

INES LORBES PADILLA, VERONICA PADILLA, ABUNDIO PADILLA, SALVADOR PADILLA, ELENA PADILLA, HONORIO PADILLA, CARMEN PADILLA, FE PADILLA, PIEDAD PADILLA, PETITIONERS, VS. THE HONORA...

G.R. No. L-31569. September 28, 1973

Ponente: MAKALINTAL, Acting C. J.

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MAKALINTAL, Acting C. J.:

The only issue in this case is whether or not the court a quo, Branch X of the Court of First Instance of Rizal, committed a grave abuse of discretion in ordering immediate execution of its judgment in Civil Case No. 8128 and Case No. 6649, LRC (GLRO) Record No. 975, and whether or not respondent Court of Appeals erred in ruling that no such abuse had been committed and dismissing the petition for certiorari as a consequence.

The statement of facts in the instant petition before Us, which is reiterated verbatim in the brief, is too scanty to provide a proper understanding of this case. We therefore resort to the counter-statement in the brief for the respondents, which is not only uncontroverted by the petitioners but may be assumed as correct for the proper resolution of the issue involved because the facts therein recited are based on documents presented as evidence at the trial and because they are in substance the same as the facts found by the court a quo in its decision.

The respondents' counter-statement is as follows:

"(a)

The property in question was formerly owned by Vicente Padilla who mortgaged it to the Government Service Insurance System (hereinafter referred to as G.S.I.S.) to secure the payment of a loan of P25, 000.00;

(b)

For failure of said mortgagor Vicente Padilla to pay the balance of the loan, the property in question was foreclosed and sold at public auction at which the G.S.I.S. was the highest bidder; a certificate of sale was issued to the said entity and Vicente Padilla had one (1) year from the date of sale on October 7, 1960 to October 7, 1961 within which to redeem the foreclosed property.

(c)

After the expiration of said period of redemption, Vicente Padilla, his wife Ines Lorbes Padilla and daughter Fe Padilla, misrepresenting to the herein respondent Florencio R. Nadera that Vicente Padilla still had the right to redeem the pro-perty, executed on October 8, 1961 an Agreement of Purchase and Sale conveying to Nadera the said property in consideration of P35,000.00 of which P10,000.00 was paid on the same date by Nadera to, and received from him by, said Vicente Padilla, Ines Lorbes Padilla and Fe Padilla, and the balance of the

purchase price, representing the indebtedness of Vicente Padilla to the G.S.I.S., was assumed by Nadera to be paid by him to the said entity. The G.S.I.S. was not a party to the said Agreement of Purchase and Sale and had not accepted Nadera as debtor in substitution for Vicente Padilla.

(d)

On November 27, 1961, Nadera discovered from the G.S.I.S. that Vicente Padilla had lost the right to redeem the foreclosed property.

(e)

On December 12, 1961, G.S.I.S. wrote to Vicente Padilla advising him that the period for redemption of the foreclosed property had expired on October 7, 1961 and that it contemplated to sell the same thru sealed public bidding at which Vicente Padilla may participate.

(f)

On June 28, 1962 the G.S.I.S. consolidated its ownership of the property in question and T.C.T. No. 100638 was issued in its name by the Register of Deeds for Rizal.

(g)

Vicente Padilla being a pensioner of the G.S.I.S., the latter had applied the former's pension which amounted to P10,194.24 to the credit of said Padilla on account of the loan afore-mentioned. Capitalizing on this fact, Nadera re-imbursed Vicente Padilla with the said amount of P10,194.24 and furthermore, he, Nadera paid the G.S.I.S. the sum of P7,815.17 on July 31, 1963 (per O.R. No. D-8606865) and another sum of P8,049.99 on September 16, 1963 (per O.R. No. D-9124651). With the payments by Nadera both to Vicente Padilla and the G.S.I.S., in the total amount of P36,056.41 Nadera, therefore, even over-paid the consideration of P35,000.00 mentioned in the Agreement of Purchase and Sale executed by Vicente Padilla, Ines Lorbes Padilla and Fe Padilla on October 8, 1961 (vide, supra).

