

**REYNALDO RODRIGUEZ AND NANCY A. RODRIGUEZ, PETITIONERS,
VS. CONCORDIA ONG LIM, EURESTES LIM AND ELMER LIM,
RESPONDENTS.***G.R. NO. 135817. November 30, 2006*

Ponente: CALLEJO, SR., J.

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Before the Court is a petition for review on certiorari filed by the spouses Reynaldo and Nancy Rodriguez seeking the reversal of the Decision^[1] dated July 18, 1995 of the Court of Appeals in CA-G.R. CV No. 27440. The assailed decision affirmed that of the Regional Trial Court (RTC) of Lucena City, Branch 58, declaring, inter alia, Transfer Certificate Title (TCT) No. T-128607 in the names of petitioners Reynaldo and Nancy Rodriguez null and void and directing them to vacate the lots subject of litigation. Likewise sought to be reversed is the appellate court's Resolution dated October 5, 1998 denying petitioners' motion for reconsideration.

As culled from the respective decisions of the RTC of Lucena City, Branch 58 (court a quo) and the appellate court, the factual and procedural antecedents are as follows:

Pablo Goyma Lim, Jr. filed with the court a quo a complaint for cancellation of certificate of title and injunction against the spouses Rodriguez. In his complaint, Pablo Goyma Lim, Jr. alleged that his mother, Dominga Goyma,^[2] was the owner of two parcels of land (subject lots). The first parcel,^[3] containing an area of 28,051 square meters, more or less, is situated in the Sitio of Tulay-Buhangin, Barrio Ilayang Palo, Municipality of Pagbilao, Province of Quezon. The second parcel,^[4] containing an area of 260,590 sq m, more or less, is situated in the Sitio of Tulay-Buhangin, Barrio of Laguimanoc, Municipality of Atimonan (now Padre Burgos), Province of Quezon. The subject lots were registered in the name of Dominga Goyma on February 6, 1948 under TCT No. T-2857.

Dominga Goyma died on July 19, 1971 and was survived by her only son, Pablo Goyma Lim, Jr., a spurious son acknowledged and recognized by her.

The complaint also alleged that during her lifetime, Dominga Goyma exclusively possessed the subject lots and upon her death, Pablo Goyma Lim, Jr. succeeded to all her rights of ownership and possession. However, the spouses Rodriguez, despite their knowledge that Pablo Goyma Lim, Jr., was now the owner and possessor of the subject lots, allegedly unlawfully and fraudulently made it appear that they had purchased the subject lots from persons who were not the owners thereof.

The spouses Rodriguez allegedly caused the cancellation of TCT No. T-2857 despite the fact that the owner's duplicate copy thereof was in the possession of Pablo Goyma Lim, Jr. On February 10, 1975, TCT No. T-128605 was issued in the name of Frisco^[5] Gudani, estranged husband of Dominga Goyma. This title was cancelled by TCT No. T-128606 issued in the name of Eduardo Victa also on February 10, 1975. The latter certificate of title, in turn, was cancelled by TCT No. T-128607 issued in the name of the spouses Rodriguez also on February 10, 1975.

Since May 1975, the spouses Rodriguez allegedly tried to enter and occupy the subject lots by force and intimidation. Pablo Goyma Lim, Jr. thus prayed in his complaint that the spouses Rodriguez be permanently enjoined from entering and occupying the subject lots; TCT No. 128607 be declared null and void and TCT No. T-2857 in the name of Dominga Goyma be reinstated; and the spouses Rodriguez be ordered to pay Pablo Goyma Lim, Jr. damages, attorney's fees and the costs of suit.

In their Answer, the spouses Rodriguez denied the material allegations in the complaint. They alleged that Dominga Goyma was not the mother of Pablo Goyma Lim, Jr. They averred that the subject lots were the conjugal property of Frisco Gudani and his wife Dominga Goyma. When the latter died, Frisco Gudani was her sole surviving heir.

According to the spouses Rodriguez, Frisco Gudani and Dominga Goyma, as husband and wife, jointly exercised acts of ownership and possession over the subject lots. When Dominga Goyma passed away, Frisco Gudani executed an instrument of extra-judicial settlement of the estate of the deceased. By virtue of the said document, Dominga Goyma's share in the subject lots was adjudicated in favor of Frisco Gudani as her sole surviving heir. The extra-judicial settlement allegedly complied with the requirements of publication under the Rules of Court.

Thereafter, Frisco Gudani allegedly sold the subject lots to Eduardo Victa who, in turn, sold the same to the spouses Rodriguez. The latter claimed that they were purchasers in good faith and for value. Further, they denied that they had tried to enter the subject lots by means of force and intimidation. On the contrary, the spouses Rodriguez claimed that they have been in possession of the subject lots by themselves and their predecessors-in-interest.

