

MARY ANN DEHEZA-INAMARGA, PETITIONER, VS. CELENIA C. ALANO, BERNALDA A. PAROHINO, GODOFREDO ALANO, AVELINO ALANO, ESTRELLA ALANO, FORTUNATA ALANO, NANY ALANO, SALLY ALANO, ADIO...

G.R. No. 171321. December 18, 2008

Ponente: QUISUMBING, J.

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QUISUMBING, J.:

This petition for review on certiorari assails the Decision[1] dated September 8, 2004 and Resolution[2] dated January 4, 2006 of the Court of Appeals in CA-G.R. CV No. 64164. The appellate court had affirmed the Decision[3] dated November 26, 1998 of the Regional Trial Court (RTC) Branch 1, Kalibo, Aklan in Civil Case No. 4278.

The facts of the case are as follows:

Tomas Alano, husband of respondent Celenia Alano, owned two parcels of land covered by Original Certificates of Title (OCT) Nos. P-761 and P-762. He mortgaged the properties in favor of Renato Gepty on September 20, 1972. In 1976, Gepty demanded that Tomas pay the loan. Tomas, however, did not have money at that time to redeem his properties so he sought help from his niece, petitioner Mary Ann Deheza-Inamarga. Petitioner agreed to pay the loan while the spouses, in turn, mortgaged said properties to her. Petitioner kept in her possession OCT Nos. P-761 and P-762 and asked the spouses to sign blank pieces of paper which petitioner said will be converted into receipts evidencing their indebtedness to her.

In November 1990, after Tomas had passed away, respondents Celenia and her children went to petitioner to redeem the property. Petitioner, however, told them that she had mortgaged the property to the Rural Bank of Libacao. Respondents verified the matter with the bank and discovered that OCT Nos. P-761 and P-762 have been cancelled and in lieu thereof, Transfer Certificates of Title (TCT) Nos. T-9080 and T-9081 were issued in petitioner's name. Respondents learned that the TCTs in petitioner's favor were issued by virtue of a Deed of Sale purportedly executed by the Spouses Alano in her favor.

On January 24, 1991, respondents filed a complaint for the declaration of nullity of document, reconveyance and damages against petitioner and the Rural Bank of Libacao. Respondents contended that the deed of sale is null and void because the signatures of the Spouses Alano were forged and even if they were the signatures of the spouses, they were affixed on blank sheets of paper which were not intended to be a deed of sale.

Petitioner, on the other hand, denied the allegation of forgery and maintained that the deed of sale was valid. She claimed that the spouses offered to sell her the property so they can use the purchase price of P7,000 to redeem the property from Gepty. Petitioner added that the action is barred by prescription, laches and estoppel.

On November 26, 1998, the RTC rendered its decision, the dispositive portion of which reads as follows:
WHEREFORE, judgment is hereby rendered:

- Declaring the transaction between the plaintiffs and defendant Mary Ann Deheza (Inamarga) as an EQUITABLE MORTGAGE and declaring the plaintiffs entitled to redeem the mortgaged properties which shall be effected upon payment of the mortgage debt to said defendant in the amount of P2,400.00 with legal rate of interest from 1983, the year plaintiffs ceased paying said defendant interests;
- Declaring the nullity of the Deed of Absolute Sale (Exh. "B") dated March 4, 1978 allegedly executed by Tomas Alano in favor of Mary Ann Deheza;
- Declaring the nullity of Transfer Certificate of Title No. T-9080 and Transfer Certificate of Title No. T-9081 in the name of Mary Ann Deheza;
- Ordering the reconveyance of Lot 7 and Lot 2, all of Psu-235010, by defendant Mary Ann Deheza Inamarga in favor of the plaintiffs. In the event that said defendant fails to reconvey to plaintiffs said lots, the Clerk of Court is hereby directed to execute it pursuant to the provisions of Section 10 of Rule 39 of the 1997 Rules of Civil Procedure. As Amended;
- Ordering defendant Mary Ann Deheza-Inamarga to pay plaintiffs exemplary damages in the amount of P50,000.00 and attorney's fees in the amount of P10,000.00.

Costs against said defendant.

SO ORDERED.[4]

Petitioner elevated the case to the Court of Appeals but her appeal was denied.[5] The appellate court held that the signatures in the Deed of Sale were forged and even if they were genuine, the agreement entered into by the parties was one of equitable mortgage. It likewise upheld the trial court's award of damages, ruling that the transactions involved in the case were repeatedly tainted with fraud.

Petitioner's motion for reconsideration having been denied, petitioner filed the instant appeal, assigning errors as follows:

I.

THE LOWER COURT ERRED IN DECLARING THE TRANSACTION BETWEEN [THE] SPOUSES TOMAS AND CELENIA ALANO AND THE [PETITIONER] MARY ANN DEHEZA-INAMARGA AS ONE OF EQUITABLE MORTGAGE AND NOT ONE OF SALE.

II.

