TEODORA GONZALES BUNYI, PETITIONER, VS. SABINA REYES, LUZ JOAQUIN, ELVIRA JOAQUIN, ROSENDO JOAQUIN, JR., LUALHATI JOAQUIN AND LOIDA VIVO AND THE HONORABLE COURT OF APPEALS, RESP...

G.R. No. L-28845. June 10, 1971

Ponente: TEEHANKEE, J.

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TEEHANKEE, J.:

Appeal by certiorari from a decision of the Court of Appeals.

Petitioner Teodora Gonzales Bunyi was the defendant in an action for reconveyance, on the ground of fraud, of a parcel of land containing 16 ares and 59 centares (Lot No. 1310 of the Friar Lands Estate) situated in Taguig, Rizal, covered by Transfer Certificate of Title No. 43437 issued in her name, filed by private respondents as plaintiffs in the Court of First Instance of Rizal.[1]

Respondents filed the suit on May 30, 1961 as heirs of the previous registered owner of the land, Gil Joaquin, who had died on June 10, 1950, leaving respondents as his heirs, namely, his surviving spouse, Sabina Reyes; his daughter, Luz Joaquin; and his minor grandchildren, Elvira, Rosendo, Jr. and Lualhati, all surnamed Joaquin (children of a deceased son, Rosendo) and represented by their mother, Loida Vivo, as their guardian ad litem.

The main facts are undisputed. On September 24, 1935, Gil Joaquin executed a deed of "Venta con Pacto de Retro", whereby for and in consideration of the sum of P100.00 paid to him by petitioner, he ceded and transferred to petitioner the land then titled in his name, expressly excluding the house or houses built thereon, with the right of repurchasing the same within two years thereafter, and assuming the payment of the land taxes and agreeing to pay an annual rental of P12.00 as lessee thereof during the stipulated period of redemption.

On July 5, 1941, after Gil Joaquin had failed to repurchase the land, petitioner executed an affidavit of consolidation of ownership, and Joaquin's title was accordingly cancelled and a new certificate of title issued on July 7, 1941 in petitioner's name.

The trial court, presided by the late Justice (then Judge) Angel H. Mojica, summarized the conflicting claims of the parties per their testimonial and documentary evidence, as follows:

> "Plaintiff, Sabina Reyes tried to establish that the document, Exhibit A-1, does not represent the true intention and agreement of the parties there-to; that the contents thereof were not faithfully explained to her and her late husband; that in affixing her thumbmark to the document, she and her late husband, Gil Joaquin, who signed the same, were made to understand that they were merely mortgaging the land in question to the defendant as security for the sum of P100.00 which they borrowed from her; that the conditions stated in the document above-quoted are not true except that portion in letter (b) whereby her late husband agreed to pay an annual rent of P12.00, and the condition appearing in letter (c) whereby her late husband bound himself to pay the taxes for the land; that she had been paying interest every year to the defendant on the sum loaned; that since 1935 up to January 1961, she had been paying the taxes for the land declared in the name of her husband under

> Tax Declaration No. 947 (Exh. B); that there are houses on the land in ques-tion and the owners thereof pay to her the corresponding rents; and that she learned for the first time that the defendant was claiming ownership of the land only in 1961 when the defendant caused it to be surveyed and so she consulted her present counsel.
>
> "The defendant, on the other hand, attempted to show that she is the lawful owner of the land in question, having acquired same in virtue of the instrument 'Venta Con Facto de Retro', Exhibit A-1, which Gil Joaquin executed in her favor on September 24, 1935; that because of the failure of Gil Joaquin and his wife, Sabina Reyes, to repurchase the land within the period of two years and pay the rents as stipulated in the contract, she filed an affidavit of consolidation of ownership and as a consequence thereof, Transfer Certificate of Title No. 43437 covering the land was issued on July 7, 1941, in her favor. She claimed that she had been paying the real estate taxes for the land as shown by her documents, Exhibits 3 and 4, and that the land had been registered in her name for taxation purposes since 1949 (Exh. 5). She further testified that the notary public before whom Gil Joaquin and plaintiff Sabina Reyes acknowledged and ratified the document (Exh. A-1) in Biñan, Laguna, explained to them the contents thereof; that Gil Joaquin had been vice mayor of Muntinglupa and he spoke and understood Spanish; that she did not study in any school, although she was taught how to write her name by her father so that she could vote; that her husband who reached the second grade did not understand Spanish."

