

ARADA LUMUNGO, JUHURI DAWA, ET AL., PETITIONERS, VS. ASAAD USMAN, JOSE ANGELES AND DOMINGA USMAN, ET AL., RESPONDENTS.

G.R. No. L-25359. September 28, 1968

Ponente: CONCEPCION, C.J.

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CONCEPCION, C.J.:

Review on certiorari of a decision of the Court of Appeals, on appeal from a decision of the Court of First Instance of Sulu in Civil Cases Nos. 155 and 156 of said court, both instituted by plaintiffs herein, Arada Lumungo (deceased), substituted by her heirs, Juhuri Dawa, Kayajuja, Sadatul, Sarapatul, Jaramatul, Alma, Kalukasa and Vicente, all surnamed Juhuri, to recover the possession of lot No. 871 of the Siasi Cadaster, in the first case, and in the second, of lots Nos. 892, 893, 894 and 1121 of the same cadaster. The defendants in case No. 155 are Asaad Usman, Akmadul and Hada, whereas those in case No. 156 are Asaad Usman, Fatima Angeles, Hadjaratul Julkanain, Inkiran and Sitti Haridja, who were subsequently joined by Dominga Usman and Jose Angeles, as defendants-intervenors.

After a joint trial of the two (2) cases, the Court of First Instance of Sulu rendered a decision, the dispositive part of which reads as follows:

"WHEREFORE, judgment is hereby rendered declaring plaintiffs to have a better right to the possession of Lots Nos. 892, 893, 1121, and 871, Siasi and Lapak Cadastral Survey, located at Lapak, Siasi, Sulu, and described in Transfer Certificates of Title Nos. T-419, T-422, T-420 and T-421 and Original Certificate of Title No. 8023. The defendants are ordered to vacate said lots in favor of the plaintiffs if they have not already done so.

"On the other hand, the plaintiffs are ordered to reimburse to the defendant-intervenor, JOSE ANGELES, the sum of P4,500.00 representing the value of the 3,000 coconut trees introduced by him and his predecessors in interest on Lots 892, 893 and 894. Should plaintiffs fail to do so within ninety (90) days from the date this decision becomes final, the three lots shall be ordered sold at public auction, the proceeds of which shall be applied to the P4,500.00 herein adjudged to Jose Angeles, and the balance to be delivered to the plaintiffs."

Both parties appealed from this decision to the Court of Appeals, but, later, the defendants withdrew their appeal, which, accordingly, was dismissed. Thus the only question left for determination by the Court of Appeals was plaintiffs' appeal from the trial court's decision, insofar as it sentenced them to pay P4,500.00 to intervenor Jose Angeles. After appropriate proceedings, the Court of Appeals reduced this amount to P2,500.00 and affirmed the decision of the Court of First Instance in all other respects, with costs against defendants-intervenors. The case is now before us upon petition for review on certiorari filed by the plaintiffs.

The pertinent facts are set forth in the decision of the trial court, which were adopted in that of the Court of Appeals, from which we quote:

"It. . . appears that, having allegedly collaborated with the enemy during the Japanese Occupation of Sulu,

Datu Idiris Amilhussin was arrested and detained when the American Liberation Forces came to Sulu in the year 1945. On March 1, 1946, Datu Idiris was prosecuted for Treason before the People's Court, docketed as Criminal Case No. 1334 in said Court.

Justice of the Peace Asaad Usman of Siasi and his wife Dominga Usman, became interested in Lots. Nos. 892, 893, 894, 1121 and 871. Jamasali Usman, brother of Atty. Asaad Usman, also became interested in Lot No. 1226(7). Datu Idiris was desperately in need of money to pay his attorney's fees and the premium on his bailbond. He sent his wife to Jamasali for money. Jamasali proposed to buy Lot No. 1227(7). Upon the execution of a Pacto de Retro sale (Exhibit "DDD"), Jamasali gave Datu Idiris partial payments of the P3,000.00 mentioned in the document. Sometime in the year 1946, Atty. Usman visited Datu Idiris in the Provincial Jail and promised to help him in his case and to secure his bailbond for his temporary liberty. But Atty. Usman asked Datu Idiris to sell to his wife, Dominga Miranda Usman, the five lots in question. Datu Idiris agreed.

