

THOMAS C. CHEESMAN, PETITIONER, VS. INTERMEDIATE APPELLATE COURT AND ESTELITA PADILLA, RESPONDENTS.

G.R. No. 74833. January 21, 1991

Ponente: NARVASA, J.

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NARVASA, J.:

This appeal concerns the attempt by an American citizen (petitioner Thomas Cheesman) to annul -- for lack of consent on his part -- the sale by his Filipino wife (Criselda) of a residential lot and building to Estelita Padilla, also a Filipino.

Thomas Cheesman and Criselda P. Cheesman were married on December 4, 1970 but have been separated since February 15, 1981.[1]

On June 4, 1974, a "Deed of Sale and Transfer of Possessory Rights" was executed by Armando Altares conveying a parcel of unregistered land and the house thereon (at No. 7 Neptune Street, Gordon Heights, Olongapo City) in favor of "Criselda P. Cheesman, of legal age, Filipino citizen, married to Thomas Cheesman, and residing at Lot No. 1, Blk. 8, Filtration Road, Sta. Rita, Olongapo City **." [2] Thomas Cheesman, although aware of the deed, did not object to the transfer being made only to his wife.[3]

Thereafter -- and again with the knowledge of Thomas Cheesman and also without any protest by him -- tax declarations for the property purchased were issued in the name only of Criselda Cheesman; and Criselda assumed exclusive management and administration of said property, leasing it to tenants.[4] On July 1, 1981, Criselda Cheesman sold the property to Estelita M. Padilla, without the knowledge or consent of Thomas Cheesman.[5] The deed described Criselda as being ". . . of legal age, married to an American citizen,**." [6]

Thirty days later, or on July 31, 1981, Thomas Cheesman brought suit in the Court of First Instance at Olongapo City against his wife, Criselda, and Estelita Padilla, praying for the annulment of the sale on the ground that the transaction had been executed without his knowledge and consent.[7] An answer was filed in the names of both defendants, alleging that (1) the property sold was paraphernal, having been purchased by Criselda with funds exclusively belonging to her ("her own separate money"); (2) Thomas Cheesman, being an American, was disqualified to have any interest or right of ownership in the land; and (3) Estelita Padilla was a buyer in good faith.[8]

During the pre-trial conference, the parties agreed upon certain facts which were subsequently set out in a pre-trial Order dated October 22, 1981,[9] as follows:

"1. Both parties recognize the existence of the Deed of Sale over the residential house located at No. 7 Granada St., Gordon Heights, Olongapo City, which was acquired from Armando Altares on June 4, 1974 and sold by defendant Criselda Cheesman to Estelita Padilla on July 12, 1981; and

"2. That the transaction regarding the transfer of their property took place during the existence of their marriage as the couple were married on December 4, 1970 and the questioned property was acquired sometime

on June 4, 1974.”

The action resulted in a judgment dated June 24, 1982,[10] declaring void ab initio the sale executed by Criselda Cheesman in favor of Estelita M. Padilla, and ordering the delivery of the property to Thomas Cheesman as administrator of the conjugal partnership property, and the payment to him of P5,000.00 as attorney's fees and expenses of litigation.[11]

The judgment was however set aside as regards Estelita Padilla on a petition for relief filed by the latter, grounded on "fraud, mistake and/or excusable negligence" which had seriously impaired her right to present her case adequately.[12] "After the petition for relief from judgment was given due course," according to petitioner, "a new judge presided over the case." [13]

Estelita Padilla filed a supplemental pleading on December 20, 1982 as her own answer to the complaint, and a motion for summary judgment on May 17, 1983. Although there was initial opposition by Thomas Cheesman to the motion, the parties ultimately agreed on the rendition by the court of a summary judgment after entering into a stipulation of facts, at the hearing of the motion on June 21, 1983, the stipulation being of the following tenor:[14]

"(1) that the property in question was bought during the existence of the marriage between the plaintiff and the defendant Criselda P. Cheesman;

(2) that the property bought during the marriage was registered in the name of Criselda Cheesman and that the Deed of Sale and Transfer of Possessory Rights executed by the former owner-vendor Armando Altares in favor of Criselda Cheesman made no mention of the plaintiff;

(3) that the property, subject of the proceedings, was sold by defendant Criselda Cheesman in favor of the other defendant Estelita M. Padilla, without the written consent of the plaintiff."

