Supreme Court E-Library

SECOND DIVISION

[G.R. No. L-35537. December 27, 1979]

FRANCISCO SANTANA and JOSE H. PANGANIBAN, *petitioners, vs.* **SOTERO MARIÑAS,** *respondent.*

SYLLABUS

1. **REMEDIAL LAW; CIVIL PROCEDURE; APPEALS; QUESTION OF FACT; WHETHER OR NOT A PARTY ACTED IN BAD FAITH WHEN HE SOLD THE LAND TO ANOTHER IS A QUESTION OF FACT WHICH IS BINDING UPON THE SUPREME COURT.**— That private respondent acted in deliberate bad faith when he sold the land to petitioner Santana who acted in good faith in buying it — need not detain Us long. For this raises a question of fact which this Court is not at liberty to review at this stage. It is elementary that the findings of facts of the Court of Appeals are not subject to review by this Court. Stated in another way, the findings of fact of the Court of Appeals are binding upon this Court.

2. **CIVIL LAW; PUBLIC LAND ACT; PATENT; RIGHT OF PATENTEE TO REDEEM IS STATUTORY AND THEREFORE THE LAW ALLOWING IT FORMED PART OF AND WAS DEEMED INCORPORATED IN THE DEED OF CONVEYANCE.**— Neither did respondent Mariñas misrepresent that the land is not subject to redemption, because the right of the patentee and his heirs to effect such redemption is statutory and, therefore, the law allowing it formed part of and was deemed incorporated in the deed of conveyance. It is settled that an existing law enters into and forms part of a valid contract without the need for the parties expressly making reference to it.

3. **ID.; ID.; RIGHT TO REPURCHASE THE LAND MAY BE DENIED WHEN THE INTENTION IS TO EXPLOIT IT FOR BUSINESS PURPOSES OR GREATER PROFIT.**— It could be true that the land in question is the only land owned by respondent-appellee. But this is not the determinant factor in allowing the repurchase of land acquired through homestead or free patent. The doctrine in *Simeon v. Peña, supra*, is explicit that what is

Supreme Court E-Library

"unqualified and unconditional" is the right of the homesteader or patentee to preserve the land "for himself and his family." We can, therefore, properly inquire into the motives behind the repurchase and convinced as We are in the instant case, that the intention is not so, but to exploit it for business purposes or greater profit, We can deny the repurchase. To sustain respondent-appellee's claim under the circumstances would put a premium on speculation contrary to the philosophy behind Sec. 119 of Com. Act No. 141, otherwise known as the Public Land Law.

APPEARANCES OF COUNSEL

Rafael Dinglasan for petitioners.
Cruz B. Carbon for respondent.

D E C I S I O N

SANTOS, *J.*:

This is a petition for review by *certiorari* under Rule 45 of the Revised Rules of Court of the decision dated September 5, 1972 of the Special Sixth Division of the Court of Appeals — composed of Justice E. Soriano, M. Barcelona and L.B. Reyes — in CA-G.R. 37292-R, entitled "*Sotero Mariñas vs. Francisco Santana and Jose H. Panganiban,*" *Soriano, J., ponente*, which (1) reversed the decision[1] of the Court of First Instance of Rizal dismissing the complaint of Sotero Mariñas — plaintiff below and private respondent herein — for recovery of the property in litigation under Section 119 of Com. Act No. 141, otherwise known as Public Land Law and (2) ordered Francisco Santana and Jose H. Panganiban — defendants below and now herein petitioners — to reconvey the aforesaid property to respondent Mariñas upon payment by him of the repurchase price in the amount of ₱4,128.60, without special pronouncement as to costs.[2]

---

[1] RA. pp. 36-45; *Rollo*. p. 71.

[2] *Rollo*. pp. 48-49.

