

**JOSEPH L. SY, NELSON GOLPEO AND JOHN TAN, PETITIONERS, VS.
NICOLAS CAPISTRANO, JR., SUBSTITUTED BY JOSEFA B.
CAPISTRANO, REMEDIOS TERESITA B. CAPISTRANO AND MARIO
GREGORIO B. CA...**

G.R. No. 154450. July 28, 2008

Ponente: NACHURA, J.

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NACHURA, J.:

This is a petition for review on certiorari under Rule 45 of the Rules of Court of the Decision of the Court of Appeals (CA) dated July 23, 2002 in CA-G.R. CV No. 53314.

The case originated from an action for reconveyance of a large tract of land in Caloocan City before the Regional Trial Court (RTC), Branch 129, Caloocan City, entitled Nicolas Capistrano, Jr. v. Nenita F. Scott, Spouses Juanito and Josefina Jamilar, Joseph L. Sy, Nelson Golpeo and John Tan, and the Register of Deeds, Caloocan City. Said case was docketed as Civil Case No. C-15791.

The antecedents are as follows:

Sometime in 1980, Nenita Scott (Scott) approached respondent Nicolas Capistrano, Jr. (Capistrano) and offered her services to help him sell his 13,785 square meters of land covered by Transfer Certificate of Title (TCT) No. 76496 of the Register of Deeds of Caloocan City. Capistrano gave her a temporary authority to sell which expired without any sale transaction being made. To his shock, he discovered later that TCT No. 76496, which was in his name, had already been cancelled on June 24, 1992 and a new one, TCT No. 249959, issued over the same property on the same date to Josefina A. Jamilar. TCT No. 249959 likewise had already been cancelled and replaced by three (3) TCTs (Nos. 251524, 251525, and 251526), all in the names of the Jamilar spouses. TCT Nos. 251524 and 251526 had also been cancelled and replaced by TCT Nos. 262286 and 262287 issued to Nelson Golpeo and John B. Tan, respectively.

Upon further inquiries, Capistrano also discovered the following:

- The cancellation of his TCT No. 76496 and the issuance of TCT No. 249959 to Jamilar were based upon two (2) deeds of sale, i.e., a "Deed of Absolute Sale" purportedly executed by him in favor of Scott on March 9, 1980 and a "Deed of Absolute Sale" allegedly executed by Scott in favor of Jamilar on May 17, 1990.
- The supposed 1980 sale from him to Scott was for P150,000.00; but despite the lapse of more than 10 years thereafter, the alleged 1990 sale from Scott to Jamilar was also for P150,000.00.
- Both deeds were presented for registration simultaneously on June 24, 1992.
- Although the deed in favor of Scott states that it was executed on March 9, 1980, the annotation thereof at the back of TCT No. 76496 states that the date of the instrument is March 9, 1990.
- Even if there was no direct sale from Capistrano to Jamilar, the transfer of title was made directly to the

latter. No TCT was issued in favor of Scott.

- The issuance of TCT No. 249959 in favor of Jamilar was with the help of Joseph Sy, who provided for (sic) money for the payment of the capital gains tax, documentary stamps, transfer fees and other expenses of registration of the deeds of sale.

- On July 8, 1992, an Affidavit of Adverse Claim was annotated at the back of Jamilar's TCT No. 249959 at the instance of Sy, Golpeo, and Tan under a Contract to Sell in their favor by the Jamilar spouses. Said contract was executed sometime in May, 1992 when the title to the property was still in the name of Capistrano.

- Around July 28, 1992, upon request of the Jamilar spouses, TCT No. 249959 was cancelled and three (3) new certificates of title (TCT Nos. 251524, 251525, and 251526) all in the name of Jamilar on the basis of an alleged subdivision plan (No. Psd-13-011917) without Capistrano's knowledge and consent as registered owner. The notice of adverse claim of Sy, Golpeo, and Tan was carried over to the three new titles.

- Around August 18, 1992, Sy, Golpeo, and Tan filed Civil Case No. C-15551 against the Jamilar and another couple, the Giltura spouses, for alleged violations of the Contract to Sell. They caused a notice of lis pendens to be annotated on the three (3) TCTs in Jamilar's name. Said civil case, however, was not prosecuted.

