

GONZALO VILLANUEVA, REPRESENTED BY HIS HEIRS, PETITIONER, VS. SPOUSES FROILAN AND LEONILA BRANOCO, RESPONDENTS.

G.R. No. 172804. January 24, 2011

Ponente: CARPIO, J.

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CARPIO, J.:

The Case

This resolves the petition for review[1] of the ruling[2] of the Court of Appeals dismissing a suit to recover a realty.

The Facts

Petitioner Gonzalo Villanueva (petitioner), here represented by his heirs,[3] sued respondents, spouses Froilan and Leonila Branoco (respondents), in the Regional Trial Court of Naval, Biliran (trial court) to recover a 3,492 square-meter parcel of land in Amambajag, Culaba, Leyte (Property) and collect damages. Petitioner claimed ownership over the Property through purchase in July 1971 from Casimiro Vere (Vere), who, in turn, bought the Property from Alvegia Rodrigo (Rodrigo) in August 1970. Petitioner declared the Property in his name for tax purposes soon after acquiring it.

In their Answer, respondents similarly claimed ownership over the Property through purchase in July 1983 from Eufracia Rodriguez (Rodriguez) to whom Rodrigo donated the Property in May 1965. The two-page deed of donation (Deed), signed at the bottom by the parties and two witnesses, reads in full:

KNOW ALL MEN BY THESE PRESENTS:

That I, ALVEGIA RODRIGO, Filipino, of legal age, widow of the late Juan Arcillas, a resident of Barrio Bool, municipality of Culaba, subprovince of Biliran, Leyte del Norte, Philippines, hereby depose and say:

That as we live[d] together as husband and wife with Juan Arcillas, we begot children, namely: LUCIO, VICENTA, SEGUNDINA, and ADELAIDA, all surnamed ARCILLAS, and by reason of poverty which I suffered while our children were still young; and because my husband Juan Arcillas aware as he was with our destitution separated us [sic] and left for Cebu; and from then on never cared what happened to his family; and because of that one EUFRACIA RODRIGUEZ, one of my nieces who also suffered with our poverty, obedient as she was to all the works in our house, and because of the love and affection which I feel [for] her, I have one parcel of land located at Sitio Amambajag, Culaba, Leyte bearing Tax Decl. No. 1878 declared in the name of Alvegia Rodrigo, I give (devise) said land in favor of EUFRACIA RODRIGUEZ, her heirs, successors, and assigns together with all the improvements existing thereon, which parcel of land is more or less described and bounded as follows:

1. Bounded North by Amambajag River; East, Benito Picao; South, Teofilo Uyvico; and West, by Public land;
2. It has an area of 3,492 square meters more or less; 3. It is planted to coconuts now bearing fruits; 4. Having an assessed value of P240.00; 5. It is now in the possession of EUFRACIA RODRIGUEZ since May 21, 1962

in the concept of an owner, but the Deed of Donation or that ownership be vested on her upon my demise.

That I FURTHER DECLARE, and I reiterate that the land above described, I already devise in favor of EUFRACIA RODRIGUEZ since May 21, 1962, her heirs, assigns, and that if the herein Donee predeceases me, the same land will not be reverted to the Donor, but will be inherited by the heirs of EUFRACIA RODRIGUEZ;

That I EUFRACIA RODRIGUEZ, hereby accept the land above described from Inay Alvegia Rodrigo and I am much grateful to her and praying further for a longer life; however, I will give one half (1/2) of the produce of the land to Apoy Alve during her lifetime.[4]

Respondents entered the Property in 1983 and paid taxes afterwards.

The Ruling of the Trial Court

The trial court ruled for petitioner, declared him owner of the Property, and ordered respondents to surrender possession to petitioner, and to pay damages, the value of the Property's produce since 1982 until petitioner's repossession and the costs.[5] The trial court rejected respondents' claim of ownership after treating the Deed as a donation mortis causa which Rodrigo effectively cancelled by selling the Property to Vere in 1970.[6] Thus, by the time Rodriguez sold the Property to respondents in 1983, she had no title to transfer.

