

**HELEN ALFONSO, PLAINTIFF-APPELLANT, VS. MARIA DONG-E,
MARY JOAN D. PADUAON, LEONILA T. DONG-E, DIANA T. DONG-E,
SPS. SANTOS B. BITOG AND MONICA H. BITOG,
DEFENDANTS-APPELLEES.**

Ponente: TIJAM, J.

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TIJAM, J.:

This is an Appeal seeking to set aside: (a) the Order[1], dated August 20, 2009, of the Regional Trial Court (RTC), Baguio City, Branch 7, dismissing Civil Case No. 5597-R for “Specific Performance, Nullification of Sale, Cancellation of Title and Damages”; and, (b) Order[2] dated March 29, 2010, denying the motion for reconsideration of the RTC’s August 20, 2009 Order .

The facts of the case are as follows:

The instant controversy involves a 120 square meter lot and a building (“subject property”), which forms part of a larger parcel of land, covered by TCT No. T-80242 and registered in the name of Defendant-Appellee Spouses Santos and Monica Bitog (“Spouses Bitog”). The subject property was originally a part of a 601 square meter lot registered in the name of Jose Dong-E, married to Maria Dong-E. When Jose Dong-E died, in June 9, 1986, 250 square meters of the 601 sq. m. lot was adjudicated to the daughters of the Dong-E spouses: Mary Joan Dong-E Paduaon and Nora Dong-E.[3] Said portion was registered under their name and covered by TCT No. 67921.

Subsequently, the 250 square meter land, covered by TCT No. 67921, including subject property was sold by the Dong-E siblings to Defendant-Appellee Spouses Bitog on June 18, 2003. Hence, TCT No. 80242 was issued under the name of the said spouses.

Alleging that she has a superior right over the subject property, Plaintiff-Appellant, on August 25, 2003, filed a Complaint for Specific Performance plus Damages against Defendants-Appellees Maria Dong-E (“Maria”), Mary Joan D. Paduaon, Leonila T. Dong-E, and Diana Dong-E.[4]

In the Complaint, Plaintiff-Appellant alleged that sometime in 1982, Plaintiff-Appellant, together with Yolanda Alfonso (“Yolanda”), Plaintiff-Appellant’s daughter-in-law and the latter’s mother, Beatriz Pine (“Beatriz”), met with Defendant-Appellee Maria regarding a lot which Yolanda and Beatriz intended to buy. The lot offered by Maria was a 750 square meter untitled lot located in Asin, Bakbakan, Kilometer 5 in Baguio City.

Yolanda and Beatriz agreed to buy the lot for Php112,500.00. An initial amount of Php15, 000.00 was paid as a downpayment for the same.

Since Beatriz died, Yolanda’s father continued to pay for the remaining balance until the full amount was paid by the end of 1984. Consequently, Defendant-Appellee Maria executed a document entitled Waiver of Rights, ceding her rights to a 750 square meter land in favor of Yolanda for the amount of Php112,500.00.[5]

As there were squatters in the lot bought by Yolanda, and Defendant-Appellee Maria failed to eject them, the

latter allegedly offered another piece of land, the subject property, in substitution to the first lot bought by Yolanda. Since the subject property was allegedly titled and was more expensive, Yolanda refused to buy the same. Hence, Plaintiff-Appellant allegedly agreed to assume the obligation of Yolanda by paying the difference between the Php 112,500.00 and the price of the subject property offered by Defendant-Appellee Maria. Plaintiff-Appellant allegedly undertook to pay the Php112,500.00 to Yolanda.

After payment, Plaintiff-Appellant occupied the building in the subject property. She used the same to sell her wood carvings. In 1990-1999, she allegedly rented the property to one Carino Napiloy.

In 2003, Plaintiff-Appellant saw that the building in the subject land was destroyed. She allegedly came to know that the destruction was caused by Defendant-Appellee Spouses Bitog.

In their Answer with Motion to Dismiss[6], Defendants-Appellees alleged that the Waiver of Rights executed by Maria Dong-E was absolutely fictitious and simulated since there was no consideration and that she was only made to sign the document. They denied that there was an agreement to substitute the subject property for the 750 sq. meter lot, which was the subject of the Waiver of Rights. They alleged that the true agreement was that Plaintiff-Appellant was to give an additional amount of Php50,000.00.

By way of affirmative defenses, Defendants-Appellees claimed that the action had already prescribed since it was filed more than 15 years from the time the cause of action accrued, or from the time that the receipt, showing Plaintiff-Appellant's payment of Php50,000.00, was issued. Defendant-Appellees also contended that Plaintiff-Appellant could no longer claim the subject property as it was already sold to buyers in good faith.

