

ADELA SANTOS GUTIERREZ, PLAINTIFF AND APPELLANT, VS. JOSE D. VILLEGAS AND RIZALINA SANTOS RIVERA, DEFENDANTS AND APPELLANTS.*G.R. No. 17117. July 31, 1963*

Ponente: REYES, J.B.L., J.

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Direct appeal by both the plaintiff and the defendants" from a decision of the Court of First Instance of Rizal, Pasig, Rizal, in its Civil Case No. 3726.

The facts, about which the parties are not in controversy, are as follows: That the plaintiff and the defendants are the only legal heirs of the late Irene Santos of Malabon, Rizal, who died intestate on 11 November 1954. The defendant, Jose D. Villegas, is the surviving spouse, while the plaintiff, Adela Santos Gutierrez, and the other defendant, Rizalina Santos Rivera, are the nieces, of the said decedent. A few days after the death of Irene Santos, a petition for the administration of her estate was filed with the Court of First Instance of Rizal, Pasay City Branch, and docketed therein as Special Proceeding No. 2100. The probate court granted the petition on 5 January 1955, and thereafter Jose D. Villegas qualified as the administrator of the estate. On 12 January 1955, Adela Santos Gutierrez signed a four-page document (Exhibit "A"), written in Tagalog, entitled "Kasulatan Ng Bilihan At Salinan", purporting to be a sale of her share and participation in the estate in favor of Rizalina Santos Rivera, in consideration of P50,000.00, payable in installments: the first in sum of P10,000.00 upon signing, and the balance of P40,000.00 in one (1) year, and with the plaintiff assuming to pay her share in the estate and inheritance taxes. This deed was notarized by Severo Jovellanos on 13 January 1955. On this day also, the plaintiff signed a "Manifestation" (Exhibit "B") purporting to inform the probate court that the plaintiff had sold all her rights, interests, and participation in the estate to Rizalina Santos Rivera, and that she, the plaintiff, is no longer entitled to the service of any pleading, motion, order, or decision filed or promulgated in the probate court.

On 27 July 1955, the plaintiff filed the present case to annul the aforesaid deed of sale on grounds of fraud and mistake. The defendants answered denying the charges, and counterclaimed for P200,000.00 moral and exemplary damages and P50,000.00 attorney's fees, because of the allegedly malicious charges and filing of the suit.

The plaintiff, alone and in her own behalf, testified that on 7 December 1954 she asked Jose D. Villegas for a loan of P2,000.00 by way of advance payment on her share in the estate of her deceased aunt, but Villegas answered her that as his lawyer advised him that he had no authority to give such an advance he would ask Rizalina Santos Rivera if she could lend him the money, which, in turn, he would give to the plaintiff; that at about Christmas time, Villegas counter-offered to give the plaintiff a loan of P10,000.00, to be evidenced in writing, instead of the P2,000.00 originally asked, to which proposition the plaintiff agreed because she was planning a business venture; that in the afternoon of 12 January 1955, the defendants invited the plaintiff to go with them to Manila without informing her of the purpose of the trip; to her surprise, they went to the law office of attorney Modesto Flores;

that while they were waiting for the lawyer, who had not yet arrived, they were told to sit in the reception room, and the plaintiff and Rizalina were given copies of a document which the former was not able to read on account of her poor eyesight and her failure to bring her eyeglasses with her; that when attorney Flores arrived, the plaintiff asked both the said lawyer and Villegas what the document was all about, but neither of them answered her; that when she was asked to sign the document on the space indicated to her, she simply obeyed; that she had no residence certificate at the time and she was asked to secure one; that she did secure one the following day, 13 January 1955, in Malabon, Rizal, and brought it to the said law office; that while there she was again asked to sign another document, a manifestation, which she did sign, after which attorney Flores translated to her in Tagalog this second document, which turned out to be a manifestation for the court, and what she signed the day before was a sale of her share in the inheritance; that she up-braided Villegas but she did not inform Flores of the deception; that Villegas pacified her by telling her that they would talk it over in the house; that on their-way home, Villegas admitted that he and Rizalina wanted the document to be a sale instead of a loan; that on 14 January 1955, Villegas gave the plaintiff the sum of P4,800.00, with the explanation that the plaintiff's son-in-law's debt of P2,000.00 would be deducted from the amount of P10,000.00, while the balance would be paid by check that same evening; that the same evening the plaintiff called on attorney Alfonso Ponce Enrile, who advised her to deposit in court the amount that she received, which she did.

