

Title:

Singson vs. Spouses Carpio, G.R. No. 230502

Facts:

1. **Ownership Dispute**:

- The respondents, Spouses Nar Christian Carpio and Cecilia Cao Carpio, claim ownership of a 51.24 square-meter land, including a two-story residential house in Magsaysay Village, Tondo, Manila, covered by Transfer Certificate of Title (TCT) No. 286305.

- They purchased the said property from Primitiva Cayanan Vda. De Caamic on February 16, 2007.

2. **Dispute Escalation**:

- Before and after the sale, Annaliza C. Singson (petitioner), and Primitiva occupied the property.

- After Primitiva's death on July 21, 2007, Enriqueito C. Caamic, claiming to be her heir, asserted his interest.

- The respondents sought conciliation at the Barangay level but failed, leading to a certification to file an action.

3. **Legal Proceedings**:

- On August 6, 2010, the respondents filed a Complaint for Recovery of Possession and Ownership with Damages.

- Petitioner claimed to have helped Primitiva secure a loan from respondents, resulting in the signing of a "Bilihan ng Lupa".

- After Primitiva's death, petitioner and Caamic opposed the registration of the property under respondents' names, suspecting fraud.

4. **Procedural Posture**:

- The Regional Trial Court (RTC) favored the respondents, declaring them as lawful owners based on a valid contract of sale with redemption.

- The Court of Appeals (CA) affirmed the RTC's decision but acknowledged the transaction as an equitable mortgage, yet held that petitioner had no right to redeem the property.

5. **Supreme Court Petition**:

- Petitioner challenged the CA decision, asserting that the contract was a prohibited pactum commissorium.

Issues:

1. **Nature of the Bilihan ng Lupa**:

- Whether the “Bilihan ng Lupa” was a contract of sale with conventional redemption or an equitable mortgage.

2. **Validity of Respondents’ Ownership**:

- Whether respondents lawfully acquired ownership through a valid transaction or an illegal pactum commissorium.

3. **Rights of the Petitioner**:

- Whether the petitioner had any legal right to redeem or claim ownership of the property.

4. **Fraud and Bad Faith Allegations**:

- Whether the respondents’ actions constituted fraud or bad faith in registering the property.

Court’s Decision:

1. **Bilihan ng Lupa as Equitable Mortgage**:

- The Court affirmed the CA’s ruling that the “Bilihan ng Lupa” was an equitable mortgage under Art. 1602 of the Civil Code, due to Primitiva and petitioner’s continued possession and the dire need for money at the time of the transaction.

2. **Ownership and Registration**:

- The respondents failed to provide preponderant evidence of lawful acquisition through foreclosure and public auction. Thus, the registration of the property in their names was void.

3. **Pactum Commissorium**:

- The Court invalidated the transfer of the property as it amounted to a prohibited pactum commissorium under Art. 2088 of the Civil Code.

4. **Redemption and Mortgage Rights**:

- The right to redeem or mortgage does not pass to petitioner as a legal heir, and the respondents’ title should be canceled with the original title restored to Primitiva.

5. **Moral and Attorney’s Fees**:

- No award for moral damages and attorney’s fees was granted to petitioners as fraud or bad faith was not substantiated.

Doctrine:

1. **Equitable Mortgage Presumption**: A document, though appearing as a sale with right to repurchase, may be deemed an equitable mortgage if the vendor remains in possession or is in dire need of money (Art. 1602, Civil Code).
2. **Pactum Commissorium Prohibition**: Creditors are prohibited from appropriating mortgaged property upon default without foreclosure and public auction (Art. 2088, Civil Code).

Class Notes:

- **Equitable Mortgage (Art. 1602 Civil Code)**: Presumed when the vendor remains in possession or needs money during the transaction.
- **Pactum Commissorium (Art. 2088 Civil Code)**: Automatic appropriation of mortgaged property by a creditor upon debtor's default is null and void.
- **Burden of Proof in Ownership**: Plaintiff must prove ownership convincingly, not merely by presenting a TCT.

Historical Background:

This case exemplifies post-World War II Philippine jurisprudence on property rights, contractual obligations, and legal traditions regarding property ownership disputes. It emphasizes the Civil Code's equitable principles ensuring parties' rights and obligations are met without unjust enrichment or fraudulent transactions.