Obviously upon the theory that no genuine issue existed any longer and there was hence no need of a trial, the parties having in fact submitted, as also stipulated, their respective memoranda each praying for a favorable verdict, the Trial Court[15] rendered a "Summary Judgment" dated August 3, 1982 declaring "the sale executed by ** Criselda Cheesman in favor of ** Estelita Padilla to be valid," dismissing Thomas Cheesman's complaint and ordering him "to immediately turn over the possession of the house and lot subject of ** (the) case to ** Estelita Padilla **." [16]

The Trial Court found that -

1) the evidence on record satisfactorily overcame the disputable presumption in Article 160 of the Civil Code -- that all property of the marriage belongs to the conjugal partnership "unless it be proved that it pertains exclusively to the husband or to the wife" -- and that the immovable in question was in truth Criselda's paraphernal property;

2) that moreover, said legal presumption in Article 160 could not apply "inasmuch as the husband-plaintiff is an American citizen and therefore disqualified under the Constitution to acquire and own real properties;" and

3) that the exercise by Criselda of exclusive acts of dominion with the knowledge of her husband "had led ** Estelita Padilla to believe that the properties were the exclusive properties of Criselda Cheesman and on the faith of such a belief she bought the properties from her and for value," and therefore, Thomas Cheesman was, under Article 1473 of the Civil Code, estopped to impugn the transfer to Estelita Padilla.

Thomas Cheesman appealed to the Intermediate Appellate Court. There he assailed the Trial Court acts (1) of granting Estelita Padilla's petition for relief, and its resolution of matters not subject of said petition; (2) of declaring valid the sale to Estelita Padilla despite the lack of consent thereto by him, and the presumption of the conjugal character of the property in question pursuant to Article 160 of the Civil Code; (3) of disregarding the

judgment of June 24, 1982 which, not having been set aside as against Criselda Cheesman, continued to be binding on her; and (4) of making findings of fact not supported by evidence. All of these contentions were found to be without merit by the Appellate Tribunal which, on January 7, 1986, promulgated a decision (erroneously denominated, "Report")^[17] affirming the "Summary Judgment complained of," "having found no reversible error" therein.

Once more, Thomas Cheesman availed of the remedy of appeal, this time to this Court. Here, he argues that it was reversible error for the Intermediate Appellate Court -

1) to find that the presumption that the property in question is conjugal in accordance with Article 160 had been satisfactorily overcome by Estelita Padilla;^[18]

2) to rule that Estelita Padilla was a purchaser of said property in good faith, it appearing:

a) that the deed by which the property was conveyed to Criselda Cheesman described her as "married to Thomas C. Cheesman," as well as the deed by which the property was later conveyed to Estelita Padilla by Criselda Cheesman also described her as "married to an American citizen," and both said descriptions had thus "placed Estelita on knowledge of the conjugal nature of the property;" and

b) that furthermore, Estelita had admitted to stating in the deed by which she acquired the property a price much lower than that actually paid "in order to avoid payment of more obligation to the government;"^[19]

3) to decline to declare that the evidence did not warrant the grant of Estelita Padilla's petition for relief on the ground of "fraud, mistake and/or excusable negligence;"^[20]

4) to hold that Thomas Cheesman had waived his objection to Estelita's petition for relief by failing to appeal from the order granting the same;

5) to accord to Estelita Padilla a relief other than that she had specifically prayed for in her petition for relief, i.e., "the restoration of the purchase price which Estelita allegedly paid to Criselda;"^[21] and

6) to fail to declare that Thomas Cheesman's citizenship is not a bar to his action to recover the lot and house for the conjugal partnership.^[22]

Such conclusions as that (1) fraud, mistake or excusable negligence existed in the premises justifying relief to Estelita Padilla under Rule 38 of the Rules of Court, or (2) that Criselda Cheesman had used money she had brought into her marriage to Thomas Cheesman to purchase the lot and house in question, or (3) that Estelita Padilla believed in good faith that Criselda Cheesman was the exclusive owner of the property that she (Estelita) intended to and did in fact buy -- derived from the evidence adduced by the parties, the facts set out in the pleadings or otherwise appearing on record -- are conclusions or findings of fact. As distinguished from a question of law -- which exists "when the doubt or difference arises as to what the law is on a certain state of facts" -- "there is a question of fact when the doubt or difference arises as to the truth or the falsehood of alleged facts;"^[23] or when the "query necessarily invites calibration of the whole evidence considering mainly the credibility of witnesses, existence and relevancy of specific surrounding circumstances, their relation; to each other and to the whole and the probabilities of the situation."^[24]