At the pre-trial, the parties stipulated on the following facts:

- that plaintiff Pablo Goyma [Lim], Jr., the plaintiff in this case, is the same person mentioned in the birth certificate as Pablo Go Yma, xerox copy of which was submitted during the previous preliminary hearing, marked as Exhibit "A";
- that Pablito Goyma Lim mentioned in the Individual Income Tax Returns of the deceased Dominga Goyma, xerox copies of which were submitted during the previous preliminary hearing and marked as Exhibits "B", "C" and "D" and in the Statement of Assets and Liabilities of the deceased Dominga Goyma marked as Exhibit "E", refers to the plaintiff Pablo Goyma Lim, Jr.;
- that according to plaintiff Pablo Goyma Lim, Jr., he is an illegitimate child other than natural of the deceased Dominga Goyma;
- that the deceased Dominga Goyma died on July 19, 1971 and that at the time of her death, she was then the registered owner of the two parcels of land mentioned in paragraph 2 of the complaint covered by Transfer Certificate of Title No. T-2857; that under the aforesaid Transfer Certificate of Title, said lands are registered in the name of Dominga Goyma, wife of Frisco Gudani;
- that at the time of the death of Dominga Goyma, plaintiff Pablo Goyma Lim, Jr., was then more than thirty-five (35) years of age;
- that previous to the instant case, there has been no judicial inquiry as to the maternity or filiation of plaintiff Pablo Goyma Lim, Jr.

x x x [6]

Efforts of the parties to enter into an amicable settlement of the case fell through. Consequently, trial on the merits ensued. In the meantime, in the course of the trial, Pablo Goyma Lim, Jr. died on September 8, 1988. He was duly substituted by his surviving spouse, Concordia Ong Lim, and children Eurestes and Elmer Lim.

During trial, both parties adduced their respective evidence. Among those presented to support the allegations of Pablo Goyma Lim, Jr. were the following: Deed of Absolute Sale dated December 13, 1945 (Exhibit "I") covering four parcels of land, including the subject lots, purchased by Dominga Goyma from Marciano and Marina Rodriguez; Marital Consent dated March 19, 1932 (Exhibit "K") executed by Frisco Gudani and Dominga Goyma; TCT No. T-2857 (Exhibit "A") covering the subject lots issued in the name of Dominga Goyma; Pablo Goyma Lim, Jr.'s Certificate of Birth (Exhibit "B") indicating that his mother was Dominga Goyma; Statement of Assets, Income and Liabilities for 1958 (Exhibit "C") of Dominga Goyma indicating Pablo Goyma Lim, Jr. as her son; Income Tax Returns for calendar years 1953 up to 1955 (Exhibit "D" to "F") of Dominga Goyma, where she invariably claimed personal exemption as head of the family and stated therein that she was "separated" from her husband and claimed an exemption for her son Pablo Goyma Lim, Jr.; and Real Property Tax Receipts from 1955, 1957 up to 1975 (Exhibits "H," "H-1" up to "H-22") covering the subject property paid by Pablito Goyma Lim, Jr.

For their part, the spouses Rodriguez presented the following documentary evidence: Deed of Absolute Sale dated February 3, 1975 (Exhibit "I") covering the subject lots showing that the spouses Rodriguez acquired them from Eduardo Victa; TCT No. T-128607 (Exhibit "II") covering the subject lots issued in the name of the spouses Rodriguez on February 10, 1975; TCT No. T-128606 (Exhibit "V") covering the subject lots issued in the name of Eduardo Victa on February 10, 1975; TCT No. T-128605 (Exhibit "IV") covering the subject lots issued in the name of Frisco Gudani on February 10, 1975; and TCT No. T-2857 (Exhibit "III") covering the subject lots in the name of Dominga Goyma.

Also admitted in evidence by the court a quo was the deposition of Frisco Gudani taken on October 22, 1977. The court a quo summarized the contents of his deposition as follows:

x x x From the deposition, it appears that Prisco M. Gudani, a 77 year-old laborer resident of Barrio Binahaan, Pagbilao, Quezon, was married to Dominga Goyma on March 22, 1922. They lived together for eleven (11) months and they were separated when Prisco Gudani left the conjugal dwelling one night without the knowledge of Dominga Goyma, never returning to the conjugal dwelling since then. He knows that Dominga Goyma is now dead. He knows too that Pablo Goyma Lim is the son of the late Dominga Goyma. His statement in his Affidavit, dated June 25, 1976 (Exhibit "C-Deposition") that Pablo Goyma Lim, Jr. is not the son of Dominga Goyma is not correct. He said that it was Atty. Alejandro B. Aguilan who prepared said affidavit and told him to sign it otherwise what property he will receive will be forfeited in favor of the government. He does not know anything about the two parcels of land subject of this case. On the affidavit, dated March 15, 1973 (Exhibit "D-Deposition") adjudicating unto himself the property stated therein, including the two parcels of land subject of this case, he explained that said affidavit was prepared by Atty. Alejandro B. Aguilan, who must have known about the properties left by Dominga Goyma and made him understand that he is inheriting the three (3) parcels of land left by Dominga Goyma, the truth being that he had never set foot on these properties and he does not know anything about these properties. When he arrived, the prepared affidavit was read to him and he was told to sign. Atty. Aguilan explained to him that if he will not sign the document, the properties will go to the government and, because he did not want these properties to go to the government, he signed the affidavit in order to get the properties. Had it been explained to him that these properties will not be forfeited in favor of the government, he will not sign the affidavit. The first time Atty. Aguilan told him about the properties of Dominga Goyma was about two years after her death. Atty. Aguilan went to him in his residence in Pagbilao, Quezon and told him that if he will not agree to get the property of Dominga Goyma, those properties will go to the government. Atty. Aguilan told him that because he had not contributed anything in the acquisition of said properties, his share is one-fourth. On March 15, 1973, Atty. Aguilan made him sign a prepared petition for the issuance of a second owner's duplicate copy of Transfer Certificate of Title No. T-2857 (Exhibit "E-Deposition"). On the same date, he was also made to sign an "Affidavit of Loss" prepared by Atty. Aguilan (Exhibit "E-1, Deposition"). He had not at any time been in possession of the owner's copy of Transfer Certificate of Title No. T-2857. He signed both the foregoing documents on the

