

REAL MONASTERIO DE LA PURISIMA CONCEPCION DE NUESTRA MADRE SANTA CLARA DE MANILA, PETITIONER, VS. DOMINGO FABIAN, TEODORO MARZO, EUSEBIO LACSON, ALBERTO GARCIA, QUINTIN GUIAO, E...

G.R. No. L-28470. September 19, 1968

Ponente: CONCEPCION, C. J.

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CONCEPCION, C. J.:

Appeal by certiorari from a decision of the Court of Appeals reversing that of the Court of Agrarian Relations and upholding the right of respondents herein - petitioners in the lower courts and hereinafter referred to as the tenants - to re-deem the parcels of land in question, for the sum of P20,250, with costs against the respondents in said courts, Elena Pecson - hereinafter referred to as Miss Pecson - the Real Monasterio de la Purisima Concepcion de Nuestra Madre Santa Clara de Manila - hereinafter referred to as the Corporation.

As stipulated by the parties, the facts are:

"1. That petitioners (respondents herein) are of legal age, married and residents of Ebus, Gua-gua, Pampanga; respondent Elena Pecson is like-wise of legal age, single and resident of Betis, Guagua, Pampanga, while the other respondent Real Monasterio de la Purisima Concepcion de Nuestra Madre Santa Clara de Manila is a corporation sole, organized and registered under the law of the Philippines with address at Aurora Boulevard, Quezon City

"2. That respondent Elena Pecson is the owner of three (3) parcels of riceland at Ebus, Guagua, Pampanga covered by T.C.T. No. 44076-R of the Register of Deeds of Pampanga, issued in the name of respondent Elena Pecson, and which are more particularly described as follows:

"A PARCEL OF LAND (Lot No. 7, plan PSu 21601), situated in the Barrio of Ebus, Municipality of Guagua. Bound-ed on the NE., and SE., by the Ebus Creek; on the SW., by the Ebus Creek and properties of Guillermo Limson, Felix Limson and Marcelo Suares; and on the NW., by property of Sabina Sioco de Escaler claimed by the heirs of Ma-nuel Escaler and property of Tito Coro-nel. x x x containing an area of ONE HUNDRED EIGHTY SEVEN THOUSAND EIGHT HUNDRED AND NINETY TWO SQUARE METERS (187, 892) more or less. x x x;

"A PARCEL OF LAND (Lot No. 8 plan Psu-21601), situated in the Barrio of Ebus, Municipality of Guagua. Bounded on the NE., and NW., by property of Marcelo Suares; on the SE., by property of Felix Limson; on the SW., by the Malabayan Creek. x x x; containing an area of FIFTY SIX THOUSAND AND SIXTY SEVEN SQUARE METERS (56,067), more or less., x x x;

"A PARCEL OF LAND (Lot No. 9, plan Psu-21,601), situated in the Barrio of Ebus, Municipality of Guava. Bounded on the NE., by properties of Segundo Romero, Gabriel C. Mariano, Sebastian Maglalang, Gregorio Romero and Estanis-lao Dabu; on the SE., by the Bambang and Malabayan Creek; on the SW., by the Malabayan

Creek and properties of Francisca Manalang Francisco Garcia and Feliciano Manalang. x x x; containing an area of FIFTY THOUSAND FIVE HUNDRED AND NINETY SIX SQUARE METERS (50,596), more or less. x x x.”

“3. That petitioners are leasehold tenants of respondent Elena Pecson in the afore-described ricelands since before the war;

“4. That the areas and seedling capacity of petitioners' leaseholds are as follow:

Area

(Hectare)

Seedling Capacity

(Cavan)

Domingo Fabian

2.8

2-2/3

Teodoro Marzo

1

1

Eusebio Lacson

1

1

Alberto Garcia

1.3

1-1/3

Quintin Guiao

2.5

2-1/2

Eugenio Aquino

3

3

Rafael Santos

1

1

Rufino Naguit

2

3

Teofilo Naguit

3

3

Lamberto Naguit ...

2.2

2-1/2

Macario Bacani ...

1

1

Brigido Garcia ...