Supreme Court E-Library

Required to comment in the resolution of September 28, 1972,[3] private respondent did so on October 20, 1972.[4] Considering the allegations contained, the issues raised and the arguments adduced in the petition, as well as the comment of private respondent, the Court denied the petition for lack of merit in its resolution of October 31, 1972.[5] In due time, petitioners filed their motion for reconsideration[6] of the aforesaid resolution denying their petition for review. In the resolution of November 23, 1972,[7] private respondent was required to comment on the motion for reconsideration. The required comment was filed by private respondent on December 15, 1972.[8]

On February 9, 1973, the Court resolved: (a) to reconsider its October 31, 1972 resolution of denial and (b) to give due course to the petition.[9] Accordingly, the parties filed their respective briefs.[10]

The procedural, as well as the factual, antecedents that spawned the present case are not in dispute. On April 21, 1960, private respondent Sotero Mariñas — as plaintiff — filed in the Court of First Instance of Rizal a complaint to recover a real property alleging, insofar as material to this petition, (1) that he acquired, on May 22, 1929, under free patent and covered by Original Certificate of Title (OCT) No. 217, Rizal Registry, a parcel of land containing an area of four hectares, twelve ares and eighty-six centares (41,286 sq. m.); that on January 16, 1956, he sold the above parcel of land to petitioner Francisco

---

[3] *Id.*, p. 73.

[4] *Id.*, p. 78.

[5] *Id.*, p. 87.

[6] *Id.*, p. 88.

[7] *Id.*, p. 90.

[8] *Id.*, p. 95.

[9] *Id.*, p. 107.

[10] *Id.*, pp. 112 and 125.

Supreme Court E-Library

Santana — one of the defendants below — for a sum of ₱4,128.60; that the other petitioner Jose H. Panganiban — also a co-defendant below — was included in the complaint because he is a subsequent lienholder and/or encumbrancer, the property having been sold to him by Santana on March 25, 1956 for the same amount of ₱4,128.60; that the land has an annual produce worth ₱400.00; and praying (2) that judgment be rendered: (a) allowing him to repurchase the property for the sum of ₱4,128,60 and (b) awarding to him ₱400.00 annually from date of filing of the complaint until the property is delivered to him, with costs.[11]

On May 26, 1960, herein petitioners, defendants below, filed their respective answers admitting some material factual allegations in the complaint; but denied the right of private respondent to repurchase the property, and interposed the following affirmative defenses: (1) that at the time the absolute sales were entered into, they were totally ignorant of and had no knowledge whatsoever to any encumbrance or right to repurchase by private respondent, who assured petitioner Francisco Santana that he (Santana) could sell the land in question absolutely and free from any encumbrance and is not subject to any right of repurchase as he (respondent Mariñas) had been in possession of the property for over twenty-five (25) years; (2) that they (petitioners) have always been of the honest belief that they acquired absolute ownership of the property, free from any lien or encumbrances whatsoever and, hence, are purchasers in good faith; (3) that being innocent purchasers for value, they acquired absolute ownership over the property and private respondent cannot enforce against them any right of repurchase of whatever nature; (4) that as absolute owners and possessors in good faith, they (petitioners) incurred necessary and useful expenses thereon in the total amount of not less than ₱10,000.00; and (5) that the property in question now a residential area with real estate subdivisions and roads in front and at the back thereof and its present increased value is no less than ₱2.50 a square meter. Petitioners interposed a

[11] *Id.*, p. 71; RA, pp. 2-4.

Supreme Court E-Library

counterclaim for moral damages in the amount of ₱10,000.00 and attorney's fees and litigation expenses in the total sum of ₱5,000.00. In their prayer petitioners asked for the rendition of judgment absolving them completely from the complaint, with costs, and sentencing private respondent to pay them moral damages of ₱10,000.00 and attorney's fees and litigation expenses in the amount of ₱5,000.00; or in the remote possibility that repurchase by private respondent were allowed, to require the latter to pay the reasonable market value of not less than ₱2.50 per square meter.[12]

As stated at the outset, the trial court ruled out private respondent's right to repurchase the property and dismissed the complaint but that on appeal, the Court of Appeals — Special Sixth Division — reversed the trial court's decision of dismissal and ordered petitioners to reconvey the land to private respondent upon payment to the former of "the repurchase price thereof in the amount of ₱4,128.60, without special pronouncement as to costs."[13]

Not satisfied with the appellate court's decision, petitioners filed the instant petition, contending that the Court of Appeals erred:

(I) IN NOT FINDING THAT RESPONDENT ACTED IN DELIBERATE BAD FAITH WHEN HE SOLD THE LAND IN QUESTION TO PETITIONER-APPELLANT SANTANA BY DECEITFULLY CONCEALING FROM HIM THE FACT THAT IT WAS ORIGINALLY REGISTERED UNDER ORIGINAL CERTIFICATE OF TITLE NO. 217, PURSUANT TO A FREE PATENT GRANTED UNDER ACT NO. 2874, AND THAT PETITIONER SANTANA PURCHASED SAID LAND IN GOOD FAITH IN VIRTUE OF A DEED OF ABSOLUTE SALE PREPARED BY THE ATTORNEY FOR THE RESPONDENT AND SIGNED BY HIMSELF, WHEREIN IT WAS FALSELY STATED THAT THE VENDOR IS THE REGISTERED OWNER OF SAID LAND "IN ACCORDANCE WITH THE LAND REGISTRATION ACT NO. 496"; AND IN NOT HOLDING THAT THEREFORE SAID VENDOR COULD NOT REPURCHASE SAID LAND. (p. 11, *rollo*).

---

[12] *Id.*, p. 71; *Id.*, pp. 9, 11-13.

[13] *Id.*, pp. 48-49.

Supreme Court E-Library

(2) IN NOT HOLDING, AS HELD BY THE TRIAL COURT, THAT UNDER ALL THE CIRCUMSTANCES OF THE CASE, "THE REPURCHASE OF THE LAND IN QUESTION BY PLAINTIFF-APPELLANT IS NOT PROPER; IT IS NOT IN CONSONANCE WITH REASON AND PURPOSE OF THE LAW; IT IS REPUGNANT TO JUSTICE AND EQUITY. (p. 11, *rollo*).

(3) IN ORDERING PETITIONERS-APPELLANTS (DEFENDANTS BELOW) TO RECONVEY TO RESPONDENT (PLAINTIFF BELOW) THE LAND DESCRIBED IN THE COMPLAINT UPON PAYMENT BY HIM TO THE SAID PETITIONERS ONLY OF THE PURCHASE PRICE THEREOF IN THE AMOUNT OF ₱4,128.60.[14]

And now to consider and/or resolve the foregoing issues, seriatim.

1. Petitioners' contention under the first assigned error — *i.e.* that private respondent acted in deliberate bad faith when he sold the land to petitioner Santana who acted in good faith in buying it — need not detain Us long. For this raises a question of fact which this Court is not at liberty to review at this stage. It is elementary that the findings of facts of the Court of Appeals are not subject to review by this Court.[15] Stated in another way, the findings of fact of the Court of Appeals are binding upon this Court.[16]

At any rate, We see no point in the argument of petitioners that respondent Mariñas acted in bad faith for having falsely stated in the deed of sale that he is the registered owner of the land in accordance with the Land Registration Act. For indeed, a free patent or a homestead patent must be registered under the Land Registration Act in order that the land covered thereby

---

[14] *Id.*, p. 24.

[15] *Alaros vs. CA, et al.*, 64 SCRA 671; *Evangelista & Co. vs. Santos*, 51 SCRA 416; *Acosta vs. People*, L-17427, July 31, 1962, 5 SCRA 774.

[16] *Chan vs. CA*, L-27488, June 30, 1970, 33 SCRA 737; *Ramirez Telephone Corp. vs Bank of America*, L-22614, Aug. 29, 1969, 29 SCRA 191; *Lucero vs. Loot*, L-16995, Oct. 28, 1968, 25 SCRA 687; *Tan vs. CA*, L-22793, May 16, 1967, 20 SCRA 54.

Supreme Court E-Library

is brought under the operation of the Torrens system and thus becomes a registered land. [17] Neither did respondent Mariñas misrepresent that the land is not subject to redemption, because the right of the patentee and his heirs to effect such redemption is statutory and, therefore, the law allowing it formed part of and was deemed incorporated in the deed of conveyance. It is settled that an existing law enters into and forms part of a valid contract without the need for the parties expressly making reference to it.[18]

2. Petitioners next assail the order of the appellate court directing them to reconvey the subject land to private respondent. Put thus in issue is the proper construction and application of Section 119 of the Public Land Law, Com. Act No. 141, which provides:

"Every conveyance of land acquired under the free patent or homestead provisions, when proper, shall be subject to repurchase by the applicant, his widow, or legal heirs, within a period of five years from the date of conveyance."