THE LOWER COURT ERRED IN ORDERING THE RECONVEYANCE OF THE LANDS IN QUESTION IN FAVOR OF THE [RESPONDENTS] AND ORDERING THE NULLITY OF TCT NO. T-9080 AND TCT NO. T-9081 IN THE NAME OF MARY ANN DEHEZA.

III.

THE LOWER COURT ERRED IN FINDING THAT THE QUESTIONED DEED OF SALE WAS A FORGERY OR THAT IT WAS SIGNED IN BLANK BY [THE] SPOUSES TOMAS AND CELENIA ALANO AND I[N] GIVING CREDENCE TO THE EVIDENCE OF THE [RESPONDENTS].

IV.

THE LOWER COURT ERRED IN NOT DECLARING THAT [RESPONDENTS'] ACTION IS ALREADY BARRED BY PRESCRIPTION, LACHES OR ESTOPPEL.

V.

THE LOWER COURT ERRED IN AWARDING EXEMPLARY DAMAGES AND ATTORNEY'S FEE[S]
TO THE [RESPONDENTS].[6]

Essentially, the issues for resolution are: (1) whether the Deed of Sale is a forgery; (2) whether the transaction between petitioner and the Spouses Alano is one of sale or equitable mortgage; (3) whether respondents' action is already barred by prescription, laches or estoppel; and (4) whether the award of exemplary damages and attorney's fees in favor of respondents is legal and justifiable.

As to the first issue, petitioner contends that respondents never presented a handwriting expert to prove that the signatures of Tomas and Celenia Alano were forged and such allegation of forgery cannot overcome the presumption of regularity in the performance of duty of the notary public as well as the due execution of the public document.[7] Respondents, in turn, contend that the findings of handwriting experts are not conclusive upon the trial court.

The question of forgery is one of fact.[8] It is well-settled that when supported by substantial evidence or borne out by the records, the findings of fact of the Court of Appeals are conclusive and binding on the parties and are not reviewable by this Court.[9]

It is a hornbook doctrine that the findings of fact of trial courts are entitled to great weight on appeal and should not be disturbed except for strong and valid reasons. It is not a function of this Court to analyze and weigh evidence by the parties all over again. Our jurisdiction is limited to reviewing errors of law that might have been committed by the Court of Appeals. Where the factual findings of the trial court are affirmed in toto by the Court of Appeals as in this case, there is great reason for not disturbing such findings and for regarding them as not reviewable by this Court.[10]

Moreover, after a careful perusal of the records and a thorough consideration of this case, this Court finds sufficient basis for the finding of the Court of Appeals that the said signatures were indeed forged. The Court of Appeals cited apparent differences in the signatures on the face of the documentary evidence submitted before the RTC. Also, it found that the signatures on the deed of sale appeared to be different in characteristics, spacing and strokes from the signatures of the Spouses Alano appearing in other documents forming part of the records of this case which are admittedly genuine.

Moreover, contrary to petitioner's contention, the presentation of a handwriting expert is not necessary. Handwriting experts are usually helpful in the examination of forged documents because of the technical procedure involved in analyzing them. But resort to these experts is not mandatory or indispensable to the examination or the comparison of handwriting.[11] The findings of handwriting experts are not conclusive upon the courts. As this Court has once observed, the authenticity of signatures "is not a highly technical issue in the same sense that questions concerning, e.g., quantum physics or topology or molecular biology, would constitute matters of a highly technical nature. The opinion of a handwriting expert on the genuineness of a questioned signature is certainly much less compelling upon a judge than an opinion rendered by a specialist on a highly technical issue. The signatures on a questioned document can be examined visually by a judge who can and should exercise independent judgment on the issue of authenticity of such signatures." [12]

With regard to the second issue, petitioner contends that it was the Spouses Alano who caused the execution of the deed of sale in question and that the document was signed by them in the presence of the notary public. She likewise argues that after the sale, she took possession of the land; and she adds that the consideration for the property was adequate because the property was not productive.[13] On the other hand, respondents aver that the transaction between the Spouses Alano and petitioner is not one of sale but one of equitable mortgage. Respondents stress that they continued to be in possession of the property even after the alleged execution of the

Deed of Sale and they claim that the P7,000 consideration is grossly inadequate for the market value of the property. Respondents further stated that they paid P500 interest annually for the loan.[14]

In our considered view, the appellate court did not err in sustaining the decision of the trial court holding that the transaction between the parties is an equitable mortgage.

An equitable mortgage is one which, although lacking in some formality, or form, or words, or other requisites demanded by a statute, nevertheless reveals the intention of the parties to charge real property as security for a debt, and contains nothing impossible or contrary to law.[15]

Articles 1602 and 1604 of the Civil Code of the Philippines state:

ART. 1602. The contract shall be presumed to be an equitable mortgage, in any of the following cases:

- (1) When the price of the sale with right to repurchase is unusually inadequate;
- (2) When the vendor remains in possession as lessee or otherwise;
- (3) When upon or after the expiration of the right to repurchase another instrument extending the period of redemption or granting a new period is executed;
- (4) When the purchaser retains for himself a part of the purchase price;
- (5) When the vendor binds himself to pay the taxes on the thing sold;
- (6) In any case where it may be fairly inferred that the real intention of the parties is that the transaction shall secure the payment of a debt or the performance of any other obligation.