The plaintiff claims, furthermore, that in signing the deed of sale, her consent was vitiated by gross mistake because the defendants misled and deceived her as to the actual and real value of the estate of Irene Santos because the inventory, which was filed in Special Proceeding 2100 of the probate court, failed to include certain properties, or which, if at all listed, were either undervalued or stated to be conjugal when, in fact, they are paraphernal properties of the deceased. Plaintiff also asked that certain withdrawals made by Rizalina Santos Rivera from the bank overdraft account of the deceased should be brought to collation.

The foregoing facts are disputed by the defendants. Their evidence varies from that of the plaintiff's in the following particulars: That the plaintiff did not ask for a loan but offered to sell her share in the inheritance to Villegas for the purpose of investing the proceeds in business, but Villegas, after consulting, and being advised by his lawyer that he could not buy property under his administration suggested to the plaintiff to ask Rizalina instead; that when the plaintiff mentioned her proposition to Rizalina, the latter was at first reluctant to agree to the price of P50,000.00, but later on they agreed on said price, with the stipulation that it be paid up in two installments, the first, in the sum of P10,000.00, upon signing of the contract, and the balance, within one year, therefrom, provided the plaintiff paid her share in the estate and inheritance taxes; that the latter read and signed the deed, Exhibit "A", with her eyeglasses on; that she was an avid reader of Tagalog literature; that the plaintiff's daughter, Jovita, was with her during the signing of the deed of sale on 12 January 1955, and also during the notarization of the same and the signing again of the "Manifestation" on 13 January 1955; that said pleading was first translated and explained to the plaintiff before she signed it; that a year thereafter, or more particularly on 5 January 1956, Rizalina Santos Rivera, through her lawyer, forwarded to the plaintiff a cashier's check drawn on the Prudential Bank and Trust Company payable to the plaintiff in the sum of P40,000.00 in full payment of the purchase price, which was, however, refused acceptance by the plaintiff.

The trial court rejected the pretensions of both parties, dismissing the complaint as well as the counterclaim. Whereupon, plaintiffs and defendants regularly appealed to this Court directly, the amounts involved being in excess of P200,000.00.

The plaintiffs assignments of error recite:

- "1. The lower court erred in rejecting plaintiff-appellant's claim that on account of the fraud practiced upon her by the defendants-appellants, she consented to the execution of Exhibits "A" and "B" under the mistaken

notion that those documents related to the loan agreement she and the defendants-appellants had previously agreed upon.

2. The lower court erred in refusing to find the price of P50,000.00 as a grossly inadequate consideration for the alleged sale and assignment of plaintiff-appellant's share in the estate of the late Irene Santos.

3. The lower court erred in relying upon the appraisal made by Bureau of Internal Revenue Examiner Bernarda Tamese for the purpose of determining the true and fair market value of the estate of Irene Santos and the share of the plaintiff-appellant in such estate.

4. The lower court erred in disregarding plaintiff-appellant's contention that under Article 1082 (of the Civil Code of the Philippines, Exhibit "A" should be deemed as a partition and as such it is rescindible on account of lesion since the amount to be received by the plaintiff-appellant under that instrument is less by more than one-fourth (1/4) of the true value of the share of which she is entitled.

