:

This case illustrates the Philippine legal system’s vigilance against attempts to evade the constitutional ban on alien land ownership, reflective of the country’s efforts to maintain national sovereignty over its land. The ruling underscores the judiciary’s role in interpreting contracts and testamentary dispositions within the ambit of constitutional mandates and public policy.