

CONSORCIA TEODORO AND ERNESTO, ALL SURNAMED AGUSTINO, AND SPOUSES BENITO VILLAVICENCIO & CORAZON SOTTO, PETITIONERS, VS. THE HONORABLE COURT OF APPEALS (THIRD DIVISION) AND SEVE...*G.R. No. L-46955. February 27, 1989*

Ponente: GUTIERREZ, JR., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/aada31a0f270/>**GUTIERREZ, JR., J.:**

This petition involves a three hectare parcel of land forming part of a sixteen hectare homestead which was originally covered by Original Certificate of Title (OCT) No. 597 issued in accordance with the provisions of Commonwealth Act No. 141 on homesteads in favor of one, Ambrocio Loren, way back in 1925. It was only in 1958 or about 32 years after Loren's death that his heirs, herein petitioners (who are all surnamed Agustino) executed an affidavit of adjudication over the said parcel of land and obtained Transfer Certificate of Title (TCT) No. 7894 in their favor. However, in 1937, the private respondents had acquired the same parcel of land from a certain Gavino Luarca, who in turn acquired the same from Loren in 1926.

The appellate court awarded the parcel of land to the private respondents. It also ordered the cancellation of the titles of the petitioners and their co-petitioners, the vendees of the said land. Hence, this petition.

The records show that in 1926 Ambrocio Loren executed a deed of sale over the parcel of land for a consideration of P150.00 in favor of Gavino Luarca. Admittedly, Loren's original certificate of title which covered the land was barely one year old at the time so there is no question that the sale was within the 5-year prohibition against alienation of homesteads under Com. Act 141. Luarca immediately took possession of the land consisting of three (3) hectares and remained there until 1937, when he sold the same land to the private respondents for P180.00. Since then, the private respondents have been in possession of the land. The deed of sale, between Loren and Luarca and between Luarca and the private respondents were both unregistered.

Meanwhile, in 1958, the heirs of Juana Loren who was the only child of Ambrocio Loren, executed an affidavit of adjudication, thereby succeeding to the land covered by OCT No. 597 which included the three hectare parcel in dispute. OCT No. 597 was cancelled and TCT No. 7894 was issued in the petitioner's favor. According to the private respondents, prior to execution of the affidavit and the issuance of TCT No. 7894, the petitioners approached them and asked them to pay P500.00 a hectare for the land they were occupying in consideration of a new document to be signed by the petitioners but the respondents failed to pay so they were left out of the project of partition.

As alleged by the private respondents and as it appears from the records, the other areas covered by OCT No. 597 were also previously sold to different persons. Apparently, these people were able to pay the petitioners the corresponding amounts that the latter demanded because when TCT No. 7894 was issued, four (4) partial sales were annotated on the Memorandum of Encumbrances of the title; then, another one in 1962 and another in 1967. In 1962, however, the private respondents, were able to annotate their adverse claim on the petitioners' title. The

respondents remained in possession of the land up to the events leading to the filing of the case.

In 1967, the petitioners sold a portion of the land covered by TCT No. 7894 to their co-petitioners, Villavicencio and Sotto. This portion is the land occupied by the private respondents. The sale covered four (4) hectares; 1 hectare was designated as Parcel B which the private respondents bought from a certain Ines Pastrana, who in turn, bought the same from the deceased Juana Loren after the 5-year prohibition period in the Homestead Law and 3 hectares designated as Parcel A, which is the subject of this present petition. TCT No. 31676 was issued in favor of Villavicencio and Sotto. The new owners succeeded in ousting the private respondents from the land. Hence, the private respondents instituted an action for recovery of possession with damages.

The trial court adjudicated Parcel B to the private respondents. Parcel A was awarded to the petitioners on the ground that the sale between Ambrocio Loren to Gavino Luarca and that between Luarca and the private respondents were null and void as the first sale was executed within the 5-year prohibitive period under the Homestead law.

The private respondents appealed the decision as regards Parcel A.

On April 28, 1977, the Court of Appeals rendered the questioned decision, adjudicating Parcel A to the private respondents on the ground that the petitioners, heirs of Ambrocio Loren, by their inaction from 1926 to 1958, have lost their right to claim the land because of the equitable principle of laches.

In this petition, therefore, the petitioners raise the issue of whether or not the Court of Appeals committed grave abuse of discretion in holding that the defense of laches can be set up against the petitioner-heirs who are presumed by law to have continued possession of the land from the time their grandfather, Ambrocio Loren, acquired the same in 1926 until the time when they, themselves, acquired title thereto by virtue of succession. May it also be set up against the other petitioners who acquired the said land as innocent purchasers for value, especially since the original sale by Ambrocio Loren to Gavino Luarca from whom the private respondents acquired the land was void ab initio being contrary to public policy?

