

**MANUEL B. ALORIA (REPRESENTED BY HIS ATTORNEY-IN-FACT,  
BERNARDINO B. ALORIA) PETITIONER, VS. ESTRELLITA B.  
CLEMENTE, RESPONDENT.**

*G.R. NO. 165644. February 28, 2006*

Ponente: CARPIO MORALES, J.

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**CARPIO MORALES, J.:**

Petitioner, Manuel Aloria, a resident of the United States since December 1992,[1] was the registered owner of a parcel of land and a two-story residential building built thereon (the property) under Transfer Certificate of Title (TCT) No. 195684 of the Register of Deeds of Caloocan City.[2]

On petitioner's visit to the Philippines in July 2000, he learned that TCT No. 195684 was canceled, and in lieu thereof, TCT No. C-342854 in the name of respondent, Estrellita B. Clemente,[3] was issued on the basis of an April 18, 2000 notarized Deed of Absolute Sale (Exhibit "D")[4] purportedly executed by him and respondent.

Petitioner, through his brother-attorney-in-fact Bernardino B. Aloria, thus filed a Complaint[5] against respondent and the Register of Deeds before the Caloocan City Regional Trial Court (RTC), for annulment of above-said Exh. "D" and TCT No. C-342854, reconveyance, damages, and costs of the suit. The complaint was docketed as Civil Case No. 19634.

In his complaint, petitioner claimed that Exh. "D" was falsified, the signature appearing thereon above the typewritten name "ALORIA MANUEL" not being his, and he could not have affixed it as he was then in the United States.

In her Answer with Counterclaim,[6] respondent claimed that she did not have anything to do with the execution of Exh. "D," and the signature appearing above her printed name thereon is forged; she bought the property from petitioner's parents-in-law Bernardino Diego and Melinda Diego via a March 13, 2000 Deed of Absolute Sale (Exh. "1");[7] at the time of the sale, the Diego spouses were in possession of petitioner's TCT No. 195684 and a Deed of Absolute Sale dated October 20, 1994 (Exh. "2"; Exh. "J") purportedly executed by petitioner and his wife in favor of the Diego spouses;[8] the Diego spouses, who were in actual possession of the property, represented to her that they did not cause the transfer of the title of the property in their name because they intended to resell it; it was Bernardino Diego who brought the documents covering the conveyance to her of the property to the Registry of Deeds of Caloocan City and caused the transfer of the title in her name; and after the execution of Exh. "1," she immediately took possession of the property and introduced substantial improvements thereon amounting to approximately P800,000.[9] By way of counterclaim, she prayed for the grant of moral damages, attorney's fees, and other just and equitable reliefs and remedies.[10]

Branch 131 of the Caloocan RTC found Exh. "D" and Exh. "1" as well as the cancellation of TCT No. 195684 and the issuance in its stead of TCT No. C-342854 in respondent's name[11] void. And it found respondent not to be innocent purchaser for value.

Noting, however, that respondent had spent a considerable amount of money in introducing improvements on the property, the trial court held that on the basis of equity and to prevent unjust enrichment of petitioner, she should be reimbursed one-half (½) of the amount she spent for such improvements.[12] The trial court thus disposed:

WHEREFORE, premises considered, judgment is hereby rendered in favor of plaintiff MANUEL B. ALORIA and as against defendant ESTRELLITA B. CLEMENTE, declaring the Absolute Deed of Sale dated April 18, 2000 as well as the Transfer Certificate of Title No. C-342854 as NULL and VOID and hereby orders the Register of Deeds of Caloocan City to issue a new transfer certificate of title respecting the subject property in the name of plaintiff MANUEL B. ALORIA, as the true and lawful owner thereof.

The Court hereby order [sic] defendant ESTRELLITA B. CLEMENTE to pay the following:

- To pay the plaintiff P100,000.000 as and [sic] for moral damages;
- To pay the plaintiff P50,000.000 as and [sic] for exemplary damages;
- To pay the plaintiff P100,000.00 as and [sic] for attorney's fees; and
- To pay the plaintiff the cost of the suit.

Finally, the Court hereby orders plaintiff MANUEL B. ALORIA to reimburse to defendant P400,000.00, representing ½ of the amount spent by the defendant in the renovation of the subject property.

