

**SPS. FELIZA DUYAN GOMEZ AND EUGENIO GOMEZ, PETITIONERS,
VS. PURISIMA DUYAN, ROLANDO DUYAN, EMERITA DUYAN, DIGNA
DUYAN, EDUARDO DUYAN, LUCRECIA DUYAN, ROBERTO DUYAN,
CRESENCIA DU...**

G.R. NO. 144148. March 18, 2005

Ponente: AUSTRIA-MARTINEZ, J.

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AUSTRIA-MARTINEZ, J.:

Before this Court is a petition for review on certiorari assailing the Decision[1] of the Court of Appeals in CA-G.R. CV No. 49163 ordering the reconveyance by the petitioners to the respondents of the property covered by Transfer Certificate of Title (TCT) No. 281115 and declaring said title cancelled, thereby reversing the Decision[2] of the Regional Trial Court (RTC) of Quezon City, Branch 80 which dismissed the complaint. The dispositive portion of the challenged Decision reads as follows:

WHEREFORE, premises considered, the assailed decision of the Regional Trial Court of Quezon City, Branch 80 in Civil Case No. Q-91-8821 is hereby REVERSED and SET ASIDE. ACCORDINGLY, defendants-appellees are hereby ordered to RECONVEY in favor of plaintiffs-appellants the property covered by TCT No. 281115, which title is hereby declared CANCELLED. With costs.[3]

The facts as culled from the records are as follows:

The parties in this case are relatives residing at 96 General Avenue, Project 8, Quezon City which consists of four houses situated in an eight hundred-square meter (800 sq.m.) lot, covered by TCT No. 41717 issued by the Register of Deeds of Quezon City in the name of Eulogio Duyan (now deceased) married to Purisima Duyan, one of the respondents in this case. The property in dispute which constitutes one-half of the property previously covered by TCT No. 41717 is now covered by TCT No. 281115 issued in the name of petitioner spouses.[4]

Eulogio Duyan and Feliza Duyan are siblings. In his desire to help his sister, Eulogio allowed her to construct a house on the disputed lot sometime in 1968.[5] Petitioners acknowledged the fact that the disputed property was owned by Eulogio and that they were staying in the disputed property solely due to his benevolence. Accordingly, an instrument entitled Pagpapahayag was executed by the siblings on 5 May 1974. The instrument provides that in the event that the property will be registered in Feliza's name, she will continue to acknowledge Eulogio as the owner and will never assert ownership over the same, except in accordance with her brother's wishes.[6] The pertinent portions of the instrument read:

Na napagkasunduan naming magcapatid na bouin ang documentong ito bilang katibayan ang lahat;
....

4. Na kaming magkapatid ay magtutulongan at magdadamayang maging sa hirap at ginhawa alang-alang sa ikabubuti ng aming mga mahal sa buhay;

5. Na ito ay mailagay sa pangalan man ng aming Ama o pangalan ko ay ito'y hindi ko pag-aari kundi ari ito ng

aking kuya, Eulogio V. Duyan, at-

6. Na ito ay aming igagalang maging saan man makarating ngayon at kailan man.[7]

On 11 May 1974, a deed of sale covering a residential house situated on the disputed lot was executed by Eulogio and Regina Velasquez, a common-law wife of the former, in favor of petitioners for the sum of One Thousand Pesos (P1,000.00). Thereafter, petitioners allegedly asserted ownership not only over the said house but over the whole lot covered by TCT No. 41717.[8] This prompted Eulogio's legal wife, Purisima, to file a complaint for recovery of possession and damages against petitioners with the then Court of First Instance of Rizal, Branch IV-B, Quezon City.[9]

Deciding the case in favor of Purisima, the trial court ordered petitioners to surrender possession of the property to her. On appeal, the Court of Appeals dismissed the case after the parties entered into an amicable settlement.[10]

On 25 January 1978, Eulogio and Purisima this time, as vendors, executed a Deed of Absolute Sale in favor of petitioners with respect to the disputed lot for the sum of Twenty Thousand Pesos (P20,000.00).[11]

Purisima claims that the deed of sale was executed merely to give color of legality to petitioners' stay in the disputed property so that she and her children will not drive them away after they (Purisima and her children) manifested their opposition to Eulogio's decision to let them stay therein.[12] Petitioners claim otherwise, contending that the sale was freely agreed upon by the parties thereto; hence, it was authentic and validly executed.[13]

Subsequent to the execution of the deed of sale or on 10 February 1978,[14] another Pagpapahayag was executed between Eulogio and Feliza, where the latter acknowledged that the lot subject of the deed of sale[15] will eventually be transferred to respondents herein who are her nephews and nieces and the children of Eulogio.[16] The pertinent portions of the second Pagpapahayag read:

Na pagkatapos ng lahat ng hidwaan sa Husgado ay aming isasagawa agad and conwaring pagbibili muli ng nasabing xxx aming binili sa aking capatid na si Gg. Eulogio V. Duyan. At pag mangyari ang nasabing hatian ng lote, ay aming ilalagay agad sa pangalan ng aming mga pamangkin na sina Salome V. Duyan, Divina V. Duyan, Cresencia V. Duyan, Reulgina V. Duyan, Domincia, Rodrigo at Avencio C. Duyan.[17]

Notwithstanding the second Pagpapahayag, petitioners caused the registration of the deed of sale dated 25 January 1978 with the Register of Deeds of Quezon City. As a consequence, TCT No. 281115 covering the disputed lot was issued on 22 September 1981 in the name of petitioners.[18]

On 20 May 1991, respondents filed a suit for reconveyance of real property and cancellation of TCT No. 281115 with damages against petitioners before Branch 80 of the Quezon City RTC.

On 5 September 1994, the trial court rendered a decision, dismissing the complaint and ordering respondents to pay jointly and severally defendants therein, now petitioners, the amount of Ten Thousand Pesos (P10,000.00) as reasonable attorney's fees and to pay the costs of the suit.[19]

In dismissing the case, the trial court held that:

...[the] TCT No. 281115 (Exh. 4) was validly issued pursuant to the Absolute Deed of Sale dated January 25, 1978 (Exh. 3) duly registered at the Office of the Registry of Deeds of Quezon City. The same became indefeasible and conclusive upon the expiration of one year period from its entry as it was not attacked directly by anyone due to fraud.[20]

On appeal, the Court of Appeals reversed the decision and held that an implied trust arose in favor of respondents

over the disputed property by virtue of the Pagpapahayag dated 10 February 1978. It held that the action for reconveyance of property was properly filed by respondents against petitioners.[21]

Petitioners' motion for reconsideration[22] having been denied by the appellate court in a Resolution[23] promulgated on 28 June 2000, the case was elevated to this Court by way of a petition for review.

Petitioners in their petition for review[24] contend that the Court of Appeals "acted with grave abuse of discretion"[25] when it reversed the RTC decision and that the error, if not corrected, will cause them great injustice.[26] They claim that the Court of Appeals erred when it ordered the reconveyance by petitioners to respondents of the property covered by TCT No. 281115 and declared the cancellation of said title[27].

The contention is without merit. The Court of Appeals did not err in ordering the reconveyance of the property in dispute.

As found by the appellate court, the trial court failed to consider the law on trusts despite the existence of uncontroverted evidence establishing the creation of a trust as it anchored its decision solely on the indefeasibility of title aspect. Although it recognized the instruments creating the trust, the trial court nevertheless held that:

In the document entitled "Pagpapahayag" (Exh. B), although the defendant Felisa Gomez stipulated therein that she will not claim ownership over the lot covered by TCT No. 41717, even in the event that the same will be transferred in her name, the same does not bar her totally from becoming as owner because of the exception provided therein that she can still own the lot or part thereof in accordance with the wishes of the deceased which was clearly manifested when the Absolute Deed of Sale of the half of the lot covered by TCT No. 41717 was executed between the deceased and his spouse Purisima Duyan (plaintiff) and the defendants.[28]

While citing the provisions of the Pagpapahayag dated 5 May 1974 and concluding therefrom that Feliza was not actually prohibited from claiming ownership over the property, the trial court completely disregarded and missed the import of the other Pagpapahayag dated 10 February 1978.

In express terms, Feliza undertook in the subsequent Pagpapahayag to convey the property subject of the fictitious deed of sale to her own nephews and nieces who are the children of her brother Eulogio. To reiterate, Feliza stated "...At pag mangyari ang nasabing hatian ng lote, ay aming ilalagay agad sa pangalan ng aming mga pamangkin na sina Salome V. Duyan, Divina V. Duyan, Cresencia V. Duyan, Reulgina V. Duyan, Domincia, Rodrigo at Avencio C. Duyan".[29] It must be noted that this Pagpapahayag was entered into by Eulogio and Feliza after the supposed sale of the property on 25 January 1978. Based on the clear provisions of this document, the intent of the siblings to create a trust was manifest with Eulogio as the trustor, Feliza as the trustee and Eulogio's children as the beneficiaries or the cestui qui trust[30] of the res[31] which was the disputed property. This is based on the provision of the law on trusts which states that:

Art. 1440. A person who establishes a trust is called the trustor; one in whom confidence is reposed as regards property for the benefit of another person is known as the trustee; and the person for whose benefit the trust has been created is referred to as the beneficiary.[32]

However, the trust created was not merely implied as held by the Court of Appeals but belongs to the express kind. Based on the provisions of the Civil Code and jurisprudence, "Express trusts are those which the direct and positive acts of the parties create, by some writing, deed or will, or words evincing an intention to create a trust."[33]

In this case, the provisions of the Pagpapahayag dated 10 February 1978 left no room for doubt. It was clearly intended therein by Eulogio and Feliza that the property subject of the sale will subsequently be placed by the latter in the name of respondents, thus creating a trust relationship over the property in dispute.

