

**BONIFACIO OLEGARIO AND ADELAIDA VICTORINO, PETITIONERS,
VS. THE HONORABLE COURT OF APPEALS, MANUEL RIVERA, PAZ
OLEGARIO, AND SOCORRO OLEGARIO-TEVES, RESPONDENTS.**

G.R. No. 104892. November 14, 1994

Ponente: PUNO, J.

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PUNO, J.:

Spouses Marciliano Olegario and Aurelia Rivera-Olegario owned a parcel of land measuring 91 square meters at 198 J.P. Rizal corner Antipolo Streets, Caloocan City as evidenced by Transfer Certificate of Title (TCT) No. 124222 of the Register of Deeds of Caloocan City.[1]

The Olegario couples were childless but reared and educated private respondents Manuel Rivera, Paz Olegario, and Socorro Olegario-Teves. Petitioner Bonifacio Olegario is the brother of Marciliano while petitioner Adelaida Victorino is the niece of Aurelia.

On March 19, 1986, Aurelia Rivera-Olegario died at the age of eighty-three (83). To preclude her heirs from inheriting and to avoid payment of taxes, Marciliano, then eighty (80) years old, executed on April 15, 1986 a Deed of Absolute Sale of the subject property in favor of private respondents.[2] The purported consideration was FIFTY THOUSAND PESOS (P50,000.00). The contract of sale was not registered.

On March 10, 1988, Marciliano died intestate. Petitioners Bonifacio Olegario and Adelaida Victorino were the sole heirs of spouses Olegario. On May 23, 1989, they executed a Deed of Extra-judicial Settlement of Estate[3] covering the subject lot which was published in the Metropolitan Newsweek for three (3) consecutive weeks. On July 13, 1989, the said Extra-judicial Settlement was recorded in the Register of Deeds of Caloocan City. TCT No. C-124222 was then cancelled and TCT No. 190363 was issued in their names.[4]

On August 1, 1989, petitioners sold the subject lot for TWO HUNDRED THOUSAND PESOS (P200,000.00) to Elena Adaon and Nestor Tejon.[5] TCT No. 190132 was then issued in vendees' names.

Private respondents alleged that the Extra-judicial Settlement came to their knowledge only on August 21, 1989. On that same day, they tried to register their contract of sale three (3) years from its execution. The registration was denied as the subject property has been transferred to Elena Adaon and Nestor Tejon.

The fight for ownership of the subject lot ensued. Private respondents filed Civil Case No. C-13973 for Annulment of Extra-judicial Settlement of Estate and Damages against petitioners.[6] As special and affirmative defense, petitioners assailed the Deed of Absolute Sale between Marciliano Olegario and private respondents. On the other hand, cross-claimants Elena Adaon and Nestor Tejon maintained they were buyers in good faith and for value.

In due course, the trial court ruled in favor of private respondents. It annulled the Extra-judicial Settlement of the subject lot and its sale to Adaon and Tejon, viz:

"WHEREFORE, the judgment is rendered for the plaintiffs and against the herein defendants, as follows:

"a) The extra-judicial settlement of estate executed by defendants Bonifacio Olegario and Adelaida Victorino on May 23, 1989 as well as Transfer Certificates of Title issued subsequent thereto, namely TCT No. 190363 in the name of Bonifacio Olegario and Adelaida Victorino and TCT No. 190132 in the name of Elena Adaon and Nestor Tejon are hereby declared NULL and VOID and without legal force and effect;

"b) The Register of Deeds of Kaloocan City is hereby ordered to issue unto the herein plaintiffs new title in lieu of the aforesaid cancelled titles in the name of the deceased Marciliano Olegario married to Aurelia R. Olegario containing the same entry and/or inscription before said Title No. 124222 was canceled;

"c) Defendants Bonifacio Olegario and Aurelia Victorino Rivera are hereby ordered to pay the herein plaintiffs, jointly and severally, the amount of P30,000.00 as nominal damages and the further sum of P10,000.00 for and/as attorney's fees; and

"d) To pay costs of suit.

