

**PABLO MARIO MARTIN MABUTAS TORIO, PLAINTIFF-APPELLEE, VS.
JAMES Y. DY AND PERLA L. MABUTAS-ESTALILLA,
DEFENDANTS-APPELLANTS,**

Ponente: SADANG, J.

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SADANG, J.:

This is an ordinary appeal from the Decision[1] of the Regional Trial Court (RTC) of Agoo, La Union, Branch 31, in Civil Case No. A-2682.

Antecedents of the Appeal

On August 10, 2010, plaintiff-appellee Pablo Mario Martin Mabutas Torio (hereafter, plaintiff) filed a Complaint[2] in the RTC for annulment of extrajudicial settlement with deed of absolute sale and subsequent documents, legal redemption and damages against defendants-appellants James Y. Dy, Perla L. Mabutas-Estalilla, Elma M. Herrera, in her capacity as Municipal Assessor of Agoo, La Union, and Atty. Pablito M. Valdez, in his capacity as Register of Deeds of La Union.

Plaintiff alleged that: his grandparents, Juan Mendoza Mabutas and Mariana Lloren, had seven children, namely, Juan Ll. Mabutas, Jr., Maria Mabutas-Torio, Archbishop Antonio Ll. Mabutas, Remedios Mabutas-Lazo, Jesus Vicente Ll. Mabutas, Perla Ll. Mabutas (hereafter, defendant Perla) and Jose Ll. Mabutas; Maria Mabutas-Torio (hereafter, Maria) is his mother; Mariana and Juan died intestate on November 9, 1976 and July 14, 1978, respectively; Mariana left several properties including Lot 293, the subject lot, located at Sta. Barbara, Agoo, La Union, covered by Tax Declaration (TD) No. 93-005-01643 and Original Certificate of Title (OCT) No. FP-12380 of the Register of Deeds of La Union; sometime in 2006, plaintiff discovered that Antonio, Jesus Vicente and defendant Perla executed an Extrajudicial Settlement with Deed of Absolute Sale dated August 15, 1996 (1996 Deed, for brevity)[3] whereby they sold Lot 293 to defendant-appellant James Y. Dy; by virtue of the 1996 Deed, TD No. 93-005-01643 was cancelled and in lieu thereof TD No. 25418 was issued in the name of Dy; likewise, OCT No. FP-12380 was cancelled and Transfer Certificate of Title (TCT) No. T-45047 was issued in the name of Dy; on March 3, 1988, Maria died, survived by plaintiff, Reynaldo Mabutas Torio, and Rosario Mabutas Torio; defendant Perla, Antonio and Jesus Vicente misdeclared in the 1996 Deed that they are the only surviving heirs of Mariana and said act was intended to deprive the other heirs of Mariana and Juan of their rights as co-owners; having been executed with false representations, the 1996 Deed is null and void ab initio and not binding on the plaintiff, consequently, the sale to Dy is null and void and so are TD No. 25418 and TCT No. T-45047 issued in his name; no notice of the sale to Dy was sent to plaintiff before the execution of the 1996 Deed, hence, he may redeem the property under Article 1088 of the Civil Code; plaintiff sent, through his counsel, a letter to Dy expressing his intention to exercise his right of legal redemption of the shares of Antonio, Perla, Jesus and the other shares, however, Dy never replied thus prompting him to file a case before the barangay captain; no settlement was reached by the parties in the barangay but to show good faith plaintiff expressed his willingness to consign with the RTC the amount of P50,000.00, which is the price in the 1996 Deed.

Plaintiff prayed for the nullification of the 1996 Deed and the cancellation of TD No. 25418 and TCT No.

T-45047 in the name of James Dy, that he be allowed to exercise his right of legal redemption, and that defendants be ordered to pay P50,000.00 as moral damages, P20,000.00 as exemplary damages, P30,000.00 as attorney's fees and P3,000.00 as per appearance fee.