Petitioners' specific contention that it could not have been the intention of the Legislature to subject to the right of repurchase a free patent or homestead conveyed 25 years after the issuance of the title is without legal basis and is contrary to jurisprudence laid down on the matter. Thus, in *Isaac, et al. v. Tan Chuan Leong, et al.*[19] the sale took place more than 27 years after the issuance of the original title; while in *Francisco v. Certeza, Sr.*,[20] one of the 2 lots was sold more than 41 years after it was acquired. The right to repurchase was upheld in both cases despite the fact that the above lots were acquired

---

[17] *Pajomayo, et al. vs. Manipon, et al.*, L-33676, June 30, 1971, 39 SCRA 676.

[18] *Lakas Ng Manggagawang Makabayan (LMM) vs. Abiera*, L-29474, December 19, 1970, 36 SCRA 437.

[19] 89 Phil. 24 (1951).

[20] L-16849, Nov. 29, 1961, 3 SCRA 565.

Supreme Court E-Library

under Act No. 296 which contained no provision on the right of redemption. For the right of repurchase was provided for only later, under Section 117 of Act No. 2874, approved on Nov. 29, 1919, and incorporated in Com. Act No. 141 as Section 119.[21]

However, We uphold petitioners' proposition that to allow the repurchase of the subject land, under the peculiar circumstances obtaining herein, would be repugnant to the philosophy behind Section 119 of C.A. No. 141 and the jurisprudence laid down on the matter.

The findings of fact of the trial court — the then CFI Judge, Cecilia Muñoz Palma, later a member of this Court, presiding — are clear and duly supported by the evidence. We quote:

"Evidence has been adduced by the defendants that this property of Sotero Mariñas has ceased to be in the nature of a homestead, and that instead it has been transformed into a growing commercial and residential area. The vicinity of the property is now a vast expanding business empire, the lands having (been) converted into subdivisions which are sold to the public at fantastic prices. Close to this particular property of Sotero Mariñas *the subdivision being developed by a son of the plaintiff who has extensive business interests centered on construction of buildings such as the Rizal Provincial Capitol and development of subdivisions.* (See Exhs. "1" to "1-G"). By plaintiff's own admission on cross-examination he is 78 years old and sick with a lung ailment; *while from the testimony of his son, Antonio Mariñas, it is shown that the sons of plaintiff are all financially independent from the latter and have their respective properties and means* of livelihood. Under these circumstances it is evident that to grant plaintiff the right to repurchase the property at this time *would be not for the purpose of giving him back the land for his house and cultivation but for him to exploit it for business purposes at the expense of the defendants* who are innocent purchaser(s) in good faith and for value."[22]

---

[21] See *Francisco v. Certeza, supra,* p. 567.

[22] Record on Appeal, pp. 39-40; Emphasis supplied.

Supreme Court E-Library

In *Simeon vs. Peña* We analyzed the various cases previously decided,[23] and arrived at the conclusion that the plain intent, the *raison d'tre*, of Section 119, C.A. No. 141 " . . . is to give the homesteader or patentee every chance *to preserve for himself and his family* the land that the state had gratuitously given to him as a reward for his labor in cleaning and cultivating it."[24] In the same breath, We agreed with the trial court, in that case, that "*it is in this sense* that the provision of law in question becomes unqualified and unconditional. And in keeping with such reasons behind the passage of the law, its basic objective is to promote public policy, that is, *to provide home and decent living for destitutes*, aimed at promoting a class of independent small landholders which is the bulwark of peace and order."[25]

As it was in *Simeon v. Peña*, respondent Mariñas' intention in exercising the right of repurchase "is not for the purpose of preserving the same within the family fold,"[26] but "to dispose of it again for greater profit in violation of the law's policy and spirit."[27] The foregoing conclusions are supported by the trial court's findings of fact already cited, culled from evidence adduced. Thus respondent Marinas was 71 years old and a widower at the time of the sale in 1956; that he was 78 when he testified on Oct. 24, 1963 (or over 94 years old today if still alive); that . . . he was not living on the property when he sold the same but was residing in the *poblacion* attending to a hardware store;[28] and that the property was no longer agricultural at the time of the sale, but was a residential and commercial

