

MANUEL C. MORALDE, PETITIONER, VS. HEIRS OF FELICIANO UY LIM AND SHIRLEY GO, SPOUSES RICHARD UNCHUAN AND THE REGIONAL TRIAL COURT, BRANCH 54 OF LAPULAPU CITY, CEBU (PRESIDED BY ...

Ponente: LAGURA-YAP, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/2a0bf123a11d/>

LAGURA-YAP, J.:

Before Us is a Petition for Certiorari[1] under Rule 65 of the 1997 Rules of Civil Procedure assailing the Orders dated October 5, 2012[2] and February 8, 2013[3] issued by the Regional Trial Court (RTC), Branch 54, Lapulapu City in Civil Case No. 4158-L.

About thirty years ago, on December 28, 1994, Manuel Moralde (petitioner) and her sister, Florentina Moralde Vda. de Eduave, filed a Complaint[4] for Quieting of Title, Declaration of Deed of Sale as Null and Void ab initio, Reconveyance, Annulment of Title, Damages and Attorney's Fees against spouses Feliciano Uy Lim and Shirley Go, docketed as Civil Case No. 4158-L.

As alleged in the complaint, spouses Demetrio Moralde (Demetrio) and Leoncia Cavan Moralde (Leoncia), during their lifetime, acquired nine (9) parcels of land situated in Maribago, Lapulapu City, Cebu. Upon the death of Leoncia, petitioner Manuel Moralde and Florentina Moralde (plaintiffs therein) became co-owners with Demetrio of the above properties. On October 18, 1978, plaintiffs and their father, Demetrio, entered into an agreement with Spouses Feliciano Uy Lim and Shirley Go (defendants therein), whereby the parcels of land were sold to the defendants for ten thousand pesos P10,000.00.[5]

Sometime in 1981, or shortly before his death, Demetrio informed petitioner Manuel Moralde and Florentina Moralde that the agreement was canceled and that the sum of P10,000 was returned to the defendants. Demetrio died on March 1, 1981, leaving petitioner Moralde and his wife as the only legal heirs. Sometime in July of 1993, petitioner Manuel Moralde and Florentina Moralde learned that defendants fenced the properties in controversy and that just recently, defendants had registered the properties in their name. Petitioner and Florentina claimed that the Deed of Absolute Sale, which was the basis for the registration of the properties, was a forgery. The plaintiffs then caused the annotation of a notice of adverse claim over the said properties. Despite plaintiffs' demands to have the titles canceled and have the properties reconveyed to them, defendants refused. Thus, the filing of the suit.[6]

Then on April 8, 2013, petitioner filed the present petition alleging that on March 15, 2012, he was tricked by Richard Unchuan (private respondent) into executing a Deed of Assignment[7] and Memorandum of Agreement[8] in favor of the latter. Petitioner was promised the amount of ten million pesos (P10,000,000.00) and a seventy percent (70%) interest and ownership of the nine parcels of land in Lapulapu City, having a total area of 65,375 square meters. On April 14, 2010, private respondent prepared another Deed of Assignment,[9] which petitioner signed, whereby the latter irrevocably transferred all his rights in all the properties in controversy to the former, for a consideration of P350,000.00. However, only P100,000.00 was given on that date.[10]

It was by virtue of the second deed of assignment that private respondent filed a Motion for Substitution with Entry of Appearance[11] in Civil Case No. 4158-L for quieting of title. In its May 4, 2010 Order,[12] the trial court granted the motion.

Upon consultation with their previous counsel, petitioner and his wife realized that the documents they executed had the effect of conveying all their rights and interests over the subject properties in favor of private respondent Unchuan. They then filed a Manifestation with Motion[13] to redeem the subject properties from private respondent but the latter refused. On March 15, 2010, Manuel Moralde was also made to sign a Special Power of Attorney Coupled with Interest,[14] giving private respondent authority over the properties in relation to the memorandum of agreement executed earlier.

