



Republic of the Philippines  
Supreme Court  
Manila

THIRD DIVISION

CEBU STATE COLLEGE OF  
SCIENCE AND TECHNOLOGY  
(CSCST), represented by its  
incumbent President,  
Petitioner,

G.R. No. 179025

Present:

PERALTA,\* J., *Acting Chairperson*,  
DEL CASTILLO,\*\*  
VILLARAMA, JR.,  
REYES, and  
JARDELEZA, JJ.

- versus -

LUIS S. MISTERIO, GABRIEL S.  
MISTERIO, FRANCIS S.  
MISTERIO, THELMA S.  
MISTERIO, and ESTELA S.  
MISTERIO-TAGIMACRUZ,  
Respondents.

Promulgated:

June 17, 2015

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DECISION

PERALTA, J.:

Before the Court is a petition for review on *certiorari* under Rule 45 of the Rules of Court seeking to reverse and set aside the Decision<sup>1</sup> dated July 25, 2007 of the Court Appeals (CA) in CA-G.R. CV No. 77329 which reversed and set aside the Order<sup>2</sup> dated October 1, 2002, of the Regional Trial Court (RTC), Branch 23, Cebu City, in Civil Case No. CEB-25746.

The antecedent facts are as follows:

\* Per Special Order No. 2059 dated June 17, 2015.

\*\* Designated Acting Member in lieu of Associate Justice Presbitero J. Velasco, Jr., per Special Order No. 2060 dated June 17, 2015.

<sup>1</sup> Penned by Associate Justice Francisco P. Acosta, with Associate Justices Pampio A. Abarintos and Stephen C. Cruz concurring; *rollo*, pp. 79-93.

<sup>2</sup> Penned by Judge Generosa G. Labra; *id.* at 360-361.

On December 31, 1956, the late Asuncion Sadaya, mother of herein respondents, executed a Deed of Sale covering a parcel of land denominated as Lot 1064, consisting of an area of 4,563 square meters, located at Lahug, Cebu City, and covered by Transfer Certificate of Title (*TCT*) No. 13086 of the Register of Deeds, Cebu Province, in favor of Sudlon Agricultural High School (*SAHS*). The sale was subject to the right of the vendor to repurchase the property after *SAHS* shall have ceased to exist, or shall have transferred its school site elsewhere, worded in the Deed of Sale as follows:

That the Vendee herein, SUDLON AGRICULTURAL HIGH SCHOOL, hereby obligates itself to use the aforementioned Lot No. 1064, for school purposes only, and it is the condition attached to this contract that the aforementioned Vendee obligates itself to give the Vendor herein, the right to repurchase the said lot by paying to the Vendee herein the aforementioned consideration of ₱9,130.00 only, after the aforementioned SUDLON AGRICULTURAL HIGH SCHOOL shall (have) ceased to exist or shall have transferred its school site elsewhere.<sup>3</sup>

Consequently, on May 22, 1957, *TCT* No. 13086 was cancelled, and in lieu thereof, *TCT* No. 15959 was issued in the name of *SAHS*, with the vendor's right to repurchase annotated at its dorsal portion.

On March 18, 1960, the Provincial Board of Cebu donated 41 parcels of land, covering 104.5441 hectares of the Banilad Friar Lands Estate to the *SAHS* subject to two (2) conditions: (1) that if the *SAHS* ceases to operate, the ownership of the lots would automatically revert to the province, and (2) that the *SAHS* could not alienate, lease or encumber the properties.<sup>4</sup>

On June 10, 1983, *Batas Pambansa (BP)* Blg. 412, entitled "An Act Converting the Cebu School of Arts and Trades in Cebu City into a Chartered College to be Known as the Cebu State College of Science and Technology, Expanding its Jurisdiction and Curricular Programs" took effect. It incorporated and consolidated several schools in the Province of Cebu, including the *SAHS*, as part of the Cebu State College of Science and Technology (*CSCST*). The law also transferred all personnel, properties, including buildings, sites, and improvements, records, obligations, monies and appropriations of *SAHS* to the *CSCST*.<sup>5</sup>

In the meantime, the Province of Cebu sought to recover the 41 parcels of land it previously donated to *SAHS* on the basis of an initial

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<sup>3</sup> *Rollo*, p. 80.