Even if the word “trust” was not expressly used by the signatories to the 10 February 1978 Pagpapahayag and the document did not expressly state that a trust was being established by reason thereof, the establishment of an express trust cannot be discounted. Under the Civil Code, “No particular words are required for the creation of an express trust, it being sufficient that a trust is clearly intended.”[34] In a decision penned by Justice Paras, this Court held that “...under the law on Trusts, it is not necessary that the document expressly state and provide for the express trust, for it may even be created orally, no particular words are required for its creation (Art. 1444, Civil Code).”[35] The Pagpapahayag dated 10 February 1978 having been freely entered into by Eulogio and Feliza, it had the force of law between them. It was therefore incumbent upon Feliza as trustee to comply with the provisions of the instrument and have the subject property registered in the names of her nephews and nieces.

Petitioners’ subsequent act of registering the disputed property in their own names and resisting the action for reconveyance later filed by respondents was clearly a betrayal of the provisions of the express trust created by the 10 February 1978 Pagpapahayag. By these actions, petitioners not only failed to comply with the provisions of the Pagpapahayag, but actually circumvented them.

It is worthy of note that petitioners never denied the existence, authenticity and due execution of the 10 February 1978 Pagpapahayag as they merely objected to the purpose of its presentation.[36] As held by the appellate court:

Neither refutation nor denial of the existence of such document exist in the records of the case at bar. Particularly, Feliza did not even raise any objection as to the due execution and authenticity of the “Pagpapahayag” dated 10 February 1978. In relation thereto, it is worthy to note that an objection as to the purpose of its presentation is not tantamount to an objection as to the authenticity and due execution of the document. In view of the absence of such objection, the GOMEZES as signatories thereto, are deemed bound by the stipulations therein.[37]

“A trust ... is sacred and inviolable. The courts have therefore shielded fiduciary relations against every manner of chicanery or detestable design cloaked by legal technicalities.”[38] Considering this pronouncement of the Supreme Court and the betrayal by petitioners of the provisions of the Pagpapahayag creating the trust in this case, the Court of Appeals rightly ordered the reconveyance of the disputed property to respondents and the cancellation of TCT No. 21885.

Moreover, petitioners admitted in the Pagpapahayag itself that the 25 January 1978 sale was fictitious. This is evident by the use of the phrase “conwaring pagbibili”[39] which means “simulated or fictitious sale.” Thus, petitioners are estopped from claiming or asserting ownership over the subject property based on the 25 January 1978 deed of sale. Feliza’s admission in the said Pagpapahayag of the falsity of the sale is deemed conclusive upon her and her co-petitioner Eugenio Gomez. Under the Civil Code, “Through estoppel an admission or representation is rendered conclusive upon the person making it, and cannot be denied or disproved as against the person relying thereon.”[40] That admission cannot now be denied by Feliza as against Eulogio and his successors-in-interest, the latter having relied upon her representation.

Petitioners argue that the action for reconveyance filed by respondents against them is not proper, the latter not being the owners of the property in question.[41] Invoking the 25 January 1978 deed of sale despite Feliza’s admission adverted to above that such sale was fictitious, petitioners assert that they are the owners of the subject property. They claim that the best proof of ownership of a piece of land is the certificate of title, and the TCT being in their name, they are the rightful owners thereof.[42] They further argue that based on the case of *Dela Peña vs. Court of Appeals*[43] among others, reconveyance is a remedy granted only to the owner of the property alleged to be wrongfully titled in another’s name.[44]

The argument begs the question. Reconveyance is precisely the proper action for respondents to take against

petitioners since the former are claiming that they are the rightful owners of the property in question, not petitioners. By filing an action for reconveyance, a party seeks to show that the person who secured the registration of the questioned property is not the real owner thereof.[45]

Petitioners cannot rely on the registration of the disputed property and the corresponding issuance of a certificate of title in their name as vesting ownership on them simply because an express trust over the property was created in favor of respondents. It has been held that a trustee who obtains a Torrens title over the property held in trust by him for another cannot repudiate the trust by relying on the registration.[46]

