

MELANIO IMPERIAL, PETITIONER, VS. HON. COURT OF APPEALS AND GUILLERMO SOLLEZA, ET AL., RESPONDENTS.

G.R. No. 102037. July 17, 1996

Ponente: PANGANIBAN, J.

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PANGANIBAN, J.:

Where an heir who owns one-half undivided share of the area of two lots sells one of the lots without giving to his co-heir the latter's share of the proceeds, may the latter lay exclusive claim to the remaining lot as his own?

This Court answers the question in resolving the instant petition, which seeks to set aside the Decision[1] in CA-G.R. CV No. 22557 promulgated September 13, 1990 by the respondent Court,[2] reversing/modifying the judgment of the trial court.

The Antecedent Facts

The facts as found by the respondent Court are as follows:

"x x x Lot No. 1052, with an area of 4,630 square meters; and Lot No. 1091, with an area of 4,633 square meters - both situated in Barangay Culapi, Lucban, Quezon, were originally owned by Maria Cuvinar Imperial who died on June 12, 1979. Maria Cuvinar Imperial was survived by her two children: Adela and defendant, Melanio. Adela died on May 4, 1986 and is survived by plaintiffs Guillermo Solleza, the husband, and Children Ernesto, Rosa (,) Victoria, Virgilio and Guillermo, Jr., all surnamed Solleza.

On May 1, 1979, Adela and defendant Melanio agreed to register lots No. 1091 and 1052 in the name of Melanio in order to expedite the titling of the said parcels of land. For this purpose, Adela executed a document captioned 'Kasulatan Ng Pagtalikod Sa Karapatan' dated May 1, 1979. (Exh. B) whereby she waived her rights over lots No. 1091 and 1052. On the same date, defendant Melanio, in turn, executed a document entitled 'Pagwawalang Bisa Sa Pagtalikod Sa Karapatan' (Exh. C) declaring that the (earlier) document executed by Adela was a simulated one in order to expedite the registration of the lots in his name.

By virtue of the document of waiver (Exh. B), defendant Melanio was able to obtain OCT No. P-27941 for lot No. 1052; and OCT No. P-26596 for lot No. 1091, in his name.

Aside from Exhibit C, defendant Melanio executed another document entitled 'Sa Sino Mang Dapat Makatalastas Nito' (Exh. E) wherein he acknowledged the one-half share of his sister Adela in Lot Nos. 1091 and 1052 and that Adela is also entitled to one-half share in the proceeds of the sale of subdivision lots in the said lots.

On May 4, 1985, defendant Melanio sold lot No. 1052 covered by OCT No. 27941 in favor of spouses Efren Rosas and Leticia Cabisuelas (Exh. B-1 and H) for the sum of P20,000.00. The sale was discovered by plaintiff Rosa Solleza, when she paid the realty taxes for the two parcels of land at the Lucban Treasure's Office. Rosa Solleza wanted to confront defendant Melanio Imperial relative to the sale but could not find the latter. Attempts were made to amicably settle the problem between uncle and nephews and nieces, but to no avail. Thus, plaintiffs filled this case, wherein they prayed that inasmuch as lot No. 1052 had been sold by defendant Melanio without giving any share of the proceeds, to Adela Imperial, lot No. 1091 should be reconveyed or

returned to Adela and/or the estate of Adela Imperial."

After trial on the merits, the Regional Trial Court of Lucena City, Branch 60[3], rendered its decision, the dispositive portion of which reads:

"IN VIEW OF THE FOREGOING, judgment is hereby rendered:

- (a) Ordering Melanio Imperial to pay the plaintiffs the sum of P10,000.00 plus 16% interest thereon commencing on May 4, 1985 until fully paid;
- (b) Ordering Melanio Imperial to pay the plaintiffs the sum of P7,500.00 attorney's fee and litigation expenses;
- (c) Ordering Melanio Imperial to pay the plaintiff(s) the sum of P5,000.00 as exemplary damages; and
- (d) Declaring Melanio Imperial as the true and rightful owner of Lot No. 1091." (Original Records, pp. 131-132)

Plaintiffs (private respondents) and defendant (petitioner herein) interposed separate appeals with the respondent Court, which upheld herein private respondents and affirmed the finding of the trial court that "the document (Exh. B) executed by Adela Imperial, (was) simulated." Respondent Court quoted the trial court thus:

"Defendant Melanio argues that he is the owner of Lot No. 1052 by way of a waiver of the right executed by Adela in a document captioned as 'Pagtalikod sa Karapatan' (Exh. B). Examination of the evidence, however, shows that said document (Exh. B) was a simulated contract as may be seen in another document also executed by Adela and Melanio entitled 'Pagwawalang Bisa sa Pagtalikod sa Karapatan' (see Exhibit C)."

