

RAUL SANTOS BY AND THROUGH HIS ATTORNEYS-IN-FACT AMADO SANAÑO; ATTY. NESTOR BARBOSA, PETITIONER, VS. HEIRS OF JOSE P. MARIANO; ERLINDA MARIANO-VILLANUEVA; THE LAW FIRM OF SAN...

G.R. No. 143325. October 24, 2000

Ponente: MELO, J.

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MELO, J.:

A petition for review on certiorari with an application for preliminary injunction and a prayer for the issuance of a temporary restraining order was filed with this Court on July 14, 2000, questioning the decision of the Court of Appeals dated November 29, 1999 and its Resolution dated May 19, 2000.

The factual antecedents may be gleaned from the narration of the Court of Appeals, as follows:

Macario A. Mariano and Irene Peña-Mariano were spouses who, during their lifetime, were owners in fee simple of six (6) parcels of land covered by five (5) land titles, to wit: Lot 15-A (TCT No. 1962) Lot 15-B (TCT No. 1963), Lot 15-C (TCT No. 1964), Lots 545 and 2348 (TCT No. 259) and Lot No. 612 (TCT No. 219).

The spouses were without issue but had two judicially adopted children namely Jose P. Mariano and Erlinda Mariano-Villanueva.

When Macario died without a will on 02 December 1972, his share over the lands in question passed on to his heirs, namely, Irene Macario (Irene), Jose Mariano (Jose) and Erlinda Mariano-Villanueva (Erlinda), who executed an "Indenture of Extra-Judicial Settlement of Estate" (Exh. "B"). Thus, except for Lot 612 which was exclusively transferred in the name of Irene (TCT No. 7257), all land titles were cancelled and new ones were issued in the name of the heirs, viz: TCT No. 1962 was cancelled by TCT No. 6565, TCT No. 1963 was cancelled by TCT No. 6566, TCT No. 1964 was cancelled by TCT No. 6567, and TCT No. 259 was cancelled by TCT No. 6562.

In the indenture agreement, Jose and Erlinda appointed Irene "to be their lawful representative and agent with special and/or general powers to act in their behalf and to represent them in any act or transaction of whatsoever nature involving the estate, involving but not limited to acts of management, administration, dominion and ownership x x x." Although not specifically authorized under the indenture agreement, Irene subsequently executed an Affidavit of Merger whereby she merged unto her name the land titles covering the lands in question. Thus, TCT No. 6565 was replaced by TCT No. 7757, TCT No. 6566 was replaced by TCT No. 7260, TCT No. 6567 was replaced by TCT No. 7261, and TCT No. 6562 was replaced by TCT No. 7258. TCT No. 7257 was not cancelled and remained in the name of Irene Mariano.

On 09 December 1974, the widow Irene married Rolando Relucio (Rolando), a travelling salesman by occupation. At the time of their marriage, Irene was already 58 years old while Rolando was only 45. They lived together and Irene used the name Irene P. Relucio. The marriage however was subsequently annulled by the RTC Naga City in a decision dated 16 December 1991 (Exh. "K") in view of a prior existing marriage

between Rolando and one Patrocinio Sanchez (Exh. "D").

Four months after her marriage to Rolando, specifically on 15 April 1975, Irene executed a Deed of Absolute Sale (Exh. "G") covering the aforementioned six (6) parcels of land to Raul Santos (Raul), Rolando's first cousin, for a total consideration of P150,000.00. The Deed of Sale was notarized by Jose S. Peñas. However, titles to the properties were not transferred to Raul until several years later.

On 07 June 1979, Irene sold Lot No. 612 covered by TCT No. 7257 to Greta Tinga de los Reyes who was issued TCT No. 15342. Reyes later sold the property to Bonifacio Sia, Jr. Lot 612 was one of the six (6) lots earlier sold to Raul in the Deed of Absolute Sale dated 15 April 1975. On 10 March 1982, Irene executed another Deed of Absolute Sale in favor of Raul covering Lots 545 and 2348 for a consideration of P129,550.00. These two (2) parcels of land were previously conveyed to the same Raul in the Deed of Absolute Sale dated 15 April 1975.

Again, Jose Peñas notarized the second Deed of Absolute Sale. When the instrument was registered, Irene's title over Lots 545 and 2348 was cancelled and a new title (TCT No. 13402) was issued by the Register of Deeds of Naga City in the name of Raul.

