

**ARCHIPELAGO MANAGEMENT AND MARKETING CORPORATION,
PETITIONER, VS. COURT OF APPEALS AND THE HEIRS OF ROSALINA
SANTOS-MORALES, NAMELY, EMETERIO MORALES, LYDIA
TRINIDAD, ROGELIO DE...**

G.R. No. 128850. November 20, 1998

Ponente: PANGANIBAN, J.

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PANGANIBAN, J.:

The issue of whether fraud attended the execution of a contract is factual in nature. Normally, this Court is bound by the appellate court's findings, unless they are contrary to those of the trial court, in which case we may wade into the factual dispute to settle it with finality. However, after meticulously poring over the records and carefully weighing the arguments of the parties, we find no reversible error in the Amended Decision of the Court of Appeals resolving this property dispute between the separate heirs of the first marriages of a widow and a widower who, after the death of their respective first spouses, married each other.

The Case

This is the gist of our ruling on the Petition for Review before us, which seeks to set aside the January 28, 1997 Amended Decision[1] and the April 23, 1997 Resolution[2] of the Court of Appeals[3] in CA-GR CV No. 46014. The Amended Decision granted private respondents' Motion for Reconsideration,[4] viz.:

"WHEREFORE, the Decision of this Court dated July 31, 1996 dismissing the complaint is SET ASIDE, and a new one is hereby rendered, REVERSING the appealed Decision of the lower court and declaring the Deed of Absolute Sale dated May 3, 1989 ANNULLED." [5]

The April 23, 1997 Resolution, on the other hand, denied petitioner's own Motion for Reconsideration.

This case originated from a Complaint for Annulment of Contract with Damages, filed[6] before the Regional Trial Court (RTC) of Quezon City[7] by Rosalina Santos-Morales, through her daughter Lydia Trinidad, against Petitioner Archipelago Management and Marketing Corporation. Upon the death of Rosalina on October 7, 1992,[8] herein private respondents, in their capacity as heirs, filed an Amended Complaint[9] stating inter alia that they were substituting the deceased as plaintiffs.[10]

On April 15, 1994, the Complaint and the Counterclaim[11] were dismissed in the RTC Decision, which was initially affirmed by the Court of Appeals (CA) in its original Decision dated July 31, 1996.[12] Acting on private respondents' Motion for Reconsideration with Motion for New Trial, the appellate court,[13] in its Amended Decision, reversed its previous ruling. Subsequently, as already stated, it also denied petitioner's own plea for reconsideration.

Undaunted, petitioner has brought this appeal for a final ruling on the matter.[14]

The Facts

The factual antecedents of the case were identically summarized by the appellate tribunal in both its original and its amended Decisions, as follows:

"At the center of the controversy is a parcel of land upon which are erected residential buildings located at No. 58, South Maya Street, Philamlife Homes, Quezon City. Before the controversy, the subject property was owned and titled in the name of Rosalina Santos Morales, covered by TCT No. 255716. The latter had children by first marriage, one of whom is Lydia Trinidad (plaintiff-appellant). When Rosalina was widowed, she married Emeterio Morales, a widower, who also had children by a former marriage, including Narciso Morales, president of Archipelago Management and Marketing Corporation (defendant-appellee). For more than forty (40) years, Rosalina and Emeterio lived together in the subject property, leasing out the building as a retreat house to outside parties.

"When several offices in the Quezon City Hall w[ere] razed by fire in 1988, many records, including original certificates of title[,] were reduced to ashes. Consequently, landowners with real properties in Quezon City had to apply for reconstitution of their individual titles. Sometime in August of that year, it is alleged that Emeterio Morales took the owner's duplicate certificate of title over the subject property from Rosalina's designated caretaker, and on the pretext that he was going to apply for reconstitution of title, he was able to convince Rosalina to affix her signature on several documents. One of those documents turned out to be a Deed of Absolute Sale dated May 3, 1989, wherein it was stipulated that Rosalina sold to the defendant-appellee corporation the subject property for One Million Two Hundred Thousand (P1,200,000.00) Pesos. By virtue thereof, a new title was issued in favor of the defendant-appellee corporation.

