

JUANITO CARIÑO AND CIRILA VICENCIO, PETITIONERS, VS. COURT OF APPEALS, PABLO ENCABO AND JUANITA DE LOS SANTOS, AND LAND AUTHORITY, RESPONDENTS.

G.R. No. L-47661. July 31, 1987

Ponente: PADILLA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/2fa238d3fd74/>

PADILLA, J.:

Petition for certiorari filed by the spouses Juanito Cariño and Cirila Vicencio, seeking the review and reversal of the decision* of respondent Court of Appeals, dated 15 November 1977, in CA-G.R. no. 49495-R which affirmed the decision of the Court of First Instance of Manila, Branch XXIII, Civil Case no. 57861, and its resolution, dated 6 January 1978, denying the petitioners' motion for reconsideration.

The facts derived from the records are as follows:

On 22 January 1954, Pablo Encabo formally applied with the Land Estates Division, Bureau of Lands, to purchase a parcel of land designated as Lot 1, Block 4, Plan Psd-24819, which was a part of the Tuason Estate purchased by the government pursuant to the provisions of Commonwealth Act No. 539, for resale to bona fide tenants or occupants who are qualified to own public land in the Philippines.[1]

Thereafter, Encabo, through petitioner Cirila Vicencio, supposedly as "agent", came to an agreement with Josue Quesada transferring rights over the lot to the latter, conditioned on approval by the Land Tenure Administration (LTA, for short). The husband of Cirila Vicencio (Juanito Cariño) is a relative of Quesada; Cirila Vicencio is also a "comadre" of Quesada's wife.[2] The transfer of rights by Encabo to Quesada was not put in writing but payment of the price for the rights transferred was evidenced by receipts (Exhibits "A" and "B") on which Cirila Vicencio signed as a witness.

On 30 July 1957, the LTA, unaware of the transfer of rights by Encabo to Quesada, adjudicated the lot in favor of Encabo, and the LTA and Encabo signed an "Agreement to Sell" (Exh. "G-1"). LTA later came to know about the "transfer" of rights from Encabo to Quesada. It disapproved the same on the ground that Quesada was not qualified to acquire the lot because he is already a lot owner.[3] However, before the LTA's disapproval of the transfer of Encabo's rights to Quesada, the latter had entered into possession of the lot in question. Quesada had also allowed Cirila Vicencio to enter into possession and occupancy of the same lot.[4]

In November (undated) 1958, Encabo executed a Deed of Sale of House and Transfer of Rights (Exh. "D-1"), purportedly conveying to herein petitioners (Juanito Cariño and Cirila Vicencio), his rights over the lot, subject to approval of the LTA. On 17 December 1958, Encabo wrote a letter to the LTA (Exh. "1") requesting permission to transfer his rights. Another such request was made on 20 April 1960 (Exh. "2") but without making mention of who the transferee would be, just like in the first letter. On 18 April 1960, however, Encabo and Quesada executed a document wherein the latter purportedly resold to the former (Encabo) the house and the rights over the lot.[5]

On 19 April 1960, Juanito Cariño filed a petition with the LTA seeking approval of the transfer to herein petitioners of rights to the lot in question on the basis of the Deed of Sale of House and Transfer of Rights executed by Pablo Encabo (Exh. "D-1"). The petition of Juanito Cariño was docketed as LTA Case no. 490, to which respondent Pablo Encabo objected and filed an Answer in opposition thereto.

