

**LINO ARTATES & MANUELA POJAS, PLAINTIFF-APPELLANTS,
VS. DANIEL URBI, CRISANTO SOLIVEN, ASSISTED BY HIS GUARDIAN
‘AD LITEM’, MARCELA B. SOLIVEN, REMIGIO
BUTA-CAN AND NEMESIO OÑAT...**

G.R. No. L-29421. January 30, 1971

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

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

This is an appeal from the decision of the Court of First Instance of Cagayan (Civil Case No. 116-T), involving the public sale of a homestead to satisfy a civil judgment against the grantee.

The records show that in an action filed in the Court of First Instance of Cagayan, the spouses Lino Artates and Manuela Pojas sought annul-ment of the execution of a homestead[1] covered by Patent No. V-12 775 issued to them by the proper land authorities on 23 September 1952, and duly registered in their names (OCT No. P-572). The public sale, con-ducted by the Provincial Sheriff of Cagayan on 2 June 1962, was made to satisfy a judgment against Lino Artates in the amount of P1,476.35, and awarded to Daniel Urbi by the Justice of the Peace Court of Camalaniugan, Cagayan, in its Civil Case No. 40, for physical injuries inflicted by Artates upon Urbi on 21 October 1955. In the execution sale, the property was sold to the judgment creditor, the only bidder, for P1,476.35. In their complaint, the plaintiffs spouses alleged that the sale of the homestead to satisfy an indebtedness of Lino Artates that accrued on 21 October 1955, violated the provision of the Public Land law exempting said property from execution for any debt contracted within five years from the date of the issuance of the patent; that de-fendant Urbi, with the intention of defrauding the plaintiffs, executed on 26 June 1961 a deed for the sale of the same parcel of land to defendant Crisanto Soliven, a minor, supposedly for the sum of P2,676.35; that as a result of the aforementioned transactions, defendants Urbi and Soliven entered into the possession of the land and deprived plaintiffs of the owners' share in the rice crops harvested during the agricultural year 1961-1962. Plaintiffs, therefore, prayed that the public sale of the land to defendant Urbi, as well as the deed of sale executed by the latter in favor of defendant Soliven, be declared null and void; that defendants be ordered to deliver to plaintiffs possession of the land; and to pay to plaintiffs compensatory damages at the rate of P1,000.00 per agricultural year until possession is finally restored to them, the sum of P2,000.00 as damages for maliciously casting cloud upon plaintiffs' title on the land, plus attorneys' fees and costs.

The defendants[2] filed separate answers disputing the averments of the complaint. On 29 March 1963, the court rendered judgment up-holding the regularity and validity of the execution conducted by the de-fendant Provincial Sheriff, but finding that the sale of the land by de-fendant Urbi to the minor Soliven was simulated, intended to place the property beyond the reach of the judgment debtor, and that plaintiffs had offered to redeem the land within the 5-year period allowed by Section 119 of the Public Land law for reacquisition thereof by the grantee. Con-sequently, the court declared the sale of the land by defendant Daniel Urbi to defendant Crisanto Soliven null and void; and Daniel Urbi was ordered to reconvey the property to the plaintiffs upon the latter's payment (to Urbi) of the sum of P1,476.35 plus the sheriff's fee incident to the sale at public auction, with interest thereon at

the rate of 12% per annum from 2 June 1961 until said amount shall have been fully paid, and the further sum of P783.45 representing the amount paid by defendant Daniel Urbi to the Philippine National Bank for the release of the real estate mortgage on the land, contracted by Lino Artates, with legal rate of interest thereon from 29 June 1961.

From this decision, the plaintiffs interposed the present appeal assigning several errors allegedly committed by the court below, all hinged on the validity or invalidity of the public sale of the lot involved herein.