Aggrieved, petitioner and his wife filed a Complaint for Annulment of Deed of Assignment, Irrevocable Special Power of Attorney Coupled with Interest, Memorandum of Agreement, and other Derivative Documents (Civil Case No. CEB-37141). However, during the mediation process on October 14, 2011, they were allegedly pressured by mediator Marissa Puche into signing a Withdrawal of Complaint.[15] It was their understanding that upon signing the withdrawal, private respondent would also withdraw from Civil Case No. 4158-L for quieting of title.[16] Based on the said withdrawal, the lower court issued an Order[17] dismissing the case. On August 1, 2012, petitioner refiled the Complaint[18] docketed as Civil Case No. CEB-38950, this time impleading mediator Puche as party-defendant.

Petitioner and his wife then engaged the services of Atty. Opena and filed a Verified Manifestation with Motion and Formal Entry of Appearance as Counsel[19] in Civil Case No. 4158-L. The lower court denied the motion in its Order[20] dated October 8, 2012.

Petitioner moved for the reconsideration of the above order but the lower court denied it in its February 8, 2013 Order.[21]

Petitioner now comes before Us, raising the following grounds as basis for the petition:

I. THE HONORABLE REGIONAL TRIAL COURT, BRANCH 54, LAPULAPU CITY, CEBU, PRESIDED BY THE HONORABLE JUDGE VICTOR A. TEVES, GRAVELY ERRED AND HAS ACTED WITHOUT OR IN EXCESS OF ITS OR HIS JURISDICTION, OR WITH GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION WHEN IT ISSUED THE ASSAILED ORDERS ALLOWING RESPONDENT RICHARD E. UNCHUAN TO SUBSTITUTE PETITIONER MANUEL MORALDE ENTIRELY AND COMPLETELY IN CIVIL CASE NO. 4158-L PENDING BEFORE HIS SALA DESPITE QUESTION ON THE VALIDITY OF THE DEED OF ASSIGNMENT AND MEMORANDUM OF AGREEMENT AND OTHER DOCUMENTS RELATIVE THERETO BETWEEN MANUEL C. MORALDE AND RICHARD E. UNCHUAN WHICH IS NOW THE SUBJECT MATTER OF CIVIL CASE NO. CEB-38950 NOW PENDING BEFORE RTC BRANCH 12 IN CEBU CITY.

II. THE HONORABLE REGIONAL TRIAL COURT, BRANCH 54, OF LAPULAPU CITY, CEBU, PRESIDED BY THE HONORABLE JUDGE VICTOR A. TEVES, GRAVELY ERRED AND HAS ACTED WITHOUT OR IN EXCESS OF ITS OR HIS JURISDICTION, OR WITH GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION WHEN IT ISSUED THE ASSAILED ORDERS DENYING THE PETITIONER MANUEL MORALDE FROM PARTICIPATING OR BE RESTORED BACK OR AT LEAST JOINED AS PARTY PLAINTIFF WITH RICHARD UNCHUAN AGAINST THE DEFENDANTS IN CIVIL CASE 4158-L AND FOR THE UNDERSIGNED COUNSEL TO PARTICIPATE AS SUBSTITUTE OR COLLABORATING COUNSEL OF ATTY. NILO T. BACOLOD, THE PETITIONER'S PREVIOUS COUNSEL.

Petitioner argues that there was no valid transfer of interest in Civil Case No. 4158-L as he never intended it to be

so and that he did not want to be substituted in the said case by private respondent. Petitioner maintains that the transaction is in reality an equitable mortgage under Article 1602[22] of the Civil Code for the following reasons: First, it may be fairly inferred that the real intention of the parties is that the transaction shall secure the payment of a debt or the performance of any other obligation. Under the circumstances, there was no valid contract of assignment because petitioner's consent was vitiated by consent. Second, the consideration for the deed of assignment was inadequate and thus, it should be treated as an equitable mortgage, citing paragraph 1 of the same provision of the Civil Code.[23]

In their Comment[24] to the petition, private respondents Richard and Ma. Cristina Unchuan argue that the Order granting their motion for substitution with entry of appearance has long become final and executory and accordingly, the trial court did not err in denying petitioner's belated motion to be allowed to participate in the proceedings in Civil Case No. 4158-L. Assuming without admitting that the said final and executory Order can be assailed, the trial court did not commit grave abuse of discretion because the Order was predicated on facts and proof that are part of the records of the case.