5. The lower court erred in dismissing plaintiff-appellant's complaint."

The plaintiff depicts herself as an unschooled simpleton that attained only the third grade, while picturing the defendants as intelligent and clever persons; that she has poor eye-sight, low degree of intelligence, and that there was no impelling need for her to sell the property. These circumstances, the plaintiff reasons out, coupled with the inadequacy of consideration, are badges of fraud that contributed to her being an easy victim of her opponents' deceit. Moreover, continues the plaintiff, in view of the relationship of trust and confidence between the parties the presumption of fraud arises.

The facts, as shown by the record, do not support the plaintiff's conclusions. The alleged indicia of fraud upon which she rests her case are backed only by her own uncorroborated testimony, which is contradicted by that of defendants and their witnesses. Plaintiff's lack of formal education was no handicap to her ability to read and write the Tagalog dialect, in which Exhibit "A" was couched, and, as the lower court stated, "she is a woman of average intelligence capable of understanding the consequences of a signature affixed to a document". Her alleged poor eye-sight has not been shown with convincing evidence, but, on the contrary, during the trial, she readily identified a letter from the Bureau of Internal Revenue, even without eyeglasses. Plaintiff has herself testified that she needed money to engage in business in Mindoro. The defendants, on the other hand, proved in convincing detail the circumstances surrounding the execution of the questioned deed through their own testimony, that of the instrumental witnesses, and the notary public. The lawyer, who dictated the draft of the deed, first in English, and then finalized it in Tagalog, fully acquitted himself on the witness stand of the possible stigma of being a party to the alleged fraud.

The alleged existence of a relationship of trust and confidence which was supposedly taken advantage of by the defendants is belied by the plaintiff's own assertion that her defendant uncle-in-law and her deceased aunt had treated her as the underdog since childhood, and her sister, Rizalina, as the favorite; yet the plaintiff allegedly came to live with the defendants only to provide company for her uncle-in-law during his bereavement on the death of her aunt. With the unfavorable treatment that the plaintiff claims to have received at the hands of the defendants Villegas since childhood, it cannot be expected that the plaintiff would be unwary of whatever he would ask her to do, let alone her signing a four-page document. Under the present situation, the careful preparation of the document cannot be taken against the defendants as an indication of fraud, in the absence of other evidence manifesting a scheme to commit it and which would link the lawyer who caused its preparation.

All the foregoing circumstances pointed to by the plaintiff as badges of fraud do not stand unexplained, while, on the other hand, there are certain questions which have not been satisfactorily explained by the plaintiff. What motive had Villegas, a man 80i years of age, for committing the alleged fraud against the plaintiff? Why did not

the plaintiff present her daughter, Jovita, to at least corroborate her testimony? She was present during the signing of Exhibits "A" and "C". How could the plaintiff have simply obeyed and signed the deed, Exhibit "A", without having noted the words "LIMAMPUNG LIBONG PISO" written in bold capital letters in the four-page deed of sale? How could she claim ignorance of the contents and import of the deed which she signed on 12 January 1955 when she even secured a residence certificate and returned to the same law office with it on the following day, 13 January 1955? Why did she accept the first installment payment on 14 January 1955 when, according to her, she had already learned of the fraud when Atty. Flores explained to her the "manifestation", Exhibit "B", on 13 January 1955? Why is it that during the trial she readily identified Exhibit "C" (a letter from the Bureau of Internal Revenue) without wearing eyeglasses but could not identify Exhibit "A" without wearing them, when a comparison of the type of print between these exhibits shows no appreciable difference at all? The lack of a satisfactory explanation to these questions impels affirmance of the lower court's finding that no fraud or mistake vitiated the consent of the plaintiff in affixing her signature to the deed.

