

ST. MARY'S FARM, INC., PETITIONER, VS. PRIMA REAL PROPERTIES, INC., RODOLFO A. AGANA, JR., AND THE REGISTER OF DEEDS OF LAS PIÑAS, METRO MANILA RESPONDENTS.

G.R. No. 158144. July 31, 2008

Ponente: NACHURA, J.

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NACHURA, J.:

This is a petition for review of the decision[1] of the Court of Appeals (CA) affirming in toto the decision[2] of the Regional Trial Court (RTC), Branch 254, Las Piñas City, which dismissed for lack of merit the complaint for annulment of sale.

The factual antecedents of the case, as narrated by the RTC, are as follows:

[I]t appears that herein plaintiff was the registered owner of an originally twenty-five thousand five hundred ninety-eight (25,598) square meters of land situated at Bo. Pugad Lawin, Las Piñas City under Transfer Certificate of Title No. S-1648 (11521-A) of the Registry of Deeds of Las Piñas City.

In compliance with a final court decision in Civil Case No. 87-42915 of the Regional Trial Court, Branch XL of Manila, plaintiff passed and approved on 27 June 1988 a board resolution authorizing defendant Rodolfo A. Agana to cede to T.S. Cruz Subdivision four thousand (4,000) square meters of the land covered by the aforementioned Transfer Certificate of Title No. S-1648 (11521-A). Allegedly, after the consummation of this transaction, defendant Rodolfo A. Agana did not return to plaintiff the borrowed aforementioned title and[,] instead, allegedly forged a board resolution of the plaintiff corporation supposedly to the effect that plaintiff had authorized him to sell the remaining twenty-one thousand five hundred ninety-eight (21,598) square meters of the subject property. A series of transactions thereafter took place between defendant Rodolfo A. Agana and defendant Prima Real Properties, Inc. (Prima) which transactions culminated to the signing on 5 September 1988 of an absolute deed of sale transferring the ownership of the subject land from herein plaintiff to herein defendant Prima. After the consummation of the sale, defendant Prima effected the cancellation of Transfer Certificate of Title No. S-1648 (11521-A) in the name of plaintiff and in lieu thereof another Transfer Certificate of Title No. T-6175 in the name of defendant Prima was issued by defendant Alejandro R. Villanueva in his capacity as Register of Deeds of Las Piñas City.

Subsequent developments had it that on 6 October 1988, defendant Prima duly purchased from T.S. Cruz Subdivision the aforementioned four thousand (4,000) square meters portion of the subject property which development thereafter led to the cancellation of the aforementioned Transfer Certificate of Title No. T-6175 and the issuance by the Registry of Deeds of Las Piñas City of two separate titles both in the name of defendant Prima, Transfer Certificate of Title No. 7863 covering the aforementioned four thousand square meters and Transfer Certificate of Title No. T-7864 covering the herein twenty-one thousand five hundred ninety-eight (21,598) square meter subject property.

In its complaint which was amended twice, the second amendment even needed the intervention of the Court of Appeals in a petition for certiorari and mandamus after the same was denied admission by Hon. N.C. Perello, Presiding Judge of the then Assisting Court of Makati, [Muntinlupa], Metro Manila, herein plaintiff

alleged inter alia that the authorization certified to by Antonio V. Agcaoili, Corporate Secretary of the plaintiff and used by defendant Rodolfo A. Agana in selling the subject property to defendant Prima was a forgery as the board of directors of the plaintiff never enacted a resolution authorizing herein defendant Rodolfo A. Agana to sell herein subject property to defendant Prima or to anyone else for that matter. Plaintiff further claimed that defendant Prima in collusion with defendant Rodolfo A. Agana acted maliciously and in bad faith in relying on the forged authority without taking any step to verify the same with the plaintiff as owner of the subject property. According to plaintiff, the deed of absolute sale entered into between defendants Prima and Rodolfo A. Agana being the result of fraudulent transaction was void thereby, among others, causing damage to the plaintiff. For canceling Transfer Certificate of Title No. S-1648 (11521-A) knowing fully well that the authorization to sell [to] defendant Rodolfo A. Agana was a forgery, defendant Alejandro R. Villanueva was likewise made liable for damages.