Respondents appealed to the Court of Appeals (CA), imputing error in the trial court's interpretation of the Deed as a testamentary disposition instead of an inter vivos donation, passing title to Rodriguez upon its execution.

Ruling of the Court of Appeals

The CA granted respondents' appeal and set aside the trial court's ruling. While conceding that the "language of the [Deed is] x x x confusing and which could admit of possible different interpretations,"[7] the CA found the following factors pivotal to its reading of the Deed as donation inter vivos: (1) Rodriguez had been in possession of the Property as owner since 21 May 1962, subject to the delivery of part of the produce to Apoy Alve; (2) the Deed's consideration was not Rodrigo's death but her "love and affection" for Rodriguez, considering the services the latter rendered; (3) Rodrigo waived dominion over the Property in case Rodriguez predeceases her, implying its inclusion in Rodriguez's estate; and (4) Rodriguez accepted the donation in the Deed itself, an act necessary to effectuate donations inter vivos, not devises.[8] Accordingly, the CA upheld the sale between Rodriguez and respondents, and, conversely found the sale between Rodrigo and petitioner's predecessor-in-interest, Vere, void for Rodrigo's lack of title.

In this petition, petitioner seeks the reinstatement of the trial court's ruling. Alternatively, petitioner claims ownership over the Property through acquisitive prescription, having allegedly occupied it for more than 10 years.[9]

Respondents see no reversible error in the CA's ruling and pray for its affirmance.

The Issue

The threshold question is whether petitioner's title over the Property is superior to respondents'. The resolution of this issue rests, in turn, on whether the contract between the parties' predecessors-in-interest, Rodrigo and Rodriguez, was a donation or a devise. If the former, respondents hold superior title, having bought the Property from Rodriguez. If the latter, petitioner prevails, having obtained title from Rodrigo under a deed of sale the execution of which impliedly revoked the earlier devise to Rodriguez.

The Ruling of the Court

We find respondents' title superior, and thus, affirm the CA.

Naked Title Passed from Rodrigo to Rodriguez Under a Perfected Donation

We examine the juridical nature of the Deed - whether it passed title to Rodriguez upon its execution or is effective only upon Rodrigo's death - using principles distilled from relevant jurisprudence. Post-mortem dispositions typically -

- (1) Convey no title or ownership to the transferee before the death of the transferor; or, what amounts to the same thing, that the transferor should retain the ownership (full or naked) and control of the property while alive;
- (2) That before the [donor's] death, the transfer should be revocable by the transferor at will, ad nutum; but revocability may be provided for indirectly by means of a reserved power in the donor to dispose of the properties conveyed;
- (3) That the transfer should be void if the transferor should survive the transferee.[10]

Further -

[4] [T]he specification in a deed of the causes whereby the act may be revoked by the donor indicates that the donation is inter vivos, rather than a disposition mortis causa[;]

[5] That the designation of the donation as mortis causa, or a provision in the deed to the effect that the donation is "to take effect at the death of the donor" are not controlling criteria; such statements are to be construed together with the rest of the instrument, in order to give effect to the real intent of the transferor[;]
[and]

(6) That in case of doubt, the conveyance should be deemed donation inter vivos rather than mortis causa, in order to avoid uncertainty as to the ownership of the property subject of the deed.[11]

It is immediately apparent that Rodrigo passed naked title to Rodriguez under a perfected donation inter vivos. First, Rodrigo stipulated that "if the herein Donee predeceases me, the [Property] will not be reverted to the Donor, but will be inherited by the heirs of x x x Rodriguez," signaling the irrevocability of the passage of title to Rodriguez's estate, waiving Rodrigo's right to reclaim title. This transfer of title was perfected the moment Rodrigo learned of Rodriguez's acceptance of the disposition[12] which, being reflected in the Deed, took place on the day of its execution on 3 May 1965. Rodrigo's acceptance of the transfer underscores its essence as a gift in presenti, not in futuro, as only donations inter vivos need acceptance by the recipient.[13] Indeed, had Rodrigo wished to retain full title over the Property, she could have easily stipulated, as the testator did in another case, that "the donor, may transfer, sell, or encumber to any person or entity the properties here donated x x x"[14] or used words to that effect. Instead, Rodrigo expressly waived title over the Property in case Rodriguez predeceases her.