Section 118 of the Public Land law (Commonwealth Act 141) provides as follows:

"SEC. 118. Except in favor of the Government or any of its branches, units, or institution, or legally constituted banking corporations, lands acquired under free patent or homestead provisions shall not be subject to encumbrance or alienation from the date of the approval of the application and for a term of five years from and after the date of issuance of the patent or grant, nor shall they become liable to the satisfaction of any debt contracted prior to the expiration of said period, but the improvements or crops on the land may be mortgaged or pledged to qualified persons, associations or corporations.

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As thus prescribed by law, for a period of five years from the date of the government grant, lands acquired by free or homestead patent shall not only be incapable of being encumbered or alienated except in favor of the government itself or any of its institutions or of duly constituted banking corporations, but also, they shall not be liable to the satisfaction of any debt contracted within the said period[3], whether or not the indebtedness shall mature during or after the prohibited time.[4] This provision against the alienation or encumbrance of public lands granted within five years from the issuance of the patent, it has been held, is mandatory[5]; a sale made in violation thereof is null and void[6] and produces no effect whatsoever. Though it may be a limitation on the right of ownership of the grantee, the salutary purpose of the provision cannot be denied it is to preserve and keep for the homesteader or his family the land given to him gratuitously by the State[7], so that being a pro-property owner, he may become and remain a contented and useful member of our society.[8]

In the case at bar, the homestead patent covering the land in question (No. V-12775) was issued to appellants on 23 September 1952, and it was sold at public auction to satisfy the civil liability of appellant Lino Artates to Daniel Urbi, adjudged in the 14 March 1956 decision of the Justice of the Peace Court of Camalaniugan, Cagayan. There can be no doubt that the award of damages to Urbi created for Artates a civil obligation, an indebtedness, that commenced from the date such obligation was decreed on 14 March 1956. Consequently, it is evident that it can not be enforced against, or satisfied out of the sale of the homestead lot acquired by appellants less than 5 years before the obligation accrued. And this is true even if the sale involved here is not voluntary. For purposes of complying with the law, it is immaterial that the satisfaction of the debt by the encumbering or alienation of the land grant was made voluntarily, as in the case of an ordinary sale, or involuntarily, such as that effected through levy on the property and consequent sale at public auction. In both instances, the spirit of the law would have been violated.[9]

Doubts have been expressed as to whether the words "debt contracted prior to the expiration of said period" (of 5 years from and after the grant) would include the civil liability arising from a crime committed by the homesteader. While there is no direct Philippine precedent on this point, there are various reasons why the non-liability of the homestead grant should be extended to extra-contractual obligations. First and foremost, whether it be viewed as an exemption or as a condition attached to the grant to encourage people to settle and cultivate public land, the immunity in question is in consonance with the definite public policy underlying these grants, which is to "preserve and keep in the family of the homesteader that portion of public land which the State

has given to him" so he may have a place to live with his family and become a happy citizen and a useful member of society,[10] and the exemption should not be given restrictive application.[11] A levy and sale of the homestead on account of extra-contractual liability incurred would uproot the homesteader and his family and turn them into homeless waifs as effectively as a levy for non-payment of a contractual debt. Secondly, the word "debt" in exemption statutes,

"in its wider sense, (it) includes all that is due to a man under any form or obligation or promise, and covers not only obligations arising under contract, but also those imposed by law without contract ."[12]

Considering the protective policy of the law, it becomes apparent that "debt contracted" was used in it in the sense of "obligation incurred", since Webster gives the verb to "contract" the meaning of "to bring on incur acquire". Finally, our public land laws being copied from American legislation[13] resort to American precedents reveals that, under the weight of authority, exemption from "debts contracted" by a homesteader has been held to include freedom from money liabilities from torts or crimes committed by him, such as from bigamy (State vs. O'Neil, 7 Ore. 141, 11 Words and Phrases 318) or slander (Conway vs. Sullivan, 44 Ill. 451, 452), breach of contract (Flanagan vs. Forsythe, 50 Pac. 152, 153) or other torts (In Re Radway, 20 Fed. Cas. 154, 162).