<sup>4</sup> *Misterio v. Cebu State College of Science and Technology (CSCST), duly represented by its President, Dr. Jose Sal Tan*, 499 Phil. 733, 735-736 (2005).

<sup>5</sup> *Rollo*, p. 81.

report of its provincial attorney that SAHS had no personality to accept the donation, and thus, the deed it executed was void.<sup>6</sup>

On August 19, 1988, respondents Luis, Gabriel, Francis, Thelma, all surnamed Misterio, and Estella S. Misterio-Tagimacruz, as heirs of the late Asuncion Sadaya, informed the then Governor of the Province of Cebu, Emilio Osmeña, through a letter, of their intention to repurchase the subject property as stipulated in the Deed of Sale.<sup>7</sup> Thereafter, on March 13, 1990, respondents, through their counsel, Atty. Ricardo Padilla, informed petitioner of their intention to exercise their right to repurchase under the Deed of Sale on the ground that the SAHS had ceased to exist. However, petitioner's Vocational School Superintendent II, Jesus T. Bonilla, informed respondents that SAHS still existed as only the name of the school was changed.<sup>8</sup>

On December 23, 1993, respondents filed a Complaint<sup>9</sup> before the RTC of Cebu City, Branch 18, docketed as Civil Case No. CEB-15267, for Nullity of Sale and/or Redemption against CSCST, its chairman, Armand Fabella, and president, Dr. Mussolini Barillo, alleging the following causes of action:

1. That SAHS, at the time of the execution of the deed of sale on December 31, 1956, had no juridical personality. As such, it cannot acquire and possess any property, including the subject parcel of land. Hence, the Deed of Sale is null and void; and
2. That with the enactment of BP Blg. 412, SAHS had ceased to exist. Thus, the right to repurchase the subject property became operative.<sup>10</sup>

On November 29, 1995, the RTC rendered judgment, the dispositive portion of which reads:

WHEREFORE, in view of all the foregoing considerations, JUDGMENT is hereby rendered in favor of the plaintiffs and against the defendants declaring the Deed of Sale entered into by and between Asuncion Sadaya and Sudlon Agricultural High School as null and void for the latter's lack of juridical personality to acquire real property or to enter into such transaction or having ceased to exist and ordering the Cebu State College of Science and Technology being the actual possessor of the

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<sup>6</sup> *Misterio v. Cebu State College of Science and Technology (CSCST), duly represented by its President, Dr. Jose Sal Tan, supra note 4, at 736.*

<sup>7</sup> *Rollo, p. 81.*

<sup>8</sup> *Misterio v. Cebu State College of Science and Technology (CSCST), duly represented by its President, Dr. Jose Sal Tan, supra note 4, at 736-737.*

<sup>9</sup> *Rollo, pp. 97-102.*

<sup>10</sup> *Id. at 81.*

land, Lot 1064, to deliver and reconvey the same to plaintiffs upon payment of the aforementioned purchased price.

No pronouncement as to costs.

SO ORDERED.<sup>11</sup>

Petitioner appealed the aforesaid decision to the CA. During the pendency thereof, respondents filed a Manifestation and Motion for Injunction,<sup>12</sup> amending their complaint and cause of action to include petitioner's intent to abandon the subject property and to no longer use the same for school site purposes, to wit:

COME NOW, the appellees x x x.

1. Sometime July 7, 1996, a Motion for Injunction was filed by the undersigned stating that the land in question is being negotiated by the defendants-appellants CSCST to the Provincial Government.

x x x x

3. Recently, the provincial government is negotiating with ABS-CBN for an acquisition of the land located in Sudlon, Cebu City. It is not known though if the land in dispute is included in the negotiation.

x x x x

4. That appellant CSCST clearly showed an intent to abandon the land in dispute and that it will no longer use it for school purposes and that it will transfer its school site in Barili, Cebu.

x x x x

6. That since this fact arises only after the case was filed, this manifestation and information amends the complaint and cause of action of the case, but it is proper that it be consolidated and considered before this Honorable Court, for convenience and expediency.

The foregoing Manifestation and Motion for Injunction was acknowledged by the appellate court in its Resolution dated September 13, 1999.<sup>13</sup>

On October 3, 1997, petitioner and the Province of Cebu executed a Deed for Reversion, by virtue of which petitioner ceded to the Province of Cebu the subject property covered by TCT No. 15959. Consequently, the Register of Deeds issued TCT No. 146351 in the name of the Province of

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<sup>11</sup> *Id.* at 128.

