

FRANCISCO TAYCO, SUBSTITUTED BY LUCRESIA TAYCO AND NOEL TAYCO, PETITIONERS, VS. HEIRS OF CONCEPCION TAYCO-FLORES, NAMELY: LUCELI F. DIAZ, RONELE F. BESA, MONELE FLORES, PERLA FL...

G.R. No. 168692. December 13, 2010

Ponente: PERALTA, J.

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PERALTA, J.:

For this Court's consideration is a petition for review on certiorari[1] under Rule 45 of the Rules of Court seeking the reversal of the Court of Appeals' Decision[2] dated November 17, 2004 and the reinstatement of the Regional Trial Court's Decision[3] dated October 2, 2001.

The records contain the following facts:

Upon the death of the spouses Fortunato Tayco and Diega Regalado, their children, petitioner Francisco Tayco, Concepcion Tayco-Flores and Consolacion Tayco inherited the following parcels of land:

1. A parcel of land (Lot 1902pt.), situated at Buswang New, Kalibo, Aklan with the area of 9,938 square meters, bounded on the NE by Lots 1848 & 1905; on the SE by Lots 1903 & 1904; on the NW by Lots 1895, 1887, 1890 and 1808, covered by OCT No. (24360) RO-1569 under ARP/TD No. 01025 in the name of Diega Regalado with assessed value of P15,210.00;
2. A parcel of land (Lot 1896), situated at Buswang New, Kalibo, Aklan, with the area of 2,123 square meters, bounded on the NE by Lot 1898-C; on the SE by Lot 1897; on the SW by New Provincial Road; and on the NW by Lot 1893, covered by OCT No. (24101) RO-1570, under ARP/TD No. 01087 & 01088 in the name of Diega Regalado with assessed value of P6,910.00; and
3. A parcel of land (Lot 2960), situated at Andagao, Kalibo, Aklan, with the area of 4,012 square meters, bounded on the NE by Lot 2957-J; on the SE by Lot 2961-H; on the SW by Lot 2660; and on the NW by Lot 2656, covered by OCT No. (23813) RO-1563, under ARP/TD No. 01782 in the name of Diega Regalado with assessed value of P4,820.00.[4]

Sometime in September of 1972, petitioner Francisco Tayco and his sister Consolacion Tayco executed a document called Deed of Extrajudicial Settlement of the Estate of the Deceased Diega Regalado with Confirmation of Sale of Shares,[5] transferring their shares on the abovementioned properties to their sister Concepcion Tayco-Flores. The said document was notarized and, on March 16, 1991, Concepcion Tayco-Flores and Consolacion Tayco executed the Confirmation of Quitclaim of Shares in Three (3) Parcels of Land.[6]

Consolacion Tayco died on December 25, 1996 and Concepcion Tayco-Flores died on January 14, 1997. Thereafter, petitioner Francisco Tayco filed a case for nullity of documents and partition with damages with the RTC of Kalibo, Aklan claiming that the Deed of Extrajudicial Settlement of the Estate of the Deceased Diega Regalado with Confirmation of Sale of Shares and the Confirmation of Quitclaim of Shares in three (3) Parcels of

Land are null and void; thus, he is still entitled to his original shares in the parcels of land. According to him, the Deed of Extrajudicial Settlement was executed at that time, because Concepcion Tayco-Flores was in need of money and wanted the properties to be mortgaged in a bank. He claimed that the mortgage did not push through and that he requested his sister to cancel the said Deed, to which the latter ensured that the same document had no effect. However, he further claimed that without his knowledge and consent, her sisters Concepcion and Consolacion executed another document entitled Confirmation of Quitclaim of Shares in three (3) Parcels of Land in order to have the tax declarations and certificates of title covering those three parcels of land transferred in the name of Concepcion. He also alleged that he came to know of the said facts only when he had the property surveyed for the purpose of partition and some of the heirs of Concepcion objected to the said survey.

The RTC ruled in favor of petitioner Francisco Tayco, the dispositive portion of the decision reads:

WHEREFORE, the Court finds that the preponderance of evidence tilts in favor of the plaintiff and judgment is hereby rendered:

- a) Declaring the document entitled, Extrajudicial Settlement of the Estate of the Deceased Diega Regalado with Confirmation of Sale of Shares (Annex A, Complaint), and the document entitled Confirmation of Quitclaim of Shares in Three (3) Parcels of Land (Annex B, Complaint), as null and void;
- b) Declaring the three (3) parcels of land subject of the above documents to be co-owned by the plaintiff (½ share) and defendants (½ share);
- c) Ordering the parties to submit to the court a Project of Partition indicating the specific portion allotted to them within 30 days from receipt of this decision; in case of disagreement, the Court shall order the sale of all the three (3) parcels with the proceeds to be divided equally between plaintiff on the one hand and the defendants on the other;
- d) Ordering the defendants to pay the plaintiff the sum of P10,000.00 representing litigation expenses, and P5,000.00 as attorney's fees, plus cost.
- e) The claim for moral and exemplary damages are hereby denied.