Essentially, both parties in LTA Case no. 490 (Encabo and the spouses Cariño) claimed the right to purchase the lot in question from the LTA. After the submission of their respective pleadings and evidence, the LTA rendered a decision holding that the status quo should be maintained. It reasoned out that "the authenticity of the alleged deed (Exh. "D-1") is not for this office to decide, as only the courts have that prerogative." [6]

The Cariños appealed the decision of the LTA to the Office of the President, which affirmed it. Motions for reconsideration were filed by the Cariños but were denied, the last denial being contained in a letter dated 22 March 1963, signed by Acting Assistant Executive Secretary Juan S. Cancio. [7]

The Cariños refused to give up the possession of the lot despite the rulings of the LTA and the Office of the President; thereafter, the Encabos filed an action in the Court of First Instance of Manila to declare them as the owners of the lot and for the Cariños to deliver the possession of the lot itself, and to pay rentals for their occupancy of the properties plus attorney's fees. After hearing and trial, the lower court rendered decision in favor of the plaintiffs therein the Encabos now private respondents, the dispositive part of which reads as follows: [8]

"WHEREFORE, the court renders judgment holding that the plaintiffs Pablo Encabo and his wife Juanita de los Santos Encabo are entitled to Lot No. 1, Block 4, Plan Psd-24819; that the deed of sale executed by the Land Authority on April 18, 1967, in favor of said spouses is hereby upheld; that the registration of the said deed of sale by the Register of Deeds of Manila and the issuance of Transfer Certificate of Title No. 87826 in favor of the plaintiffs Encabo are also upheld; that the order of this Court dated September 8, 1967, cancelling and declaring the said deed of sale without any effect is hereby set aside; that in the event that the Register of Deeds, has already cancelled Certificate of Title No. 67825 as ordered by this Court in its order of September 8, 1967, the said Register of Deeds, upon payment of the required legal fees, is ordered to register again the Deed of Sale of Lot 1, Block 4, Plan Psd-24819 executed by the Land Authority on April 18, 1967, in favor of the plaintiffs Pablo Encabo and his wife Juanita de los Santos Encabo and issue in their favor a new certificate of title for the lot in question; that if Transfer Certificate of Title No. 87826 has not been cancelled by the Register of Deeds, the same shall remain valid and in full force and effect.

"The defendants spouses Juanito Carino and Cirila Vicencio are declared the owners of the house constructed on the lot in question. They should remove the same within sixty (60) days after this judgment shall become final, otherwise, the same shall be ordered demolished.

"Plaintiffs and the Land Authority will recover costs from defendants Cariño."

Not satisfied with the aforementioned decision of the Court of First Instance of Manila, the herein petitioners (as defendants therein) appealed the same to the Court of Appeals which, as earlier stated, affirmed the decision of the trial court in all respects. Hence, this petition for review filed by the petitioners.

As a rule, factual findings of the Appellate Court are binding on this Court. [9] As held in *Dra. Sofia L. Prudenciado v. Alliance Transport System, Inc. and Jose Layson, et al.*: [10]

" factual findings of the Court of Appeals are binding on the Supreme Court, but said findings are subject to scrutiny if such are diametrically opposed to those of the trial court."

In the present case, the findings of fact and conclusions of the Court of First Instance and the Court of Appeals are not at variance; the same is true with the findings of fact of the LTA as submitted by the public respondent Land

Authority.[11] As was held in *Buyco v. People*,^[12] this Court on appeal by certiorari from the Court of Appeals, could not find otherwise where the Amnesty Commission, the Court of First Instance and the Court of Appeals all found, in effect, that the evidence did not show that the appellant had acted in the manner contemplated by Amnesty Proclamation No. 8, after he had been given an opportunity to bring the homicide with which he was charged within its terms.

As we see it, the only legal question that stands as the basis of this petition centers on whether the respondent Court of Appeals committed grave abuse of discretion in concluding that the Deed of Sale of House and Transfer of Rights (Exhibit "D-1"), on which the petitioners have based their application over the questioned lot, is simulated and, therefore, an inexistent deed of sale.

This Court finds that there is substantial and convincing evidence that Exhibit "D-1" was a simulated deed of sale and transfer of rights, to warrant the affirmance of the decision of the respondent Court of Appeals. The characteristic of simulation is the fact that the apparent contract is not really desired or intended to produce legal effects nor in any way alter the juridical situation of the parties.^[13] Under the circumstances surrounding their transaction, the parties knew that the document Exhibit "D-1" was at once fictitious and simulated where none of the parties intended to be bound thereby.

