

RAQUEL ADORABLE, ET AL., PETITIONERS, VS. IRINEA INACALA, ET AL., RESPONDENTS.*G. R. No. L-10183. April 28, 1958*

Ponente: PARAS, C.J.

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This is an appeal by the petitioners from the decision of the Court of Appeals, holding that the deed of sale between respondent Irene Inacala and one Arcadio Mendoza should be given the effect of a mere pacto de retro sale and that, in accordance with the third paragraph of Article 1606 of the Civil Code of the Philippines, said respondent should be permitted to exercise the right of repurchase.

Respondent Inacala was the registered owner of a parcel of land located in barrio Valdefuente, Cabanatuan, Nueva Ecija. On July 1, 1941, through the intervention of Claro Pacis, she executed a deed of sale (Exhibit B) covering a 15-hectare lot in favor of Arcadio Mendoza for P420.00. The latter thereupon executed a private instrument (Exhibit C) granting said respondent the option to repurchase the lot for the same consideration within the period of one year from the date of the sale. Mendoza afterwards sold the property to the spouses Eugenio and Margarita Ramos to whom a transfer certificate of title was issued. The petitioners herein, all surnamed Adorable, in turn bought the land from the Ramos spouses, and the corresponding transfer certificate of title No. 19736 was issued.

Since the first sale in 1941, Inacala, who had not redeemed the land from Mendoza, never relinquished the possession thereof. It was only in 1951, during the opening of the Pampanga River Irrigation Project, when the petitioners attempted to take physical possession through one Geronimo Fajardo, who leased it from them, that said petitioners were apprised for the first time of Inacala's claim over the lot.

There can be no question about the correctness of the conclusion of the Court of Appeals that the transaction at bar is a pacto de retro sale. Exhibit "C" is conclusive on the point. But, as contended by the petitioners, the Court of Appeals erred in applying the third paragraph of Article 1606 of the new Civil Code. In our opinion, this provision refers to cases involving a transaction where one of the parties contests or denies that the true agreement is one of sale with right of repurchase. In the case now before us, the sale (Exhibit B) is expressly with right to repurchase in virtue of Exhibit "C" granting respondent Inacala the right to redeem within one year. As this stipulated period has expired without said respondent having redeemed the land in question, the original purchaser, Arcadio Mendoza, had irrevocably acquired ownership over the property in accordance with Article 1509 of the old Civil Code which was in force at the time of the transaction in dispute. (*Angao vs. Clavano*, 17 Phil., 152; *Rafols vs. Rafols*, 22 Phil., 236; *Gonzales vs. Javellana*, 49 Phil., 1; *Racca vs. Viloria*, 26 Phil., 120.)

It therefore becomes unnecessary to discuss petitioners' other contention that the Court of Appeals erred in holding that the petitioners were not purchasers in good faith.

In view of the foregoing, the decision appealed from is hereby reversed, and the petitioners declared owners of the land in controversy. So ordered without pronouncement as to costs.

Bengzon, Montemayor, Reyes, A., Bautista Angelo, Concepcion, Reyes, J. B. L., Endencia and Felix, JJ., concur.

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