"Meanwhile, Rosalina Morales and her husband, Emeterio, continued to reside in the subject property. She even entered into a 5-year lease contract over the buildings with the siblings of Rodolfo and Nympha Alano on May 19, 1989. She also continued to pay the yearly realty taxes on said property.

"In 1992, Rosalina's daughter, Lydia Trinidad, returned from the United States of America. Lydia inquired about the title to the subject property, and she learned from the Office of the Register of Deeds of Quezon City about the Deed of Absolute Sale between Rosalina and the defendant-appellee corporation.

"On July 17, 1992, Rosalina Santos-Morales, represented by Lydia Trinidad, filed an action for annulment of the Deed of Absolute Sale with damages against the defendant corporation. She denied having sold the subject property, allegedly paraphernal, to anybody, much less to the defendant corporation. She further alleged that her signature on the said document was obtained by means of fraud, deceit and insidious machinations on the part of her husband, Emeterio, and her stepson, Narciso Morales, for and in behalf of the defendant corporation. She also denied having received any consideration in the amount of P1,200,000.00. In fact, when she learned of the said transaction, she immediately filed an affidavit of adverse claim before the Register of Deeds of Quezon City. She argued that the fact she entered into a contract of lease over the subject property even after the Deed of Absolute Sale was supposedly executed is proof that she knew of no sale to the defendant corporation. Consequently, she contended that the said Deed of Absolute Sale was invalid for fraud and vices of consent.

"Furthermore, she pointed out that there were irregularities in the execution of the disputed Deed of Absolute Sale. First, the residence certificate cited in the Deed dated May 3, 1989 was issued way back on January 26, 1988 in Malabon, Rizal, when she already had a new one issued on January 26, 1989 in Quezon City. Second, Vicente M. Joyas, who notarized the disputed Deed of Absolute Sale was not appointed as Notary Public of Manila in 1988 for the term ending on December 31, 1989, per verification from the Office of the Clerk of Court of Manila.

"Accordingly, she prayed that the Deed of Absolute Sale be annulled; that Lydia Trinidad be appointed her guardian ad litem; and that the defendant corporation be made to pay P200,000.00 as and for moral damages; P100,000.00 as and for actual and compensatory damages; P150,000.00 as and for attorney's fees and

litigation costs.

"In its answer, the defendant corporation denied that the subject property was paraphernal, claiming that it was purchased and the improvements thereon constructed using the money of Emeterio Morales, the plaintiff's husband, during the existence of their marriage. It was also contended that the plaintiff, who was at that point physically disabled and senile, could not have known of nor consented to her daughter's filing of the present action, for her (plaintiff) thumbmark could have easily been affixed on the adverse claim and the complaint itself by Lydia Trinidad. The defendant also questioned Lydia Trinidad's authority to file the action when she had not yet been appointed guardian ad litem.

"Moreover, the defendant negated the plaintiff's allegation that Emeterio Morales took the certificate of title from the caretaker since the said title was in Rosalina Morales' possession, and he could not have misled her to sign the Deed of Absolute Sale on the pretext that it was only in connection with the application for reconstitution of said title. It was pointed out that at that time, Rosalina Morales was in full possession of her mental faculties and was in fact, a very intelligent and astute woman. To corroborate this allegation, the defendant corporation attached as annexes several motions and a compromise agreement executed by Rosalina Morales in Special Proceeding No. 5010 before the RTC of Pasig, Metro Manila, in the exercise of her duties as administratrix of the sizable estate of her deceased aunt. Thus, there was no truth to the allegation that Rosalina Morales' consent to the sale of the subject property was not given freely and voluntarily, considering that she was mentally and physically aware of everything that was going on around her.

