# J.R. BLANCO, AS THE ADMINISTRATOR OF THE INTESTATE ESTATE OF MARY RUTH C. ELIZALDE, PETITIONER, VS. WILLIAM H. QUASHA, CIRILO ASPERILLA, JR., SYLVIA E. MARCOS, DELFIN A. MANUEL,...

*G.R. No. 133148. November 17, 1999*

Ponente: YNARES-SANTIAGO, J.

Read online (full-text search, related cases, audio case brief): https://batas.org/library/g-r-no-133148/

**YNARES-SANTIAGO, J.:**

Mary Ruth C. Elizalde was an American national who owned a house and lot situated on a 2,500 square-meter parcel of land at 515 Buendia Extension, Forbes Park, Makati, covered by Transfer Certificate of Title No. 106110 of the Register of Deeds for the Province of Rizal.[1] During her lifetime, on May 22, 1975, she, through attorney-in-fact Don Manuel Elizalde, entered into a Deed of Sale[2] over the property in favor of Parex Realty Corporation (hereinafter, "Parex"), for and in consideration of the amount of P625,000.00 payable in twenty-five (25) equal annual installments of P25,000.00 commencing on May 22, 1975 and ending on May 22, 1999. The vendee, Parex, was registered with the Securities and Exchange Commission on May 10, 1974 with the following incorporators, namely, Cirilo F. Asperilla, Jr., Alonzo Q. Ancheta, William H. Quasha, Delfin A. Manuel, Jr. and Edgardo F. Sundiam.[3]

Also on May 22, 1975, simultaneously with the execution of the Deed of Sale, Parex executed a Contract of Lease[4] with Mary Ruth C. Elizalde, whereby the same parcel of land was leased to the latter for a term of twenty five (25) years for a monthly rental of P2,083.34, or P25,000.08 a year. The rental payments shall be credited to and applied in reduction of the agreed yearly installments of the purchase price of the property.

By virtue of the sale, TCT No. 106110 was cancelled and TCT No. S-6798 was issued in the name of Parex Realty Corporation on May 27, 1975.[5] On October 17, 1975, Mary Ruth Elizalde executed a Confirmation and Ratification[6] of the Deed of Sale executed in her behalf by her attorney-in-fact, Don Manuel Elizalde. Despite the transfer of title, however, Mary Ruth Elizalde continued to pay the Forbes Park Association dues and garbage fees until her demise in 1990.[7] Likewise, she undertook to pay the realty taxes on the property during the term of the lease, pursuant to Section 4 of the Contract of Lease.[8]

Mary Ruth C. Elizalde passed away on March 1, 1990. On March 26, 1990, Atty. Daisy P. Arce of the law firm of Quasha, Asperilla, Ancheta, Peña and Nolasco, on behalf of some heirs of Mary Ruth Elizalde, sent a letter[9] to Peter Wohlfeiler, Esq., who was handling the legal affairs of the other heirs, informing him that Elizalde left property situated at 515 Buendia Avenue, Forbes Park, Makati, i.e., the land subject of this case.

Petitioner J.R. Blanco, special administrator of the estate of Mary Ruth Elizalde, by letter dated June 13, 1990,[10] demanded from respondents, the individual stockholders and directors of Parex, the reconveyance of the title to the property to the estate of Mary Ruth Elizalde or, in the alternative, to assign all shares of Parex to said estate.

Respondents ignored petitioner's demand. On July 10, 1990, petitioner, in his capacity as special administrator of the intestate estate of Mary Ruth Elizalde, brought an action against private respondents William H. Quasha, Cirilo F. Asperilla, Jr., Sylvia E. Marcos, Delfin A. Manuel, Jr., Cirilo E. Doronilla and Parex, for reconveyance of the parcel of land subject of the aforesaid sale.[11] Petitioner alleged that the sale of the property by Elizalde to Parex was absolutely simulated and fictitious and, therefore, null and void. According to petitioner, the alleged sale was executed upon advice of Elizalde's lawyers, namely, the individual respondents herein, in order to circumvent the effects of this Court's ruling in Republic v. Quasha[12] which held that ---