One striking feature of plaintiff's story is that the success of defendants' alleged machinations wholly rested on the most fortuitous circumstance of plaintiff's not bringing her eyeglasses when she signed the deed conveying her interest to her sister. It is undeniable that had she been able to read the deed, according to her version of what transpired, plaintiff would have flatly refused to sign; yet it is not shown that the defendants took any steps to prevent her from bringing her eyeglasses. If fraud there was, it must be admitted that there was no preparation to insure its success, and such carelessness renders the whole charge of deceit absurd and incredible.

The claim of grossly inadequate consideration for the sale is predicted by the plaintiff upon a double theme: (a) that the inventory of the estate of Irene Santos did not include certain properties in Rizal (a one-sixth undivided interest in an estate in Montalban, Rizal, of 1010.9999 has.), and (b) an alleged gross undervaluation of the estate properties. As to the first, the court below rejected the plaintiff-appellant's evidence consisting in a simple copy of a purported decision of the pre-war Court of Appeals, in case CA-G. R. No. 654, "San Pedro, et al. vs. Director of Forestry" (Exhibit G-2). We are not prepared to declare the rejection of this exhibit to be erroneous, since it bears no signatures or certification by the Clerk of the Court of Appeals that purportedly rendered it, nor any signatures attesting its authenticity. The destruction of the pre-war records of that Court should undoubtedly impose caution before accepting at face value this sort of copies, not supported by reliable evidence of genuineness and authenticity. As to the averred undervaluation, we note that the trial court preferred to adopt the appraisal of the examiner of the Bureau of Internal Revenue, Bernardo Tamese, made in assessing the inheritance taxes due on the estate of Irene Santos, and approved by the superior officers of the Bureau, over that of witness Santiago presented by the appellant. In this respect, the trial court made the following cogent observations in its decision:

"It is a fact that Irene Samtos owned real properties situated in the City of Manila, and in the provinces of Laguna, Rizal, Bulacan, and Pampanga, some of which are paraphernal (Exhibits "N" to "N-3") and the rest are conjugal. These real properties were appraised by the Bureau of Internal Revenue for purposes of fixing the amount of estate and inheritance taxes to be paid, and their fair market value was determined by the examiner, Bernardo Tamese, after an ocular inspection of the properties and investigation of the deeds of title and tax declarations covering the same. The findings of Mr. Tamese as noted down by him in his worksheet, Exhibit "7" and which is reproduced in page 15 hereof, were submitted to his superior officers (Exhibit "B") and the same were approved by the Superintendent and Senior Examiners and confirmed by the Commissioner of Internal Revenue, the latter acting through Deputy Commissioner Misael P. Vera (Exhs. "27" to "28-A"), and this Court sees no ground for disturbing the findings of these public officials in the absence of proof of any irregularity in their actuaciones. It is to be observed that in his report Mr. Tamese valued the property in Famy, Laguna, at P2,502.00 although in the inventory of defendant Villegas each parcel was valued only at P1.00. It is also to be noted that in said Report the paraphernal properties of Irene Santos were included, appraised and considered in determining the total value of the estate of the old woman. These facts belie the claim of plaintiff

that there was undervaluation of the properties of the deceased. Moreover the official appraisal made by the Government deserves more credit than the testimony of the witness Bernardo Santiago who pretended to be in a position to pay P3,000.00 for every hectare of fishpond of Irene Santos and yet was found to have no properties to his name in the provinces of Bulacan and Pampanga, (Exhibits "22" and "22-A") and was worth only P15,000.00 after his death (Exhibits "23" to "23-B"). The deeds of sale, Exhibits "L" to "L-4" which were also submitted by the plaintiff to prove the market value of the properties in Bulacan and Pampanga are worthless as evidence in that matter, in the absence of proof that the properties covered by said documents are of the same kind and class and are similarly situated as those of the deceased."

We find no reversible error in these conclusions of the court a quo, which had ample opportunity to estimate the credibility of the contrasting witnesses and evidence. Hence, the claim of gross inadequacy of the price must be rejected as unproved.