"Furthermore, the defendant argued that the alleged irregularity in the residence certificate and the notarization of the document would not in any way affect the validity of the sale since a public instrument [was] not essential to its validity. Insofar as the lease was concerned, Narciso Morales alleged that he tolerated it since he made a commitment to his father and stepmother (the Morales spouses) that they could reside in and enjoy the fruits of the subject property for as long as they lived, out of his love and devotion for them. Thus, the plaintiff had no cause of action and the suit was baseless in fact and in law.

"The defendant then prayed that judgment be rendered in its favor, dismissing the complaint and ordering the plaintiff to pay P1,000,000.00 by way of compensatory damages, P500,000.00 as corrective damages; P200,000.00 as and for attorney's fees and costs of suit.

"Even before the pre-trial conference could be held, on October 7, 1992, plaintiff Rosalina Santos-Morales passed away. Accordingly, her heirs, namely, Lydia Trinidad, Rogelio de la Paz, Emmanuel de la Paz and Emeterio Morales, as her surviving spouse, were substituted as co-plaintiffs. Emeterio Morales thereafter executed an affidavit wherein he declared that his inclusion as a party-plaintiff was without his consent or authorization. He also deposed that as one of Rosalina Morales' forced heirs, he [was] requesting that the civil case be withdrawn and/or dismissed.

"On April 30, 1993, the trial court issued the pre-trial Order limiting the issues to be resolved to the following[:]

"I. Whether or not the plaintiff, Rosalina Santos Morales, was of sound mind when the questioned Deed of Absolute Sale was executed on May 3, 1989.

"II. Whether or not the consent of Rosalina Santos-Morales, when she affixed her signature on the questioned Deed of Absolute Sale was vitiated by fraud.

"III. Whether or not defendant corporation paid the consideration stated in the Deed of Absolute Sale." [15]

The Ruling of the Court of Appeals

In its assailed Amended Decision reversing the trial court's judgment, as well as its own earlier pronouncement, the CA ruled that "Rosalina never sold the property in question to defendant, contrary to what the Deed of

Absolute Sale dated May 3, 1989 purports to show."[16]

The appellate court held that fraud vitiated the consent of Rosalina as indicated by the following circumstances "surrounding the signing of the Deed of Sale": (1) she "was tricked into believing that what she was signing was an application for the reconstitution of the lost [certificate of] title but which was actually a deed of absolute sale of the property in question"; (2) "there was no reason for [her] to sell her house and lot," because "[t]here was no evidence that would hint that the couple was in any economic problem"; (3) the person who notarized the document was not a commissioned notary public; (4) her expired residence certificate appeared on the Deed, although a new one had already been issued to her; (5) there is no substantial proof of payment; and (6) her subsequent acts showed that "she did not know or was not aware" that she signed any deed of sale.[17]

The Issue

Petitioner raises this solitary issue:

"Whether or not the Court of Appeals committed a reversible error in reversing its original decision and the decision of the Regional Trial Court by annulling the Deed of Absolute Sale on a mere motion for reconsideration which did not raise new and substantial issues."[18]

Simply put, the main issue is whether the appellate court committed reversible error in ruling that the signature of Rosalina was fraudulently obtained. However, in discussing and determining the existence of a reversible error, we shall take up all the issues raised by petitioner before the Court of Appeals, as all of them revolve around the core question of fraud. First, we shall tackle a preliminary matter: the propriety of private respondents' Motion for Reconsideration before the CA.

This Court's Ruling

The petition is devoid of merit.

Preliminary Issue:

Motion for Reconsideration

The petitioner submits that the CA should have denied private respondents' Motion for Reconsideration, "as it did not raise new and substantial arguments and issues that would warrant the reversal of its original Decision."

We rule otherwise. Rule 9 of the Revised Internal Rules of the Court of Appeals simply requires that a motion for reconsideration state (1) the material dates and (2) the grounds relied upon by the movant.[19] The appellate tribunal is thus accorded the opportunity to correct a possible error in its decision.[20]

Herein private respondents' Motion for Reconsideration (MR) alleged that there was a newly discovered evidence -- the holographic will[21] of Rosalina. It is therefore incorrect to say that the arguments in the MR were mere rehashes of those already passed upon by the appellate court.