The appellate Court noted that the purpose of the simulated document was to facilitate the registration of the two lots in the name of herein petitioner Melanio, who however breached the trust reposed upon him by his sister Adela. The respondent Court agreed that "(b)eyond doubt, therefore, lot Nos. 1052 and 1091 were owned in common by defendant-appellee Melanio and Adela Imperial, mother of plaintiffs-appellants." The respondent Court also ruled that, contrary to the claim of herein petitioner -- and contrary to the finding of the trial court -- Adela Imperial never sold her 1/2 share of lot 1091 to herein petitioner. Thus, when herein petitioner Melanio appropriated for himself the entire proceeds from the sale of lot 1052, he was "deemed to have waived his share in lot 1091 in favor of Adela Imperial and/or her heirs x x x Lot No. 1091 should now be solely owned by (the herein private respondents)," otherwise "Melanio would be enriching himself at the expense of his sister, Adela" and/or her heirs. Thus, the respondent Court ruled:

"WHEREFORE, the appealed decision is REVERSED and SET ASIDE, and judgment is hereby rendered in favor of plaintiffs:

1. Declaring lot No. 1091, covered by Original Certificate of Title No. P-26596, is owned by plaintiffs as heirs of Adela Imperial;
2. Ordering the cancellation of Original Certificate of Title No. P-26596 in the name of defendant Melanio Imperial and in lieu thereof, another title be issued in the name of plaintiffs as the heirs of Adela Imperial;
3. Ordering Melanio Imperial to pay plaintiffs the sum of P10,000.00 as moral damages and the sum of P5,000.00 as exemplary damages;
4. Ordering Melanio Imperial to pay plaintiff the sum of P10,000.00 as litigation expenses and attorney's fees."

The Issues

On appeal, petitioner alleged the following generalities:

- "1. The respondent Court of Appeals abused its discretion in deciding this case not in accordance with the

evidence on record, amounting to excess of jurisdiction, thereby departing from the accepted and usual course of judicial proceedings.

2. The respondent Court of Appeals decided questions of substance in a way not in accord with law or with the applicable decisions of the Supreme Court and the petitioner have (sic) no other plain, speedy and adequate remedy in the course of law."

Simply put, petitioner challenges the findings of fact of the respondent Court that he appropriated for himself the entire proceeds from the sale of Lot 1052 and failed to give one-half of the proceeds of Adela Imperial or her heirs, the private respondents in this appeal. Petitioner, on the strength of the reversed findings of the trial court, claims that he had already paid Adela Imperial the amounts of "P4,575.00 on June 16, 1979; P200.00 on November 8, 1979 and another P200.00 on May 7, 1980 as shown in Exhibits '4', '4-A' and '4-B'". He further alleges that the sum of these amounts represent one-half (1/2) of the price of Lot No. 1091 during the time the sale was transacted. And if Lot 1091 would be solely owned by the private respondents to the exclusion of himself, he would be deprived of his share of the inheritance which would be unjust and contrary to law.[4]

The Court's Ruling

Petitioner would like this Court to re-appreciate and re-evaluate the evidence all over again and make findings contrary to those of the respondent Court. Generally speaking, factual findings of the Court of Appeals are final and conclusive on the Supreme Court.[5] In this particular case, we see no cogent or sufficient reason to depart from the above rule absent any clear showing that the findings complained of are totally devoid of support in the record, or that they are so glaringly erroneous as to constitute serious abuse of discretion. Such findings must stand, for this Court is not expected or required to examine or contrast the oral and documentary evidence submitted by the parties.[6]

The disputed portion of the Decision reads thus:

"However, the trial court said that Adela Imperial 'sold her share to Melanio on lot No. 1091.' This conclusion was based on three receipts (Exhs. 4, 4-A and 4-B) which show that on June 16, 1979, November 8, 1979, and May 7, 1980, defendant-appellee Melanio Imperial paid to Adela Imperial the amounts of P4,575.00, P200.00 and P200.00, respectively. The court a quo erred. The last receipt is dated May 7, 1980 (Exh. 4-B). Adela Imperial died on May 4, 1986, six years thereafter. No deed of sale was executed by Adela Imperial in favor of defendant-appellee Melanio Imperial ceding lot 1091. Furthermore, the receipts do not show it is in payment of Adela Imperial's one-half share of the lot. If this was the intention of the parties, then the purchase price and the balance after each payment should have been reflected in the receipts. The only logical conclusion is that the amounts remitted by defendant-appellee Melanio were the shares of Adela Imperial for the sale of subdivision lots in lot No. 1091. This is so since the document executed by defendant-appellee Melanio Imperial entitled 'Sa Sino Mang Dapat Makatalastas Nito' (Exh. E) states in part:

'x x x aking pinatutunay na bukod sa ang aking kapatid na si Adela Imperial ay may 1/2 bahagi sa naulit na mga lupain na nababanggit sa naulit na documento, ay 1/2 rin siya sa lahat na maaring mapagbilhan ng mga lote ng naulit na pangagari matapos na ito ay mapalagyan ng subdivision.'

which in English means: 'I hereby attest that aside from the 1/2 share of my sister Adela Imperial in the lots mentioned in the aforementioned documents, she will also receive 1/2 share in the proceeds of the sale in the said lots, after they are subdivided.'

Therefore, Adela Imperial never sold her 1/2 share of lot 1091 to defendant Melanio Imperial, contrary to the finding of the court a quo."

Still, in order to satisfy ourselves, we examined the three receipts aforesaid, which are critical to petitioner's contention, and we agree with respondent Court that the amounts mentioned therein as having been paid by herein

petitioner to Adela Imperial were not intended to be part of the purchase price of Lot 1091. The three receipts bear the following contents:

1. Receipt dated June 16, 1979:

"Tinanggap ko sa aking kapatid na si Melanio Imperial ang halagang Four thousand five hundred seventy five (P4,575.00) bilang kabahagi sa lote no. 1091 sa Lucban, Quezon.

Received by

(sgd.)

Adela Imperial"

2. Receipt dated November 8, 1979:

"(sgd.) Adela Imperial

Received from Brother Melanio Imperial the sum of Two hundred P200.00 - as partial for lot 1091."

3. Receipt dated May 7, 1980:

"Tinanggap ko kay Melanio Imperial ang halagang dalawang daang (P200.00) - bilang kabahagi sa lote 1091.

Received by

(sgd.)

Adela I. Solleza"

It is clear to this Court that the amounts covered by the receipts, considered in relation to the agreement between petitioner and Adela Imperial Solleza entitled "Sa Sino Mang Dapat Makatalastas Nito", constituted the latter's share in the proceeds of the sales of subdivision lots which were part of Lot No. 1091.[7] For if the sale of Lot 1091 to the petitioner was what was indeed intended by the parties, then it is most unusual and surprising -- as the Court of Appeals correctly observed -- that the petitioner did not ask for the execution of a Deed of Sale ceding to him the share of Adela in Lot No. 1091 within the period of six (6) years from the date of the last receipt, considering that Adela died on May 4, 1986. Only when he was sued for annulment of OCT No. 26596 covering Lot No. 1091 did he raise as a defense the allegation that he had already acquired the share of his sister in said lot.

Inasmuch as the terms of the agreement between Adela and Melanio provide for one-half undivided share for petitioner over Lots 1091 and 1052, and the petitioner in effect waived his rights over one-half of the remaining Lot 1091 when he sold and appropriated solely as his own the entire proceeds from the sale of Lot 1052, law[8] and equity dictate that Lot 1091[9] should now belong to the estate of the late Adela Imperial Solleza, represented by her heirs, private respondents in this case.[10]

On the other hand, the award of moral and exemplary damages is appropriate in this case, for the petitioner acted in bad faith[11] and breached the trust reposed in him by virtue of his contract with his late sister. This was clearly manifested when he sold Lot 1052 without informing Adela or her heirs and giving a share of the sales proceeds to them. Additionally, he even avoided talking to private respondent Rosa Solleza (now Arquiza) when she tried to ask why he sold Lot 1052 in spite of the co-ownership existing with between her mother and the petitioner over said lot[12] Additionally, attorney's fees are also recoverable when exemplary damages are awarded.[13]

WHEREFORE, premises considered, the herein petition is hereby DENIED for lack of merit, no reversible error having been committed by respondent Court. The assailed Decision is AFFIRMED in toto. No costs.

