

SPOUSES JAMES TAN AND FLORENCE TAN, PETITIONERS, VS. CARMINA, REYNALDO, YOLANDA AND ELISA, ALL SURNAMED MANDAP, RESPONDENTS.*G.R. No. 150925. May 27, 2004*

Ponente: QUISUMBING, J.

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For review on certiorari is the decision[1] dated August 10, 2001, of the Court of Appeals, in CA-G.R. CV No. 59694, which affirmed in toto the decision,[2] dated March 25, 1998, of the Regional Trial Court (RTC) of Manila, Branch 34, in Civil Case No. 89-50263. The trial court declared the sale of properties between Dionisio Mandap, Sr., and the spouses Crispulo and Elenita Vasquez simulated and thus void, and hence, the subsequent sale between the Vasquez spouses and petitioners herein, the spouses James and Florence Tan, similarly void. Likewise assailed by the petitioners is the resolution[3] dated November 23, 2001 of the appellate court, denying their motion for reconsideration.

The pertinent facts, as found by the trial court, are as follows:

The respondents are the legitimate children of the marriage of Dionisio Mandap, Sr., and Maria Contreras Mandap. When the Mandap spouses parted ways, their children opted to stay with Maria. To help support the children, Maria filed Civil Case No. E-02380 in the former Juvenile and Domestic Relations Court of Manila for the dissolution and separation of the conjugal partnership.

Two separate lots, each with an area of 88 square meters covered by TCT Nos. 44730 and 55847, respectively, located in Felix Huertas Street, Sta. Cruz, Manila, with improvements thereon, were adjudicated by the Juvenile and Domestic Relations Court in favor of Dionisio Mandap, Sr.

Meanwhile, Dionisio Mandap, Sr., until his death on October 2, 1991 at age 64, lived with Diorita Dojoles, with whom he had two children. He suffered from diabetes since 1931, became totally blind in 1940, and was crippled for about 10 years until his death. However, before his death on May 25, 1989, he conveyed the subject properties to his common-law wife's sister, Elenita Dojoles Vasquez; and her husband, Crispulo Vasquez. As a result of this sale, TCT Nos. 44730 and 55847 were cancelled and TCT Nos. 186748 and 186749 covering the subject properties were issued in the name of Elenita Vasquez married to Crispulo Vasquez.

On September 11, 1989, the Vasquez spouses conveyed the parcel of land covered by TCT No. 186748 in favor of petitioners. TCT No. 188862 covering the subject lot was then issued in favor of the latter.

On September 5, 1989, prior to the sale to petitioners, the respondents filed an action for cancellation of title with damages, before the RTC of Manila against Diorita Dojoles and the Vasquez spouses, alleging that the sale of subject properties by their father was fictitious, and without any consideration. Further, the consent of their father was vitiated due to his physical infirmities. The action was docketed as Civil Case No. 89-50263.

On February 15, 1991, respondents filed a supplemental complaint, this time against the spouses Tan, for the

nullification of the sale to the latter of subject lot.

On March 25, 1998, the trial court decided Civil Case No. 89-50263 in favor of the herein respondents. The decretal part of its judgment reads as follows:

WHEREFORE, premises considered judgment is hereby rendered as follows:

IN CIVIL CASE NO. 89-50263

- Declaring the Deeds of Sale (Exh. "A" and "A-1"; "B" and "B-1") both dated May 25, 1989 executed in favor of Elenita Vasquez married to Crispulo Vasquez as null and void and of no legal force and effect whatsoever;
- Ordering the Register of Deeds of Manila to cancel TCT No. 186748 (Exh. "K" to "K-2") and TCT No. 186749 (Exh. "L" and "L-1") registered in the name of Elenita Vasquez married to Crispulo Vasquez having been issued thru a void and inexistent contract; further ordering the reconveyance of said title to the Estate of Dionisio Mandap, Sr.;
- Ordering the plaintiffs or the Estate of Dionisio Mandap, Sr., to reimburse or return the sum of P570,000.00 representing the purchase price of the subject lot, plus legal rate of interest starting from the rendition of this decision until fully paid;
- Ordering the defendants Spouses Crispulo and Elenita Vasquez and Diorita Dojoles to jointly and severally reimburse or return the fruits or earnings in the mentioned lots in the form of rentals which is hereby fixed at P10,000.00 per month from the date this complaint was filed until defendants restore and/or surrender the subject premises to the Estate of Dionisio Mandap, Sr.;
- Ordering the defendants Spouses Crispulo and Elenita Vasquez and Diorita Dojoles to pay attorney's fees in the amount of P50,000.00 and to pay the costs of this suit.

