

GUILLERMO PUATO Y CONSTANTINO, PLAINTIFF AND APPELLEE, VS. FILOMENO MENDOZA AND VALENTIN DAVID, DEFENDANTS AND APPELLANTS.

G. R. No. 44169. July 16, 1937

Ponente: VILLA-REAL, J.

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VILLA-REAL, J.:

This is an appeal taken by the defendants Filomeno Mendoza and Valentin David from the judgment rendered by the Court of First Instance of Nueva Ecija, the dispositive part of which reads as follows:

"The defendants are sentenced to pay to the plaintiff the sum of P24,800 with interest thereon at 12 per cent per annum from the date of the filing of the complaint, plus the sum! of P500 as penalty for noncompliance with their obligation, with the costs of the suit. Payment must be made within 90 days from the date this decision becomes final, otherwise the mortgaged property shall be ordered sold at public auction. So ordered."

In support of their appeal, the appellants assign the following alleged errors as committed by the court a quo in its above-stated judgment, to wit:

"1. In not declaring Exhibits 1 and A, deeds of sale and mortgage, respectively, null and void, being documents without cause or consideration.

"2. In not sustaining the cross-complaint filed by the defendants, praying for the rescission of the contracts of May 28 and 29, 1928.

"3. In not giving credit to said defendants' counterclaim for the improvements made on the land in question, amounting to P10,000.

"4. In not rendering judgment in favor of said defendants and against the plaintiff, ordering the latter to refund the sum of P14,200 to the defendants and reciprocally restoring the possession of the land to said plaintiff."

At the beginning of the trial the parties submitted to the court the following stipulation of facts:

"The parties agree that the land described in the complaint has been legally mortgaged to the plaintiff as property of the defendants to answer for the sum of P37,500 forming a part of the P39,000 for which said land was sold to the defendants by the plaintiff; that of said sum of P37,500 the defendants have paid only P12,700 to date; that under the mortgage deed said sum of P37,500 should be paid in seven installments as follows: P10,500 on May 31, 1929; P1,000 on May 15, 1930; P8,000 on July 31, 1930; P1,000 on May 15, 1931; P8,000 on July 31, 1931; P1,000 on May 15, 1932, and P8,000 on July 31, 1932, with interest thereon at 12 per cent per annum payable after each installment becomes due; that according to the corresponding deed, the mortgage was constituted on May 29, 1928; that of said sum of P37,500 with the interest thereon, the defendants have paid only P12,700 to date, leaving an unpaid balance of P24,800 with interest thereon at 12 per cent per annum, together with the penal clause of P500 pursuant to the stipulation in the mortgage deed."

In addition to the stipulated facts, the plaintiff attempted to prove that the land in dispute had been purchased by

him on July 3, 1926, from Numeriano Padilla and his sister Alexandra Padilla for the sum of P38,560, subject to a mortgage lien in favor of the National Bank, in the sum of P6,000 (Exhibit C); that about the year 1928, when the defendants mortgaged said land to him, palay was quoted at P4 a cavan, and when he filed his complaint for foreclosure of mortgage, about the month of November, 1932, palay was quoted at P1.50 a cavan; that from the road, it requires a half day's walk to reach said land; that during the agricultural year of 1933, he harvested more than 400 cavans of palay from the land; that the receiver ordered the land cultivated on shares, one-half of the crops belonging to the tenants; that at present the land in question of an area of 370 hectares, would hardly be worth P20,000; that during the year 1933 Juana Sarangaya offered to purchase it for P43,000; that from the year 1926 to 1928, when the plaintiff was in possession of the land, he never saw it and he leased it by parcels to several persons, receiving as rental a total of 400 cavans; that it was the defendants who approached him, proposing to purchase it; that the land is partly clean and partly uncultivated and produces from 50 to 55 cavans a hectare; that he became acquainted with the defendants only when they voluntarily went to his house to see him.

The defendants, in turn, attempted to prove, in addition thereto, that on May 1, 1928, the plaintiff called at their house offering to sell them his said land but the defendant Filomeno Mendoza told him that he had no money; that on the 28th of said month and year, an agent of the plaintiff took said defendant to the barrio of Maquibang, Baliwag, Bulacan, where the plaintiff again offered to sell him his said land for the sum of P39,000, making a cash payment of only P1,500 and the balance of P37,500 in four annual installments; that said defendant Filomeno Mendoza agreed and the corresponding deed was executed, the defendant delivering to the plaintiff the sum of P1,500 which he had with him; that said defendant told the plaintiff that as he had not yet seen the land he could not place tenants thereon until the following year; that the defendant himself went to Cabanatuan on the following day to apply for the registration of the deed and the transfer of the title to his name, later signing the mortgage deed; that the defendants began to work on the land in March 1929, placing 41 tenants thereon and harvesting a total of one thousand cavans because only ten hectares were clean; that they began to clean the land, harvesting 900 cavans in the second year and 700 cavans in the third; that the defendants decided to purchase the land because the plaintiff told them that it was good and promised to help them by not pressing them for payment of the installments and by not attaching the land; that they did not visit the land before buying it because they had no time and because they relied on what the plaintiff had told them; that after the land shall have been cleaned, it would only be considered as fourth class rice land.