More important, the following discussion will show that the CA committed no reversible error in granting the Motion for Reconsideration, because the reversal of the original CA Decision was clearly justified.

Main Issue:

Circumstances Showing Fraud

A contract is a meeting of minds between two persons, whereby one is bound to give something or to render some service to the other.[22] A valid contract requires the concurrence of the following essential requisites: (1) consent of the contracting parties, (2) object certain which is the subject matter of the contract, and (3) cause of the obligation which is established.[23] Under Article 1330 of the Civil Code, consent may be vitiated by any of the following: (1) mistake, (2) violence, (3) intimidation, (4) undue influence, and (5) fraud.

As earlier noted, the present case revolves around the question of fraud. There is fraud when one party is induced by the other to enter into a contract, through and solely because of the latter's insidious words or machinations.[24] But not all forms of fraud can vitiate consent. Under Article 1330, fraud refers to *dolo causante* or causal fraud, in which, prior to or simultaneous with the execution of a contract, one party secures the consent of the other by using deception, without which such consent would not have been given.[25]

Because the factual findings of the trial court and the Court of Appeals differed, we undertook a scrutiny of the records, which persuaded us that the assailed Amended Decision should be affirmed and the contested contract annulled. We believe that causal fraud is clearly demonstrated by the following facts which were duly established during the trial.

Certificate of Title Obtained by Misrepresentation

When Emeterio Morales, father of Narciso Morales, took the owner's duplicate certificate of title of the subject property from Gregorio Baonguis, Rosalina's caretaker, he did not reveal that the property was the subject of a sale. Instead, Emeterio claimed that he needed the owner's duplicate to enable him to follow up Rosalina's application for a reconstitution of the certificate of title, which had been burned during the fire that gutted the Quezon City Hall. This is evident from Baonguis' testimony:[26]

"Q

Where is the title of this property now?

A

It was taken from me by Mr. Emeterio Morales, in 1988, sir.

Q

Where did you give it to him?

A

In their house at 58 South Maya Street, Philamlife Homes, Quezon City, sir.

Q

Did Mr. Morales tell you his purpose why he need[ed] that owner's copy of the title?

A

According to him, he need[ed] that owner's copy to facilitate the reconstitution of title. They [would] be the one to follow it up, sir.

Q

Did you come to know the result of this reconstitution of this title[?]

A

After that, sir, I heard nothing about it anymore."

Worse, when confronted by Lydia Trinidad (Rosalina's daughter), Emeterio denied that he had ever taken the certificate of title from Baonguis. She testified:[27]

"Q

After learning from Mr. B[a]long[u]is that the title of the property in question was taken by your stepfather, what did you do?

A

I confronted my stepfather and asked for it and he denied.

Q

What, more or less, did you ask your stepfather about this thing?

A

I asked him about the title and he said he [did] not have it.

Q

After learning from your stepfather that he did not have this title, what did you do next?

A

I told him that I [was] inquiring from the Register of Deeds."

Irregularities in the Notarization

Irregularities also impair the notarization of the alleged Deed of Sale. Very glaring is the fact that the Deed carried the expired residence certificate of Rosalina, although a new one had been issued to her at the time.[28] The significance of this detail was correctly appreciated by the Court of Appeals in the following terms:

"x x x Furthermore, investigation also revealed that an [a]pplication for [r]econstitution of the original TCT No. 255716, duly signed by Rosalina Santos-Morales, was filed with the Office of the Registry of Deeds of Quezon City on August 8, 1988, and that her Residence Certificate No. 85119801-G issued on January 26, 1988, in Malabon, Rizal, appearing therein [was] the same as that one appearing in the Deed of Absolute Sale dated May 3, 1989, which is an indication of irregularity considering that as early as January 26, 1989, she had already been issued Residence Certificate No. 04022287 in Quezon City, which was even used in the notarization of the Contract of Lease dated May 19, 1989. If it were true that Rosalina Morales personally appeared before Atty. Joyas and herself presented her residence certificate to Atty. Joyas, there is no reason why her 1988 residence certificate should be the one that should appear in the deed of sale, the only possible conclusion being that she never appeared before Atty. Joyas to present her residence certificate to the latter. x x x" (Underscoring supplied.)