In an Order[7] dated December 16, 2003, RTC found no reason to dismiss the complaint. The court ruled that the action, though denominated as specific performance, is actually one for ownership and possession of real property. The court found that the cause of action accrued when Plaintiff-Appellant discovered that her house was demolished in February 2003. As such, when the complaint was filed in August 2003, the cause of action has not yet prescribed.

Defendants-Appellees brought the December 16, 2003 Order of the RTC to the Supreme Court via Petition for Certiorari. The Supreme Court, in a Resolution[8] dated May 19, 2004, dismissed the Petition for Certiorari.

On May 24, 2005, Plaintiff-Appellant filed an Amended Complaint[9], including Spouses Santos and Monica Bitog as defendants. Plaintiff-Appellant acknowledged that the subject property forms part of the land registered under the names of Defendant-Appellee Spouses Bitog. However, she alleged that the sale of such land by Defendants-Appellees Dong-E sisters to the Defendant-Appellee Spouses Bitog was made in bad faith since they were aware that part of the land already belonged to Plaintiff-Appellant. She also claimed that Defendant-Appellee Spouses Bitog and their co-defendants are neighbors, so it was impossible that Defendant-Appellee Spouses Bitog did not know of the transaction between Defendant-Appellee Maria and them.

Plaintiff-Appellant therefore prayed that the Defendants-Appellees be ordered to execute a Deed of Absolute sale in favor of Plaintiff-Appellant; to nullify the sale of the lot covered by TCT No. 67921 between the Dong-E siblings to Spouses Bitog; to cancel TCT No. T-80242 in the name of Spouses Bitog; and to pay damages incurred by Plaintiff-Appellant in the demolition or destruction of half of her building amounting to Php65,172.83.

Only Defendant-Appellee Spouses Bitog filed an Answer[10] to the Amended Complaint. They claimed that they bought the property in good faith and that they are not privy nor have knowledge of a prior transaction involving the subject property between Defendant-Appellee Maria and Plaintiff-Appellant. They alleged that they perused the title of the land and inquired with the Register of Deeds but found no encumbrance therein. They alleged that they were still residing in Synita, Kayang, Baguio City at the time of the alleged transaction between

Plaintiff-Appellant and their co-defendant Maria. They alleged that they only came to know of said transaction when Plaintiff-Appellant brought the case before the Barangay.

By way of affirmative defenses, Defendant-Appellee Spouses Bitog moved for the dismissal of the complaint and claimed that: (a) the action has already prescribed; (b) Plaintiff-Appellant is guilty of laches, and (c) the property was bought in good faith.

On August 10, 2005, RTC found no reasons to dismiss the instant complaint.[11] Trial thereafter ensued.

Plaintiff-Appellant offered the following witnesses: (a) Yolanda Alfonso, (b) Plaintiff-Appellant, (c) Arch. Roberto Layco, (d) Engr. Florencio Mabudyang.

Plaintiff also presented the following documentary evidence: (a) Receipt dated August 1, 1988, (b) Receipt dated May 20, 1988, (c) Receipt dated January 20, 1988, (d) Waiver of Rights, dated December 6, 1984, (e) Certification, (f) Official Receipt, (g) Estimate of Damages, (h) Photographs, (i) Transfer Certificate of Title No. T-80242, (j) Certificate to File Action, (k) Contract of Service, (l) Approved Survey Plan, (m) Certification that Plaintiff-Appellant filed a case for Malicious mischief against Santos Bitog, (n) ARP No. 01-03001-113577, and (o) Photographs of the building allegedly built by Defendant-Appellee Spouses Bitog over the subject land during the pendency of the case in the trial court.[12]

After Plaintiff-Appellant's presentation of evidence, Defendant-Appellee Spouses Bitog filed a Demurrer to Evidence[13], arguing that : (a) the alleged sale between Defendant-Appellee Maria and Plaintiff-Appellant is void because it is an offshoot of a prior void sale between Defendant-Appellee Maria and Yolanda involving conjugal property, where the consent of Maria's husband, Jose, was not obtained; (b) Defendant-Appellee Spouses Bitog are innocent purchasers of value; and (c) they have preferred right over the property since they are the registered owners thereof.