(h)

Instead of executing a deed of sale of the property in question in favor of Nadera, the G.S.I.S., for and in consideration of '(P8,044.49), Philippine currency, receipt of which in full is hereby acknowledged under O.R. No. D-9124651 dated September 16, 1963, executed on September 19, 1963, a deed of sale of the property in question in favor of the spouses Vicente Padilla and Ines Lorbes Padilla. Both spouses were signatories to the said deed of sale. In this regard, it will be noticed that the consideration stated in said deed is the same amount paid by Nadera, as aforesaid, to the G.S.I.S. under O.R. No. D-9124651.

(i)

On the following day, or on September 20, 1963 Vicente Padilla executed the deed of Confirmation of Sale which the herein petitioners question. For clarity, the substance of said deed, which was acknowledged before a notary public, is quoted as follows:

'WHEREAS, the VENDORS had entered into an Agreement of Purchase and Sale on October 8, 1961, with the here-in VENDEE which was acknowledged before a Manila Notary Public Felipe G. Lubaton on December 15, 1961, registered in his Notarial Registry as Doc. No. 138; Page No. 100; Book No. I; Series of 1961;

'WHEREAS, the Title of the property subject matter of this Agreement was consolidated by the Government Service Insurance System on June 28, 1962; and

'WHEREAS, the herein VENDEE has fully paid the account of the VENDOR to the Government Service Insurance System has re-conveyed the ownership over the said property unto the VENDORS by virtue of the Deed of Absolute Sale executed on the 19th day of September, 1963, and acknowledged on the same date by Modesto B. Atmospha, registered in his Notary Registry as Doc. No. 74; Page No. 16; Book No. I; Series of 1963;

'NOW, THEREFORE, for and in consideration of the AGREEMENT OF PURCHASE AND SALE, which we undersigned VENDORS still confirm and acknowledge, we hereby CEDE, CONVEY, SELL and TRANSFER, in favor of the herein VENDEE, his heirs, administrator and assign, the above-mentioned property fully described in the two (2) documents specified above.

'IN WITNESS WHEREOF, we set our hands this 20th day of September, 1963, in the City of Manila, Philippines.

'(Sgd.) Vicente Padilla

VICENTE PADILLA'

The said deed was not, however, signed by Ines Lorbes Padilla, although the same was witnessed by FE PADILLA, daughter of the vendors.

(j)

By virtue of the registration of (1) the Deed of Absolute Sale executed by the G.S.I.S. in favor of the spouses Vicente Padilla and Ines Lorbes Padilla; (2) the agreement of Purchase and Sale which Vicente Padilla, Ines Lorbes Padilla and Fe Padilla had executed earlier in favor of Nadera; and (3) the Confirmation of Sale executed by Vicente Padilla, T.C.T. No. 100638 in the name of the G.S.I.S. was cancelled and, in lieu thereof, T.C.T. No. 116473 was issued by the Register of Deeds in the names of Vicente Padilla and Ines Lorbes Padilla. In turn, the said T. C. T. No. 116473 was cancelled and, in lieu thereof, T.C.T. No. 116474 was issued by the Register of Deeds for Rizal in the name of Florencio R. Nadera.

(k)

On October 4, 1963, petitioner Abundio Padilla claiming to be the attorney-in-fact of his parents Vicente Padilla and Ines Lorbes Padilla, filed with the Register of Deeds for Rizal a 'Notice of Adverse Claim' which was annotated on T.C.T. No. 116474 of Nadera.

(l)

On February 28, 1964, Nadera filed a petition in Case No. 6649 of the Court of First Instance of Rizal for removal of the notation of adverse claim on his certificate of title and, pending the hearing of said petition, the herein petitioners, as plaintiff, filed in Civil Case No. 8128 of the same court, an amended complaint dated April 25, 1964 in which it was alleged as follows:

'5. On September 20, 1963, through the use of insidious words and machinations; by means of undue and

improper influence exerted on the late Vicente Padilla, who was at that time bed-ridden, seriously ill and confined in the hospital, defendant (Nadera) fraudulently and wilfully compelled the latter to sign in his favor a deed of confirmation of sale over the aforesated parcel of land covered by T.C.T. No. 116473. A copy of said deed of confirmation of sale is hereto attached as Annex 'B' and made part hereof.

