

SERAFIN, RAUL, NENITA, NAZARETO, NEOLANDA, ALL SURNAMED NARANJA, AMELIA NARANJA-RUBINOS, NILDA NARANJA-LIMANA, AND NAIDA NARANJA-GICANO, PETITIONERS, VS. COURT OF APPEALS, LUCIL...

G.R. NO. 160132. April 17, 2009

Ponente: NACHURA, J.

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NACHURA, J.:

This petition seeks a review of the Court of Appeals (CA) Decision[1] dated September 13, 2002 and Resolution[2] dated September 24, 2003 which upheld the contract of sale executed by petitioners' predecessor, Roque Naranja, during his lifetime, over two real properties.

Roque Naranja was the registered owner of a parcel of land, denominated as Lot No. 4 in Consolidation-Subdivision Plan (LRC) Pcs-886, Bacolod Cadastre, with an area of 136 square meters and covered by Transfer Certificate of Title (TCT) No. T-18764. Roque was also a co-owner of an adjacent lot, Lot No. 2, of the same subdivision plan, which he co-owned with his brothers, Gabino and Placido Naranja. When Placido died, his one-third share was inherited by his children, Nenita, Nazareto, Nilda, Naida and Neolanda, all surnamed Naranja, herein petitioners. Lot No. 2 is covered by TCT No. T-18762 in the names of Roque, Gabino and the said children of Placido. TCT No. T-18762 remained even after Gabino died. The other petitioners -- Serafin Naranja, Raul Naranja, and Amelia Naranja-Rubinos -- are the children of Gabino.[3]

The two lots were being leased by Esso Standard Eastern, Inc. for 30 years from 1962-1992. For his properties, Roque was being paid P200.00 per month by the company.[4]

In 1976, Roque, who was single and had no children, lived with his half sister, Lucilia P. Belardo (Belardo), in Pontevedra, Negros Occidental. At that time, a catheter was attached to Roque's body to help him urinate. But the catheter was subsequently removed when Roque was already able to urinate normally. Other than this and the influenza prior to his death, Roque had been physically sound.[5]

Roque had no other source of income except for the P200.00 monthly rental of his two properties. To show his gratitude to Belardo, Roque sold Lot No. 4 and his one-third share in Lot No. 2 to Belardo on August 21, 1981, through a Deed of Sale of Real Property which was duly notarized by Atty. Eugenio Sanicas. The Deed of Sale reads:

I, ROQUE NARANJA, of legal age, single, Filipino and a resident of Bacolod City, do hereby declare that I am the registered owner of Lot No. 4 of the Cadastral Survey of the City of Bacolod, consisting of 136 square meters, more or less, covered by Transfer Certificate of Title No. T-18764 and a co-owner of Lot No. 2, situated at the City of Bacolod, consisting of 151 square meters, more or less, covered by Transfer Certificate of Title No. T-18762 and my share in the aforesaid Lot No. 2 is one-third share.

That for and in consideration of the sum of TEN THOUSAND PESOS (P10,000.00), Philippine Currency, and

other valuable consideration, receipt of which in full I hereby acknowledge to my entire satisfaction, by these presents, I hereby transfer and convey by way of absolute sale the above-mentioned Lot No. 4 consisting of 136 square meters covered by Transfer Certificate of Title No. T-18764 and my one-third share in Lot No. 2, covered by Transfer Certificate of Title No. T-18762, in favor of my sister LUCILIA P. BELARDO, of legal age, Filipino citizen, married to Alfonso D. Belardo, and a resident of Pontevedra, Negros Occidental, her heirs, successors and assigns.

IN WITNESS WHEREOF, I have hereunto set my hand this 21[st] day of August, 1981 at Bacolod City, Philippines.

(SGD.)