In a bid to diffuse the non-reversion stipulation's damning effect on his case, petitioner tries to profit from it, contending it is a fideicommissary substitution clause.[15] Petitioner assumes the fact he is laboring to prove. The question of the Deed's juridical nature, whether it is a will or a donation, is the crux of the present controversy. By treating the clause in question as mandating fideicommissary substitution, a mode of testamentary disposition by which the first heir instituted is entrusted with the obligation to preserve and to transmit to a second heir the whole or part of the inheritance,[16] petitioner assumes that the Deed is a will. Neither the Deed's text nor the import of the contested clause supports petitioner's theory.

Second. What Rodrigo reserved for herself was only the beneficial title to the Property, evident from Rodriguez's undertaking to "give one [half] x x x of the produce of the land to Apoy Alve during her lifetime." [17] Thus, the Deed's stipulation that "the ownership shall be vested on [Rodriguez] upon my demise," taking into account the non-reversion clause, could only refer to Rodrigo's beneficial title. We arrived at the same conclusion in *Balaqui v. Dongso* [18] where, as here, the donor, while "binding herself to answer to the [donor] and her heirs x x x that none shall question or disturb [the donee's] right," also stipulated that the donation "does not pass title to [the donee] during my lifetime; but when I die, [the donee] shall be the true owner" of the donated parcels of land. In finding the disposition as a gift inter vivos, the Court reasoned:

Taking the deed x x x as a whole, x x x it is noted that in the same deed [the donor] guaranteed to [the donee] and her heirs and successors, the right to said property thus conferred. From the moment [the donor] guaranteed the right granted by her to [the donee] to the two parcels of land by virtue of the deed of gift, she surrendered such right; otherwise there would be no need to guarantee said right. Therefore, when [the donor] used the words upon which the appellants base their contention that the gift in question is a donation mortis causa [that the gift "does not pass title during my lifetime; but when I die, she shall be the true owner of the two aforementioned parcels"] the donor meant nothing else than that she reserved of herself the possession and usufruct of said two parcels of land until her death, at which time the donee would be able to dispose of them freely. [19] (Emphasis supplied)

Indeed, if Rodrigo still retained full ownership over the Property, it was unnecessary for her to reserve partial usufructuary right over it. [20]

Third. The existence of consideration other than the donor's death, such as the donor's love and affection to the donee and the services the latter rendered, while also true of devises, nevertheless "corroborates the express irrevocability of x x x [inter vivos] transfers." [21] Thus, the CA committed no error in giving weight to Rodrigo's statement of "love and affection" for Rodriguez, her niece, as consideration for the gift, to underscore its finding.

It will not do, therefore, for petitioner to cherry-pick stipulations from the Deed tending to serve his cause (e.g. "the ownership shall be vested on [Rodriguez] upon my demise" and "devise"). Dispositions bearing contradictory stipulations are interpreted wholistically, to give effect to the donor's intent. In no less than seven cases featuring deeds of donations styled as "mortis causa" dispositions, the Court, after going over the deeds, eventually considered the transfers inter vivos, [22] consistent with the principle that "the designation of the donation as mortis causa, or a provision in the deed to the effect that the donation is 'to take effect at the death of the donor' are not controlling criteria [but] x x x are to be construed together with the rest of the instrument, in order to give effect to the real intent of the transferor." [23] Indeed, doubts on the nature of dispositions are resolved to favor inter vivos transfers "to avoid uncertainty as to the ownership of the property subject of the deed." [24]

Nor can petitioner capitalize on Rodrigo's post-donation transfer of the Property to Vere as proof of her retention of ownership. If such were the barometer in interpreting deeds of donation, not only will great legal uncertainty be visited on gratuitous dispositions, this will give license to rogue property owners to set at naught perfected transfers of titles, which, while founded on liberality, is a valid mode of passing ownership. The interest of settled property dispositions counsels against licensing such practice. [25]

Accordingly, having irrevocably transferred naked title over the Property to Rodriguez in 1965, Rodrigo "cannot afterwards revoke the donation nor dispose of the said property in favor of another." [26] Thus, Rodrigo's post-donation sale of the Property vested no title to Vere. As Vere's successor-in-interest, petitioner acquired no better right than him. On the other hand, respondents bought the Property from Rodriguez, thus acquiring the latter's title which they may invoke against all adverse claimants, including petitioner.

