

Title: Thomas C. Cheesman vs. Intermediate Appellate Court and Estelita Padilla

Facts:

1. Thomas Cheesman, an American, married Criselda P. Cheesman, a Filipino, on December 4, 1970.
2. On June 4, 1974, Criselda purchased an unregistered land and house at No. 7 Neptune Street, Gordon Heights, Olongapo City, from Armando Altares. The Deed of Sale was under Criselda's name, with no objection from Thomas.
3. Tax declarations for the property were issued solely in Criselda's name. She managed and leased the property, again without protest from Thomas.
4. On July 1, 1981, Criselda sold the property to Estelita Padilla without Thomas's knowledge or consent. The Deed described Criselda as "married to an American citizen."
5. Thomas filed a suit on July 31, 1981, in the Court of First Instance (CFI) at Olongapo City to annul the sale, claiming lack of consent.
6. In their answer, Criselda and Estelita contended the property was Criselda's paraphernal property, Thomas had no interest due to nationality, and Estelita was a buyer in good faith.
7. During pre-trial, parties stipulated that the property was acquired during the marriage.
8. CFI initially ruled in Thomas's favor voiding the sale on June 24, 1982.
9. Estelita's petition for relief from judgment, citing fraud and mistake, led to a new judge reconsidering the case.
10. The new trial concluded with a summary judgment on August 3, 1982, favoring Estelita, validating the sale, and dismissing Thomas's claims.
11. Cheesman appealed to the Intermediate Appellate Court (IAC) challenging several errors but the IAC upheld the trial court's decision on January 7, 1986.

Issues:

1. Whether the presumption of conjugal property under Article 160 was rebutted.
2. Whether Estelita Padilla was a purchaser in good faith.
3. Whether there was substantive basis for granting Estelita's petition for relief from the judgment.
4. Whether Cheesman's failure to appeal the order granting relief constituted waiver.
5. Whether the relief granted to Estelita was proper.
6. Whether Thomas Cheesman's nationality disqualified him from challenging the sale of the property.

Court's Decision:

1. Rebuttal of Conjugal Property Presumption:

- The Court affirmed that evidence satisfactorily rebutted the presumption under Article 160, establishing the property as Criselda's paraphernal property based on funds she saved pre-marriage and her exclusive management.

2. Good Faith of Estelita Padilla:

- The Court found Estelita acted in good faith. Description of Criselda as married did not negate her perception of sole ownership. Thomas's prior inaction on the property reinforced this belief.

3. Granting Petition for Relief:

- The grant was upheld based on findings of fraud, mistake, or excusable negligence impairing Estelita's rights.

4. Effect of Non-Appeal on Waiver:

- Thomas's objections preserved his appeal rights from the summary judgment; non-appeal from interlocutory orders didn't constitute waiver.

5. Appropriateness of Relief:

- New proceedings post-relief from judgment can entail varied prayers. Thus, relief pursued in Estelita's basic pleadings need not match the relief petition's prayer.

6. Cheesman's Challenge Barred by Nationality:

- As an alien, Thomas was constitutionally barred from holding interest in Philippine land. Any acquisition attempt was void. He couldn't challenge the sale as it would indirectly grant him property rights.

Doctrine:

- The constitutional bar on aliens owning land (Sec. 14, Art. XIV, 1973 Constitution) prevents even indirect acquisition.
- Presumption under Article 160 of the Civil Code that properties acquired during marriage are conjugal unless proven otherwise.
- Good faith buyer protection under Article 1473 of the Civil Code.
- Procedural ruling on relief from judgment under Rule 38 (Rules of Court).

Class Notes:

- Conjugal Property Presumption: Understand Article 160, Civil Code - property acquired during marriage is presumed conjugal unless proven otherwise.
- Alien Ownership Ban: Sec. 7, Art. XII, 1987 Constitution - prohibition against aliens from

owning private land.

- Good Faith Buyer: Article 1473, Civil Code - protection accorded to innocent purchasers for value.
- Rule 38, Rules of Court: Basis for relief from judgment due to fraud, mistake, excusable negligence.

Historical Background:

- This case revolves around the alien property ownership prohibition in the Philippines, which aims to preserve Filipino land holdings.
- Reflects private property concerns during and post-martial law era in the Philippines (1970s-1980s), impacting marital property and alien ownership norms.