---

[23] *Pascua v. Talens*, 80 Phil. 792; *Isaac, et al. v. Tan Chuan Leong, et al.*, L-3324, May 23, 1951; *Sigbe Lasud, et al. v. Sontay Lasug, et al.*, L-19242, Feb. 29, 1964; *Sagucio vs. Bulos*, Nos. L-17608-09, July 31, 1962; *Francisco, et al. v. Certeza, et al.*, L-16849, Nov. 29, 1961.

[24] *Simeon v. Peña*, L-29049, Dec. 29, 1970, 36 SCRA 610, 615-616; Emphasis supplied.

[25] *Id.*, p. 616; Emphasis supplied.

[26] *Id.*, p. 618.

[27] See *ibid.*

[28] *Rollo*, pp. 2-3, 8 (Petition).

Supreme Court E-Library

lot in the midst of many subdivisions.[29] The profit motivation behind the effort to repurchase was conclusively shown when the then plaintiff's counsel, in the case below, Atty. Loreto Castillo, in his presence, suggested to herein petitioners' counsel, Atty. Rafael Dinglasan, " . . . to just add to the original price so the case would be settled." Moreover, Atty. Castillo manifested in court that an amicable settlement was possible, for which reason he asked for time "within which to settle the terms thereof" and that "the plaintiff x x x Mr. Mariñas, has manifested to the Court that if the defendants would be willing to pay the sum of One Peso and Fifty Centavos (₱1.50) per square meter, he would be willing to accept the offer and dismiss the case."[30]

Respondent Mariñas' admission is on record that the money with which he would repurchase the property was not his but belonged to his children one of whom is Felix Mariñas, owner of Cristimar Subdivision.[31] Furthermore, the trial court found that Mariñas' sons "are all financially independent from the latter and have their respective properties and means of livelihood."[32]

The respondent Court of Appeals anchors respondent-appellee Mariñas' right of repurchase on "old age and tuberculosis having caught up with appellant, and the land in question being his only property." Allowing the repurchase would, thus, "help tide over the needs of his remaining days."[33] according to respondent court.

It could be true that the land in question is the only land owned by respondent-appellee. But this is not the determinant factor in allowing the repurchase of land acquired through

---

[29] *Id.*, pp. 4. 6. 8.

[30] *Id.*, pp. 6-7.

[31] *Id.*, pp. 8. 9.

[32] See note 22. *supra* (CFI Decision).

[33] *Id.*, p. 16 (CA Decision).

Supreme Court E-Library

homestead or free patent. The doctrine in *Simeon v. Peña, supra*, is explicit that what is "unqualified and unconditional" is the right of the homesteader or patentee to preserve the land "for himself and his family." We can, therefore, properly inquire into the motives behind the repurchase and convinced as We are in the instant case, that the intention is not so, but to exploit it for business purposes or greater profit, We can deny the repurchase. To sustain respondent-appellee's claim under the circumstances would put a premium on speculation contrary to the philosophy behind Sec. 119 of Com. Act No. 141, otherwise known as the Public Land Law. Thus, this Court, speaking through Mr. Justice J.B.L. Reyes, held in *Santander, et al. v. Villanueva*[34] that the law discourages homesteaders from taking advantage of the "salutary policy behind the Public Land Law to enable them to recover the land in question from (vendees) only to dispose of it again at much greater profit to themselves."

3. In view of Our holding above, disallowing the repurchase of the homestead property, it is unnecessary to resolve this assigned error.

ACCORDINGLY, the Court of Appeals decision appealed from, directing the reconveyance of the subject homestead lot to respondent Sotero Mariñas is hereby REVERSED, without special pronouncement as to costs.

SO ORDERED.

Barredo (Chairman), Antonio, Aquino, Concepcion Jr., and *Abad Santos, JJ.*, concur.

---

[34] 103 Phil. 1, 5 (1958).