ROQUE NARANJA[6]

Roque's copies of TCT No. T-18764 and TCT No. T-18762 were entrusted to Atty. Sanicas for registration of the deed of sale and transfer of the titles to Belardo. But the deed of sale could not be registered because Belardo did not have the money to pay for the registration fees.[7]

Belardo's only source of income was her store and coffee shop. Sometimes, her children would give her money to help with the household expenses, including the expenses incurred for Roque's support. At times, she would also borrow money from Margarita Dema-ala, a neighbor.[8] When the amount of her loan reached P15,000.00, Dema-ala required a security. On November 19, 1983, Roque executed a deed of sale in favor of Dema-ala, covering his two properties in consideration of the P15,000.00 outstanding loan and an additional P15,000.00, for a total of P30,000.00. Dema-ala explained that she wanted Roque to execute the deed of sale himself since the properties were still in his name. Belardo merely acted as a witness. The titles to the properties were given to Dema-ala for safekeeping.[9]

Three days later, or on December 2, 1983, Roque died of influenza. The proceeds of the loan were used for his treatment while the rest was spent for his burial.[10]

In 1985, Belardo fully paid the loan secured by the second deed of sale. Dema-ala returned the certificates of title to Belardo, who, in turn, gave them back to Atty. Sanicas.[11]

Unknown to Belardo, petitioners, the children of Placido and Gabino Naranja, executed an Extrajudicial Settlement Among Heirs[12] on October 11, 1985, adjudicating among themselves Lot No. 4. On February 19, 1986, petitioner Amelia Naranja-Rubinos, accompanied by Belardo, borrowed the two TCTs, together with the lease agreement with Esso Standard Eastern, Inc., from Atty. Sanicas on account of the loan being proposed by Belardo to her. Thereafter, petitioners had the Extrajudicial Settlement Among Heirs notarized on February 25, 1986. With Roque's copy of TCT No. T-18764 in their possession, they succeeded in having it cancelled and a new certificate of title, TCT No. T-140184, issued in their names.[13]

In 1987, Belardo decided to register the Deed of Sale dated August 21, 1981. With no title in hand, she was compelled to file a petition with the RTC to direct the Register of Deeds to annotate the deed of sale even without a copy of the TCTs. In an Order dated June 18, 1987, the RTC granted the petition. But she only succeeded in registering the deed of sale in TCT No. T-18762 because TCT No. T-18764 had already been cancelled.[14]

On December 11, 1989, Atty. Sanicas prepared a certificate of authorization, giving Belardo's daughter, Jennelyn P. Vargas, the authority to collect the payments from Esso Standard Eastern, Inc. But it appeared from the company's Advice of Fixed Payment that payment of the lease rental had already been transferred from Belardo to Amelia Naranja-Rubinos because of the Extrajudicial Settlement Among Heirs.

On June 23, 1992, Belardo,[15] through her daughter and attorney-in-fact, Rebecca Cordero, instituted a suit for

reconveyance with damages. The complaint prayed that judgment be rendered declaring Belardo as the sole legal owner of Lot No. 4, declaring null and void the Extrajudicial Settlement Among Heirs, and TCT No. T-140184, and ordering petitioners to reconvey to her the subject property and to pay damages. The case was docketed as Civil Case No. 7144.

Subsequently, petitioners also filed a case against respondent for annulment of sale and quieting of title with damages, praying, among others, that judgment be rendered nullifying the Deed of Sale, and ordering the Register of Deeds of Bacolod City to cancel the annotation of the Deed of Sale on TCT No. T-18762. This case was docketed as Civil Case No. 7214.

On March 5, 1997, the RTC rendered a Decision in the consolidated cases in favor of petitioners. The trial court noted that the Deed of Sale was defective in form since it did not contain a technical description of the subject properties but merely indicated that they were Lot No. 4, covered by TCT No. T-18764 consisting of 136 square meters, and one-third portion of Lot No. 2 covered by TCT No. T-18762. The trial court held that, being defective in form, the Deed of Sale did not vest title in private respondent. Full and absolute ownership did not pass to private respondent because she failed to register the Deed of Sale. She was not a purchaser in good faith since she acted as a witness to the second sale of the property knowing that she had already purchased the property from Roque. Whatever rights private respondent had over the properties could not be superior to the rights of petitioners, who are now the registered owners of the parcels of land. The RTC disposed, thus:

IN VIEW OF ALL THE FOREGOING, judgment is hereby rendered:

- Dismissing Civil Case No. 7144.

