

SALVADOR ASCALON, FELICIDAD ASCALON DE JEREZA, SOLEDAD ASCALON, DIONISIO MIRASOL, ERNESTO MIRASOL, EDITHA DITCHING, MARIO A. DITCHING, CORAZON DITCHING, OTHELIA DITCHING, ESTREL...

G.R. No. L-34313. March 11, 1988

Ponente: GUTIERREZ, JR., J.

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GUTIERREZ, JR., J.:

The petitioners seek the setting aside of the decision of the Court of Appeals in CA-G.R. No. 37766-R which modified the order of the then Court of First Instance of Negros Occidental, 12[th] Judicial District in Spec. Pro. No. 324 (5358) declaring the disputed properties as conjugal in nature.

After the death of Praxedes Ascalon on June 1, 1959, respondent Luis E. Cuaycong, Jr., initiated the filing of Spec. Proc. No. 324 before the then Court of First Instance of Negros Occidental. Praxedes was survived by the following heirs:

"a) Her husband Luis D. Cuaycong, Sr.

b) Her brother and sisters;

1.) Salvador Ascalon

2.) Felicidad Ascalon de Jereza

3.) Soledad Ascalon

c) Her nephews who are children of her late sister Leonisa Ascalon de Mirasol:

1.) Dionisio Mirasol and

2.) Ernesto Mirasol

d) Her nephews and nieces who are children of her late sister Elvira Ascalon de Ditching:

1.) Editha Ditching,

- 2.) Mario A. Ditching,
 - 3.) Corazon Ditching,
 - 4.) Othelia Ditching,
 - 5.) Estrella Triumfo,
 - 6.) Josefa Ditching,
 - 7.) Marciano Ditching,
 - 8.) Rosita Ditching,
 - 9.) Juan Ditching,
 - 10.) Jose Ditching, and
 - 11.) Vicente Ditching, Jr."
- (pp. 34-35, Rollo)

Luis E. Cuaycong, Jr., is the son of Praxedes' husband Luis, Sr., by another woman, hence, the other heirs opposed the petition.

Thereafter, Luis, Sr., moved that he be substituted as petitioner in lieu of Luis, Jr. The motion was granted and Luis, Sr., was appointed as judicial administrator of the intestate estate of his deceased wife.

The parties then entered into a stipulation of facts as regards the estate left by Praxedes, to wit:

xxx xxx xxx

"4. That the estate left by the deceased consists of a fractional part of the following real and personal properties:

REAL PROPERTY

"a) Lots Nos. 8, 17, 18, 135, 21, 22, 23, and 28, of the cadastral survey of Victorias, Negros Occidental, with their sugar quotas. Said property, including its sugar quotas, has assessed value of P184,310 and a market value stated at P_____. more or less.

PERSONAL PROPERTY

"a) One Buick Sedan automobile worth about P2,000.00." (p. 35, Rollo) .

On May 31, 1964, Luis, Sr., died. The private respondent was then appointed by the court as administrator of the estate.

The parties could not agree on the proper partition of the parcels of land. The oppositors (Praxedes' brother, sisters, nephew and nieces) claimed that all these parcels of land (collectively called Hacienda Bacayan) were conjugal properties. On the other hand, the private respondent claimed that the parcels of land are conjugal only to the extent of 20% and are individual property of Luis, Sr., as to 80%. Thus, Luis, Jr., claimed that a certain portion of Hacienda Bacayan was donated by his grandfather Justo Cuaycong to his father, Luis, Sr., while another part thereof, was sold to Luis, Sr.

An uncaptioned document executed by Justo Cuaycong and his son Luis Cuaycong, Sr., on October 10, 1934, was introduced in evidence and marked as Exhibit "G" for the private respondent and Exhibit "7" for the petitioners, to wit:

xxx xxx xxx

"2. Que dichos lotes de terreno estan gravados con una hipoteca de SESENTA Y UN MIL PESOS (P61,000.00) a favor de Doña CLOTILDE DE LEON, casada con Don EDUARDO CUAYCONG, de Mandurriao, Iloilo, hecha constar en escritura ratificada ante el Notario Publico de Iloilo, Iloilo, Don TIRSO ESPELETA, el 23 de Octubre de 1931, pero no esta inscrita en el titulo.

"3. Que en esa misma excritura de hipoteca, mi hijo, Don LUIS D. CUAYCONG, se obligo a entregar anualmente y durante OCHO (8) años consecutivas a partir del año 1932, a dicha Doña Clotilde de Leon la cantidad de MIL (1,000) PICOS de azucar centrifugado anuales a cuenta de la citada deuda de P61,000.00.

