

PAULA GARCIA, FRANCISCO GARCIA, JUSTO GARCIA, CLAUDIA GARCIA, CRISPINA GARCIA, CATALINA GARCIA, BASILISA GARCIA, ZACARIAS GARCIA, AGUSTIN GARCIA, CANDIDA GARCIA, PABLEO PACULAN,...

G.R. NO. L-48184. March 12, 1990

Ponente: FERNAN, C.J.

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FERNAN, C.J.:

In this petition for review on certiorari, petitioners seek the reversal of the May 5, 1977 decision of the Court of Appeals in C.A.-G.R. No. 48032-R entitled "Paula Garcia, et al. v. Andres Gonzales, et al." modifying the decision of the Court of First Instance of Leyte in Civil Case No. B-0134 which among others adjudicated the whole parcel no. 2 in favor of Andres Gonzales and ordered the plaintiffs therein jointly and severally to pay moral damages and attorney's fees.

This case arose from the complaint for recovery of real properties, partition and accounting filed by the nephews and nieces of a deceased childless couple against the transferees of two parcels of land which said couple had sold during their lifetime and another parcel of land which the wife sold to her own nephew after her husband's death.

The record shows that on July 3, 1911, Agustin Manco Garcia donated to the spouses Fructuoso Garcia and Quintina Gonzales two parcels of land. One parcel, with an area of more than three hectares, is located in barrio Caraycaray in Naval, Leyte (parcel no. 3) and the other lot, with an area of more than two hectares, is located in sitio Calumpang, also in barrio Caraycaray (parcel no. 4). On December 4, 1921, Fructuoso and his wife executed an "escritura de venta" over said two parcels of land in favor of Sergio Eamiguel, a parish priest, in consideration of the amount of P2,500.[1] The following year, 1922, Fructuoso died.

In 1930, Father Eamiguel declared as his own parcel no. 3 under tax declaration no. 7370[2] and parcel no. 4 under tax declaration no. 7389.[3] On June 5, 1937, he executed an "escritura de donacion" bestowing ownership over said property to his nephews, Pedro and Ramon Eamiguel.[4]

Pedro later exchanged his share over parcel no. 3 with another parcel owned by his brother Rosendo thereby making the latter a co-owner of said property.[5] While thus in possession of parcel no. 3, the Eamiguel brothers, through Ramon, executed deeds of sale with right to repurchase over portions of the property in favor of different persons.[6]

On October 24, 1954, after the properties had been repurchased, Rosendo sold a one-half portion of parcel no. 3 to the spouses Nicasio Parilla and Purificacion Manco for P3,200.[7] On October 31, 1954, Ramon also sold his one-half portion of the property to the Parilla spouses for P3,500.[8] Since then, the Parilla spouses have been in possession of the 3-hectare property paying taxes thereon. On the other hand, parcel no. 4 remained in the possession of Ramon.

Fructuoso Garcia also owned a 1.7 hectare lot in Anas, Antipolo, also in the municipality of Naval (parcel no. 1)

and another 2.3-hectare land in the same municipality (parcel no. 2). On January 26, 1945, Fructuoso's widow, Quintina Gonzales Garcia, who was then a centenarian, sold parcel no. 2 to her nephew, Andres Gonzales, in consideration of the amount of P400.[9] Since then, Gonzales has declared said property as his own and paid taxes thereon.[10]

On June 15, 1967, the herein petitioners, nephews and nieces of Fructuoso, filed the aforementioned complaint against Andres Gonzales for the recovery of parcels nos. 1 and 2, on the premise that under Article 995 of the New Civil Code, as such relatives of Fructuoso, they are entitled to one-half of the intestate estate of Quintina who allegedly misrepresented in the deed of sale in favor of Gonzales that parcels nos. 1 and 2 were her paraphernal properties. The complaint was later amended to include parcels nos. 3 and 4 as subjects of the complaint and to include Ramon Eamiguel and Nicasio Parilla as defendants. With regard to these two defendants, the complaint alleged that Eamiguel, a grandnephew of Quintina, took possession of parcel no. 4 after Quintina's death on March 16, 1945 and that Parilla was also unlawfully in possession of parcel no. 3.

The trial court ruled that since nobody claimed parcel no. 1, "the same has remained the property of the plaintiffs".[11] In holding that parcel no. 2 rightfully belongs to Andres Gonzales, the court stated that except for their oral testimonies, the plaintiffs failed to successfully assail the validity and due execution of the deed of sale in favor of Gonzales. The trial court also ruled that the plaintiffs may no longer question the validity of the sale to Father Eamiguel of parcels nos. 3 and 4 because after a copy of the December 4, 1921 deed of sale was furnished the plaintiffs, "nothing has been done thereabout" and that said document, being more than 47 years old and a public instrument, is in full force and effect unless impugned by strong, complete and conclusive proof.[12] The dispositive portion of the trial court's June 1970 decision[13] reads:

"WHEREFORE, decision is hereby rendered in favor of the defendants and against the plaintiffs, hereby declaring and adjudicating Parcel No. 2 in favor of defendant Andres Gonzales; Parcel No. 3 in favor of Nicasio Parilla; Parcel No. 4 in favor of defendant Ramon Eamiguel; further ordering the plaintiffs jointly and severally to pay each of the defendants the sum of P1,000.00 for and as moral damages, plus the sum of P500.00 for and as attorney's fees, with costs against the plaintiffs.

