

ALEJANDRO RAS, PLAINTIFF-APPELLEE VS. ESTELA SUA AND RAMON SUA, DEFENDANTS-APPELLANTS.*G.R. No. L-23302. September 25, 1968*

Ponente: REYES, J.B.L., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/46dfa58ebefe/>**REYES, J.B.L., J.:**

Appeal from the decision of the Court of First Instance of Basilan City (in its Civil Case No. 425).

To secure recovery of possession of a parcel of land which he leased to the spouses Ramon and Estela Sua, Alejandro Ras filed a complaint dated 6 May 1963[1] in the Court of First Instance of Basilan City, alleging, among other things, that on 25 February 1958 plaintiff, while in need of money and unaware of the provisions of Republic Act 477, leased to the defendants a four-hectare parcel of land he acquired from the National Abaca and Other Fibers Corporation (NAFCO)[2], designated as Lot No. 52 and situated at Balactasan, Lamitan District, Basilan City, for a period of 3 years (from 1 April 1958 to 1 April 1961) upon a consideration of P2,500.00; that under the said contract the lessees assumed the obligation to pay to the government the yearly installments on the land when they fall due, as well as the taxes 'thereon, for the duration of the lease; that these obligations were again embodied in subsequent contracts[3] entered into by the parties, by virtue of which the lease was extended to a total period of 10 years; that the lessees failed to pay the taxes on the land and the installments due to the NAFCO; and when defendants refused to pay said dues to the government, as agreed upon, and to return to plaintiff possession of the subject parcel of land notwithstanding demand therefor, the latter filed the present action. Claiming further that defendants had harvested from the land since 1958 no less than 120,000 coconuts, plaintiff prayed for judgment declaring as null and void the lease-contract of 25 February 1958 and the contracts executed subsequent thereto; and ordering the defendants to deliver to him possession of the land, together with the value of the harvested nuts amounting to P7,200.00, and to pay him damages and attorney's fees for P3,000.00 and P1,500.00, respectively.

Answering the complaint, the defendants spouses denied having violated any condition of the lease and, in turn, contested the jurisdiction of the court to order the return of the land to plaintiff, as well as the latter's right to reacquire possession of the same property. As counterclaim, they asked for damages and attorney's fees.

After trial on the merits, defendants, with proper leave of court, moved for the dismissal of the case, on the grounds that the cause of action has prescribed and that plaintiff was not able to prove his case. It was their contention that plaintiff's action, which is for rescission of contract under Article 1191 of the Civil Code, prescribes in 4 years; that since the contract of lease was entered into on 25 February 1958, the present action, commenced on 6 May 1963, was already barred by prescription. Defendants, likewise, claimed that plaintiff had failed to establish any violation by the defendants of the terms of the lease, or that, if there was any, the breach is casual and slight that would not warrant a rescission thereof.

On 3 April 1964, judgment was rendered for the plaintiff, the lower court ruling not only that there had been violation of the contract, by defendants' failure to pay the taxes on the land, but also that the lease of the property

was prohibited under Section 8 of Republic Act 477. Consequently, the contracts executed on 29 July 1960 (Exhibit F) and 26 January 1962 (Exhibit G) were declared annulled, and defendants were ordered to pay to plaintiff the sum of P110.00 a month from 2 April 1964 until possession of the land is restored to the latter. On the other hand, said plaintiff was ordered to return to the defendants the sum of P1,200.00, the consideration of the two invalidated contracts, with legal interest thereon until the amount shall have been paid.

Defendants instituted the present appeal, reiterating the claim that the cause of action in this case is barred by prescription and that plaintiff has no right to the repossession of the land involved in the dispute.

In support of the allegation that appellee's cause had prescribed, appellants belabored the point that the averments of the complaint were for rescission and not for annulment of contract, pointing to the caption and paragraphs 5, 7 and 9 thereof which refer to the action as one to rescind plaintiff's contract with defendants.