'6. The said deed of confirmation of sale was likewise executed without the knowledge and consent of plaintiff Ines Lorbes Padilla.'"

The two cases - Civil Case No. 8128 for cancellation of the certificate of title issued in favor of respondent Nadera, and Case No. 6649, LRC (GLRO) Record No. 975, filed by Nadera for a writ of possession and for cancellation of petitioners' adverse claim annotated on his certificate of title - were heard jointly and decided by the court a quo on February 27, 1969, in which decision the herein petitioners were ordered to turn over the possession of the property to respondent Nadera, to pay him the sum of P350 monthly by way of rentals from September 19, 1963 until such possession was transferred to him, P10,000 by way of moral damages and P3, 000 as attorney's fees. On April 15, 1969 respondent Nadera filed with the trial court a motion for correction of a typographical error in the decision and for immediate issuance of a writ of execution, alleging that the petitioners were insolvent and that any appeal to be taken from the decision would be frivolous and dilatory. On April 19, 1969 the court ordered execution on a bond of P10,000 to be filed by the respondent. On April 26 the petitioners filed their record on appeal. On May 2 the trial court set aside its order of April 19, which it had issued with-out having heard the petitioners, and set the matter anew for hearing on May 17. On June 10, 1969, after having heard the parties, the court again issued a writ of execution, respondent Nadera having filed the required bond in the meantime.

Two grounds are relied upon by the petitioners in support of their contention that the court a quo committed a grave abuse of discretion, namely, (a) that a mere allegation that the losing party is insolvent and that the appeal is frivolous and interposed merely for purposes of delay is not sufficient; and (b) that equitable considerations are in favor of the maintenance of the petitioners in possession of the property in question because the validity of the document which they had assailed in the trial court and which the latter had upheld was the subject of their appeal and therefore execution of the judgment while the issue was still open was premature.

On the question of the petitioners' insolvency, the Court of Appeals found in its decision that "petitioners have not in the least met respondents even tangently therein except on the alleged rule that an averment of insolvency is not a good reason for execution pending appeal." Furthermore, said the court: "Petitioners never denied the imputation of their insolvency. The decision recites facts and cites documentary evidence which show that petitioners lost the property in question through a foreclosure sale." This finding, coupled with the fact that the petitioners allowed the mortgage of their property to be foreclosed for non-payment of their indebtedness, cannot but be demonstrative of the petitioners' incapacity to meet the monetary portion of the judgment against them, consisting of P350 in monthly rentals from September 19, 1963, P10,000 by way of moral damages and P3,000 as attorney's fees.

On the question of equity, it need only be stated that respondent Nadera acquired the property by virtue of a deed of sale executed on October 8, 1961 in his favor by the spouses Vicente Padilla and Ines Lorbes Padilla and their daughter Fe Padilla after the property had been foreclosed and purchased at public auction by the Government Service Insurance System, and in fact after the Padillas had lost the right of redemption; that by arrangement with the GSIS as proposed by Vicente Padilla himself, the vendee, Florencio Nadera, paid the necessary amounts to redeem the property and reimbursed Vicente Padilla for other amounts due him; that thereafter the GSIS reconveyed the property to the Padilla spouses since they were the mortgage debtors and former owners of record, but that on the day following (September 20, 1963) Vicente Padilla executed a deed of confirmation of sale in

favor of herein respondent, referring expressly to the original agreement of purchase and sale entered into by them on October 8, 1961.

The petition now before Us, to be sure, does not involve a review of the facts. Such facts are now the subject of the appeal interposed by herein petitioners from the decision of the court a quo on the merits. However, since the issuance of execution pending appeal is a matter which is properly within the discretion of the court having jurisdiction, and such discretion may be interfered with only in case of grave abuse, the facts and circumstances which moved the court to act as it did and its own assessment of the equities of the case are entitled to considerable weight when grave abuse of discretion is alleged, particularly when the conclusions of said court are based on evidence that is not controverted. It is therefore pertinent to reproduce herein what the trial court said:

"To prove that the right of Vicente Padilla to redeem the property in question has expired, the defendant presented in evidence Exhibit '7' which is a letter of the GSIS to Vicente Padilla informing him of the expiration of said redemption period and suggested that he participate in a public bidding of the said property; that notwithstanding the application of the accrued pension of Vicente Padilla to his obligation with the GSIS, the amount due the GSIS was not still paid and so title was consolidated in the name of the GSIS for which TCT No. 100638 of the Registry of Deeds for Rizal was issued. However, arrangement was made with the GSIS that Vicente Padilla be allowed to pay the remaining balance for which Vicente Padilla wrote the GSIS to accept from Nadera the amount of P5,675.00 plus the additional amount of P1,000.00 to make a total of P7,000.00 for which a joint affidavit was executed on September 12, 1962 by Vicente Padilla, his wife Ines Lorbes Padilla and Fe Padilla evidencing the fact that the obligation of Vicente Padilla had been assumed by Florencio Nadera as per their Agreement of Purchase and Sale executed on October 8, 1961. Said joint affidavit was marked in evidence as Exhibit '9'; that by virtue of said payment of P7,087.83, the GSIS issued a statement of account (Exh. '10') showing that the balance of Vicente Padilla's obligation is P19,164.75 as of August 31, 1962; that by virtue of the agreement between Vicente Padilla and Florencio Nadera, the former wrote a letter to the Manager, Real Estate Department, GSIS, requesting the GSIS to accept payments from Florencio Nadera to liquidate his (Padilla's) outstanding obligation and to entrust to Nadera the papers regarding the release of said mortgage to Nadera (Exh. '2'); that Nadera had actually paid the GSIS the P7,815.17 (Exh. '11') plus the full balance of P8,049.99 as evidenced by Official Receipt No. 9124651 issued by the GSIS on September 16, 1963 (Exh. '12'), and to support the fact that all these payments were made by Nadera, the latter presented in evidence Exhibit '12-A' and Exhibit '12-B', the corresponding checks covering said payments; that after adding all the amounts Nadera had paid to Padilla and to the GSIS, he had paid a total of more than P36,000.00 after which the GSIS reconveyed the property to Vicente Padilla. Since the GSIS could not make a direct turnover of the property to Nadera, it became incumbent upon Padilla to turn over the property to Nadera.

From the evidence submitted as above recited, it was clearly established that as early as October 8, 1961, the plaintiff Ines Lorbes Padilla together with her husband Vicente Padilla, executed an Agreement of Purchase and Sale over the parcel of land in question in favor of defendant Florencio R. Nadera, the latter paying them the amount of P10,000.00 and at the same time assuming the plaintiffs' obligation with the GSIS arising from a previous mortgage on the property in favor of the GSIS. Said Agreement of Purchase and Sale was done in writing and signed by plaintiff Ines Lorbes Padilla and her husband, Vicente Padilla, said agreement being marked in evidence as Exhibit '4'. While at the time the parties entered into said Agreement of Purchase and Sale, the right of Vicente Padilla of redeeming the property in question had expired, yet it was even defendant Florencio R. Nadera who helped Vicente Padilla to make representations with the GSIS to give them another chance to redeem said property which result-ed in the agreement between the GSIS and Vicente Padilla of applying his pension with said entity to the balance of his mortgage obligation with the GSIS. The deceased Padilla, in the course of the negotiations with GSIS, even wrote said entity to accept from Nadera certain amounts of money for the payment of Padilla's obligation in pursuance of their Agreement of Purchase and Sale dated October 8, 1961 as already mentioned above and by virtue of the receipt by the GSIS of certain

amounts from Nadera, Vicente Padilla and his wife, Ines Lorbes Padilla, and Fe Padilla executed a Joint Affidavit dated September 12, 1962 (Exh. '9'). In said Joint Affidavit, the spouses Vicente Padilla and Ines Lorbes Padilla acknowledged the fact that Florencio Nadera had assumed Vicente Padilla's obligation with the GSIS in pursuant of an Agreement of Purchase and Sale in his favor dated October 1, 1961 which goes to show that said spouses even as late as September 12, 1962 had acknowledged that they had sold the property to defendant Florencio R. Nadera, and to further bolster the defense of Nadera that his purchase of said property was valid, the defendant presented in evidence even the checks by which he paid the obligation with the GSIS (Exhibits '12' and '12-A' and '12-B').