The execution sale in this case being null and void, the possession of the land should be returned to the owners, the herein appellants. There would even be no need to order appellee Urbi to execute a deed of reconveyance thereof to the owners. It appears that what was issued here to the judgment creditor/purchaser was only the sheriff's provisional certificate, under which he derived no definite title or right until the period for redemption has expired, without a redemption having been made[14], or issuance of a final deed or certificate of sale. In other words, the purchaser herein has not acquired an absolute ownership or title in fee over the land that would necessitate a deed of reconveyance to revert ownership back to the appellant spouses. As things now stand, title to the property covered by OCT No. P-572 remains with the appellants, but Lino Artates shall continue to be under obligation to satisfy the judgment debt to Daniel Urbi in the sum of P1,476.35, with legal interest thereon accruing from the date the writ of execution was first returned unsatisfied. It appearing also that appellee Daniel Urbi paid to the Philippine National Bank the sum of P783.45 to release the mortgage on the land, appellants should reimburse him of said amount or of whatever amount appellants have actually been benefited by the said payment.

FOR THE FOREGOING CONSIDERATIONS, the decision appealed from is hereby reversed, and appellants are declared entitled to the return and possession of the lot covered by Original Certificate of Title No. P-572 without prejudice to their continuing obligation to pay the judgment debt, and expenses connected therewith. No costs.

Concepcion, C.J., Dizon, Zaldivar, Fernando, and Makasiar, JJ., concur.

Makalintal, J., concurs with Mr. Justice Teehankee in a separate opinion.

Castro, J., concurs in the dissenting opinion of Mr. Justice Teehankee.

Teehankee, J., concurs and dissents in a separate opinion.

Barredo, J., dissents in separate opinion.

Villamor, J., concurs in the separate concurring and dissenting opinion of Mr. Justice Teehankee.

[1] Lot No. 151 of the Allacapan Public Land Subdivision, situated in barrio Allig, municipality of Allacapan, province of Cagayan.

[2] Defendant Crisanto Soliven, a minor, was represented by Marcela B. Soliven, who was appointed by the court as his guardian ad litem.

- [3] Francisco vs. Parsons Hardware, 67 Phil. 234.
- [4] Bautista vs. Marcos, L-17072, 31 October 1961.
- [5] Republic vs. Ruiz, L-23712, 29 April 1968, 23 SCRA 348.
- [6] Eugenio vs. Perdido, 97 Phil. 41; Angeles vs. Court of Appeals, 102 Phil. 1006; Cadiz vs. Nicolas, 102 Phil. 1032; Santander vs. Villanueva, 103 Phil. 1; Felices vs. Iriola, 103 Phil. 125; Del Rosario vs. Abad, L-10881, 30 Sept. 1958; Republic vs. Garcia, 105 Phil. 826; Republic vs. Ruiz, supra; Baje vs. Court of Appeals, L-18783, 25 May 1964.
- [7] Manzano vs. Ocampo, L-14778, 28 February 1961, 1 SCRA 691.
- [8] Cadiz vs. Nicolas, supra.
- [9] Beach vs. Pacific Commercial Co., 49 Phil. 765; Francisco vs. Parsons Hardware Co., 67 Phil. 234; Gonzalo Puyat & Sons vs. De las Ama, 74 Phil. 3; Cadiz vs. Nicolas, 102 Phil. 1032, 1039.
- [10] Pascua vs. Talens, 80 Phil. 792; Santos vs. Roman Catholic Church, 94 Phil. 406, 409; Cadiz vs. Nicolas, 102 Phil. 1039; Jocson vs. Soriano, 45 Phil. 375; Beniga vs. Bugas, L-28918, 29 September 1970.
- [11] Cf. Belen vs. De Leon, L-16412, 30 Nov. 1962, 6 SCRA 793, 795.
- [12] Duling vs. Salaz, 26 Pac. 2d 1069; 22 Am. Jur. 80.
- [13] Jocson vs. Soriano, 45 Phil. 375, 379.
- [14] Section 26, Revised Rule 39; 2 Moran's Comments on the Rules of Court, 1970 ed., page 327.