explanation of Atty. Aguilan that he will use them in order to look for the title. He does not know Eduardo Victa and had never met him personally. When shown the "DEED OF CONDITIONAL SALE OF REAL PROPERTY," dated September 10, 1974 (Exhibit "F-Deposition"), he admitted he sold the property. Said document was prepared by Atty. Aguilan who told him that the P20,000.00 constitute his one-fourth share of the properties of Dominga Goyma, but Atty. Aguilan told him to receive only P10,000.00 because the P10,000.00 will be used to cover the expenses of litigation. Of the P10,000.00 left, P5,000.00 was given to him and the other P5,000.00 was taken by Atty. Aguilan, as they are share and share alike in the P10,000.00. He explained that when he signed the deed of sale, he was made to understand that he was selling only the one-fourth share of the property that he owns and the price for the one-fourth share is P20,000.00. On the document entitled "DEED OF ABSOLUTE SALE OF REAL PROPERTY," dated January 17, 1975 (Exhibit "G-Deposition") he claims not to have received the P60,000.00. Atty. Aguilan, who prepared the document, told him to sign it and he (Atty. Aguilan) will deliver the money later. Atty. Aguilan did not mention the P60,000.00, but only P20,000.00. It was only Atty. Aguilan who was present when he signed the document. He met defendant Reynaldo Rodriguez once when he went to the office of Atty. Magadia and Atty. Uy at the Bañas Building, Rizal Avenue, Manila, in the company of Atty. Aguilan. He was invited to a restaurant and told by Reynaldo Rodriguez that he purchased the properties for a very low price and he would give Gudani an additional amount of P1,500.00 upon the termination of the case that may be filed by Pablo Goyma Lim, that is why he was holding the P10,000.00 to be spent for the expected litigation. After eating, Reynaldo Rodriguez gave him P50.00 for him to buy betel leaves. He said that Atty. Alejandro B. Aguilan is a lawyer in Pagbilao, Quezon, who persuaded him to agree to recover his share from the properties of Domingo Goyma. x x x[7]

Based on the evidence presented by both parties, the court a quo rendered judgment in favor of Pablo Goyma Lim, Jr. and against the spouses Rodriguez. In support of its conclusions, the court a quo made the following factual findings:

Dominga Goyma married Frisco Gudani on March 22, 1922. However, after living together for only eleven (11) months, Frisco Gudani left the conjugal abode and never returned. They never had any children. On March 19, 1932, Frisco Gudani and Dominga Goyma executed a public instrument denominated as "MARITAL CONSENT,"[8] the contents of which are quoted below in full:

MARITAL CONSENT

KNOW ALL MEN BY THESE PRESENTS:

That I, Prisco Gudani, Filipino, of legal age, married and a resident of Pagbilao, Tayabas, declares:

That I am the husband of Dominga Go Imco Ima, Filipina, of legal age, and also a resident of Pagbilao, Tayabas, for whom I make this marital consent.

That since the year 1924, for certain reasons which are delicate to state or mention herein, my wife and I have been living separately.

It was agreed by and between us from the time we separated that each could then live the life of a single person as if we did not take each other as husband and wife, and that each could then make his or her own living without the intervention and responsibility of the other.

Under this state of life that we have, living separately, and upon request that I grant her a marital consent, by these presents I do hereby give and grant unto my wife, Dominga Go Imco Ima, full power and authority and consent to do and perform any and every act and thing whatsoever requisite, necessary or proper to be done in whatever she may undertake to do in which under the law in force and in these Island my presence and personal intervention is necessary, as fully to all intents and purposes as I might or could do if present and intervening in person, and specially the following acts:

To buy or sell, hire, lease or mortgage, lands or buildings, and other forms of real property, upon such terms and conditions, and under such covenants as my wife may deem proper;

To purchase and sell, hire or pledge, goods, wares, merchandise, chattels, choses in action, and other forms of personal property that are or may come into her possession as owner or otherwise;

To borrow or lend moneys, with or without security, upon such terms and conditions as she may approve; and to transact any and all business, operations and affairs with any institution as may be deemed proper and convenient by her;

To make, sign, execute and deliver contracts, documents, agreements, deeds and other writings of whatsoever nature, kind and description, with any and all persons, concerns, and entities, upon terms and conditions acceptable to her;

To prosecute and defend any and all suits, actions and other proceedings in the courts, tribunals, departments and offices of the Government of the Philippine Islands, and to terminate compromise, settle and adjust the same.

