

CIRIACA SANTOS, PETITIONER, VS. TEODORICA DUATA AND THE COURT OF APPEALS, RESPONDENTS.

G.R. No. 20901. August 31, 1965

Ponente: BENGZON, J.P., J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-20901/>

BENGZON, J.P., J.:

Apolonio del Mundo and his brother, Dalmacio, were lessees of a parcel of land in the Lolomboy Friar Lands Estate situated at Polo, Bulacan. On November 11, 1908 Apolonio del Mundo sold his rights to the land to the spouses Pedro Duata and Epifania Aguilar for the sum of P40.00. Since then until the present time said spouses, and later their daughter, Teodorica Duata, have adverse, peaceful and uninterrupted possession of the land. This same property subsequently became a part (one-fourth) of Lot No. 37 of the Malanday, Lolomboy Friar Lands Estate covered by Transfer Certificate of Title No. 11938.

On March 23, 1933 Ciriaca Santos, Petrona Gaanan and Epifania Aguilar purchased Lot No. 37 from the Bureau of Lands with the previous agreement that Petrona Gaanan would receive one-half of the lot and Ciriaca Santos and the Duata spouses would share equally the other half. The portion allocated to the Duata spouses was the very same land over which Apolonio del Mundo conveyed to them his rights in 1908. For convenience and facility in making payments on the purchase price and in the issuance of the corresponding certificate of title, Lot No. 37's title certificate was issued in the name of Ciriaca Santos.

On August 3, 1955 Teodorica Duata, the daughter of the Duata spouses, instituted an action in the Court of First Instance of Bulacan against Ciriaca Santos for the reconveyance of one-fourth of Lot No. 37. In her answer Ciriaca Santos denied the ownership of the Duata spouses over one-fourth of Lot No. 37 and alleged that assuming the land in question belonged to the Duata spouses, the same had already been sold to her by Epifania Aguilar. She later produced in court a private document (Exhibit 3) purportedly executed by Epifania Aguilar on September 25, 1938 wherein said Epifania Aguilar sold for and in consideration of P154.00 a one-fourth interest in Lot No. 37, subject to repurchase within one year from September 25, 1938.

Ciriaca Santos died On February 8, 1957 and was substituted by her sole heir, Juana Prodon, as defendant.

It was admitted by defendant during pre-trial and the trial court found that the spouses Pedro Duata and Epifania Aguilar owned one-fourth of Lot No. 37; that Epifania Aguilar sold the one-fourth interest to Ciriaca Santos on September 25, 1938 with right to repurchase the same within one year from said date; that since the land was not repurchased within the time stipulated, ownership over the same became vested in Ciriaca Santos. It, therefore, declared the defendant owner of the property in question and dismissed the complaint.

Teodorica Duata appealed to the Court of Appeals.

The Court of Appeals considered the transaction between Ciriaca Santos and Epifania Aguilar an equitable mortgage rather than a pacto de retro sale. It then set aside the judgment of the trial court and entered another one which states:

"Wherefore, the judgment appealed from is hereby set aside, and another entered, (1) ordering defendant-appellee to execute the proper deed of conveyance and transfer over 1/2 of Lot 87-B of the Lolomboy estate in favor of plaintiff-appellant upon payment by the latter within 90 days from the finality of this decision the mortgage loan of P154.00 to the former; and (2) ordering said defendant-appellee to surrender T.C.T. No. 11988 to the Register of Deeds of Bulacan for the annotation of the need of conveyance and transfer, No pronouncement as to costs."

Defendant appealed to this Court.

The sole issue is whether Ciriaca Santos and Epifania Aguilar in executing the document marked Exhibit 3 intended a mortgage or sale with pacto de retro.