SO ORDERED.[7]

In ruling that the assailed documents were null and void, the RTC ratiocinated that the extrajudicial settlement is a simulated document to make it appear that Concepcion Tayco-Flores was the owner of the properties, so that it would be easy for her to use the same as a collateral for a prospective loan and as evidence disclosed that the intended loan with any financial institution did not materialize, hence, the document had no more effect. Consequently, according to the trial court, since the first document was simulated and had no force and effect, the second document had no more purpose and basis.

The respondent-heirs appealed the decision of the RTC to the Court of Appeals, and on November 17, 2004, the latter reversed the former's ruling, disposing it in the following manner:

WHEREFORE, in view of the foregoing premises, judgment is hereby rendered by us REVERSING the assailed decision of the lower court and a new one entered declaring defendants-appellants absolute owners of Lot Nos. 1902, 1896 and 2620. The complaint of plaintiff-appellee is dismissed.

SO ORDERED.[8]

In reversing the trial court's findings, the CA reasoned out that the genuineness and due execution of the Extrajudicial Settlement was not disputed and was duly signed by the parties and notarized. It added that the recital of the provisions of the said document is clear that it is an extrajudicial settlement of the estate of deceased

Diega Regalado and that petitioner and his sister Consolacion confirmed the sale of their shares to Concepcion. Petitioner filed a Motion for Reconsideration,[9] but was denied[10] by the same court. Thus, the present petition. The petitioner raised this lone issue:

CAN THE DEED OF EXTRAJUDICIAL SETTLEMENT OF THE ESTATE OF THE DECEASED DIEGA REGALADO WITH CONFIRMATION OF SALE OF SHARES DIVEST CO-HEIR AND CO-OWNER FRANCISCO TAYCO OF HIS SHARES IN THE THREE (3) PARCELS OF LAND IN QUESTION?[11]

Under question is the validity of the document that contains the extrajudicial settlement of the estate of the deceased, Diega Regalado. The trial court ruled that it is null and void based on its assessment of the facts, while the CA adjudged it valid based on its examination of the said document. Under Section 1, Rule 45, providing for appeals by certiorari before the Supreme Court, it is clearly enunciated that only questions of law may be set forth.[12] Questions of fact may not be raised unless the case falls under any of the following exceptions:[13]

(1) when the findings are grounded entirely on speculation, surmises, or conjectures; (2) when the inference made is manifestly mistaken, absurd, or impossible; (3) when there is grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of fact are conflicting; (6) when in making its findings the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee; (7) when the findings are contrary to those of the trial court; (8) when the findings are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondent; and (10) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record.

This case clearly falls under one of the exceptions and after a careful review of the facts of the case, this Court finds the petition meritorious.

Section 1, Rule 74 of the Rules of Court provides:

If the decedent left no will and no debts and the heirs are all of age, or the minors are represented by their judicial or legal representatives duly authorized for the purpose, the parties may, without securing letters of administration, divide the estate among themselves as they see fit by means of a public instrument filed in the office of the register of deeds, and should they disagree, they may do so in an ordinary action for partition. x x x.

The fact of the extrajudicial settlement or administration shall be published in a newspaper of general circulation in the manner provided in the next succeeding section; but no extrajudicial settlement shall be binding upon any person who has not participated therein or had no notice thereof.

x x x x

Notarization of the deed of extrajudicial settlement has the effect of making it a public document[14] that can bind third parties. However, this formal requirement appears to be superseded by the substantive provision of the Civil Code that states:

ART. 1082. Every act which is intended to put an end to indivision among co-heirs and legatees or devisees is deemed to be a partition, although it should purport to be a sale, an exchange, a compromise, or any other transaction.

By this provision, it appears that when a co-owner sells his inchoate right in the co-ownership, he expresses his intention to "put an end to indivision among (his) co-heirs." Partition among co-owners may thus be evidenced by the overt act of a co-owner of renouncing his right over the property regardless of the form it takes. x x

x[15]

The trial court, after a keen determination of the facts involved in the case, clearly articulated its findings as to the inconclusiveness of the required publication and the notarization of the document purportedly containing the extrajudicial settlement in question, thus:

At the outset, the document, Exhibit A, was executed at Lezo, Aklan which is about ten kilometers from Kalibo where all the parties are residents. Defendant had to hire a tricycle from Kalibo to bring the parties to Lezo. Assuming that a certain Engr. Reynaldo Lopez was helping the defendants at that time in this transaction, he is also a resident of Kalibo, Aklan which is the center of Aklan where almost all the lawyers have their offices. Engr. Lopez has also his office here. Why would he still recommend the execution of this document particularly in Lezo and before that particular alleged Notary Public? This sounds incredible.