I do hereby renounce any and all rights, title, interest and participation, rights of actions, if any I have, in connection with the properties, real or personal, that my wife might have acquired by purchase, exchange, or otherwise, from any person from the time we were separated, in 1924, and to all that she may acquire in the future.

In consideration of all that is provided above in this marital consent, and in consideration of the renunciation made by my husband, I, Dominga Go Imco Ima, hereby agree also to renounce any and all rights, title, interest and participation, and also any right of action, that I may have in connection with any property, real or personal, acquired or which may be acquired by my husband since we were separated in 1924, and that any debts or obligations incurred or which may be incurred by me since we were separated in 1924, and in the future pursuant to this marital consent, are my sole debts and obligations in which my husband can have no responsibility.

IN WITNESS WHEREOF, we together have hereunto signed our names below as signs of our conformity with the things mentioned above, at Pagbilao, Tayabas, P.I., on this 19th day of March, 1932.

(SGD) PRISCO M. GUDANI

PRISCO GUDANI

Husband

(SGD) DOMINGA GO YMCO YMA

DOMINGA GO IMCO IMA

Wife

SIGNED IN THE PRESENCE OF:

(SGD) SEVERINO F. MARTINEZ

(SGD) Illegible

UNITED STATES OF AMERICA

PHILIPPINE ISLANDS

Municipality of Pagbilao)

Province of Tayabas) S.S.

Before me, a Notary Public in and for the Province of Tayabas, Philippine Islands, personally appeared Prisco Gudani, exhibiting to me his cedula personal No. G-4219255 issued at Pagbilao, Tayabas, and dated December 15, 1931 AND Dominga Go Ymco Ima, without a personal cedula by reason of her sex, personally known to me

and known to me to be the same persons who executed the foregoing instrument, and they acknowledge to me that they executed the same freely and voluntarily for the uses and purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal at Pagbilao, Tayabas, on this 19th day of March 1932.

(SGD) MARIANO P. DULDULAO

NOTARY PUBLIC

My Commission will expire on

December 31, 1933

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Series of 1932.

After Frisco Gudani had left the conjugal abode, Dominga Goyma and Pablo Lim cohabited with each other as common law husband and wife. They had a son, Pablo Goyma Lim, Jr. who was born on March 28, 1935.

On December 13, 1945, as evidenced by a Deed of Absolute Sale (Exhibit "I"), Dominga Goyma purchased from the spouses Marciano and Marina Rodriguez four (4) parcels of land, including the subject lots. As a result of the said sale, the certificate of title (TCT No. 11473) covering the said lots were canceled and, in lieu, thereof TCT No. T-2857 was issued in favor of Dominga Goyma, "wife of Frisco Gudani," by the Register of Deeds of the Province of Quezon.

The subject lots were purchased by Dominga Goyma from her personal funds when she and Frisco Gudani were already separated and after they had executed the instrument denominated as Marital Consent dated March 19, 1932. He did not contribute anything in the purchase of the subject lots nor did he know about their existence.

The owner's duplicate copy of TCT No. T-2857 was in Dominga Goyma's custody and during her lifetime, she took possession of the subject lots and instituted therein as tenants Dominador Torres, Loreto Estopace and Simeon Estopace. Before she passed away on July 19, 1971, Dominga Goyma gave TCT No. T-2857 to her son, Pablo Goyma Lim, Jr., who immediately took possession of the subject lots.

Two (2) years after Dominga Goyma's death, Atty. Alejandro D. Aguilan went to see Frisco Gudani in Pagbilao, Quezon, and informed the latter about the properties, including the subject lots, left by the deceased. Atty. Aguilan falsely made Frisco Gudani to believe that if he would not acquire the properties for himself, the same would be forfeited in favor of the government. Frisco Gudani was then persuaded by Atty. Aguilan to affix his signature on the following documents: (a) an Affidavit dated March 15, 1973 adjudicating to himself the properties mentioned therein, including the subject lots; (b) a Petition dated March 15, 1973 filed with the Court of First Instance of Quezon for the issuance of a second owner's duplicate copy of TCT No. T-2857; (c) an Affidavit of Loss dated March 15, 1973 for the loss of the owner's duplicate copy of TCT No. T-2857; and (d) an Affidavit dated June 27, 1976 stating that Pablo Goyma Lim, Jr. was not the son of Dominga Goyma.

After the subject lots were adjudicated in favor of Frisco Gudani and the second owner's duplicate copy of TCT No. T-2857 was obtained, Atty. Aguilan likewise made the former sign the Deed of Conditional Sale of Property dated September 10, 1974 covering the subject lots in favor of Eduardo Victa. The two parties to the instrument never met each other and it was only Atty. Aguilan who was present when Frisco Gudani signed the same. The

notary public before whom they supposedly acknowledged the same was not present.

For the said purported sale, Frisco Gudani received P5,000.00 only because, according to Atty. Aguilan, he did not contribute anything to the acquisition of the subject lots. Thereafter, Frisco Gudani was made to sign by Atty. Aguilan a Deed of Absolute Sale dated January 17, 1975 transferring the subject lots to Eduardo Victa.