2

2

"5. That on April 24, 1963, a public document denominated promise to Donate was executed by respondent Elena Pecson in favor of the other respondent Real Monasterio de la Purisima Concepcion de Nuestra Madre Santa Clara de Manila, covering the parcels of land described in paragraph 2 hereof (Exhibit B-Motion to Dismiss);

"6. That, pursuant to the Promise to Donate, above-mentioned, a public document denominated Deed of Donation (Donation Inter vivos of Real Property) was on June 27, 1963, executed by respondent Elena Pecson in favor of the other respondent Real Monasterio de la Purisima Concepcion de Nuestra Madre Santa Clara de Manila (Exhibit C-Motion to Dismiss), which donation was duly accepted on June 28, 1963 by the said donee in a separate public document denominated Deed of Acceptance of Donation (Exhibit D-Motion to Dismiss);

"7 That on August 4, 1964, a public document denominated Deed of Absolute Sale was executed by respondent Elena Pecson in favor of the other respondent Real Monasterio de la Purisima Concepcion de Nuestra Madre Santa Clara de Manila, covering the same properties involved in the aforesaid deed of donation (Exhibit E-Motion to Dismiss), of which sale, petitioners were not notified by any of the respondents and of which sale petitioners learned only in the latter part of August, 1964;

"8. That on September 21, 1964, petitioners through the Office of the Agrarian Counsel of San Fernando, Pampanga made a formal notice and demand to exercise legal redemption over the above-described parcels of land by means of tenancy complaint of which respondent Elena Pecson and Real Monasterio were notified. For failure of the parties to come to an amicable settlement this present suit was instituted by the petitioners;

"9. That in accordance with the said Deed of Absolute Sale, T.C.T. No. 30775-R of the Register of Deeds of Pampanga in the name of respondent Elena Pecson was partially cancelled as to the parcels of land covered by said Deed and T.C.T. No. 42854-R was issued in the name of the other respondent Real Monasterio la Purisima Concepcion de Nuestra Madre Santa Clara de Manila;

"10. That the respondent Elena Pecson and the other respondent Real Monasterio de la Purisima Concepcion de Nuestra Madre de Santa Clara de Manila, executed on November 11, and November 12, 1964, respectively,

a public document denominated Revocation of Deed of Absolute Sale, stating therein the reasons for its execution, and, in accordance with said Revocation of Deed of Absolute Sale, true copy of which is hereto attached and made a part hereof as Annex "A", T.C.T. No. 42854-R in the name of respondent Real Monasterio de la Purisima de Nuestra Madre Santa Clara de Manila was cancelled and, in lieu thereof, T.C.T. No. 44076-R was issued on November 13, 1964 to respondent Elena Pecson;

"11. That the said Revocation of Deed of Absolute Sale was executed before the instant case was filed;

"12. That the title to the properties involved in this case is at the present time registered in the name of respondent Elena Pecson."

The case having been submitted for determination upon the foregoing stipulation of facts and the documents therein referred to, the trial court rendered its decision holding that, since the complaint of the tenants had been "filed five (5) days after the title of the land (in question) was reissued in the name of the defendant Elena Pecson x x x the petition for redemption x x x has become impractical or unnecessary, " for "there is no more right of redemption to exercise, the property having been restored to the former owner thereof, His Honor, the Trial Judge accordingly dismissed the case, without costs,

A reconsideration of this decision having been denied, the tenants seasonably appealed to the Court of Appeals, upon the ground that said decision and the resolution denying its reconsideration are "unsupported by evidence and are against and contrary to law." In due course thereafter the Court of Appeals rendered the appealed decision, from which we quote:

"x x x Defendant Elena Pecson having admittedly sold the property in question to her co-defendant, as evidenced by a Deed of Absolute Sale dated August 4, 1964, without plaintiffs' knowledge, and the said sale having been presumably registered because TCT No. 42854-R was issued in the name of the vendee, plaintiffs had a right to redeem the same "within two years from the registration of the sale, and shall have priority over any other right of legal redemption" under said Section 12 of Republic Act No. 3844. Plaintiffs did exercise the said right of redemption as per paragraph 8 of the STIPULATION OF FACTS "That on September 21, 1964, petitioners through the Office of the Agrarian Counsel of San Fernando, Pampanga made a formal notice and demand to exercise legal redemption over the above-described parcels of land by means of a tenancy complaint of which respondents Elena Pecson and Real Monasterio were notified". The said right of legal redemption having been duly exercised by plaintiffs, it is the duty of the Courts -- if the law invoked by plaintiffs is to be obeyed and not violated -- to protect and implement the right in question, as prayed for by plaintiffs in their present action. It is no defense to the said action "That the respondent Elena Pecson and the other respondent Real Monasterio de la Purisima Concepcion de Nuestra Madre Santa Clara de Manila executed on November 11 and November 12, 1964, respectively, a public document denominated Revocation of Deed of Absolute Sale' (Stipulation of Facts, pr. 10), and not only because plaintiffs have nothing to do with the said revocation but also because the said revocation came over a month after plaintiffs had formally asserted their right under the law to redeem the property in question. Indeed, the alleged revocation is anomalous for if there was really no sale, as claimed by defendants then what was there to revoke? If such revocation, as defendants contend and the lower Court in effect ruled, is held to extinguish said plaintiffs right of legal redemption, then there could be no stability in the rights of plaintiffs under said Section 12 of Republic Act No. 3844, which is also like setting the said section, if not the said Act, at naught.

"Since the obvious purpose of the alleged revocation is to defeat said Republic Act No. 3844, particularly aforequoted Article 12 thereof, the said revocation is void as against public policy, as per Article 1400 of the new Civil Code which provides pertinently as follows:

"The following contracts are in-existing and void from the beginning:

"(1) Those whose cause object or purpose is contrary to law, morals good customs, public order or public policy;"

(underscoring ours.)

"We do not overlook defendants' contention that defendant Elena Pecson did not intend to sell the said property by the Deed of Absolute Sale executed by her in favor of her co-defendant on August 4, 1964, and 'That the real, intention and desire of defendant-appellee Elena Pecson have been to donate and not to sell the parcels of land in question to the other defendant-appellee Real Monasterio is shown by the recitals in the said Deed of Absolute Sale itself (13-14, Defendants Brief), as well as by paragraphs 5 and 6 of the STIPULATION OF FACTS show-ing that on April 24, 1963, said defendant Elena Pecson executed a Promise to Donate in favor of her co-defendant, and that pursuant thereto, or June 27, 1963, a Donation Inter Vivos of Real Property was in fact executed by the donor and accepted by the donee in a separate Deed of Acceptance of Donation. For one thing, it is not easy to believe, as per the said contention of defendants, that both of them would agree to the execution of the alleged simulated Deed of Absolute Sale of August 4, 1964. For another, it is equally difficult to understand why the real intention of defendant Elena Pecson in the Deed of Absolute Sale of August 4, 1964, just mentioned was to donate the said property when, according to the STIPULATION OF FACTS, she had already donated the same to her co-defendant and the latter had already accepted the same both on June 27 and 28, 1963, respectively (Paragraphs 5 and 6). Finally, assuming these transactions between defendants to be true, their dubious nature cannot but arouse suspicion as to defendants motivation. In any event, as plaintiffs had no hand in the said transactions, defendants cannot take advantage of their own wrong to prejudice plaintiffs' right under the law to redeem the said property as already shown.

" x x x x x "

Hence, this appeal by the Corporation, upon the ground that the Court of Appeals had erred: (1) "in doubting the existence and validity of the donation of the property in question x x x notwithstanding the stipulation of facts of the adverse, parties;" (2) "in assuming that the deed of absolute sale executed by Elena Pecson x x is a bilateral instrument x x binding upon" the Cor-poration; (3) "in imputing fraud, wrong doing and wrongful moti-vation" to the Corporation; (4) "in recognizing 'respondents' (te-nants') right of redemption on the basis of a patently void deed of absolute sale and in applying Section 12 of Republic Act No. 3844," and (5) "in applying the doctrine of estoppel against" the Cor-poration.

The first four (4) assignments of error are inter-related, for they refer to different aspects of the same question. They will, therefore, be considered jointly.

It is not disputed that the tenants are lessees and actual occupants of the property in question; that they were not notified of the execution of the deed of sale of said property by the lessor, Miss Pecson, to the Corporation; and that, accordingly, the te-nants would be entitled to redeem said property, pursuant to Sec-tion 12 of Republic Act No. 3844,[1] if it had really been sold by Miss Pecson.