SO ORDERED.[13] (Underscoring in the original)

On appeal to the Court of Appeals, respondent posited in her Appellant's Brief[14] that petitioner failed to sufficiently prove that he was in the United States at the time of the execution of Exh. "2" –Deed of Absolute Sale purportedly executed by petitioner and his wife in favor of the Diego spouses and Exh. "D" –Deed of Sale purportedly executed by petitioner in the respondent's favor.

Appellee failed to substantiate his claim that he did not sign the two (2) deeds of absolute sale. Aside from his bare denials, there was nothing in the records that would suggest that appellee was in the United States at the time the two (2) deeds of sale were executed and hence, could not have possibly signed the same. The only documents that were presented to support his claim were the Affidavit executed by the appellee in the United States, stating that he never executed any absolute deed of sale dated April 18, 2000, and the Affidavit General that purportedly shows appellee's genuine signature. These documents, however, does [sic] not prove that appellee was in the United States at the time of the execution of the two (2) deeds of sale.

As it was, appellee chose not to present his passport or any travel document or certificate of arrival and departure to and from the United States and the Philippines. Appellee could have easily presented these documents to support his negative allegation that he did not sign any deed of sale considering that he was in the United States at the time these deeds were executed.

Respondent further posited that the trial court erred when it failed to consider that petitioner's owner's duplicate certificate of title as well as other documents relative thereto was personally delivered to her by his parents-in-law who were designated as administrators of the property.

Furthermore, respondent posited that the trial court erred when it failed to consider the propensity of petitioner's witnesses to give evasive answers on vital details.[15]

In any event, respondent contended that even assuming that the transfer of title in her favor is null and void, she is a builder in good faith and, therefore, entitled to full reimbursement of the expenses she incurred for the improvements she introduced on the property.[16]

On the other hand, petitioner argued before the appellate court in his Appellee's Brief[17] that he had

satisfactorily established that he was in the United States in April 2000 and could not therefore have signed Exh. "D";[18] respondent was not a buyer in good faith as she bought the property knowing that it was still registered in his name;[19] and "the rentals from the premises which [respondent] admitted to be at P8,000 per month from December 2000 up to the present and which she could have collected would be sufficient reimbursement for the alleged cost of improvement." [20]

Petitioner thus prayed that the Court of Appeals affirm the trial court's decision in all aspects except that which ordered him to reimburse respondent the amount of P400,000 representing ½ of the cost of improvements on the property.[21]

By the assailed decision of July 26, 2004,[22] the Court of Appeals reversed the decision of the trial court. It held that petitioner failed to overcome by clear, strong, and convincing evidence the presumption of regularity enjoyed by Exh. "D." The Court of Appeals further held:

[T]his Court finds no ambiguity in the terms and stipulations stated in the questioned document and the parties are bound by the terms of their written agreements. They cannot vary or alter the terms as contained in this agreement as they were bound by the parol evidence rule. To be sure, "when the terms of an agreement had been reduced to writing, it is considered as containing all the terms agreed upon and there can be, between the parties and their successors-in-interest, no evidence of such terms other than the contents of the written agreement." (Rule 130, Section 9 of the Rules of Court)

More. Since a "sale is consensual" x x x, it follows that he who alleges must show its existence by competent proof. Fortunately, the essential elements which gave life to the contract were clearly proven by the herein appellant." [23] (Underscoring supplied)

Furthermore, the Court of Appeals held that respondent is a purchaser for value and in good faith;[24] the certificate of title issued in respondent's name grants her a disputable presumption of ownership and a legal presumption that she possesses the property with a just title;[25] respondent's argument that petitioner's owner's duplicate certificate of title was personally delivered to her by the Diego spouses is credible;[26] and assuming *argumendo* that respondent obtained her "decree of registration" through fraud, petitioner should have filed an action within one year from the date of issuance and entry of the decree of registration following Section 32 of P.D. 1529.[27]

His Motion for Reconsideration[28] having been denied by Resolution[29] of October 13, 2004, petitioner filed the present Petition for Review[30] raising two issues: (1) whether there was a valid transfer of the property to respondent[31] and (2) whether respondent is a purchaser in good faith.[32]

The petition is impressed with merit.