Defendant-appellant James Y. Dy filed an Answer with Motion to Dismiss Complaint and with Compulsory Counterclaims[4] denying the allegations of plaintiff. As special and affirmative defenses, Dy alleged that plaintiff's cause of action is anchored on his claim of heirship, however, this case is not the proper forum to declare him as heir; at the time the 1996 Deed was executed, Remedios, Maria and Jose were already dead and the only surviving children of Juan and Mariana were Antonio, Perla and Jesus Vicente, thus, said heirs did not misrepresent that they are the only surviving heirs; Antonio was a party to the 1996 Deed as administrator of the estate of Mariana with full authority to dispose of the properties of the estate; there was no opposition to the sale to Dy because the estate had been settled and partitioned among the heirs, and plaintiff had received his share in his mother's estate; the sales proceeds went to a trust fund for the maintenance of the century-old Mater Dolorosa which is used during lenten processions and the Mabutas Memorial Foundation was established to ensure proper use of the funds; the complaint is barred by laches, estoppel and prescription because it was filed more than 10 years after the sale and more than 30 years from the appointment of Antonio as administrator; plaintiff was notified of the intended sale when Antonio informed the heirs thereof; plaintiff filed the complaint in his own capacity and did not implead his siblings Reynaldo, Pablito and Rosario who are indispensable parties.

As compulsory counterclaim, Dy alleged that due to the baseless suit, he hired a lawyer to whom he shall pay P50,000.00 and he suffered moral damages in the amount of P50,000.00.

Defendant Perla also filed an Answer with Motion to Dismiss and with Compulsory Counterclaim[5] containing essentially the same allegations as Dy's responsive pleading. She prayed for the dismissal of the complaint for lack of merit and for failure to implead the indispensable parties. She likewise prayed for the award of P50,000.00 as moral damages and P50,000.00 as litigation expenses and attorney's fees.

After trial, January 31, 2011, the RTC rendered the appealed Decision,[6] the fallo of which reads:

WHEREFORE, upon the foregoing premises, this Court renders judgment in favor of plaintiff and against the defendants James Dy and Dra. Perla Mabutas Estalilla, declaring the deed of [Extrajudicial Settlement with Deed of Absolute Sale dated August 15, 1996] void.

Transfer Certificate of Title No. T-45047 in the name of James Dy and Tax Declaration No. 25418 in his name are also ordered cancelled as they are void.

Tax Declaration No. 93-005-01643 of the Municipal Assessor's Office of AGOO, La Union is ordered restored. Original Certificate of Title No. FP-12380 of Registry of Deeds of La Union is also ordered restored.

Plaintiff is awarded TWENTY THOUSAND (Php20,000.00) PESOS as damages to be paid for by James Dy and Dra. Perla Mabutas Estalilla in equal proportion.

The defendants James Dy and Dra. Perla Mabutas Estalilla are civilly liable for exemplary damages of TEN THOUSAND PESOS (Php10,000.00) and moral damages of TWENTY THOUSAND PESOS (Php20,000.00) to the plaintiff. The exemplary damages are awarded to plaintiff and against the defendants to teach a lesson while moral damages are awarded to plaintiff for defendants' wrongful act in excluding him when plaintiff is also an heir.

[The Register of Deeds of La Union and the Municipal Assessor's Office in AGOO, La Union are to be served copies of this Decision.]

SO ORDERED.

Defendants Dy and Perla's Notices of Appeal[7] were given due course in the Orders[8] dated February 10, 2011 and February 23, 2011, respectively.