The plaintiffs centered their complaint on the fact that the Confirmation of Sale executed by Vicente Padilla on September 20, 1963 or shortly before his death, did not contain the signature of his wife, plaintiff Ines Lorbes Padilla, and on the further ground that when Vicente Padilla signed said Confirmation of Sale, he was already in the hospital and was suffering from some sort of mental ailment. The Court will first deal on the first ground, that is, that the Confirmation of Sale did not contain the signature of Ines Lorbes Padilla. To the mind of the Court, Vicente Padilla did not even need to have executed the Confirmation of Sale since there was already an Agreement of Purchase and Sale executed by him and his wife, Ines Lorbes Padilla, She could even be compelled to sign her conformity thereat if the necessity for it arose. But the Register of Deeds perhaps relied on the first Agreement of Purchase and Sale signed by Vicente Padilla and his wife which was merely confirmed by Padilla on September 20, 1963 in issuing the corresponding title in favor of the defendant. The second ground of the plaintiffs in attacking the Confirmation of Sale by Vicente Padilla as being null and void, was not likewise proven by the plaintiffs. In an effort to prove that Vicente Padilla, during his last days, was of unsound mind, the plaintiffs presented Dr. Manuel Obias who was one of the doctors who treated Vicente Padilla and said Doctor in his testimony declared that after Vicente Padilla was operated on, the patient showed marked change in his mental condition showing signs of incoherence in speech and at times, shouting at the Doctor. On question of the Court, however, said witness admitted that a patient shouting at his Doctor may not always be an indication of mental ailment. Vicente Padilla died on November 19, 1963, two months after he executed the Confirmation of Sale now being attacked by the plaintiffs. Without the allegation of mental illness having been established, it is safe to assume that Vicente Padilla executed said Confirmation of Sale because, in conscience, he knew he had no more right over said property having previously sold the same to the defendant Nadera."

The main ground upon which the herein petitioners rest their claim in their complaint below is that when Vicente Padilla executed a deed of confirmation of sale in favor of respondent Nadera on September 20, 1963, he was no longer of sound mind, having undergone surgery, as in fact he passed away two months thereafter, and that his wife did not sign the said document. Without anticipating whatever decision may be rendered on this point in the appeal taken by the petitioners, and merely for purposes of resolving the particular issue involved in the instant petition, We may observe that the right of respondent Nadera to the property arose not by virtue of the said deed of confirmation but by virtue of the original agreement of sale executed in his favor by the Padilla spouses and by their daughter Fe Padilla. The validity of this agreement is not questioned. If the resale by the Government Service Insurance System upon payment of the price of redemption by Nadera was made in favor of the Padilla spouses, it was purely a matter of form since they were the mortgage debtors, and the least that can be said under the circumstances is that they should be considered as trustees under an implied or resulting trust for the benefit of the real owner, namely, respondent Nadera. Article 1448 of the Civil Code says that "there is an implied trust when property is sold, and the legal estate is granted to one party but the price is paid by another for the purpose of having the beneficial interest of the property . . ." The concept of implied trusts is that from the facts and circumstances of a given case the existence of a trust relationship is inferred in order to effect the presumed (in this case it is even expressed) intention of the parties or to satisfy the demands of justice or to protect against fraud.

Reference should be made to the qualification provided for in the decision of the Court of Appeals as to the extent of the execution, that is, with respect only to the possession of the land, but not to the award of damages. Said the Court: "For the sake of equity, and adopting the criterion of Rule 70, Section 8, the monetary portion should not be executed upon petitioners' putting up the supersedeas bond of P10,000 offered by petitioners in the court below within 10 days after this decision becomes final; in the meantime, execution of the monetary portion be suspended until after the expiration of said period without petitioners' offering the proper bond."

IN VIEW OF THE FOREGOING, the decision of respondent Court of Appeals is affirmed, with costs.

Zaldivar, Fernando, Makasiar, Antonio, and Esguerra, JJ., concur.

Ruiz Castro, J., concurs in the result.

Teehankee, J., dissents in a separate opinion.

Barredo, J., concurs and reserves the right to file a separate opinion.

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