The conclusion of the Court of Appeals is buttressed by the fact that Atty. Vicente M. Joyas, who notarized the Deed of Absolute Sale, was not a commissioned notary.[29]

We have ruled that "while [a] writing may have been accompanied by the most solemn formalities, no instrument is so sacred when tainted with fraud as to place it beyond scrutiny of extrinsic evidence. This evidence overcomes the known presumption *fraus est odiosa et non praesumenda*." [30] Such rule is especially applicable when the instrument fails to conform to the formalities required by law.

Acts of Ownership Exercised by Rosalina Even After the Alleged Execution of the Deed of Sale

Ownership of a property means, among others, the right to enjoy and dispose of it, subject to limitations established by law.[31] The law "recognizes in the owner the right to enjoy and dispose of the thing owned. The right to enjoy includes: the *jus utendi* or the right to receive from the thing what it produces, and the *jus abutendi* or the right to consume the thing by its use." Further, "[t]he right to dispose or the *jus disponendi*, is the power of

the owner to alienate, encumber, transform, and even destroy the thing owned." [32]

In the present case, even after Rosalina allegedly sold her paraphernal [33] property to herein petitioner, she still performed acts of ownership over the same. Sixteen days after the alleged execution of the Deed of Sale, [34] she entered into a contract of lease [35] with siblings Rodolfo and Nympha as lessees. The lease contract clearly stated that Rosalina was "the absolute owner" of the disputed property. [36] Indeed, she did not even mention petitioner's alleged "interest" over the property when she signed the said contract. This was affirmed on the witness stand by Nympha's husband, Reynaldo Ortiz, who stated that he was unaware of the existence of either Petitioner Corporation or Narciso Morales. [37]

Furthermore, Rosalina (and her heirs) continued to possess the disputed property even after the alleged sale. She also paid the real estate taxes and collected rentals from the lessees. In fact, after the alleged execution of the questioned Deed of Sale, she even executed a holographic will bequeathing the property to her husband Emeterio, her caretaker Baonguis and her children by her first husband.

In stark contrast, petitioner never exercised acts of ownership over the property. Indeed, aside from the alleged Deed of Sale, it presented no other evidence of its ownership such as books, records or financial statements. Moreover, it did not pay the real estate taxes even after a new TCT had been issued in its name on May 5, 1989 as a consequence of the registration of the purported Deed. [38] It must also be underscored that Atty. Narciso Morales, president of the petitioner corporation, knew of the subsequent acts of Rosalina, but offered no objection thereto.

Rosalina's Immediate Disavowal of the Deed of Sale

Upon learning of the existence of the Deed of Absolute Sale, Rosalina immediately denied that she ever signed the said contract. Her reaction was described by her daughter Lydia, who testified thus: [39]

"Q

What did you do with this Deed of Absolute Sale and the title you procured from the Office of the Register of Deeds when you talked to your mother?

A

I showed it to my mother and she said: 'No I have not sold this.' Over and over again, that was her answer.

Q

In this Deed of Absolute Sale, marked in evidence as Exhibit 'C', it appears that it purports that this property which is the parcel of land covered by TCT No. 255716 from the Register of Deeds of Quezon City, to have been sold by your mother to the defendant corporation in the consideration of P1,200,000.00. Did you mention this to your mother? Did you confront her with this particular portion of the Deed of Absolute Sale?

A

Yes, sir.

Q

What did she tell you?

A

She said she never sold that. She told me she did not receive any single amount out of that sale."