In any of the foregoing case, any money, fruits, or other benefit to be received by the vendee as rent or otherwise shall be considered as interest which shall be subject to the usury laws.

ART. 1604. The provisions of Article 1602 shall also apply to a contract purporting to be an absolute sale.

In the instant case, the RTC, as affirmed by the Court of Appeals, correctly found that more than one of the circumstances enumerated in Article 1602 are present, to wit: the inadequacy of the selling price of the properties in relation to its true value; the vendors (Spouses Alano) remained in possession as lessee or otherwise; respondents paid the real property taxes; and the spouses secured the payment of the principal debt owed to petitioner with said properties.[16] On this score, we are in agreement that the parties intended an equitable mortgage and not a contract of sale.

On the third issue, petitioner claims that the complaint was barred by extinctive prescription as it was filed only on January 24, 1991, or almost 13 years from March 7, 1978 when the TCTs were issued in favor of petitioner. Petitioner argues that the prescriptive period for reconveyance of land based on implied or constructive trust is 10 years.[17] Respondents counter that since the deed of sale and the certificates of title in the name of petitioner are all null and void, prescription, laches or estoppel has not set in.[18]

Again, we find for the respondents. Where there is no consent given by one party in a purported contract, such contract was not perfected; therefore, there is no contract to speak of. The deed of sale relied upon by petitioner is deemed a void contract. This being so, the action based on said deed of sale shall not prescribe in accordance with Article 1410 [19] of the Civil Code.

On the issue of damages, petitioner contends that the award of exemplary damages and attorney's fees were not justified under the law and the facts obtaining in this case.[20] Respondents, on their part, state that petitioner having acted in bad faith to the damage and prejudice of respondents, it is but proper that she should pay for such

deception and unlawful acts.[21]

We do not find any cogent reason to disturb the findings of the RTC on this point as affirmed by the Court of Appeals with respect to the award of damages and attorney's fees. As correctly held by the RTC, the act of petitioner of inducing her two trusting old relatives to sign blank pieces of paper purporting to be a deed of sale so that the certificates of title of their properties could be transferred in her name is a fraudulent act. Exemplary damages were rightfully imposed in order to deter persons similarly disposed from committing such acts of fraud. Consequently, with the grant of exemplary damages, attorney's fees should likewise be awarded.[22]

WHEREFORE, the Decision dated September 8, 2004 and the Resolution dated January 4, 2006 of the Court of Appeals in CA-G.R. CV No. 64164 are AFFIRMED.

Costs against petitioner.

SO ORDERED.

Carpio Morales, Tinga, Velasco, Jr., and Brion, JJ., concur.

[1] Rollo, pp. 39-47. Penned by Associate Justice Isaias P. Dicdican, with Associate Justices Elvi John S. Asuncion and Ramon M. Bato, Jr. concurring.

[2] Id. at 49-50. Penned by Associate Justice Isaias P. Dicdican, with Associate Justices Ramon M. Bato, Jr. and Enrico A. Lanzanas concurring.

[3] Id. at 22-37. Penned by Judge Marietta J. Homena-Valencia.

[4] Id. at 36-37.

[5] Id. at 46.

[6] Id. at 16.

[7] Id. at 143-144.

[8] *Cogtong v. Kyoritsu International, Inc.*, G.R. No. 160729, July 27, 2007, 528 SCRA 330, 333.

[9] *Siasat v. Court of Appeals*, G.R. No. 129382, January 23, 2002, 374 SCRA 326, 330-331.

[10] *Local Superior of the Servants of Charity (Guanellians), Inc. v. Jody King Construction & Development Corporation*, G.R. No. 141715, October 12, 2005, 472 SCRA 445, 451.

[11] *Heirs of Severa P. Gregorio v. Court of Appeals*, G.R. No. 117609, December 29, 1998, 300 SCRA 565, 574-575.

[12] *Gamido v. Court of Appeals*, G.R. Nos. 111962-72, December 8, 1995, 251 SCRA 101, 109.

[13] Rollo, p. 17.

[14] Id. at 67-68, 111.

[15] *Dorado Vda. de Delfin v. Dellota*, G.R. No. 143697, January 28, 2008, 542 SCRA 397, 401.

[16] Rollo, p. 45.

[17] Id. at 17-18.

[18] Id. at 71.

[19] ART. 1410. The action or defense for the declaration of the inexistence of a contract does not prescribe.

[20] Rollo, p. 18.

[21] Id. at 71 and 119.

[22] Art. 2208. In the absence of stipulation, attorney's fees and expenses of litigation, other than judicial costs, cannot be recovered except:

(1) When exemplary damages are awarded;
xxx

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