It was only on 02 October 1987 that the three remaining lots (Lots 15-A, 15-B, and 15-C) were transferred in the name of Raul Santos, viz:

- Lot 15-A under TCT No. 17747
- Lot 15-B under TCT No. 17746
- Lot 15-C under TCT No. 17745

Subsequently, on 09 August 1990, Lot 15-A covered by TCT No. 17747 was transferred to Amado Sanao under a Deed of Sale with Real Estate Mortgage which stipulated that Sanao bought the property subject to the outcome of several law suits involving the said property. TCT No. 17747 was cancelled and replaced by TCT No. 20747 in the name of Amado Sanao.

As regards Lot 15-C covered by TCT No. 17745, this was levied upon in favor of Francisco Bautista in Civil Case No. R-570 entitled Irene Mariano vs. Francisco Bautista" and was sold at public auction to Ruben Sia who was issued TCT No. 20201.

Thus, as of the present, the following persons are the registered owners of the lots subject of this case:

- Lot 15-A in the name of Amado Sanao per TCT No. 20747.
- Lot 15-B in the name of Raul Santos per TCT No. 17246
- Lots 545 and 2348 in the name of Raul Santos per TCT No. 13402.

Despite the execution of the two Deeds of Sale in favor of Raul, Irene during her lifetime continued to possess and exercise management and control over the subject properties, i.e. Lots 15-A, 15-B, 545 and 2348. She received all income generated therefrom and paid all real property taxes due.

In 1981, Irene constructed with her own funds a two-storey commercial building on Lot Nos. 545 and 2348. The building was initially called IPR Building III but later renamed Monica Inn.

Irene died on 26 June 1988 leaving as her only compulsory heirs judicially adopted children Jose and Erlinda. Rolando died on 30 January 1990.

It was only after Irene's death that Jose and Erlinda discovered the disposition of the six (6) parcels of land in favor of Raul. They caused the expert examination of the Deed of Sale dated 15 April 1975 by the National

Bureau of Investigation (NBI). Per its Questioned Documents Report, the NBI made the following findings:

- The questioned typewritten entries were not prepared from one and the same typewriter and
- Three pages of the Deed of Absolute Sale were not the original pages of the document in question.

On the basis of the foregoing, Jose and a certain Francisco Bautista filed with the Supreme Court two (2) administrative complaints, docketed as Adm. Case No. 3247 and Adm. Matter No. 121-J-88-226 against Judge Jose Peñas who notarized the Deed of Absolute Sale dated 15 April 1975. The High Tribunal however, absolved Judge Peñas from any liability. Passing on the question of whether or not Irene's signature in the Deed of Absolute Sale dated 15 April 1975 is forged, the Supreme Court held "(T)he records of this cases are bereft of proof that the Deed of Absolute Sale (Exh. A) of Irene Mariano's properties is a falsified document. There is nothing in the testimony of the complainant, Francisco M. Bautista and his witnesses, Zenaida Z. Torres, NBI examiner, and Atty. Greta F. Paraiso, Register of Deeds of Naga City to show that the vendor's signature in Exhibit A is forged." (Mariano vs. Peñas, 206 SCRA 104.)

The Deed of Sale dated 15 April 1975 gave rise to another court litigation, this time a suit for annulment of sale with damages, docketed as Civil Case No. 88-1506 filed on 18 July 1988 by Jose and Erlinda against Rolando, Raul and the Register of Deeds of Naga City. The case was raffled to the Regional Trial Court (RTC) of Naga City. When Jose died on 02 December 1989 he was substituted by the herein plaintiffs-appellants. Likewise, when Rolando died on 30 January 1990, he was substituted by his legal wife and children.

In the course of the proceedings in Civil Case No. 88-1506, Jose and Erlinda came to know of the second Deed of Sale dated 10 March 1982. On 27 November 1990, they filed an action for annulment of title and the deed of sale covering Lots 545 and 2348, docketed as Civil Case No. 90-2218 against Rolando, Raul and the Register of Deeds of Naga City. The case was raffled to the RTC of Naga City, Branch 19.

Civil Case No. 90-2218 was later transferred from Branch 21 pursuant to the Order dated 19 February 1991 of the Presiding Judge of RTC Branch 19. The two cases were thus consolidated for joint trial.

