

CANUTO MARTIN, PETITIONER, VS. MARIA REYES AND PEDRO REVILLA, RESPONDENTS.

G.R. No. L-4402. July 28, 1952

Ponente: BENGZON, J.

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BENGZON, J.:

Coming from the Court of Appeals for revision, this litigation presents two principal questions: the price at which the respondents were entitled to repurchase the property, and the exercise of such right within the period of redemption. Apparently issues of fact, they really depend upon legal points, as will presently be seen.

According to the Court of Appeals, the respondents Pedro Revilla and Maria Reyes obtained from the La Previsora Filipina sometime before November 18, 1939 a loan of P6,500; and with the money, they paid the price of a lot, with improvements, which they had previously purchased from the Archbishop of Manila. And they mortgaged the property to La Previsora for the purpose of guaranteeing repayment of the debt in installments with interest at 12 per cent per annum.

It turned out later that Monte de Piedad y Caja de Ahorros had obtained a judgment against Pedro Revilla for the sum of P45,000 and had levied execution therefor upon the property and its rentals. Apprised of this development, the La Previsora started foreclosure proceedings, alleging non-payment of its credit by the mortgagors. The conflicting interests were later the object of amicable settlement among the parties, as a result of which the herein respondents notarized the deed Exhibit E whereby in satisfaction of their obligations to La Previsora (then amounting to P8,204.60) they ceded the property to the said institution, reserving the right to repurchase for P8,204.60 within sixty days. The deed was acknowledged on November 3, 1941.

It seems that La Previsora at the same time, or immediately thereafter conveyed the property by Exhibit C to petitioner Canuto Martin, who then executed the document Exhibit D undertaking to allow respondents to repurchase the property within sixty days from October 31, 1941, but at the price of P14,000. This document Exhibit D was signed by Maria Reyes signifying her assent. At the trial she pleaded that the document, without embodying their true agreement, had been obtained thru deceit and abuse of confidence. However, her assertions were not credited by the Court of Appeals, tievertheless, that court declared the document void (Exh. D) for the only reason that it had been signed by Canuto Martin before acquiring ownership of the property by the cession of Maria Reyes and Pedro Revilla to the La Previsora, and from the latter to him. The Court noted that whereas Exhibit E was acknowledged before the notary on November 3, 1941, Exhibit D bore the date October 30, 1941, a few days before.

Wherefore the Court of Appeals held that the respondents' right to repurchase was to be found in Exhibit E, and that they had seasonably exercised such right.

The validity of Exhibit D is the subject-matter of Martin's principal attack on the appellate court's judgment.

The documents Exhibits C, D and E were undoubtedly part of the same amicable settlement. Acknowledgment of

the document Exhibit E was delayed on account of the necessity of securing the approval of the Monte de Piedad y Caja de Ahorros. For that reason it bears the date November 3. The arrangements were obviously; (a) transfer to La Previsora with right to repurchase at P8,204.60; (b) transfer by La Previsora to Canuto Martin and (c) option to repurchase from Martin at P14,000.

Why at P14,000, when it is admitted that Martin got the property at P7,000 from La Previsora? Because Martin assumed the obligation to liquidate the claims of Monte de Piedad arising from the attachment heretofore described.

The Court of Appeals pronounced Exhibit D invalid because at the time of its execution, Martin had no title over the property. This is rather too technical a viewpoint. Remembering that Exhibit D constituted a part of the whole friendly settlement and could be considered as simultaneous with the other documents, specially the documents of 'transfer from Maria Reyes and La Previsora, the disparity of dates should imply no annulling consequences. At any rate, Exhibit D may be placed in the same category as a promise to convey land not yet owned by the vendor, obligation which may be enforced, according to the authorities:

"Property or goods which, at the time of the sale, are not owned by the seller, but which are thereafter to be acquired by him, cannot be the subject of an executed sale, but may be the subject of a contract for the future sale and delivery thereof, and it has been held that even though the contract is in the form of a present sale it will not pass the title, after the goods have been acquired, until the seller has done some act appropriating them to the contract. Such a contract for the future sale and delivery of goods, which the seller has not in possession but which he intends to acquire by producing, manufacturing, or purchasing before the day of delivery, is valid as an executory contract to be fulfilled by acquiring and delivering the goods specified in the contract, even though the acquisition of the goods by the seller depends upon a contingency which may or may not happen." (55 Corpus Juris 65). (Italics ours).