A disposition of the technical matters raised by respondent before discussing the merits of the case is in order.

In her Comment,[33] respondent urges this Court to dismiss the instant petition on the ground that it is insufficient in form and substance. She alleges that the petition does not comply with Section 4 of Rule 45 of the Rules of Court as the petition does not contain a statement of material dates, the matters involved, and the reasons or arguments relied on for its allowance, nor is it accompanied by a clearly legible duplicate original or a certified true copy of the judgment or final order or resolution certified by the clerk of court of the court *a quo* and the requisite number of plain copies thereof, as well as such material portions of the record as would support the petition.[34]

This Court's statement in *Barnes v. Padilla*[35] that "[t]he emerging trend in the rulings of this Court is to afford every party litigant the amplest opportunity for the proper and just determination of his case, free from the

constraints of technicalities"[36] is instructive.

Although petitioner failed to mention the date he filed his motion for reconsideration of the Court of Appeals decision and the date when he received the Resolution denying the motion, the records of the case show that he received a copy of the Court of Appeals decision on July 30, 2004[37] and filed his Motion for Reconsideration thereof on August 13, 2004.[38]

Petitioner thus filed his Motion for Reconsideration 14 days after his receipt of notice of the Court of Appeals decision or within the prescribed 15-day period.[39] And he filed the instant petition on October 29, 2004,[40] or 10 days after receiving notice on October 19, 2004 of the Court of Appeals denial of his motion for reconsideration – again, well within the prescribed 15-day period.[41]

As for petitioner's failure to provide a clearly legible duplicate original or certified true copy of the judgment or final order or resolution certified by the clerk of court of the court a quo and the requisite number of plain copies thereof, and such material portions of the record as would support the petition, this Court, by Resolution of November 17, 2004,[42] after considering the allegations, issues and arguments raised in petitioner's petition, directed the filing by respondent of Comment thereon and the submission by petitioner of the duplicate original copies or certified true copies of the assailed decision and resolution and proof that the attorney-in-fact who signed the verification and certification against forum shopping was duly authorized to sign the same for and in behalf of the petitioner, both within five (5) days from notice. Petitioner did comply with this Resolution.

As for respondent's invocation of the doctrine that the jurisdiction of this Court in cases brought before it from the Court of Appeals under Rule 45 of the Revised Rules of Court is limited to review of pure errors of law,[43] the case at bar falls under one of the exceptions thereto — when the findings of the Court of Appeals are contrary to those of the trial court.[44]

Finally, the Court of Appeals ruling that petitioner should have filed an action within one year "from the date of the issuance and entry of the decree of registration" pursuant to Section 32 of Presidential Decree 1529[45] is erroneous. The issuance of the title to respondent was not by virtue of the issuance and entry of a decree of registration. For as the title indicates, it is a transfer, not an original, certificate of registration.

As petitioner's complaint shows, his cause of action is not for the reopening and review of a decree of registration under Section 32 of P.D. 1529. It is one for reconveyance of the property on the ground that respondent's transfer certificate of title covering it was obtained by means of a fictitious deed of sale. Following *Lacsamana v. Court of Appeals*,[46] "the right to file an action for reconveyance on the ground that the certificate of title was obtained by means of a fictitious deed of sale is virtually an action for the declaration of its nullity, which action does not prescribe." [47]

On the merits of the case, this Court finds Exh. "D" -Deed of Absolute Sale – basis of the cancellation of petitioner's title and issuance of TCT No. C-342854 to be null and void.

With the naked eye, a comparison of petitioner's acknowledged genuine signatures (Exh. "A-1,"[48] Exh. "E-1,"[49] Exh. "F-1,"[50] and Exh. "F-2"[51]) with his questioned signatures on Exh. "D"[52] and Exh. "J"/"2"[53] reveals glaring differences, thus clearly supporting petitioner's disclaimer that his purported signatures on the deeds of absolute sale were forged.

A comparison between the acknowledged genuine signature of Bernardino Diego (Exh. "I-1"[54]) and his alleged signature on the Deed of Absolute Sale in favor of respondent (Exh. "1-b"[55]) reveals stark differences, supporting Bernardino Diego's disclaimer that his signature on Exh. "1" –Deed of Absolute Sale he purportedly executed in favor of respondent was forged. Respondent's claim then that she purchased the property from the

Diego spouses fails.