For the purpose of resolving this issue of prescription raised by appellants, there is no need for the distinction. Whether the case was filed to rescind or to annul the lease would not improve appellants' position, which we find to be untenable. For while it is true that the original lease agreement (Exhibit C) was executed on 25 February 1958, whereas the case was instituted on 6 May 1963, or more than 4 years thereafter, yet it also appears that the contracts of lease (Exhibits D, E, F and G) subsequently entered into by the parties uniformly contain the following provisions, to wit:

"NOW, THEREFORE, in consideration of the herein premises and the amount of ONE THOUSAND PESOS, Philippine Currency, paid by the Lessee to the Lessor, the Lessor extends and grants in favor of the Lessee extension of two (2) more years of the lease contract they entered which extension shall take effect on 2 April 1961 and terminates on 2 April 1963;

"The parties also agree to incorporate as part of this amended and extended lease contract all the stipulations, namely numbers 1 to 5 of the contract of lease they entered in 25 February 1958." (Exhibit D);

with the only difference that in Exhibit E, the consideration was P400.00 and the contract (to extend the lease-period) was to "take effect on 2 April 1963 and terminates on 2 April 1964"; Exhibit F, executed on 29 July 1960, was for P600.00, to "take effect on 2 April 1964 and terminates on 2 April 1966; and Exhibit G, executed on 26 January 1962, was for P600.00, to take effect on 2 April 1966 and terminates on 2 April 1968".

In other words, these contracts Exhibits D, E, F and G did not just modify the original lease by extending the period originally agreed upon. By themselves, they constitute individual contracts, distinct from the agreement of 25 February 1958, each to be effective within the period specifically mentioned therein. Thus, the lifetime of Exhibit D was only from 2 April 1961 to 2 April 1963; Exhibit E, from 2 April 1963 to 2 April 1964; Exhibit F, from 2 April 1964 to 2 April 1966; and Exhibit G, from 2 April 1966 to 2 April 1968. It follows, therefore, that even were the action filed on 6 May 1963 be treated as one for rescission, insofar as Exhibits F and G are concerned, the cause of action still subsist. It is for this reason that the lower court annulled only these two contracts yet unenforced. Of course, there is stronger ground for affirming the ruling of the court below if the action were considered as one for annulment of the agreement as one prohibited by law. The right to seek the declaration of the inexistence of a contract, for being in violation of law, is imprescriptible.[4]

In reality, there can be no mistake about plaintiff's cause of action. Although the complaint was captioned "for rescission of contract with damages", and that there were allegations to the effect that defendants had failed to "live up with the conditions of the contract, "and that plaintiff filed the action "to rescind" the same, the complaint also averred that plaintiff leased the subject parcel of land to defendants "while in need of money and unaware of the provisions of Republic Act No. 477. "With such averment, plaintiff definitely put up the issue of the legality of the lease,[5] and this sufficiently informed the defendants of the nature of his claims and enabled them to

prepare their defense.

That the case was captioned "for rescission" does not materially alter the situation. The rule is well-settled that it is not the caption of the pleading, but the allegations thereof that determines the nature of the action;^[6] that even without the prayer for a specific remedy, proper relief may nevertheless be granted by the court if the facts alleged in the complaint and the evidence introduced so warrant.^[7] In this case, the violation of Section 8 of Republic Act 477 has been established with the presentation by plaintiff of the deed of sale covering the subject land, executed in his favor on 31 August 1951 (Exhibit A), and of the contracts for the lease thereof (Exhibit C, D, E, F and G) entered into within the prohibited 10-year period.

Appellants also contend that if the case were for annulment, as we have ruled it is, then plaintiff-appellee has no personality to bring the action, the proper party being the Republic of the Philippines; that the jurisdiction to order the return to plaintiff of the land belongs, not to the courts, but to the Board of Liquidators; and that plaintiff may no longer recover the land from defendants under the *pari delicto* doctrine.

The above contentions are without merit; they being premised on the assumption that upon the plaintiff's violation of Republic Act 477 he automatically loses his rights over the land and said rights immediately revert to the State. That is not correct.

