DAVID V. PELAYO AND LORENZA B. PELAYO, PETITIONERS, VS. MELKI E. PEREZ, RESPONDENT.

G.R. NO. 141323. June 08, 2005

Ponente: AUSTRIA-MARTINEZ, J.

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AUSTRIA-MARTINEZ, J.:

This resolves the petition for review on certiorari seeking the reversal of the Decision[1] of the Court of Appeals (CA) promulgated on April 20, 1999 which reversed the Decision of the Regional Trial Court (RTC) of Panabo, Davao, Branch 34, in Civil Case No. 91-46; and the CA Resolution dated December 17, 1999 denying petitioners' motion for reconsideration.

The antecedent facts as aptly narrated by the CA are as follows:

> David Pelayo (Pelayo), by a Deed of Absolute Sale executed on January 11, 1988, conveyed to Melki Perez (Perez) two parcels of agricultural land (the lots) situated in Panabo, Davao which are portions of Lot 4192, Cad. 276 covered by OCT P-16873.
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> Loreza Pelayo (Loreza), wife of Pelayo, and another one whose signature is illegible witnessed the execution of the deed.
>
> Loreza, however, signed only on the third page in the space provided for witnesses on account of which Perez' application for registration of the deed with the Office of the Register of Deeds in Tagum, Davao was denied.
>
> Perez thereupon asked Loreza to sign on the first and second pages of the deed but she refused, hence, he instituted on August 8, 1991 the instant complaint for specific performance against her and her husband Pelayo (defendants).
>
> The defendants moved to dismiss the complaint on the ground that it stated no cause of action, citing Section 6 of RA 6656 otherwise known as the Comprehensive Agrarian Reform Law which took effect on June 10, 1988 and which provides that contracts executed prior thereto shall "be valid only when registered with the Register of Deeds within a period of three (3) months after the effectivity of this Act."
>
> The questioned deed having been executed on January 10, 1988, the defendants claimed that Perez had at least up to September 10, 1988 within which to register the same, but as they failed to, it is not valid and, therefore, unenforceable.
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> The trial court thus dismissed the complaint. On appeal to this Court, the dismissal was set aside and the case was remanded to the lower court for further proceedings.
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> In their Answer, the defendants claimed that as the lots were occupied illegally by some persons against whom they filed an ejectment case, they and Perez who is their friend and known at the time as an activist/leftist, hence feared by many, just made it appear in the deed that the lots were sold to him in order to frighten said illegal occupants, with the intentional omission of Loreza's signature so that the deed could not be registered; and that the deed being simulated and bereft of consideration is void/inexistent.

> Perez countered that the lots were given to him by defendant Pelayo in consideration of his services as his attorney-in-fact to make the necessary representation and negotiation with the illegal occupants-defendants in the ejectment suit; and that after his relationship with defendant Pelayo became sour, the latter sent a letter to the Register of Deeds of Tagum requesting him not to entertain any transaction concerning the lots title to which was entrusted to Perez who misplaced and could [not] locate it.
>
> Defendant Pelayo claimed in any event, in his Pre-trial brief filed on March 19, 1996, that the deed was without his wife Loreza's consent, hence, in light of Art. 166 of the Civil Code which provides:
> Article 166. Unless the wife has been declared a non compos mentis or a spendthrift, or is under civil interdiction or is confined in a leprosarium, the husband cannot alienate or encumber any real property of the conjugal partnership without the wife's consent . . .

it is null and void.

The trial court, finding, among others, that Perez did not possess, nor pay the taxes on the lots, that defendant Pelayo was indebted to Perez for services rendered and, therefore, the deed could only be considered as evidence of debt, and that in any event, there was no marital consent to nor actual consideration for the deed, held that the deed was null and void and accordingly rendered judgment the dispositive portion of which reads:

> WHEREFORE, judgment is hereby rendered ordering and directing the defendants to pay plaintiff Melki Perez the sum of TEN THOUSAND (P10,000.00) Pesos as principal with 12% interest per annum starting from the date of filing of the complaint on August 1, 1991 until plaintiff is fully paid.
>
> The defendants shall likewise pay to plaintiff the sum of THREE THOUSAND (P3,000.00) as attorney's fees.
>
> The court further orders that the Deed of Absolute Sale, (Annex 'A') of the complaint and (Annex 'C') of the plaintiff's Motion for Summary Judgment is declared null and void and without force and it is likewise removed as a cloud over defendants' title and property in suit. . . ."[2]