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DISSENTING OPINION

BARREDO, J.:

I regret I am unable to concur in the ruling in this decision that the provision of Section 118 of the Public Land Law which says that "lands acquired under free patent or homestead provisions shall not x x x become liable to the satisfaction of any debt contracted prior to the expiration of five years from and after the date of issuance of the patent or grant" contemplates inclusively "the civil liability arising from a crime committed by the homesteader" within said period. Indeed, I do not feel it is ne-cessary to go deep into the Webster's dictionary mean-ing of the verb "to contract" or to look for state court decisions in America, which could be isolated and based on statutes not similarly phrased and orient-ed as Ours, to resolve the legal issue before Us, it being sufficient, towards that end, to consider only the basic principles that underlie the disposition of public lands under our own laws on the matter.

I understand that the ultimate reason behind the exceptions contained in the cited provision of the Public Land Law is to insure the accomplishment of the double purpose of a homestead grant, which is to encourage the development of arable lands and en their productivity in the interest of the natio-nal economy and, at the same time, provide qualified citizens with a piece of land which they and their families may call their own, on which they can live and which they can work and thereby become useful members of society. Accordingly, the homesteader is safeguarded against his own weaknesses, imprudence and improvidence by making it impossible for him to directly or indirectly, by his voluntary act, dispose of or lose the land in favor of others. So also do the

exceptions make it impossible for him to allow himself to be utilized as dummy of opportunists. If this understanding of mine is correct, it should follow necessarily that for these purposes to be achieved, a homesteader must be, during the exempt period, in physical condition to work the land granted to him. I cannot help wondering how a person who has been convicted of a crime, the penalty for which is most likely to include a period of incarceration can work on and develop his homestead in the manner conceived in the law. That such a contingency may not be true in all instances, for there may be punishment of crimes with imprisonment of insignificantly short duration or even fines only, does not affect the general principle involved. I consider it implicit in all land grants by the State that the grantees bind themselves to be loyal and useful members of society, at least, during the period of development thereof that the law contemplates, namely, the first five years from the grant. Surely, one who commits an offense against the State and his fellow-citizens or other inhabitants in this country is far from being a useful member of society. To be sure, his act of committing an offense is voluntary, but this is not the voluntary act of imprudence and improvidence against which the law guards the homesteader even against himself. Crime is an assault upon the sovereign people and the social order, even if not always directly against the national security, and it is my considered view that, in principle, one who is guilty thereof forfeits whatever rights he might have acquired by virtue of the State's generosity, particularly, when, as in this case, it is a grant of a special privilege under specified circumstances and not generally and commonly enjoyed by all citizens/inhabitants of the country.

For these reasons, I vote to affirm the judgment of the court a quo which, after all, recognizes the appellants' right to redeem the land in question under Section 119 of the Public Land Law which is the most they should expect from the State, as thus, their right to the land is reinstated without practically depriving the innocent victims of the crime herein involved of their remedy for the private injury they have suffered. In other words, under the trial court's decision, all the ends of justice and equity are subserved, whereas it is difficult to say the same of the decision of this Court.

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CONCURRING OPINION

MAKALINTAL, J.:

I concur in the opinion of Justice Teehankee, and vote for the affirmance of the appealed judgment in toto. The date of the issuance of the homestead patent to appellants was September 23, 1952. Under Section 118 of the Public Land Law the homestead could not be held liable for the satisfaction of any debt contracted during a period of five years thereafter, or up to September 23, 1957. The opinion of the majority holds that since the civil obligation of appellant Artates was adjudged on March 14, 1956, or within the said period, the homestead cannot be held liable for its satisfaction. The obvious implication is that if the judgment had been delayed - if for instance it had been rendered on September 24, 1957 - the result would have been otherwise. I do not believe that such a difference should be made to depend upon the more or less fortuitous and irrelevant circumstance of when the judgment decreeing the obligation was rendered. I am for giving the word "contracted," as used in the law, its ordinary meaning, for after all one who contracts with a homestead patentee during the five-year period and accepts an obligation from him does so with full knowledge of the law's exempting provision, which is deemed in effect a part of the agreement. The same, however, is not true of the victim of a tort or a crime, as in the present case, for here his volition does not come into play, the obligation being imposed entirely by law.