In his appeal, Dy raises this assignment of errors:

- THE ASSAILED DECISION ERRED IN NOT DISMISSING THE CASE FOR LACK OF ANY CAUSE OF ACTION, AS INDISPENSABLE PARTIES ARE NOT IMPEADED AND NO EARNEST EFFORTS WERE EXERTED FOR AN AMICABLE SETTLEMENT AMONG MEMBERS OF ONE AND THE SAME FAMILY.
- THE ASSAILED DECISION ERRED IN NOT DISMISSING THE CASE FOR LACK OF ANY CAUSE OF ACTION FOR ANNULMENT OF THE SALE OF THE SUBJECT PROPERTY, AND THE ACTION HAS PRESCRIBED OR IS OTHERWISE BARRED.
- THE ASSAILED DECISION ERRED IN NOT DISMISSING THE CASE FOR LACK OF ANY CAUSE OF ACTION FOR LEGAL REDEMPTION, AS NO CO-OWNERSHIP EXISTS WITH THE PRIOR SETTLEMENT AND PARTITION OF THE SUBJECT ESTATE.
- THE ASSAILED DECISION ERRED IN NOT DISMISSING THE CASE, AS THE PLAINTIFF IS BARRED BY LACHES TO SUE FOR ANNULMENT OR FOR LEGAL REDEMPTION.
- THE ASSAILED DECISION ERRED IN NOT DISMISSING THE CASE, AS IT COMPRISES A COLLATERAL ATTACK ON THE INDEFEASIBLE TITLE OF THE DEFENDANT JAMES Y. DY, THE ABSOLUTE OWNER OF THE SUBJECT PROPERTY.
- THE ASSAILED DECISION ERRED IN NOT DISMISSING THE CASE AND IN CANCELING THE INDEFEASIBLE TITLE OF DEFENDANT JAMES DY UPON THE FAULT OF THE OTHER DEFENDANTS AND OF THE PLAINTIFF OR MEMBERS OF ONE AND THE SAME FAMILY WHO ARE IN PARI DELICTO.
- THE ASSAILED DECISION SHOULD BE SET ASIDE, AS IT ABUSIVELY AND UNJUSTLY ORDERED THE DEFENDANT JAMES Y. DY TO PAY ACTUAL, MORAL AND EXEMPLARY DAMAGES.
- THE ASSAILED DECISION SHOULD BE SET ASIDE, AS PLAINTIFF-APPELLEE SHOULD BE ORDERED TO PAY DAMAGES TO DEFENDANT JAMES DY.

For her part, defendant Perla assigns these alleged errors:

- THE TRIAL COURT ERRED IN DECLARING AS NULL AND VOID THE DEED DESPITE FAILURE OF THE PLAINTIFF-APPELLEE TO IMPEAD INDISPENSABLE PARTIES;
- THE TRIAL COURT GRAVELY ERRED IN GRANTING THE ANNULMENT OF THE DEED AND THE CANCELLATION OF THE TRANSFER CERTIFICATE OF TITLE AND TAX DECLARATION IN FAVOR OF DEFENDANT-APPELLANT JAMES DY DESPITE THE TOTAL LACK OF ANY CAUSE OF ACTION;
- THE TRIAL COURT ERRED IN DECLARING AS NULL AND VOID THE DEED DESPITE FAILURE TO EXERT ERNEST EFFORTS TO AMICABLY SETTLE THE CASE, THE PARTIES BEING IMMEDIATE FAMILY MEMBERS; AND
- THE TRIAL COURT GRAVELY ERRED IN UNJUSTLY AWARDDING DAMAGES IN FAVOR OF PLAINTIFF-APPELLEE WITHOUT ANY BASIS AND LEGAL JUSTIFICATION.

Arguments

Defendant Dy contends that: the RTC should have dismissed the case because the plaintiff failed to implead the indispensable parties, namely, the other children of Mariana and Juan as well as plaintiff's siblings; plaintiff is guilty of laches and the action to nullify the 1996 Deed has prescribed; his title to the lot has become indefeasible and the present case is a collateral attack on his title; and plaintiff's right of legal redemption is no longer available because there is no longer a co-ownership among the heirs.

