

SPOUSES MANUEL AND CORAZON CAMARA, PETITIONERS, VS. SPOUSES JOSE AND PAULINA MALABAO, RESPONDENTS.

G.R. No. 154650. July 31, 2003

Ponente: YNARES-SANTIAGO, J.

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YNARES-SANTIAGO, J.:

The bone of contention in this petition is a forty-seven square meter lot which petitioners claim was sold to them by respondents. The latter, however, contend that said property was merely leased to petitioners. The trial court sustained respondents' argument, which was affirmed by the Court of Appeals. Hence this petition.

The antecedent facts are matters of record or are otherwise uncontroverted.

Respondents filed a complaint[1] against petitioners for Cancellation of Adverse Claim and Damages with the Regional Trial Court of Malolos, Bulacan, Branch 21, where the same was docketed as Civil Case No. 258-M-92. Respondents averred that on April 21, 1989, Jose Malabao and petitioner Manuel Camara entered into a verbal "covenant" for the lease of a portion of respondents' lot containing forty-seven (47) square meters which was situated at the public market/commercial center of Sapang Palay, San Jose Del Monte, Bulacan and covered by TCT No. 118223, for a duration of five (5) years at the lump sum rate of P20,000.00. It was agreed that petitioner Camara shall construct on the property a building of strong materials suited for commercial and residential purposes. Petitioner also undertook to reduce their agreement into writing as soon as possible. The written lease contract was, however, never prepared. Instead, sometime in February 1992, respondents discovered that petitioner had caused to be annotated on their title an adverse claim of ownership based on fraudulent documents, in particular, an alleged deed of absolute sale dated June 22, 1990.[2]

In their answer[3] petitioners alleged that they acquired the forty-seven square meter portion of the subject property in 1989 by sale for and in consideration of the sum of P80,000.00; that a down payment of P20,000.00 was paid on May 25, 1989[4] and the balance of P60,000.00 was paid on July 3, 1989; that the Deed of Absolute Sale[5] was duly executed between herein parties and the purchased portion was, in fact, segregated as evidenced by the subdivision plan[6] of Lot 9, Block 40, Psd-04-002175; and that petitioners thereafter declared the property for tax purposes.[7] Petitioners also claimed that in 1989, without opposition from respondents, they began construction of five (5) commercial stalls made of concrete and strong materials, one of which has two (2) floors, which they continue to use, enjoy and occupy in the concept of an owner up to the present time.

The trial court gave credence to the claim of respondents that the agreement of the parties was for a five-year lease and not a sale, and held that the deed of sale was forged, to wit:

Wherefore, all premises considered, the Court finds preponderance of evidence in favor of the plaintiffs. Judgment is hereby rendered in favor of plaintiffs spouses Jose Malabao and Paulina Malabao and against defendants Spouses Manuel Camara and Corazon Camara, as follows:

- The Deed of Absolute Sale marked as Exhibit "A" is declared null and void and the Register of Deeds, Meycauyan, Bulacan is directed to cancel the adverse claim annotated at the back of TCT No. T-118223;

- The defendants are ordered to pay jointly and severally the herein plaintiffs:

a) the sum of P100,000.00 as moral damages;

b) the amount of P20,000.00 as exemplary damages;

c) the further sum of P50,000.00 as and for attorney's fees plus P2,000.00 per court appearance; and

d)

the costs of suit.

SO ORDERED.[8]

Dissatisfied, petitioners appealed to the Court of Appeals, which affirmed the ruling of the trial court on March 15, 2002.[9] However, on August 12, 2002, it modified its decision by deleting the award of damages and attorney's fees.[10]

Petitioners are now before us, on the following assigned errors:

A

THE COURT OF APPEALS ERRED IN MAINTAINING THAT THE VERBAL CONTRACT BETWEEN THE HEREIN PETITIONER AND THE RESPONDENT WAS A FIVE (5) YEAR LEASE AND NOT [A] SALE AND THAT THIS VERBAL FIVE (5) YEAR LEASE AGREEMENT IS ENFORCEABLE BY ACTION DESPITE ITS NON-COMPLIANCE WITH THE STATUTE OF FRAUDS.

B

THE COURT OF APPEALS ERRED IN DECLARING THAT THE SUBJECT VERBAL FIVE (5) YEAR LEASE AGREEMENT IN RELATION TO ARTICLE 1403 (2) (e) OF THE CIVIL CODE IS AN EXECUTED CONTRACT AND WHILE THIS HAD BEEN RATIFIED BY THE ACTS OF THE PETITIONER.

C

THE COURT OF APPEALS ERRED IN NOT COMPLETELY REVERSING THE DECISION OF THE LOWER COURT FOR LACK OF SUFFICIENT EVIDENCE AND LEGAL BASIS.[11]

In the first assigned error, petitioners contend in sum that the Deed of Absolute Sale[12] is an authentic document. They base their claim of ownership on their payment of the purchase price, the construction of a five-door-apartment on the subject property without any objection from the respondents, the approved survey of the forty-seven square meter portion of the lot and the declaration of ownership of said property in the name of petitioners, as well as the payment of the corresponding realty taxes thereon up to the present.

