JESUS DURAN AND DEMETRIA A. DURAN, PETITIONERS, VS. CARPIO, COURT OF APPEALS, JORGE OLIVAR, PRAXEDES UMPAD GANTUANGCO, JOINED BY HER HUSBAND, ALBERTO GANTUANGCO, EMILIA DICHOS, ...

G.R. NO. 125256. May 02, 2006

Ponente: TINGA, J.

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TINGA, J.:

These consolidated petitions challenge the Decisions of the Court of Appeals in CA-G.R. CV No. 31730 dated May 23, 1996[1] and CA-G.R. SP No. 21084 dated October 9, 1996,[2] which respectively ordered the reconveyance of portions of the disputed lot to private respondents and dismissed the complaint for unlawful detainer filed by petitioners.

There is no substantial dispute regarding the following facts which we quote from the decision of the Court of Appeals in CA-G.R. CV No. 31730:

> The complaint in the case at bench is for Reconveyance of certain portions of a 449 square meter parcel of land situated in Mabolo, Cebu City covered by Transfer Certificate of Title No. 99527 (Exhibit "1") in the name of defendant-appellant Jesus Duran who is married to Demetria Duran. Plaintiffs-appellees Jorge Olivar, Praxedes Umpad Gantuangco assisted by husband Alberto Gantuangco, Emilio Dichos, Luisa Nuñez assisted by her husband Faustino Nunez and Juanito Lawas sought to recover the portions on which they have built their respective dwellings as shown on Exhibit "A", a Sketch Plan of the controverted lot.
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> Transfer Certificate of Title No. 25018 (Exhibit "B") shows that the prior owner of the lot was one Antonina Oporto who leased out the property to the plaintiffs-appellees and the defendants-appellants. Oporto decided to sell the whole lot later. Two witnesses namely plaintiffs-appellees Jorge Olivar and Praxedes Gantuangco gave concurring testimonies that plaintiffs-appellees and defendants-appellants requested owner-lessor Antonina Oporto to sell the lot to them. Evidence further shows that the latter acceded to sell the land to the parties at P100.00 per square meter. Defendant-appellant Jesus Duran however was designated by plaintiffs to negotiate for the lowering of the purchase price. This fact is practically corroborated by defendants-appellants' claim that it was Jesus Duran who insisted that he be the one to bargain with Antonina Oporto. Subsequently however, defendant-appellant Jesus Duran bought the lot in its entirety for himself from Antonina Oporto on January 29, 1987 for the sum of P37,000.00 or at approximately P82.41 per square meter. The aggrieved plaintiffs-appellees learned of the transaction only when they were summoned to appear before the barangay captain in anticipation of the filing of the case for unlawful detainer. As a consequence, plaintiffs-appellees impute bad faith on defendant-appellant Jesus Duran.
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> Defendants-appellants filed an Unlawful Detainer case with the Municipal Trial Court, Branch II, Cebu City docketed as CEB-8576. The Municipal Trial Court ruled in their favor in this other case, which deals only with the question of possession. On appeal, the Municipal Trial Court's decision was affirmed by the Regional Trial Court. The RTC's decision is now the subject of a Petition for Review docketed as CA-G.R. SP No. 21084 presently pending before another Division of this Court.

> In this case for Reconveyance originally filed before the RTC of Cebu City, Brach 13, the court a quo rendered judgment the decretal portion of which is hereunder quoted as follows:
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> "WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiffs ordering defendants to convey the ownership and possession to the plaintiffs of portions of Lot No. 4, Block 6 as stated in paragraph 2 of the complaint as per sketch plan marked as Exhibit "A". Plaintiffs are ordered to reimburse defendants the sum of P44,900.00 at the rate of P100.00 per square meter for the total area of 449 square meters within a period of thirty (30) days from and after this decision shall have become final and executory. Failure on the part of any plaintiff to reimburse defendants means forfeiture of his or her right to have the portion of the lot he/she is occupying conveyed to him/her.
>
> "The claims for damages in the complaint as well as in the counterclaim are hereby dismissed. No cost.
>
> "SO ORDERED."[3]

The Court of Appeals ruled that there was a verbal contract of agency between the parties whereby petitioner, Jesus Duran, was constituted as an agent to negotiate the purchase of the subject property at a lesser price. It held that a constructive trust was created and that Jesus Duran breached his fiduciary duty not only because he concealed the fact that the negotiations had been successfully completed but, worse, he purchased the property for himself. Thus, he has the duty to convey the pertinent portions of the property upon the demand of private respondents and payment by them of the acquisition cost.

It appears that at the time this Decision was rendered, the case for unlawful detainer was pending before another division of the Court of Appeals. At any rate, the case ultimately landed in the same 13[th] Division which decided the reconveyance case.