<sup>12</sup> *Id.* at 196-197.

<sup>13</sup> *Id.* at 83.

Cebu, with a notice annotated at the dorsal portion thereof of the pending cases before the RTC and the CA.<sup>14</sup>

On July 31, 2000, the CA reversed the decision of the RTC, ruling that while it agrees with the trial court's finding that the SAHS had ceased to exist when BP Blg. 412 took effect, respondents are barred by prescription from exercising their right to repurchase the subject property, which expired in June 1987, or four years from the effectivity of BP Blg. 412, as provided by Article 1606<sup>15</sup> of the New Civil Code.

On June 23, 2005, this Court affirmed the decision of the CA and denied the petition for review filed by respondents, reiterating that conformably to the condition in the deed of sale, and under Article 1606 of the New Civil Code, the right of respondents as successors-in-interest of the vendor *a retro* commenced to run on June 10, 1983. Hence, they had until June 10, 1987 within which to repurchase the property. However, they failed to do so. It was held that the four-year period for the respondents to repurchase the property was not suspended merely and solely because there was a divergence of opinion between the petitioners, on the one hand, and the respondents, on the other, as to the precise meaning of the phrase "after the SAHS shall cease to exist" in the deed of sale. Verily, the existence of the respondents' right to repurchase the property was not suspended for being dependent upon the prior final interpretation by the court of the said phrase.<sup>16</sup>

However, on February 5, 2001, during the pendency of their appeal with this Court, respondents again filed an Amended Complaint<sup>17</sup> with the RTC of Cebu City, Branch 23, docketed as Civil Case No. CEB-25746, this time, impleading the Province of Cebu and the Register of Deeds, essentially alleging that pursuant to petitioner's transfer of its school site, their right of redemption on said condition became operative. In support thereof, respondents claim the existence of newspaper reports stating that SAHS will be transferred to Barili, Cebu, that petitioner and the Province of Cebu entered into a Memorandum of Agreement facilitating such transfer, and that pursuant to a Deed of Reversion, ownership of the subject property had already been transferred in the name of the Province of Cebu. Thus,

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<sup>14</sup> *Misterio v. Cebu State College of Science and Technology (CSCST), duly represented by its President, Dr. Jose Sal Tan, supra* note 4, at 742.

<sup>15</sup> Art. 1606. The right referred to in Article 1601, in the absence of an express agreement, shall last four years from the date of the contract.

Should there be an agreement, the period cannot exceed ten years.

However, the vendor may still exercise the right to repurchase within thirty days from the time final judgment was rendered in a civil action on the basis that the contract was a true sale with right to repurchase.

<sup>16</sup> *Misterio v. Cebu State College of Science and Technology (CSCST), duly represented by its President, Dr. Jose Sal Tan, supra* note 4, at 746.

<sup>17</sup> *Rollo*, pp. 265-272.

respondents assert their right to redeem the subject property and pray that the title in the name of the Province of Cebu be cancelled.

In its Answer,<sup>18</sup> petitioner averred that when respondents failed to include the ground of transfer of school site in their previous complaint in Civil Case No. CEB-15267, they are deemed to have waived the same; that respondents should not split a single cause of action by multiple suits; that the case was dismissible for being barred by *litis pendentia*; that appellants were guilty of forum shopping; and, that the action was likewise barred by prescription.<sup>19</sup>

On October 1, 2002, the RTC dismissed respondents' Amended Complaint in Civil Case No. CEB-25746 in the following wise:

In the present complaint for redemption, cancellation of title and damages, plaintiffs prayed among others, that they be granted the right to redeem the subject land by paying the PHP9,130.00 as provided for in the Deed of Sale. The record, however, bears out that prior to the filing of this case, plaintiffs had instituted an action for nullity of sale and/or redemption of the same property which was docketed as Civil Case No. CEB-15267, now pending before the Court of Appeals and docketed as CA-G.R. CV No. 53592. From this point, it is also that the present action is barred by *litis pendentia* where being another case which is pending between the same parties for the same cause.