Now, it is axiomatic that only questions of law, distinctly set forth, may be raised in a petition for the review on certiorari of a decision of the Court of Appeals presented to this Court.^[25] As everyone knows or ought to know, the appellate jurisdiction of this Court is limited to reviewing errors of law, accepting as conclusive the factual findings of the lower court upon its own assessment of the evidence.^[26] The creation of the Court of Appeals was precisely intended to take away from the Supreme Court the work of examining the evidence, and confine its task

to the determination of questions which do not call for the reading and study of transcripts containing the testimony of witnesses.[27] The rule of conclusiveness of the factual findings or conclusions of the Court of Appeals is, to be sure, subject to certain exceptions,[28] none of which however obtains in the case at bar.

It is noteworthy that both the Trial Court and the Intermediate Appellate Court reached the same conclusions on the three (3) factual matters above set forth, after assessment of the evidence and determination of the probative value thereof. Both Courts found that the facts on record adequately proved fraud, mistake or excusable negligence by which Estelita Padilla's rights had been substantially impaired; that the funds used by Criselda Cheesman was money she had earned and saved prior to her marriage to Thomas Cheesman, and that Estelita Padilla did believe in good faith that Criselda Cheesman was the sole owner of the property in question. Consequently, these determinations of fact will not be here disturbed, this Court having been cited to no reason for doing so.

These considerations dispose of the first three (3) points that petitioner Cheesman seeks to make in this appeal. They also make unnecessary an extended discussion of the other issues raised by him. As to them, it should suffice to restate certain fundamental propositions.

An order of a Court of First Instance (now Regional Trial Court) granting a petition for relief under Rule 38 is interlocutory and is not appealable. Hence, the failure of the party who opposed the petition to appeal from said order, or his participation in the proceedings subsequently had, cannot be construed as a waiver of his objection to the petition for relief so as to preclude his raising the same question on an appeal from the judgment on the merits of the main case. Such a party need not repeat his objections to the petition for relief, or perform any act thereafter (e.g., take formal exception) in order to preserve his right to question the same eventually, on appeal, it being sufficient for this purpose that he has made of record "the action which he desires the court to take or his objection to the action of the court and his grounds therefor." [29]

Again, the prayer in a petition for relief from judgment under Rule 38 is not necessarily the same prayer in the petitioner's complaint, answer or other basic pleading. This should be obvious. Equally obvious is that once a petition for relief is granted and the judgment subject thereof set aside, and further proceedings are thereafter had, the Court in its judgment on the merits may properly grant the relief sought in the petitioner's basic pleadings, although different from that stated in his petition for relief.

Finally, the fundamental law prohibits the sale to aliens of residential land. Section 14, Article XIV of the 1973 Constitution ordains that, "Save in cases of hereditary succession, no private land shall be transferred or conveyed except to individuals, corporations, or associations qualified to acquire or hold lands of the public domain." [30] Petitioner Thomas Cheesman was, of course, charged with knowledge of this prohibition. Thus, assuming that it was his intention that the lot in question be purchased by him and his wife, he acquired no right whatever over the property by virtue of that purchase; and in attempting to acquire a right or interest in land, vicariously and clandestinely, he knowingly violated the Constitution; the sale as to him was null and void. [31] In any event, he had and has no capacity or personality to question the subsequent sale of the same property by his wife on the theory that in so doing he is merely exercising the prerogative of a husband in respect of conjugal property. To sustain such a theory would permit indirect controversion of the constitutional prohibition. If the property were to be declared conjugal, this would accord to the alien husband a not insubstantial interest and right over land, as he would then have a decisive vote as to its transfer or disposition. This is a right that the Constitution does not permit him to have.

As already observed, the finding that his wife had used her own money to purchase the property cannot, and will not, at this stage of the proceedings be reviewed and overturned. But even if it were a fact that said wife had used

conjugal funds to make the acquisition, the considerations just set out militate, on high constitutional grounds, against his recovering and holding the property so acquired, or any part thereof. And whether in such an event, he may recover from his wife any share of the money used for the purchase or charge her with unauthorized disposition or expenditure of conjugal funds is not now inquired into; that would be, in the premises, a purely academic exercise. An equally decisive consideration is that Estelita Padilla is a purchaser in good faith, both the Trial Court and the Appellate Court having found that Cheesman's own conduct had led her to believe the property to be exclusive property of the latter's wife, freely disposable by her without his consent or intervention. An innocent buyer for value, she is entitled to the protection of the law in her purchase, particularly as against Cheesman, who would assert rights to the property denied him by both letter and spirit of the Constitution itself.