The trial court rendered judgment holding that the questioned deed spoke "in unequivocal terms of a sale and the conveyance of the land with the right to repurchase. In the face of its plain terms, there is nothing to justify our construing that contract as a mere mortgage."

Passing upon the contrary claim of respondents, the trial court found the uncorroborated and lone testimony of Sabina Reyes to be inadequate and incredible: "(W)e find the uncorroborated testimony of plain-tiff Sabina Reyes to the effect that she and her late husband, Gil Joaquin, were induced to sign the original of said document because of their belief that they were merely mortgaging the land in question as security for the sum of P100.00 which they borrowed from her to be incredible. Her lone and biased testimony is not sufficient to overcome the aforesaid document which is a sale with right to repurchase (venta con pacto de retro). Deeply embedded in our jurisprudence is the rule that 'mere preponderance of evidence is not sufficient to overthrow a certificate of a notary public to the effect that a grantor executed a certain document and acknowledged the fact of its execution before him. To accomplish this result, the evidence must be so clear, strong and convincing as to exclude all reasonable controversy as to the falsity of the certificate, and when the evidence is conflicting, the certificate will be upheld.' (Robinson vs. Villafuerte, 18 Phil. 171; Jocson vs. Estacion, 60 Phil. 1055; V.L.J. 784; Villarmarin vs. Reyes, et al., CA-G.R. No. 1637-R, Sept. 27, 1950). In this case we find that plaintiffs failed to produce 'clear strong and convincing evidence' to overcome the positive value of said document. Mere denials on the part of plaintiff Sabina Reyes can not offset or defeat said notarial document."[2]

The trial court further ruled out the applicability of Articles 1602 to 1605 of the Civil Code of the Philippines invoked by respondents as warranting the construction of the contract as an "equitable mortgage," ruling that the applicable provisions were those of the old Civil Code then in force.

The trial court further found the belated claims of respondents to be unsupported by the evidence, thus: "(I)t will be noted that the plaintiffs are attempting to defeat the effect of the deed of the late Gil Joaquin, their predecessor in interest, twenty six years after the execution of the instrument. After so long a period, the charges of fraud must be clearly and incontrovertibly prove. It is our sense that the long delay of plaintiffs in seeking relief in court 'speaks against the probability of the wrong com-plained of.' Plaintiff Sabina Reyes failed to produce any receipt tending to prove her claim that she had regularly paid any interests on the alleged 'loan' since 1935 up to the filing of the complaint. She declared that she had religiously paid the taxes for the land, yet she failed to substantiate her testimony with the best evidence. The records show that she paid the real estate taxes for the years 1949 to 1959 on December 22, 1960 only (Exhs. C and C-1), that is, five months before the filing of the complaint. Why the

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belated payment if she believes to be still the owner of the property?"[3]

The trial court finally upheld petitioner's defense of laches and prescription on the basis of the following considerations: "(L)astly, it appears that Gil Joaquin who died on June 10, 1950 had been Vice Mayor of Muntinglupa; he spoke and understood Spanish; it is hard to believe that he signed the document, Exhibit A-1, without understanding its contents. If he were really defrauded why did he not exercise his right of action? Why did he not repurchase the land and/or file an action for annulment of the aforesaid document during his lifetime? And why did plaintiffs sleep on their rights until May 30, 1961, when they instituted this action? The delay in the commencement of this action strongly casts a doubt in our mind as to the verity of their complaint. It is our conviction that the action has already prescribed."[4]

Respondents appealed the trial court's decision to the Court of Appeals. The appellate court did not make any factual findings of its own, much less overturn those of the trial court.

It, however, pitted the lone testimony of petitioner as against that of respondent Sabina Reyes, and declared that under Article 1332 of the Philippine Civil Code, the burden was on petitioner as vendee a retro to show that the Joaquin spouses fully understood the contents of the deed and that her "bare testimony" was not sufficient to discharge the burden. It held that petitioner had consolidated her ownership in a "surreptitious manner" and that "under the facts, defendant [petitioner] has not discharged the burden of proof, hence presumption of mistake, if not fraud, under the law stands unrebutted and controlling" and that the consent of the Joaquin spouses to the deed was therefore null and void, as was the deed itself. It finally held the respondents' action to be "one for declaration of the inexistence of the contract which does not prescribe."