- Civil Case No. 7214.

a) Declaring the Deed of Sale dated August 21, 1981, executed by Roque Naranja, covering his one-third (1/3) share of Lot 2 of the consolidation-subdivision plan (LRC) Pcs-886, being a portion of the consolidation of Lots 240-A, 240-B, 240-C and 240-D, described on plan, Psd-33443 (LRC) GLRO Cad. Rec. No. 55 in favor of Lucilia Belardo, and entered as Doc. No. 80, Page 17, Book No. XXXVI, Series of 1981 of Notary Public Eugenio Sanicas of Bacolod City, as null and void and of no force and effect;

b) Ordering the Register of Deeds of Bacolod City to cancel Entry No. 148123 annotate at the back of Transfer Certificate of Title No. T-18762;

c) Ordering Lucilia Belardo or her successors-in-interest to pay plaintiffs the sum of P20,000.00 as attorney's fees, the amount of P500.00 as appearance fees.

Counterclaims in both Civil Cases Nos. 7144 and 7214 are hereby DISMISSED.

SO ORDERED.[16]

On September 13, 2002, the CA reversed the RTC Decision. The CA held that the unregistrability of a deed of sale will not undermine its validity and efficacy in transferring ownership of the properties to private respondent. The CA noted that the records were devoid of any proof evidencing the alleged vitiation of Roque's consent to the sale; hence, there is no reason to invalidate the sale. Registration is only necessary to bind third parties, which petitioners, being the heirs of Roque Naranja, are not. The trial court erred in applying Article 1544 of the Civil Code to the case at bar since petitioners are not purchasers of the said properties. Hence, it is not significant that private respondent failed to register the deed of sale before the extrajudicial settlement among the heirs. The dispositive portion of the CA Decision reads:

WHEREFORE, the decision dated March 5, 1997 in Civil Cases Nos. 7144 and 7214 is hereby REVERSED

and SET ASIDE. In lieu thereof, judgment is hereby rendered as follows:

- Civil Case No. 7214 is hereby ordered DISMISSED for lack of cause of action.

- In Civil Case No. 7144, the extrajudicial settlement executed by the heirs of Roque Naranja adjudicating among themselves Lot No. 4 of the consolidation-subdivision plan (LRC) Pcs - 886 of the Bacolod Cadastre is hereby declared null and void for want of factual and legal basis. The certificate of title issued to the heirs of Roque Naranja (Transfer Certificate of [T]i[t]le No. T-140184) as a consequence of the void extra-judicial settlement is hereby ordered cancelled and the previous title to Lot No. 4, Transfer Certificate of Title No. T-18764, is hereby ordered reinstated. Lucilia Belardo is hereby declared the sole and legal owner of said Lot No. 4, and one-third of Lot No. 2 of the same consolidation-subdivision plan, Bacolod Cadastre, by virtue of the deed of sale thereof in her favor dated August 21, 1981.

SO ORDERED.[17]

The CA denied petitioners' motion for reconsideration on September 24, 2003.[18] Petitioners filed this petition for review, raising the following issues:

- WHETHER OR NOT THE HONORABLE RESPONDENT COURT OF APPEALS IS CORRECT IN IGNORING THE POINT RAISED BY [PETITIONERS] THAT THE DEED OF SALE WHICH DOES NOT COMPL[Y] WITH THE PROVISIONS OF ACT NO. 496 IS [NOT] VALID.

