

URSULA FRANCISCO, PLAINTIFF-APPELLANT, V.S. JULIAN A. RODRIGUEZ, DEFENDANT-APPELLANT, MONINA RODRIGUEZ, INTERVENOR-APPELLANT.

G.R. No. L-8263. May 21, 1956

Ponente: BAUTISTA ANGELO, J.

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BAUTISTA ANGELO, J.:

This is an action instituted by plaintiff before the Court of First Instance of Davao praying (1) that defendant be ordered to pay plaintiff the sum of P68,899,50, with legal interest thereon from the filing of the complaint, it being understood that the loan of the plaintiff amounting to P1,000 is fully satisfied; (2) that defendant be ordered to pay plaintiff the sum of P10,000 as damages; and (3) that defendant be ordered to deliver to plaintiff the possession of the land subject matter of the action.

Defendant answered the complaint with cross-complaint and counterclaim, which was replied by the plaintiff, and after the latter's motion for appointment of a receiver was granted by the court, Monina Rodriguez, defendant's daughter, was allowed to intervene as defendant. After hearing, the court rendered judgment dismissing the case without costs. The court also found that the cross-complaint and counterclaim have not been substantiated and likewise dismissed the same. The receivership was dissolved.

All the parties appealed from this decision, and when the Court of Appeals, discovered that the nature of the action is not only to recover the possession of the land in litigation but also to collect the sum of P68,899,50, it forwarded the case to this Court pursuant to section 17, paragraph 5 of Republic Act No. 296.

Plaintiff was born a Mora with name of "Silipot" who was baptized as a Christian at the age of thirty-five. She was an illiterate. She applied in Sales Application No. 15774 for the purchase of Lot No. 595, Cadastral No. 102, situated in barrio Bunawan, Davao City, and thereafter cultivated it, planting thereon abaca, coconuts, cacao, lanzones, nangka and durian, and declared it for purposes of taxation in 1932. Its assessed value at that time was P4,280.

On August 10, 1935, her sales application was rejected because she had permitted herself to be a dummy, though she continued in the possession of the property. On September 2, 1935, she filed a motion for reconsideration by means of an affidavit signed and subscribed before her lawyer, defendant Julian A. Rodriguez. A year afterwards, or on April 27, 1936, this lawyer sent a letter to the Bureau of Lands at Davao, enclosing an affidavit of Ursula Francisco, stating that the aliens had already left the place, and on August 12, 1939 or two years later, the same lawyer again sent a letter to the Bureau of Lands, this time at Manila, urging that "in view of the fact that this case is now pending for nearly three years, may I ask now that action be expedited?" There was no reply to this letter, but in June, 1940, Ursula Francisco, being in need of money because of the impending foreclosure by the Philippine National Bank of the encumbrance on another parcel of land and of the recent death of her son-in-law, husband of Casiana, and because of the expenses needed by her grandson Jose who was in Manila, approached her lawyer Rodriguez asking him for a loan of P1,000, and while Julian did not consent at first, he finally agreed,

though insisting on an absolute conveyance of the property, less four hectares which should be segregated for the vendor. To this end the land was surveyed for subdivision In Kay, 1940 and the following month a document was executed on June 10, 1940 conveying 29 hectares of the land to Rodriguez for the sum of P2,000, which was thumb-marked by Ursula who received a first payment of P500.00.

It appears however that Ursula was of the belief that the document she signed was one of antichresis, and when she discovered that the document she thumb-marked was a deed of absolute sale, she filed an action In the Court of First Instance of Davao against the now defendant Rodriguez and her daughter Monina seeking the annulment of said document (Civil Case No. 9-R) and although the document, marked Exhibit D-I, was declared null and void, she lost the case because the land In question was then not considered her property but of the Government. On October 30, 1947, or two months after the decision in said case was rendered, the Bureau of Lands reinstated Ursula's application, but Rodriguez asked for reconsideration on the ground that he was the owner of 29 hectares. His motion was denied by order of the Bureau of lands ca June 17, 1948. A supplemental motion filed by Rodriguez was also denied on November 13, 1948, though upon the latter's application, the Bureau of Lands stayed on December 4, 1948 the execution of the reinstatement. Finally, on February 17, 1949, the Secretary of Agriculture remanded the case to the Bureau of Lands for a formal investigation, which had not yet been completed at the time the present case was decided in the lower court. In view of this state of affairs, on August 27, 1948, Ursula Francisco instituted this action which was decided by the trial a court as stated in the early part of this decision.