On August 20, 2009, the RTC granted the demurrer filed by the Defendant-Appellee Spouses Bitog.[14] It likewise denied Plaintiff-Appellant's motion for reconsideration of the August 20, 2009 Order.[15]

Hence, this Appeal[16] raising the following errors:

- The Court erred in finding that the sale between Helen Alfonso (Plaintiff-Appellant) and Maria Dong-E (Defendant-Appellee) was the direct result of the sale between Yolanda Alfonso and Maria Dong-E and considering that the previous contract was void for want of authority from Maria's husband, the second transaction (sale) between Helen Alfonso and Maria Dong-E is likewise void;
- The Court erred in finding that the sale of the land covered by TCT No. T-67921 registered in the name of Mary Jane Paduaon, Leonila Dong-E and Diane Dong-E to the Spouses Santos and Monica Bitog was done in good faith;
- The Court erred in finding that the cause of action of the plaintiff against the defendant has prescribed;
- The Court erred in finding that the destruction of the building of Helen Alfonso by the spouses Santos and Monica Bitog attached no damages to them as such was done in the valid exercise of dominion over the said property, the right to demolish or destroy being an attribute of ownership.

The issues presented in this case may be reduced into the sole issue of whether Plaintiff-Appellant has been able to show that she is entitled to her claim, as to merit the reversal of the trial court's grant of Defendant-Appellee's demurrer to evidence. This issue, in turn, hinges on a determination on whether the sale of the subject land to Plaintiff-Appellant was valid, and if so, can she recover the property from Defendants-Appellants Spouses Bitog?

We affirm the trial court's dismissal of Plaintiff-Appellant's complaint. However, as will be discussed below, We do not entirely agree with the trial court's ratio decidendi.

At the outset, We note that while Plaintiff-Appellant's complaint is captioned as one for Specific Performance, it is actually an action for reconveyance of property. An action for reconveyance is one that seeks to transfer property, wrongfully registered by another, to its rightful and legal owner.[17] The body of the pleading or complaint determines the nature of an action, not its title or heading.[18]

In this case, Plaintiff-Appellant prayed for the following reliefs in her Amended Complaint:

- a) To execute a Deed of Absolute Sale in favor of plaintiff on 120 square meters of their titled property which originated from Original Certificate of Title No. P-1153 registered with the Registry of Deeds of Baguio;
 - b) To nullify the sale of the lot covered by TCT No. T-67921 between Mary Joan D. Paduaon, Leonila T. Dong-E and Diana T. Dong-E on one hand and the Spouses Santos and Monica Bitog on the other;
 - c) To cancel TCT No. T-80242 registered in the name of Spouses Santos B. Bitog and Monica H. Bitog;
- To pay damages incurred by plaintiff in the demolition or destruction of a/2 portion of her building located at Km. 4, Asin Road, Baguio City amounting to Php65,172.83.

Clearly, Plaintiff-Appellant seeks to recover the property allegedly fraudulently conveyed by Defendant-Appellees Dong-E siblings to Spouses Bitog. Hence, the present action should properly be treated as reconveyance and not merely an action to compel the execution of a Deed of Absolute Sale under Article 1357[19] of the Civil Code.

Consequently, We do not agree with the trial court that Plaintiff-Appellant's cause of action to compel Defendant-Appellees to execute a Deed of Sale in her favor has already prescribed.

An action for reconveyance based on an implied trust prescribes in ten years from the issuance of the Torrens title over the property.[20] Here, the title of Defendant-Appellee Spouses Bitog was registered on July 4, 2003.[21] Meanwhile, the present case was commenced on August 5, 2003.[22] Clearly, the present action is not barred by prescription.

As to the entitlement of Plaintiff-Appellant to the reliefs prayed for in her Amended Complaint, the trial court found the evidence presented by the Plaintiff-Appellant insufficient to declare the inclusion of subject land in the property sold to Defendant-Appellee Spouses Bitog void.

We sustain the dismissal of Plaintiff-Appellant's complaint for her failure to prove bad faith on the part of Defendant-Appellee Spouses.

At the outset, We find the sale of Defendant-Appellee Maria Dong- E to Plaintiff-Appellant to be valid. Contrary to the discussion of the trial court and Defendant-Appellees, the applicable provision is not Article 124 of the Family Code[23].

Article 124 of the Family Code, which took effect on 3 August 1988, provides that any alienation or encumbrance made by the husband of the conjugal partnership property without the consent of the wife is void. However, when the sale is made before the effectivity of the Family Code, the applicable law is the Civil Code, particularly Art.