IN THE SUPPLEMENTAL COMPLAINT AGAINST SPOUSES JAMES AND FLORENCE TAN

- Declaring the Deed of Sale dated September 11, 1989 (Exh. "Q" and "7", Tan) executed by Elenita Vasquez married to Crispulo Vasquez as null and void and of no force and effect whatsoever, the vendor having no valid title to dispose of the same;
- Ordering the Register of Deeds of Manila to cancel TCT No. 188862 issued in the name of James Tan, the source of which having been declared null and void;
- Ordering Spouses Crispulo and Elenita Vasquez to return the sum of P1,000,000.00 representing the purchase price of the lot covered by TCT No. 188862 with legal rate of interest from the date of this decision;
- Ordering defendants James and Florence Tan to jointly and severally pay the sum of P15,000.00 as and for attorney's fees.

IN BOTH CASES THE COUNTERCLAIMS INTERPOSED BY THE DEFENDANTS ARE DISMISSED FOR LACK OF MERIT.

SO ORDERED.[4]

From the above judgment, petitioners appealed to the Court of Appeals in CA-G.R. CV No. 59694 on the ground that the trial court erred in not declaring them to be buyers in good faith and in not sustaining the validity of their title, TCT No. 188862.

In its decision dated August 10, 2001, the Court of Appeals found the appeal bereft of merit and affirmed in toto the lower court decision, thus:

WHEREFORE, the appeals interposed by appellants Dojoles, Sps. Vasquez and Sps. James and Florence Tan is without merit; the Decision of the lower court dated March 25, 1998 is AFFIRMED in toto.

Costs against appellants.

SO ORDERED.[5]

Petitioners seasonably moved for reconsideration, but it was denied by the appellate court.

Hence, this petition for review, submitting the following issues for our resolution:

I

WHETHER OR NOT PETITIONERS HAVE THE LEGAL PERSONALITY TO BRING THE INSTANT PETITION.

II

WHETHER OR NOT THE SALE BETWEEN MANDAP SR. AND THE VASQUEZES IS VALID.

III

WHETHER OR NOT THE SALE BETWEEN THE VASQUEZES AND PETITIONERS IS VALID.

IV

WHETHER OR NOT THE AWARD OF ATTORNEY'S [FEES] HAS LEGAL BASIS.[6]

Anent the first issue, the petitioners submit that having been made parties-defendants by respondents via the supplemental complaint in Civil Case No. 89-50263, they have the right to appeal to this Court the adverse ruling of the appellate court against them, even if their co-defendants did not appeal the said ruling of the Court of Appeals.

Respondents counter that petitioners have no legal personality to appeal the decision of the appellate court voiding the sale between Dionisio Mandap, Sr., and the Vasquez spouses. They contend that inasmuch as the latter did not appeal the questioned decision, it had become final and executory. Respondents contend that petitioners, not being privy to said sale, cannot invoke its validity.

We find for petitioners on this issue. The trial court voided the petitioners' sale of subject lot, and on appeal that decision was affirmed by the Court of Appeals. Hence, as aggrieved parties, petitioners may elevate to the Supreme Court the controversy within the prescriptive period for appeal.[7] They possess locus standi, or legal personality, to seek a review by this Court of the decision by the appellate court which they assail. Note that while petitioners elevated the trial court's decision to the appellate court, their co-defendants in Civil Case No. 89-50263 did not do so. Thus, the trial court's decision became final and executory only as to petitioners' co-defendants in the trial court who did not appeal, namely Diorita Dojoles and the Vasquez spouses.

With regard to the second issue, the petitioners insist the essential requisites of a contract of sale have been satisfied, namely, (1) consent of the contracting parties, (2) object certain, and (3) cause or consideration therefor. They have been satisfied first in the sale by Mandap, Sr., of the lots to the Vasquez spouses and subsequently, in the sale by the Vasquez spouses to petitioners. Hence, petitioners contend that it was error for the appellate court to declare the sale to them of the subject lot null and void.

After careful consideration of the submission of the parties, we find in favor of respondents. Petitioners' contentions lack merit.

At the time Dionisio Mandap, Sr., purportedly sold the lots in question to the Vasquez spouses, he was already totally blind and paralyzed. He could not possibly have read the contents of the deeds of sale. He could not have

consented to a contract whose terms he never knew nor understood. It cannot be presumed Mandap, Sr., knew the contents of the deeds of sale disposing of his properties. Article 1332 of the Civil Code is applicable in these circumstances, to wit:

ART. 1332. When one of the parties is unable to read, or if the contract is in a language not understood by him, and mistake or fraud is alleged, the person enforcing the contract must show that the terms thereof have been fully explained to the former.

As the party seeking to enforce the contract, the petitioners should have presented evidence showing that the terms of the deeds of sale to the Vasquez spouses were fully explained to Mandap, Sr. But petitioners failed to comply with the strict requirements of Article 1332, thereby casting doubt on the alleged consent of the vendor. Since the vendor in this case was totally blind and crippled at the time of the sale, entirely dependent on outside support, every care to protect his interest conformably with Article 24 of the Civil Code must be taken. Article 24 is clear on this.

ART. 24. In all contractual, property or other relations, when one of the parties is at a disadvantage on account of his moral dependence, ignorance, indigence, mental weakness, tender age or other handicap, the courts must be vigilant for his protection.