SO ORDERED."[14]

The plaintiffs appealed to the Court of Appeals. In its decision of May 5, 1977,[15] said appellate court ruled that as to parcels nos. 3 and 4, prescription has set in to herein petitioners' prejudice. As to parcel no. 2, the Court of Appeals held that since Article 837 of the Spanish Civil Code entitled the surviving spouse to inherit only one-half of the estate, the sale of parcel no. 2 to Andres Gonzales was valid only with respect to Quintina's one-half (1/2) share thereof. The dispositive portion of the decision states:

WHEREFORE, the appealed decision is hereby modified, as follows:

1. Declaring Andres Gonzales as owner of one-half portion of Parcel No. 2 and plaintiffs herein as the owners of the other half;
2. Ordering Andres Gonzales to deliver and convey the one-half portion of Parcel No. 2 to the plaintiffs; and
3. Eliminating the award of moral damages as well as attorney's fees.

The rest of the judgment appealed from is affirmed. Without costs.

SO ORDERED."[16]

Their motion for reconsideration praying for the amendment of the said decision and the award of damages having been denied, the plaintiffs interposed the instant petition for review on certiorari alleging that the Court of

Appeals: (a) "hastily entered its judgment" without adjudicating in their favor one-half of the equivalent of the fruits of parcel no. 2 since January 26, 1945; (b) "gravely failed to give justice" to them by depriving them of the "chance to own and possess" one-half of parcels nos. 3 and 4 and their fruits; and (c) "gravely failed to give clearance" as to their absolute ownership over parcel no. 1.[17]

The failure to make a declaration as to the ownership of parcel no. 1 is attributable to the trial court rather than to the appellate court. In their brief submitted before the latter, herein petitioners as appellants therein categorically stated that "originally four parcels were involved but defendants in their answer later waived any claim over parcel 1 x x x ."[18] Since the ownership of parcel 1 was not an issue in the appeal, the appellate court could not be expected to, and should not, in fact, make any declaration pertaining to parcel 1.

It was the trial court which should have included in the dispositive portion of its decision a declaration as to the ownership of parcel 1 consistent with the statement in its decision that "it appears from the evidence presented that nobody is claiming parcel 1 so that the same has remained the property of the plaintiffs" (herein petitioners).[19]

Be that as it may, no prejudicial error resulted from this inadvertence on the part of the trial court, no claim adverse to petitioners' over said parcel 1 having been presented by any party.

As to parcel no. 2, we disagree with the Court of Appeals that Gonzales is entitled to only one-half thereof. The deed of sale was personally acknowledged before Pedro Mate, then justice of the peace, as Quintina's free act and deed. Although the petitioners attempted to question the validity and due execution of said deed of sale through oral testimony, they were unable to buttress it with other evidence which might obviate the apparent biased nature of the testimony.

The deed of sale having been executed before the effectivity of the New Civil Code, the law governing the transaction was the Code of Civil Procedure, which specifically provides:

"Sec. 685. Community Property. - When the marriage is dissolved by the death of the husband or wife, the community property shall be inventoried, administered, and liquidated, and the debts thereof shall be paid, in the testamentary or intestate proceedings of the deceased spouse, in accordance with the provisions of this Code relative to the administration and liquidation of the estates of deceased persons, unless the parties being all of age and legally capacitated, avail themselves of the right granted them by this Code for proceeding to an extrajudicial partition and liquidation of said property.

In case it is necessary to sell any portion of said community property in order to pay the outstanding debts and obligations of the same, such sale shall be made in the manner and with the formalities established by this Code for the sale of the property of deceased persons. Any sale, transfer, alienation or disposition of said property effected without said formalities shall be null and void, except as regards the portion that belonged to the vendor at the time the liquidation and partition was made" (Underscoring supplied).

Inasmuch as no liquidation of the conjugal partnership had been made in accordance with Articles 1416 and 1431 of the Civil Code,[20] the last sentence of Section 685 maybe applied. More so because there is no proof that the sale of parcel no. 2 was necessary to pay the partnership debts and obligations. Pursuant to said law, therefore, the sale to Andres Gonzales may be considered as valid only with respect to the one-half portion of parcel no. 2 rightfully belonging to Quintina.