The RTC Decision was appealed by herein respondent Perez to the CA. Petitioners failed to file their appellees' brief. The CA then promulgated its Decision on April 20, 1999 whereby it ruled that by Lorenza's signing as witness to the execution of the deed, she had knowledge of the transaction and is deemed to have given her consent to the same; that herein petitioners failed to adduce sufficient proof to overthrow the presumption that there was consideration for the deed, and that petitioner David Pelayo, being a lawyer, is presumed to have acted with due care and to have signed the deed with full knowledge of its contents and import. The CA reversed and set aside the RTC Decision, declaring as valid and enforceable the questioned deed of sale and ordering herein petitioner Lorenza Pelayo to affix her signature on all pages of said document.

Petitioners moved for reconsideration of the decision but the same was denied per Resolution dated December 17, 1999. The CA found said motion to have been filed out of time and ruled that even putting aside technicality, petitioners failed to present any ground bearing on the merits of the case to justify a reversal or setting aside of the decision.

Hence, this petition for review on certiorari on the following grounds:

- The CA erred in ignoring the specific provision of Section 6, in relation to Section 4 of R.A. No. 6657 otherwise known as the Comprehensive Agrarian Reform Law of 1988 which took effect on June 15, 1988 and which provides that contracts executed prior thereto shall "be valid only when registered with the Register of Deeds within a period of three (3) months after the effectivity of this Act."

- The CA erred in holding that the deed of sale was valid and considering the P10,000.00 adjudged by the trial court as Perez's remuneration as the consideration for the deed of sale, instead of declaring the same as null and

void for being fictitious or simulated and on the basis of Art. 491, Par. 2 of the New Civil Code which prohibits agents from acquiring by purchase properties from his principal under his charge.

- The CA made a novel ruling that there was implied marital consent of the wife of petitioner David Pelayo.

- Petitioners should have been allowed to file their appellees' brief to ventilate their side, considering the existence of peculiar circumstances which prevented petitioners from filing said brief.

On the other hand, respondent points out that the CA, in resolving the first appeal docketed as CA-G.R. SP No. 38700[3] brought by respondent assailing the RTC Order granting herein petitioners' motion to dismiss, already ruled that under R.A. No. 6657, the sale or transfer of private agricultural land is allowed only when the area of the land being conveyed constitutes or is a part of, the landowner-seller retained area and when the total landholding of the purchaser-transferee, including the property sold, does not exceed five (5) hectares; that in this case, the land in dispute is only 1.3 hectares and there is no proof that the transferee's (herein respondent) total landholding inclusive of the subject land will exceed 5 hectares, the landholding ceiling prescribed by R.A. No. 6657; that the failure of respondent to register the instrument was not due to his fault or negligence but can be attributed to Lorenza's unjustified refusal to sign two pages of the deed despite several requests of respondent; and that therefore, the CA ruled that the deed of sale subject of this case is valid under R.A. No. 6657.

Respondent further maintains that the CA correctly held in its assailed Decision that there was consideration for the contract and that Lorenza is deemed to have given her consent to the deed of sale.

Respondent likewise opines that the CA was right in denying petitioners' motion for reconsideration where they prayed that they be allowed to file their appellees' brief as their counsel failed to file the same on account of said counsel's failing health due to cancer of the liver. Respondent emphasized that in petitioners' motion for reconsideration, they did not even cite any errors made by the CA in its Decision.

The issues boil down to the question of whether or not the deed of sale was null and void on the following grounds: (a) for not complying with the provision in R.A. No. 6657 that such document must be registered with the Register of Deeds within three months after the effectivity of said law; (b) for lack of marital consent; (c) for being prohibited under Article 1491 (2) of the Civil Code; and (d) for lack of consideration.

We rule against petitioners.

The issue of whether or not the deed of sale is null and void under R.A. No. 6657, for respondent's failure to register said document with the Register of Deeds within three months after the effectivity of R.A. No. 6657, had been resolved with finality by the CA in its Decision dated November 24, 1994 in CA-G.R. SP No. 38700.[4] Herein petitioners no longer elevated said CA Decision to this Court and the same became final and executory on January 7, 1995.[5]

In said decision, the CA interpreted Section 4, in relation to Section 70 of R.A. No. 6657, to mean thus:

> . . . the proper interpretation of both sections is that under R.A. No. 6657, the sale or transfer of a private agricultural land is allowed only when said land area constitutes or is a part of the landowner-seller retained area and only when the total landholdings of the purchaser-transferee, including the property sold does not exceed five (5) hectares.