Plaintiffs are likewise guilty of forum shopping, there being substantial identity of parties, rights of action and reliefs sought for in the instant case and that in the Civil Case No. CEB-15267 which is still pending as CA-G.R. CV No. 53592.<sup>20</sup>

On appeal, however, the CA reversed the decision of the RTC holding that the case is not barred by *litis pendentia* for while there is an identity of parties and reliefs prayed for between the two complaints filed by respondents, there exists no identity of causes of action, to wit:

It bears stressing that the right to repurchase as stated in the deed of sale can only be exercised on the occurrence of either of the two suspensive conditions, to wit:

1. if SAHS shall have ceased to exist; or
2. if SAHS shall have transferred its school site elsewhere.

In Civil Case No. Ceb-15267, which was appealed to this Court and docketed as CA-G.R. CV No. 53592, the cause of action of herein appellants (appellees therein) was based on the first suspensive condition,

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<sup>18</sup> *Id.* at 273-291.

<sup>19</sup> *Id.* at 86.

<sup>20</sup> *Id.* at 360.

the fact that SAHS, by virtue of Batas Pambansa Blg. 412, enacted on June 10, 1983, has ceased to exist. On the other hand, the cause of action in the instant case is based on the second suspensive condition, the fact that the school site was transferred to another location. Apparently, though the reliefs sought in both cases are the same, they are not founded on the same facts which give rise to two different causes of action.<sup>21</sup>

Hence, the instant petition invoking the following arguments:

I.

THE COURT OF APPEALS ERRED IN REVERSING THE TRIAL COURT'S ORDER DISMISSING THE CASE AND IN REMANDING THE SECOND COMPLAINT TO THE TRIAL COURT FOR FURTHER PROCEEDINGS DESPITE THE CLEAR FACT THAT *LITIS PENDENTIA* (NOW *RES JUDICATA*) AND FORUM SHOPPING BARS THE FILING OF THE SECOND COMPLAINT.

II.

THE SECOND COMPLAINT FILED BY RESPONDENTS LACKS A CAUSE OF ACTION.

Petitioner maintains that since all the elements of *litis pendentia* were present, the appellate court should have affirmed the trial court's decision in dismissing the instant case. *First*, the parties involved in the two cases are essentially the same parties representing the same interest. *Second*, as between the two cases, there is an identity of rights and reliefs sought. According to petitioner, both complaints filed involve the same issue: whether or not the respondents are entitled to repurchase the property from petitioner, the causes of action are both anchored upon the happening of the suspensive condition set forth under the same provision of the same deed of sale, and both complaints compel petitioner to convey the same property to respondents by way of repurchase. *Third*, there is identity in the two cases such that any judgment that may be rendered in the pending case, regardless of which party is successful, would amount to *res judicata* in the present case. In view of the finality of this Court's decision on the first case, petitioner adds that *res judicata* has then taken effect, necessarily barring respondents from pursuing the instant case.

Furthermore, petitioner contends that even assuming that the instant action is not precluded by *litis pendentia*, *res judicata*, and forum shopping, the same should nevertheless be dismissed for lack of cause of action. Its transfer to another location for purposes of expanding its services for the benefit of its students did not amount to the happening of the suspensive condition for it was in furtherance of the educational purpose for which the contract of sale was executed.

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<sup>21</sup> *Id.* at 90.

We rule in favor of petitioners.

At the outset, it must be noted that We do not find any error when the CA reversed the RTC's decision dismissing the instant case on the ground that the present action is barred by *litis pendentia* or *res judicata* because, as between the first and second complaint, there exists no identity of cause of action or rights asserted.

The test for determining whether a party violates the rule against forum shopping is where a final judgment in one case will amount to *res judicata* in the action under consideration or where the elements of *litis pendentia* are present.<sup>22</sup> On the one hand, the requisites of *litis pendentia* are the following: (a) identity of parties, or at least such as representing the same interests in both actions; (b) identity of rights asserted and relief prayed for, the relief founded on the same facts; and (c) identity of the two cases such that judgment in one, regardless of which party is successful, would amount to *res judicata* in the other.<sup>23</sup>

On the other hand, there is *res judicata* where the following four essential conditions concur, *viz.*: (1) there must be a final judgment or order; (2) the court rendering it must have jurisdiction over the subject matter and the parties; (3) it must be a judgment or order on the merits; and (4) there must be, between the two cases, identity of parties, subject matter and causes of action.<sup>24</sup>

In the present case, the Deed of Sale executed by the parties provide for a right to repurchase the subject property upon the occurrence of either of two suspensive conditions, particularly: (1) the cessation of existence of SAHS; or (2) the transfer of SAHS to another school site.