Defendant Perla contends that: the RTC erred in not dismissing the case for failure to implead the indispensable parties; plaintiff knew of the existence of the Mater Dolorosa and the expenses incurred therefor, thus, he cannot claim lack of notice of the 1996 Deed; plaintiff slept on his right to question the sale; and the RTC erred in declaring that the deed is contrary to law.

Plaintiff counters that there is no need to implead his co-heirs because they were either dead or were not signatories to the 1996 Deed; there was no order from the court to implead his co-heirs; the RTC correctly annulled the deed for being violative of public policy; and he has the right to exercise legal redemption because there was no written notice of the sale to Dy.

RULING

The issues to be resolved are: a) whether the action is a collateral attack on the title of defendant Dy; b) whether or not the 1996 Deed in favor of defendant Dy is valid; c) whether or not the action has prescribed; and d) whether or not the complaint should have been dismissed in view of the non-joinder of the other heirs as indispensable parties.

Contrary to the contention of defendant Dy, the present action is a direct, not collateral, attack on his title. In *Mallilin, Jr. v. Castillo*, collateral attack was defined thus:

“...When is an action an attack on a title? It is when the object of the action or proceeding is to nullify the title, and thus challenge the judgment pursuant to which the title was decreed. The attack is direct when the object of the action is to annul or set aside such judgment, or enjoin its enforcement. On the other hand, the attack is indirect or collateral when, in an action to obtain a different relief, an attack on the judgment is nevertheless made as an incident thereof.”[9] (underscoring ours)

In this case, the object of the action is precisely to nullify Dy's title on the ground that defendant Perla, Antonio and Jesus Vicente misrepresented in the Extrajudicial Settlement with Deed of Absolute Sale that they are the only surviving heirs of Mariana thereby depriving plaintiff of his hereditary rights. The main relief sought by plaintiff was the nullification not only of the sale to Dy but also the cancellation of the title issued to him. There can be no doubt that the attack on the title is direct, not collateral.

As to the second issue, there can be no question that the rights of succession are transmitted from the moment of death of the decedent;^[10] however, before partition the heirs become co-owners of the estate that they inherited, subject to the payment of the debts of the deceased.^[11] Where the decedent left no will, the settlement of his or her estate is governed by Section 1, Rule 74 of the Rules of Court, which provides:

Sec. 1. Extrajudicial settlement by agreement between heirs. – If the decedent left no will and no debts and the heirs are all of age, or the minors are represented by their judicial or legal representatives duly authorized for the purpose, the parties may, without securing letters of administration, divide the estate among themselves as they see fit by means of a public instrument filed in the office of the register of deeds, and should they disagree, they may do so in an ordinary action of partition x x x.

The fact of the extrajudicial settlement or administration shall be published in a newspaper of general circulation in the manner provided in the next succeeding section; but no extrajudicial settlement shall be binding upon any person who has not participated therein or had no notice thereof. (underscoring supplied)

The evidence shows that Mariana died without a will and she was survived by her seven legitimate children namely, Juan Mabutas, Jr., Maria Mabutas-Torio (plaintiff's mother), Remedios Mabutas-Lazo, Archbishop Antonio Mabutas, Fr. Jose Mabutas, Jesus Vicente Mabutas, and defendant Perla Mabutas-Estalilla. On December 4, 1976, the children executed a Deed of Extrajudicial Settlement of Estate with Partition[12] (1976 Deed, for short) whereby they divided the estate of Mariana among themselves, thus:

(1) To ARCHBISHOP ANTONIO LL. MABUTAS shall be given the parental house and the lot whereon it is built; and said ARCHBISHOP shall maintain the lot and the house to be used as a sort of museum and reunion place as well as residence and in the manner said MSGR. MABUTAS shall deem it proper. This Lot and the parental house is described in Tax Declaration No. 39288 above.