173 thereof[24], which provides:

The wife may, during the marriage, and within ten years from the transaction questioned, ask the courts for the annulment of any contract of the husband entered into without her consent, when such consent is required; or any act or contract of the husband which tends to defraud her or impair her interest in the conjugal partnership property. Should the wife fail to exercise this right, she or her heirs, after the dissolution of the marriage, may demand the value of property fraudulently alienated by the husband.

Based on the foregoing provision, the first sale between Maria and Yolanda, having been made in 1984, is NOT VOID.

More importantly, as it appears that neither Jose, during his lifetime, nor his heirs, disputed the said sale, then the said sale shall be considered VALID.

Necessarily, We do not share the view of the trial court that Article 1422 of the Civil Code[25] applies, in that the second sale in 1988 is void for being a direct result of a void contract. The validity of the first sale having been established, We are not prepared to immediately stamp invalidity to the sale of Defendant-Appellee Maria to Plaintiff-Appellant.

However, while We depart from the reasoning of the trial court as to the acquired invalidity of the second sale, We are constrained to sustain the dismissal of the complaint for insufficiency of evidence proving bad faith on the part of Defendant-Appellee Spouses Bitog.

Essentially, Plaintiff-Appellant enforces her alleged unregistered right over a portion of Defendant-Appellee Spouses' titled land. She claims that her right is superior over the subject property as Defendant-Appellee Spouses Bitog were in bad faith in purchasing the same.

Having raised the issue of bad faith, it was incumbent upon Plaintiff-Appellant to show evidence of the same. Mere allegation is not evidence, and is not equivalent to proof.[26]

On this point, We completely agree with the disposition of the trial court, in the assailed Order dated August 20, 2009:

“Moreover, even granting for the sake of argument that the sale to Helen of the disputed lot was valid, she however, failed to prove that the defendant-spouses Bitog were purchasers or registrants in bad faith. As held by the Supreme Court in the case of *Acabal v. Acabal*, 454 SCRA 555, “It is a basic rule in evidence that the burden of proof lies on the party who makes the allegations-ei incumbit provatio qui dicit, non qui negatis probatio nulla sit (the proof lies upon him who affirms, not upon him who denies, since by the nature of things, he who denies a fact cannot produce any proof). If he claims a right granted by law, he must prove it by competent evidence, relying on the strength of his own evidence and not upon the weakness of that of his opponent.”

Aside from her own self-serving assertion, no other proof was adduced by the plaintiff to show that defendant-spouses Bitog knew of the previous sale to her of the property in dispute or any flaw in the title of their co-defendants who sold the property to the said spouses. Since the presumption of good faith is in favor of the said defendants, the Court finds no reason to find them otherwise.”(Emphasis supplied)

Defendant-Appellee Spouses Bitog, in their Answer to the Amended Complaint denied that they purchased in bad faith. They explained that while they and the other Defendants-Appellees were already neighbors for quite some time, the same did not trace back to the time of the sale of Defendant-Appellee Maria's alleged sale of the subject property to Plaintiff-Appellant. They claimed that at the time of the said transaction, they were still residing at Synita, Kayang Baguio City.

From such categorical denial, it became incumbent upon Plaintiff-Appellant to sufficiently explain and prove, by preponderance of evidence, that Defendant-Appellee Spouses Bitog were aware that the Subject property, together with the building therein, was already sold previously to Plaintiff-Appellant.

Verily, from Plaintiff-Appellant's own evidence, it appears that no one was staying in the subject land/building, at the time Defendant-Appellee Spouses Bitog acquired the property. In the handwritten Certification[27] executed by one Carino Napiloy, it was stated that he rented the building only up to 1999, several years before the acquisition of Defendant-Appellee Spouses Bitog of the land, which includes the subject property.

Plaintiff-Appellant's testimony was also corroborative of the conclusion that there is no occupant in the property at the time Defendant-Appellee acquired the subject property from the Dong-E sisters. In her testimony, she stated that:

ATTY. ANGLUBEN

Mrs. witness, after Mrs. Napiloy left your store in 1999, what did you do with your store?

PLAINTIFF-APPELLANT

We closed the store but the goods of the store were still there because he asked me that his goods be stored there because it has no other place to store the goods.

Q: And did you ever go back to your store?

A: No, sir.

Q: When was the last time you saw your store after Napiloy got out?

A: I always go there to visit the house and lot, sir.[28]

(Emphasis supplied)

From the foregoing, and consistent with the presumption of good faith under Art. 527 of the Civil Code[29], it is safe to assume that even if Defendant-Appellee Spouses Bitog have conducted ocular inspection of the subject land, they would not have been notified of Plaintiff-Appellant's prior ownership of the same.