The reliance by the Court of Appeals on the parol evidence rule is misplaced, because one of the exceptions to this rule is when a party puts in issue in his pleading the validity of the written agreement.[56]

As noted earlier, respondent denied in her Answer having participated in the preparation of Exh. "D" – basis of the cancellation of petitioner's title and the issuance in its stead of her title. Forgery, however, "cannot be presumed; it must be proved by clear, positive and convincing evidence and whoever alleges it has the burden of proving the same." [57]

Other than her bare denial, however, respondent had not presented evidence against the genuineness of her signature in Exh. "D." [58]

A comparison between her acknowledged signature[59] on Exh. "1" (Exh. "1-d") [60] and the signature appearing above her name in Exh. "D" reveals no marked differences. The presumption that respondent's signature in Exh. "D" is genuine, thus stands. Upon the other hand, as reflected above, petitioner presented clear and convincing evidence that the signature attributed to him in the same document is forged.

Respondent nevertheless claims that she is an innocent purchaser for value, which has been described as "one who purchases a titled land by virtue of a deed executed by the registered owner himself not by a forged deed." [61]

The burden of proving the status of a purchaser in good faith lies upon one who asserts that status, and the onus cannot be discharged by mere invocation of the legal presumption of good faith. [62]

By respondent's account, she purchased the property via Exh. "1" from the Diego spouses whom she claims showed her Exh. "2" – Deed of Sale executed in their favor by petitioner. Given Bernardino Diego's denial that his signature in Exh. "1" – Deed of Sale executed by the Diegos in respondent's favor is his which, as earlier observed, is starkly different from his acknowledged genuine signature, respondent's claim that Bernardino Diego signed Exh. "1" in her presence fails, as does her witness Ernesto Tanigue's testimony on the same point.

This Court notes that the purported witnesses to the execution of Exh. "1," Melinda Diego, Monica Alghandi, and the notary public Atty. Joel Gordola were not presented to affirm their presence thereat.

As for petitioner's prayer that the trial court's decision holding him liable for the amount of P400,000 representing reimbursement of alleged expenses for improvements incurred by respondent, he contends that "the rental from the premises which [respondent] admitted to be at P8,000 per month from December 2000 up to the present and which she could have collected would be sufficient reimbursement for the alleged cost of improvement." [63]

Article 549 of the Civil Code provides:

Art. 549. The possessor in bad faith shall reimburse the fruits received and those which the legitimate possessor could have received, and shall have a right only to the expenses mentioned in paragraph 1 of Article 546 and in Article 443. The expenses incurred in improvements for pure luxury or mere pleasure shall not be refunded to the possessor in bad faith; but he may remove the objects for which such expenses have been incurred, provided that the thing suffers no injury thereby, and that the lawful possessor does not prefer to retain them by paying the value they may have at the time he enters into possession.,

while paragraph 1 of Art. 546 and Art. 443 provide:

Art. 546. Necessary expenses shall be refunded to every possessor, but only the possessor in good faith may retain the thing until he has been reimbursed therefor.

x x x x

Art. 443. He who receives the fruits has the obligation to pay the expenses made by a third person in their production, gathering, and preservation.

As the evidence on hand does not indicate the amount of reimbursable or refundable expenses due respondent under Arts. 443 and 546 so that Art. 1278 which reads:

Art. 1278. Compensation shall take place when two persons, in their own right, are creditors and debtors of each other.

may be applied, a remand of the case to the trial court for the purpose of determining these expenses is in order.

WHEREFORE, the petition is GRANTED. The challenged decision and resolution of the Court of Appeals are hereby REVERSED and SET ASIDE.

The decision of the Regional Trial Court, Branch 131, Caloocan City is AFFIRMED EXCEPT that portion holding petitioner liable to reimburse respondent in the amount of P400,000 representing cost of improvements introduced on the subject property.