(2) To JUAN LL. MABUTAS, JR.; JESUS VICENTE MABUTAS shall belong the residential lot described in Tax Declaration No. 39280 above, in the following manner: The EASTERN ONE-HALF ($\frac{1}{2}$) PORTION thereof shall pertain to Juan Ll. Mabutas, Jr., and the WESTERN ONE-HALF ($\frac{1}{2}$) PORTION thereof shall pertain to Jesus Vicente Mabutas, with the further condition that the northern one-fourth ($\frac{1}{4}$) portion of the share of Jesus Vicente Mabutas shall belong to REMEDIOS MABUTAS VDA. DE LAZO;

(3) To JESUS VICENTE MABUTAS and PERLA MABUTAS shall belong the unirrigated riceland described in Tax Declaration No. 39280 above, in equal undivided shares; PROVIDED that REV. JOSE MABUTAS be given a lot 15 meters long from the center path eastward;

(4) To the parties hereto (7 children) shall belong in equal undivided shares in common ownership the parcels of land described in Tax Declarations Nos. 42747 and 39944 above, with the following conditions:

(a) In the partition thereof, the shares pertaining to ANTONIO, JOSE, JESUS VICENTE, JUAN AND PERLA shall adjoin each other if possible; the preference, however, for the choice of partitioned lots goes to MARIA and REMEDIOS; and

(b) In the event anyone of the seven (7) children who are parties hereto shall sell his or her share, the other brothers and sisters shall be given first preference to buy the share subject of the sale.

(5) To the parties hereto (7 children) shall belong in common ownership and in equal undivided shares the two (2) parcels of land described in Tax Declarations Nos. 39441 and 39505, above which shall be administered by ARCHBISHOP ANTONIO LL. MABUTAS or any one designated by him which shall be used for the maintenance of the parental home and to fulfill the commitments of the deceased Mariana Ll. Mabutas; xxxxx (underscoring ours)

It must be stated that at the trial, Noel Mabutas, defendants' own witness, testified that the lot covered by TD No. 39441 is Lot 293, the lot sold to defendant Dy under the 1996 Deed.[13] This is the lot covered by OCT No. FP-12380[14] which was issued on July 10, 1985 in the name of the "Heirs of Mariana Ll. Mabutas, Rep. By Antonio Ll. Mabutas."

It is clear from the evidence that while the heirs of Mariana had extrajudicially settled and partitioned her estate, they nevertheless agreed to remain as co-owners of the properties covered by TD No. 39441 (Lot 293) and TD No. 39505. The law on co-ownership shall apply to these properties.

There is co-ownership whenever the ownership of an undivided thing or right belongs to different persons.[15] Each co-owner is at the same time absolute owner of his own ideal pro indiviso but definite share which determines his rights and obligations in the co-ownership. In other words, every co-owner, jointly with the other co-owners, is the owner of the whole and over the whole he exercises the right of dominion, but he is at the same time the owner of an aliquot portion which is truly abstract because until division is effected such portion is not

concretely determined.[16]

The rights of a co-owner with respect to his undivided, aliquot portion of the property are governed by Art. 493 of the Civil Code, which provides:

Art. 493. Each co-owner shall have the full ownership of his part and of the fruits and benefits pertaining thereto, and he may therefore alienate, assign or mortgage it, and even substitute another person in its enjoyment, except when personal rights are involved. But the effect of the alienation or the mortgage, with respect to the co-owners, shall be limited to the portion which may be allotted to him in the division upon the termination of the co-ownership.

Pursuant to the foregoing provision, the sale of a co-owned property by a co-owner affects only his or her proportionate or abstract share therein, subject to the result of partition, but not those of the other co-owners who did not consent to the sale.[17] Even if a co-owner sells the whole property as his own, or without the consent of the other co-owners, the sale is valid only insofar as his ideal quota is concerned unless the sale is authorized by the other co-owners.[18]

In this case, the evidence shows that the only heirs or co-owners who signed the 1996 Deed in favor of Dy were Antonio, Perla and Jesus Vicente, thus, the sale was valid with respect to their shares and Dy became a co-owner of the lot but only to the extent of three-seventh (3/7) thereof. With respect to the remaining four-seventh (4/7) portion, the sale is void for the simple reason that it does not belong to the signatories of the 1996 Deed. They belong to the four (4) other compulsory heirs of Mariana.