Clearly, We see no reason to declare Defendant-Appellee Spouses Bitog in bad faith when the evidence on record clearly discloses that when Defendant-Appellees Spouses Bitog purchased the subject property on June 18, 2003, the title thereto (TCT No. T-67921) was in the name of vendors Defendant-Appellee Dong-E sisters alone.

The same goes for Plaintiff-Appellant's claim of compensatory damages. Certainly, the evidence on record does not bear out Defendant-Appellee Spouses Bitog's liability on the damage to the building of Plaintiff-Appellant. Aside from an estimate of the damages to the building erected in the subject land, and Plaintiff-Appellant's bare allegations, it does not appear from the records that indeed it was the Defendant-Appellee Spouses who destroyed or caused the destruction of the building in the said land.

As we write finis to the instant controversy, We are reminded of the High Court's doctrine in Republic v. Gonoy[30], citing Pino v. Court of Appeals[31], which applies in equal force, to the instant case:

“[E]ven on the supposition that the sale was void, the general rule that the direct result of a previous illegal contract cannot be valid (on the theory that the spring cannot rise higher than its source) cannot apply here for We are confronted with the functionings of the Torrens System of Registration. The doctrine to follow is simple enough: a fraudulent or forged document of sale may become the ROOT of a valid title if the certificate of title has already been transferred from the name of the true owner to the name of the forger or the name indicated by the forger. (Emphasis supplied)

WHEREFORE, the Appeal is DENIED. The assailed Orders, dated August 20, 2009 and March 29, 2010 of the Regional Trial Court (RTC), Baguio City, Branch 7 in Civil Case No. 5597-R are AFFIRMED.

SO ORDERED.

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, it is hereby certified that the conclusions in the above decision were reached in consultation before the case was assigned to the writer of the opinion of the court.

Baltazar-Padilla, P.J., and Reyes-Carpio, A., JJ., concur.

[1] Records, pp. 244-250.

[2] Rollo, pp. 42-45.

[3] Records, p. 190.

[4] Rollo, pp. 2-5.

[5] Records, pp. 301-302.

[6] Records, pp. 21-26.

[7] Records, pp. 178-179.

[8] Records, pp. 106-107.

[9] Records, pp. 145-148.

[10] Records, pp. 171-177.

[11] Records, pp. 178-179

[12] Records, pp. 295-297.

[13] Records, pp. 333-339.

[14] Supra, note 1.

[15] Supra, note 2.

[16] Rollo, pp. 24-35.

[17] Heirs of Valientes v. Ramas, G.R. No. 157852, December 15, 2010.

[18] Ruby Shelter Builders and Realty Development Corporation v. Hon. Formaran, G.R. No. 175914, February 10, 2009

[19] Art. 1357. If the law requires a document or other special form, as in the acts and contracts enumerated in the following article, the contracting parties may compel each other to observe that form, once the contract has been perfected. This right may be exercised simultaneously with the action upon the contract.

[20] Brito v. Dianala et. al., G.R. No. 171717, December 15, 2010.

[21] Records, p. 307.

[22] Supra, note 4.

[23] ARTICLE 124. The administration and enjoyment of the conjugal partnership shall belong to both spouses jointly. In case of disagreement, the husband's decision shall prevail, subject to recourse to the court by the wife for a proper remedy, which must be availed of within five years from the date of the contract implementing such decision.

In the event that one spouse is incapacitated or otherwise unable to participate in the administration of the conjugal properties, the other spouse may assume sole powers of administration. These powers do not include the powers of disposition or encumbrance which must have the authority of the court or the written consent of the other spouse. In the absence of such authority or consent the disposition or encumbrance shall be void. However, the transaction shall be construed as a continuing offer on the part of the consenting spouse and the third person, and may be perfected as a binding contract upon the acceptance by the other spouse or authorization by the court before the offer is withdrawn by either or both offerors. (165a)

[24] Sps. Fuentes v. Roca et al., G.R. No. 178902, April 21, 2010.

[25] Art. 1422. A contract which is the direct result of a previous illegal contract, is also void and inexistent.

[26] Villanueva v. Philippine Daily Inquirer, G.R. No. 164437, May 15, 2009.

[27] Records, p. 303.

[28] Transcript of stenographic notes dated May 18, 2006, p. 19.

[29] Art. 527. Good faith is always presumed, and upon him who alleges bad faith on the part of a possessor rests the burden of proof.

[30] G.R. No. 155394. February 17, 2005

[31] G.R. No. 94114, June 19, 1991

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