> FOR THE FOREGOING REASONS, the appealed decision of the Court of First Instance of Rizal is hereby reversed and set aside; and judgment is rendered declaring that, under the `Parity Amendment' to our Constitution, citizens of the United States and corporations and business enterprises owned or controlled by them can not acquire and own, save in cases of hereditary succession, private agricultural lands in the Philippines and that all other rights acquired by them under said amendment will expire on 3 July 1974.[13]

Petitioner further alleges that a few months before July 3, 1974, or specifically on May 10, 1974, respondents rushed the organization and incorporation of Parex Realty Corporation with the Securities and Exchange Commission. Sometime later, however, then President Ferdinand E. Marcos declared a one-year moratorium from the Parity Amendment's expiry on July 3, 1974 until May 27, 1975 for the Government not to take action for the reversion of illegally acquired land by Americans during the effectivity of the Parity Amendment. On May 24, 1974, Presidential Decree No. 471 was issued limiting the duration of leases of private lands to aliens to 25 years renewable for another 25 years. Hence, petitioner posits that the Quasha law firm caused Elizalde to simulate a sale of her land to Parex Realty Corporation, excluding the house thereon, payable in twenty-five (25) equal annual installments of P25,000.00 each. Simultaneously with the execution of the contract of sale, Parex and Elizalde entered into a lease contract whereby Parex leased back to Elizalde the same land for a period of twenty-five (25) years at a monthly rental of P2,083.34 which, when computed, totals P25,000.00 in a year. Hence, petitioner prayed that the land be reconveyed to the estate of Elizalde, arguing that she did not receive a single centavo from the transactions.

On December 20, 1994, the Regional Trial Court of Makati, Branch 147, rendered judgment as follows:

> WHEREFORE, in view of the foregoing, the Court hereby renders judgment in favor of the plaintiff and against the defendants:
>
> a) Declaring the sale executed by Mary Ruth Elizalde in favor of Parex Realty Corporation to be fictitious and simulated;
>
> b) Declaring the estate of Mary Ruth Elizalde to be the true and lawful owner of the parcel of land presently covered by TCT No. S-6798 of the Registry of Deeds of Rizal;
>
> c) Ordering the defendants to reconvey the legal title over the parcel of land in question in favor of the estate of Mary Ruth Elizalde;
>
> d) Ordering the defendants to pay attorney's fees in the amount of P500,000.00. With costs.
>
> SO ORDERED.[14]

On appeal by respondents, the Court of Appeals, on February 18, 1998, set aside the appealed judgment and dismissed petitioner's action for reconveyance.[15] The dispositive portion of the Court of Appeals' decision reads:

> WHEREFORE, the appealed decision dated December 20, 1994 rendered by court a quo is hereby SET ASIDE. The complaint for reconveyance filed on July 10, 1990 is hereby DISMISSED.


*Bar review courses, mock exams and a study planner that keeps you on pace - batas.org*

SO ORDERED.

Petitioner filed a motion for reconsideration with motion for the inhibition of all three members of the appellate court's Fourth Division, namely, Justices Ramon A. Barcelona, Minerva Gonzaga-Reyes and Demetrio G. Demetria, pleading circumstances which allegedly show attempts on the part of the Quasha Law Firm to influence Mr. Justice Barcelona.

On April 1, 1998, the Court of Appeals denied petitioner's Motion for Reconsideration with Motion to Inhibit for being patently groundless and without basis in fact and law.[16]

In his motion for the inhibition of the above-named Court of Appeals Justices, petitioner alleges the following circumstances:

- The petitioner wrote on 20 December 1997 the Clerk of the Court of Appeals as to why there was still no ponente to adjudicate the case notwithstanding that one was ordered re-raffled two years before.

- A clerk of the Court of Appeals handwrote thereon as follows:
J. Galvez - for completion of records

J. R. Barcelona - for decision

(raffled on 7-16-96)

and promised a formal written reply.

- The petitioner's curiosity was thereby aroused because after "7-16-96" (for 16 July 1996) there was a non-adjudicatory Resolution dated 20 November 1996 of Justice Ricardo P. Galvez with none of the two concurring Justices being Barcelona.

