

FELIPE DIZON ET AL., PLAINTIFFS AND APPELLANTS, VS. NICOLAS RIVERA, REMIGIA SANCHEZ, VICENTE SINGSON ENCARNACION, VICENTE ARIAS AND BALDOMERO ROXAS, DEFENDANTS AND APPELLEES.*G.R. No. 23239. December 31, 1925*

Ponente: AVANCEÑA, C.J.

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In the proceeding for the registration of the Maysilo Estate owned by the Tuasons, opposition was filed by the possessors of various lots included in the said estate. The owners of the estate and these landholders entered into a compromise by virtue of which the said landholders withdrew their opposition, acknowledging the ownership of the Tuasons of the land, upon the promise of the owners of the estate that after the registration of the same in their name, they would sell to the landholders the respective lots occupied by them in good faith. By virtue of this compromise the Maysilo Estate was registered in the name of its owners, the Tuasons. Nicolas Rivera, who represented some of the landholders-oppositors, acquired by virtue of the said compromise an option to purchase lots Nos. 27, 28 and 29 and paid the estate, on account, the sum of P1,879, representing 10 per cent of the value of these lots, which amount, according to the compromise, it was necessary for him to deposit in order to secure the option. The amount thus deposited by Nicolas Rivera came from the landholders whom he represented. Nicolas Rivera's option was acknowledged by the court in the registration case and, furthermore, was expressly conceded to him in a written contract by the representatives of the said estate. According to the option, Nicolas Rivera was to pay the full price of these lots within four years after January, 1918. It must be noted that in the order of the court acknowledging the option of Nicolas Rivera and also in the contract signed by the representatives of the estate acknowledging the same, he is recognized as holding the option personally and not as the representative of other persons.

On December 6, 1919, Nicolas Rivera transferred his option to Remigia Sanchez for the sum of P11,700 reserving to himself the right to repurchase 40 hectares at a price not less than 2 centavos per square meter. In the deed of transfer Nicolas Rivera states that this option belongs to him exclusively, and mentions the order of the court and the contract of the owners of the estate in which this right was acknowledged.

On February 7, 1920, Remigia Sanchez in turn transferred her option to Vicente Singson Encarnacion for the sum of P70,000. The latter, by paying the price of the lots to the estate, secured from the representatives thereof the proper final deed of sale, upon the strength of which he obtained the certificate of transfer issued in his name.

On August 5, 1920, Vicente Singson Encarnacion sold lot No. 28 to Vicente Arias for the sum of P370,371.70, and on the 7th of the same month he sold lots Nos. 27 and 29 to Baldomero Roxas for the sum of P74,568.30, Singson acknowledged and imposed upon his vendees the duty to respect Rivera's option to repurchase an area of 40 hectares.

The plaintiffs who claim to be the possessors of lots Nos. 27, 28 and 29, represented by Nicolas Rivera, bring this

action, praying:

"1. That the defendant Nicolas Rivera be ordered to render an accounting of all moneys received by him from them.

"2. That the transfer of the option made by Nicolas Rivera to Remigia Sanchez of lots Nos. 27, 28 and 29, as well as the transfer made by the said Remigia Sanchez to Vicente Singson Encarnacion of the option to buy the same lots for the same price and, lastly, the sale made by Vicente Singson Encarnacion of lot No. 28 to Vicente Arias and of lots Nos. 27 and 29 to Baldomero Roxas, be annulled.

"3. That the defendant Nicolas Rivera be ordered to transfer lots Nos. 27, 28 and 29 to the herein plaintiffs, and failing to do so, his right of representation be cancelled so that the herein plaintiffs may elect a man; to be their representative, in whom they have confidence, for the purpose of purchasing this land from the estate.

"4. Or, since the lots in question, Nos. 27, 28 and 29, have been purchased from the estate, that he be ordered to sell the same to the herein plaintiffs upon the conditions contained in the contract dated February 1, 1910.

"5. That the defendant Nicolas Rivera be ordered to return to the herein plaintiffs such sums of money as he may have received from them and which have not been used for the purpose of purchasing the said lots Nos. 27, 28 and 29."

The appealed judgment absolved Remigia Sanchez, Vicente Singson Encarnacion, Baldomero Roxas and Vicente Arias from the complaint and ordered Nicolas Rivera to render an accounting to the plaintiffs of the money received by him from them for the purchase of lots Nos. 27, 28 and 29, and also of the money he received for the purchase of lot No. 30, and proceeds from the sale of the option to Remigia Sanchez, with interest upon said money from the date that he received the same until fully paid, reserving to the plaintiffs such rights of action as they may have against Nicolas Rivera and the other defendants.