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CONCURRING AND DISSENTING OPINION

TEEHANKEE, J.:

I vote for the affirmance in toto of the judgment appealed from. Hence, I concur in that portion of the decision decreeing that appellants should reimburse appellee Urbi for the sums that Urbi had paid to the Philippine National Bank to release the mortgage previously executed by appellants on the subject homestead land, but I dissent from the principal decree there-of that "title to the property remains with the appellants, but (appellant) Lino Artates shall continue to be under obligation to satisfy the judgment debt to Daniel Urbi in the sum of P1,476.35, with legal interest thereon accruing from the date the writ of execution was first returned unsatisfied."

The issue at bar is whether the execution sale conducted in 1962 by the sheriff of Artates' homestead lot acquired in 1952 to satisfy a 1956 judgment against Artates in favor of Urbi (for physical injuries inflicted by Artates upon Urbi in 1955), at which public sale the homestead lot was sold to Urbi as the only bidder for the amount of his judgment credit in the sum of P1,476.35 should be held null and void, as the majority would now hold, by virtue of the prohibitory, provisions of Section 118 of the Public Land Law. The key provision cited is that providing that such homesteads "shall not be subject to encumbrance or alienation from the date of the approval of the application and for a term of five years from and after the date of issuance of the patent or grant, nor shall they become liable to the satisfaction of any debt contracted prior to the expiration of said period x x ."

Under the cited provision, all sales and alienations of the homestead property made by the homesteader within the 5-year prohibition are null and void. Similarly, the homestead is held not liable to the satisfaction of any debt contracted by the homesteader within the said period, even though it be contracted that the indebtedness shall mature after the prohibited period. The law's purpose is clear and salutary: to preserve and keep for the homesteader the land given to him gratuitously by the State and to protect him from his own weakness and improvidence.

But in the case at bar, the judgment debt of the homesteader in favor of Urbi was not contracted but duly adjudicated by a competent court in a lawful judgment for injuries inflicted by Artates upon Urbi in 1955, which, gauging the same from the substantial amount of P1,476.35 awarded, must have been quite serious. The happenstance that Artates' assault on Urbi and the judgment award occurred within the prohibitory period should not be construed beyond the law's text and intent to favor the wrongdoer Artates as against his victim Urbi.

We would have the anomalous situation thereby where, while recognizing that Artates has a just and continuing obligation to pay Urbi the judgment debt, the debt would in effect be nullified. The judgment debt was awarded since 1956 and would by now have prescribed, but the majority decision would nullify the levy and public sale of the land to satisfy Urbi's judgment credit conducted in 1966 long after the expiration of the statutory five-year prohibitory period. The majority decision bars Urbi forever from looking to Artates homestead property for the satisfaction of his judgment credit. Artates' evasion of his judgment debt to Urbi is thereby made certain. Any later creditor of Artates, real or simulated, from one day after the expiration on 23 September 1957 of the said five-year prohibitory period is given sole and exclusive preference to look to the said property for satisfaction as against Urbi beyond whose reach it is placed, contrary to the priority and preference that Urbi would lawfully be entitled to as a bona fide judgment creditor.

Finally, pursuant to Artates' offer to redeem the pro-perty from Urbi within the 5-year redemption period allowed by section 119 of the Public Land Law, the lower court in its appealed judgment so ordered such redemption and reconvey-ance. This strikes me as an eminently fair and just judgment which should be upheld. Artates, the homesteader, is thus assured of keeping and preserving his homestead in accordance with the spirit of the law and the lawful judgment credit of Urbi against him is at the same time duly satisfied.

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