Contrary to petitioner's allegations, it was petitioner who went to the office of private respondent and discussed the possibility of private respondent extending assistance to him. Petitioner was not promised the amount of ten million pesos (P10,000,000.00), but only a share of 30% as reflected in the memorandum of agreement. Petitioner and his wife were properly informed of the purpose and provisions contained in the documents they signed, and the documents were even translated in the vernacular just to make sure they fully understood the terms. Verily, they cannot now ask for the invalidation of the documents which they signed, on the ground that their consent was vitiated.[25]

Private respondents maintain that no redemption was made by petitioner or any of the co-owners of the properties. In their manifestation with deed of repurchase, the co-owners merely expressed that they "demonstrate their willingness and ability to redeem the one-half share of Manuel Moralde" and "make a judicial deposit in the amount of three hundred fifty thousand (P350,000.00) pesos as payment for the redemption of the one-half share" of Manuel Moralde. There is no proof that the letter and the check were actually received by private respondents. Clearly, the legal requirements for redemption were not complied with.[26]

Lastly, private respondents posit that petitioner is estopped from questioning the validity of the Deed of Assignment because he allegedly offered to redeem the properties in question, citing the case of *Spouses Belo v. P.N.B., et al.* [27]

THE COURT'S RULING

In the main, petitioner assails the October 8, 2012 Order of the court for denying his Verified Manifestation with Motion and Formal Entry of Appearance as Counsel in Civil Case No. 4158-L. While it was petitioner who initiated the said case, he was substituted by private respondent after he conveyed all his rights and interests over the properties in controversy to private respondent via two deeds of assignment.

We have perused all the pertinent documents submitted by both parties and have reviewed the relevant laws and jurisprudence on the matter, and it is this Court's conclusion that the court a quo did not commit grave abuse of discretion in issuing the above Order, as well as the February 8, 2013 Order denying petitioner's motion for reconsideration thereto.

The crux of the controversy revolves around the proper interpretation of Rule 3, Section 19 of the 1997 Rules of Civil Procedure. The said provision is reproduced below:

Section 19. Transfer of interest. - In case of any transfer of interest, the action may be continued by or against

the original party, unless the court upon motion directs the person to whom the interest is transferred to be substituted in the action or joined with the original party.

The above provision gives the trial court discretion to allow or disallow the substitution or joinder by the transferee. Discretion is permitted because, in general, the transferee's interest is deemed by law as adequately represented and protected by the participation of his transferors in the case. There may be no need for the transferee pendente lite to be substituted or joined in the case because, in legal contemplation, he is not really denied protection as his interest is one and the same as his transferors, who are already parties to the case.[28]

In the present case, however, petitioner has long been substituted as party-plaintiff by private respondent in the Civil Case No. No. 4158-L. As already discussed, while substitution by parties is not mandatory, it is permitted if the party to whom the interest is transferred files a motion and the same is granted by the trial court. All of the foregoing requirements were duly complied with.

Notably, the Order of the court granting the substitution was issued on May 4, 2010 while petitioner filed his manifestation with motion and formal entry of appearance only on August 8, 2012.[29] It took petitioner almost two years to file a manifestation seeking to join the case again. To justify the belated filing, petitioner points out that he was tricked into signing the deed of assignment by private respondent, who promised him P10,000,000.00.

This Court cannot rule on the issue of whether private respondent employed fraud in securing the deed of assignment. It must be stressed that petitioner already filed a case for Annulment of Deed of Assignment (Civil Case No. CEB-37141). The case remains pending in the trial court to this date. In order not to preempt the outcome of that case, this Court is constrained to recuse itself from ruling on the issue of whether the deed of assignment executed by petitioner in favor of private respondent is valid.

On the Issue of Redemption

Petitioner argues that private respondent refused petitioner's redemption without any justification. To Our mind, private respondent was justified in refusing such redemption as petitioner failed to comply with the legal requisites thereof. In *BPI v. Sps Veloso*,[30] the High Court made the following pronouncement:

"The law granted respondents the right of redemption. But in so granting that right, the law intended that their offer to redeem be valid and effective, accompanied by an actual tender of the redemption price. Fixing a definite term within which the property should be redeemed is meant to avoid prolonged economic uncertainty over the ownership of the thing sold. In the case at bar, the offer was not a legal and effective exercise of the right of redemption contemplated by law, hence, refusal of the offer by petitioner was completely justified."
(Emphasis supplied)