On the other hand, defendant Prima separately with defendant Rodolfo A. Agana in their respective answers, sought and insisted constantly on the dismissal of the complaint based solidly on the ground that Venice B. Agana and Ma. Natividad A. Villacorta who filed in behalf of the plaintiff the original complaint and the amended and the second amended complaints as well, respectively, lacked legal capacity to sue because they were not authorized therefor by the board of directors of the plaintiff. Furthermore, defendant Prima argued that it acted in good faith when it relied solely on the face of the purported authorization of defendant Rodolfo A. Agana and entered into the deed of absolute sale and paid in full the purchase price of PhP2,567,760.00 of the subject property. This fact, according to defendant Prima, made it a buyer in good faith and for value. To cap its argument, defendant Prima in adopting the defense of defendant Rodolfo A. Agana asserted that even assuming that the authorization of defendant Rodolfo A. Agana was forged when plaintiff, through its President, Marcelino A. Agana, Jr. (brother of Rodolfo) accepted/received part of the aforestated purchase price knowing fully well the same to be the proceeds of the sale of the subject property, plaintiff has been precluded as it is now estopped from asking for rescission of the deed of absolute sale and reconveyance of the subject property.[3]

After due hearing, the trial court rendered judgment on April 7, 2000, dismissing the complaint for annulment of sale with damages filed by the petitioner.[4]

The trial court found that the respondent was a buyer in good faith and for value, relying on the authority of Rodolfo A. Agana to sell the property in behalf of the petitioner company, as evidenced by a notarized board resolution. As such, the trial court ruled that the petitioner was bound by the acts of its agent and must necessarily bear whatever damage may have been caused by this alleged breach of trust.

On appeal, the CA affirmed in toto.

Thus, petitioner filed the instant petition raising the following errors:

I

The Court of Appeals gravely erred in ruling that Respondent Agana was duly authorized by Petitioner under the Certification dated June 30, 1988 (Exhibits "D" and "3") to enter into the sale of the subject property with Respondent Prima Real.

(A) There is no proof of the Certification's authenticity and due execution;

(B) There is clear and convincing evidence that the Certification was forged.

(C) Even assuming that the Certification was authentic and duly executed, it was not sufficient in form and by its terms to authorize Respondent Agana to sell the subject property or receive payment on behalf of Petitioner.

II

The Court of Appeals gravely erred in not holding that Respondent Prima Real was the author of its own

damage by not making reasonable and prudent inquiries into the fact, nature and extent of Respondent Agana's authority, and by causing the issuance of checks in the name of Respondent Agana.

The petition must fail.

A cursory reading of the issues reveals that these are factual matters which are not within the province of the Court to look into, save only in exceptional circumstances which are not present in the case at bar. Well settled is the rule that in petitions for review on certiorari under Rule 45, only questions of law must be raised.[5] As a matter of procedure, the Court defers and accords finality to the factual findings of trial courts, especially when, as in the case at bar, such findings are affirmed by the appellate court. This factual determination, as a matter of long and sound appellate practice, deserves great weight and shall not be disturbed on appeal. It is not the function of the Court to analyze and weigh all over again the evidence or premises supportive of the factual holding of the lower courts.[6]

Petitioner insists that "the sale of the realty entered into between respondent Agana, purportedly on behalf of the petitioner, and respondent Prima is null and void for lack of authority on the part of respondent Agana to sell the property." [7] The board resolution allegedly granting Rodolfo Agana the authority to sell in behalf of the company, as certified by Corporate Secretary Atty. Antonio V. Agcaoili, is alleged to be a forgery. Ma. Natividad A. Villacorta, who served as assistant to Marcelino A. Agana, Jr., the President of St. Mary's Farm, Inc., in 1988 testified that the board of directors did not hold any meeting on June 27, 1988; that, in fact, the signature of Atty. Antonio Agcaoili was not genuine; and that said document was merely presented to the notary public for notarization without Atty. Agcaoili appearing before him.

Despite this insistence, we find no cogent reason to deviate from the findings and conclusions of the respondent court affirming those of the trial court on this matter. Anent the forged signature of Atty. Agcaoili, the CA did not err in not giving evidentiary weight to the findings of the Document Examiner of the National Bureau of Investigation (NBI) on the ground that the findings were not really conclusive. In the first place, the procedure for the investigation of questionable handwriting was not properly followed. There is nothing on record that will conclusively show that the alleged standard sample signatures of Atty. Antonio Agcaoili, which were submitted to the NBI and made the basis of comparison, were the genuine signatures of the same Atty. Antonio Agcaoili. Moreover, the examiner testified that it was possible to have variations in the standard signatures of Atty. Agcaoili, caused by certain factors such as passage of time, pressure and physical condition of the writer which may have decisive influences on his handwriting's characteristics. [8] Thus, in the instant case, it cannot readily be concluded that a particular signature appearing in those documents is not genuine for lack of proper identification and a more accurate comparison of signatures. Mere allegation of forgery is not evidence and the burden of proof lies in the party making the allegation. [9] Unfortunately, in the case at bar, the petitioner failed to discharge this burden.