- On January 26, 1993, a Deed of Absolute Sale was executed by the Jamilar and the Gilturas, in favor of Golpeo and Tan. Thus, TCT Nos. 251524 and 251526 were cancelled and TCT Nos. 262286 and 262287 were issued to Golpeo and Tan, respectively. TCT No. 251525 remained in the name of Jamilar.[1]

Thus, the action for reconveyance filed by Capistrano, alleging that his and his wife's signatures on the purported deed of absolute sale in favor of Scott were forgeries; that the owner's duplicate copy of TCT No. 76496 in his name had always been in his possession; and that Scott, the Jamilar spouses, Golpeo, and Tan were not innocent purchasers for value because they all participated in defrauding him of his property. Capistrano claimed P1,000,000.00 from all defendants as moral damages, P100,000.00 as exemplary damages; and P100,000.00 as attorney's fees.

In their Answer with Counterclaim, the Jamilar spouses denied the allegations in the complaint and claimed that Capistrano had no cause of action against them, as there was no privity of transaction between them; the issuance of TCT No. 249959 in their names was proper, valid, and legal; and that Capistrano was in estoppel. By way of counterclaim, they sought P50,000.00 as actual damages, P50,000.00 as moral damages, P50,000.00 as exemplary damages, and P50,000.00 as attorney's fees.

In their Answer, Sy, Golpeo, and Tan denied the allegations in the complaint and alleged that Capistrano had no cause of action against them; that at the time they bought the property from the Jamilar and the Gilturas as unregistered owners, there was nothing in the certificates of title that would indicate any vice in its ownership; that a buyer in good faith of a registered realty need not look beyond the Torrens title to search for any defect; and that they were innocent purchasers of the land for value. As counterclaim, they sought P500,000.00 as moral damages and P50,000.00 as attorney's fees.

In her Answer with Cross-claim, Scott denied the allegations in the complaint and alleged that she had no knowledge or any actual participation in the execution of the deeds of sale in her favor and the Jamilar's; that she only knew of the purported conveyances when she received a copy of the complaint; that her signatures appearing in both deeds of sale were forgeries; that when her authority to sell the land expired, she had no other dealings with it; that she never received any amount of money as alleged consideration for the property; and that, even if she were the owner, she would never have sold it at so low a price.

By way of Cross-claim against Sy, Golpeo, Tan, and the Jamilar, Scott alleged that when she was looking for a buyer of the property, the Jamilar helped her locate the property, and they became conversant with the details of

the ownership and other particulars thereof; that only the other defendants were responsible for the seeming criminal conspiracy in defrauding Capistrano; that in the event she would be held liable to him, her other co-defendants should be ordered to reimburse her of whatever amount she may be made to pay Capistrano; that she was entitled to P50,000.00 as moral damages and P50,000.00 as attorney's fees from her co-defendants due to their fraudulent conduct.

Later, Sy, Golpeo, and Tan filed a third-party complaint against the Giltura spouses who were the Jamilar's alleged co-vendors of the subject property.

Thereafter, trial on the merits ensued.

Subsequently, the trial court decided in favor of Capistrano. In its Decision dated May 7, 1996, adopting the theory of Capistrano as presented in his memorandum, the trial court rendered judgment as follows:

- Declaring plaintiff herein as the absolute owner of the parcel of land located at the Tala Estate, Bagumbong, Caloocan City and covered by TCT No. 76496;
- Ordering defendant Register of Deeds to cause the cancellation of TCT No. 251525 registered in the name of defendant Josefina Jamilar;
- Ordering defendant Register of Deeds to cause the cancellation of TCT Nos. 262286 and 262287 registered in the names of defendants Nelson Golpeo and John B. Tan;
- Ordering defendant Register of Deeds to cause the issuance to plaintiff of three (3) new TCTs, in replacement of the aforesaid TCTs Nos. 251525, 262286 and 262287;
- Ordering all the private defendants in the above-captioned case to pay plaintiff, jointly and severally, the reduced amount of P400,000.00 as moral damages;
- Ordering all the private defendants in the above-captioned case to pay to plaintiff, jointly and severally, the reduced sum of P50,000.00 as exemplary damages;
- Ordering all the private defendants in the above-captioned case to pay plaintiff's counsel, jointly and severally, the reduced amount of P70,000.00 as attorney's fees, plus costs of suit;
- Ordering the dismissal of defendants Sy, Golpeo and Tan's Cross-Claim against defendant spouses Jamilar;
- Ordering the dismissal of defendants Sy, Golpeo and Tan's Third-Party Complaint against defendant spouses Giltura; and
- Ordering the dismissal of the Counterclaims against plaintiff.