Thereafter, Rosalina executed an affidavit repudiating the said contract. The following averments in the affidavit are instructive:

"1. I am the registered owner of that parcel of land, together with the improvements thereon, located in Philamlife Homes, Quezon City, covered by Transfer Certificate of Title No. 255716 issued by the Register of Deeds of Quezon City, which property is my paraphernal property;

"2. Considering my present state of health, I requested my daughter Lydia Santos dela Paz Trinidad, to make the necessary verification with the Office of the Register of Deeds of Quezon regarding said property because my owner's copy of the title was reportedly taken by my husband, Emeterio S. Morales, from my caretaker without my previous authority and consent;

"3. Said verification made by my daughter disclosed that on May 5, 1989, [a] Deed of Absolute Sale purporting to have been executed by me in favor of Archipelago Management and Marketing Corporation, covering said property, was presented to the Office of the Register of Deeds of Quezon City;

"4. I was very much surprised to learn this because I ha[d] not sold the said property to anybody much less to Archipelago Management and Marketing Corporation;

"5. In view of this, I have executed this Affidavit of Adverse Claim for the purpose of requesting the Office of the Register of Deeds of Quezon City and/or the Land Registration Authority not to deliver the reconstituted owner's duplicate of the said TCT No. 255716 except to me or to my duly authorized representative under my written authority.

"6. I hereby further request the said Office to hold in abeyance registration of any document affecting the said parcel of land." [40]

Eventually, Rosalina filed the present Complaint to annul the contract of sale.

Consideration for the Sale

There is no conclusive showing that Rosalina ever received any consideration for the alleged sale. Although petitioner argues that private respondents failed to overcome the legal presumption that there was sufficient consideration for the contract,[41] its own evidence fails to provide any factual basis for the presumption.

Indeed, petitioner's version is so outlandish that it defies belief. It asserts that the geriatric Rosalina travelled all the way from her home in Quezon City to Narciso Morales' Greenhills residence where she was given the payment. Afterwards, the parties supposedly went to the Manila City Hall to have the Deed of Sale notarized. Incredibly, petitioner alleges that the payment, which was in cash, was made in Greenhills because Rosalina was afraid of holdups!

Simply stated, petitioner's account is highly implausible. We find more credibility in private respondents' version denying that Rosalina ever sold her property, executed a deed of sale, or received any amount from the petitioner.[42] The fact that Rosalina's bank passbook shows no increase in the deposit on or after the date of the alleged sale[43] supports the cause of the private respondents.

Deceased Not Guilty of Negligence

Citing *Songco v. Sellner*,[44] petitioner argues that private respondents cannot invoke fraud, because Rosalina was negligent in signing the Deed of Sale. It contends that Rosalina did not exercise due care when she affixed her signature to the Deed of Absolute Sale without first reading the contents thereof.

The argument is not persuasive. In the first place, *Songco* does not apply. In that case, a party claimed fraud based on the vendor's exaggerated statement concerning the probable yield of sugar from the cane sold. The Court held

that such party should have exercised diligence instead of merely relying on the representation of the vendor. Clearly, the factual setting of Songco is different from that of the present controversy.

In this case, Rosalina was not aware that she ever signed any deed of sale. All she knew was that she had applied for the reconstitution of her title. In fact, her subsequent conduct confirms that she did not sell or intend to sell her property.

Petitioner maintains that she should have read the documents before signing the same. The peculiar circumstances of this case, however, render that contention unacceptable. While it may be presumed that Rosalina was of sound mind, it is undisputed that she was also quite old. In fact, two years after the alleged execution of the Deed of Sale, according to the testimony of Narciso Morales,[45] Rosalina entered into her "second childhood." Thus, while Rosalina's mind may have been sound when she signed the said contract, it was degenerating and becoming susceptible to surreptitious machinations. Furthermore, it was her husband who asked her to sign the documents, purportedly in connection with her application for a reconstitution of title. She cannot be expected to have exercised the same high degree of vigilance usually observed in ordinary "arm's length" transactions.