As correctly pointed out by private respondent, petitioner merely expressed his willingness and ability to redeem the one-half share of the property belonging to petitioner. The letter of redemption and the Malayan Bank check attached to the petition are mere photocopies and do not bear any proof that they were actually received by private respondent. Upon private respondent's alleged refusal to have the property redeemed by petitioner or any of his co-owners, petitioner should have consigned the amount in court or filed a separate action for redemption. Petitioner failed to do so. In this light, We rule that there was no valid offer of redemption. The case of *Tolentino v. Court of Appeals* is relevant here, to wit:[31]

"A formal offer to redeem, accompanied by a bona fide tender of the redemption price, although proper, is not essential where, as in the instant case, the right to redeem is exercised thru the filing of a judicial action, which as noted earlier was made simultaneously with the deposit of the redemption price with the Sheriff, within the period of redemption. The formal offer to redeem, accompanied by a bona fide tender of the redemption price within the period of redemption prescribed by law, is only essential to preserve the right of redemption for

future enforcement even beyond such period of redemption. The filing of the action itself, within the period of redemption, is equivalent to a formal offer to redeem. Should the court allow redemption, the redemptioners should then pay the amount already adverted to."

On the Issue of whether the assignment is an equitable mortgage

We cannot likewise subscribe to petitioner's contention that the transaction between him and private respondent is in reality an equitable mortgage. An equitable mortgage has been defined "as one which although lacking in some formality, or form or words, or other requisites demanded by a statute, nevertheless reveals the intention of the parties to charge real property as security for a debt, and contains nothing impossible or contrary to law." [32]

The instances in which a contract of sale is presumed to be an equitable mortgage are enumerated in Article 1602 of the Civil Code as follows:

"Art. 1602. The contract shall be presumed to be an equitable mortgage, in any of the following cases:

- (1) When the price of a sale with right to repurchase is unusually inadequate;
- (2) When the vendor remains in possession as lessee or otherwise;
- (3) When upon or after the expiration of the right to repurchase another instrument extending the period of redemption or granting a new period is executed;
- (4) When the purchaser retains for himself a part of the purchase price;
- (5) When the vendor binds himself to pay the taxes on the thing sold;
- (6) In any other case where it may be fairly inferred that the real intention of the parties is that the transaction shall secure the payment of a debt or the performance of any other obligation. In any of the foregoing cases, any money, fruits, or other benefit to be received by the vendee as rent or otherwise shall be considered as interest which shall be subject to the usury laws."

Furthermore, Article 1604 of the Civil Code provides that "[t]he provisions of Article 1602 shall also apply to a contract purporting to be an absolute sale."

There are several factors which prevent the application of the aforementioned provision. In the first place, the transaction is not one of sale with right of repurchase. It is a deed of assignment executed by petitioner in favor of private respondent. In addition to the amount of P350,000.00 of the assignment, petitioner was entitled to a thirty percent (30%) of the net proceeds of the sale of the properties subject of the case once recovery is successful, as stipulated in the memorandum of agreement executed by both parties. Likewise, the circumstances of the case alone, do not show that the real intention of the parties is to secure the payment of a debt or the performance of any other obligation.

It must be borne in mind that mere inadequacy of the consideration does not, in itself, invalidate a contract. Article 1355 of the Civil Code states: "Except in cases specified by law, lesion or inadequacy of cause shall not invalidate a contract, unless there has been fraud, mistake or undue influence." Article 1470 of the Civil Code further provides: Gross inadequacy of price does not affect a contract of sale, except as may indicate a defect in the consent, or that the parties really intended a donation or some other act or contract.

Perhaps in the future, petitioner should refrain from executing contracts impulsively and reflect beforehand the consequences of his actions. The fact that a contract is unfair or disadvantageous is not a license for courts to strike it down with impunity. In addition, there must be a violation of a legal right which constitutes an actionable wrong. The Supreme Court's pronouncement in *Vales v. Villa* is significant here, viz.: [33]

"Courts cannot follow one every step of his life and extricate him from bad bargains, protect him from unwise investments, relieve him from one-sided contracts, or annul the effects of foolish acts. Courts cannot constitute themselves guardians of persons who are not legally incompetent. Courts operate not because one person has been defeated or overcome by another, but because he has been defeated or overcome illegally. Men may do foolish things, make ridiculous contracts, use miserable judgment, and lose money by them - indeed, all they have in the world; but not for that alone can the law intervene and restore. There must be, in addition, a violation of the law, the commission of what the law knows as an actionable wrong, before the courts are authorized to lay hold of the situation and remedy it."