The latter and the Corporation contend, however, that there had been, in fact, no such sale, despite the execution of the deed of sale of August 4, 1964, because the property had al-ready been donated by Miss Pecson to the Corporation, which had duly accepted the donation; because, being a unilateral act of Miss Pecson, said deed of sale is not binding upon the Corpora-tion; and because, as stated by them in their deed of revocation, said deed of sale did not express their true intent, and, Miss Pecson had never received from the Corporation, or from any other person or entity, the sum of P20,250 stated in said deed of sale as the price actually paid by the Corporation to her as follows: "(a) July 4, 1963 - P5,000.00; (b) January 4, 1964 - P10,000.00; (c) August 4, 1964 - P5, 250.00."

Thus, the determination of the main issue between the parties herein hinges on whether or not the sale attested to by said deed of sale is real or fictitious. This question is essen-tially one of fact. Although submitted for decision upon a stipu-lation of facts and the documents therein mentioned, this case is dependent, not upon the effect of said documents, taken on their face value, but upon the intention of the parties in connection therewith. That

intention is, manifestly, a question not of law, but, of fact, the determination of which narrows the issue to whether or not the aforementioned deed of revocation should be taken on its face value. The Court of Appeals reached a negative conclusion and held that the statements made by Miss Pecson and the Corporation in said document are unworthy of credence.

In this connection, said deed of revocation is the only evidence negating the existence of a sale. But, then, said deed of revocation is not conclusive upon the tenants, who are not parties therein. Neither are the courts bound to take said instrument on its face value. What is more, the lower court found that it could not believe the statements therein made by Miss Pecson and the Corporation. This finding of fact is conclusive upon us in these proceedings for review on certiorari.

At any rate, in the light of the surrounding circumstances, we are not prepared to disturb said finding, for:

(1) Miss Pecson and the Corporation did not register the deed of "donation" and the deed of acceptance thereof. If both were meant to be what they appear to be on their face, the Corporation would have sought the cancellation of Miss Pecson's transfer certificate of title No. 39775-R and the issuance of another certificate of title in its own name, as donee of the property in dispute. Yet, the Corporation did not even have said "donation" annotated on Miss Pecson's TCT No. 39775-R.

(2) Although it did not sign on the deed of sale executed by Miss Pecson, there is every reason to believe that the Corporation knew about it and acquiesced therein, as well as cooperated in its enforcement. Indeed, said deed of sale was registered, and Miss Pecson's TCT No. 39775-R was cancelled, insofar as the property in question is concerned, for which TCT No. 42854-R was issued in the name of the Corporation, by reason of said sale, not in consequence of the deed of donation. This would not have been possible without the cooperation of the Corporation, through the non-registration of the aforementioned deeds of donation and of acceptance thereof.

(3) On November 11 and 12, 1964, the Corporation joined Miss Pecson in the execution of a deed of revocation of said deed of sale. Said deed of revocation provided, inter alia, for the cancellation of said TCT No. 42854-R in the name of the Corporation and the issuance, in lieu thereof, of another certificate of title in the name of Miss Pecson. Upon registration of said deed of revocation, TCT No. 42854-R was cancelled to give way to TCT No. 44076-R, in the name of Miss Pecson.

If she had actually donated the property to the Corporation, and the latter had thereby acquired it, as its donee, the issuance of TCT No. 42854-R, in its name because of the deed of absolute sale, instead of the deed of donation, could not have possibly injured the Corporation. Assuming, however, that both had moral scruples about appearing on record as having entered into a contract of sale, when there had been no more than a donation, they could have executed a public document stating that such was the real transaction between them, without stipulating that the title already in the name of the Corporation would be cancelled and another one issued in the name of Miss Pecson. This stipulation - which was unnecessary, if there were no ulterior motives - strongly suggests that the main purpose of said deed of revocation was to put the property back in the name of Miss Pecson. Why?

(4) On September 21, 1964, or shortly after the execution of the deed of sale, the tenants gave formal notice of their wish to redeem the property in question, pursuant to Section 12 of Republic Act No. 3844. Through the deed of revocation, executed subsequently to said notice,² the title to said property reverted to its original owner, Miss Pecson, thus preparing the ground or the defense set up by her and the Corporation in the trial court, namely, that "there is no more right of redemption to exercise, the property having been restored to the former owner thereof," in the language of Ms. Justice in the Trial Court.