Defendants alleged that the document was published in a newspaper of general circulation of Aklan but no affidavit of such publication was presented. Only an alleged receipt from Engr. Lopez was presented (Exh. 2) but does not prove its purpose.[16]

The above findings of fact of the trial court must be accorded respect. It is a hornbook doctrine that the findings of fact of the trial court are entitled to great weight on appeal and should not be disturbed except for strong and valid reasons, because the trial court is in a better position to examine the demeanor of the witnesses while testifying. It is not a function of this Court to analyze and weigh evidence by the parties all over again.[17]

Anent the true intent of the signatories of the questioned document appearing to be an extrajudicial settlement of an estate, the trial court found the following facts:

Plaintiff alleged that Exhibit A was executed just to accommodate his sister Concepcion Tayco to be able to offer as collateral the property in order to raise money for the marriage of her son Ruperto Flores. But the property was never encumbered because it was then Martial Law (TSN, 10/14/98, pp. 3-4; 5/6/99, pp. 5-6). This testimony of the plaintiff was never rebutted or denied by the defendant, Ruperto Flores, who himself testified for the defendants. In fact, he even admitted that he got married after the execution of Exhibit A (TSN, 2/16/01, pp. 15-16). This allegation by the plaintiff, therefore, must stand.

Defendants argue that if their intention was to mortgage the property in raising money, there was no need for the execution of Exhibit A but only a Special Power of Attorney would suffice. This would be the quickest way if the bank would be amenable, but the latter would be more protected if the title of the property are already transferred in the name of the mortgagor. For them, it has only to rely on the certificate of title if it decides to deal with it.[18]

An extrajudicial settlement is a contract and it is a well-entrenched doctrine that the law does not relieve a party from the effects of a contract, entered into with all the required formalities and with full awareness of what he was doing, simply because the contract turned out to be a foolish or unwise investment.[19] However, in the construction or interpretation of an instrument, the intention of the parties is primordial and is to be pursued.[20] If the terms of a contract are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of its stipulations shall control.[21] If the contract appears to be contrary to the evident intentions of the parties, the latter shall prevail over the former.[22] The denomination given by the parties in their contract is not conclusive of the nature of the contents.[23] In this particular case, the trial court, based on its appreciation of the pieces of evidence presented, rightfully concluded that the intent of the signatories was contrary to the questioned document's content and denomination.

Furthermore, the trial court, before stating its final conclusion as to the nullity of the document in question, correctly discussed the lack of consideration in so far as that part of the document which embodies the

confirmation of the sale of shares of siblings Francisco and Consolacion to Concepcion. Thus:

The consideration of P50.00 for a 1/3 share of about 16,000 sq. meters real property in Kalibo, Aklan even way back in 1972 is definitely way below the market value. Even if we take into consideration the filial love between siblings (*Jocson v. CA*, 170 SCRA 233), still, the difference between the market value then and the purchase price is very great. Even for a market value of P1,000.00, a consideration of P50.00 only plus filial love would still be greatly disproportionate. Certainly, the 1/3 share of plaintiff exceeds P1,000.00. The filial love between siblings may affect the discrepancy only if the difference between the market value over the selling price is slight. (*ibid.*). It would appear, therefore, that Exhibit A is merely a simulated document to make it appear that Concepcion Tayco-Flores is the owner of the properties so that it will be easy for her to use the same as collateral for a prospective loan. Should the encumbrance not materialize or if it did after the obligation thereunder has been paid, the document shall become null and void and without effect. As the evidence disclosed that the intended loan with any financial institution did not materialize, hence, immediately thereafter, the document had no more effect.[24]

As to the other questioned document or the Confirmation of Quitclaim of Shares in Three Parcels of Land, the nullity of the first document renders it void because its effectivity is anchored on the validity of the first document. The Confirmation of Quitclaim of Shares in Three Parcels of Land came into fruition merely to confirm the existence of the first document. It was executed on March 16, 1991, when petitioner Francisco Tayco was still alive. Nevertheless, the said document was signed only by Consolacion and Concepcion, which prompted the trial court to make the following observations:

As to Exhibit B, it is surprising why only the two sisters participated in its execution while the plaintiff who is still very much alive and also a resident of New Buswang, Kalibo, Aklan was excluded. This document is a confirmation of the execution of Exhibit A where the plaintiff is a party. The plaintiff would have also been made a party to this document so that he could have confirmed the sale of his share had it been so. Could it be, therefore, that defendants did not want the plaintiff to know this document so that they can obtain the transfer of the titles and the tax declarations in their names without his knowledge? Unfortunately, however, plaintiff accidentally discovered the transfer when he tried to survey the property for ultimate partition.[25]

To reiterate, in the exercise of the Supreme Court's power of review, this Court is not a trier of facts, and unless there are excepting circumstances, it does not routinely undertake the re-examination of the evidence presented by the contending parties during the trial of the case.[26] The CA, therefore, erred in disregarding the factual findings of the trial court without providing any substantial evidence to support its own findings.