Petitioner Acquired No Title Over the Property

Alternatively, petitioner grounds his claim of ownership over the Property through his and Vere's combined possession of the Property for more than ten years, counted from Vere's purchase of the Property from Rodrigo in 1970 until petitioner initiated his suit in the trial court in February 1986.[27] Petitioner anchors his contention on an unfounded legal assumption. The ten year ordinary prescriptive period to acquire title through possession of real property in the concept of an owner requires uninterrupted possession coupled with just title and good faith.[28] There is just title when the adverse claimant came into possession of the property through one of the modes recognized by law for the acquisition of ownership or other real rights, but the grantor was not the owner or could not transmit any right.[29] Good faith, on the other hand, consists in the reasonable belief that the person from whom the possessor received the thing was the owner thereof, and could transmit his ownership.[30]

Although Vere and petitioner arguably had just title having successively acquired the Property through sale, neither was a good faith possessor. As Rodrigo herself disclosed in the Deed, Rodriguez already occupied and possessed the Property "in the concept of an owner" ("como tag-iya"[31]) since 21 May 1962, nearly three years before Rodrigo's donation in 3 May 1965 and seven years before Vere bought the Property from Rodrigo. This admission against interest binds Rodrigo and all those tracing title to the Property through her, including Vere and petitioner. Indeed, petitioner's insistent claim that Rodriguez occupied the Property only in 1982, when she started paying taxes, finds no basis in the records. In short, when Vere bought the Property from Rodrigo in 1970, Rodriguez was in possession of the Property, a fact that prevented Vere from being a buyer in good faith.

Lacking good faith possession, petitioner's only other recourse to maintain his claim of ownership by prescription is to show open, continuous and adverse possession of the Property for 30 years.[32] Undeniably, petitioner is unable to meet this requirement.

Ancillary Matters Petitioner Raises Irrelevant

Petitioner brings to the Court's attention facts which, according to him, support his theory that Rodrigo never passed ownership over the Property to Rodriguez, namely, that Rodriguez registered the Deed and paid taxes on the Property only in 1982 and Rodriguez obtained from Vere in 1981 a waiver of the latter's "right of ownership" over the Property. None of these facts detract from our conclusion that under the text of the Deed and based on the contemporaneous acts of Rodrigo and Rodriguez, the latter, already in possession of the Property since 1962 as Rodrigo admitted, obtained naked title over it upon the Deed's execution in 1965. Neither registration nor tax payment is required to perfect donations. On the relevance of the waiver agreement, suffice it to say that Vere had nothing to waive to Rodriguez, having obtained no title from Rodrigo. Irrespective of Rodriguez's motivation in obtaining the waiver, that document, legally a scrap of paper, added nothing to the title Rodriguez obtained from Rodrigo under the Deed.

WHEREFORE, we DENY the petition. We AFFIRM the Decision dated 6 June 2005 and the Resolution dated 5 May 2006 of the Court of Appeals.

SO ORDERED.

Nachura, Peralta, Abad, and Mendoza, JJ., concur.

[1] Under Rule 45 of the 1997 Rules of Civil Procedure.

[2] Decision dated 6 June 2005 and Resolution dated 5 May 2006 per by Associate Justice Vicente L. Yap with Associate Justices Isaias P. Dicdican and Enrico A. Lanzas, concurring.

[3] Petitioner, who died while the case was litigated in the Court of Appeals, is represented by Isidra Kikimen

Vda. De Villanueva, Josephine Kikimen-Haslam, Fermin Kikimen, Victorio Kikimen, Merlinda Kikimen-Yu, and Fortunila Villanueva.

[4] Records, p. 18.