"4. Que en virtud del poder que ha conferido a mi citado hijo, Don LUIS D. CUAYCONG tomo a prestamo del Banco de las Islas Filipinas en Iloilo, para sus necesidades agriculas, la suma de CINCO MIL (P5,000.00) PESOS con intereses de 12% anual el 27 de Febrero de 1932 y DOS MIL QUINIENTOS (P2,500.00) PESOS el 2 de Junio de 1932, cuyas cantidades estan aseguradas con hipoteca de las propiedades descritas arriba, inscrita en el Registro de la Propiedad y en el Certificado de Titulo correspondiente.

"5. Que en consideracion de la suma de UN PESO (P1.00) que me ha pagado dicho hijo mio, Don LUIS D. CUAYCONG, Filipino, mayor de edad, asado con Doña PRAXEDES ASCALON, residente y con direccion postal Victorias, Negros Occidental, vendo, dece, y traspago la referida hacienda "BACAYAN" compuesta de los OCHO (8) lotes de terreno descritas arriba, ala condicion de que ha de pagar totalmente la mencionada sumade P61,000.00 a Doña CLOTILDE DE LEON en los plasos y con arreglo a las condiciones estipuladas en la mencionada escritura del 23 de Octubre de 1931, y ha de pagar tambien por su cuenta al Banco de las Islas Filipinas la cantidad de P7,500.00 mencionada en Parrafo 4 de la presente escritura.

"6. Presente en esta acto Don LUIS D. CUAYCONG y enterno del contenido de esta escritura, acepta la venta y sus condiciones, se hace cargo de la deuda de P61,000.00 consus intereses y de las demas condiciones estipuladas con Doña CLOTILDE DE LEON y se compromete a pagar a esta señora dicha deuda, asi como tambien la deuda de P7,500.00 al Banco de las Islas Filipinas y sus intereses." (p. 42, Rollo)

After due trial, the lower court issued an order declaring the subject parcels of land as conjugal. The dispositive portion of the order reads:

"WHEREFORE, as between the Administrator and the Oppositors it is hereby held that these lots covered by titles issued by the Register of Deeds of Negros Occidental:

"Lots 8, 17, 18 and 135 — TCT 22131 — Exh. 2

"Lots 21, 22, 23 — TCT 22132 — Exh. 3

"Lot 28 — TCT 22130 — Exh. 4.

are conjugal property of Luis D. Cuaycong and Praxedes A. Cuaycong; and the Project of Partition should be corrected accordingly." (p. 30, Rollo)

Luis, Jr., appealed the order to the Court of Appeals. The appellate court sustained his theory. The dispositive portion of the decision reads:

"FOR THE FOREGOING CONSIDERATION, the order appealed from is hereby modified in the sense that an area of 195.3649 hectares out of the eight lots (Lot Nos. 8, 17, 18, 135, 21, 22, 23 and 28), otherwise known as Hacienda Bacayan, is the capital or separate property of Luis D. Cuaycong, Sr., while the remaining area of 57,6351 hectares is the conjugal property of the late spouses Luis D. Cuaycong, Sr. and Praxedes Ascalon; that one-half of the 57.6351 hectares or 28.81755 hectares of said hacienda were inherited by her then surviving spouse Luis D. Cuaycong, Sr., and the other half also consisting of 28.81755 hectares shall be divided equally between Luis Cuaycong, Sr. and the oppositors-appellees, the latter being the collateral relatives of Praxedes Ascalon, pursuant to Article 1001, N.C.C. In all other respects, the appealed decision is affirmed, without

pronouncement as to costs." (pp. 47-48, Rollo)

A motion for reconsideration was denied.

Hence, this petition.

The sole issue centers on whether the uncaptioned document (Exhibit "G") for the private respondent and Exhibit "7" for the petitioners) was partly a deed of donation and partly a conveyance by onerous title.