As already stated, both parties appealed from the decision of the trial court, plaintiff contending that the latter erred in not ordering defendant to restore the possession of the land in question to her, and to pay the aggregate value of the copra realized by defendant since June 10, 1940 to November 28, 1948, while defendant and intervenor contend that" the lower court erred in declaring the deed of conveyance Exhibit D-I null and void; but in the last analysis, in our opinion, the decisive issue may be boiled down into whether said deed of conveyance is valid or not and, if the answer is in the negative, what are the effects of its nullity upon the parties with regard to the possession of the land in litigation.

It is undisputed that the land in question is part of the public domain the sale of which was applied for by Ursula Francisco sometime in 1932. On August 10, 1935, the sales application of Ursula was rejected because she permitted herself to be a dummy though she continued to possess the property. On September 2, 1935 she filed a motion for reconsideration through her lawyer, defendant herein, which effort was later reiterated, but no action was taken on her motion until war broke out. In the mean-time, because of her need of money to cover vital necessities, she executed the deed of conveyance Exhibit D-I on June 10, 1940 in favor of defendant whereby she conveyed to defendant 29 hectares of the land for the sum of P2,000. On October 30, 1947, or more than seven years thereafter, the Bureau of Lands reinstated Ursula's sales application, but defendant asked for reconsideration on the ground that he was the owner of 29 hectares. His motion was denied by the order of the Bureau of Lands on June 17, 1947. However, upon defendant's motion the Bureau of Lands stayed the order of reinstatement on December 4, 1947. Finally, on February 17, 1949 the Secretary of agriculture remanded the case for final investigation which at this writing has not been completely terminated.

On the basis of the foregoing facts, there is no doubt that the deed of conveyance executed by plaintiff in favor of defendant on June 10, 1940 is null and void not only because the rights of plaintiff under her sales application had been cancelled by the Bureau of Lands In the belief that she permitted herself to be a dummy of the Japanese hit especially because the conveyance was made without the previous approval of the Secretary of Agriculture as required by law (Section 29, Commonwealth Act No. 141). Thus, said section provides that "any sale and encumbrance made without the previous approval of the Secretary of Agriculture and Commerce shall be null and

void and shall produce the effect of annulling the acquisition and reverting, the property and all rights thereto to the State, and all payments on the purchase price theretofore made to the Government shall be forfeited." (Underlining supplied) And It cannot be denied that said conveyance was executed without the previous approval of the aforesaid official. It is therefore clear that the conveyance Is null and void and produced as a consequence the reversion of the property with all the rights thereto to the State.

It may be contended that notwithstanding the nullification of the conveyance of the property, the same continued in possession of the defendant and that there was then pending before the Bureau of Lands a petition for the reinstatement of the sales application of Ursula Francisco., while on the other hand defendant has already requested for the approval of the sale from the Secretary of Agriculture and Natural Resources, but we fail to see how such a situation could validate a transaction which in the eye of the law is null and void for failure to comply with an essential requirement. Moreover, the law provides that a conveyance done without complying with such requirement is not only null and void but has the effect of reverting the property to the state. It may be said therefore that since June 10, 1940 when the 'conveyance was made and the property delivered to defendant, to all intents and purposes, the property was deemed to have been reverted to the State. It is for this reason that no adjudication can be made as regards the claim of plaintiff for damages for such right is denied her by the law. As a consequence, Article 1903 of the Spanish Civil Code which provides for mutual restitution in case a contract is annulled cannot apply, as claimed by counsel for plaintiff, for the simple reason that this case is governed by the provisions of the Public Land Act.

There is however a redeeming feature that may throw light on the present controversy. We know that the sales application of plaintiff has been reinstated by the Bureau of Lands but the effects of which were stayed upon petition of defendant. And because of this conflict, the Secretary of Agriculture has ordered a formal investigation apparently in an effort to determine once and for all the rights and equities of the parties. Unfortunately, that investigation has not yet been completed when this case was initiated and from a recent correspondence received by this Court from the Bureau of Lands the same is still pending, awaiting the outcome of the present case. Considering that under the provisions of sections 3, 4 and 5 of Commonwealth Act No. 141 the Director of Lands, subject to the control of the Secretary of Agriculture, is given direct executive control of any disposition of lands of the public domain and his decisions as to questions of fact, if approved, are deemed conclusive upon this Court, we believe that this matter may well be left to whatever action may be taken by said officials with regard to the land in litigation. This is especially so because the root cause from which emanates the nullity of the transaction hinges merely on the lack of approval of the Secretary of Agriculture and Natural Resources. Viewing the controversy in this light, we are of the opinion that the trial court did not err when it concluded that "Plaintiff must wait until the Department of Agriculture finally brings down the hammer. ancillary relief, that Department shall grant

Wherefore, we affirm the decision appealed from, without pronouncement as to costs,

Paras, C.J., Bengzon, Padilla, Montemayor, Reyes, A., Jugo, Bautista Angelo, Labrador, Concepcion, Reyes, J.B.L., and Endencia, JJ., concur.

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