The appellate court therefore reversed the trial court's judgment and granted the reconveyance of the land as prayed for in respondents' complaint, per its following brief opinion:

> "Plaintiff Sabina Reyes having alleged and testified that she and her late husband Gil Joaquin thumbmarked and signed the deed, Exhibit A, drawn in Spanish which they did not understand and that they were induced to sign the document on representation of defendant that it was a deed of mortgage, the burden of proof is on the defendant to show, pursuant to Article 1332 of the new civil code, that the Joaquin spouses fully understood the content thereof x x x x x Only defendant testifies on this score. She declared pertinently that it was Gil Joaquin 'who asked the preparation of that document,' Exhibit A; that after the document was prepared by the notary public, the latter translated the contents into tagalog before it was signed by the Joaquin spouses in Biñan, Laguna; that she did not have any schooling, although her late husband reached sixth grade; that the notary gave a copy of the deed to the Joaquin spouses. Her bare testimony is not sufficient to establish by preponderance of evidence that the Joaquin spouses fully know the contents of the document, Exhibit A, to be sale with right to repurchase, especially considering the countervailing testimony of plaintiff Sabina Reyes that she and her husband did not understand Spanish, she being illiterate and her husband having reached grade 3 only, according to him; that they signed the deed in Muntinglupa in the belief it was a deed of mortgage and that they did not appear before the notary public in Biñan, Laguna. Moreover, plaintiffs' theory finds confirmation in the surreptitious manner [that] defendant made and filed the affidavit of consolidation of ownership, Exhibit 2-A, and secured a new certificate of title in her name, Exhibit 1, on July 7, 1941, since the change in the status of the property was not reflected in the tax roll of the municipality of Muntinglupa until August 28, 1961, as per annotation on TD 947, Exhibit D-1 when plaintiffs TD was cancelled, and in defendant's allowing plaintiffs to continue in possession of the lot after 1941 despite said change in ownership. Under the facts, defendant has not discharged the burden of proof, hence, presumption of mistake, if not fraud, under the law stands unrebutted and controlling x x x. It follows that the consent of spouses Gil Joaquin and Sabina Reyes to the document, Exhibit A, is null and void, and so is the contract x x x. The circumstances that Exhibit A is a public document executed prior to the effectivity of the new Civil Code do not preclude the application of Article 1332 aforesaid x x x, which is procedural in nature, affecting burden of proof x x x, there

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> being no vested right in the rules of evidence. x x x.
>
> "Having found that the deed of sale, Exhibit A, null and void, it follows that the present action may be treated as one for declaration of the inexistence of the contract which does not prescribe, x x x."

Petitioner in turn filed this appeal, which the Court finds meri-torious.

1. The appellate court's error was in applying Article 1332 of the new Civil Code and declaring that thereunder petitioner had the burden which she failed to discharge as defendant - of showing that the Joaquin spouses fully understood the contents of the "Venta con Pacto de Retro", when the pertinent factual basis for application of said Article 1332 had not been duly established.

Article 1332, which was designed for the protection of illiterates and of a party to a contract who "is at a disadvantage on account of his ignorance, mental weakness or other handicap,"[5] provides that:

> "Art. 1332. When one of the parties is unable to read, or if the contract is in a language not understood by him, and mistake or fraud is alleged, the person enforcing the contract must show that the terms thereof have been fully explained to the former. (n)"

For the proper application of said article to the case at bar, it has first to be established convincingly by respondents that Gil Joaquin could not read or that the contract was written in a language not understood by him. This factual basis was far from shown. On the contrary, the trial court duly found - and the appellate court made no contrary finding - that "Gil Joaquin ... had been vice mayor of Muntinglupa; he spoke and understood Spanish; it is hard to believe that he signed the document Exhibit A-1 without understanding its contents." The appellate court still made mention of another relevant factor testified to by petitioner - not mentioned by the trial court - that "it was Gil Joaquin who 'asked the preparation of that document', Exhibit A," by the notary public, who translated the contents into tagalog before the Joaquin spouses signed the same - which completely relieved petitioner of any burden of proof, since the further presumption arose that the deed was prepared in accordance with Gil's understanding and instructions, since he caused its preparation.

The trial court, therefore, properly ruled that it was respondents, as plaintiffs, who failed to overcome by clear, strong and convincing evidence the positive value and effect of the notary's certificate that the Joaquin spouses duly executed the "Venta con Pacto de Retro" and acknowledged the fact of its execution of their own and free will before him.