Aside from declaring that the failure of respondent to register the deed was not of his own fault or negligence, the CA ruled that respondent's failure to register the deed of sale within three months after effectivity of The Comprehensive Agrarian Reform Law did not invalidate the deed of sale as "the transaction over said property is not proscribed by R.A. No. 6657."

Thus, under the principle of law of the case, said ruling of the CA is now binding on petitioners. Such principle was elucidated in Cucueco vs. Court of Appeals,[6] to wit:

> Law of the case has been defined as the opinion delivered on a former appeal. It is a term applied to an established rule that when an appellate court passes on a question and remands the case to the lower court for further proceedings, the question there settled becomes the law of the case upon subsequent appeal. It means that whatever is once irrevocably established as the controlling legal rule or decision between the same parties in the same case continues to be the law of the case, whether correct on general principles or not, so long as the facts on which such decision was predicated continue to be the facts of the case before the court.

Petitioners not having questioned the Decision of the CA dated November 24, 1994 which then attained finality, the ruling that the deed of sale subject of this case is not among the transactions deemed as invalid under R.A. No. 6657, is now immutable.

We agree with the CA ruling that petitioner Lorenza, by affixing her signature to the Deed of Sale on the space provided for witnesses, is deemed to have given her implied consent to the contract of sale.

Sale is a consensual contract that is perfected by mere consent, which may either be express or implied.[7] A wife's consent to the husband's disposition of conjugal property does not always have to be explicit or set forth in any particular document, so long as it is shown by acts of the wife that such consent or approval was indeed given.[8] In the present case, although it appears on the face of the deed of sale that Lorenza signed only as an instrumental witness, circumstances leading to the execution of said document point to the fact that Lorenza was fully aware of the sale of their conjugal property and consented to the sale.

In their Pre-Trial Brief,[9] petitioners admitted that even prior to 1988, they have been having serious problems, including threats to the life of petitioner David Pelayo, due to conflicts with the illegal occupants of the property in question, so that respondent, whom many feared for being a leftist/activist, offered his help in driving out said illegal occupants.

Human experience tells us that a wife would surely be aware of serious problems such as threats to her husband's life and the reasons for such threats. As they themselves stated, petitioners' problems over the subject property had been going on for quite some time, so it is highly improbable for Lorenza not to be aware of what her husband was doing to remedy such problems. Petitioners do not deny that Lorenza Pelayo was present during the execution of the deed of sale as her signature appears thereon. Neither do they claim that Lorenza Pelayo had no knowledge whatsoever about the contents of the subject document. Thus, it is quite certain that she knew of the sale of their conjugal property between her husband and respondent.

Under the rules of evidence, it is presumed that a person takes ordinary care of his concerns.[10] Petitioners did not even attempt to overcome the aforementioned presumption as no evidence was ever presented to show that Lorenza was in any way lacking in her mental faculties and, hence, could not have fully understood the ramifications of signing the deed of sale. Neither did petitioners present any evidence that Lorenza had been defrauded, forced, intimidated or threatened either by her own husband or by respondent into affixing her signature on the subject document. If Lorenza had any objections over the conveyance of the disputed property, she could have totally refrained from having any part in the execution of the deed of sale. Instead, Lorenza even affixed her signature thereto.

Moreover, under Article 173, in relation to Article 166, both of the New Civil Code, which was still in effect on January 11, 1988 when the deed in question was executed, the lack of marital consent to the disposition of conjugal property does not make the contract void ab initio but merely voidable. Said provisions of law provide:

> Art. 166. Unless the wife has been declared a non compos mentis or a spendthrift, or is under civil interdiction

> or is confined in a leprosarium, the husband cannot alienate or encumber any real property of the conjugal property without the wife's consent. If she refuses unreasonably to give her consent, the court may compel her to grant the same.
>
> . . .
>
> Art. 173. The wife may, during the marriage, and within ten years from the transaction questioned, ask the courts for the annulment of any contract of the husband entered into without her consent, when such consent is required, or any act or contract of the husband which tends to defraud her or impair her interest in the conjugal partnership property. Should the wife fail to exercise this right, she or her heirs, after the dissolution of the marriage, may demand the value of property fraudulently alienated by the husband.