Further challenging the due execution of the board resolution bearing the Secretary's Certification, petitioner wants us to consider the same as inadmissible on the ground that Atty. Agcaoili did not appear before a notary public for notarization. We do not agree, because in the past, we have already held that the non-appearance of the party before the notary public who notarized the deed does not necessarily nullify or render the parties' transaction void ab initio.[10] However, the non-appearance of the party exposes the notary public to administrative liability which warrants sanction by the Court. This fact notwithstanding, we agree with the respondent court that it is not enough to overcome the presumption of the truthfulness of the statements contained in the board resolution. To overcome the presumption, there must be sufficient, clear and convincing evidence as to exclude all reasonable controversy as to the falsity of the certificate.[11] In the absence of such proof, the document must be upheld. Notarization converts a private document into a public document, making it admissible in court without further

proof of its authenticity.[12]

On the basis of this notarized board resolution, respondent had every reason to rely on Rodolfo Agana's authority to sell the subject property. Undeniably then, the respondent is an innocent purchaser for value in good faith. Our pronouncement in *Bautista v. Silva*[13] is instructive:

A buyer for value in good faith is one who buys property of another, without notice that some other person has a right to, or interest in such property and pays full and fair price for the same, at the time of such purchase, or before he has notice of the claim or interest of some other persons in the property. He buys the property with the well-founded belief that the person from whom he receives the thing had title to the property and capacity to convey it.

To prove good faith, a buyer of registered and titled land need only show that he relied on the face of the title to the property. He need not prove that he made further inquiry for he is not obliged to explore beyond the four corners of the title. Such degree of proof of good faith, however, is sufficient only when the following conditions concur: first, the seller is the registered owner of the land; second, the latter is in possession thereof; and third, at the time of the sale, the buyer was not aware of any claim or interest of some other person in the property, or of any defect or restriction in the title of the seller or in his capacity to convey title to the property.[14]

All the conditions enumerated in the aforementioned case are present in the case at bar, enough for us to consider Prima as a buyer in good faith. Prima Real Properties, Inc. is a company engaged in the buying and selling of real properties. As borne out by the records, respondent exerted efforts to verify the true background of the subject property. Rodolfo Agana presented to respondent the (1) notarized board resolution which stated that at a special meeting held on June 27, 1988, the board of directors authorized Mr. Rodolfo A. Agana, Treasurer, to sell the subject property covered by Transfer Certificate of Title (TCT) No. S-1648;[15] (2) a separate Certification by the petitioner's president, Marcelino A. Agana, Jr., authorizing its Treasurer, Rodolfo Agana, to sell said property;[16] and, (3) TCT No. T-1648 of the subject property. Convinced that Rodolfo Agana had the authority to sell on behalf of the company after being presented all these documents, the sale between the parties was thereby consummated. A deed of sale was executed on September 5, 1988[17] and the full consideration of P2,567,760.00 for the subject property was paid.[18]

It is of no moment that the checks were made payable to Rodolfo Agana and not to the company which, according to the petitioner, should have alerted the respondent to inquire further into the extent of Agana's authority to transfer the subject property. This was no longer necessary considering that respondent had every reason to rely on Rodolfo Agana's authority to sell, evidenced by the notarized Certification. As explained in the *Bautista* case:

When the document under scrutiny is a special power of attorney that is duly notarized, we know it to be a public document where the notarial acknowledgment is prima facie evidence of the fact of its due execution. A buyer presented with such a document would have no choice between knowing and finding out whether a forger lurks beneath the signature on it. The notarial acknowledgment has removed that choice from him and replaced it with a presumption sanctioned by law that the affiant appeared before the notary public and acknowledged that he executed the document, understood its import and signed it. In reality, he is deprived of such choice not because he is incapable of knowing and finding out but because, under our notarial system, he has been given the luxury of merely relying on the presumption of regularity of a duly notarized SPA. And he cannot be faulted for that because it is precisely that fiction of regularity which holds together commercial transactions across borders and time.