In the first place, it is worthwhile to note that, unlike in a transfer of the applicant's rights made before the award or signing of the contract of sale, which is specifically declared null and void and disqualifies such applicant from further acquiring any land from the NAFCO,^[7a] Republic Act 477 is silent as to the consequence of the alienation or encumbering of the land after the execution of the contract of sale, but within 10 years from the issuance of the corresponding certificate of title. Considering that the aim of the government in allowing the distribution or sale of disposable public lands to deserving applicants is to enable the landless citizens to own the land they could work on, and the reversion of these lands to the government is penal in character, reversion cannot be construed to be implied from the provision making certain acts prohibited. Where, as in this case, the interest of the individual outweighs the interest of the public, strict construction of a penal provision is justified.^[8] Article 1416 of the Civil Code of the Philippines prescribes as follows:

"ART. 1416. When the agreement is not illegal per se but is merely prohibited, and the prohibition by the law is designed for the protection of the plaintiff, he may, if public policy is thereby enhanced, recover what he has paid or delivered."

Secondly, under Section 9 of Republic Act No. 477, the disposition of lands by the NAFCO is to be governed by the Public Land Act (C. A. 141); and it has been ruled, in connection with the same, that a disregard or violation of the conditions of the land grant does not produce automatic reversion of the property to the State, nor work to defeat the grantee's right to recover the property he had previously disposed of or encumbered. This was made clear by this Court when it said:

"... Similar contentions were made in the case of *Catalina de los Santos vs. Roman Catholic Church of Midsayap et al.*, 94 Phil. 405, 50 Off. Gaz. 1588, but they were there overruled, this Court holding that the *pari delicto* doctrine may not be invoked in a case of this kind since it would turn counter to an avowed fundamental policy of the State that the forfeiture of the homestead is a matter between the State and the grantee or his heirs, and that until the State has taken steps to annul the grant and asserts title to the homestead, the purchaser is, as against the vendor or his heirs, 'no more entitled to keep the land than any intruder.'
"(Acierto vs. De los Santos, 95 Phil. 887).^[9]

Clearly, until and unless an appropriate proceeding for reversion is instituted by the State, and its reacquisition of the ownership and possession of the land decreed by a competent court, the grantee can not be said to have been

divested of whatever right that he may have over the same property.

With the conclusions thus arrived at, the discussion of the other issues raised by appellants becomes unnecessary.

WHEREFORE, the decision appealed from is hereby affirmed, with cost against appellants.

Concepcion, C.J., Dizon, Makalintal, Sanchez, Ruiz Castro, Angeles and Fernando, JJ., concur.

Zaldivar, J., did not take part.

Judgment affirmed.

[1] Amended on 14 August 1963.

[2] Plaintiff purchased this lot from NAFCO on installments, on 31 August 1951 (Exhibit A).

[3] Contract dated 1 October 1958, extended the lease until 2 April 1963, for P1,000.00—Exhibit D; contract dated 1 December 1959, extended the lease until 2 April 1964, for P400.00—Exhibit E; contract dated 29 July 1960 extended the lease until 2 April 1966, for P600.00—Exhibit F; and finally, contract dated 26 January 1966, extended the lease until 2 April 1968, for P600.00—Exhibit G.

[4] Mapalo vs. Mapalo, L-21489 & L-21628, 19 May 1966; Asturias vs. Court of Appeals, L-17895, 30 September 1963, and cases cited therein.

[5] Pursuant to Section 8 of Republic Act 477, land acquired thereunder shall not be subject to encumbrance or alienation from the date of the award of the land or the improvements thereon, and for a term of 10 years from and after the date of issuance of the certificate of title.

[6] People vs. Matondo, L-12873, 24 Feb. 1961; Cajefe vs. Fernandez, L-15709, 19 October 1960.

[7] Rosales vs. Reyes, 25 Phil. 495; Ibañez de Baranueva vs. Fuster, 29 Phil. 606; cf. Cabigao vs. Lim, 50 Phil. 844.

[7a] Section 8, second paragraph.

[8] Vol. 3, Sutherland Statutory Construction, 3rd ed., page 66.

[9] Reiterated in Angeles, et al., vs. Court of Appeals et al., 102 Phil. 1006, 1009.

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.