"Through the help of Atty. Usman, the bailbond of Datu Idiris was perfected. Consequently, on January 11, 1947, he was released from the Provincial Jail. True to his word, on March 14, 1947, Datu Idiris executed an agreement with Dominga Usman (Exhibit "33"). He also caused Datu Amirul Amilhussin, brother of Datu Idiris, to sign a similar document, being one of the co-owners of said lots (Exh. "34"). Upon execution of the agreement, Dominga Usman paid Datu Idiris P300.00; subsequently, Atty. Usman paid him P500.00 and P10.00. Thus, Datu Idiris received all in all from the spouses, P810.00 in consideration of the tenor stated in the document, Exhibit "33". In the meantime, Atty. Usman took possession of the five lots in question and cultivated the same.

"As the whole amount of P3,000.00 mentioned in the sale of Pacto de Retro executed by Datu Idiris in favor of Jamasali Usman was not fully paid, Datu Idiris, upon his being released from confinement, demanded from Jamasali to complete payment. He also demanded from Atty. Usman the payment of the balance of the purchase price of the lots described in Exhibit "33". After Datu Idiris had been repeatedly refused said payments by both Jamasali and Atty. Usman, he became exasperated. He wrote two complaints, one to the Secretary of Justice, dated June 15, 1946, and the other, to the President of the Philippines, dated March 8, 1948, complaining against Justice of the Peace Asaad Usman and Jamasali Usman. After filing these complaints, Justice of the Peace Usman immediately caused the revocation of the bailbond of Datu Idiris before the People's Court. On March 31, 1948, he was rearrested and committed to the Provincial Jail again. A serious misunderstanding developed between Datu Idiris, on one hand and Atty. Usman and Jamasali Usman, on the other. Several complaints for murder were caused to be filed before the Court of Justice of the Peace Usman against Datu Idiris. In the meantime, Atty. Usman wrote letters of demand upon Datu Idiris asking him to produce the titles to the above five lots to enable him to have a sufficient deed of sale conveying the said five lots in favor of his wife. Datu Idiris, on the other hand, had been demanding from Atty. Usman to pay the balance of the purchase price of the land. Despite those mutual demands, no one complied therewith. On December 10, 1951, Datu Idiris proposed, thru Atty. Flor, to call off the deal, stated in documents, Exhibits "33" and "34", promising to return the P810.00 which he received from the spouses. Dominga Usman and Atty. Usman agreed to call off the deal. Datu Idiris, however, never paid the P810.00. Despite this, Dominga Usman and Atty. Usman never went to Court to file an action to compel Datu Idiris either to comply with his obligation to execute and deliver a good and sufficient deed conveying titles to the five lots in question, or to pay back the P810.00. What Dominga Usman did when Datu Idiris failed to pay her the P810.00 was to sell lots 892, 893 and 894 to Jose Angeles for P1,000.00. Jose Angeles, upon taking possession of the land, planted same with coconuts, which, together with those already planted by Dominga Usman, numbered about 3,000, most of which are now fruit bearing.

"On Feb. 2, 1962, Datu Idiris filed a civil complaint against Atty. Asaad Usman for recovery of possession of the five lots in question which was docketed as Civil Case No. 87 of this Court. Atty. Usman, instead of informing the Court that he and his wife had the legal right to possess those lots by virtue of the agreement had between Datu Idiris and his wife embodied in Exhibit "33", manifested in open Court on September 26, 1952,

that he was not interested in the possession or ownership of the land, and that he did not buy the land from Datu Idiris. So, on said date, this Court dictated an order as follows:

" 'In Open Court, when this case was called for hearing, the defendant Attorney Asaad Usman manifested that he does not claim ownership nor possession to the two parcels of land described in paragraph 2 of the complaint of the plaintiff. Thereupon, the plaintiff (moved) the Court to enter judgment, to which motion the defendant interposed no objection. Such being the case, the Court has no alternative but to enter judgment as it is hereby entered in favor of the plaintiff Datu Idiris Amilhussin, and against the defendant— declaring the plaintiff the owner and possessor of the two parcels of land above mentioned, and inasmuch as the defendant is not in possession of the land, the Court finds it unnecessary to enter an order ejecting the said defendant from the two parcels of lands, without prejudice to any claim of any other third party, without pronouncement as to costs.'

" 'On the other hand, the defendant moved for the dismissal of his counterclaim. The Court orders the dismissal of the same, also without pronouncement as to cost.'

"Upon the promulgation of the above-quoted judgment, Datu Idiris, who was badly in need of money, went around, offering to sell the land to another. Spouses Juhuri Dawa and Arada Lumungo, being interested in acquiring those lots, asked Atty. Dominador Sobreviñas to verify if they could buy the same. Atty. Sobreviñas went to the Office of the Register of Deeds and found no annotation of encumbrances on the Original Certificates of Title of the five lots. Besides, since the Court had already adjudged in the above-quoted order that Atty. Usman did not have any claim of possession or ownership over the land, and that he did not buy the land from Datu Idiris, Atty. Sobreviñas advised his clients that they may buy the lots. Accordingly, a deed of sale, Exhibit "L" to "L-2", was executed. Upon presentation of this deed of sale to the Register of Deeds, Original Certificates of Title Nos. 8986, 8123, 8087 and 8122 were cancelled and in lieu thereof, Transfer Certificates of Title Nos. T-419, T-420, T-422, and T-421 were issued in the names of the plaintiffs. Plaintiffs took possession of the property, but they were allegedly driven from the land. About three years ago, the defendants left Lots Nos. 892, 893, 894 and 1121. Plaintiffs took possession thereof. The defendants are still in possession of Lot No. 871."[1]

Defendants maintained in the Court of Appeals that the sale made by Datu Idiris Amilhussin to plaintiffs Arada Lumungo and Juhuri Dawa, on September 30, 1952, is null and void because the lots thus sold had previously been conveyed by Datu Idiris and Datu Amirul Amilhussin to intervenor Dominga Usman, wife of defendant Asaad Usman, and because the sale to said plaintiffs was not approved by the provincial governor of Sulu, as required by the Administrative Code of Mindanao and Sulu. The Court of Appeals overruled these objections upon the ground that the sale to Dominga Usman "did not materialize" and was "called off" by mutual agreement of the vendors and the vendee, and that said lack of approval by the provincial governor is a defense available to the contracting parties only, not to the defendants herein who are not parties to said transaction. Then the Court of Appeals went on to say:

"Upon the other hand, it is to be noted that when intervenor Dominga Usman who claimed to have purchased the lots in question from one of the original owners, sold and transferred her alleged ownership over the same to her co-intervenor Jose Angeles, the latter made the purchase with the knowledge that the property subject matter of the sale was already in dispute by and between herein defendants, one of whom is the husband of intervenor Dominga Usman, on the one hand, and herein plaintiffs on the other. Nevertheless, as well stated by the court a quo, equity should come in to protect the rights of intervenor Jose Angeles who introduced some improvements on three of the lots subject-matter of the litigation, namely, lots Nos. 892, 893 and 894.

"The Court found for a fact that around 3,000 coconut trees were planted on those lots aforementioned, some of them already fruit-bearing. It appears from the records that not all, but a portion of the 3,000 were planted by intervenor Jose Angeles. The value placed by the lower court of P1.50 per fruit-bearing coconut tree is

reasonable enough, inasmuch as the lower court was in a better position to make the assessment, it being more closely in contact with the conditions and circumstances of the locality. We are not prepared to disturb such finding for lack of evidence to warrant such an action on our part.