"With regards to the cross-claim of defendants Elena Adaon and Nestor Tejon, judgment is hereby rendered against Bonifacio Olegario and Adelaida Victorino who are hereby ordered as follows:

"a) Defendant Bonifacio Olegario is hereby ordered to pay cross-claimants Elena Adaon and Nestor Tejon in the amount of P60,000.00 with legal interest from August 1, 1989;

"b) Defendant Adelaida Victorino is hereby ordered to pay cross-claimants Elena Adaon and Nestor Tejon in the amount of P30,000.00 with legal interest from August 1, 1989;

"c) Defendants Bonifacio Olegario and Adelaida Victorino, jointly and severally, to pay cross-claimants the amount of P5,000.00 for and/as attorney's fees;

"Counter-claim interposed by herein defendants and cross-claimants are hereby DISMISSED for lack of evidence to support the same.

"SO ORDERED."[7]

Petitioners elevated the case to respondent Court of Appeals. On January 7, 1992, the Sixteenth Division of respondent court affirmed the impugned Decision with modifications, viz:

"WHEREFORE, except for the following modifications, to wit:

a) The extra-judicial settlement of estate executed by defendants-appellants Bonifacio Olegario and Adelaida Victorino on May 23, 1989 as well as Transfer Certificates of Title issued subsequent thereto, namely TCT No. 190363 in the name of Bonifacio Olegario and Adelaida Victorino and TCT No. 190132 in the name of cross-appellants Elena Adaon and Nestor Tejon are hereby declared NULL and VOID and without legal force and effect with respect to 3/4 portion of the subject lot pertaining to the plaintiffs-appellees;

b) The Register of Deeds of Caloocan City is hereby ordered to issue unto the herein plaintiffs-appellees new title corresponding to the 3/4 part of the disputed lot; and to cancel TCT No. 190363 in the name of defendants-appellants Bonifacio Olegario and Adelaida Victorino and TCT No. 190132 in the name of cross-claimants-appellants Elena Adaon and Nestor Tejon, and issue in lieu thereof new title corresponding only to 1/4 portion of the subject property; and

c) Defendants-appellants Bonifacio Olegario and Adelaida Victorino are hereby ordered to pay the herein plaintiffs-appellees, jointly and severally, the amount of P10,000.00 as nominal damages and the further sum of P5,000.00 for and/as attorney's fees, the appealed decision is hereby AFFIRMED in all other respects. No costs.

SO ORDERED."[8]

Petitioners now claim that respondent court erred in the following wise:

I

THAT THE RESPONDENT COURT OF APPEALS GRAVELY ABUSED ITS DISCRETION WHEN IT FAILED TO RESOLVE PETITIONERS' SECOND ASSIGNMENT OF ERROR BEFORE IT AND CLOSING ITS EYES ON THE EVIDENCE ON RECORD PATENTLY ERRED IN NOT DECLARING THAT THE PURPORTED DEED OF ABSOLUTE SALE BETWEEN MARCILIANO OLEGARIO AND THE PRIVATE RESPONDENTS IS NULL AND VOID FOR BEING ABSOLUTELY SIMULATED AND FICTITIOUS AND FOR BEING VIOLATIVE OF ARTICLE 130 OF THE FAMILY CODE.

II

THAT THE RESPONDENT COURT OF APPEALS GRAVELY ERRED IN SUSTAINING THE EFFICACY OF THE UNRECORDED DEED OF ABSOLUTE SALE OVER THAT OF THE EXTRA-JUDICIAL SETTLEMENT OF ESTATE WHICH WAS EXECUTED AND RECORDED IN GOOD FAITH, CONTRARY TO THE EXPRESS PROVISIONS OF ARTICLE 1544 OF THE CIVIL CODE.

III

THAT THE RESPONDENT COURT OF APPEALS PATENTLY ERRED IN HOLDING THAT CROSS-CLAIMANTS ELENA ADAON AND NESTOR TEJON ARE NOT BUYERS IN GOOD FAITH OF THE SUBJECT PROPERTY.