[5] In the Decision dated 18 August 2000 penned by Judge Enrique C. Asis, the dispositive portion of which provides (Rollo, p. 93):

WHEREFORE, premises considered, this Court finds in favor of the plaintiff as against the defendants, hereby declaring:

- The plaintiff is the absolute owner of the property in question;
- The defendants are directed to surrender possession of the property in question;
- The defendants shall pay the plaintiff the value of the harvest or produce of the land from 1982 until the land is actually vacated;
- To pay the plaintiff:
 1. P 2,500.00 in litigation expenses; and
 2. P 5,000.00 in attorney's fees; and
- To pay the costs of the suit.

[6] Citing Article 957(2) of the Civil Code. ("The legacy or devise shall be without effect:

x x x x

(2) If the testator by any title or for any cause alienates the thing bequeathed or any part thereof, it being understood that in the latter case the legacy or devise shall be without effect only with respect to the part thus alienated.")

[7] Rollo, p. 55.

[8] Id. at 55-58.

[9] Id. at 37.

[10] *Bonsanto v. Court of Appeals*, 95 Phil. 481, 487 (1954) (internal citations omitted).

[11] *Puig v. Peñaflorida*, 122 Phil. 665, 671-672 (1965) (internal citations omitted).

[12] Article 734, Civil Code ("The donation is perfected from the moment the donor knows of the acceptance by the donee.")

[13] *Alejandro v. Geraldez*, 168 Phil. 404 (1977); *Concepcion v. Concepcion*, 91 Phil. 823 (1952); *Laureta v. Mata*, 44 Phil. 668 (1923).

[14] *Puig v. Peñaflorida*, supra note 11 at 674 ("[I]a DONANTE, podra enajenar, vender, traspasar o hipotecar a cualesquier personas o entidades los bienes aqui donados x x x x").

[15] Rollo, p. 43.

[16] Civil Code, Article 863.

[17] The records do not disclose the identity of "Apoy Alve" but this likely refers to the donor Alvegia Rodrigo,

Rodriguez's aunt.

[18] 53 Phil. 673 (1929).

[19] Id. at 676.

[20] See *Bonsanto v. Court of Appeals*, 95 Phil. 481, 487 (1954), where, in interpreting an identical reservation, the Court observed the "donor's reserv[ation] for himself, during his lifetime, the owner's share of the fruits or produce" is "unnecessary if the ownership of the donated property remained with the donor."

[21] Id. at 489.

[22] *Del Rosario v. Ferrer*, G.R. No. 187056, 20 September 2010; *Puig v. Peñaflorida*, 122 Phil. 665 (1965); *Bonsanto v. Court of Appeals*, 95 Phil. 481 (1954); *Concepcion v. Concepcion*, 91 Phil. 823, 829 (1952); *Sambaan v. Villanueva*, 71 Phil. 303 (1941); *Balaqui v. Dongso*, 53 Phil. 673 (1929); *Laureta v. Mata*, 44 Phil. 668 (1923).

[23] *Puig v. Peñaflorida*, supra note 11 at 671-672.

[24] Id. at 672.

[25] Thus, in *Del Rosario v. Ferrer*, G.R. No. 187056, 20 September 2010, we annulled a post-donation assignment of rights over the donated property for lack of the assignor's title.

[26] *Concepcion v. Concepcion*, 91 Phil. 823, 829 (1952), quoting *Manresa*.

[27] *Rollo*, pp. 48-49. Petitioner crafted this theory for the first time in the Court of Appeals, having limited his case in the trial court to the single cause of action of ownership based on his purchase of the Property from Vere. Another alternative argument petitioner raises concerns the alleged inofficious nature of the donation (*id.* at 43). Aside from the fact that petitioner never raised this contention below, he is not the proper party to raise it, not being one of the heirs allegedly prejudiced by the transfer.

28Civil Code, Article 1117 ("Acquisitive prescription of dominion and other real rights may be ordinary or extraordinary.

Ordinary acquisitive prescription requires possession of things in good faith and with just title for the time fixed by law.") (emphasis supplied).

[29] Civil Code, Article 1129.

[30] Civil Code, Article 1127.

[31] *Records*, p. 129.

[32] Civil Code, Article 1137 ("Ownership and other real rights over immovables also prescribe through uninterrupted adverse possession thereof for thirty years, without need of title or of good faith.")

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