The contention is not well-taken.

The records disclose that on July 13, 1993, Acting Branch Clerk of Court Rommel S. Resurreccion requested a Signature Examination of the signatures of respondents Jose Malabao and Paulina Lasaca Malabao on the purported Deed of Absolute Sale from the Philippine National Police (PNP) Crime Laboratory Service.[13] Pursuant to said request, the PNP Crime Laboratory Service came out with Document Report No. 149-93,[14] which disclosed the following -

FINDINGS:

- Comparative examination and analysis of the questioned signature JOSE MALABAO marked "Q-1" and the submitted standard signatures of Jose Malabao marked "S-1" to "S-15" inclusive reveal significant divergences

in handwriting movement, stroke structure, line quality, skill and other individual handwriting characteristics.

x x x x x x x x

- Comparative examination and analysis of the mentioned signature PAULINA LASACA MALABAO marked "Q-2" appearing in the document mentioned above and the submitted standard signature of Paulina L. Malabao marked "S-16" to "S-24" inclusive reveal significant divergences in handwriting movement, stroke structure, line quality, skill and other individual handwriting characteristics.

x x x x x x x x

CONCLUSION:

- The questioned signature JOSE MALABAO marked "Q-1" appearing in the document mentioned above and the submitted standard signatures of Jose Malabao marked "S-1" to "S-15" inclusive WERE NOT WRITTEN BY ONE AND THE SAME PERSON.

- The questioned signature of PAULINA LASAC MALABAO marked "Q-2" appearing in the document mentioned above and the submitted standard signatures of Paulina L. Malabao marked "S-16" to "S-24" inclusive WERE NOT WRITTEN BY ONE AND THE SAME PERSON. (emphasis and italics supplied)

Our own examination shows that the questioned signatures of Jose Malabao and Paulina Lasaca-Malabao appearing on the alleged deed of absolute sale are distinctly different from the specimen signatures provided by respondents spouses. Significantly, petitioners did not rebut the findings and conclusions of the PNP Crime Laboratory Service, nor did they present evidence overthrow the foregoing findings, except through the self-serving testimony[15] of petitioner Corazon Camara that the deed of sale between them and respondents was genuine.

Petitioners' argument that they have declared the disputed lot in their name and have paid the realty taxes thereof is unavailing, because tax declarations are not conclusive proof of title.[16] At best they are merely indicia of a claim of ownership.[17] Thus, it has been held in one case[18] that a party's declaration of real property, his payment of realty taxes and his designation as owner of the subject property in the cadastral survey and in the records of the Ministry of Agrarian Reform Office cannot defeat a certificate of title, which is an absolute and indefeasible evidence of ownership of the property in favor of the person whose name appears therein.[19]

Moreover, the records disclose that the realty taxes for the years 1991-1995, inclusive, were paid by petitioners only on October 4, 1995, three (3) years after the instant controversy arose, thereby putting in doubt their alleged ownership of the subject premises since July 3, 1989. A belated tax declaration has been held to be indicative of an absence of a real claim of ownership over the subject land prior to the declaration.[20] Petitioners' attempt to explain this three-year hiatus as a mere "oversight" is, at best, a lame and unconvincing excuse. It is also significant to note that the alleged deed of sale was executed only on June 22, 1990.

Along the same vein, it must be stressed that the survey and subdivision plan submitted in evidence by petitioners are inferior proofs of ownership and cannot prevail over the certificate of title in the name of respondents, who remain to be recognized as registered owners of the disputed property.[21]

In the second assigned error, petitioners argue that the appellate court erred in not declaring that the subject five-year verbal lease agreement was unenforceable under the provisions of Article 1403, paragraph 2 (e)[22] of the Civil Code, because the agreement has never been executed, much less ratified.

The argument is tenuous.

As correctly found by the appellate court, the occupation and construction of the improvements made by

petitioners on the disputed property are clear acts of ratification and enforcement. In other words, the erection of these structures on the subject lot indicates that the lease contract was already in effect. The Statute of Frauds applies only to executory and not completed, executed or partially executed contracts.[23] Thus, where as in this case, one party has performed his obligation, oral evidence will be admitted to prove the agreement.[24] Furthermore, as can be gleaned from Exhibit "B"[25] of respondents, the amount of P20,000.00 received on April 21, 1989 was apparently for the rent of a stall. Indeed, the said document expressly states that it is a receipt for rentals. Petitioners can not now say that the said receipt is proof of an alleged down payment of the subject lot. Moreover, while there was testimony to the effect that the balance of P60,000.00 from the alleged purchase price of P80,000.00 was allegedly paid on July 3, 1989, the receipt therefore was never presented despite an earlier reservation to do so.