In sustaining the theory of the private respondent, the appellate court said:

"It appears that the aggregate area of the eight parcels of land comprising Hacienda Bacayan is 253 hectares, more or less (Exhs. F, G & 7); that as early as 1920, the primitive owners of said hacienda (spouses Eduardo Cuaycong and Clotilde de Leon) conveyed the same to their son Justo Cuaycong, father of Luis Cuaycong, Sr., for P300,000.00 of which amount only P30,000.00 was in hand paid, but the transaction was subsequently rescinded (Exh. A); that on December 10, 1927, said Eduardo Cuaycong conveyed by way of pacto de retro sale the same hacienda to his son Justo for P45,000.00, which right to repurchase shall be exercised within three years; that on July 10, 1930, Justo Cuaycong acquired the same hacienda by way of purchase (Exh. F, p. 2); that on October 23, 1931, said Justo Cuaycong mortgaged the same haciendas to aforementioned Clotilde de Leon to secure the payment within a period of eight years of the sum of P61,000.00.

"In the light of the foregoing circumstances, documented as they are, we are not prone to believe that the former owner of Hacienda Bacayan had sold the same to his son Luis D. Cuaycong, Sr., for only P1.00. On the contrary, we are more inclined to say that the owner had donated said hacienda to his son Luis, Sr., with a burden of charge on the part of the latter, that is to pay the former's obligation of P61,000.00 to Clotilde de Leon and the further sum of P7,500.00 to the bank of the Philippine Islands or a total of P68,500.00, as could readily seen from the aforequoted document (Exhs. G & 7). In other words, Justo Cuaycong, conveyed his property (Hacienda Bacayan) to his son Luis, Sr., by way of onerous donation, which is mixed in nature, for it was patently sold for P1.00, which is grossly very much lower than its value, but burdened with an obligation on the part of the donee to pay the accounts of the donor (Justo Cuaycong) to his creditors. (2-11 Ennecerus, Kpp & Wolf, 126-131; Perez Gonzales and Alguer, p. 729, cited by Tolentino, Civil Code of the Philippines, Vol. 11, p. 470-471.)" (pp. 43-44, Rollo)

The petitioners take exceptions to the respondent court's findings. They now allege:

"The Court of Appeals had decided questions of substance contrary to law and the applicable decisions of this Honorable Supreme Court, because:

"It ruled that the contract (Exhs. "G" and "7") is partly a donation and partly sale, when --

"(a). The wordings in said contract, particularly pars. 5 and 6 clearly state that the same is a sale of the properties.

"(b). The consideration is not only P1.00 but also the payment of the P61,000.00 mortgage obligation to Clotilde de Leon and payment of P7,500.00 with interest due the Bank of the Philippine Islands.

"(c). The property was sold by Justo Cuaycong to Luis D. Cuaycong, Sr., for an amount not grossly inadequate to the value of the property.

"(d). Actuation of Luis D. Cuaycong, Sr., and the Administrator show and prove that the property is conjugal, for

"(1).

The admission in the petition for letters of administration for the estate of Praxedes Ascalon Cuaycong dated

June 10, 1959 signed by both the Administrator and his father Luis D. Cuaycong, Sr., show that the property is conjugal.

"(2).

The circumstance that the said petition was prepared and signed by a lawyer who is a blood relation of the Administrator; and who was certified by Luis D. Cuaycong in Exh. "D" as one in whom he had full faith and confidence, show that Administrator and his father Luis D. Cuaycong, Sr., were not mistaken as to the status of the property.

"(3).

The silence of the late Luis D. Cuaycong, Sr., during his lifetime regarding the supposed donation to him of the property subject of controversy.

"(e). The presumption of law that property acquired during marriage is conjugal has not been sufficiently rebutted by evidence of administrator." (pp. 9-10, Rollo)

The petition is impressed with merit. Nowhere in the uncaptioned document (Exhibits "G" and "7") can we find that a portion of the Hacienda Bacayan was donated by Justo Cuaycong to his son Luis Cuaycong, Sr. On the contrary, paragraphs 5 and 6 thereof clearly indicate that all parcels of land comprising Hacienda Bacayan were sold by Justo to Luis, Sr. There is no doubt as to the intention of the parties to the contract when they stipulated that the land was being sold by one to the other. Therefore, the literal meaning of the stipulation shall control. This is the first rule in the interpretation of contracts (Article 1370, New Civil Code; *La Suerte Cigar & Cigarette Factory v. Director of the Bureau of Labor Relations*, 123 SCRA 679; *University of the Philippines College of Agriculture, et al. v. Domingo Gabriel, et al.*, G. R. No. 70826, October 12, 1987).