For a time, the subject lots continued to be covered by TCT No. T-2857 in the name of Dominga Goyma. On February 3, 1975, as evidenced by the Deed of Absolute Sale (Exhibit "I"), Eduardo Victa sold the subject lots to the spouses Rodriguez. Aside from the said instrument, the following documents were given to the spouses Rodriguez: (a) the second duplicate owner's copy of TCT No. T-2857; (b) Affidavit dated March 15, 1973 of Frisco Gudani adjudicating to himself the properties of Dominga Goyma, including the subject lots; and (c) Deed of Absolute Sale of Real Property dated January 17, 1975 executed by Frisco Gudani in favor of Eduardo Victa.

All these documents were presented by a certain Atty. Magadia to the Register of Deeds of the Province of Quezon on February 10, 1975. On the basis of these documents, TCT No. T-2857 was canceled and, in lieu thereof, TCT No. T-128605 was issued in the name of Frisco Gudani on February 10, 1975. Thereafter, TCT No. T-128605 was cancelled and, in lieu thereof, TCT No. T-128606 was issued by the same Register of Deeds in the name of Eduardo Victa also on February 10, 1975. Finally, TCT No. T-128606 was canceled and, in lieu thereof, TCT No. T-128607 was issued by the same Register of Deeds in the name of the spouses Rodriguez also on February 10, 1975.

Based on its factual findings, the court a quo concluded that the evidence showed that the transactions involving the subject lots, particularly the transfers thereof from the deceased Dominga Goyma to Frisco Gudani and from him to Eduardo Victa were fraudulent and made through the machinations of Atty. Aguilan. The latter, according to the court a quo, "took advantage of his legal training in making Frisco Gudani, a simple-minded laborer, an unsuspecting and naïve tool in a grand scheme to dispossess plaintiff Pablo Goyma Lim, Jr. of the property rightfully his by inheritance from his mother, the deceased Dominga Goyma." [9]

Given the fraudulent character of the transactions, the court a quo held that the spouses Rodriguez could not avail of the protective mantle of the law protecting purchasers for value in good faith. The spouses Rodriguez were declared to be purchasers in bad faith because they had prior knowledge of the claim of Pablo Goyma Lim, Jr. over the subject lots and even anticipated his filing of the case against them.

The court a quo also stated that even granting arguendo that fraud attendant to the transactions were not sufficient to vitiate consent as to nullify the transactions, still the transactions entered into by Frisco Gudani relative to the subject lots were void for want of authority to sell them.

The court a quo explained that since Dominga Goyma died on July 19, 1971 without a will, legal or intestate succession takes place following paragraph (1) of Article 960 [10] of the Civil Code. Under the law on intestacy, particularly Article 998 [11] thereof, the widower or widow who survives with illegitimate children shall be entitled to one-half of the inheritance and the illegitimate children to the other half.

However, in Frisco Gudani's case, he did not contribute any amount in the purchase of the subject lots. Moreover, these were acquired by Dominga Goyma after her de facto separation from Frisco Gudani. The estate left by the deceased, including the subject lots, should have first been partitioned in an appropriate estate proceeding to determine those entitled thereto. Without the said proceeding or prior thereto, Frisco Gudani could not lay valid claim, if he had any, over the subject lots as sole heir and he could not have been the owner thereof who could legally transfer ownership by means of sale.

The decretal portion of the Decision dated May 17, 1990 of the court a quo reads:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the substituted plaintiffs, CONCORDIA ONG LIM, EURESTES LIM and ELMER LIM and against the defendants, the spouses REYNALDO RODRIGUEZ and NANCY A. RODRIGUEZ, as follows:

- a) Declaring as null and void all transactions relative to the properties in question submitted to the Register of Deeds for the Province of Quezon on February 10, 1975;
- b) Declaring Transfer Certificate of Title No. T-128607 in the name of defendants as null and void and ordering the reinstatement of Transfer Certificate of Title No. T-2857 in the name of "DOMINGA GOYMA, of age, the wife of Frisco Gudani," plaintiffs' predecessor-in-interest;
- c) Ordering the defendants to immediately vacate the premises of the properties subject of this litigation;
- d) Ordering the defendants to pay to the plaintiffs the amount of P24,000.00 as attorney's fees; and
- e) Ordering the defendants to pay the costs.

SO ORDERED.[12]

Aggrieved, the spouses Rodriguez filed an appeal with the Court of Appeals which rendered the assailed Decision dated July 18, 1995 affirming in toto the decision of the court a quo. The appellate court substantially affirmed the factual findings and conclusion of the court a quo. It stressed that Pablo Goyma Lim, Jr. was the son of the decedent Dominga Goyma as evidenced by a voluntary acknowledgment made in his record of birth (Exhibit "C") and in the other documentary evidence presented during trial. His right to succession was transmitted when Dominga Goyma passed away on July 19, 1971 following Article 777[13] of the Civil Code. On the other hand, Frisco Gudani could not dispose of the subject lots before partition of the estate of Dominga Goyma and without authority given by Pablo Goyma Lim, Jr.

On the matter of whether the spouses Rodriguez purchased the subject lots in good faith and for value, the appellate court ruled in the negative, as record was replete with evidence disproving their claim of good faith. Rejecting the argument proffered by the spouses Rodriguez, the appellate court held that Frisco Gudani and Eduardo Victa were not indispensable parties because they were not in possession of the subject lots and their interests therein were inferior and irrelevant to, and could not affect, the right of Pablo Goyma Lim, Jr. to a designated portion of the subject lots by inheritance from his mother Dominga Goyma.