2. The appellate court merely concluded that petitioner had conso-lidated ownership of the land on July 7, 1941 in a "surreptitious manner" on the assumption, without reference to the evidence of record, that pe-titioner's ownership of the land was not reflected in the municipality's tax roll "until August 28, 1961, as per annotation on TD 947, Exhibit D-1, when plaintiffs' TD was cancelled" and that petitioner "allowed plaintiffs to continue in possession of the lot after 1941 despite said change of ownership." These assumptions of the appellate court are not supported by the evidence of record cited in the trial court's decision that petitioner "had been paying the real estate taxes for the land as shown by her documents, Exhibits 3 and 4, and that the land had been registered in her name for taxation purposes since 1949 (Exh. 5);" and that on the other hand, "Plaintiff Sabina Reyes failed to produce any receipt tending to prove her claim that she had regularly paid the interests on the alleged 'loan' since 1935 up to the filing of the complaint. She declared that she had religiously paid the taxes for the land, yet she failed to substantiate her testimony with the best evidence. The records show that she paid the real estate taxes for the years 1949 to 1959 on December 22, 1960 only (Exhs. C and C-1), that is, five months before the filing of the complaint." Petitioner's brief further cites as to the fact of possession that "it was admitted by Luz Joaquin herself (one of the respondents and daughter of Gil Joaquin) that after World War II, she removed her house from the same lot, (S.T.N. of August 1962 p. 8 and S.T.N. of February 27, 1963 p. 2) while one of the daughters of the

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petitioner, Fortunata Bunyi has a house on the same lot since 1959 (S.T.N. of October 26, 1962 pp. 3 & 7) which was not even denied by the respondents," which citation of the record is not denied in respondent's brief.

3. The final error of the appellate court flowed from its erroneous conclusion that "the consent of spouses Gil Joaquin and Sabina Reyes to the document, Exhibit A, is null and void," hence "it follows that the present action may be treated as one for declaration of the inexistence of the contract which does not prescribe." The sale at bar is governed by the provisions of the old civil code, and as was pointed out by Mr. Justice Reyes in one case,[6] "(U)nder Article 1509 of the old Code, the vendee irrevocably acquires ownership over the thing sold upon failure of the vendor to redeem - i.e. ownership is consolidated in the vendee by operation of law." The court's jurisprudence has been uniform in support of petitioner's submittal that the rights vested in her as vendee under the provisions of the old Code could not be impaired by the provisions of the new Civil Code which took effect only in 1950.[7]

On the question of prescription of action, the Court, per Mr. Justice Reyes, in Fernandez vs. Fernandez,[8] has held that "the right of action to question the nature of the original transaction as well as any action to recover the land, if any such rights ever existed, were extinguished by pres-cription ten years after the appellee consolidated his ownership in 1936." Respondents' right to question the nature of the deed and to seek reconveyance must be held therefore to have prescribed in 1951, ten years after petitioner's consolidation of ownership of the land on July 7, 1941 when a new certificate of title was issued in her favor and that of Gil Joaquin was cancelled, and the filing of the present action almost twenty years after such consolidation is barred by prescription.

ACCORDINGLY, the judgment of the Court of Appeals appealed from is hereby reversed and set aside. Without costs.

Concepcion, C.J., Reyes, J.B.L., Dizon, Makalintal, Zaldivar, Fernando, Villamor, and Makasiar, JJ., concur.
Ruiz Castro, J., no part.
Barredo, J., reserves his vote.

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[1] Docketed as Civil Case No. 339-R.

[2] Emphasis furnished.

[3] Idem.

[4] Idem.

[5] Report of the Code Commission, p. 136, citing Article 24 of the Code.

[6] Manalansan vs. Manalang, 108 Phil. 1041, 1044 (1960), and cases cited.

[7] Articles 2252-53, Civil Code; see Castro vs. Para-on, 22 SCRA 508 (Feb. 10, 1968); Dalandan vs. Julio, 10 SCRA 401 (1964); Villalobos vs. Catalan, 5 SCRA 422 (June 29, 1962); Siopongco vs. Castro, 105 Phil. 1285 (1959); De la Cruz vs. Muyot, 102 Phil. 318 (1957); and Casabar vs. Cruz, 96 Phil. 970 (1954).

[8] 109 Phil. 1033 (1960). See Tayao vs. Dulay, 13 SCRA 758 (Apr. 30, 1965).

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