In accordance with the foregoing disquisitions, let the case be REMANDED to the trial court which is DIRECTED to receive evidence, with dispatch, only for the purpose of determining the amounts due and the rights of the parties under Arts. 549, 443 and 546, par. 1, for the application of Art. 1278 of the Civil Code, and to thereafter immediately render a complete judgment in the case.

**SO ORDERED.**

Quisumbing, (Chairman), Carpio and Tinga, JJ., concur.

[1] Exhibit "F," RTC records p. 77.

[2] Exh. "B," RTC records, pp. 69-70; RTC records, p. 2.

[3] Ibid; Vide TSN, 7 March 2002, p. 5 and Exh. "C" at RTC records, p. 71.

[4] RTC records, p. 2. Vide Exh. "D" at RTC records, p. 72 and Exh. "B-2," id. at 70.

[5] RTC records, pp. 1-16.

[6] Id. at 26-36.

[7] Id. at 117-118.

[8] Id. at 119.

[9] Id. at 27-28.

[10] Id. at 30.

[11] Id. at 140-141.

[12] Ibid.

[13] Id. at 141-142.

[14] CA rollo, pp. 28-49.

[15] Id. at 43-44.

[16] Id. at 44-46.

[17] Id. at 50-65.

[18] Id. at 62.

[19] Id. at 63.

[20] Ibid (citation omitted).

[21] Id. at 64.

[22] Penned by Justice Jose L. Sabio, Jr., with the concurrence of Justices Danilo B. Pine and Noel G. Tijam.

[23] Supra note 14, at 94.

[24] Id. at 95.

[25] Ibid.

[26] Ibid.

[27] Id. at 96.

[28] Id. at 105-111.

[29] Id. at 123-124.

[30] Rollo, pp. 3-13.

[31] Id. at 8.

[32] Id. at 7.

[33] Id. at 53-59.

[34] Id. at 53-54.

[35] G.R. No. 160753, 30 September 2004, 439 SCRA 675.

[36] Id. at 687.

[37] Supra note 14, p. 102.

[38] Id. at 105. Vide p. 123.

[39] Vide Rule 37, sec. 1.

[40] Supra note 30, p. 3

[41] Vide RULES OF COURT, Rule 45, Section 2.

[42] Supra note 30, p. 26.

[43] Id. at 56.

[44] Gabriel v. Mabanta, G.R. No. 142403, 26 March 2003, 399 SCRA 573, 580.

[45] Supra note 14, p. 96.

[46] 351 Phil. 526 (1998).

[47] Id. at 533 (underscoring supplied).

[48]Supra note 5, p. 67.

[49]Id. at 74.

[50] Id. at 77.

[51] Ibid.

[52] Exhs. "D" and "D-2," id. at 72.

[53]Exhs. "J" (Exh. "2" of respondent) and "J-1," supra note 5, p. 119.

[54]Supra note 5, p. 101.

[55] Id. p. 117. No acknowledged genuine signatures of Melinda Diego and Monica Alghandi were presented. During trial, Bernardino Diego responded affirmatively when asked by the trial court judge whether the signature appearing on a subpoena to Melinda Diego (Id. at 102) was hers. An ocular inspection of the said signature with the signature appearing above the name "Melinda Diego" on the Deed of Absolute Sale in favor of the respondent (Exhs. "1" and "1-b," id. at 117) also shows an obvious difference between the two signatures. However, the petitioner never formally offered as evidence the signature identified as Melinda Diego's in the subpoena (TSN, September 25, 2002, pp. 11-12).

[56] RULES OF COURT, Rule 130, Sec. 9 (c).

[57] Fernandez v. Fernandez, 416 Phil. 322, 342 (2001) (citation omitted).

[58] Vide RULED OF COURT, Rule 132, Section 34: "The court shall consider no evidence which has not been formally offered. The purpose for which the evidence is offered must be specified."

[59] TSN, June 26, 2002, p. 6.

[60]Supra note 5, p. 117.

[61] Insurance Services and Commercial Traders, Inc. v. Court of Appeals, G.R. No. 109305, October 2, 2000, 341 SCRA 572, 580.

[62] Sigaya v. Mayuga, G.R. No. 143254, August 18, 2005, 467 SCRA 341, 354.

[63]Petitioner's Appellee's Brief filed before the CA, supra note 20.

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