SO ORDERED.

Narvasa, C.J., (Chairman), Davide, Jr., and Francisco, JJ., concur.

Melo, J., no part. Chairman of the CA Division which decided the case thereat.

[1] Rollo, pp. 18-24.

[2] Second Division, composed of J. Antonio M. Martinez, ponente, and JJ. Jose A.R. Melo and Nicolas P. Lapeña, Jr., concurring.

[3] Presided by Judge Eriberto U. Rosario. Jr.

[4] Petition, pp. 8-9; rollo, pp. 13-14.

[5] Atlantic Gulf and Pacific Company of Manila, Inc. vs. Court of Appeals, 247 SCRA 606 (August 23, 1995); Cormero vs. Court of Appeals, 247 SCRA 291 (August 14, 1995); Co. vs. Court of Appeals, 247 SCRA 195 (August 11, 1995); Somodio vs. Court of Appeals, 235 SCRA 307 (August 15, 1994); Cayabyab vs. Intermediate Appellate Court, 232 SCRA 1 (April 28, 1994).

[6] Cormero vs. Court of Appeals, *supra*.

[7] It does not appear from the records or the pleadings what the actual status of the said subdivision lots are. It seems that the buyers thereof, if any, were never impleaded in the case before the trial court. For another thing, it would appear from the pleadings (e.g., Brief and Reply Brief of plaintiffs-appellants filed with the appellate Court, p. 3; Brief for plaintiffs-appellants, p. 4; Answer filed by Melanio Imperial with the trial court, etc.) that the parties in this case are in agreement that Lot No. 1091 is owned in common by herein petitioner and private respondents, period. No mention is made of other possible co-owners, viz., buyers of subdivision lots carved from Lot No. 1091. Thus, we can only surmise that if any sale of such subdivision lots had been actually made, full ownership over said lots probably never vested in the buyers. However, if innocent purchasers for value have acquired valid title over some portions of Lot 1091, their rights are not necessarily affected by this Decision.

[8] The second paragraph of Article 485 of the Civil Code provides that the portions belonging to the co-owners in the co-ownership shall be presumed equal, unless the contrary is proved.

[9] Lot 1091 happens to be bigger in area than Lot 1052 by three (3) square meters, a difference not significant enough to compel an exact division between opposing claimants.

[10] Cf. Lavadia vs. Cosme de Mendoza, 72 Phil. 196 (May 9, 1941); Cabigao vs. Lim, 54 Phil. 237 (January 13, 1930) and Alcala vs. Salgado, 7 Phil. 151 (December 7, 1906).

[11] Cf. Article 2220 of Civil Code and cases of Sulpicio Lines, Inc. vs. Court of Appeals, 246 SCRA 376 (July 14, 1995); China Banking Corporation vs. Court of Appeals, 231 SCRA 472 (March 28, 1994); Geraldez vs. Court of Appeals, 230 SCRA 320 (February 23, 1994); Prudential Bank vs. Court of Appeals, 223 SCRA 350 (June 14, 1993); Maersk Line vs. Court of Appeals, 222 SCRA 108 (May 17, 1993); Pagsibigan vs. Court of Appeals 221 SCRA 202 (April 7, 1993).

[12] TSN, December 9, 1988, p. 16.

[13] Cf. Article 2208 [1] and cases of Consolidated Bank and Trust Corporation (Solidbank) vs. Court of Appeals, 246 SCRA 193 (July 14, 1995); Zalamea vs. Court of Appeals, 228 SCRA 23 (November 18, 1993); and Albenson Enterprises Corporation vs. Court of Appeals, 217 SCRA 16 (January 11, 1993).

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