IV

THAT THE RESPONDENT COURT OF APPEALS GRAVELY ERRED IN AWARDING P30,000.00 NOMINAL DAMAGES AND P10,000.00 ATTORNEY'S FEES IN FAVOR OF THE PRIVATE RESPONDENTS DESPITE THE PATENT ABSENCE OF FACTUAL AND LEGAL BASIS THEREFORE.

We find merit in the petition.

There is no question that petitioners are the lawful heirs of spouses Olegario. Under Article 160 of the New Civil Code, the subject lot is presumed to be conjugal property. The death of Aurelia Rivera-Olegario on March 19, 1986 dissolved the conjugal partnership. By virtue of such dissolution, 1/2 of the property should appertain to Marciliano as his share from the conjugal estate plus another 1/4 representing his share as surviving spouse of Aurelia.[9] Petitioner Adelaida Victorino, as the sole surviving niece of Aurelia, is entitled to the other 1/4 of the lot.[10] When Marciliano died intestate on March 10, 1986, petitioner Bonifacio Olegario, the only surviving brother of Marciliano, stepped into his shoe.

We shall now determine whether the inheritance right of petitioners can be prejudiced by the sale of the subject lot by the deceased Marciliano to private respondents. In a contract of sale, consideration is, as a rule, different from the motive of the parties. Consideration is defined as some right, interest, benefit, or advantage conferred upon the promisor, to which he is otherwise not lawfully entitled, or any detriment, prejudice, loss, or disadvantage suffered or undertaken by the promisee other than to such as he is at the time of consent bound to suffer.[11] As contradistinguished, motive is the condition of mind which incites to action, but includes also the inference as to the existence of such condition, from an external fact of a nature to produce such a condition.[12] Under certain circumstances, however, the motive of the parties may be regarded as the consideration when it predetermines the purpose of the contract.[13] When they blend to that degree, and the motive is unlawful, then

the contract entered into is null and void.[14]

In the case at bench, the primary motive of Marciliano in selling the controverted 91-square meter lot to private respondents was to illegally frustrate petitioners' right of inheritance and to avoid payment of estate tax. This was unabashedly admitted by witness Susan Rivera, wife of private respondent Manuel Rivera, on cross-examination. She declared:

Atty. Meris: (p. 12, TSN, June 18, 1991 [sic])

x x x x x x x x

"Q : You mean to say that despite of your claim that your husband is the son of Marciliano Olegario and Aurelia Olegario, they still executed a deed of absolute sale over the said lot owned by your parents in law in favor of your husband and his two sisters?

A : It was decided that way to avoid paying tax, sir.

Q : In other words the sale was only fictitious or was only made in a way of avoiding paying taxes?

A : It was not that way but my parents in law were just avoiding distant relatives who might claim it."[15]

x x x x x x x x

Atty. Buenaventura: (p. 15, TSN, June 18, 1990)

"Q : And as a husband(sic) of Manuel you are familiar of the reason why this deed of sale was executed?

A : I have stated earlier that my father in law sold it to them for the reason that he would not want the said property to be given to another party, sir.

Q : In other words, it was not really intended as honest to goodness sale between the former owner and Manuel Rivera, your husband and her sister? (sic)

A : Yes, sir."[16]

x x x x x x x x

We also note that in their comment, rejoinder, and memorandum private respondents did not refute petitioners' charge that the said sale is fictitious. The conclusion is thus inescapable that the purported sale of April 15, 1986 of the subject lot is null and void. Illegal motive predetermined the purpose of the contract.[17]

In addition, the trial court and respondent court failed to consider the lack of cause in the alleged deed of sale of 1986.[18] The evidence does not show that private respondents had FIFTY THOUSAND PESOS (P50,000.00) and paid the same to Marciliano. Private respondents allegedly borrowed THIRTY THOUSAND PESOS (P30,000.00) from the cooperative of Mary Help of Christian Parish to prove their financial capacity. However, they floundered in their cross-examinations.

Atty. Meris: (cross-examination of respondent Manuel Rivera) (p. 39, TSN, June 4, 1990)

x x x x x x x x

"Q : And how much did you buy the said property?

A : P50,000.00, sir.

