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UNITED CHURCH BOARD FOR WORLD MINISTRIES, AS OWNER OF BROKENSHIRE MEMORIAL HOSPITAL, PETITIONER, VS. HON. JUDGE ALEJANDRO E. SEBASTIAN, AS PRESIDING JUDGE OF THE CFI OF DAVAO DE...

G.R. No. L-34672. March 30, 1988

Ponente: CRUZ, J.

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CRUZ, J.:

This case is unusual because it arose not out of greed but of generosity. The only question to be resolved is the identity and eligibility of the beneficiary in the light of the pertinent constitutional provisions and the evidence of record.

David Jacobson was an American citizen who had been a resident of the Philippines for more than thirty years and up to the time of his death in 1970.[1] He left a will in which he "devised and bequeathed" to the Brokenshire Memorial Hospital 60% of his shares of stocks in the Tagdangua Plantation Co., Inc. which was incorporated under Philippine law in 1948.[2] This corporation was the registered owner of a tract of land in Pantuhan, Davao del Norte, with a total area of about 445 hectares acquired by virtue of a sales patent issued to it in 1953.[3]

In Special Proceeding No. 1695 of the Court of First Instance of Davao del Norte, Judge Alejandro E. Sebastian disallowed the above-described legacy on the ground that it was in effect an alienation of private agricultural land in favor of a transferee which was not qualified under the Constitution of 1935.[4] The finding was that the Brokenshire Memorial Hospital was owned by the United Church Board for World Ministries (UCBWM), the herein petitioner, which was a non-stock corporation organized in the United States by virtue of a charter granted by the state legislature of Massachussets.[5]

The basis of this ruling was Article XII, Sections 1 and 5 of the 1935 Constitution, which barred foreigners, including Americans, from acquiring agricultural lands in this country except only by hereditary succession. The court directed that a copy of its order be sent to the Solicitor General so he could take the proper action, in view of the invalidity of the transfer, for the escheat of the subject property to the State.[6]

Its motion for reconsideration having been denied, the petitioner came to this Court, contending that the above-cited constitutional provisions were not applicable because the object of the legacy was not land but shares of stocks. Moreover, even assuming that what was really involved was a transfer of land, the petitioner was nonetheless qualified to acquire it under the provisions of the Parity Amendment and the Laurel-Langley Agreement.

The Solicitor General disagreed at first, insisting that the legacy was prohibited by the 1935 Constitution and did not come under any of the allowed exceptions. During the protracted exchange of pleadings among the parties, however, certain events transpired to considerably change the original situation and, consequently, also the position of government.

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It now appears from the voluminous documents submitted in this case that at the time the will was executed in 1966, the land on which the Brokenshire Memorial Hospital was situated was already registered in the name of the Mindanao District Conference, an affiliate of the United Church of Christ in the Philippines (UCCP).[7] It was this non-stock corporation, organized in 1949 under Philippine law with a 100% Filipino membership, that owned and was operating the Hospital at the time of Jacobson's death.[8] Later, the Brokenshire Memorial Hospital was itself incorporated as a charitable institution, with Filipinos constituting the majority of its membership,[9] and on December 16, 1970, became the successor-in-interest of the UCCP to the devised parcel of land.[10]

In proof of these circumstances, the new counsel for Brokenshire presented, among many other documents, the articles of incorporation of the UCCP and the Hospital and their corresponding certificates of registration issued by the Securities and Exchange Commission, the licenses issued by the Board of Medical Sciences for the operation of the Hospital to the UCCP from 1968 to 1972 and to the Brokenshire Memorial Hospital, Inc. from 1973 to 1974, and the certificate of title over the subject land in the name of the "Mindanao District Conference, commonly known as the Brokenshire Memorial Hospital."[11]

These facts were not brought earlier to the attention of the probate court by the former counsel of the Hospital, Atty. Juan V. Faune, for reasons that do not appear in the record. It was for such omission (the new counsel would call it "misrepresentation") that Atty. Faune was replaced by Atty. Rodolfo D. de la Cruz, who disavowed his predecessor's representations. At any rate, the above-stated documents have now made it clear that the United Church for Christ in the Philippines and not the United Church Board for World Ministries was the owner of the Hospital at the time of the execution of the will in 1966 and of the testator's death in 1970. It is also not disputed that such ownership passed to the Brokenshire Memorial Hospital itself upon its incorporation in 1970 when it thus became the proper party-in-interest to claim the property directly devised by Jacobson to it.

That the United Church Board for World Ministries no longer claims the subject property (if indeed it really did claim it before), is manifest in its sur-rejoinder to the rejoinder of the movant Brokenshire Memorial Hospital, Inc., which had asked to be substituted for the former as petitioner in this case. The body of this pleading is reproduced in full as follows:

> "PETITIONER, by the Undersigned Counsel, to this Honorable Court most respectfully states:
>
> "1.
>
> That upon its organization in 1948 the United Church of Christ in the Philippines succeeded to the religious work, service and mission of the United Church Board for World Ministries and other religious boards in the United States of America;
>
> "2.
>
> It was the intention, following the independence of the Philippines from the U.S.A. and the constitution of an independent and autonomous United Church of Christ in the Philippines, to eventually transfer all properties, schools, and hospitals established by said mission boards, to the United Church of Christ in the Philippines;
>
> "3.
>
> That the United Church Board for World Ministries had, in fact, transferred the ownership of most of its properties in the Philippines to the United Church of Christ in the Philippines, its religious organizations and/or instrumentalities;

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"4.

