

GENEROSO BAJE AND SATURNINA SACDALAN, PETITIONERS VS. COURT OF APPEALS, CRISTINA VALDEZ, VICENTE VALDEZ, CLEMENTE VALDEZ, MACARIA VALDEZ, GERONIMO VALDEZ, MARCELO VALDEZ II, ACC...

G.R. No. L-18783. May 25, 1964

Ponente: CONCEPCION, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/3940662fe971/>

CONCEPCION, J.:

Appeal by certiorari from a decision of the Court of Appeals. As set forth in said decision, the facts are:

"It appears that on June 17, 1932, Marcelo Valdez, now deceased, was issued homestead patent No. 19151 covering four parcels of land situated in barrio Wakal, Bayombong and Solano, Nueva Vizcaya, together with the improvements existing thereon; that said patent having been recorded in the registry of deeds of Nueva Vizcaya, Original Certificate of Title No. 542 was issued in the name of said Marcelo Valdez; that he and his family had been possessing said parcel of land from 1907 to the time they were sold to appellees in 1933 and 1935; that since then appellees have been in possession of said parcels of land which have an average annual yield of 50 cavanes of palay of 50 kilos each per hectare, one-half of which belongs to the tenant and the other half to the owner, the current price of a cavan of palay being P9.00; that on April 1936, May 1940 and December 1946, appellants Macaria and Cristina, surnamed Valdez, daughters of the late Marcelo Valdez, demanded the return of the parcels of land in question from appellees but the latter refused to do so; and that on March 1, 1953 appellants Cristina, Vicente and Clemente, surnamed Valdez, formally required from appellees the return and delivery of said parcels of land.

"In the light of the foregoing facts, the lower-court dismissed the present action holding that appellants having been guilty of laches had lost their right to demand the return of the parcels of land in dispute."

The Court of Appeals disagreed with this conclusion of the court of first instance upon the ground that the "requisites for the existence of the equitable defense of laches are not present, in this case" and that:-

"* * * even if appellants may be held guilty of laches for having instituted this action only on March 23, 1953, after the lapse of almost twenty-one years since the homestead patent was issued in the name of the late Marcelo Valdez, still they are entitled as heirs of said Marcelo Valdez to recover the parcels of land in dispute it appearing that their sale in favor of appellants having been made within the period of five years from the date of the issuance of the homestead patent, the same was null and void from its execution (Secs. 116, 122, Act No. 2874 as amended; Labrador et al. vs. Santos et al., 66 Phil. 579, 581; Oliveros vs. Porcioncola, 69 Phil. 305, 306; Corpuz et al. vs. Beltran et al., 51 Off. Gaz. 5631-5632; Angeles et al. vs. Court of Appeals, G. R. No. L-11024, January 31, 1958). And appellants as heirs of the late Marcelo Valdez had personality to institute the present action for the declaration of the inexistence of such sale, and such action does not prescribe (Art. 1410, new Civil Code; Eugenio et al. vs. Perdido et al., 97 Phil., 41)."

The Court of Appeals further held:-

"On the other hand, appellees claim that they are not bound to pay damages as they were possessors in good

faith. But they ceased to be such possessors in good faith from the time they became actually aware of the flaw in their title, and that was on March 23, 1953, when the original complaint in this case was filed. Hence, from such date appellees are liable to appellants for damages."

The dispositive part of the decision of the Court of Appeals, reads:-

"WHEREFORE, the decision appealed from is hereby reversed and another entered declaring appellants to be the owners of the four parcels of land in dispute with right of possession thereof; ordering appellees to deliver the ownership and possession of said parcels of land to appellants; ordering the cancellation of transfer certificate of title No. 2213 in appellees' name and the issuance of another in appellants' name and ordering appellees to pay appellants in the concept of damages the current price of P9.00 per cavan of palay for 25 cavares of palay of 50 kilos each per hectare annually from March 23, 1953, until delivery of the parcels of land shall have actually been made to appellants. Without any pronouncement as to costs."

Hence, the case is now before us on petition for review by certiorari filed by the defendants in the lower court, Generoso Baje and his wife Saturnina Sacdalan. In their original petition the Bajes assigned eight (8) errors allegedly committed by the Court of Appeals; however, in their amended petition they maintained that the Court of Appeals had merely erred:-

"1. * * * in holding that petitioners deliver possession of the lands in question without ordering the respondents to return the purchase price paid therefor.

"2. * * * in not holding that the petitioners are entitled to reimbursement of the value of improvements introduced by petitioners in good faith and also in not holding that the petitioners have the right to retain the land in question until they are reimbursed of said value of improvements."