- Consequently, the petitioner caused his messenger to follow-up the said promised formal written reply, at one such on 20 January 1998 said messenger was informed by a clerk of Justice Barcelona's Office that Atty. Fernando F. Viloria of the private respondents' Quasha law firm in the company of Manuel Barcelona who is the brother of Justice Barcelona was in the office of Justice Barcelona on 16 January 1998.

- Same prompted the petitioner to on 21 January 1998 write Atty. Lorna Patajo-Kapunan as the counsel for the majority of the heirs of Mary Ruth to "neutralize the Quasha Law Firm's attempt at influencing Justice Barcelona."[17]

Petitioner further alleges that the parties, through their respective counsel, have entered into a compromise agreement and that petitioner had moved that the Court of Appeals call the parties to a preliminary conference. However, on April 1, 1998, one day after respondents filed their opposition, the Court of Appeals through Justice Barcelona promulgated the assailed Resolution denying the Motion for Reconsideration with Motion to Inhibit. Petitioner states that Division Chair Justice Minerva Gonzaga-Reyes did not participate in the deliberations, thereby constituting Justice Barcelona as the Acting Chairman, and surmises that the reason for this was that Justice Gonzaga-Reyes must have realized that the questioned Decision was obtained through fraud.

Respondents filed their Comment arguing that the petition must be dismissed because it raises questions of fact and not of law. Respondents deny that Atty. Fernando Viloria went to Justice Barcelona's office, and claims that petitioner's allegations to this effect are double hearsay --- having been obtained from information supposedly relayed first by a Court of Appeals clerk to petitioner's messenger, then by the messenger to petitioner. Respondents also maintain that the sale-lease-back agreement was valid, and deny the existence of any compromise agreement between the parties.


Study hands-free: podcast-style lessons with read-along highlighting - batas.org

Considering that the parties have exhaustively discussed their arguments and counter-arguments on the issues herein, this Court resolves to dispense with the submission by the parties of memoranda and forthwith decides the same on the basis of the pleadings thus filed.

Hub of petitioner's grievance is the alleged simulated or fictitious nature of the sale-lease-back agreement between Mary Ruth Elizalde, on the one hand, and Parex Realty Corporation, on the other hand.

Simulation of a contract may be absolute or relative. The former takes place when the parties do not intend to be bound at all; the latter, when the parties conceal their true agreement.[18] An absolutely simulated or fictitious contract is void. A relative simulation, when it does not prejudice a third person and is not intended for any purpose contrary to law, morals, good customs, public order or public policy binds the parties to their real agreement.[19]

> The characteristic of simulation is the fact that the apparent contract is not really desired nor intended to produce legal effects nor in any way alter the juridical situation of the parties. Thus, where a person, in order to place his property beyond the reach of his creditors, simulates a transfer of it to another, he does not really intend to divest himself of his title and control of the property; hence, the deed of transfer is but a sham. This characteristic of simulation was defined by this Court in the case of Rodriguez vs. Rodriguez, No. L-23002, July 31, 1967, 20 SCRA 908.[20]

In order to determine whether or not the sale-lease-back agreement is simulated, there is a need to look into the true intent or agreement of the parties. To do so, however, is to pass upon a factual issue, a function that is not within the province of this Court.

> To begin with, this Court is not a trier of facts. It is not its function to examine and determine the weight of the evidence supporting the assailed decision. In Philippine Airlines, Inc. vs. Court of Appeals (275 SCRA 621 [1997]), the Court held that factual findings of the Court of Appeals which are supported by substantial evidence are binding, final and conclusive upon the Supreme Court. So also, well-established is the rule that "factual findings of the Court of Appeals are conclusive on the parties and carry even more weight when the said court affirms the factual findings of the trial court." Moreover, well entrenched is the prevailing jurisprudence that only errors of law and not of facts are reviewable by this Court in a petition for review on certiorari under Rule 45 of the Revised Rules of Court, which applies with greater force to the Petition under consideration because the factual findings by the Court of Appeals are in full agreement with what the trial court found.[21]