Moreover, certiorari is not a remedy for errors of judgment, which are correctible by appeal. By grave abuse of discretion is meant such capricious and whimsical exercise of judgment as is equivalent to lack of jurisdiction, and mere abuse of discretion is not enough — it must be grave.[34] In a special civil action for certiorari, the burden is on the petitioner to prove not merely reversible error, but grave abuse of discretion amounting to lack or excess of jurisdiction on the part of public respondent. By grave abuse of discretion is meant capricious and whimsical exercise of judgment as is equivalent to lack of jurisdiction. Mere abuse of discretion is not enough. It must be grave abuse of discretion as when the power is exercised in an arbitrary or despotic manner by reason of passion or personal hostility, and must be so patent and so gross as to amount to an evasion of a positive duty or to a refusal to perform the duty enjoined or to act at all in contemplation of law.[35] We find none here.

WHEREFORE, premises considered, the instant Petition for Certiorari is DISMISSED. The Orders dated October 8, 2012 and February 8, 2013 in Civil Case No. 4158-L are AFFIRMED.

SO ORDERED.

Delos Santos, J., Chairperson, and Lopez, JJ., concur.

[1] Rollo, pp. 3-24.

[2] Issued by Presiding Judge Victor Teves Sr., Rollo, p. 34.

[3] Id. at 45.

[4] Complaint, Rollo, pp. 46-51.

[5] Rollo, pp.46-47.

[6] Id. at 48-49.

[7] Annex F, Rollo, pp. 62-65.

[8] Annex G, Rollo, pp. 66-72.

[9] Annex H, Rollo, pp. 73-75.

[10] Rollo, p. 11.

[11] Annex K, Rollo, pp. 87-90.

[12] Annex L, Rollo, p. 91.

[13] Annex M, Rollo, pp. 92-101.

[14] Annex P, Rollo, pp. 104-107.

[15] Annex R, Rollo, pp. 109-110.

[16] Rollo, p. 14.

[17] Annex S, Rollo, p. 111.

[18] Annex U, Rollo, pp. 115-122.

[19] Annex, Rollo, pp. 27-30.

[20] Rollo, p. 34.

[21] See footnote 3.

[22] ARTICLE 1602. The contract shall be presumed to be an equitable mortgage, in any of the following cases:

- (1) When the price of a sale with right to repurchase is unusually inadequate;
- (2) When the vendor remains in possession as lessee or otherwise;
- (3) When upon or after the expiration of the right to repurchase another instrument extending the period of redemption or granting a new period is executed;
- (4) When the purchaser retains for himself a part of the purchase price;
- (5) When the vendor binds himself to pay the taxes on the thing sold;
- (6) In any other case where it may be fairly inferred that the real intention of the parties is that the transaction shall secure the payment of a debt or the performance of any other obligation. (Emphasis supplied)

[23] Rollo, pp. 19-20.

[24] Id. at 141-153.

[25] Id. at 144-146.

[26] Id. at 147-149.

[27] G.R. No. 134330, March 1, 2001.

[28] Santiago Land Development Corporation v. Court of Appeals, 334 Phil. 741, 748 (1997), and its Resolution in 342 Phil. 643, 649 (1997).

[29] erroneously recorded as filed on August 8, 2011, Rollo, p. 27.

[30] G.R. No. 141974, August 09, 2004

[31] Nos. L-50405-06, 5 August 1981, 106 SCRA 513, 526.

[32] Villanueva, Cesar L, Philippine Law on Sales, (1998 ed.), p. 271 (citing Matanguihan v. Court of Appeals, 341 Phil. 379, 389-390, July 11, 1997, per Davide Jr., J. [now CJ]).

[33] 35 Phil. 769 (1916).

[34] Tomas Claudio Memorial College, Inc. v. Court of Appeals, 374 Phil. 859, 864 (1999).

[35] DORELCO vs NLRC, G.R. No. 128389, November 25, 1999.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.