To sustain the claim of deliberate undervaluation would necessarily imply that the Internal Revenue examiner Tamese and his superiors deliberately betrayed their official duty, and there is no evidence to justify such conclusion.

Neither do we find merit in the charge that plaintiff's sister, Rizalina Santos Rivera, had siphoned off money and properties from her aunt's overdraft account. The checks (Exhibits 3 to 3-F) and deposit slips (Exhibits 4 to 4-F) evidence that the amounts drawn were duly returned.

The trial court found the fair value of the conjugal estate to be P147,194.00, from which the expenses and claims amounting to P138,931.00 should be deducted, having a net conjugal estate of P8,263.00, of which one-half (P4,131.50) pertained to the deceased. Adding to that half the net paraphernal estate, valued at P212,513.00, gives a partible estate of P216,644.50 to be divided (in the absence of ascendants and descendants) half to the surviving spouse and half to the two nieces, as nearest collateral relatives (Civil Code, Art. 1001). The one-fourth share of plaintiff-appellant, as niece of the deceased, amounts to P54,161.00, for which the P50,000.00 payable under Exhibit "A" is certainly not an inadequate price, considering that appellant was to obtain it free from the troubles, delays, and vicissitudes attendant to the judicial liquidation and settlement of the estate.

While fraud may be proved entirely by circumstantial evidence, it is not to be lightly inferred. Our review of the evidence discloses that the evidence for appellant does not suffice to overcome the presumption of good faith and regularity in human affairs.

The next question is whether the contract of sale and assignment, Exhibit "A", being valid and binding, is, nonetheless, rescissible on the ground of lesion.

The theory of the plaintiff is that the contract should be deemed a partition, on the strength of Article 1082 of the Civil Code, which provides:

"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.";

and she contends that inasmuch as the net hereditary estate of the deceased is, according to the plaintiff, over one million pesos, to which she is entitled to an aliquot one-fourth (1/4) as an heir, and, having received only P50,000.00 under the contract, suffering, therefore, a lesion of more than one-fourth (1/4), she is entitled to a rescission thereof, under Article 1098. This article reads:

"Art. 1098. A partition judicial or extra judicial, may also be rescinded on account of lesion, when any one of the co-heirs received things whose value is less, by at least one-fourth, than the share to which he is entitled, considering the value of the things at the time they were adjudicated."

The evidenced values of the properties in the estate of Irene Santos, and of plaintiff's share therein, render unnecessary any extended discussion of her alternative claim that the contract, Exhibit "A", should be regarded as a partition, rescindible on account of lesion of one-fourth. Granting, *arguendo*, that the assignment of her hereditary share in favor of her sister, Rizalina, should be deemed a partition under Article 1082 of the Civil Code of the Philippines (notwithstanding the fact that it did not totally terminate the indivision among the co-heirs of Irene Santos, since the undivided share of the widower Villegas remained unchanged), still the lesion, if any, suffered by plaintiff from her sate of P,000.00 of an undivided hereditary interest worth P54,000.00 is certainly less than the one-fourth (1/4) required by Article 1098 of the Code.

Turning now to the defendant's appeal, we are not disposed to vary the lower court's refusal to award them damages and attorney's fees. Such awards are primarily in the discretion of the trial court, and it has found no facts upon which such award can be made. Not only were the allegations of fraud in plaintiff's complaint privileged in character, but her failure to seek an amicable settlement before filing suit, as required of relatives by Article 222 of the Civil Code, has not been pleaded either by answer or motion to dismiss. As to moral damages, the record shows no proof of mental suffering on the part of defendants upon which the award can be based. In addition, the absence of actual damages, moral, temperate, or compensatory, blocks the grant of exemplary damages (Civil Code, Article 2234).

We find no reason for disturbing the decision appealed from, and, therefore, the same is hereby affirmed. No costs in this instance.

Bengzon, C. J., Padilla, Bautista Angelo, and Concepcion, JJ., concur.

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