Meanwhile, the Law Firm of San Buenaventura, Reyes and Moraleda filed a Motion for Leave to Intervene and to Admit Complaint-in-Intervention in Civil Case No. 90-2218 alleging that they have an interest therein arising from the retention of their services on a contingent basis by Erlinda. The motion was granted and the complaint-in-intervention was admitted.

A Joint Judgment dated 22 July 1994 was ultimately rendered after a protracted trial in favor of the defendants, herein appellees Rolando Relucio, Raul Santos and the Register of Deeds of Naga City. Citing the ruling of the Supreme Court in Mariano vs. Peñas, (supra) the court a quo upheld the validity of the Deeds of Absolute Sale executed by Irene in favor of Raul. The dispositive portion reads as follows:

"WHEREFORE, the Complaint and Counterclaim in Civil Case No. RTC 88-1506 and the Second Amended Complaint and Counterclaim in Civil Case No. RTC 90-2218 are hereby DISMISSED, without pronouncement as to costs.

"SO ORDERED." (RTC Decision, Record, p. 728)

Three separate appeals were interposed against the Joint Judgment.

Raul appealed the Joint Judgment insofar as it failed to award his compulsory counterclaim for damages (Notice of Appeal, Record, p. 737) the appeal was however withdrawn (Manifestation, Rollo, pp. 197-198).

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During the pendency of this appeal, plaintiffs-appellants filed a Motion for New Trial on the ground of newly-discovered evidence which was granted by this Court in its resolution dated 31 March 1998 the

dispositive portion of which reads as follows:

"WHEREFORE, the motion for new trial is hereby GRANTED. The decision rendered by the lower court on July 22, 1994 and the Order of January 13, 1995 are hereby set aside. Plaintiffs-appellants are hereby required within ten (10) days from receipt hereof to submit to this Court the original copies of the newly discovered documents and disposition of witnesses furnishing copies thereof to the appellee who is given the same period from receipt thereof to submit his comment and/or opposition thereto.

"SO ORDERED." (Resolution, Rollo, p. 793-A)

The above order became final, no appeal having been taken therefrom.

During the new trial hearing on 08 May 1998, plaintiffs-appellants presented three (3) witnesses and several documentary evidence consisting of Exhibits "A" to "EEEE".

(Rollo, 167-173, 176.)

Judgment was rendered by the Court of Appeals disposing as follows:

WHEREFORE, the foregoing premises considered, judgment is hereby rendered declaring the Deeds of Absolute Sale dated 15 April 1975 and 10 March 1982 and Deed of Sale with Real Estate Mortgage dated 09 August 1990 as null and void. Accordingly, Transfer Certificates of Title Nos. 17746 17747 and 13402 issued in the name of Raul Santos and TCT No. 20747 in the name of Amado Sanao are ordered cancelled and new titles corresponding thereto be issued in the name of the heirs of Irene P. Mariano.

Furthermore, defendants-appellees are ordered to pay plaintiffs-appellants the sum of One Hundred Thousand Pesos (P100,000.00) as moral damages and Fifty Thousand Pesos (P50,000.00) as attorney's fees.

Likewise, plaintiff-appellant Erlinda M. Villanueva is ordered to pay Intervenor-appellant Law Firm of San Buenaventura Moraleda Obias and Yambao the amount of Fifty Thousand Pesos (P50,000.00) as attorney's fees.

The counterclaims of defendants-appellees are DISMISSED for lack of merit.

No pronouncement as to costs.

SO ORDERED.

(Rollo, pp. 182-183.)

Petitioner filed a Motion for Reconsideration dated December 27, 1999, but was denied by the Court of Appeals in its Resolution dated May 19, 2000, disposing as follows:

WHEREFORE, in view of the foregoing, the Motion for Reconsideration filed separately by defendant-appellee Raul Santos and intervenor-appellant the law firm Buenaventura, Moraleda, Obias and Yambao as well as the Motion for Reconsideration/Clarification filed by plaintiffs-appellants Heirs of Jose P. Mariano and Erlinda Mariano Villanueva are hereby DENIED, while the Supplemental Motion to Restore Possession and Administration to Plaintiffs-Appellants is GRANTED. Accordingly, the Heirs of Jose P. Mariano Villanueva are restored in the possession and administration of Lots 15-A, 15-B, 545 and 2348, together with the improvements thereon.