Hence, it has been held that the contract is valid until the court annuls the same and only upon an action brought by the wife whose consent was not obtained.[11] In the present case, despite respondent's repeated demands for Lorenza to affix her signature on all the pages of the deed of sale, showing respondent's insistence on enforcing said contract, Lorenza still did not file a case for annulment of the deed of sale. It was only when respondent filed a complaint for specific performance on August 8, 1991 when petitioners brought up Lorenza's alleged lack of consent as an affirmative defense. Thus, if the transaction was indeed entered into without Lorenza's consent, we find it quite puzzling why for more than three and a half years, Lorenza did absolutely nothing to seek the nullification of the assailed contract.

The foregoing circumstances lead the Court to believe that Lorenza knew of the full import of the transaction between respondent and her husband; and, by affixing her signature on the deed of sale, she, in effect, signified her consent to the disposition of their conjugal property.

With regard to petitioners' asseveration that the deed of sale is invalid under Article 1491, paragraph 2 of the New Civil Code, we find such argument unmeritorious. Article 1491 (2) provides:

> Art. 1491. The following persons cannot acquire by purchase, even at a public or judicial auction, either in person or through the mediation of another:
>
> . . .
>
> (2) Agents, the property whose administration or sale may have been entrusted to them, unless the consent of the principal has been given;
>
> . . .

In Distajo vs. Court of Appeals,[12] a landowner, Iluminada Abiertas, designated one of her sons as the administrator of several parcels of her land. The landowner subsequently executed a Deed of Certification of Sale of Unregistered Land, conveying some of said land to her son/administrator. Therein, we held that:

> Under paragraph (2) of the above article, the prohibition against agents purchasing property in their hands for sale or management is not absolute. It does not apply if the principal consents to the sale of the property in the hands of the agent or administrator. In this case, the deeds of sale signed by Iluminada Abiertas shows that she gave consent to the sale of the properties in favor of her son, Rufo, who was the administrator of the properties. Thus, the consent of the principal Iluminada Abiertas removes the transaction out of the prohibition contained in Article 1491(2).[13]

The above-quoted ruling is exactly in point with this case before us. Petitioners, by signing the Deed of Sale in favor of respondent, are also deemed to have given their consent to the sale of the subject property in favor of respondent, thereby making the transaction an exception to the general rule that agents are prohibited from purchasing the property of their principals.

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Petitioners also argue that the CA erred in ruling that there was consideration for the sale. We find no error in said appellate court's ruling. The element of consideration for the sale is indeed present. Petitioners, in adopting the trial court's narration of antecedent facts in their petition,[14] thereby admitted that they authorized respondent to represent them in negotiations with the "squatters" occupying the disputed property and, in consideration of respondent's services, they executed the subject deed of sale. Aside from such services rendered by respondent, petitioners also acknowledged in the deed of sale that they received in full the amount of Ten Thousand Pesos. Evidently, the consideration for the sale is respondent's services plus the aforementioned cash money.

Petitioners contend that the consideration stated in the deed of sale is excessively inadequate, indicating that the deed of sale was merely simulated. We are not persuaded. Our ruling in Buenaventura vs. Court of Appeals[15] is pertinent, to wit:

> . . . Indeed, there is no requirement that the price be equal to the exact value of the subject matter of sale. . . . As we stated in Vales vs. Villa:
> Courts cannot follow one every step of his life and extricate him from bad bargains, protect him from unwise investments, relieve him from one-sided contracts, or annul the effects of foolish acts. Courts cannot constitute themselves guardians of persons who are not legally incompetent. Courts operate not because one person has been defeated or overcome by another, but because he has been defeated or overcome illegally. Men may do foolish things, make ridiculous contracts, use miserable judgment, and lose money by them – indeed, all they have in the world; but not for that alone can the law intervene and restore. There must be, in addition, a violation of the law, the commission of what the law knows as an actionable wrong, before the courts are authorized to lay hold of the situation and remedy it.[16]

Verily, in the present case, petitioners have not presented proof that there has been fraud, mistake or undue influence exercised upon them by respondent. It is highly unlikely and contrary to human experience that a layman like respondent would be able to defraud, exert undue influence, or in any way vitiate the consent of a lawyer like petitioner David Pelayo who is expected to be more knowledgeable in the ways of drafting contracts and other legal transactions.

Furthermore, in their Reply to Respondent's Memorandum,[17] petitioners adopted the CA's narration of fact that petitioners stated in a letter they sent to the Register of Deeds of Tagum that they have entrusted the titles over subject lots to herein respondent. Such act is a clear indication that they intended to convey the subject property to herein respondent and the deed of sale was not merely simulated or fictitious.