SO ORDERED.[2]

On appeal, the CA, in its Decision dated July 23, 2002, affirmed the Decision of the trial court with the modification that the Jamilar spouses were ordered to return to Sy, Golpeo, and Tan the amount of P1,679,260.00 representing their full payment for the property, with legal interest thereon from the date of the filing of the complaint until full payment.

Hence, this petition, with petitioners insisting that they were innocent purchasers for value of the parcels of land covered by TCT Nos. 262286 and 262287. They claim that when they negotiated with the Jamilar for the purchase of the property, although the title thereto was still in the name of Capistrano, the documents shown to them - the court order directing the issuance of a new owner's duplicate copy of TCT No. 76496, the new owner's duplicate copy thereof, the tax declaration, the deed of absolute sale between Capistrano and Scott, the deed of absolute sale between Scott and Jamilar, and the real estate tax receipts - there was nothing that aroused their

suspicion so as to compel them to look beyond the Torrens title. They asseverated that there was nothing wrong in financing the cancellation of Capistrano's title and the issuance of titles to the Jamilars because the money they spent therefor was considered part of the purchase price they paid for their property.

In their Comment, the heirs of Capistrano, who were substituted after the latter's death, reiterated the factual circumstances which should have alerted the petitioners to conduct further investigation, thus -

(a)

Why the "Deed of Absolute Sale" supposedly executed by Capistrano had remained unregistered for so long, i.e., from March 9, 1980 up to June 1992, when they were negotiating with the Jamilars and the Gilturas for their purchase of the subject property;

(b)

Whether or not the owner's copy of Capistrano's certificate of title had really been lost;

(c)

Whether Capistrano really sold his property to Scott and whether Scott actually sold it to the Jamilars, which matters were easily ascertainable as both Capistrano and Scott were still alive and their names appear on so many documents;

(d)

Why the consideration for both the March 9, 1980 sale and the May 17, 1990 sale was the same (P150,000.00), despite the lapse of more than 10 years;

(e)

Why the price was so low (P10.88 per square meter, both in 1980 and in 1990) when the petitioners were willing to pay and actually paid P150.00 per square meter in May 1992; and

(f)

Whether or not both deeds of sale were authentic.[3]

In addition, the heirs of Capistrano pointed out that petitioners entered into negotiations over the property, not with the registered owner thereof, but only with those claiming ownership thereof based on questionable deeds of sale.

The petition should be denied. The arguments proffered by petitioners all pertain to factual issues which have already been passed upon by both the trial court and the CA.

Findings of facts of the CA are final and conclusive and cannot be reviewed on appeal, as long as they are based on substantial evidence. While, admittedly, there are exceptions to this rule such as: (a) when the conclusion is a finding grounded entirely on speculations, surmises or conjectures; (b) when the inference made is manifestly mistaken, absurd or impossible; (c) when there is grave abuse of discretion; (d) when the judgment is based on a misapprehension of facts; (e) when the findings of facts are conflicting; (f) when the CA, in making its findings, went beyond the issues of the case and the same were contrary to the admissions of both the appellant and appellee.[4] Not one of these exceptional circumstances is present in this case.

First. The CA was correct in upholding the finding of the trial court that the purported sale of the property from Capistrano to Scott was a forgery, and resort to a handwriting expert was not even necessary as the specimen signature submitted by Capistrano during trial showed marked variance from that found in the deed of absolute

sale. The technical procedure utilized by handwriting experts, while usually helpful in the examination of forged documents, is not mandatory or indispensable to the examination or comparison of handwritings.[5]

By the same token, we agree with the CA when it held that the deed of sale between Scott and the Jamilar was also forged, as it noted the stark differences between the signatures of Scott in the deed of sale and those in her handwritten letters to Capistrano.

