

****Title:****

Mendezona v. Ozamiz, G.R. No. 141395, April 30, 2003

****Facts:****

Mario J. Mendezona, Teresita M. Mendezona, Luis J. Mendezona, and Teresita Adad Vda. de Mendezona, the petitioners, filed a suit for quieting of title regarding a property known as the Lahug property based on a notarized Deed of Absolute Sale executed on April 28, 1989, by Carmen Ozamiz, who sold the property to the petitioners. The Lahug property was covered and described in Transfer Certificate of Title (TCT) Nos. 116834, 116835, and 116836 respectively, of the Registry of Deeds of Cebu City, and each lot had nearly similar areas of 3,462 square meters, 3,466 square meters, and 3,468 square meters.

The petitioners filed the suit to remove a cloud on their titles caused by a notice of lis pendens due to an incident during Special Proceeding No. 1250 at the Regional Trial Court (RTC) of Oroquieta City, initiated by the respondents, who contested the mental capacity of Carmen Ozamiz, seeking guardianship over her person and properties alleging that she had become mentally incapacitated.

During the guardianship proceedings, both parties recognized the need for a guardian, and guardians were appointed for Carmen Ozamiz. The appointed guardians, Roberto J. Montalvan and Julio H. Ozamiz, filed inventories listing the Lahug property as part of Carmen Ozamiz's assets and caused the inscription of a notice of lis pendens on the petitioners' titles.

In response to the guardianship proceedings, the petitioners sued to quiet title in Civil Case No. CEB-10766 in the RTC of Cebu City. The RTC ruled in favor of the petitioners, upholding the validity of the Deed of Absolute Sale and asserting Carmen Ozamiz's sound mental capacity at the time of the sale. Respondents appealed, and the Court of Appeals reversed the RTC's decision, declaring the Deed of Absolute Sale as a simulated contract and null and void due to the alleged non-payment of consideration and mental incapacity of Carmen Ozamiz, ordering the cancellation of the petitioners' titles.

****Issues:****

1. Whether the Deed of Absolute Sale executed on April 28, 1989, was a simulated contract.
2. Whether Carmen Ozamiz was mentally incapacitated at the time of executing the Deed of Absolute Sale.
3. Whether newly discovered evidence (testimony of Judge Teodorico Durias) could warrant

a new trial.

****Court's Decision:****

1. ****Simulation of Contract:****

The Supreme Court held that the notarized Deed of Absolute Sale enjoys a presumption of regularity and authenticity. A simulated contract is characterized by a declaration of a will that does not correspond to the true intention of the parties made to deceive third parties. The burden of proving simulation and invalidity of the contract lies with the respondents, but they failed to show clear and convincing evidence to rebut the presumption of regularity in the execution of the notarized deed. There was no sufficient proof that the sale was fictitious or that the outward declaration did not match the actual intent of the parties.

2. ****Mental Capacity of Carmen Ozamiz:****

The Supreme Court noted that the petitioner's witnesses, including instrumental witnesses and the notary public, testified to Carmen Ozamiz's mental soundness during the execution of the Deed of Absolute Sale. The Court ruled that the respondents' evidence, consisting of testimonies alleging Carmen's mental incapacity, were conflicting and insufficiently convincing. The Supreme Court gave greater weight to the notarized document and corroborating testimonies which demonstrated Carmen Ozamiz's sound mental condition during the contractual transaction.

3. ****Newly Discovered Evidence:****

The Supreme Court found that Judge Durias' testimony could not be deemed newly discovered evidence as it was available during the trial, and the failure to present it demonstrated a lack of due diligence by the petitioners.

As a result, the Supreme Court reversed the Court of Appeals' decision, reinstated the RTC's ruling favoring the petitioners, and validated the Deed of Absolute Sale and their titles.

****Doctrine:****

A notarized document is imbued with the presumption of regularity and authenticity, carrying evidentiary weight regarding its due execution. The burden of proof lies on the party challenging its validity. Furthermore, mental incapacity must be clearly and convincingly shown, particularly at the time of the contested transaction. Non-production of documentary evidence by the party holding regular titles or a notarized deed does not automatically infer fraud or simulation where legal presumptions favor their validity.

****Class Notes:****

- ****Key Concepts:****
- ****Quieting of Title:**** Legal remedy to remove clouds on titles.
- ****Presumption of Regularity:**** Public documents, especially notarized ones, are presumed regular and authentic.
- ****Simulated Contracts:**** Defined by fictitious declaration of will to deceive third parties.
- ****Mental Capacity:**** Soundness of mind is presumed; incapacity must be clearly proven.
- ****Burden of Proof:**** On the party challenging the document's validity.

- ****Statutory Provisions:****
- ****Rules of Evidence, Presumption Section:**** Presumption of sanity and validity of notarized documents unless proven otherwise.
- ****Civil Code of the Philippines:**** Contracts must have consent, object, and cause.
- ****Mental Incapacity:**** Must significantly impair the ability to understand contract implications.

****Historical Background:****

The case emerged from a familial dispute over guardianship and property rights, highlighting the intersection of family law and property law issues in the Philippine legal system. It reflects the legal challenges related to elder care, mental health, and safeguarding property transactions, underlining the importance of presumptions in assisting judicial determinations when factual disputes arise in document execution and mental capacity allegations.