Lastly, petitioners claim that they were not able to fully ventilate their defense before the CA as their lawyer, who was then suffering from cancer of the liver, failed to file their appellees' brief. Thus, in their motion for reconsideration of the CA Decision, they prayed that they be allowed to submit such appellees' brief. The CA, in its Resolution dated December 17, 1999, stated thus:

> By movant-defendant-appellee's own information, his counsel received a copy of the decision on May 5, 1999. He, therefore, had fifteen (15) days from said date or up to May 20, 1999 to file the motion. The motion, however, was sent through a private courier and, therefore, considered to have been filed on the date of actual receipt on June 17, 1999 by the addressee – Court of Appeals, was filed beyond the reglementary period.
>
> Technicality aside, movant has not proffered any ground bearing on the merits of the case why the decision should be set aside.

Petitioners never denied the CA finding that their motion for reconsideration was filed beyond the fifteen-day reglementary period. On that point alone, the CA is correct in denying due course to said motion. The motion having been belatedly filed, the CA Decision had then attained finality. Thus, in Abalos vs. Philex Mining Corporation,[18] we held that:

> . . . Nothing is more settled in law than that once a judgment attains finality it thereby becomes immutable and unalterable. It may no longer be modified in any respect, even if the modification is meant to correct what is perceived to be an erroneous conclusion of fact or law, and regardless of whether the modification is attempted to be made by the court rendering it or by the highest court of the land.

Moreover, it is pointed out by the CA that said motion did not present any defense or argument on the merits of the case that could have convinced the CA to reverse or modify its Decision.

We have consistently held that a petitioner's right to due process is not violated where he was able to move for reconsideration of the order or decision in question.[19] In this case, petitioners had the opportunity to fully expound on their defenses through a motion for reconsideration. Petitioners did file such motion but they wasted such opportunity by failing to present therein whatever errors they believed the CA had committed in its Decision. Definitely, therefore, the denial of petitioners' motion for reconsideration, praying that they be allowed to file appellees' brief, did not infringe petitioners' right to due process as any issue that petitioners wanted to raise could and should have been contained in said motion for reconsideration.

IN VIEW OF THE FOREGOING, the petition is DENIED and the Decision of the Court of Appeals dated April 20, 1999 and its Resolution dated December 17, 1999 are hereby AFFIRMED.

SO ORDERED.

Callejo, Sr., Tinga, and Chico-Nazario, JJ., concur.
Puno, (Chairman), J., on official leave.

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* "Loreza" in CA rollo and original records.

[1] Penned by Associate Justice Conchita Carpio Morales (now Associate Justice of the Supreme Court), with Associate Justice Jainal D. Rasul (retired) and Associate Justice Bernardo P. Abesamis (retired), concurring.

[2] CA Rollo, pp. 59-62.

[3] Entitled "Melki Perez, Plaintiff-Appellant, vs. Spouses David and Loreza Pelayo, Defendants-Appellees," Records, pp. 30-36.

[4] Ibid.

[5] See Decision and Entry of Judgment, Record, pp. 30-37.

[6] G.R. No. 139278, October 25, 2004.

[7] Tolentino, Civil Code of the Philippines, Commentaries and Jurisprudence, Vol. IV, 5[th] Ed., pp. 440, 447.

[8] Tolentino, Civil Code of the Philippines, Commentaries and Jurisprudence, Vol. I, 5[th] Ed., p. 448.

[9] Records, pp. 59-62.

[10] Section 3 (d), Rule 131, Rules of Court.

[11]Alfredo vs. Borras, G.R. No. 144225, June 17, 2003, 404 SCRA 145; Heirs of Christina Ayuste vs. Court of Appeals, G.R. No. 118784, September 2, 1999, 313 SCRA 493.

[12] G.R. NO. 112954, August 25, 2000, 339 SCRA 52.

[13] Id., p. 57.

[14] Rollo, pp. 12-13.

[15] G.R. No. 126376, November 20, 2003, 416 SCRA 263.

[16] Id., p. 272.

[17] Rollo, p. 140.

[18] G.R. No. 140374, November 27, 2002, 441 Phil. 386.

[19] Batongbakal vs. Zafra, G.R. No. 141806, January 17, 2005; Toh vs. Court of Appeals, G.R. No. 140274, November 15, 2000, 344 SCRA 831; Bernardo vs. Court of Appeals, G.R. No. 106153, July 14, 1997, 341 Phil. 413.

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