The decretal portion of the appellate court's decision reads:

PREMISES CONSIDERED, the decision appealed from is hereby AFFIRMED.

SO ORDERED.[14]

The spouses Rodriguez filed a motion for reconsideration which the appellate court denied in the assailed Resolution dated October 5, 1998.

Forthwith, the spouses Rodriguez (petitioners) filed the present petition for review on certiorari and in support thereof allege the following:

I

THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN HOLDING THAT RESPONDENTS' PREDECESSOR-IN-INTEREST, PABLO GO IMA LIM, WAS A CO-OWNER OF THE SUBJECT PROPERTIES AND ENTITLED TO ONE-HALF OF THE SUBJECT PARCELS OF LAND DESPITE THE FACT THAT SAID PABLO GO IMA LIM WAS NOT RECOGNIZED BY HER [SIC] PARENTS AS AN ILLEGITIMATE CHILD AND THE ALLEGED DOCUMENTS PROVING HIS VOLUNTARY ACKNOWLEDGMENT DO NOT SUFFICE TO PROVE HIS FILIATION TO HIS PARENTS.

II

THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN HOLDING THAT THE VENDEE OF THE SUBJECT PROPERTIES, PRISCO GUDANI, COULD NOT VALIDLY DISPOSE OF THE SUBJECT PROPERTIES BEFORE PARTITION AND WITHOUT THE LEGAL AUTHORITY GIVEN BY THE ILLEGITIMATE CHILD, PABLO GO IMA LIM.

III

THE HONORABLE COURT OF APPEALS SERIOUSLY ERRED IN NOT HOLDING THAT PETITIONERS WERE PURCHASERS OF THE SUBJECT PROPERTIES IN GOOD FAITH AND FOR VALUE.

IV

THE HONORABLE COURT OF APPEALS SERIOUSLY ERRED IN HOLDING THAT THE VENDEES OF THE SUBJECT PROPERTIES, PRISCO GUDANI AND EDUARDO VICTA, NOT BEING INDISPENSABLE PARTIES, THEY WERE PROPERLY NOT IMPEADED AS DEFENDANTS IN THE COMPLAINT.[15]

The petition is bereft of merit.

Petitioners assail the filiation of Pablo Goyma Lim, Jr. stating that he was not duly acknowledged or recognized by either of his parents. This contention is erroneous. It is axiomatic that factual findings of the trial court, especially when affirmed by the appellate court, are conclusive and binding on the Court.[16] In this case, the court a quo and the appellate court are in agreement that, based on the evidence presented, Pablo Goyma Lim, Jr. was the illegitimate and acknowledged son of Dominga Goyma.

The Court has laid down the manner of establishing the filiation of children, whether legitimate or illegitimate, as follows:

The filiation of illegitimate children, like legitimate children, is established by (1) the record of birth appearing in the civil register or a final judgment; or (2) an admission of legitimate filiation in a public document or a private handwritten instrument and signed by the parent concerned. In the absence thereof, filiation shall be proved by (1) the open and continuous possession of the status of a legitimate child; or (2) any other means allowed by the Rules of Court and special laws. The due recognition of an illegitimate child in a record of birth, a will, a statement before a court of record, or in, any authentic writing is, in itself, a consummated act of acknowledgment of the child, and no further action is required. In fact, any authentic writing is treated not just a ground for compulsory recognition; it is in itself a voluntary recognition that does not require a separate action for judicial approval.[17]

Various documentary evidence were proffered by Pablo Goyma Lim, Jr. to prove that he was the illegitimate and acknowledged son of Dominga Goyma. Among them were his certificate of birth (Exhibit "B") indicating that his mother was Dominga Goyma; statement of assets, income and liabilities for 1958 (Exhibit "C") of Dominga Goyma indicating him as her son and; income tax returns for calendar years 1953 up to 1955 (Exhibits "D" to "F") of Dominga Goyma where she invariably claimed personal exemption as head of the family and stated therein that she was "separated" from her husband and claimed an exemption for her son, Pablo Goyma Lim, Jr. These pieces of documentary evidence, whose authenticity were not refuted by petitioners, were properly considered by the court a quo and the appellate court to establish that Pablo Goyma Lim, Jr. was acknowledged by Dominga Goyma to be her illegitimate son.

The court a quo, as affirmed by the appellate court, likewise correctly nullified TCT No. T-128607 in the name of petitioners. In fact, all the transactions relative to TCT No. T-2857, i.e., affidavit of Frisco Gudani adjudicating to

himself the subject lots and their purported sale by him to Eduardo Victa and by the latter to petitioners, were declared null and void by the court a quo on the ground that, as established by evidence, these were all made through the fraudulent machinations of Atty. Aguilan.