We note that in ruling in favor of respondents, the Court of Appeals and the trial court took into consideration the advanced ages[26] and limited educational attainment of respondents spouses and the fact that petitioner spouses are astute businessmen operating "various establishments in the vicinity." [27] In tilting the scales in favor of respondents-spouses, both courts merely hewed to the command that -

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.[28]

Given the foregoing circumstances, the Court of Appeals erred in deleting the award of damages and attorney's fees. The evidence overwhelmingly shows that petitioners, in dealing with respondent spouses, employed fraudulent methods to surreptitiously take away from them title to the property in dispute. While petitioners presented the Questioned Documents Report No. 165-393 from the National Bureau of Investigation (NBI) which supposedly showed the authenticity of the deed of sale, the same is not as conclusive and explicit as that of Document Report No. 149-93 made by the PNP Crime Laboratory Service. As found by both the appellate tribunal and the trial court, the NBI report merely "gave a conclusion as regards the questioned signature of Jose Malabao only, but cannot give a categorical conclusion on the questioned signature of Paulina Lasaca Malabao." [29] Hence, the Document Report of the PNP Crime Laboratory Service must prevail as proof that petitioners caused the forgeries of respondents' signatures. For petitioners' fraudulent acts committed against respondents, the damages awarded by the trial court must be reinstated.

WHEREFORE, in view of all the foregoing, the Decision dated March 15, 2002 of the Court of Appeals in CA-G.R. CV No. 61973, is AFFIRMED with MODIFICATION. As modified, judgment is hereby rendered REINSTATING the decision of the Regional Trial Court of Malolos, Bulacan, Branch 21, in Civil Case No. 258-M-92, which declared null and void the Deed of Absolute Sale marked as Exhibit "A"; directed the Register of Deeds of Meycauyan, Bulacan to cancel the adverse claim annotated at the back of Transfer Certificate of Title No. T-118223; and ordered petitioners to pay respondents, jointly and severally, the sums of P100,000.00 as moral damages; P20,000.00 as exemplary damages; P50,000.00 as attorney's fees plus P2,000.00 per court appearance; and costs of the suit.

SO ORDERED.

Davide, Jr., C.J., Vitug, Carpio, and Azcuna, JJ., concur.

[1] Records, pp. 3-6; pp. 161-165.

[2] Exhibit 1; also Exhibit E.

- [3] Records, pp. 11-14, p. 178.
- [4] Exhibit 4.
- [5] Exhibit 1.
- [6] Exhibit 5.
- [7] Exhibits 3 to 3-A.
- [8] Records, p. 438; penned Judge Cesar M. Solis.
- [9] Rollo, pp. 23-30.
- [10] Id., pp. 31-32.
- [11] Id., pp. 11-12.
- [12] Id., p. 41.
- [13] Records, p. 268.
- [14] Id.
- [15] TSN, 8 August 1996, p. 7.
- [16] Titong v. Court of Appeals, G.R. No. 111141, 6 March 1998, 287 SCRA 102.
- [17] Seville v. National Development Company, G.R. No. 129401, 2 February 2001, 351 SCRA 112, 122, citing Director of Lands v. IAC, G.R. No. 73246, 2 March 1993, 219 SCRA 339.
- [18] Hemedes v. Court of Appeals, G.R. Nos. 107132 and 108472, 8 October 1999, 316 SCRA 347, 350.
- [19] Citing Heirs of Leopoldo Vencilao, Sr. v. Court of Appeals, 351 Phil. 815 [1998].
- [20] Agasen v. Court of Appeals, G.R. No. 115508, 15 February 2000, 325 SCRA 504, 514, citing Alba Vda. de Raz v. Court of Appeals, G.R. No. 120066, 9 September 1999, 314 SCRA 36.
- [21] Brusas v. Court of Appeals, G.R. 126875, 26 August 1999, 313 SCRA 176, 184.
- [22] ART. 1403. The following contracts are unenforceable unless they are ratified:
- x x x x x x x x
- (2) Those that do not comply with the Statute of Frauds as set forth in this number. In the following cases, an agreement hereafter made shall be unenforceable by action, unless the same, or some not or memorandum thereof, be in writing, and subscribed by the party charged, or by his agent; evidence therefore, of the agreement cannot be received without the writing or a secondary evidence of its contents:
- x x x x x x x x
- (e) An agreement for the easing for a longer period than one year, or for the sale of real property or of an interest therein;
- [23] Cordial v. Miranda, G.R. No. 135495, 14 December 2000, 348 SCRA 158, 171.
- [24] National Bank v. Philippine Vegetable Oil Co., 49 Phil. 857, 867 [1927].
- [25] Records, p. 7.

[26] Jose Malabao was 105 years old while Paulina Lasaca-Malabao was 79 years of age and both did not finish their elementary education.

[27] Rollo, p. 14.

[28] Civil Code, Art. 24.

[29] Rollo, p. 28; Records, pp. 436-437.

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