Notwithstanding this, petitioners may not validly lay claim to the other half portion of the property corresponding to their share as heirs of Fructuoso considering that for forty-five (45) years after Fructuoso's death and twenty-two (22) from the execution of the deed of sale, petitioners slept on their rights. Granting that there was a mistake or fraud* in the execution of the deed of sale so much so that under Article 1456 of the Civil Code an

implied or constructive trust was constituted in favor of the petitioners, still, laches barred them from filing the complaint for the recovery of parcel no. 2.[21] Although the records do not show that Gonzales had been issued a Torrens title to parcel no. 2 and hence, the 10-year prescriptive period may not be invoked against petitioners, their inordinate and undue delay in asserting their claim to said parcel of land led to their undoing.

With regard to parcels nos. 3 and 4, both the trial court and the Court of Appeals found that the controverted sale of said parcels of land was embodied in a public document, executed with all the formalities and solemnities of law. The evidence therefore that is required to over throw it must be clear, convicting beyond mere preponderance of evidence.[22] Such evidence is not obtaining in the case at bar and there is no valid ground on which petitioners' claim to said parcels of land could stand. They failed to successfully attack the validity of the transfer of said properties to Father Eamiguel, the predecessor-in-interest of Ramon Eamiguel and Nicasio Parilla. Additionally, the transaction was executed by both Fructuoso and Quintina, and therefore must be respected. More importantly, as correctly found by the Court of Appeals, prescription has set in. It was only, after more than 45 years after the sale on December 4, 1921 that this case was filed by the petitioners on June 15, 1967.

Lastly, we make no award of damages to any of the parties. In this regard, we quote with approval the following portion of the Court of Appeals decision:

"As to the award of damages, we find that the evidence on record does not justify the same. It appears that appellants have tenaciously fought for their cause in order to protect their rights. Moreover, their case is partially meritorious. The anxiety claimed by the defendant-appellee was not due to a case which was maliciously instituted by the appellants. They are not, therefore, the moral damages contemplated by law (Ramos v. Ramos, 61 SCRA 284, 405 citing Solis v. Salvador, 14 SCRA 887). The adverse result of an action does not per se make the act wrongful and subject the actor to the payment of moral damage. The law could not have meant to impose a penalty on the right to litigate, such right is so precious that moral damages may not be charged on those who may even exercise it erroneously. (Ramos v. Ramos, 61 SCRA 284, 305-306). And an adverse decision does not ipso facto justify the award of attorney's fee to the winning party." [23]

WHEREFORE, the decision of the Court of Appeals is hereby affirmed insofar as it eliminates the award of moral damages as well as attorney's fees. It is modified as follows: (a) parcel no. 1 is hereby declared as absolutely owned by petitioners in their respective capacities as heirs of Fructuoso Garcia; (b) parcel no. 2 shall exclusively belong to Andres Gonzales; and (c) parcels nos. 3 and 4 shall be under the absolute ownership of Nicasio Parilla and Ramon Eamiguel, respectively. No costs.

SO ORDERED.

Gutierrez, Jr., Feliciano, Bidin, and Cortes, JJ., concur.

[1] Exhibit 5.

[2] Exhibit 6-A.

[3] Exhibit 7-A.

[4] Exhibit 8.

[5] TSN, April 1, 1970, pp. 53-54.

[6] Exhibits 14, 15 & 16.

[7] Exhibit 12.

- [8] Exhibit 11.
- [9] Exhibit 1-Gonzales.
- [10] Exhibits 2 to 3-W Gonzales.
- [11] Record on Appeal, p. 66.
- [12] Record on Appeal, pp. 78-79.
- [13] Penned by Judge Numeriano G. Estenzo.
- [14] Record on Appeal, p. 93; Rollo, p. 26.
- [15] Penned by Justice Crisolito Pascual and concurred in by Justices Pacifico P. de Castro and Lorenzo Relova.
- [16] Rollo, pp. 45-46.
- [17] Rollo, pp. 17, 20 & 23.
- [18] Appellants' Brief, p. 1; Rollo, p. 27.
- [19] Record on Appeal, p. 66; Rollo, p. 26.
- [20] Tabotabo v. Molero, 22 Phil. 418.
- * Petitioners tried to prove in the lower court that Quintana Gonzales' consent to the sale was vitiated because even during the Japanese occupation, she was old, sightless and with childish manners (TSN, April 1, 1970, p. 4). Even Andres Gonzales' witness, Pedro Mate who notarized the deed of sale, admitted that Quintana was "quite old" as she must have been "around one hundred years old at that time (TSN, April 29, 1970, pp.18-20).
- [21] Ramos v. Ramos, L-19872, December 3, 1974, 61 SCRA 254; Diaz v. Gorricho & Aguado, 103 Phil, 261.
- [22] Mendezzone v. Phil. Sugar Estates Des, Co., 41 Phil, 475, 497 (1921).
- [23] Rollo, p. 45.

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