With respect to the first assignment of error, it appears that, upon receipt of notice of the decision of the Court of Appeals, the Bajes filed therein a motion for reconsideration alleging, inter alia, that, if the sales in their favor are null and Void, and, accordingly, the lands in question belong to the heirs of Marcelo Valdez, said heirs should be sentenced to refund the amounts paid by the Bajes to Marcelo Valdez, or the aggregate sum of P3,734. This relief was denied by the Court of Appeals, upon the ground:-

"That the appellants are not bound to return to appellees the purchase price that their predecessors in interest, the late Marcelo Valdez, had received in consideration of the sale, appellees recourse being to institute an intestate proceedings covering the estate of the deceased Marcelo Valdez and file therein a claim for the purchase price paid by them or their predecessors-in-interest."

This view is supported by *Labrador vs. De los Santos* 66 Phil. 579, 581-582 (November 26, 1938), in which it was held:-

"The alienation by Santiago de los Santos of his land in favor of the plaintiffs Antonio Labrador and Felipe Canonizado was made in violation of the provision of section 116 of Act No. 2874, as amended by section 23 of Act No. 3517, which prohibits the encumbering or alienation of a land acquired as a homestead within five years from the issuance of the homestead patent, wherefore, it is illegal and void. As the declaration of nullity of a contract void ab initio operates to restore things in the state and condition in which they were found before the execution thereof, the land in question was returned to the ownership of Santiago de los Santos, in his lifetime, and that of his children, after his death, with the obligation on the part of said Santiago de los Santos to return to the purchasers, the plaintiffs, the price of the sale, with interest (Art. 1308, Civil Code). Santiago de los Santos being the vendor, had the declaration of nullity taken place while he was living, he would have to return said price to the purchasers; but having died before the declaration of nullity, the plaintiffs should have presented their claim for the return of the price in the testate or intestate proceedings of the deceased, and they cannot go against the children of the latter inasmuch as the said children inherit with the benefit of inventory

and only that remaining of the inheritance after paying the indebtedness of the testate or intestate. While it is true that the defendants inherited the land in question, the price of the sale cannot be charged thereon, because the said section 116 of Act No. 2874, as amended by section 23 of Act No. 3517, prohibits the subjection of such land to the payment of said obligation which was contracted within five years from the issuance of the homestead patent, as above stated. In any event, the plaintiffs may institute the intestate proceedings of Santiago de los Santos and file their claim before the committee on claims and appraisal to be named therein."

This ruling was reiterated in *Castro et al. vs. Orpiano*, 90 Phil. 491, 493 (November 29, 1951), but it is inconsistent with subsequent decisions of this Court.

After declaring that the sale of a homestead made within five (5) years from the issuance of the corresponding patent is null and void and that the heirs of the deceased homesteaders "have the right to recover the homestead illegally disposed of", we held in *Angeles vs. Court of Appeals*, 102 Phil. 1006 (January 31, 1958), speaking through Mr. Justice Labrador:-

"With respect to the price that the defendants had paid for the land P2,500, in view of the rule that no one should enrich himself at the expense of another, the return of the said amount by the plaintiffs should be decreed, before the plaintiffs may be allowed to recover back the possession of the homestead, subject of the action.

"The decision of the Court of Appeals is hereby reversed and judgment is hereby entered declaring the sale of the homestead null and void, ordering the defendants to return the same to the plaintiffs upon payment by the latter to them of the sum of P2,500. The claim of plaintiffs for the value of the products of the land and that of defendants for the expenses in the construction of the dike are both dismissed. Without costs in this appeal." (Italics ours.)

In *Medel vs. Eliazo*, L-12617 (August 27, 1959), the language used was:-

"It is the contention of plaintiffs that the contract of sale was void ab initio, therefore, it does not exist in the eyes of the law and so it does not have any consideration; consequently, they are not liable to pay or return the P1,500, the price of the sale. We agree with the defendant that plaintiffs may not enrich themselves at his expense. The sale of the homestead in question, having been executed before the expiration of the five-year period prescribed by law, it is void, but it does not mean that since they continue to be owners of the land, they should not return the sum received by them as the sales price. It is a case of mutual restitution incident to the nullity ab initio of the conveyance (*Santander et al. vs. Villanueva et al.*, 103 Phil., 1; *Felices vs. Iriola*, 103 Phil., 125 "). (Italics ours.)