The pertinent portion of Exhibit 3 reads:

"II. Na, alang-alang sa halagang ISANG DAAN AT LIMAMPUT APAT NA PISO (P154.00) na tinanggap ko at ibinayad sa akin ni Bb. Ciriaca Santos, filipina, may sapat na gulang, dalaga at naninirahan sa Maykawayan, Bulakan, K. P., sa pamamagitan ng kasulatang ito ay along ipinagbibili ng biling mabibiling muli ang ika-apat na bahagi ng nasabing lupa sa itaas nito sa nasabi ng Bb. Ciriaca Santos sa ilalim ng kasunduang gaya ng mga sumusunod:

"(a)

Ng, bibilhin kong muli sa halagang P154.00 ang nasabing pag-aari ko, sa loob ng isang taon Simula ngayon;

"(b)

Na, sakaling hindi ko mabiling muli ang nasabing lupa sa loob ng isang taon Simula sa fechang ito ay magiging lubusang pag-aari ng Bb. Ciriaca Santos ang nasabing pag-aari na hindi na kakailanganin pa ang panibagong kasulatan ng bilihang lubusan."

The above-quoted stipulation, standing alone, would show a transfer by Epifania Aguilar to Ciriaca Santos of one-fourth of Lot No. 37 by way of sale with pacto de retro. The coetaneous actuations of Epifania Aguilar and Ciriaca Santos, however, indicate the contrary. For, despite execution of Exhibit 3, Epifania Aguilar remained in possession of the land in the concept of an owner. She and her daughter continued paying the land tax—a burden attached to ownership[1]—on the property. Previous, simultaneous and subsequent acts of the parties are properly cognizable indicia of their true intention.[2] The attendance of such circumstances raises the presumption under Article 1602 of the New Civil Code that Exhibit 3 is an equitable mortgage:

"ART. 1602. The contract shall be presumed to be an equitable mortgage, in any of the following cases:

"(1) When the price of a sale with right to repurchase is unusually inadequate;

"(2) When the vendor remains in possession as lessee or otherwise;

"(3) When upon or after the expiration of the right to repurchase another instrument extending the period of redemption or granting a new period is executed;

"(4) When the purchaser retain for himself a part of the purchase price;

"(5) When the vendor binds himself to pay the taxes on the thing sold;

"(6) In any other case where it may be fairly inferred that the real intention of the parties is that the transaction shall secure the payment of a debt or the performance of any other obligation.

"In any of the foregoing cases, any money, fruits, or other benefit to be received by the vendee as rent or otherwise shall be considered as interest which shall be subject to the usury laws."

Ciriaca Santos however maintains that mere possession of the land and payment of land taxes due thereon by Duata would not warrant presumption that Exhibit 3 is an equitable mortgage. Accordingly, she contends that there must be a "concurrence of an overwhelming number of circumstances" before the presumption would arise. To this proposition we do not agree. Article 1602, when it expressly states "in any of the following cases", contemplates the existence of any of the circumstance enumerated therein.

Article 1602 is a new provision in the Civil Code designed primarily to curtail the evils brought about by contracts of sale with, right of repurchase, such as the circumvention of the usury law and pactum commisorium. It particularly evasions contracts of sale with right of repurchase where the real intention of the parties that the pretended purchase price is money loaned, and in order to secure the payment of the loan a contract purporting to be a sale with pacto de retro is drawn up.[3]

Being remedial in nature, Article 1602 may be applied retroactively to cases arising prior to the effectivity of the New Civil Code.[4] Hence, it may be applied in this case to determine the nature of Exhibit 3.

The Court of Appeals found that the deceased Epifania Aguilar obtained a loan from Ciriaca Santos for which she put up the land in question as security; that the loan remained unpaid by reason of Ciriaca Santos' refusal to accept payment; and that after Epifania Aguilar's death, her daughter, Teodorica Duata, on several occasions tendered payment for her mother's indebtedness. These facts only confirm the presumption under Article 1602 of the New Civil Code that the contract, Exhibit 3, executed by Epifania Aguilar in favor of Ciriaca Santos was in reality an equitable mortgage, not a sale with right of repurchase.

Wherefore, the decision appealed from is hereby affirmed. No costs. So ordered.

Bengzon, C. J., Bautista Angelo, Concepcion, Reyes, J. B. L., Dizon, Regala, Makalintal, and Zaldivar, JJ., concur.

[1] *Marquez vs. Valencia*, 77 Phil. 783, 787.

[2] *Bacordo vs. Alcantara*, L-20080, July 30, 1965.

[3] See report of the Code Commission, pp. 61-63.

[4] *Casabar vs. Sino Cruz*, L-6882, Dec. 29, 1954.

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.