It should be recalled that Atty. Aguilan made Frisco Gudani affix his signature on, among other documents, a Petition dated March 15, 1973 filed with the Court of First Instance of the Province of Quezon for the issuance of a second owner's duplicate copy of TCT No. T-2857 and an Affidavit of Loss dated March 15, 1973 for the loss of the owner's duplicate copy of TCT No. T-2857. Obviously, these documents contained falsehoods because TCT No. T-2857 was never lost and, in fact, had been in the possession of Dominga Goyma during her lifetime and, when she passed away on July 19, 1971, in the possession of Pablo Goyma Lim, Jr.

It has been consistently ruled that "when the owner's duplicate certificate of title has not been lost, but is in fact in the possession of another person, then the reconstituted certificate is void, because the court that rendered the decision had no jurisdiction. Reconstitution can validly be made only in case of loss of the original certificate." [18] In such a case, "the decision authorizing the issuance of a new owner's duplicate certificate of title may be attacked any time." [19]

Applying this rule, it is apparent that the second owner's duplicate copy of TCT No. T-2857 issued upon the petition of Frisco Gudani was void. Further, the certificates of title (TCT No. T-128605 in the name of Frisco Gudani, TCT No. T-128606 in the name of Eduardo Victa and TCT No. T-128607 in the names of petitioners) that were subsequently issued covering the subject lots may be nullified because they all emanated from a void document, i.e., the second owner's duplicate copy of TCT No. T-2857 that was procured by Frisco Gudani, or more particularly by Atty. Aguilan, in behalf of Frisco Gudani, through fraud. Transfer certificates of title may be annulled if issued based on void documents. [20]

Petitioners cannot raise the defense of indefeasibility of a Torrens title with respect to TCT No. T-128607 because "the principle of indefeasibility of a Torrens title does not apply where fraud attended the issuance of the title. The Torrens title does not furnish a shield for fraud." [21] They cannot deny any knowledge of the fraud that attended the transactions involving the subject lots, including their acquisition thereof. Stated differently, petitioners cannot claim that they were purchasers in good faith and for value because the transactions involving the subject lots were so replete with badges of fraud and irregularities that should have put them on guard about the defects in the respective titles of Frisco Gudani and Eduardo Victa.

To recall, TCT No. T-2857 was cancelled and, in lieu thereof, TCT No. T-128605 was issued in the name of Frisco Gudani, on February 10, 1975. The latter was thereafter cancelled by TCT No. T-128606 issued in the name of Eduardo Victa also on February 10, 1975. The latter certificate of title, in turn, was cancelled by TCT No. T-128607 issued in the name of the spouses Rodriguez also on February 10, 1975. These highly irregular transfers of ownership, i.e., cancellation and/or issuance of certificates of title, involving the subject lots all transpiring on the same date eloquently betray the fraud that attended the transactions, including petitioners' acquisition thereof. It is certainly unlikely that petitioners had no knowledge of these fraudulent transactions.

Petitioners' claim of being purchasers in good faith and for value was debunked by the court a quo, thus:

Defendant spouses, under the premises, cannot avail of the protective mantle of law protecting a purchaser for value and in good faith, as they are not purchasers for value and neither have they acted in good faith. Defendants cannot successfully put up a picture of innocence as to the fraud that characterized the transactions relative to their ultimate acquisition of the properties subject of this litigation. Defendant Reynaldo Rodriguez was well aware that on his acquisition of the properties, Pablo Goyma Lim, Jr. will file suit against him that is why he retained P10,000.00 of the purchase price, which amount is intended to be used in the expected litigation. In fact, defendant Reynaldo Rodriguez admitted to Frisco Gudani that he purchased the properties at

a very low price because of which he promised to give Frisco Gudani an additional amount of P1,500.00 upon the termination of the case.[22]

On this point, the appellate court succinctly stated that "as to the contention that appellants (referring to petitioners) purchased the properties in good faith and for value, the record is replete with evidence negating such contention and the issue had been thoroughly discussed in the appealed decision which would render any further discussion a superfluity." [23]

Contrary to the petitioners' contention, Eduardo Victa and Frisco Gudani are not indispensable parties. The complaint filed by Pablo Goyma Lim, Jr. was for the cancellation of TCT No. T-128607 in the name of petitioners and to enjoin them from entering the subject lots. The following discussion on who is or is not an indispensable party is apropos:

An indispensable party is one whose interest will be affected by the court's action in the litigation, and without whom no final determination of the case can be had. The party's interest in the subject matter of the suit and in the relief sought are so inextricably intertwined with the other parties' that his legal presence as a party to the proceeding is an absolute necessity. In his absence there cannot be a resolution of the dispute of the parties before the court which is effective, complete, or equitable.

Conversely, a party is not indispensable to the suit if his interest in the controversy or subject matter is distinct and divisible from the interest of the other parties and will not necessarily be prejudiced by a judgment which does complete justice to the parties in court. He is not indispensable if his presence would merely permit complete relief between him and those already parties to the action or will simply avoid multiple litigation.[24]

A final determination could be had in the complaint for cancellation of TCT No. T-128607 and injunction even without Eduardo Victa and Frisco Gudani. Only the petitioners are indispensable parties therein and their insistence that Eduardo Victa and Frisco Gudani should likewise be impleaded deserves scant consideration.