On the issue of prescription, we hold that the RTC erred in ruling that the action is barred by prescription.

There is no question that plaintiff is a legitimate child, hence, an heir of Maria. Also, the evidence shows that, although she was an heir of Mariana and therefore a co-owner of Lot 293, Maria was not a party to the 1996 Deed which transferred said lot to Dy. For that reason, the 1996 Deed is fraudulent with respect to Maria,[19] thus, her heirs can file an action to set it aside on said ground. The action for annulment of the sale must be brought within four (4) years from the discovery of the fraud.[20] Here, plaintiff discovered the fraudulent 1996 Deed only in 2006 and he filed the present action in 2010. The filing of the present action for annulment was therefore filed within the four-year prescriptive period.

We agree with the contention of defendants Dy and Perla that the siblings of plaintiff, Reynaldo and Rosario, as well as the other heirs, are indispensable parties. Indispensable parties are parties-in-interest without whom there can be no final determination of an action[21] and who must therefore be impleaded either as plaintiffs or as defendants. Jurisprudence further holds that a party is indispensable, not only if he has an interest in the subject matter of the controversy, but also if his interest is such that a final decree cannot be made without affecting his interest or without placing the controversy in a situation where the final determination may be wholly inconsistent with equity and good conscience. He is a person whose absence disallows the court from making an effective, complete, or equitable determination of the controversy between or among the contending parties.[22]

There can be no question that as the legitimate children of Maria, Reynaldo and Rosario are co-heirs of plaintiff with respect to Lot 293, hence, they should have been impleaded, together with the other heirs of Mariana. Plaintiff's position that only those who signed the 1996 Deed should be impleaded is not correct. All the other heirs of Mariana are indispensable parties to the action to nullify the deed.[23]

Nonetheless, the non-joinder of indispensable parties is not a ground to dismiss the action. Rule 3 of the Rules of Court provides:

Sec. 11. Misjoinder and non-joinder of parties. Neither misjoinder non-joinder of parties is ground for

dismissal of an action. Parties may be dropped or added by order of the court on motion of any party or on its own initiative at any stage of the action and on such terms as are just. Any claim against a misjoined party may be severed and proceeded with separately. (underscoring supplied)

Thus, in *Domingo v. Scheer*[24] it was ruled that the proper remedy when a party is left out is to implead the indispensable party at any stage of the action. The court, either *motu proprio* or upon motion of a party may order the inclusion of an indispensable parties or give the plaintiff opportunity to amend his complaint in order to include them. If the plaintiff to whom the order to include the indispensable party is directed refuses to comply with the order of the court, then the complaint may be dismissed upon motion of the defendant or upon the court's own motion. Only unjustified failure or refusal to obey the order to include or to amend merits dismissal of the action.[25] In this case, the RTC should have ordered the amendment of the complaint to implead the indispensable parties. In any case, the non-joinder of indispensable parties is not a ground for the dismissal of an action.

We find that the trial court erred in nullifying the 1996 Deed on the ground of gross inadequacy of the purchase price. It is well-settled that gross inadequacy of price by itself will not result in a void contract. Gross inadequacy of price does not affect the validity of a contract of sale unless it signifies defective consent or that the parties actually intended a donation or some other contract. Inadequacy of cause will not invalidate a contract unless there has been fraud, mistake or undue influence.[26] While a deed of sale may not reflect the true intention of the parties, their real agreement must nonetheless be recognized and enforced.[27] Considering that in this case there is no proof of fraud, mistake or undue influence which could have vitiated the consent of the signatories to the 1996 Deed, said contract must be respected and upheld insofar as it transferred the shares of Antonio, Perla and Jesus Vicente, or three-seventh (3/7) of the lot, to Dy.

