

Title:

****De Guia et al. v. Hon. Presiding Judge, RTC Branch 12, et al.****

Facts:

This case involves a complex series of land transactions, mortgages, and legal agreements surrounding two parcels of land (fishpond) registered under TCT No. T-6358 located in Meycauayan, Bulacan. The petitioners, represented by Manuel T. De Guia and including Fe Davis Maramba, Renato Davis, Flordeliza D. Yeh, Jocelyn D. Queblatin, and Betty Davis, are heirs of Primitiva Lejano Davis (Primitiva), who owned a $\frac{1}{2}$ undivided interest in the property. They claimed to have acquired ownership from Primitiva.

Initially, Primitiva mortgaged the property to respondents Spouses Teofilo R. Morte and Angelina C. Villarico (Spouses Morte) in 1973 for P20,000. In 1974 and 1977, she enters into buying and selling transactions with Spouses Ruperto C. Villarico and Milagros D. Barretto (Spouses Villarico), including selling and then repurchasing the property. On March 28, 1977, Primitiva mortgaged the property again to Spouses Morte for P180,000.

On November 10, 1979, new documents were executed, including a new mortgage (Exhibit "A") for P500,000 with Spouses Morte, a general power of attorney appointing Spouses Villarico as her agents, and a lease agreement with Spouses Villarico, among other documents that superseded previous agreements.

Failing to pay the P500,000 mortgage, the property was set for extrajudicial foreclosure in 1986. Petitioner De Guia, acting for himself and on behalf of other petitioners, filed an Amended Complaint in the RTC of Malolos, Bulacan, to annul the mortgage and contract of lease, claiming they were executed under duress and without consideration.

The RTC and subsequently the Court of Appeals (CA) dismissed the petitioners' claims, upholding the validity of the agreements. The petitioners then escalated the case to the Supreme Court on grounds that involved the validity and legal effect of the agreements made on November 10, 1979, among others.

Issues:

1. Whether the agreements executed on November 10, 1979 (especially the real estate mortgage for P500,000 and the lease contract) were valid and not simulated.
2. If the said agreements were valid even though they were not registered and thus not binding to third persons, including petitioner De Guia.
3. Whether the case involves questions of law appropriate for review by the Supreme Court.

Court's Decision:

The Supreme Court denied the petition, upholding the CA's decision affirming the trial court's ruling. The Court addressed the issues:

- **Regarding the validity of the November 10, 1979 agreements**: The Court agreed with the lower courts that petitioner Renato Davis's admissions affirmed the outstanding obligations to respondents and intended restructuring of debt, which justified the execution of Exhibit "A". The threat of foreclosure did not vitiate consent as it was a legitimate legal remedy.
- **On the issue of non-registration affecting validity**: The Court did not entertain this argument significantly as it found that the core issue was the execution's legitimacy and consideration, which were adequately established.
- **On the jurisdiction and appropriateness for Supreme Court review**: The Court reiterated the principle that it is not a trier of facts and only entertains questions of law unless there are discrepancies in the findings of the lower courts, which was not the case here.

Doctrine:

The Court reaffirmed the doctrine that a threat to enforce one's legitimate legal claim does not vitiate consent in contractual agreements. Furthermore, it underscored the principle that the Supreme Court is not a trier of facts and will not entertain factual issues raised for the first time on appeal.

Class Notes:

- **Consent under Duress**: Threatening legal action, such as foreclosure for non-payment, is a legitimate exercise of a creditor's rights and does not constitute duress that would invalidate consent in contractual agreements.
- **Effect of Non-Registration**: While registration affects enforceability against third parties, the validity of a contract between parties is primarily determined by consent, consideration, and fulfillment of contractual obligations.
- **Appellate Review**: Questions of fact are generally not reviewable in petitions for certiorari before the Supreme Court, which primarily addresses questions of law.

Historical Background:

This case sheds light on the complexity of property law in the Philippines, especially regarding ownership disputes, the legal effects of mortgages and sales, and the principles governing contractual agreements. It demonstrates the procedural journey from trial courts

through appellate courts to the Supreme Court, emphasizing the latter's role in the legal system predominantly as a reviewer of legal, not factual, questions.