Again, under substantially the same conditions, we affirmed, in *Companero vs. Coloma*, 109 Phil., 993a decision of the Court of First Instance of Nueva Vizcaya, the dispositive part of which reads as follows:-

"In view of the foregoing, decision is hereby rendered in favor of the plaintiffs and against the defendants, ordering the latter to surrender the possession of the parcel of land in question to the plaintiffs; and ordering the cancellation of Transfer Certificate of Title No. 2398 in the name of the defendant Apolonio T. Coloma, over the parcel of land in question and the issuance, in lieu thereof, of another transfer certificate of title in the name of the herein plaintiffs in equal shares, upon reimbursement by them to the defendants of the sum of P700.00[*] with interest at the rate of 6% per annum from the date this decision has become final. And without special pronouncement as to costs." (Italics ours.)

In a decision penned by Mr. Justice Reyes (J.B.L.), ourselves in *Manzano vs. Ocampo*, 111 Phil., 283 as follows:-

"We therefore, hold that the sale in question is illegal and void for having been made within five years from the date of Manzano's patent, in violation of section 118 of the Public Land Law. Being void from its inception, the approval thereof by the Undersecretary of Agriculture and Natural Resources after the lapse of five years from

Manzano's patent did not legalize the sale (Santander vs. Villanueva, G.R. No. L-6184, Feb. 28, 1958; Cadiz vs. Nicolas, G. R. No. L-9198, Feb. 13, 1958). The result is that the home-stead in question must be returned to Manzano 's heirs, petitioners herein, who are, in turn, bound to restore to appellee Ocampo the sum of P3,000.00 received by Manzano as the price thereof (Medel vs. Eliazo, G. R. No. L-12617, Aug. 27, 1959; Santander vs. Villanueva, supra; Felices vs. Iriola, G.R. No. L-11269, Feb. 28, 1958). The fruits of the land should equitably compensate the interest on the price.

"WHEREFORE, the judgment appealed from is reversed and another one entered declaring null and void the sale of the homestead in question to appellee Rufino Ocampo. The Register of Deeds for the Province of Nueva Ecija is hereby ordered to cancel appellee Ocampo's Transfer Certificate of Title No. 15584, and reissue to the heirs of the deceased Victoriano Manzano the title to the homestead in question. Petitioners are, however, ordered to return to appellee Ocampo the amount of P3,000.00 received by their predecessor Victoriano Manzano as the price of said homestead. No costs." (Italics ours.)

In other words, the doctrine laid down in the Labrador and the Castro cases must be deemed revoked. Indeed, performance of the obligation of the Bajes to restore the possession of the lots in dispute to the heirs of the deceased Marcelo Valdez cannot be demanded by the latter unless they, in turn, comply with their reciprocal obligation to refund the price paid by the Bajes. Hence, the first assignment of error is well taken.

Under the second assignment of error, the Bajes maintain that they are entitled to reimbursement of the cost the improvements allegedly introduced by them in good faith and to retain the land in question until such reimbursement shall have been made. The record does not satisfactorily show, however, the existence of any such improvements. What is more, the court of first instance found - and the Court of Appeals has not disturbed this finding - that the expenses allegedly incurred by the Bajes in connection with the lots in litigation were not necessary for the preservation thereof and did not constitute improvements, but were mere expenses of production the reimbursement of which may not be demanded by the Bajes, they having been compensated therefor by the products of said lots harvested by them. The second assignment of error is, therefore, untenable.

In short, the sale made by the deceased Marcelo Valdez to herein petitioners Generoso Baje and Saturnina Sacdalan is null and void ab initio, for which reason the respondents herein, as heirs and successors in interest of Marcelo Valdez are the owners of the lots aforementioned, and, hence, entitled to the possession thereof upon reimbursement to the Bajes of the sum of P3,734 paid by them to the deceased. Thereafter, Transfer Certificate of Title No. 2213, in the name of herein petitioners, shall be cancelled and another one issued in the name of respondents herein.

Inasmuch as the latter have no right to the possession of the lots in question until after the reimbursement above referred to shall have taken place, and they have neither judicially consigned said sum of P3,734, nor offered to make such reimbursement, the Bajes are not bound to pay to herein respondents the damages awarded in the decision of the Court of Appeals, except those that may be caused from and after the refund of said sum of P3,734.00.

With this modification, said decision is hereby affirmed, without special pronouncement as to costs. It is so ordered.

Bengzon, C.J., Padilla, Bautista Angelo, Labrador, Barrera, Paredes, Dizon, and Makalintal, JJ., concur.

[*] Representing the purchase price of the land in question.

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.