WHEREFORE, the appealed decision is **AFFIRMED**, with costs against petitioner.

SO ORDERED.

Cruz, Gancayco, Griño-Aquino, and Medialdea, JJ., concur.

[1] Rollo, p. 50 (Decision [Report] of the Second Civil Cases Division, Intermediate Appellate Court); p. 226 (petitioner's brief)

[2] Id., p. 227

[3] Factual finding of Trial Court, adopted by the Court of Appeals: rollo, pp. 55-56

[4] Factual findings of Trial Court, adopted by the Court of Appeals: rollo, pp. 55-56

[5] Rollo, p. 50

[6] Id., p. 228

[7] Id., pp. 10, 50, 103, 229

[8] Id., pp. 50

[9] Id., pp. 11, 232-235

[10] Rendered by Hon. Regino T. Veridiano, who has since been transferred to Manila

[11] Id., p. 12. It appears that a writ of execution was issued and on Aug. 26, 1982 the house and lot in question were delivered to Thomas Cheesman (See rollo, p. 283)

[12] Id., pp. 14, 51

[13] Id., p. 14. The "new judge" was Hon. Nicias O. Mendoza

[14] Id., pp. 284-285; the petitioner acknowledges that "in the hearing of June 21, 1983, the parties agreed to submit the case for decision upon some stipulation of facts" (rollo, p. 247)

[15] Since renamed, in virtue of BP 129, "Regional Trial Court" (Branch LXXIV at Olongapo City)

[16] Rollo, pp. 281-291

[17] Id., pp. 42-49, 50-57, 58

[18] Id., pp. 24-25

[19] Id., pp. 26-28

[20] Id., pp. 28-32; 251-255

[21] Id., pp. 33-35

[22] Id., pp. 36-38

[23] Ramos, et al. v. Pepsi-Cola Bottling Co. of the P.I., et al., 19 SCRA 289, 292, citing II Bouvier's Law Dictionary, 2784, and II Martin, Rules of Court, 255; SEE also, Francisco, The Rules of Court, Annotated and Commented, 1968 ed., Vol. III, pp. 485--488

[24] SEE Lim v. Calaguas, 83 Phil. 796, 799, and Mackay Radio & Tel. Co. v. Rich, 28 SCRA 699, 705, cited in Moran, Comments on the Rules, 1979 ed., p. 474

[25] Sec. 2, Rule 45, Rules of Court; Villanueva v. IAC, G.R. No. 67582, Oct. 29, 1987; Andres v. Manufacturers Hanover & Trust Corp., G.R. No. 82670, Sept. 15, 1989

[26] See Moran, Comments on the Rules, 1979 ed., Vol. 2, 472-473, citing Evangelista & Co. v. Abad Santos, June 28, 1973, 51 SCRA 416, 419; See, too, Francisco, op. cit., p. 489; Korean Airlines, Ltd. v. C.A., G.R. No. 61418, Sept. 24, 1987

[27] Moran, op. cit., p. 473, citing Sta. Ana v. Hernandez, 18 SCRA 973, 978

[28] SEE Ramos v. Pepsi-Cola Bottling Co. of the Phil., 19 SCRA 289, 291-292

[29] Sec. 1, Rule 41, Rules of Court

[30] Identical to Sec. 7, Art. XII of the 1987 Constitution, and Sec. 5, ART. XIII of the 1935 Constitution (except that the latter section refers not simply to "private land" but to "private agricultural land")

[31] Rellosa v. Gaw Chee Hun, 93 Phil. 827 (1953) applying the *pari delicto* rule to disallow the Filipino vendor from recovering the land sold to an alien (SEE also Bautista v. Uy Isabelo, 93 Phil. 843; Talento v. Makiki, 93 Phil. 855; Caoile v. Chiao Peng, 93 Phil. 861; Arambulo v. Cua So, 95 Phil. 749; Dinglasan v. Lee Bun Ting, 99 Phil. 427); and Philippine Banking Corporation v. Lui She, 21 SCRA 52, which declared that the *pari delicto* rule should not apply where the original parties had already died and had been succeeded by administrators to whom it would have been unjust to impute guilt, and recovery would enhance the declared public policy of preserving lands for Filipinos

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