The testimony of Cirila Vicencio during her direct examination was grossly inconsistent with her statements in the LTA administrative case which she previously filed. She testified in the lower court that she paid the Encabos five hundred pesos (P500.00) for the lot, whereas, in the LTA administrative case she said that it was one thousand pesos (1,000.00).^[14] Aside from the purported Deed of Sale (Exhibit "D-1"), there is no other document which evidences the payment of a sum of money by Cariño to the Encabos for the disputed lot. Cirila Vicencio also testified in the lower court that Exhibit "D-1" was signed by Pablo and Juanita Encabo in Cariño's house at 4214 K Int. 8, Sociego, Sta. Mesa, whereas, in the LTA administrative case, she testified that it was signed in Las Pinas, Rizal, the residence of the Encabos.^[15] These inconsistencies in the testimony of the Cariños are badges of untruthfulness, showing that no actual and real sale of the lot in question took place between the Encabos and the Cariños. The testimony of a witness does not merit credibility or inspire confidence where it is inconsistent and incompatible with his statements on other occasions concerning the same fact.^[16]

Strongly indicative of the simulated character of Exhibit "D-1" is the fact that the Carinos could not produce the receipts evidencing their alleged payments to the Land Authority for the disputed lot, nor were they able to produce the Agreement to Sell (Exhibit "G-1"). According to Cirila Vicencio, Juana Encabo took from her the Agreement to Sell and the receipts of payments to the Land Authority in order to mortgage the land. The Cariños, who are the supposed vendees, did not even remonstrate or offer a word of objection to this act of the Encabos. Cirila Vicencio, on cross-examination, testified thus:

"Q. Do you have the receipts evidencing your payment?

"A. I have but Juana Encabo got them from me.

"Q. Why did she get the receipts from you?

"A. SHE REQUESTED ME TO SEND HER THE AGREEMENT TO SELL AND THE RECEIPTS FOR THE MONTHLY RENTALS BECAUSE ACCORDING TO HER SHE WOULD MORTGAGE THE DOCUMENTS.^[17]

x x x x

"Q. If you claim to have purchased the property in question, why did you still permit the Encabos to mortgage the property?

"Atty. Olandesca:

Objection, the question is vague.

"Court:

Witness may answer.

"A. BECAUSE I AM THE KOMADRE OF THE YOUNG ENCABOS, SO I TRUSTED THEM."[18]

Previously, on direct examination, the testimony of Cirila Vicencio was quite different. She testified thus:

"Q. Do you have the receipts evidencing your payment?

"A. I have but Juana Encabo got them from me.

"Q. Why did she get the receipts from you?

"A. She requested me to lend her the Agreement to Sell and the receipts for the monthly rentals because according to her she would mortgage the documents.

"Q. When did she borrow the documents from you?

"A. About 1960.

"Q. And what did you tell her?

"A. I got angry and was so worried about it.

"Q. Why were you worried?

"A. Because I was being embarrassed to my neighbors. When they arrived in our house they brought a document with them and asked me to sign said document.

"Q. I am showing to you a document dated April 1960 marked as Exh. 4 (a Deed of Resale between the Encabos and the Carinos) consisting of an original and three duplicate copies, do you recognize this document?

"A. This is the document they brought to me for signature.

"Q. When Juana Encabo went to see you asking you to sign the document, Exhibit 4 and you said that you were angry and embarrassed, what did you do?

"A. I fainted because of my anger and embarrassment.

"Q. Did you file any complaint with the LTA because of that?