All the foregoing circumstances militate against petitioner's cause. Apropos to the present case is the following pronouncement of this Court:

"x x x. The statement that fraud cannot be presumed does not mean that the presumption of fraud may not arise, and be legitimately deduced, from circumstantial evidence, but only that it is not to be assumed of a transaction that it is fraudulent, in the absence of proof afforded by intrinsic evidence of unfairness in the transaction itself, or extrinsic facts and circumstances leading to that conclusion. The general rule, therefore, must be understood only as affirming that a contract or conduct apparently honest and lawful must be treated as such until it is shown to be otherwise by either positive or circumstantial evidence. Fraud may be, and often is, proved by or inferred from circumstances, and the circumstances proved may in some cases raise a presumption of its existence. On the other hand it has been held that while fraud may be proved by circumstances or presumed from them, it cannot be demonstrated by construction, and hence must be prove[n] in all cases." [46]

Conclusion

After an exhaustive scrutiny of the records of this case, we find no reversible error in the CA's conclusion that fraud attended the execution of the subject Deed.

In reversing its original Decision, the reviewing court ratiocinated:

"Considering the above pleadings of the parties, which necessitated a re-review of the facts and issues of the case, it appears that there were certain facts of substance and value which were overlooked that, if considered, would affect the outcome of the case. Thus, the need to render this Amended Decision.

"While it is true that Rosalina Morales was of sound mind when she executed the disputed Deed of Absolute Sale, it is likewise true that it does not necessarily follow that no fraud was committed, since, through deceit and certain manipulations, she could be made to erroneously affix her signature to the deed of sale. Again, while it is true that a deed of sale does not have to be notarized to be valid, it is likewise true that consent may be vitiated as shown by the circumstances surrounding the signing of the deed of sale, thereby rendering the sale voidable for lack of consent, x x x" [47]

The chain of circumstances indubitably shows that Rosalina was "tricked into believing" [48] that what she was signing were papers pertinent to her application for the reconstitution of her burned certificate of title. And the CA correctly observed that "x x x Rosalina Morales' series of acts subsequent to the alleged date of execution of the deed of sale shows that she did not know, and was not aware, of having affixed her signature on a document that

turned out later to be a deed of sale xxx." [49] Petitioner could not have obtained the signature of Rosalina without the help of Emeterio Morales. Thus, the appellate court had reason to rule that "Atty. Narciso Morales, x x x, as president of the defendant corporation, conspiring and confederating with his father, Mr. Emeterio Morales, obtained by means of fraud and deceit the signature of Rosalina Santos-Morales." [50]

Taken together, the aforecited circumstances in this case overwhelmingly demonstrate the causal fraud committed in obtaining Rosalina's signature on the Deed of Sale. Rosalina had no intention to part with her property, and as the appellate court ruefully observed, she had no reason to. In fact, her conduct reveals that she had no knowledge at all of the alleged Deed of Sale, and that during her lifetime, she considered herself the absolute owner of the property. Au contraire, petitioner and its president manifested no conduct showing ownership or challenge to her dominion over the subject real estate, even after the alleged execution of the Deed.

In closing, an earlier observation of this Court is aptly reiterated hereunder: [51]

" '[T]he fertility of man's invention in devising new schemes of fraud is so great that courts have declined to define it, reserving to themselves the liberty to deal with it under whatever form it may present itself.' In the case at bar the fraudulent scheme is evidenced by a series of related acts committed one after another, silently, quietly and surreptitiously. Our jurisprudence abounds with cases where fraud had been held to exist but we have found none in which all the circumstances above indicated are present, the circumstances being varied as the men who schemed the fraud in each case."

WHEREFORE, the petition is hereby DENIED for lack of merit. The assailed Decision dated January 28, 1997 and the Resolution dated April 23, 1997, both promulgated by the Court of Appeals in CA-GR No. 46014, are AFFIRMED. Costs against petitioner.

SO ORDERED.

Davide Jr. (Chairman), Bellosillo, Vitug, and Quisumbing JJ., concur

[1] Rollo, pp. 42-58.

[2] Rollo, p. 59.