Second. In finding that the Jamilar spouses were not innocent purchasers for value of the subject property, the CA properly held that they should have known that the signatures of Scott and Capistrano were forgeries due to the patent variance of the signatures in the two deeds of sale shown to them by Scott, when Scott presented to them the deeds of sale, one allegedly executed by Capistrano in her favor covering his property; and the other allegedly executed by Scott in favor of Capistrano over her property, the P40,000.00 consideration for which ostensibly constituted her initial and partial payment for the sale of Capistrano's property to her.

The CA also correctly found the Gilturas not innocent purchasers for value, because they failed to check the veracity of the allegation of Jamilar that he acquired the property from Capistrano.

In ruling that Sy was not an innocent purchaser for value, we share the observation of the appellate court that Sy knew that the title to the property was still in the name of Capistrano, but failed to verify the claim of the Jamilar spouses regarding the transfer of ownership of the property by asking for the copies of the deeds of absolute sale between Capistrano and Scott, and between Scott and Jamilar. Sy should have likewise inquired why the Gilturas had to affix their conformity to the contract to sell by asking for a copy of the deed of sale between the Jamilar and the Gilturas. Had Sy done so, he would have learned that the Jamilar claimed that they purchased the property from Capistrano and not from Scott.

We also note, as found by both the trial court and the CA, Tan's testimony that he, Golpeo and Sy are brothers, he and Golpeo having been adopted by Sy's father. Tan also testified that he and Golpeo were privy to the transaction between Sy and the Jamilar and the Gilturas, as shown by their collective act of filing a complaint for specific performance to enforce the contract to sell.

Also noteworthy - and something that would have ordinarily aroused suspicion - is the fact that even before the supposed execution of the deed of sale by Scott in favor of the Jamilar, the latter had already caused the subdivision of the property into nine (9) lots, with the title to the property still in the name of Capistrano.

Notable likewise is that the owner's duplicate copy of TCT No. 76496 in the name of Capistrano had always been in his possession since he gave Scott only a photocopy thereof pursuant to the latter's authority to look for a buyer of the property. On the other hand, the Jamilar were able to acquire a new owner's duplicate copy thereof by filing an affidavit of loss and a petition for the issuance of another owner's duplicate copy of TCT No. 76496. The minimum requirement of a good faith buyer is that the vendee of the real property should at least see the owner's duplicate copy of the title.[6] A person who deals with registered land through someone who is not the registered owner is expected to look beyond the certificate of title and examine all the factual circumstances thereof in order to determine if the vendor has the capacity to transfer any interest in the land. He has the duty to ascertain the identity of the person with whom he is dealing and the latter's legal authority to convey.[7]

Finally, there is the questionable cancellation of the certificate of title of Capistrano which resulted in the immediate issuance of a certificate of title in favor of the Jamilar spouses despite the claim that Capistrano sold his property to Scott and it was Scott who sold the same to the Jamilar.

In light of the foregoing disquisitions, based on the evidence on record, we find no error in the findings of the CA as to warrant a discretionary judicial review by this Court.

WHEREFORE, the petition is DENIED DUE COURSE for failure to establish reversible error on the part of the Court of Appeals. Costs against petitioners.

SO ORDERED.

Ynares-Santiago, (Chairperson), Austria-Martinez, Chico-Nazario, and Reyes, JJ., concur.

[1] RTC Decision, pp. 1-3; rollo, pp. 53-55.

[2] Id. at 9; rollo, p. 61.

[3] Rollo, p. 290.

[4] Japan Airlines v. Simangan, G.R. No. 170141, April 22, 2008.

[5] Tapuroc v. Loquellano Vda. de Mende, G.R. No. 152007, January 22, 2007, 512 SCRA 97, 108.

[6] Islamic Directorate of the Philippines v. Court of Appeals, 338 Phil. 970, 987 (1997).

[7] Chua v. Soriano, G.R. No. 150066, April 13, 2007, 521 SCRA 68, 79.

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