In sum, all things being equal, a person dealing with a seller who has [in his] possession title to the property but whose capacity to sell is restricted, qualifies as a buyer in good faith if he proves that he inquired into the title of the seller as well as into the latter's capacity to sell; and that in his inquiry, he relied on the notarial

acknowledgment found in the seller's duly notarized special power of attorney. He need not prove anything more for it is already the function of the notarial acknowledgment to establish the appearance of the parties to the document, its due execution and authenticity.[19]

Aside from the pertinent documents presented, respondent also relied on the confirmation and certification of the Register of Deeds of Las Piñas City and Mr. Timoteo S. Cruz, owner of the land likewise sold by Rodolfo Agana for the petitioner, with similar authorization by the petitioner and signed by the corporate secretary Atty. Agcaoli. Agana acted as petitioner's authorized agent and had full authority to bind the company in that transaction with Cruz.

Contrary to the allegations of the petitioner that respondent Agana's authority was only limited to negotiate and not to sell the subject property, suffice it to state that the board resolution further averred that he was "authorized and empowered to sign any and all documents, instruments, papers or writings which may be required and necessary for this purpose to bind the Corporation in this undertaking." [20] The certification of the President, Marcelino Agana, Jr. also attests to this fact. With this notarized board resolution, respondent Agana, undeniably, had the authority to cede the subject property, carrying with it all the concomitant powers necessary to implement said transaction. On the strength of the deed of absolute sale executed pursuant to such authority, title over the land in petitioner's name was cancelled and a new certificate of title - TCT No. T-6175 [21] - was already issued in the name of Prima Real Properties, Inc.

Thus, it is too late in the day to have the sale voided, notwithstanding the retraction made by Rodolfo Agana in his Comment [22] on the Petition filed with this Court. Therein, he admits that he acted solely and without proper authority of the corporation. Agana states that he wishes to end once and for all the rift that had occurred in the corporation; and in order to buy peace for all the parties and for himself, he is willing to return the money paid by Prima so that ownership of the property can be returned to the petitioner. In light of this admission that Agana had no authority, petitioner posits that there is justifiable reason for the Court to re-visit or evaluate the facts of the case anew.

Unfortunately, the Court cannot give weight to this magnanimous gesture of Agana; neither will the Court lend credence to Agana's assertion that he acted solely and without proper authority from the corporation, inasmuch as it was raised for the very first time in this Court and only after 8 years from the inception of the case. In all the pleadings filed by respondent Agana in court, he was steadfast in his position that he had authority to sell the subject property. A judicial admission conclusively binds the party making it. He cannot thereafter take a position contradictory to, or inconsistent with his pleadings. Acts or facts admitted do not require proof and cannot be contradicted unless it is shown that the admission was made through palpable mistake or that no such admission was made. [23] In the instant case, there is no proof of these exceptional circumstances. Clearly, the retraction was merely an afterthought on the part of respondent Agana with the intention to end the rift in the family corporation.

Considering all the foregoing, it cannot be gainsaid that respondent Prima is an innocent purchaser in good faith and for value.

WHEREFORE, the petition is DENIED. The decision of the Court of Appeals is AFFIRMED.

SO ORDERED.

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

[1] Penned by Associate Justice Mariano C. Del Castillo, with Associate Justices Buenaventura J. Guerrero and Teodoro P. Regino, concurring; rollo, pp. 54-64.

- [2] Penned by Judge Manuel B. Fernandez; id. at 115-127.
- [3] Rollo, pp. 115-118.
- [4] Id. at 115-127.
- [5] *Buduhan v. Pakurao*, G.R. No. 168237, February 22, 2006, 483 SCRA 116.
- [6] *Tapuroc v. Loquellano Vda. de Mende*, G.R. No. 152007, January 22, 2007, 512 SCRA 97.
- [7] Rollo, p. 23.
- [8] Id. at 58-60.
- [9] *Lingan v. Calubaquib*, A.C. No. 5377, June 15, 2006, 490 SCRA 526.
- [10] *Mallari v. Alsol*, G.R. No. 150866, March 6, 2006, 484 SCRA 148.
- [11] Rollo, p. 60.
- [12] *Protacio v. Mendoza*, 443 Phil. 12, 20 (2003).
- [13] G.R. No. 157434, September 19, 2006, 502 SCRA 334.
- [14] Id. at 346-347. (Emphasis supplied.)
- [15] Records, p. 168.
- [16] Id. at 169.
- [17] Id. at 171.
- [18] Id. at 173.
- [19] *Bautista v. Silva*, supra note 13, at 350-351.
- [20] Rollo, p. 75.
- [21] Records, p. 164.
- [22] Id. at 237-243.
- [23] *Heirs of Pedro Clemenña y Zurbano v. Heirs of Irene B. Bien*, G.R. No. 155508, September 11, 2006, 501 SCRA 405, 414-415.

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