As a rule, in determining the question of identity of causes of action, the following test is sufficient: Would the same evidence support and establish both the present and the former cause of action?<sup>25</sup> Here, in the first cause of action, the central concern was the existence of SAHS. As such, respondents needed to show, by competent evidence, the legal consequences of the passage of BP Blg. 412 on the corporate existence of SAHS. In the second cause of action, the issue to be resolved was whether SAHS had moved its school site to a location other than the subject property. Necessarily, it was incumbent upon the respondents to prove the actual

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<sup>22</sup> *Spouses Marasigan v. Chevron Phils., Inc., et. al.*, G.R. No. 184015, February 8, 2012, 665 SCRA 499, 511.

<sup>23</sup> *Id.*

<sup>24</sup> *Genova v. De Castro*, 454 Phil. 662, 675 (2003), citing *Gallardo-Corro v. Gallardo*, 403 Phil. 498, 507 (2001); *Republic v. CA*, 381 Phil. 558 (2000); *Ayala Land, Inc. v. Valisno*, 381 Phil. 518, 528 (2000); *Bachrach Corporation v. CA*, 357 Phil. 483 (1998); *Alejandrino v. CA*, 356 Phil. 851, 868 (1998).

<sup>25</sup> *Id.* at 675, citing *Peñalosa v. Tuason*, 22 Phil. 303, 322 (1912).

relocation of SAHS. Thus, as the appellate court aptly observed, while the reliefs sought in both cases are the same, they are not founded on the same facts, resulting in two different causes of action.<sup>26</sup> Accordingly, respondents filed their first complaint after the abolishment of SAHS pursuant to the enactment of BP Blg. 412. Thereafter, when SAHS transferred its school site to another location, respondents filed their second complaint.

Notwithstanding the preceding discussion, respondents' cause of action in their second complaint based on petitioner's transfer of its school site must nonetheless fail.

In cases of conventional redemption when the vendor *a retro* reserves the right to repurchase the property sold,<sup>27</sup> the parties to the sale must observe the parameters set forth by Article 1606 of the New Civil Code, which states:

Art. 1606. The right referred to in Article 1601, in the absence of an express agreement, shall last **four years** from the date of the contract.

Should there be an agreement, the period cannot exceed **ten years**.

However, the vendor may still exercise the right to repurchase within thirty days from the time final judgment was rendered in a civil action on the basis that the contract was a true sale with right to repurchase. (Emphasis supplied)

Thus, depending on whether the parties have agreed upon a specific period within which the vendor *a retro* may exercise his right to repurchase, the property subject of the sale may be redeemed only within the limits prescribed by the aforequoted provision.

In the Decision dated June 23, 2005, this Court ruled that since petitioner and respondents in this case did not agree on any period for the exercise of the right to repurchase the property herein, respondents may use said right within four (4) years from the happening of the allocated conditions contained in their Deed of Sale: (a) the cessation of the existence of the SAHS, or (b) the transfer of the school to other site.<sup>28</sup> However, due to respondents' failure to exercise their right to redeem the property within the required four (4) years from the time when SAHS had ceased to exist, or

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<sup>26</sup> *Rollo*, p. 90.

<sup>27</sup> Article 1601 of the New Civil Code provides:

Art. 1601. Conventional redemption shall take place when the vendor reserves the right to repurchase the thing sold, with the obligation to comply with the provisions of Article 1616 and other stipulations which may have been agreed upon.

<sup>28</sup> *Misterio v. Cebu State College of Science and Technology (CSCST)*, duly represented by its President, Dr. Jose Sal Tan, *supra* note 4, at 745.

from June 10, 1983, the date of effectivity of BP Blg. 412, this Court held that respondents are barred by prescription.

Despite this, respondents nevertheless insist on the redemption of the subject property pursuant to the second suspensive condition, namely, petitioner's transfer of its school site. Applicable law and jurisprudence, however, runs contrary to respondents' stance.