Considering that there was a valid sale of the lot in favor of Dy to the extent of three-seventh (3/7) thereof, plaintiff has a right of legal redemption with respect to said portion, not under Article 1088[28] of the Civil Code as averred by plaintiff but under Articles 1620 and 1623 of said law.[29] Under these provisions, the requisites for the exercise of legal redemption are: 1) there must be a co-ownership; (2) one of the co-owners sold his right to a stranger; (3) the sale was made before the partition of the co-owned property; (4) the right of redemption must be exercised by one or more co-owners within a period of thirty days to be counted from the time that he or they were notified in writing by the vendee or by the co-owner vendor; and (5) the vendee must be reimbursed for the price of the sale.[30]

In this case, plaintiff admitted having actual notice of the 1996 Deed sometime in 2006. However, he tried to exercise his right to redeem only in 2010 when he filed this action. Article 1623 of the Civil Code explicitly gives the redemptioner only a period of thirty (30) days from notice of the sale within which to exercise his right. Obviously, when he filed this action in 2010, plaintiff's right to redeem had already ceased to exist. Clearly, plaintiff is guilty of laches which is the failure or neglect, for an unreasonable and unexplained length of time, to do that which could or should have been done earlier through the exercise of due diligence.[31] In the absence of any justifiable reason for the delay, plaintiff is barred by laches from exercising legal redemption.[32]

The award of damages P 20,000.00 ostensible as actual must be deleted considering that there is no evidentiary basis therefor. To be recoverable, actual damages must not only be capable of proof but must actually be proved with reasonable degree of certainty. Actual damages cannot be based on speculation or guesswork. There must be competent proof of the actual amount of loss and credence can be given only to claims that are duly supported by receipts.[33] Such evidence does not exist in this case.

There is also no basis for the award of moral damages. The grant of moral damages is more an exception rather than the rule. Moral damages are not meant to be punitive but are designed to compensate and alleviate the

physical suffering, mental anguish, fright, serious anxiety, besmirched reputation, wounded feelings, moral shock, social humiliation, and similar harm unjustly caused to a person. To be entitled to such an award, the claimant must satisfactorily prove that he has suffered damages and that the injury causing it has sprung from any of the instances listed in Articles 2219 and 2220 of the Civil Code. Moreover, the damages must be shown to be the proximate result of a wrongful act or omission. The claimant must establish the factual basis of the damage and its causal tie with the acts of the defendant.[34] In the case at bar, there is no clear and convincing evidence to justify the grant of moral damages. There is also no showing that the injury springs from any of the cases provided by law. Considering that moral damages was not proven, exemplary damages may not be awarded.[35]

WHEREFORE, premises considered, the appeal is PARTLY GRANTED. The Decision dated January 31, 2011 of the Regional Trial Court of Agoo, La Union, Branch 31 in Civil Case No. A-2682 is AFFIRMED but with MODIFICATIONS, as follows:

1) The Extrajudicial Settlement with Deed of Absolute Sale, dated August 15, 1996, is declared NULL and VOID but only insofar as it includes the four-seventh portion of Lot 293;

2) Tax Declaration No. 93-005-01643 and Original Certificate of Title No. FP-12380 are ordered CANCELLED; accordingly, the Register of Deeds of La Union is ordered to ISSUE a new Torrens title over Lot 293, indicating therein that three-seventh (3/7) of said lot is owned by James Dy and four-seventh (4/7) thereof belongs to the Heirs of Maria L. Mabutas Torio and to Jose L. Mabutas, Juan L. Mabutas, and Jose L. Mabutas, or their heirs, if said parties are already dead; likewise, the Municipal Assessor of Agoo, La Union is ordered to issue a new tax declaration over Lot 293 reflecting the names of the aforesaid co-owners;

The Cancellation of TCT No. T-45047 and Tax Declaration No. 25418, both in the name of James Dy, as ordered by the lower Court, shall STAND.