"It is not unusual for persons to agree to convey by a certain time, notwithstanding they have no title to the land at the time of the contract, and the validity of such agreements is upheld. In such cases, the vendor assumes the risk of acquiring the title and making the conveyance, or responding in damages for the vendee's loss of his bargain. One having an option to purchase real estate has a legal right to enter into an executory contract to sell the property. A fortiori, it is not necessary that the vendor be the absolute owner of the property at the time he enters into the agreement of sale. An equitable estate in land, or a right to become the owner of the land, is as much the subject of sale as is the land itself, and whenever one is so situated with reference to a tract of land that he can acquire the title thereto, either by the voluntary act of the parties holding the title, or by proceedings at law or in equity, he is in a position to make a valid agreement for the sale thereof, without disclosing the nature of his title." (55 American Jurisprudence, 480). (Italics ours).

The above principles express the same ideas in articles 1462 and 1459 of the New Civil Code.

Therefore erroneous is the ruling that, because executed before Canuto Martin became the owner, Exhibit D, was null and void. Consequently, as Reyes voluntarily agreed under Exhibit D, to repurchase at P14,000, she should not repurchase at any other price.

Now, have the respondents properly exercised their right to repurchase?

The Court of Appeals stated that in December 1941 Maria Reyes accompanied by Marcela Mota de Malonso went to the office of La Previsora, not for the purpose of repurchasing the property, but to ask for extension of the period. Nevertheless, that Court opined that inasmuch as the complaint to compel repurchase had been filed on January 2, 1942 within the sixty-day period mentioned in Exhibit E, the vendors had preserved their redemptory option. Upon a move to reconsider, the Court of Appeals amplified its decision saying,

"In view of the refusal of Atty. Pete A. Revilla who was acting in behalf of appellee Canuto Martin, to receive

any amount less than P14,000, nor to accept in behalf of the La Previsora Filipina, claiming that the latter's rights were already ceded to appellee Canuto Martin, we hold that the question of the sufficiency of the amount offered at the time is not as vital to the issue as the necessity of making one. * * * We find that the plaintiff Maria Reyes, accompanied by one Marcela Mota de Malonso did make an offer to redeem the property in the early days of December, 1941. Whether or not the amount they had on that occasion was sufficient to redeem the property at P8,204.60 or P10,204.60 is not vital to the preservation of the rights of the plaintiffs in view of the refusal to accept any amount less than P14,000."

Having declared that Exhibit E was valid and that' the repurchase had to be made at P14,000, we must necessarily conclude that under the above findings of the Court of Appeals the right to repurchase had not been preserved.

Nevertheless, let us suppose for the moment that the rights of Revilla and Reyes are governed by Exhibit E only—not by Exhibit D.

From the findings of the Court of Appeals it is to be deduced that in December Maria Reyes offered to redeem for less than P8,204.60. The decision of the court of first instance says "all the money she had at that time was P7,000."

Now then: the repurchase price was P8,204.60 (on the supposition that Exhibit E governs the parties' rights); Maria Reyes offered to repay in December 7000 only. The fact that she was told Canuto Martin wanted P14,000, does not excuse her obligation to offer, within the time stipulated, the full price for the repurchase: P8,204.60. If it was her theory and position that she had a right to redeem from La Previsora in accordance with Exhibit E, she should have acted in accordance therewith by offering P8,204.60 to La Previsora entirely disregarding the demands of any other individual. Undoubtedly, she failed to offer that amount.

Furthermore, there is no evidence—and the Court of Appeals did not find—that Pedro Revilla was actually authorized by La Previsora to refuse repurchase at P8,204.60.

Needless to add, the date of filing of the complaint is immaterial, so long as it is filed within the period of limitations, its purpose being to enforce a right which must be established within the time to repurchase.

Wherefore with the declaration that option to repurchase, whether under Exhibit E or under Exhibit D, had not been asserted at the proper time, we hereby absolve the petitioner Canuto Martin from the complaint. Costs against respondents.

Pablo, Padilla, Tuason, Montemayor, Bautista Angelo, and Labrador, JJ., concur.

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