- WHETHER OR NOT THE ALLEGED DEED OF SALE [OF REAL PROPERTIES] IS VALID CONSIDERING THAT THE CONSENT OF THE LATE ROQUE NARANJA HAD BEEN VITIATED; x x x THERE [IS] NO CONCLUSIVE SHOWING THAT THERE WAS CONSIDERATION AND THERE [ARE] SERIOUS IRREGULARITIES IN THE NOTARIZATION OF THE SAID DOCUMENTS.[19]

In her Comment, private respondent questioned the Verification and Certification of Non-Forum Shopping attached to the Petition for Review, which was signed by a certain Ernesto Villadelgado without a special power of attorney. In their reply, petitioners remedied the defect by attaching a Special Power of Attorney signed by them.

Pursuant to its policy to encourage full adjudication of the merits of an appeal, the Court had previously excused the late submission of a special power of attorney to sign a certification against forum-shopping.[20] But even if we excuse this defect, the petition nonetheless fails on the merits.

The Court does not agree with petitioners' contention that a deed of sale must contain a technical description of the subject property in order to be valid. Petitioners anchor their theory on Section 127 of Act No. 496,[21] which provides a sample form of a deed of sale that includes, in particular, a technical description of the subject property.

To be valid, a contract of sale need not contain a technical description of the subject property. Contracts of sale of real property have no prescribed form for their validity; they follow the general rule on contracts that they may be entered into in whatever form, provided all the essential requisites for their validity are present.[22] The requisites of a valid contract of sale under Article 1458 of the Civil Code are: (1) consent or meeting of the minds; (2) determinate subject matter; and (3) price certain in money or its equivalent.

The failure of the parties to specify with absolute clarity the object of a contract by including its technical description is of no moment. What is important is that there is, in fact, an object that is determinate or at least determinable, as subject of the contract of sale. The form of a deed of sale provided in Section 127 of Act No. 496 is only a suggested form. It is not a mandatory form that must be strictly followed by the parties to a contract.

In the instant case, the deed of sale clearly identifies the subject properties by indicating their respective lot

numbers, lot areas, and the certificate of title covering them. Resort can always be made to the technical description as stated in the certificates of title covering the two properties.

On the alleged nullity of the deed of sale, we hold that petitioners failed to submit sufficient proof to show that Roque executed the deed of sale under the undue influence of Belardo or that the deed of sale was simulated or without consideration.

A notarized document carries the evidentiary weight conferred upon it with respect to its due execution, and documents acknowledged before a notary public have in their favor the presumption of regularity. It must be sustained in full force and effect so long as he who impugns it does not present strong, complete, and conclusive proof of its falsity or nullity on account of some flaws or defects provided by law.[23]

Petitioners allege that Belardo unduly influenced Roque, who was already physically weak and senile at that time, into executing the deed of sale. Belardo allegedly took advantage of the fact that Roque was living in her house and was dependent on her for support.

There is undue influence when a person takes improper advantage of his power over the will of another, depriving the latter of a reasonable freedom of choice.[24] One who alleges any defect, or the lack of consent to a contract by reason of fraud or undue influence, must establish by full, clear and convincing evidence, such specific acts that vitiated the party's consent; otherwise, the latter's presumed consent to the contract prevails.[25] For undue influence to be present, the influence exerted must have so overpowered or subjugated the mind of a contracting party as to destroy his free agency, making him express the will of another rather than his own.[26]

Petitioners adduced no proof that Roque had lost control of his mental faculties at the time of the sale. Undue influence is not to be inferred from age, sickness, or debility of body, if sufficient intelligence remains.[27] The evidence presented pertained more to Roque's physical condition rather than his mental condition. On the contrary, Atty. Sanicas, the notary public, attested that Roque was very healthy and mentally sound and sharp at the time of the execution of the deed of sale. Atty. Sanicas said that Roque also told him that he was a Law graduate.[28]

Neither was the contract simulated. The late registration of the Deed of Sale and Roque's execution of the second deed of sale in favor of Dema-ala did not mean that the contract was simulated. We are convinced with the explanation given by respondent's witnesses that the deed of sale was not immediately registered because Belardo did not have the money to pay for the fees. This explanation is, in fact, plausible considering that Belardo could barely support herself and her brother, Roque. As for the second deed of sale, Dema-ala, herself, attested before the trial court that she let Roque sign the second deed of sale because the title to the properties were still in his name.