The appellate court, adopting the facts in the reconveyance case, rendered judgment in favor of private respondents ruling that the prior determination of the capacity in which petitioners acted in purchasing the subject property is indispensable to the correct resolution of who between the parties have a better right to physical possession. Since it was ruled that petitioners are obliged to convey the pertinent portions of the property to private respondents, the Court of Appeals dismissed the complaint for unlawful detainer filed by petitioners against them.

No motions for reconsideration were filed.

Petitioners now dispute the appellate court's findings that an agency was constituted between the parties; that there was constructive trust; and that Jesus Duran was guilty of fraud or breach of trust. Allegedly, these findings do not find support in the evidence on record. Petitioners insist that Jesus Duran was only designated as the spokesman to represent the private respondents in the negotiations for the sale of the property.[4]

They further argue that the Court of Appeals erred in adopting the facts in the reconveyance case and using them as evidence in the unlawful detainer case, insisting that an action for reconveyance of property has no effect on ejectment suits regarding the same property. Procedurally, they contend that the motion for reconsideration of the RTC decision did not toll the period within which the decision may be brought on petition for review before the Court of Appeals. Hence, the petition for review was filed late and should not have been taken cognizance of.[5]

Private respondents, on the other hand, insist that Jesus Duran was the one who suggested that he would talk to Antonina Oporto to ask her to lower the purchase price. They then agreed that he would act as agent on behalf of private respondents in the sale negotiations. A fiduciary relationship was therefore created which petitioners breached when they purchased the property for themselves. Private respondents also argue that the petition in G.R. No. 125256 raises a question of fact because it assails the credibility of the testimonies upon which the Court

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of Appeals based its Decision.[6]

In G.R. No. 126973, private respondents aver that while a motion for reconsideration of a decision of the Municipal Trial Court is a prohibited pleading under the 1991 Revised Rule on Summary Procedure, this is not the case once the matter is elevated to the Regional Trial Court (RTC). In such an instance, the ordinary rules, which allows a motion for reconsideration and tolls the period within which a petition for review may be filed before the Court of Appeals, apply.

They further contend that the appellate court correctly ruled that the issue of possession cannot be decided independently of the question of ownership. Hence, the inquiry it made into the title of the property as adjudged in the reconveyance case was necessary.[7]

We affirm the challenged Decisions of the Court of Appeals.

In Morales v. Court of Appeals,[8] we defined a trust and the categories of trust, viz:

> Trusts are either express or implied. Express trusts are created by the intention of the trustor or of the parties, while implied trusts come into being by operation of law, either through implication of an intention to create a trust as a matter of law or through the imposition of the trust irrespective of, and even contrary to, any such intention. In turn, implied trusts are either resulting or constructive trusts. Resulting trusts are based on the equitable doctrine that valuable consideration and not legal title determines the equitable title or interest and are presumed always to have been contemplated by the parties. They arise from the nature or circumstances of the consideration involved in a transaction whereby one person thereby becomes invested with legal title but is obligated in equity to hold his legal title for the benefit of another. On the other hand, constructive trusts are created by the construction of equity in order to satisfy the demands of justice and prevent unjust enrichment. They arise contrary to intention against one who, by fraud, duress or abuse of confidence, obtains or holds the legal right to property which he ought not, in equity and good conscience, to hold.[9] [Emphasis supplied]

The burden of proving the existence of a trust is generally on the party asserting its existence. Such proof must be clear and must satisfactorily show the existence of the trust and its elements. While oral evidence may be presented to prove the existence of an implied trust, such evidence must be trustworthy because oral evidence can easily be fabricated. Further, the evidence must be received by the courts with extreme caution. The existence of an implied trust should not be made to rest on loose, equivocal and indefinite declarations.[10]

In this case, both the trial court and the Court of Appeals declared that preponderance of evidence, in credibility and number, exists in favor of private respondents.

The Court of Appeals quoted the testimonies of private respondents Jorge Olivar, Praxedes Gantuangco and Emilio Dichos all to the effect that they had an agreement with Antonina Oporto to purchase the subject property but that, upon petitioner Jesus Duran's expression of his desire to have the purchase price lowered, they gave their authority for the latter to negotiate the reduction of the purchase price for the property. Unfortunately, Jesus Duran breached the trust reposed upon him by leading private respondents to believe that he intended to work towards the group's objective and concealing the fact that he had already purchased the property for himself at a reduced price.

In contrast, all that petitioners offered in evidence was petitioner Demetria Duran's statement that there could not have been any such transaction because she was always with her husband. Jesus Duran, who was in the best position to rebut private respondents' claims, did not even take the witness stand and no justifiable reason was given to explain his absence.