While in this case the Court of Appeals reversed the decision of the trial court, the former's findings are nonetheless binding and conclusive on us. Especially, the conclusion of the appellate court is more in accord with the documents on record. Thus, we affirm the Court of Appeals' decision holding that the requisites of a contract of sale provided for in Article 1458 of the Civil Code have been complied with, and that the parties intended to be bound by the deed of sale and for it to produce legal effects.[22] Rollo, p. 39.22 More specifically, the Court of Appeals based its ruling on the following factual findings which it culled from the records:

> First, Mary Ruth Elizalde, through her attorney-in-fact, being disqualified to own real property decided to transfer, as in fact she did, the ownership of the subject property then covered by Transfer Certificate of Title No. 106110 in her name (Exhibit G, supra). Said property was delivered to the vendee Parex Realty Corporation when the deed of sale dated May 22, 1975 was executed in accordance with Article 1498 of the New Civil code (Exhibit E, supra). Moreover, the transfer of ownership over the property to the vendee was implemented by the cancellation of Certificate of Title No. 106110, and in lieu thereof, a new title in the name of Parex Realty Corporation was issued on May 27, 1975 (Exhibit H, supra).
>
> Second, the vendee, Parex Realty Corporation obligated itself to pay a price certain for the property, that is to

> pay the amount of P625,000.00, payable in installments of P25,000.00 per annum for the next 25 years (Exhibit E, supra). And the vendee not only obligated itself to pay said amount in installments, but actually paid the annual P25,000.00 installments. Although no actual exchange of money was made, yet payment was effected between the vendee and the vendor by mutual arrangement whereby the monthly rentals of P2,083.34 which was due the vendor, the late Mary Ruth Elizalde, was paid from the annual installment of P25,000.00 due from the vendee pursuant to the lease contract executed between them (Exhibit I, supra). The Court finds nothing wrong with this arrangement for the same is not contrary to law, morals, good customs, public order, or public policy, but rather, for the convenience of both parties (Article 1306, New Civil Code). And the vendee continues to pay the installments on the property because of the continued use and possession of the same by the estate of the late Mary Ruth Elizalde.
>
> Third, Mary Ruth Elizalde never contested the sale of the property made in her behalf by her attorney-in-fact Don Manuel Elizalde. For that matter, she even confirmed and ratified the sale through an instrument acknowledged before a notary public (Exhibit F, supra).
>
> Fourth, Mary Ruth Elizalde, during her lifetime, never contested the cancellation of Certificate of Title No. 106110 in her name nor the issuance of Transfer Certificate of Title No. S-6798 in the name of Parex Realty Corporation in lieu thereof. Consequently, Transfer Certificate of Title No. S-6798 issued in the name of Parex Realty Corporation which covers the property it bought from Mary Ruth Elizalde, has become indefeasible, thereby confirming the former's ownership of the property (Heirs of George Bofill v. Court of Appeals, 237 SCRA 451, 458; pp. 208-211, Noblejas and Noblejas; "Registration of Land Titles and Deeds" 1992 Rev. Ed.).
>
> The fact that Mary Ruth Elizalde continued to pay the realty taxes and the subdivision dues on the property does not necessarily mean that she did not intend to transfer ownership thereof to Parex Realty Corporation via the deed of sale dated May 22, 1975 (Exhibit E, supra). This is so because such payment of taxes and subdivision dues, as stipulated in the contract of lease, forms part of the rental for the use of the land of Parex Realty Corporation (Exhibit I, supra). This conclusion is fortified by the fact that her obligation to pay the realty taxes and dues is co-terminus with the lifetime of the lease contract (paragraph 4 of Exhibit I, pp. 99, Record).
>
> By preponderance of evidence, therefore, the defendants were able to prove that the deed of sale executed by Mary Ruth Elizalde in favor of Parex Realty Corporation is a valid and binding contract which transferred ownership of the property to the said corporation. As a consequence of this valid sale, the complaint instituted by the plaintiff must therefore fail, and it goes without saying that the exemplary damages prayed for in this appeal must be denied.[23]

The foregoing factual findings of the Court of Appeals are well supported by the evidence on record. Furthermore, the conclusions reached are consistent not only with law and jurisprudence but also with sound logic. As such, there is no cogent reason to disturb the findings of the Court of Appeals, more specifically on the validity of the deed of sale between Elizalde and Parex.