That when the Brokenshire Memorial Hospital was destroyed by fire in 1964, reconstruction efforts and responsibilities was assumed by the United Church of Christ in the Philippines, it was the intention of the United Church Board for World Ministries to relinquish the rights, interests and ownership to the Brokenshire Memorial Hospital, now Brokenshire Memorial Hospital, Inc. and considered it so relinquished, with continuing funding assistance from the United Church Board for World Ministries and other mission boards overseas;

"The United Church Board for World Ministries continues to this date, with its fraternal and cooperative relationship with the United Church of Christ in the Philippines;

"5.

That as has already been stated, the United Church Board for World Ministries does not intend to take, possess, or enjoy the legacy of David Jacobson and has manifested and mandated that all properties that may be derived therefrom shall be used entirely and exclusively for the work of the Brokenshire Memorial Hospital and its School of Nursing in accordance with the wishes of David Jacobson;

"6.

Considering the clear intention of David Jacobson to support the life and work of Brokenshire Memorial Hospital and its School of Nursing, and further considering that what was bequeathed are shares of stocks in a corporation, there exists no legal and moral impediment for the legacy to be delivered to the Brokenshire Memorial Hospital, Inc., an instrumentality of the United Church of Christ in the Philippines, that has succeeded to the ownership of and the humanitarian, and charitable service of said Hospital.

"Respectfully submitted.

"September 3, 1983, Davao City, Philippines.

"(Sgd.) JUAN V. FAUNE

Counsel for Petitioner

United Church Board for

World Ministries

185-B Anda Street, Davao City

"WITH OUR CONCURRENCE:

"UNITED CHURCH BOARD FOR

WORLD MINISTRIES

"by:

"(Sgd.) BYRON W. CLARK

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"Treasurer

"NO OBJECTION TO THE DELIVERY OF

THE LEGACY TO BROKENSHIRE MEMORIAL

HOSPITAL, INC.

"(Sgd.) MELENCIO B. DELENA (Sgd.) DARIO C. RAMA

"Executor-Respondent Counsel for the Estate

and Respondents

Melencio Delena and

the late Mauro

Gementiza

(deceased-Executor)

Security Bank Bldg.

Magsaysay Ave., Davao

City

"(Sgd.) DEAN CLAIR (Sgd.) ROSALINO D. ISIDRO

"Executor Counsel for the Estate

and Executor Dean Clair

205 Aldevinco Bldg.

C.M. Recto Ave., Davao

City"[12]

Parenthetically, it should be observed, in fairness to Judge Sebastian, that he was unaware of those circumstances when he declared the legacy invalid to enforce the nationalistic provisions of Article XIII of the 1935 Constitution. For his vigilance in the protection of the national patrimony, he should be, as he is hereby, commended.

Even on the assumption that the UCBWM was really the owner of the Hospital at the time of the effectivity of the will and that the devise was for that reason unenforceable, the defect in the will should be deemed rectified by the subsequent transfer of the property to the Brokenshire Memorial Hospital, Inc. Our consistent ruling on this matter is that if land is invalidly transferred to an alien who subsequently becomes a citizen or transfers it to a citizen, the flaw in the original transaction is considered cured and the title of the transferee is rendered valid.

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Thus, in Sarsosa vda. de Barsobia v. Cuenco,[13] where a Filipino citizen sold her land to an alien who later sold it to a Filipino, we held that the invalidity of the initial transfer to the alien was corrected by the subsequent transfer of the property to a citizen. A similar ruling was made in Godinez v. Fong Pak Luen,[14] involving a similar set of facts, where we also cited Vasquez v. Li Seng Giap,[15] and Herrera v. Luy King Guan.[16] In Yap v. Maravillas,[17] we validated the sale of agricultural land to an alien who, after the purchase, was naturalized as a Filipino and so became qualified to acquire it. The facts were slightly different in De Castro v. Teng,[18] where, upon the death of an alien who had purchased a residential lot, his heirs entered into an extrajudicial partition of his estate and transferred the land to one of his sons who was a naturalized Filipino. We also sustained the sale.

This action has been pending for quite some time now because of the confusion regarding the status of the Brokenshire Memorial Hospital as the ultimate beneficiary of the challenged legacy. The curious thing is that this case was mired in factual and legal complications caused by needless misunderstanding among the parties which, it now appears, were never in any substantial disagreement over the ownership of the Hospital. Their common concern for its welfare, in line with the charitable spirit and purposes of the testator, should have avoided all this tedious and acrimonious dispute.

WHEREFORE, the Brokenshire Memorial Hospital, Inc. is hereby substituted for the United Church Board for World Ministries as petitioner in this case and DECLARED to be qualified to accept the legacy of the late David Jacobson. The petition as thus modified is GRANTED. The order of the respondent judge dated December 9, 1971, and his Resolution dated December 9, 1971, are SET ASIDE. This decision is immediately executory. No costs.

SO ORDERED.

Teehankee, C.J., Narvasa, Gancayco, and Grino-Aquino, JJ., concur.

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[1] Rollo, pp. 4 & 12.

[2] Ibid., p. 12.

[3] Id., pp. 13 & 18.

[4] Id., p. 20.

[5] Id., p. 13.

[6] Id., p. 21.

[7] Transfer Certificate of Title No. T-15004 in the name of Southern Mindanao District Conference.

[8] Articles of Incorporation of the United Church of Christ in the Philippines (UCCP).

[9] Articles of Incorporation of the Brokenshire Memorial Hospital.

[10] Rollo, p. 281.

[11] Rollo, pp. 284-298 (Annexes "A" to "L-5" for the Brokenshire Memorial Hospital).

[12] Rollo, pp. 465-467.

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[13] 113 SCRA 547.

[14] 120 SCRA 223.

[15] 96 Phil. 447.

[16] 1 SCRA 406.

[17] 121 SCRA 244.

[18] 129 SCRA 85.

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