[3] Former Ninth Division composed of Justices Jorge S. Imperial, ponente and chairman of the Division; and Corona Ibay Somera and Celia Lipana-Reyes, members, both of whom concurred.

[4] CA rollo, pp. 88-107.

[5] CA Decision, p. 17; rollo, p. 58.

[6] On July 17, 1992.

[7] Presided by Judge Tirso D.C. Velasco.

[8] See Notice of Death and Death Certificate; Records, pp. 52-53.

[9] Rollo, pp. 62-67.

[10] Emeterio, who was impleaded as plaintiff for being the husband of Rosalina, executed an affidavit, stating that the Complaint was filed without his consent or authorization and praying that the same be dismissed. (Records, pp. 110-111)

[11] Rollo, pp. 79-82.

[12] CA Decision, pp. 1-11; rollo, pp. 83-93.

[13] The same justices of the Court of Appeals rendered the assailed Amended Decision.

[14] The case was deemed submitted for resolution on June 4, 1998, upon receipt by this Court of private respondents' Memorandum.

[15] Amended CA Decision, pp. 1-5; rollo, pp. 42-46. Original CA Decision, pp. 1-4; rollo, pp. 83-86.

[16] CA Amended Decision, p. 16; rollo, p. 57.

[17] Ibid., pp. 7-16; rollo, pp. 48-57.

[18] Memorandum for the Petitioner, p. 6; rollo, p. 224. (Upper case used in the original.)

[19] §1, Rule 9.

[20] See *Ybañez v. Court of Appeals*, 253 SCRA 540, 547, February 9, 1996.

[21] Dated March 6, 1990. (CA rollo, p. 102.)

[22] Article 1305, Civil Code.

[23] Ibid., Art. 1318.

[24] Ibid., Art. 1338.

[25] *Samson v. CA*, 238 SCRA 397, 404, November 25, 1994.

[26] TSN, June 17, 1993, pp. 19-20.

[27] TSN, May 14, 1993, pp. 10-11.

[28] CA Amended Decision, p. 9; rollo, p. 50.

[29] See Certification issued on June 5, 1992; records, p. 13.

[30] *Mariano v. Court of Appeals*, 220 SCRA 716, 720, March 31, 1993; per Nocon, J., citing *Pagsuyuin v. Intermediate Appellate Court*, 193 SCRA 547.

[31] Article 428 of the Civil Code.

[32] Tolentino, *Commentaries and Jurisprudence on the Civil Code of the Philippines*, Vol. II, 1992 ed., pp. 45-46.

[33] The property is paraphernal in nature, as indicated in TCT No. 255716 issued to Rosalina. (See Exhibit "A"; records, pp. 6-7) Emeterio even executed an affidavit stating therein that said real estate was a paraphernal property of Rosalina. (See Exhibit "O"; records, p. 182.)

[34] The Deed of Absolute Sale was dated May 3, 1989; the Contract of Lease, May 19, 1989.

[35] Records, pp. 11-12.

[36] Ibid., p. 11.

[37] TSN, October 27, 1993, pp. 4-25.

[38] Records, p. 209.

[39] TSN, May 14, 1993, p. 13.

[40] Records, p. 10.

[41] Section 3 (r), Rule 131, Rules of Court.

[42] See the Complaint, pp. 2-3; records, pp. 2-3.

[43] See Exhibit "T"; records, pp. 278-280.

[44] 37 Phil. 254, December 4, 1917.

[45] TSN, September 7, 1993, p. 21.

[46] De Roda v. W. A. Lalk and E. Michael & Co., Inc., 48 Phil. 107-108, October 7, 1925; per Johns, J.

[47] CA Amended Decision, p. 7; rollo, p. 48.

[48] Ibid., p. 9; rollo, p. 50.

[49] Ibid., p. 14; rollo, p. 55.

[50] Ibid., p. 16; rollo, p. 57.

[51] Rivera v. Litam & Company, Inc., 4 SCRA 1072, 1083, April 25, 1952; per Labrador, J.

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