"A. Yes, sir.[19]

According to Cirila Vicencio, the receipts were borrowed one (1) week before the case was filed on 19 April 1960.[20] It would appear then that she delivered to Mrs. Encabo all the papers relative to the disputed lot so that the latter can mortgage the same, despite the fact that there was already an obvious misunderstanding as to who was the real owner of the house and lot. If these papers relative to the lot were really in her possession, the reasons she gave for delivering them to the Encabos are varied. A more credible reason for the surrender of the papers was the one cited by the Cariños in their petition to the LTA (Exhibit 100), wherein they alleged "that due to evident machinations employed by the respondent upon the petitioner and by taking undue advantage of the latter's innocence and good faith in his dealings with the former, the respondent herein has maneuvered the petitioner into releasing to him the official receipts issued to the petitioner for the corresponding payments made on the lot." But

these allegations were never pursued by the petitioners in the lower court. Instead, they gave different versions which all the more weakened their stand.

Granting that the papers relative to the lot were really in the possession of the Cariños, the fact that they were delivered by Cirila Vicencio to Juana Encabo, amounted to an act of complete ownership and control of the property by the Encabos. As held in *Serrano v. CA*,^[21] this Court finds it strange that respondent (Macaraya) would allow petitioner (Serrano) to receive the fruits of the subject property several months after he acquired absolute ownership of the same. This is contrary to the principle of ownership.

The respondent Court also found as a fact that the names of the Cariños were not mentioned as the proposed transferees in the two applications with the LTA filed by Pablo Encabo for transfer of rights (at a time when the alleged "Deed of Sale and Transfer of Rights", Exhibit "D-1" was already executed in favor of the Cariños). These applications with the LTA were mere speculations on the part of the Encabos if they should desire to sell the lot later on (these applications were later withdrawn by the Encabos in a letter dated May 9, 1960 [Exhibit 113]) and no inference can be made that they intended to transfer the lot specifically to the Cariños. If there were really an intent, then there was no reason which would stop the Encabos from putting the name of the Cariños as transferees, just like in the application to transfer to Quesada wherein the latter's name was specifically mentioned. All these appear to clearly indicate a positive lack of intention of the Encabos to transfer any right to the petitioners (Cariños).

Another factor which leads the Court not to disturb the respondent Court's finding that Exhibit "D-1" is a simulated document is the fact that such document was executed in November 1958 while the Cariños petitioned the LTA to approve the transfer in their names of Encabos' rights to the lot on the basis of such deed of sale, only on 19 April 1960. The application was made just a day after 18 April 1960 when Josue Quesada resold to Encabo, for the same consideration of P1,500.00 the house and rights to the lot previously conveyed by the latter to the former, pursuant to a previous agreement between Quesada and the Encabos, providing for such a resale should the transfer to Quesada of the Encabos' rights to the lot be disapproved by the LTA. Why did it take the petitioners that long to wait before they appealed with the LTA if they really believed that Exhibit "D-1" was valid and effective right from the time it was executed in November 1958? Such lack of eagerness on the part of the Cariños to apply with the LTA for the transfer of the lot into their name reveals their own conviction that the Deed of Sale is not real and effective between them and the Encabos.

There is merit to the Encabos' claim that the simulated deed of sale in favor of the Cariños was executed in order to protect the money Quesada invested in the purchase of the rights to the lot in question, which transfer of said lot to his name was later on disapproved by the LTA. As can be gleaned from the testimony of Josue Quesada, he did this by putting Cirila Vicencio as the vendee in the simulated Deed of Sale, when in fact, Encabo and Quesada meant her only as a dummy for the latter. To this effect Quesada testified, despite the warning given to him by the court that his statement might incriminate him.^[22] Such candor in the testimony of Quesada gives credibility to the Encabos' claim.

From the testimonies of the witnesses, it can be deduced that Cirila Vicencio was privy to all the transactions relating to the sale of the disputed lot between Encabo and Quesada so that it is entirely possible for Cirila Vicencio to have been used by Encabo and Quesada as their dummy in the simulated deed of sale and for Cirila Vicencio herself to lend a hand in the scheme so as to protect the interests of Quesada, and in the process, protect herself as she was occupying the disputed lot at the instance of Quesada. Even at the start, it was Cirila Vicencio who introduced Quesada to the Encabos in connection with a house and the right to the lot, which according to Cirila Vicencio, was being sold by Juanita de los Santos-Encabo. Not only that, Cirila Vicencio signed as a witness on Exhibits "A" and "B" which are the receipts of payment for the disputed lot by Quesada to Encabo.