"IN VIEW OF THE FOREGOING CONSIDERATIONS, with the only modification that the amount of indemnity should be reduced from P4,500.00 to P2,500.00, the rest of the judgment appealed from is hereby affirmed with costs against defendants-intervenors."[2]

The only issue posed by plaintiffs' petition for review is whether or not Jose Angeles is entitled to reimbursement for the coconut trees planted by him on the property in litigation. In this connection, it should be noted that said trees are improvements, not "necessary expenses of preservation", which a builder, planter or sower in bad faith may recover under Arts. 452 and 546, first paragraph, of the Civil Code.

Upon the other hand, the Court of Appeals found as a fact that when Dominga Usman sold and transferred her rights in and to the property in question to Jose Angeles "the latter made the purchase with the knowledge that the property subject matter of the sale was already in dispute by and between herein defendants, one of whom is the husband of intervenor Dominga Usman, on the one hand, and herein plaintiffs on the other." Angeles was, therefore, aware of sufficient facts to induce a reasonably prudent man to inquire into the status of the title to the property in question, which was an easy matter for him to ascertain, said property being registered under the Torrens System.[3]

Indeed, Jose Angeles is a nephew of defendant Asaad Usman, and the controversy between the latter and Datu Idiris was a matter of public knowledge, for Usman was a justice of the peace, and Datu Idiris had filed charges against him, as such, with the Department of Justice and the Office of the President, to which Usman countered by causing the bail bond of Datu Idiris to be cancelled and his corresponding reincarceration, as well as the filing of complaints for murder against him. Besides, on February 2, 1952, or several months prior to the sale to Angeles on September 30, 1952, Datu Idiris had filed Civil Case No. 87 of the Court of First Instance of Sulu against Asaad Usman to recover the lots in question, and the latter stated in that case, on September 26, 1952, or four (4) days before the aforementioned sale, that he was not interested in either the possession or the ownership of said lots, and that he had not bought the same from the former. It may not be amiss to note, also, that at the time of the alleged sale in his favor, Jose Angeles was a law student; that, in fact, on August 9, 1957, he entered his appearance as counsel for the defendants, in collaboration with Asaad Usman; and that the consideration for said sale, involving a land of 46 hectares, was only P1,000.

In short, the foregoing facts, and the above-quoted findings of both the trial court and the Court of Appeals, leave no room for doubt that Jose Angeles was a purchaser and a builder in bad faith.[4] The provision applicable to this case is, accordingly, Article 449 of the Civil Code, which provides that, "(h)e who builds, plants or sows in bad faith on the land of another, loses what is built, planted or sown without right to indemnity."

Obviously, the alleged equity in favor of Jose Angeles, on which the lower courts have relied, cannot prevail over the aforementioned express statutory provision to the contrary,[5] apart from the fact that he who seeks equity must come with clean hands.[6]

WHEREFORE, the decision of the Court of Appeals should be as it is hereby modified by eliminating therefrom the contested award of P2,500.00 in favor of Jose Angeles, and, thus modified, said decision is hereby affirmed in all other respects, with the costs.

IT IS SO ORDERED.

Reyes, J.B.L., Makalintal, Sanchez, Angeles, Ruiz Castro, Fernando and Capistrano, JJ., concur.

Dizon and Zaldivar, JJ., did not take part.

Judgment modified.

[1] Italics supplied.

[2] Italics supplied.

[3] Maflacop v. Cansino, L-13971, February 27, 1961.

[4] Leung Yee v. Strong, 37 Phil. 644; Flores v. Lim, 50 Phil. 738; Emas v. Zuzuarregui, 53 Phil. 197; Felices v. Iriola, L-11269, February 28, 1958; Bagoba v. Fernandez, L-11539, May 19, 1958; Tuason v. Cabildo, L-17168, October 31, 1962; Tuason v. Macalindog, L-15398, December 29, 1962.

[5] Barrios v. Go Thong, L-17192, March 30, 1963.

[6] Jurado v. Flores, 79 Phil. 460.

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