Finally, petitioners argue that the Deed of Sale was not supported by a consideration since no receipt was shown, and it is incredulous that Roque, who was already weak, would travel to Bacolod City just to be able to execute the Deed of Sale.

The Deed of Sale which states "receipt of which in full I hereby acknowledge to my entire satisfaction" is an acknowledgment receipt in itself. Moreover, the presumption that a contract has sufficient consideration cannot be overthrown by a mere assertion that it has no consideration.[29]

Heirs are bound by contracts entered into by their predecessors-in-interest.[30] As heirs of Roque, petitioners are bound by the contract of sale that Roque executed in favor of Belardo. Having been sold already to Belardo, the two properties no longer formed part of Roque's estate which petitioners could have inherited. The deed of extrajudicial settlement that petitioners executed over Lot No. 4 is, therefore, void, since the property subject

thereof did not become part of Roque's estate.

WHEREFORE, premises considered, the petition is DENIED. The Court of Appeals Decision dated September 13, 2002 and Resolution dated September 24, 2003 are AFFIRMED.

SO ORDERED.

ANTONIO EDUARDO B. NACHURA
Associate Justice

WE CONCUR:

CONSUELO YNARES-SANTIAGO
Associate Justice
Chairperson

MA. ALICIA AUSTRIA-MARTINEZ
Associate Justice

MINITA V. CHICO-NAZARIO
Associate Justice

DIOSDADO M. PERALTA
Associate Justice

[1] Penned by Associate Justice Oswaldo D. Agcaoili, with Associate Justices Edgardo P. Cruz and Amelita G. Tolentino, concurring; rollo, pp. 62-72.

[2] Penned by Associate Justice Amelita G. Tolentino, with Associate Justices Edgardo P. Cruz and Sergio L. Pestaño, concurring; rollo, pp. 31-32.

[3] CA rollo, p. 90.

[4] Id. at 91.

[5] Id. at 90-91.

[6] Records, p. 22.

[7] CA rollo, p. 91.

[8] Id.

[9] Id. at 92.

[10] Id.

[11] Id.

[12] Records, p. 19.

[13] CA rollo, p. 92.

[14] Id. at 93.

[15] Lucilia Belardo died on November 11, 1993.

[16] Rollo, p. 179.

[17] Id. at 71-72.

[18] Supra note 2.

[19] Rollo, p. 141.

[20] St. Michael School of Cavite, Inc. v. Masaito Development Corporation, G.R. No. 166301, February 29, 2008, 547 SCRA 263; Novelty Phils., Inc. v. Court of Appeals, 458 Phil. 36 (2003).

[21] LAND REGISTRATION ACT.

[22] civil code, Art. 1356.

[23] Herbon v. Palad, G.R. No. 149542, July 20, 2006, 495 SCRA 544, 556.

[24] CIVIL CODE, Art. 1337.

[25] Heirs of Sevilla v. Sevilla, 450 Phil. 598, 603 (2003).

[26] Carpo v. Chua, G.R. Nos. 150773 and 153599, September 30, 2005, 471 SCRA 471, 482.

[27] Loyola v. Court of Appeals, 383 Phil. 171, 185 (2000).

[28] TSN, December 7, 1993, pp. 28-29.

[29] Saguid v. Security Finance, Inc., G.R. No. 159467, December 9, 2005, 477 SCRA 256, 270.

[30] CIVIL CODE, Art. 1311; Santos v. Lumbao, G.R. No. 169129, March 28, 2007, 519 SCRA 408, 430.

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