(Rollo, p. 193.)

Hence, the petition at bar to which a comment has been correspondingly filed.

We find no merit in the petition, failing as it does, to show any reversible error committed by the Court of

Appeals in the appealed judgment.

The ultimate bone of contention in the instant controversy is whether or not the supposed contracts of sale of various pieces of real property entered into between Irene Peña-Mariano, as vendor and the respective vendees were bona fide contracts, legal, and binding upon respondents Jose P. Mariano and Erlinda Mariano-Villanueva, who were registered co-owners of those real properties. Without touching on the legal points discussed in the decision relating to the existence or non-existence of the basic elements of a valid contract, petitioner centers his discussion on factual and procedural issues, a practice this Court has invariably frowned upon.

Firstly, petitioner argues that apparently "the Court of Appeals seriously erred on a question of law when it failed to consider and in fact ignored and ruled against the Supreme Court en banc decision sustaining the regularity and validity of "Exhibit G" which is the same document inquired into and made subject of the Supreme Court ruling in Mariano vs. Peñas (*supra*) in effect setting it aside, and instead erroneously construed the first deed of sale ("Exhibit G") and the second deed of sale ("Exhibit H") as simulated and therefore null and void" (first assigned error, Rollo, p. 96).

This flawed argument fails to mislead this Court. It is basic and elementary in this jurisdiction that what determines the validity of a contract, in general, is the presence of the elements constituting the same, namely, (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 (Article 1318, Civil Code). "The contract of sale is perfected at the moment there is a meeting of minds upon the thing which is the object of the contract and upon the price. From that moment, the parties may reciprocally demand performance, subject to the provisions of the law governing the form of contracts" (Article 1475, Civil Code). Even with a duly executed written document (which apparently is the net result in Mariano vs. Peñas, *supra*) purporting to be a contract of sale, the Court cannot rule that the subject contracts of sale are valid, when the evidence presented in the courts below show that there had been no meeting of the minds between the supposed seller and corresponding buyers of the parcels of land in this case. The case is replete with evidence tending to show that there was really no intention to sell the subject properties, and we need not delve into these matters anew because such factual issues are beyond the scope of our review. Suffice it to note that due execution of documents representing a contract is one thing, but perfection of the contract is definitely another.

Secondly, petitioner claims that " the Court of Appeals seriously erred on a question of law when it granted the motion for new trial filed by respondents heirs of Jose P. Mariano and Erlinda Mariano-Villanueva alleging newly discovered evidence which allegedly could alter the result when in truth said documents cannot be so construed and are not under the rules, newly discovered evidence; as a consequence the Court of Appeals erroneously rendered its Decision . . ." (second assigned error, Rollo, p. 96)

It will do petitioner no good to cry over spilled milk. He had the opportunity to assail the ruling of the Court of Appeals when it allowed the reception of newly discovered evidence on appeal, but he did not. Instead, petitioner participated in the hearing, where damaging evidence against him was presented. We agree with respondents that petitioner cannot be allowed to assail the evidence now on the record on the basis of this procedural matter. More than on the basis of the equity principle of estoppel, we must "stress once more that procedural rules are designed, and must therefore be so interpreted as, to give effect to lawful and valid claims and not to frustrate them" (*Mobil Oil Philippines vs. Court of Appeals*, 225 SCRA 486 [1993]).

Lastly, petitioner claims that "the Court of Appeals seriously erred on a question of law when despite its decision not being final, said Court with grave abuse of discretion tantamount to lack or excess of jurisdiction granted the respondents-appellees' 'motion to restore possession and administration to plaintiffs-appellants' and 'supplemental

motion to restore possession and administration to plaintiffs-appellants' of subject properties as appearing in its resolution dated May 19, 2000" (third assigned error, Rollo, pp. 96-97).

In view of our disposition of the first two assigned errors, we find it moot and academic to discuss this third issue. It would be useless, if not illogical to reverse the ruling of the Court of Appeals on this matter by restoring possession and administration to petitioner, only to revert the same to respondents upon finality of this resolution. It would be best to leave these matters in their present status quo.

WHEREFORE, the petition is hereby DENIED for lack of merit.

SO ORDERED.

Vitug, Panganiban, Purisima, and Gonzaga-Reyes, JJ., concur.

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