Having established that petitioners' TCT No. T-128607 emanated from a void document, i.e. the second owner's duplicate copy of TCT No. T-2857 procured by Frisco Gudani and/or Atty. Aguilan through fraud and when Dominga's owner's duplicate certificate of title had not been lost, and that petitioners were not purchasers in good faith and for value, the Court concludes that the nullification of petitioners' TCT No. T-128607 is warranted under the circumstances. The appellate court therefore committed no reversible error in affirming the decision of the court a quo which, among others, declared as null and void TCT No. T-128607 in the name of petitioners and, instead, reinstated TCT No. T-2857 in the name of Dominga Goyma, mother of Pablo Goyma Lim, Jr. (now substituted by his spouse and children) respondents Concordia Ong Lim, Eurestes and Elmer Lim.

The Court finds it unnecessary, at this point, to determine the successional rights, if any, of Frisco Gudani to the properties left by Dominga Goyma. Such matter is better threshed out in the proper special proceedings for the settlement of the intestate estate of Dominga Goyma. As held by this Court, matters which involve settlement and distribution of the estate of the decedent fall within the exclusive province of the probate court in the exercise of its limited jurisdiction.[25]

WHEREFORE, the petition is DENIED. The Decision dated July 18, 1995 and Resolution dated October 5, 1998 of the Court of Appeals in CA-G.R. CV No. 27440 are AFFIRMED in toto.

SO ORDERED.

Panganiban, C.J., (Chairperson), Ynares-Santiago, Austria-Martinez, and Chico-Nazario, JJ., concur.

[1] Penned by Associate Justice Emeterio C. Cui (retired), with Associate Justices Angelina Sandoval-Gutierrez (now a member of this Court) and Conrado M. Vasquez, Jr., concurring, rollo, pp. 32-44.

[2] Also spelled as Dominga Go Ymco Ima or Go Imco Ima.

[3] It is more particularly described as follows:

A parcel of land (Parcel 1, Lot No. 3, Plan II-5626-C) with improvements thereon, situated in the Sitio of Tulay-Buhangin, Barrio Ilayang Palo, Municipality of Pagbilao. Bounded on the N., by property of Fermin Macariola; on the NE., by properties of Fermin Macariola and Zoilo Porio and the China Sea; on the SE., by property of Evaristo Zoleta; on the SW., by properties of Ciriaco Aguja and Demetrio Orjalisa; on the NW., by property of Demetrio Orjalisa. x x x Containing an area of TWENTY-EIGHT THOUSAND AND FIFTY-ONE SQUARE METERS (28,051), more or less.

[4] It is more particularly described as follows:

A parcel of land (Parcel 2, Lot No. 4, Plan II-5626-D) with improvements thereon, situated in the Sitio of Tulay-Buhangin, Barrio of Laguimanoc, Municipality of Atimonan (now Padre Burgos). Bounded on the N., by the China Sea and the Mangrove Swamp; on the NE., E., and SE., by the property of Manuel Salazar, on the S., by property of the Heirs of Juan Villaseñor, on the SW., by the China Sea; and on the NW., by property of Evaristo Zoleta and the China Sea. x x x Containing an area of TWO HUNDRED SIXTY THOUSAND FIVE HUNDRED AND NINETY SQUARE METERS (260,590), more or less.

[5] Also spelled as Prisco.

[6] RTC Decision, dated May 17, 1990, pp. 7-8; rollo, pp. 67-68.

[7] RTC Decision, pp. 22-26; rollo, pp. 82-86.

[8] Id. at 27-30; id. at 87-90.

[9] RTC Decision, p. 38; rollo, p. 97.

[10] The provision reads in part:

ART. 960. Legal or intestate succession takes place:

(1) If a person dies without a will, or with a void will, or one which has subsequently lost its validity;

x x x

[11] The provision reads:

ART. 998. If a widow or widower survives with illegitimate children, such widow or widower shall be entitled to one-half of the inheritance, and the illegitimate children or their descendants, whether legitimate or illegitimate, to the other half.

[12] Rollo, pp. 100-101.

[13] The provision reads:

ART. 777. The rights to the succession are transmitted from the moment of the death of the decedent.

[14] Rollo, p. 44.

[15] Id. at 16-17.

[16] Santos v. Alana, G.R. No. 154942, August 16, 2005, 467 SCRA 176, 181.

[17] Eceta v. Eceta, G.R. No. 157037, May 20, 2004, 428 SCRA 782, 785-786.

[18] Eastworld Motor Industries Corp. v. Skunac Corporation, G.R. No. 163994, December 16, 2005, 478 SCRA 420, 426-427.

[19] New Durawood Co., Inc. v. Court of Appeals, 324 Phil. 109 (1996), citing Serra Serra v. Court of Appeals, 195 SCRA 482 (1991).

[20] Bongalon v. Court of Appeals, G.R. No. 142441, November 10, 2004, 441 SCRA 553, 572.

[21] Sacdalan v. Court of Appeals, G.R. No. 128967, May 20, 2004, 428 SCRA 586, 600.

[22] RTC Decision, p. 39; rollo, 98.

[23] Rollo, p. 44.

[24] Philippine National Bank v. Heirs of Estanislao Militar and Deogracias Militar, G.R. No. 164801, August 18, 2005, 467 SCRA 377, 384.

[25] Natcher v. Court of Appeals, 418 Phil. 669, 677 (2001).

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