As early as 1913, this Court had already enunciated an unfavourable notion against a prolonged uncertainty with respect to the ownership and tenure of real property, to wit:

Under the *Partidas*, as under the Roman Law, no attempt was made to limit the duration of contracts with *pacto de retro*. Unless limited by the contract of the parties, it was generally held that the right to repurchase was perpetual. By its decision of May 12, 1875, the supreme court of Spain first attempted to place a restriction upon the length of such contracts by holding that they gave rise to a personal action of prescription in accordance with the law on prescription of actions. (23 Scaevola. 767.) **In the recent times, however, practically all those countries where such sales are recognized have found it advisable to limit the time within which the right of redemption can be exercised.** (4 Bonel's Com. on the Civil Code, 519.) As stated in *Yadao vs. Yadao* (20 Phil. Rep., 260): "A *pacto de retro* is, in a certain aspect, the suspension of the title to the land involved. **We are of the opinion that it was the intention of the legislature to limit the continuance of such a condition, with the purpose that the title to the real estate in question should be definitely placed, it being, in the opinion of the legislature, against public policy to permit such an uncertain condition relative to the title to real estate to continue for more than ten years.**"<sup>29</sup>

Consistent with such view, this Court frowned upon agreements indicating indefinite stipulations for the exercise of the right to repurchase and restricted the redemption period to ten (10) years from the date of the contract of sale, in consonance with the provisions of the Civil Code. Accordingly, when vendors *a retro* were granted the right to repurchase properties sold "at any time they have the money," "in the month of March of any year," or "at any time after the first year," this Court had not hesitated in imposing the ten (10)-year period, the expiration of which effectively bars redemption of the subject properties.<sup>30</sup> Similarly, there have been numerous occasions<sup>31</sup> wherein We invalidated stipulations permitting the repurchase of property only after the lapse of at least ten (10) years from the date of the

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<sup>29</sup> *Rosales v. Reyes*, 25 Phil. 495, 497 (1913). (Emphasis supplied)

<sup>30</sup> *Yadao v. Yadao*, 20 Phil. 260 (1911); *Alojado v. Lim*, 51 Phil. 339 (1927); *Bandong v. Austria*, 31 Phil. 479 (1915); *Soriano v. Abalos*, 84 Phil. 206 (1949); *Tumaneng v. Abad*, 92 Phil. 18 (1952).

<sup>31</sup> *Anchuelo v. Intermediate Appellate Court*, 231 Phil. 385 (1987); *Baluyot, et al. v.*, 130 Phil. 455 (1968); *Santos v. Heirs of Crisostomo and Tiongson*, 41 Phil. 342 (1921); *Tayao v. Dulay, et. al.*, 121 Phil. 734 (1965).

execution of the contract for being in contravention of the limitation mandated by the Civil Code provision. Waivers of such period were likewise held to be void for being against public policy.<sup>32</sup>

Furthermore, this Court deemed it necessary to keep within the ten (10)-year period those instances where parties agree to suspend the right until the occurrence of a certain time, event, or condition, insofar as the application of the four (4)-year period in the first paragraph of Article 1606 Civil Code would prolong the exercise of the right beyond ten (10) years. Thus, in *Rosales v. Reyes*,<sup>33</sup> We held that in cases where the four (4)-year period would extend the life of the contract beyond ten (10) years, the vendor *a retro* will only have the remainder of the said ten (10)-year period to redeem the property, in line with the manifest spirit of the law.<sup>34</sup> When, for instance, the contract provides that the right may only be exercised after seven (7), eight (8), or nine (9) years after the execution of the sale, the vendor *a retro* may only redeem the property before the expiration of the ten (10)-year period from the date of the sale. In line with this, *Umale v. Fernandez, et. al.*<sup>35</sup> pronounces that the period of redemption agreed upon by the parties may be extended after the four (4)-year period so long as the total period does not exceed ten (10) years from the date of the contract.

As elucidated in *Badayos v. Court of Appeals*:<sup>36</sup>

**While the counting of this four-year period shall begin from the execution of the contract, where the right is suspended by agreement until after a certain time, event or condition, the period shall be counted from the time such right could be exercised, but not exceeding ten (10) years from the execution of the contract.** Applying the provision to the instant case, the period to repurchase the property must be deemed to be four (4) years from 9 March 1975 or until 9 March 1979.<sup>37</sup>

In the instant case, while the four (4)-year period was counted from the time the right to repurchase could be exercised or when the SAHS ceased to exist, even beyond ten (10) years from the execution of the deed of sale, one must not nevertheless lose sight of the fundamental spirit and intent of the law which have been upheld in jurisprudence, time and time again, *viz.*:

The question of the period within which the repurchase may be made is unanimously considered as a question of public interest. **It is not a good thing that the title to property should be left for a long period**

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<sup>32</sup> *Dalandan, et al. v. Julio, et al.*, G.R. No. L-19101, February 29, 1964, 10 SCRA 400.