The law safeguards the rightful party's interest in titled land from fraud and improper technicalities by allowing such party to bring an action for reconveyance of whatever he has been deprived of as long as the property has not been transferred or conveyed to an innocent purchaser for value.[47] The action while respecting the registration decree as incontrovertible, seeks to transfer or reconvey the land from the registered owner to the rightful owner.[48] As this Court held in the case of *Escobar vs. Locsin*, "The Torrens system was never calculated to foment betrayal in the performance of a trust." [49]

In a further effort to bolster the claim that they own the property in dispute, petitioners attempt to introduce new evidence annexed to their petition in the form of a purported declaration made by Eulogio dated 19 February 1979.[50] The declaration purports to state that the previous instruments entered into by him and the petitioners are void because he had already sold the lot to them.[51] This declaration, although annexed to the Petition for Review appears nowhere in the records of the trial court and the appellate court. This is a piece of factual evidence which should have been presented before the trial court to be considered and to allow respondents the opportunity to rebut it or to present evidence to the contrary. The Rules of Court specifically provides that "The court shall consider no evidence which has not been formally offered..."[52] The alleged declaration not having been formally offered in evidence is deemed to be a mere scrap of paper which has no evidentiary value.

Lastly, petitioners contend that the conflict between the decision of the appellate court and that of the trial court provides this Court with a ground to review the decisions of both courts.[53] That may be true but the circumstance does not suffice to warrant the reversal of the Court of Appeals' Decision. Quite the contrary, the undisputed facts and the applicable law ineluctably support the conclusion that the appellate court did not commit any reversible error.

WHEREFORE, the petition is DENIED due course and the Decision of the Court of Appeals is AFFIRMED. Costs against petitioners.

SO ORDERED.

Puno, (Chairman), Tinga, Callejo, Sr., and Chico-Nazario, JJ., concur.

[1] Penned by Associate Justice Demetrio G. Demetria, concurred in by Associate Justices Ramon Mabutas, Jr. and Jose L. Sabio, Jr.

[2] Civil Case No. Q-91-8821, Judge Agustin S. Dizon, Presiding Judge.

[3] Rollo, pp. 34-35.

[4] Id. at 28, 45.

[5] Id. at 12.

[6] Id. at 11.

[7] Id. at 31.

[8] Ibid.

[9] Id. at 11, 12.

[10] Ibid.

[11] Id. at 12, 70.

[12] Id. at 32; Records, p. 159.

[13] Rollo, pp. 13, 29.

[14] Id. at 32.

[15] Id. at 70-71.

[16] Id. at 28, 46.

[17] Id. at 32, Records, p. 26.

[18] Id. at 12.

[19] Id. at 28

[20] Id. at 47.

[21] Id. at 33-34.

[22] Id. at 38-41.

[23] Id. at 37.

[24] Id. at 9.

[25] Id. at 14.

[26] Ibid.

[27] Ibid.

[28] Id. at 48.

[29] Id. at 32; Records, p. 26.

[30] A. Tolentino. COMMENTARIES AND JURISPRUDENCE ON THE CIVIL CODE OF THE PHILIPPINES. 670-671 Vol. IV (1991) citing Barreto vs. Tuazon, 50 Phil. 888.

[31] Ibid. citing Scott on Trusts, Vol. p. 38.

[32] Art. 1440, Civil Code of the Philippines.

[33] Development Bank of the Philippines vs. Commission on Audit, G.R. No. 144516, February 11, 2004., 422 SCRA 459, 472

[34] Art. 1444, Civil Code of the Philippines.

[35] Maria G. De la Cruz vs. Court of Appeals, et al., G.R. No. 76590, February 26, 1990, 182 SCRA 638, 643.

[36] Id. at 32.

[37] Ibid.

[38] Escobar vs. Locsin, 74 Phil. 86, 87 (1943).

[39] Rollo, p. 32-33.

[40] Art. 1431, Civil Code of the Philippines.

[41] Rollo, pp. 16-18.

[42] Ibid.

[43] G.R. No. 81827, March 28, 1994, 231 SCRA 456; Rollo, p. 16.

[44] Ibid.

[45] Rodriguez vs. Toreno, No. L-29596, October 14, 1977, 79 SCRA 356, 362.

[46] Vilorio vs. Court of Appeals, 368 Phil. 851, 861(1999), citing Sotto vs. Teves, No. L-38018, 31 October 1978, 86 SCRA 178.

[47] Municipality of Victorias vs. CA, No. L-31189, March 31, 1987, 149 SCRA 32, 45; Gitago vs. Borromeo, No. L-40429, November 29, 1984, 133 SCRA 437, 443.

[48] Esconde vs. Barlongay, No. L-67583, July 31, 1987, 152 SCRA 603, 611.

[49] Supra, note 35.

[50] Rollo, p. 50.

[51] Ibid.

[52] Section 34, Rule 132, Rules of Court.

[53] Id. at 15.

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