Petitioners presented no evidence disproving that (1) Mandap, Sr. was totally blind and suffering from acute diabetes such that he could no longer discern the legal consequences of his acts, and (2) that undue influence was exerted upon him, which vitiated his consent.

It is true that he who alleges a fact bears the burden of proving it. However, since fraud and undue influence are alleged by respondents, the burden shifts^[8] to petitioners to prove that the contents of the contract were fully explained to Mandap, Sr. Nothing, however, appears on record to show that this requirement was complied with. Thus, the presumption of fraud and undue influence was not rebutted.

More important, evidence on record, in our view, prove the existence of fraud. On August 1, 1990, commissioners appointed by the lower court conducted an ocular inspection concerning the physical condition of Mandap, Sr. He stated on that occasion that he received P550,000 as first payment, another P550,000 as second payment, and P1,550,000 the remaining balance of the total selling price of what was loaned to the vendees. However, in the deeds of sale covering the subject properties, the prices indicated were P250,000 and P320,000, respectively or a total of only P570,000. This inconsistency in the amount of the consideration is unexplained. They point to fraud in the sale of the subject properties, to the prejudice of Mandap, Sr.

Petitioners do not dispute the fact that the notary public who notarized the deeds of sale was not duly commissioned. But they contend the deeds' validity were not affected. However, it bears stressing that even an apparently valid notarization of a document does not guarantee its validity.^[9] The crucial point here is that while Mandap, Sr., testified that he executed the deeds of sale in Las Piñas, the said documents were actually notarized in Manila. Mandap, Sr., did not personally appear before a notary public. Yet the documents stated the contrary. Such falsity raises doubt regarding the genuineness of the vendor's alleged consent to the deeds of sale.

Petitioners also claim the purchase price was not grossly inadequate so as to invalidate the sale of subject properties. True, mere inadequacy of the price does not necessarily void a contract of sale. However, said inadequacy may indicate that there was a defect in the vendor's consent.^[10] More important, it must be pointed out that the trial court and the Court of Appeals voided the sale of the subject properties not because the price was grossly inadequate, but because the presumptions of fraud and undue influence exerted upon the vendor had not been overcome by petitioners, the parties interested in enforcing the contract.

On the third issue, petitioners argue that since the sale of subject properties by Mandap, Sr. to the Vasquez spouses is valid, it follows that the subsequent sale of the property by the latter to petitioners is also valid. But this contention cannot be sustained, since we find that based on the evidence on record, the sale in favor of the Vasquez spouses is void. Hence, it follows that the sale to petitioners is also void, because petitioners merely stepped into the shoes of the Vasquez spouses. Since the Vasquezes as sellers had no valid title over the parcel of land they sold, petitioners as buyers thereof could not claim that the contract of sale is valid.

On the last issue, petitioners contest the award of attorney's fees. Indeed, no premium should be placed on the right to litigate, and not every winning party is entitled to an automatic grant of attorney's fees.[11] The party must show that he falls under one of the instances enumerated in Article 2208 of the Civil Code, to wit:

ART. 2208. In the absence of stipulation, attorney's fees and expenses of litigation, other than judicial costs, cannot be recovered, except:

...

(11) In any other case where the court deems it just and equitable that attorney's fees and expenses of litigation should be recovered.

...

In this particular case, the award of attorney's fees is just and equitable, considering the circumstances herein. The court a quo's order to pay P15,000 as attorney's fees does not appear to us unreasonable but just and equitable.

WHEREFORE, the petition is hereby DENIED. The decision of the Court of Appeals dated August 10, 2001 in CA-G.R. CV No. 59694, which sustained the decision dated March 25, 1998 of the Regional Trial Court of Manila, Branch 34, is AFFIRMED. Costs against petitioners.

SO ORDERED.

Austria-Martinez, Callejo, Sr., and Tinga, JJ., concur.

Puno, (Chairman), J., on official leave.

[1] CA Rollo, pp. 192-200. Penned by Associate Justice Eugenio S. Labitoria, with Associate Justices Eloy R. Bello, Jr. and Perlita J. Tria Tirona concurring.

[2] Id. at 106-127.

[3] Id. at 213-214.

[4] Id. at 126-127.

[5] Id. at 199-200.

[6] Rollo, pp. 104-105.

[7] See CSC v. Dacoycoy, G.R. No. 135805, 29 April 1999, 366 Phil. 86, 104-105.

[8] Spouses Misena v. Rongavilla, G.R. No. 130138, 25 February 1999, 363 Phil. 361, 368.

[9] Ramos v. Heirs of Honorio Ramos, Sr., G.R. No. 140848, 25 April 2002, 381 SCRA 594, 605.

[10] Fernandez v. Tarun, G.R. No. 143868, 14 November 2002, 391 SCRA 653, 662.

[11] Orosa v. Court of Appeals, G.R. No. 111080, 5 April 2000, 386 Phil. 94, 105.

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