Moreover, it is not true that the consideration stated in the contract is only P1.00. A cursory reading of paragraph 5 shows that the consideration is P1.00 plus — (1) the payment of the P61,000.00 obligation to Clotilde de Leon according to the terms and conditions of the contract dated October 23, 1931 and (2) the payment of P7,500.00 with interests due the Bank of the Philippine Islands. This consideration is reiterated in paragraph 6 where the vendee, Luis Cuaycong, Sr., accepted the same and its conditions.

There is nothing wrong with the arrangement stipulated in the contract.

We have ruled:

"Counsel for appellant next contends that Exhibits A and B should be declared void for lack of consideration. Said two deeds each mentions P1.00 and other valuable consideration, the receipt whereof was acknowledged, to be the consideration. We believe that that consideration is sufficient, this aside from the provision of law (article 1277 of the Civil Code), that consideration in a contract will be presumed and that it is licit, unless the debtor prove the contrary which Paulino in this case failed to establish. Furthermore, according to Reynolds, in consideration of the transfer of these mining claims, he had later paid Paulino between P3,000 and P5,000. . . . (*Dumaguin v. Reynolds, et al.* 92 Phil. 66, 80)

"The above pronouncement of respondent Appellate Court finds support in the ruling of this Court in *Morales Development Co., Inc. v. CA*, 27 SCRA 484, which states that 'the major premise thereof is based upon the fact that the consideration stated in the deeds of sale in favor of Reyes and the Abellas is P1.00. It is not unusual, however, in deeds of conveyance adhering to the Anglo-Saxon practice of stating that the consideration given is the sum of P1.00, although the actual consideration may have been much more.

Moreover, assuming that said con-sideration of P1.00 is suspicious, this circumstance, alone, does not necessarily justify the inference that Reyes and the Abellas were not purchasers in good faith and for value. Neither does this inference warrant the conclusion that the sales were null and void ab initio. Indeed, bad faith and inadequacy of the monetary consideration do not render a conveyance inexistent, for the assignor's liberality may be sufficient cause for a valid contract (Article 1350, Civil Code), whereas fraud or bad faith may render either rescissible or voidable, although valid until annulled, a contract concerning an object certain entered into with a cause and with the consent of the contracting parties, as in the case at bar." (Ong v. Ong, 139 SCRA 133, 137)

Besides, it is not correct to say that the consideration of the sale was "grossly inadequate". It is to be noted that Justo Cuaycong acquired the parcels of land for only P45,000.00 and sold the same for a total of P68,501.00 thereby netting a profit of P23,501.00,

The records indicate that the parcels of land were sold by Justo Cuaycong to Luis Cuaycong, Sr., thereby making the questioned parcels of land conjugal properties of deceased spouses Luis Cuaycong, Sr., and Praxedes Ascalon. We quote with approval the trial court's finding to the effect that:

"It is significant that Luis D. Cuaycong signed the original petition for letters of Administration in favor of the present Administrator (in which the conjugal character of the lots is certified to); and that he (Luis D. Cuaycong) eventually became the Administrator himself on July 13, 1960. There is not an iota of evidence that while alive he had ever asserted that the 8 lots in question did not belong in their entirety to the conjugal partnership of himself and his late wife. Arrayed on one side are interesting surmises and persuasive deductions made by the Administrator to support his petition; and on the other side, the deafening silence of the late Luis D. Cuaycong himself in his lifetime regarding the supposed donation to him and these considerations urged by the Oppositors:

"a)

The peculiar nature of the several transactions referred to in Exh. A;

"b)

The presumption of law that property acquired during marriage is conjugal;

"c)

The admissions in the petition for letters of administrations dated June 10, 1959 signed by both in the Administrator and by Luis D. Cuaycong;

"d)

The circumstance that the said petition was prepared and signed by a lawyer who is a blood relation of the Administrator; and who was certified by Luis D. Cuaycong in Exh. D as one in whom he had full faith and confidence; and

"e)

The clear terminology employed in:

Exh. 5 — the sale by Eduardo to Justo Cuaycong in 1927;

Exh. 6 — the affidavit of consolidation signed by Justo Cuaycong in 1931;

Exh. 7 — the deed of sale by Justo to Luis D. Cuaycong in 1934

in view of which the Court finds that the preponderance of the evidence leans in favor of the Oppositors." (pp. 29-30, Rollo)

WHEREFORE, the instant petition is hereby GRANTED. The questioned decision and resolution of the Court of Appeals are REVERSED and SET ASIDE. The trial court's order is REINSTATED; Costs against the private respondent.

SO ORDERED.

Fernan (Chairman), Feliciano, Bidin and Cortes, JJ., concur.

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