The first question to be decided in this appeal, which is raised in the first assignment of alleged error, is whether or not the lower court erred in not declaring the deeds of sale and mortgage Exhibits 1 and A, respectively, null and void.

The appellants contend that said deeds should be declared null and void for lack of cause or consideration. This contention is clearly without merit. The deed of sale, Exhibit 1, states that the land referred to therein is sold and conveyed in consideration of the sum of P39,000, and in the deed Exhibit A it is stated that said land is mortgaged to secure payment of the sum of P37,500, the unpaid balance of the selling price of P39,000, after deducting the sum of P1,500 paid upon the execution of the deed of sale in question. The defendants' claim that the sale was not absolute on the ground that the entire selling price had not been paid, is likewise erroneous. The sale under consideration herein, as any other contract, was perfected from the moment the plaintiff consented to sell the land in question and the defendants agreed to purchase it for the sum of P39,000, or from the moment there was consent (article 1258, Civil Code), and as said defendants had partially complied with their obligation by paying a part of the price, and the plaintiff had complied with his by making constructive delivery of the possession of the land by means of the execution of the deed, Exhibit 1, and the transfer and registration of the certificate of title in the name of said defendants (article 1462, Civil Code), the sale was consummated and became absolute and irrevocable. The same is true with the mortgage deed, Exhibit A.

Therefore, the first assignment of alleged error is without merit.

With respect to the second and third assignments of error raising the question whether or not the court a quo erred in not declaring the rescission of the deeds of sale and mortgage, Exhibits 1 and A, respectively, and in not adjudicating to the defendants damages for the Improvements made on the land, amounting to P10,000, the appellants claim that the plaintiff-appellee deceived them as to the quality of the land, making them believe that it was first class when, in reality, it was only second and fourth class land.

According to article 1269 of the Civil Code, "deceit exists when, by means of insidious words or machinations made use of by one of the contracting parties, the other is induced to enter into a contract which without them he would not have made," and, under article 1270 of said Code, "in order that deceit may be ground for the annulment of a contract it must be serious, and must not have been employed by both of the contracting parties." According to the defendants, the deceit, which they claim to have been employed against them by the plaintiff as psychological cause of the nullity of the contract of sale, Exhibit 1, as well as that of mortgage, Exhibit A, consists in their having been induced by the plaintiff to believe that the land is good, that is, of a good kind. The evidence shows that the plaintiff himself had not seen the land either before or after having purchased it for P38,560 from Numeriano Padilla and his sister Alexandra Padilla on July 3, 1926, inasmuch as he used to lease it by parcels to various persons during the time he was in possession thereof, receiving as rental 400 cavans of palay annually; that the land produced from 50 to 55 cavans per hectare. In stating that the land is good, the plaintiff undoubtedly based his opinion upon the rental he received and the production per hectare. At the price of P39,000, the land which has an area of 370 hectares would cost approximately P105 a hectare, and the price of one cavan of palay being P4, it cannot be said that the land is of a poor quality and the selling price excessive, inasmuch as with an adequate cultivation, the capital invested would give at least 25 per cent, even if the price per cavan were to go down to P1.50, as it did so later. One of the witnesses for the defendants, named Nicolas Jimenez, who wished to buy a portion of the land, testified that if the entire land were cleaned and made arable, it would be second class. If this is true, the defendants were not deceived when the plaintiff told them that the land is good because second class land cannot be considered poor land. Furthermore, the defendants knowing, as they knew, that the plaintiff had never seen the land which he was selling them, it was their duty as purchasers to see and examine the land before purchasing it or, at least, inquire into its quality and conditions. It being second class land, the plaintiff, in informing the defendants that it was good, although he had not seen it, did not deceive them and the seriousness stated in the above-cited article 1270 of the Civil Code, which should characterize the deceit in order to be a ground for the annulment of a contract, does not exist.

For the foregoing considerations, this court is of the opinion and so holds: (1) That the fact that the owner of a piece of land of approximately 370 hectares, which he has leased out, receiving as rental 400 cavans of palay, and which he has never seen, tells the purchaser, upon selling it for the sum of P39,000, that it is good and it later turns out to be second class land, does not constitute simple deceit, much less the serious deceit required by article 1270 of the Civil Code to be a ground for the annulment of a contract, as the purchaser had the opportunity, if he so desired, to see and examine the land, and (2) that the failure of the defendants to fully pay for the land purchased by them from the plaintiff does not constitute lack of cause or consideration, which consists in the stipulated price of P39,000 that induced the plaintiff to sell his land to the defendants and in the transfer of the title of ownership thereof that induced said defendants to part with their money, it not being essential for its existence that full payment be made at the time of the execution of the contract.

Wherefore, there being no error in the appealed judgment, it is affirmed in toto, with the costs to the appellants. So ordered.

Avancena, C. J., Abad Santos, Imperial, Diaz, Laurel, and Concepcion, JJ., concur.

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