Q : And did you bring this money at the City Hall?

A : No, sir.

Q : Did you give your father the said amount?

A : We spent it for the treatment of my father, for payment of the real estate tax and burial of my mother Aurelia Olegario sir. (Underscore supplied)."[19]

x x x x x x x x

Atty. Buenaventura on cross-examination of Paz Olegario (respondent), pp. 22, TSN, June 23, 1990.

x x x x x x x x

"Q : Do you know how much was paid?

A : P50,000.00, sir

Q : Was it paid in cash or in other form?

x x x x x x x x

A : No, sir.

Q : What do you mean by "no sir."

Atty. Buenaventura:

May we make on record that the witness is having difficulty in answering the question despite being repeatedly interpreted the meaning of the question propounded on to."

x x x x x x x x

"Q : When was the money given, after it (Deed of Sale) was executed on April 15, 1986?

A : Last week of April, sir.

Q : Do you know where the money came from?

Atty. Buenaventura:

May we manifest to the Honorable Court that there are some signal coming from the other witness that has been presented before the Honorable Court and it seems that the witness is getting clue from the other witness. (Underscore supplied)"[20]

Applying Articles 1352 and 1409[21] of the Civil Code in relation to the indispensable requisite of a valid cause, we hold that the alleged deed of sale is void.

It is also obvious to the eye that the contract of sale in 1986 is unregistered. Section 51 of Presidential Decree No. 1529, otherwise known as the Property Registration Decree, provides that "[T]he act of registration shall be the operative act to convey or affect the land insofar as third persons are concerned." Thus, even if the contract of sale is valid, it cannot adversely affect third persons because of its non-registration. More specifically, it cannot prejudice petitioners as well as Elena Adaon and Nestor Tejon.

IN VIEW WHEREOF, the Decision of respondent court dated January 7, 1992 is REVERSED and SET ASIDE; the Complaint in Civil Case No. C-13973 is ordered DISMISSED. No costs.

SO ORDERED.

Narvasa, C.J., (Chairman), Regalado, and Mendoza, JJ., concur.

[1] Rollo p. 9, Petition p. 3, Exhibit "A."

[2] Exhibit "B."

[3] Exhibit "C."

[4] Rollo p. 10, Petition p. 4.

[5] Id.

[6] Civil Case No. C-13973, Regional Trial Court of Caloocan City, National Capital Judicial Region, Branch 123.

[7] Rollo pp. 38-39, Court of Appeals Decision pp. 3-4.

[8] Victor, Luis L., J. Ponente, Kapunan, Santiago M., and Chua, Segundino G., JJ. Concurring.

[9] Rollo p. 40, Court of Appeals Decision p. 5.

Civil Code, Article 1001.

"Should brothers and sisters or their children survive with the widow or widower, the latter shall be entitled to one-half of the inheritance and the brothers and sisters or their children to the other half."

[10] Supra.

[11] Gabriel vs. Monte de Piedad y Caja de Ahorros and The Court of Appeals, 71 Phil. 497 [1941].

[12] Words and Phrases, Vol. 27A, [1961], p. 384.

[13] See Liguez vs. The Hon. Court of Appeals, 102 Phil. 577 [1957] cited in The Civil Code of the Philippines, Aquino, R., Vol. 2, 1990 Edition, p. 424.

[14] See E. Razon, Inc. vs. Philippine Ports Authority No. L-75197, June 22, 1987, 151 SCRA 233.

[15] Rollo pp. 18-19, Petition pp. 12-13.

[16] Id., p. 19.

[17] Avoidance of tax payment under National Internal Revenue Code, Section 253 and to defeat petitioners' right of inheritance.

[18] Civil Code, Article 1352.

"Contracts without cause, or with unlawful cause, produce no effect whatever. The cause is unlawful if it is contrary to law, morals, good customs, public order or public policy."

[19] Rollo p. 19, Petition p. 13.

[20] Id., pp. 23-24.

[21] Civil Code, Article 1409.

"The following contracts are inexistent and void from the beginning:

X X X X X X X X

(3) Those whose cause or object did not exist at the time of the transaction;"

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