(5) The existence of the ulterior motives adverted to above is deducible from the deed of revocation, which provides:

"That this covenant shall be without prejudice to the execution of whatever deeds, documents and/or covenants which will contain and reflect the real in-tention or desire of the parties herein regarding the aforementioned parcels of land, that the PURPORTED VENDOR³ hereby still binds herself to whatever commitments she may have made to and in favor of the PURPORTED VENDEE⁴ in connection with the afore-mentioned parcels of land,"

In other words, after the title had been restored to the original owner, Miss Pecson - and, after the defense that there is, therefore, nothing to redeem⁵ has been availed of - she and the Corporation would execute such covenants as would "reflect the real intention or desire" of both she and the Corporation. The necessity of executing such covenant implies, not only that the deed of revocation did not state everything they wanted and intended to do, but, also, that neither did the deed of donation and the deed of acceptance thereof express their "real intention or desire." Otherwise, they could simply file both deeds the Register of Deeds. Indeed, the non-registration thereof is a clear indication that they do not reflect such intention.

The first four (4) assignments of error are, therefore, clearly untenable.

In connection with the fourth assignment of error, it is, likewise, urged that the Court of Appeals erred in recognizing the right of the tenants to redeem the property in question, with an area of 29.45 hectares, for the sum of P20,250.00: (1) because the aggregate area "actually cultivated" by the tenants is 22.8 hectares, and Section 12 of Republic Act No. 3844 grants to them the right of redemption "only to the extent of the area actually cultivated by them"; and (2) because, pursuant to said provision, the redemption shall be made "at a reasonable price and consideration", and there is no evidence thereon.

The first objection cannot be sustained for said Section 12 explicitly provides "that the entire landholding must be redeemed." The proviso therein, to the effect "that where there are two or more agricultural lessees, each shall be entitled to said right of redemption only to the extent of the area actually cultivated by him," merely seeks to forestall conflicts between said lessees. It means that a tenant-lessee cannot exercise the right of redemption with respect to a portion held by another tenant-lessee. The lessor or the buyer has no right whatsoever in connection therewith, this being a matter that concerns exclusively the tenants-lessees. In a case like the present, when the property redeemed is somewhat bigger than the area actually cultivated by each lessee, the division of the excess among the tenants will have to be settled, either by mutual agreement between them, or in appropriate judicial proceedings.

The second objection is well taken, no proof having been introduced on the "reasonable price" of the property in question. Such price should be determined by the trial court, after due notice to the parties and hearing.

The fifth assignment of error is premised upon the fact that the Corporation was not a party to the deed of sale executed by Miss Pecson. As above indicated, the Corporation had, however, cooperated with her in enforcing said deed, by the registration thereof, in lieu of the deed of donation and the deed of acceptance thereof- which the Corporation refrained from filing with the Register of Deeds - and the issuance of TCT No. 42854-R in the name of the Corporation, upon the partial cancellation of Miss Pecson's TCT No. 39775-R, and other acts and declaration already adverted to. Furthermore in view of the other attending circumstances, the result would be the same, even if we discarded the principle of estoppel,

WHEREFORE, the decision appealed from is hereby affirmed, except as regard the price of redemption, determination of which the record should be remanded to the trial court for further proceedings, without special pronouncement as to the costs in this instance.

IT IS SO ORDERED.

Reyes, J.B.L., Dizon, Makalintal, Zaldivar, Sanchez, Castro, Angeles and Fernando, JJ., concur.

[1] Sec. 12. Lessee's Right of Redemption. - In case the landholding is sold to a third person without the knowledge of the agricultural lessee, the latter shall have the right to redeem the same at a reasonable price and consideration: Provided, That the entire landholding sold must be redeemed: Provided, further, That where there are two or more agricultural lessees, each shall be entitled to said right of redemption only to the extent of the area actually cultivated by him. The right of redemption under this Section may be exercised within two years from the registration of the sale, and shall have priority over any other right of legal redemption.

2 On November 11 and 12, 1964.

3 Miss Pecson.

4 The Corporation.

5 On the part of the tenants.

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