The appellants assigned as an error committed by the court below its holding that the plaintiffs had not obtained the ownership of lots Nos. 27, 28 and 29 and therefore are not entitled to recover the same. This holding of the court, however, is correct. The plaintiffs acknowledged that the ownership of these lots was in the owners of the Maysilo Estate and they only obtained the option to buy these lots upon the conditions specified in the contract entered into with them. All that they did, through their representative Nicolas Rivera, in regard to this option was to pay the amount of P1,879, equivalent to 10 per cent of the purchase price of the lots; but this was not all that was necessary in order for them to acquire the ownership of these lots. In addition, they had to complete the payment of the purchase price within four years from January, 1918, failing in which their option would expire and the estate would be free to sell the lots to other persons. The plaintiffs, neither by themselves nor through their representative Nicolas Rivera, have paid the balance of the purchase price of these lots wherefore they have not acquired their ownership.

Appellants also urge that it is proper to rescind the transfer of the option on these lots made by Nicolas Rivera to Remigia Sanchez for the reason that there was collusion between them. There is, however, absolutely nothing in the record to sustain this contention. Remigia Sanchez paid cash to Nicolas Rivera for this option, and the latter, when making the transfer, declared and led Remigia Sanchez to believe that the option belonged to him exclusively. The order of the court and the contract signed by the representatives of the estate acknowledging this option in favor of Nicolas Rivera do not state that the said Nicolas Rivera acted as representative of other persons. Nicolas Rivera, when testifying at the trial as a witness for the plaintiffs, omitted to state that he had, in any way, informed Remigia Sanchez that this option had been obtained by him, not for himself but in behalf of others.

It is true that Nicolas Rivera testified at the beginning that it was Emilio Sanchez, brother of Remigia Sanchez, to whom he wanted to sell the lots and that he had advised him that they could not be sold to any other person except

to the plaintiffs, but admitted that he did not say this to Remigia Sanchez nor to anybody else, but only to Emilio Sanchez. There is no evidence in the record to show that Emilio Sanchez had mentioned this to Remigia Sanchez. But that is immaterial because the appellants do not wish to repurchase these lots from Remigia Sanchez or her successors in interest, but on the contrary, demand the annulment of the transfer of the option made by Nicolas Rivera to Remigia.

It is suggested in the brief of the appellants that Remigia Sanchez should have known the status of Nicolas Rivera in regard to this option because she was one of the holders of lot No. 28, This is not correct. Remigia Sanchez testified, as a witness for the plaintiffs, that she was a holder of another lot, and not of one of the lots here in question, and that she did not know that the lots had been occupied by other persons before she bought the option.

From the foregoing it follows that Remigia Sanchez purchased in good faith, legally and validly the option of Nicolas Rivera. Under the circumstances, whatever disposition she might later have made of the option cannot be assailed by the plaintiffs since the latter had lost every right to the option. After acquiring this option Remigia could dispose of it as she pleased which, in itself, is sufficient to affirm the judgment of the court below.

Appellants, however, claim that the transfer of the option by Remigia Sanchez to Vicente Singson Encarnacion must also be rescinded on the ground of being fraudulent. There is likewise no evidence to show this fraud. It is alleged that notwithstanding the fact that this transfer was made for the sum of P70,000, Remigia Sanchez only received the sum of P19,000 from Singson Encarnacion. While Remigia Sanchez so testified, yet Singson on the other hand stated that he had paid the full amount stipulated. At any rate this is a question between Remigia and Singson.

Finally, appellants urge that the sales of these lots by Singson Encarnacion to Dr. Baldomero Roxas and to Mr. Vicente Arias should also be rescinded as being fraudulent. As evidence of the fraud it is alleged that Roxas had not yet paid the agreed purchase price and that Arias later transferred to Roxas one-half of the lot that he had bought from him. All of this, however, is explained in the record. Roxas agreed to suspend the transaction in view of the fact, that this case had been taken to court, and Arias transferred the one-half of the lot to Singson by reason of another lawful collateral transaction.

As to the effect of the commencement of this action upon the different transactions we hold that it has not affected any of them, from the transfer of the option to Remigia Sanchez to the sale of the lots by Singson to Roxas and Arias. Remigia Sanchez acquired the option before the filing of the complaint in this action, and the subsequent transactions between Remigia, Singson, Roxas and Arias took place before they were included as parties thereto.

Furthermore, the increase in the value of these lots in the various transactions is not necessarily an argument against the good faith of the defendants. This is usual in certain lawful speculations.

The alleged grounds for a new trial not having sufficient weight to affect this decision, said petition is hereby denied.

The judgment appealed from is affirmed with costs against the appellants. So ordered.

Street, Malcolm, Villamor, Ostrand, Johns, Romualdez, and Villa-Real, JJ., concur.

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