<sup>33</sup> *Supra* note 29.

<sup>34</sup> *Id.*

<sup>35</sup> 28 Phil. 89 (1914).

<sup>36</sup> G.R. No. 57630, March 13, 1992, 283 SCRA.

<sup>37</sup> *Id.* (Emphasis ours)

**of time subject to indefinite conditions of this nature. For this reason, the intention of the law is restrictive and limitative. (10 Manresa)**

**A long term for redemption renders the tenure of property uncertain and redounds to its detriment, for neither does the precarious holder cultivate the ground with the same interest as the owner, nor does he properly attend to the preservation of the building, and owing to the fact that his enjoyment of the property is temporary, he endeavours above all to derive the greatest benefit therefrom, economizing to that end even the most essential expenses.<sup>38</sup>**

Hence, while the occurrence of the second suspensive condition may give rise to a separate cause of action, the same must always be taken in conjunction with the periods prescribed by law insofar as they frown upon the uncertainty of titles to real property. Otherwise, vendors may simply impose several resolatory conditions, the happening of each will practically extend the life of the contract beyond the parameters set forth by the Civil Code. This is certainly not in line with the spirit and intent of the law. To permit respondents to exercise their right to repurchase upon the happening of the second resolatory condition, when they utterly failed to timely exercise the same upon the happening of the first, would effectively result in a circumvention of the periods expressly mandated by law.

To repeat, Article 1606 expressly provides that in the absence of an agreement as to the period within which the vendor *a retro* may exercise his right to repurchase, the same must be done within four (4) years from the execution of the contract. In the event the contract specifies a period, the same cannot exceed ten (10) years. Thus, whether it be for a period of four (4) or ten (10) years, this Court consistently implements the law and limits the period within which the right to repurchase may be exercised, adamantly striking down as illicit stipulations providing for an unlimited right to repurchase. Indubitably, it would be rather absurd to permit respondents to repurchase the subject property upon the occurrence of the second suspensive condition, particularly, the relocation of SAHS on October 3, 1997, the time when petitioner ceded the property to the Province of Cebu, which is nearly forty-one (41) years after the execution of the Deed of Sale on December 31, 1956. This Court must, therefore, place it upon itself to suppress these kinds of attempts in keeping with the fundamentally accepted principles of law.

Indeed, the freedom to contract is not absolute. The contracting parties may establish such stipulations, clauses, terms and conditions as they may deem convenient, provided they are not contrary to law, morals, good

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<sup>38</sup> Hector S. De Leon and Hector M. De Leon, Jr., *Comments and Cases on Sales and Lease*, (2014), Eighth Edition, p. 257. (Emphasis ours)

customs, public order, or public policy.<sup>39</sup> When the conditions in a contract manifest an effective circumvention of existing law and jurisprudence, it is incumbent upon the courts to construe the same in accordance with its ultimate spirit and intent.

**WHEREFORE**, premises considered, the instant petition is **GRANTED**. The Decision dated July 25, 2007 of the Court Appeals in CA-G.R. CV No. 77329 is **REVERSED** and **SET ASIDE**.

**SO ORDERED.**

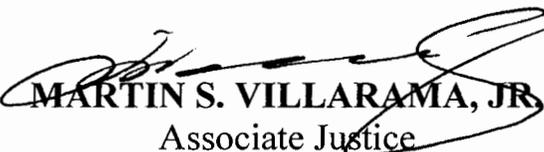


**DIOSDADO M. PERALTA**  
Associate Justice

**WE CONCUR:**



**MARIANO C. DEL CASTILLO**  
Associate Justice



**MARTIN S. VILLARAMA, JR.**  
Associate Justice



**BIENVENIDO L. REYES**  
Associate Justice



**FRANCIS H. JARDELEZA**  
Associate Justice

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<sup>39</sup> *Morla v. Belmonte*, G.R. No. 171146, December 7, 2011, 661 SCRA 717, 730, citing Article 1306 of the New Civil Code.

**ATTESTATION**

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**DIOSDADO M. PERALTA**  
Associate Justice  
Acting Chairperson, Third Division

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution and the Division Acting Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**MARIA LOURDES P. A. SERENO**  
Chief Justice