We find no reason to disturb the evaluation of the trial court and the Court of Appeals of the credibility of the

testimonies of private respondents' witnesses. It is a settled rule that the assessment of the credibility of witnesses is a domain best left to the trial court judge because of his unique opportunity to observe their deportment and demeanor on the witness stand, a vantage point denied appellate tribunals. And when his findings have been affirmed by the Court of Appeals, these are generally binding and conclusive upon this Court.[11]

There is no showing that the trial court and the Court of Appeals overlooked matters which, if taken under advisement, would have altered the outcome of the case. Their factual findings regarding the agreement between the parties and legal conclusion that a constructive trust was created and later breached by Jesus Duran are substantially supported by the evidence on record and, for this reason, must stand.

Petitioners' theory that Jesus Duran was not constituted as an agent because private respondents did not entrust money to him for the negotiations has no merit. By his own admission, Jesus Duran volunteered and was authorized by private respondents to represent them in the negotiations for the sale of the property. Whether the designation was as a spokesman or as an agent is immaterial. His actions thereafter should have been in representation of, not only himself, but also private respondents as dictated by the principle of equity, which lies at the core of constructive trust.

On the matter of the dismissal of the complaint for unlawful detainer, we find the same correct in view of the operative antecedents.

Section 33 of Batas Pambansa Blg. 129 provides that Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts shall exercise "exclusive original jurisdiction over cases of forcible entry and unlawful detainer: Provided, That when, in such cases, the defendant raises the question of ownership in his pleadings and the question of possession cannot be resolved without deciding the issue of ownership, the issue of ownership shall be resolved only to determine the issue of possession."

In this case, petitioners assert a right to possess by virtue of their purchase of the property. Private respondents, on the other hand, also claim ownership by virtue of constructive trust. The issue of ownership, being inextricably linked with that of possession, should therefore be resolved for purposes of determining the question of possession.

Given the Court of Appeals's ruling that petitioners' assertion of ownership is unlawful and that private respondents are entitled to reconveyance, the appellate court could not but take its own findings into account to determine who among the parties has a better right to possession. It correctly dismissed the complaint for unlawful detainer and ruled that petitioners are obliged to turn over the possession of the pertinent portions of the property to private respondents being the owners thereof.

As regards the procedural question of whether the Court of Appeals should have given due course to the petition purportedly filed late because private respondents filed a prohibited motion for reconsideration of the RTC's decision, it is settled that a motion for reconsideration may be filed from a decision of the RTC in the exercise of its appellate jurisdiction over decisions of the inferior courts in ejectment cases.[12] Petitioners' contention should, perforce, be rejected.

WHEREFORE, the instant petitions are hereby DENIED. The Decisions of the Court of Appeals in CA-G.R. CV No. 31730 dated May 23, 1996 and CA-G.R. SP No. 21084 dated October 9, 1996, are hereby AFFIRMED. No pronouncement as to costs.

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SO ORDERED.

Quisumbing, (Chairperson), Carpio, Carpio-Morales, and Velasco, Jr., JJ., concur.

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[1] G.R. No. 125256, rollo, pp. 40-54; Decision penned by Associate Justice Portia Aliño-Hormachuelos and concurred in by Associate Justices Artemon D. Luna and Ramon A. Barcelona.

[2] G.R. No. 126973, rollo, pp. 70-76; Decision penned by Associate Justice Portia Aliño-Hormachuelos and concurred in by Associate Justices Artemon D. Luna and Ramon A. Barcelona.

[3]G.R. No. 125256, rollo, pp. 40-42.

[4] Memorandum for the Petitioners dated February 10, 1997; G.R. No. 125256, rollo, pp. 159-167.

[5] Petitioners' Memorandum dated October 27, 1997; G.R. No 126973, rollo, pp. 122-130.

[6]Memorandum for Private Respondents dated March 24, 1997; G.R. No. 125256, rollo, pp. 174-191.

[7] Memorandum for Private Respondents dated November 4, 1997; G.R. No 126973, rollo, pp. 138-152.

[8] G.R. No. 117228, June 19, 1997, 274 SCRA 282.

[9] Id. at 298 citing Art. 1441 of the Civil Code, 4 TOLENTINO 673, Huang v. Court of Appeals, 236 SCRA 420, 428 (1994) and Vda. de Esconde v. Court of Appeals, 253 SCRA 66, 73-74 (1996).

[10] Id. at 300 citing 76 Am Jur. 2d Trusts §688 (1992), Art. 1457 of the Civil Code, Salao v. Salao, 70 SCRA 65, 84 (1976); O'Laco v. Co Cho Chit, 220 SCRA 656, 664-665 (1993) and Ong Ching Po v. Court of Appeals, 239 SCRA 341, 347 (1994).

[11] Roca v. Court of Appeals, G.R. No. 114917, January 29, 2001, 350 SCRA 414.

[12] Refugia v. Court of Appeals, G.R. No. 118284, July 5, 1996, 258 SCRA 347.

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