Indeed, petitioner cannot correctly claim that there was no consideration for the contracts of sale and lease, only because the amount of the annual installments of the purchase price dovetails with the rate of rentals stipulated in the lease contract. Petitioner argues that Mary Ruth Elizalde did not receive money in the sale of her property. While that may be true, her continued occupancy of the premises even after she sold it to Parex constitutes valuable consideration which she received as compensation for the sale.

For the same reason, we do not subscribe to the trial court's conclusion that literally nothing is paid to Mary Ruth Elizalde as purchase price for the land.

We are not prepared to delve into the motive of Elizalde in transferring the land only and not the house thereon, inasmuch as that involves a factual question. In this connection, petitioner, in his Reply[24], contends that the


Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

principal issue in this case, i.e., whether the sale-lease-back was simulated, is a question of law since it involves the interpretation of the terms of the sale-lease-back agreement. We disagree. As stated above, to resolve the issue of whether or not the sale-lease-back was simulated, it is imperative that we look into the true intention of the parties, rather than the correct interpretation of the written stipulations in the contracts. That, again, is a question of fact.

Anent petitioner's charge of influence peddling, we find that it is purely speculative and unfounded. Moreover, it is anchored on evidence that can only be characterized as double hearsay. As respondents correctly point out, the allegation that Atty. Fernando F. Viloria of the Quasha law firm was with Mr. Manuel Barcelona in Justice Ramon Barcelona's office on January 16, 1998 is based on information relayed to petitioner by his messenger who, in turn, heard it from a clerk assigned in Justice Barcelona's office. Being based on incompetent evidence, the charge does not merit the attention of this Court.

To recapitulate, therefore, we find that the Court of Appeals committed no reversible error to warrant this appeal. Accordingly, we affirm the appealed decision of the Court of Appeals in toto and dismiss the instant petition.

WHEREFORE, the petition is DISMISSED.

**SO ORDERED.**

Davide, Jr., C.J. (Chairman), Puno, Kapunan, and Pardo, JJ., concur.

---

[1] Exhibits "G", "6"; Records, pp. 457-59.1

[2] Exhibits "E", "4"; Id., pp. 451-54.2

[3] Exhibits "D", "3"; Id., pp. 443-50.3

[4] Exhibits "I", "8"; Id., pp. 463-66.4

[5] Exhibits "H", "7"; Id., pp. 460-62.5

[6] Exhibits "F", "5"; Id., 455-56.6

[7] Exhibit "X", Id., p. 496.7

[8] "4. All real estate taxes levied on the leased premises and all assessment fees shall be for the LESSEE's account during the term of this lease."8

[9] Exhibits "R-1", "2"; Records, p. 486.9

[10] Exhibits "W"; Id., p. 495.10

[11] Civil Case No. 90-1851, RTC Makati, Branch 147.11

**[12] 46 SCRA 160 (1972).12**

[13] supra., at 179.13

[14] Records, pp. 418-421.14

[15] Petition, Annex "B"; penned by Justice Ramon A. Barcelona, concurred in by Justices Minerva Gonzaga-Reyes and Demetrio G. Demetria.15

[16] Petition, Annex "C".16

[17] Petition; Rollo, pp. 8-9.17

[18] CIVIL CODE, Article 1345.18

[19] CIVIL CODE, Article 1346.19

[20] Tongoy, et al. v. Court of Appeals, et al., 208 Phil. 95, 113 (1983).20

[21] Bridget Boneng y Bagawili v. People of the Philippines, G.R. No. 133563, March 4, 1999.

[22] Rollo, p. 39.

[23] Rollo, pp. 39-41.

[24] Rollo, p. 62.


*Turn this case into an audio lecture - facts, issues, ruling and doctrine - at batas.org*

ABOUT BATAS.ORG

# Study smarter at BATAS.org

*The Philippine bar review and law-school companion built around how your brain actually remembers.*

**The complete Philippine law library - free for everyone.**

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

**Audio case-brief lectures.**

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

**Bar review built on the science of memory.**

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

**The full law-school curriculum.**

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

**Mock exams that tell you where you stand.**

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

**A study planner that keeps you on pace.**

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

**Start free at https://batas.org**

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.