The circumstances surrounding the execution of the document Exhibit "D-1" as recounted by the petitioners are bereft of credence. They are so weak that they lead to the conclusion that indeed, there was no real and actual Deed of Sale entered into. The petitioners herein have nothing else to support their claim over the disputed lot except for the Deed of Sale, Exhibit "D-1" which is even unnotarized, and the exact date of execution, unknown. Whereas, on the other hand, the private respondents clearly have a preponderance of evidence negating the validity of such deed.

Contracts of sale are void and produce no effect what-soever where the price, which appears therein as paid, has in fact never been paid by the vendee to the vendor.[23] A sale of land without consideration, but intended merely to protect a party to a joint venture for the cash advances he was to make for the realty subdivision that the parties wanted to put up, is null and void.[24] The law is clear on this matter. The Civil Code provides:

"Art. 1409. The following contracts are inexistence and void from the beginning:

x x x x

(2) Those which are absolutely simulated or fictitious;

x x x x

These contracts cannot be ratified. Neither can the right to set up the defense of illegality be waived."

Furthermore, even without going into the merits and/or validity of Exhibit "D-1", it is clear that there has been no legal transfer of rights in favor of the Cariños because neither the LTA nor the Land Authority has approved or given due course to such transfer of rights.[25] The LTA never waived its right to approve the transfer of rights. It only ruled that the status quo will be maintained so long as the Court has not yet ruled on the authenticity of document Exhibit "D-1". The ownership of the lot by the Carinos is still contingent on the approval of the LTA upon their compliance with all the requirements of the latter. Since no approval or due course has yet been given by the LTA or LA to such transfer of rights, the document Exhibit "D-1" is not enforceable against the latter.

WHEREFORE, the petition is hereby DENIED for lack of merit. Costs against the petitioners.

SO ORDERED.

Yap, (Chairman), Melencio-Herrera, Paras, and Sarmiento, JJ., concur.

* Penned by Justice Nestor B. Alampay with the concurrence of Justices Pacifico P. De Castro and Jose G. Bautista

[1] Decision of the Court of Appeals, pp. 1-2

[2] Ibid., p. 3

[3] Ibid., pp. 3-4

[4] Ibid., p. 3

[5] Ibid., pp. 6-7

[6] Rollo, p. 159

[7] Ibid., p. 160

[8] Decision of the Court of Appeals, pp. 11-12

- [9] *Genita v. CA*, No. L-60409, Nov. 11, 1985, 139 SCRA 576; *Collector of Customs of Manila v. IAC*, No. L-65418, June 18, 1985, 13 SCRA 3
- [10] G. R. No. L-33836, March 16, 1987
- [11] LTA's Brief, pp. 1-8
- [12] 95 Phil. 461 [1954]
- [13] *Tongoy v. CA*, No. L-45645; June 28, 1983, 123 SCRA 99
- [14] tsn, Sept. 19, 1968, p. 12
- [15] tsn, Sept. 19, 1968, pp. 11-12
- [16] *Pp. v. Capua*, 85 Phil. 421 [1951]; *Pp. v. Paras*, 80 Phil. 149 [1948]
- [17] tsn, June 6, 1968, pp. 5-6, capitals ours
- [18] tsn, December 12, 1968, p. 20, capitals ours
- [19] tsn, June 6, 1968, p. 6
- [20] tsn, December 12, 1968, p. 14
- [21] No. L-46307, October 9, 1985, 139 SCRA 189
- [22] tsn, July 5, 1966, pp. 44-45
- [23] *Gardner v. CA*, No. L-59952, August 31, 1984, 131 SCRA 600; *Ladanga v. CA*, No. L-55999, August 24, 1984, 131 SCRA 361
- [24] *Gardner v. CA*, No. L-59952, August 31, 1984, 131 SCRA 597
- [25] LTA's Brief, p. 16

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.