

HERMOGENES C. LIM, PETITIONER, VS. RESTITUTO L. CALAGUAS AND LEONOR ALCARAZ, RESPONDENTS.*G.R. No. L-2031. May 30, 1949*

Ponente: BENGZON, J.

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This petition to review the Court of Appeals' decision written by the late Justice Salvador Abad Santos involves the question whether the notarial document Exhibit A signed by the plaintiff-appellant in favor of the defendants-appellees represented a pacto de retro sale or a mere mortgage. The instrument, in plain language, transfers title to one-half of a residential lot and house in Meycauayan, Bulacan, subject to the right of the vendor Hermogenes C. Lim to repurchase the same within one year.

Contending that the contract was a loan with security, Lim instituted this proceeding in the Court of First Instance of Bulacan where, after the issues had been properly joined, evidence was introduced by both sides. The Honorable Bonifacio Ysip, Judge, pronounced it an actual sale with reservation to repurchase, and gave judgment accordingly. On appeal the Court of Appeals made a thorough study of our decisions in similar cases, discussed the alleged circumstances demonstrating a loan disguised as pacto de retro, and concluded that, in accordance with our doctrines, the evidence was insufficient to prove the parties had made a contract different from a pacto de retro sale.

In that court Lim argued (motion for reconsideration) that the weight of evidence showed the following circumstances: (a) inadequate price; (b) vendor, at time of sale, urgently needed money; (c) vendor remained in possession of the land; (d) vendor paid land taxes during period of repurchase; (e) purchaser accepted partial payments; (f) transaction originated from a borrowing of money from Dr. Urrutia.

Justice Abad Santos found that the property was worth P2,000 and held that the price of the sale (P1,300) was not grossly inadequate. Note that inadequacy of price is immaterial unless it is grossly inadequate. He also declared that Lim "was not in urgent need of money when he sold the property to defendants." Then he added that the third and fourth circumstances were not incompatible with a veritable pacto de retro. The last two circumstances had not been duly established according to him. One detail omitted in Lim's motion for reconsideration is that in her letter Exhibit 12 defendant Leonor Alcaraz used the word "sanglaan" referring to the contract. The Court of Appeals found however that according to the evidence the expression equally applied to conditional sales.

In his request for revision herein submitted, the petitioner-appellant insists that the transaction was actually a loan; and he points out to these circumstances: (1) the sale included only one-half of the lot and the house; (2) the rents paid by vendor, as lessee, were exactly twelve per cent (12%) of the price; (3) subsequent additional loans extended to him by defendants; (4) delay in collecting rents and in consolidating title; (5) payment of taxes; (6) the word "sanglaan" in Exhibit 12; and (7) inadequacy of the purchase price.

(1) The Court of First Instance explained that Lim was owner of one-half only of the property, wherefore it was natural that the sale should cover one half; (5, 6, 7) These were declared insignificant by the Court of Appeals; (3)

Defendants deny that there were additional loans; (2) The appellate tribunal saw this point, but declined to side with plaintiff. We may add: twelve percent being legal rate of interest, there was no reason to clothe the loan with the vestment of pacto de retro. (4) This was not discussed by the Court of Appeals; it might have deemed the coincidence fully explained by other evidence of record. Must we presently search the expediente to determine whether it should be an additional point on the side of Lim's proposition? If we do that we might as well be asked to consider for defendants, other proven circumstances which were not mentioned by the Court of Appeals. As a result, we would thereby be entering into questions of fact within the exclusive domain of that intermediate court.

Wherefore our review should be confined to the facts and circumstances found by the Court of Appeals. And we agree that such facts and circumstances in this case do not sustain the theory of the appellant. Indeed it is seriously to be doubted whether we could reverse the conclusion of the appellate court to the effect that those facts and circumstances are not "enough evidence" to show clearly and beyond doubt that the parties intended the contract to be a mortgage instead of a conditional conveyance. That conclusion is obviously one of fact, not a bit different from the verdict of a jury in a murder trial that the circumstantial evidence presented by the prosecution has proved, or has not proved the accused had killed the deceased.

In disputes of this nature the pivotal inquiry is: Do the circumstances show beyond doubt that the parties made a contract different from the express terms of the document they signed? Is the evidence clear, convincing and satisfactory that the deal was a mortgage instead of a sale with pacto de retro? (Cuyugan vs. Santos 34 Phil., 100; Tolentino vs. Gonzales, 50 Phil., 558.) That query necessarily invites calibration of the whole "evidence," considering mainly the credibility of witnesses, existence and relevancy of specific surrounding circumstances, their relation to each other and to the whole and the probabilities of the situation. Consequently the question must be deemed factual, for the Appeals' Court to solve.

In the United States where questions of law are for the judge and questions of fact for the jury, it is held that if the question whether a given transaction amounts to a conditional sale or a mere mortgage depends upon written instruments alone it is a question for the court; but if extraneous evidence is required or received for the purpose of ascertaining the real intention of the parties the question is for the jury (41 C. J., 361 citing many cases, particularly Bogk vs. Gassert, 149 U. S., 17; Howard vs. Kopperl, 74 Tex., 494; 5 S. W., 627 and Kinnert vs. Strong, 103 Wis., 70; 79 N. W., 32). And "an issue involving determination of the * * * intent of a person or persons with respect to acts done by them is a question of fact for the jury (64 C. J., 365)."

To the argument, if advanced, that the Philippine Reports abound with litigations in which this Court has passed upon identical issues, the answer is that those litigations have not passed through the intermediate court to whose findings of fact we have given final character by our new rules and rulings designed to speed up the adjudication of causes through a division of labor. Those rulings should not be emasculated through finely drawn distinctions, stemming may be from well-intentioned purposes to revise; on the contrary, they should be given such meaning and operation as will further expedite judicial business, this court meticulously avoiding duplication of work.

No cause for worry, to be sure. The knowledge that theirs is the final word will inevitably confirm and strengthen in the members of the appellate tribunal that sobering sense of responsibility so essential to the search for truth in the dispensation of justice.

In conclusion, the Court of Appeals having declared that, according to the evidence, the instrument reflects the true agreement and intention of the parties, we will not examine that same evidence nor declare that it does not. The petition is dismissed, with costs.

Moran, C. J., Ozaeta, Feria, Pablo, Tuason, Montemayor, and Reyes, JJ., concur.

DISSENTING

PERFECTO, J.:

There are undisputed circumstances upon which we feel unavoidable the conclusion that the transaction in question is one of equitable mortgage and not a real pacto de retro sale. Among the decisive circumstances in favor of this conclusion are the following: inadequacy of price, the fact that Lim remained in possession of the land, the fact that he paid land taxes, the fact that the supposed purchaser accepted partial payments and, finally, the fact that, in describing the transaction, defendant Leonor Alcaraz pointed to it as sanglaan.

The transaction took place in Meycauayan, one of the municipalities of a Tagalog province, Bulacan, and there cannot be any question that the parties were fully aware of the true meaning of sanglaan in Tagalog, the language prevailing in the province.

We have devoted considerable time in studying Tagalog and no less than four-fifths of our life have been spent by us residing in places where Tagalog is the main language. As a matter of fact, Tagalog has been recognized as national and official language due to our initiative and about twenty years endeavor. We are in a position to definitely state that sanglaan is a word that is used to mean only either mortgage or pledge, and never a sale or a pacto de retro sale.

We vote to grant the petition and to reverse the decision of the Court of Appeals.

PARAS, J.:

I concur.

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