WHEREFORE, the petition for review on certiorari is hereby GRANTED. Consequently, the Court of Appeals' Decision dated November 17, 2004 is REVERSED and SET ASIDE and the Decision of the Regional Trial Court of Kalibo, Aklan, Branch 9, dated October 2, 2001, is UPHELD and REINSTATED.

SO ORDERED.

Carpio, (Chairperson), Nachura, Abad, and Mendoza, JJ., concur.

[1] Rollo, pp. 6-50.

[2] Penned by Associate Justice Isaias P. Dicdican, with Associate Justices Sesonando E. Villon and Ramon M. Bato, Jr., concurring; *id.* at 28-34.

[3] *Id.* at 20-26.

[4] *Id.* at 94-95.

[5] Id. at 46-47.

[6] Id. at 156-157.

[7] Id. at 25-26.

[8] Id. at 33.

[9] Id. at 35-40.

[10] Id. at 42-43.

[11] Id. at 13.

[12] Fangonil-Herrera v. Fangonil, G.R. No. 169356, August 28, 2007, 531 SCRA 486, 503.

Section 1. Filing of petition with Supreme Court. - A party desiring to appeal by certiorari from a judgment or final order or resolution of the Court of Appeals, the Sandiganbayan, the Regional Trial Court or other courts whenever authorized by law, may file with the Supreme Court a verified petition for review on certiorari. The petition shall raise only questions of law which must be distinctly set forth.

[13] It should be stressed that under the 1997 Rules of Civil Procedure, as amended, only questions of law may be raised in a petition for review before this Court. However, this Rule is not absolute, it admits of the exceptions, as provided in the text. [Id., citing Pamplona Plantation Company, Inc. v. Tinghil, 450 SCRA 421, 427-428 (2005); Maglucot-aw v. Maglucot, 385 Phil. 720, 729-730 (2000); Philippine Rabbit Bus Lines, Inc. v. Macalinao, 451 SCRA 63, 68-69 (2005); Halili v. Court of Appeals, 350 Phil. 906, 912 (1998); Fuentes v. Court of Appeals, 335 Phil. 1163, 1168-1169 (1997); Geronimo v. Court of Appeals, 224 SCRA 494, 498-499 (1993); and Lacanilao v. Court of Appeals, 330 Phil. 1074, 1079-1080 (1996)]. (Emphasis supplied.)

[14] Alejandrino v. Court of Appeals, 356 Phil. 851, 866 (1998). (Emphasis supplied.) A public document is "any instrument authorized by a notary public or a competent public official, with the solemnity required by law." (MORENO, PHILIPPINE LAW DICTIONARY, 3rd ed., p. 763, citing Cacnio v. Baens, 5 Phil. 742 (1906).

[15] Id.

[16] Rollo, pp. 22-23.

[17] Arangote v. Maglunob, G.R. No. 178906, February 18, 2009, 579 SCRA 620, 632.

[18] Rollo, pp. 23-24.

[19] Heirs of Joaquin Teves v. Court of Appeals, 375 Phil. 96, 113 (1999), citing Divina v. Court of Appeals, 220 SCRA 597 (1993) and Sanchez v. Court of Appeals, 279 SCRA 647 (1997).

[20] Valdez v. Court of Appeals, 482 Phil. 250, 271 (2004), citing Golden Diamond, Inc. v. Court of Appeals, 332 SCRA 605 (2000).

[21] Id., citing New Civil Code, Art. 1370.

[22] Id.

[23] Valdez, v. Court of Appeals, supra note 20, citing Romero v. Court of Appeals, 250 SCRA 223 (1995).

[24] Rollo, p. 24. (Emphasis supplied.)

[25] Id. at 24-25.

[26] Fangonil-Herrera v. Fangonil, *supra* note 12, at 505, citing *The Philippine American Life and General Insurance Co. v. Gramaje*, 442 SCRA 274, 283 (2004), citing *Insular Life Assurance Co., Ltd. v. Court of Appeals*, 428 SCRA 79, 85-86 (2004); *New City Builders, Inc. v. National Labor Relations Commission*, 460 SCRA 220, 227 (2005); *Security Bank & Trust Co. v. Gan*, 493 SCRA 239, 242-243 (2006); and *Pleyto v. Lomboy*, 432 SCRA 329, 336 (2004).

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