3) The award of moral, exemplary and actual damages (P 20,000.00) is DELETED.

SO ORDERED.

Librea-Leagogo, J., Chairperson, and [*]Valenzuela, JJ., concur.

[*] Vice J. Amy C. Lazaro-Javier, who is on leave, per Office Order No. 38-15-RSF dated February 3, 2015.

[1] Rollo, pp. 121-146.

[2] Records, pp. 2-8.

[3] Exhibit C (also Exhibit 4) Id., p. 83.

[4] Records, pp. 18-25.

[5] Id., pp. 38-45.

[6] Penned by Presiding Judge Clifton U. Ganay.

[7] Records, pp. 247-248 and 250-251.

[8] Id, pp. 249 and 255.

[9] 333 SCRA 628

[10] Art. 777 New Civil Code.

[11] Noceda v. Court of Appeals, 313 SCRA 517.

[12] Exhibit 9-A, Records, pp. 155-157.

[13] TSN October 27, 2010, pp. 38-39

[14] Records, p. 128.

[15] Art. 484 New Civil Code.

[16] Cruz v. Court of Appeals, 456 SCRA 165.

[17] Bailon-Casilao v. Court of Appeals, 160 SCRA 738 (1988).

[18] Barreto v. Court of Appeals, 194 SCRA 645 (1991).

[19] Pedrosa v. Court of Appeals, 353 SCRA 620 (2001) cited in Feliciano v. Canoza, G.R. 161746, September 1, 2010.

[20] Feliciano v. Canoza, id.; Article 1391, Civil Code of the Philippines

[21] Section 7, Rule 3 Rules of Court.

[22] Marmo v. Anacay, G.R. No. 182585, November 27, 2009 citing Moldes v. Villanueva, G.R. No. 161955, August 31, 2005, 468 SCRA 697, 707-708.

[23] Moldes v. Villanueva, G.R. No. 161955, August 31, 2005 citing Dael v. Teves, 136 SCRA 196 (1985).

[24] 421 SCRA 468 (2004) cited in Macababbad v. Masirag, G.R. No. 161237, January 14, 2009.

[25] Uy v. Court of Appeals, 494 SCRA 535 (2006).

[26] Bravo-Guerrero v. Bravo, 465 SCRA 244, 261 (2005).

[27] Bacungan v. Court of Appeals, G.R. No. 170282, December 18, 2008.

[28] Art. 1088. Should any of the heirs sell his hereditary rights to a stranger before the partition, any or all of the co-heirs may be subrogated to the rights of the purchaser by reimbursing him for the price of the sale, provided they do so within the period of one month from the time they were notified in writing of the sale by the vendor.

[29] ART. 1620. A co-owner of a thing may exercise the right of redemption in case the shares of all the other co-owners or of any of them are sold to a third person. If the price of the alienation is grossly excessive, the redemptioner shall pay only a reasonable rate.

Should two or more co-owners desire to exercise the right of redemption, they may only do so in proportion to the share they may respectively have in the thing owned in common.

ART. 1623. The right of legal pre-emption or redemption shall not be exercised except within thirty days from the notice in writing by the prospective vendee, or by the vendor, as the case may be. The deed of sale shall not be recorded in the Registry of Property, unless accompanied by an affidavit of the vendee that he has given written notice thereof to all possible redemptioners.

The right of redemption of co-owners excludes that of adjoining owners.

[30] Aguilar v. Aguilar, G.R. No. 141613, December 16, 2005.

[31] Larena v. Mapili, G.R. No. 146341, August 7, 2003, 408 SCRA 484, 493.

[32] See Aguilar v. Aguilar, supra at note 30.

[33] Viron Transportation Co., Inc. v. Alberto Delos Santos, G.R. No. 138296, November 22, 2000, 345 SCRA 509, 519.

[34] Regala v. Carin, G.R. No. 188715, April 6, 2011.

[35] Article 2234, Civil Code.

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