If the sale by Ambrocio Loren to Gavino Luarca had been outside the 5-year prohibitory period pursuant to Commonwealth Act No. 141 and the sale had been void on some other grounds, there would be no question about the application of the equitable principle of laches. However, it is an established rule that equity cannot be set up against clear provisions of law based on public policy. Thus, in a number of cases, we have consistently ruled that a sale of a homestead within the 5-year prohibitive period is void ab initio and the same cannot be ratified nor can it acquire validity through the passage of time. In the case of *Arsenal v. Intermediate Appellate Court* (143 SCRA 49, 53 [1986]) we said:

"The above provisions of law are clear and explicit. A contract which purports to alienate, transfer, convey or encumber any homestead within the prohibitory period of five years from the date of the issuance of the patent is void from its execution. In a number of cases, this Court has held that such provision is mandatory (*De Los Santos v. Roman Catholic Church of Midsayap*, 94 Phil. 405).

"Under the provisions of the Civil Code, a void contract is inexistent from the beginning. It cannot be ratified neither can the right to set up the defense of its illegality be waived. (Art. 1409, Civil Code).

xxx xxx xxx

"Concededly, the contract of sale executed between the respondents Palaos and Suralta in 1957 is void. It was entered into three (3) years and eight (8) months after the grant of the homestead patent to the respondent Palaos in 1954.

xxx xxx xxx

"At first blush, the equities of the case seem to lean in favor of the respondent Suralta who, since 1957, has been in possession of the land which was almost acquired in an underhanded manner by the petitioners. We cannot, however, gloss over the fact that the respondent Suralta was himself guilty of transgressing the law by entering, in 1957, into a transaction clearly prohibited by law. It is a long standing principle that equity follows the law. Courts exercising equity jurisdiction are bound by rules of law and have no arbitrary discretion to disregard them. Equitable reasons will not control against any well-settled rule of law or public policy (McCurdy v. County of Shiawassee, 118 N.W. 625). Thus, equity cannot give validity to a void contract. If, on the basis of equity, we uphold the respondent Suralta's claim over the land which is anchored on the contracts previously executed we would in effect be giving life to a void contract."

Neither can the doctrine of *pari delicto* which could have effectively barred Loren's heirs from recovering the property, be set up against them by the mere fact that Loren, himself, was guilty of violating the 5-year prohibition. In the case of *Santos v. Roman Catholic Church of Midsayap, et al.*, (94 Phil. 405, 411) we ruled:

"xxx Ordinarily the principle of *pari delicto* would apply to her because her predecessor-in-interest has carried out the sale with the presumed knowledge of its illegality (8 Manresa 4th Ed., pp. 717-718), but because the subject of the transaction is a piece of public land, public policy requires that she, as heir, be not prevented from re-acquiring it because it was given by law to her family for her home and cultivation. This is the policy on which our homestead law is predicated (*Pascua v. Talens*, 80 Phil. 792). This right cannot be waived. 'It is not within the competence of any citizen to barter away what public policy by law seeks to preserve' (*Gonzalo Puyat and Sons, Inc. v. Pantaleon de las Ama, et al.*, 74 Phil. 3). xxx"

It is, however, noteworthy to mention that the petitioners' interest in the land in question hardly exemplifies the beneficent purpose for which the provisions on homesteads were enacted and the spirit behind the homestead law. We should also stress that the petitioner-vendees are not, as they claim to be, innocent purchasers for value because at the time they bought the land, the private respondents had already caused the annotation of their adverse claim on the title of the land. Be that as it may, it is not within the power of this Court to pass judgment on who is more deserving of the land in question. We only decide who, under the law, is entitled to the disputed property. It is up to the Government to decide whether or not the petitioners should retain ownership of the land. Our decision, therefore, in this present petition is without prejudice to the Government's institution of reversion proceedings as provided by law.

WHEREFORE, the petition is hereby GRANTED. The appealed decision and resolution of the Court of Appeals are ANNULLED and SET ASIDE. The decision of the then Court of First Instance of Oriental Mindoro is REINSTATED with the modification that the petitioners who are heirs are ordered to reimburse the private respondents the amount of P150.00, which represents the purchase price received by the late Ambrocio Loren in consideration for the sale of the land.

Let a copy of this decision be furnished the Solicitor General and the Director of Lands for appropriate action.

SO ORDERED.

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

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.