

**JESUS CAMPOS AND ROSEMARIE CAMPOS-BAUTISTA, PETITIONERS,  
VS. NENITA BUENVENIDA PASTRANA, ROGER BUENVENIDA, SONIA  
BUENVENIDA, TEDDY BUENVENIDA, VICTOR BUENVENIDA, HARRY  
BUENVENID...**

*G.R. No. 175994. December 08, 2009*

Ponente: DEL CASTILLO, J.

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**DEL CASTILLO, J.:**

It sometimes happens that a creditor, after securing a judgment against a debtor, finds that the debtor had transferred all his properties to another leaving nothing to satisfy the obligation to the creditor. In this petition for review on certiorari,[1] petitioners ask us to set aside the November 23, 2005 Decision[2] of the Court of Appeals (CA) in CA-G.R. CV No. 68731 declaring as null the sale of several parcels of land made by their parents in their favor, for being absolutely simulated transactions. Also assailed is the November 21, 2006 Resolution.[3]

**Factual antecedents**

This is the third case between essentially the same parties and the second among those cases to reach this Court on appeal, spanning a period of close to three decades.

The first case arose from the refusal of Carlito Campos (Carlito), the father of herein petitioners, to surrender the possession of a fishpond he leased from respondents' mother, Salvacion Buenvenida, despite the expiration of their contract of lease in 1980. Alleging that he was an agricultural lessee, Carlito filed an agrarian case docketed as CAR Case No. 1196 (Agrarian Case) against his lessor. After trial, the Regional Trial Court of Roxas City, Branch 14, found that Carlito was not an agricultural tenant. He then appealed to the CA and subsequently to this Court, but was unsuccessful.

While the appeal in the Agrarian Case was pending before the CA, herein respondents filed the second case, Civil Case No. V-5417, against Carlito for Recovery of Possession and Damages with Preliminary Mandatory Injunction (Possession Case) involving the same fishpond subject of the earlier agrarian case. On November 27, 1990, the Regional Trial Court of Roxas City, Branch 16, rendered a Decision[4] finding Carlito to have retained possession of the fishpond notwithstanding the expiration of the contract of lease and ordering him to pay rentals, the value of the produce and damages to the herein respondents. The Decision became final and executory and a Writ of Execution[5] was issued on February 7, 1995. Subsequently, on September 19, 1995, an Alias Writ of Execution[6] was also issued. Both were returned unsatisfied as per Sheriff's Return of Service dated November 14, 1995.

During the pendency of the Agrarian Case, as well as prior to the filing of the Possession Case, Carlito was the registered owner of the following properties:

1. Residential Lots 3715-A and 3715-B-2 covered by Transfer Certificates of Title Nos. 18205[7] and 18417,[8] respectively and

## 2. Agricultural Lots 850 and 852 covered by Original Certificates of Title

Nos. P-9199[9] and P-9200,[10] respectively.

When the respondents were about to levy these properties to satisfy the judgment in the Possession Case, they discovered that spouses Carlito and Margarita Campos transferred these lots to their children Rosemarie and Jesus Campos, herein petitioners, by virtue of Deeds of Absolute Sale dated October 18, 1985[11] and November 2, 1988.[12] Specifically, spouses Campos sold the residential lots (Lots 3715-A and 3715-B-2), with a total area of 1,393 square meters, to their daughter Rosemarie for P7,000.00 and the agricultural lots (Lots 850 and 852) with a combined area of 7,972 square meters, to their son Jesus for P5,600.00.

Proceedings before the Regional Trial Court -  
Civil Case No. V-7028

On February 18, 1997, respondents instituted the third case, Civil Case No.

V-7028 (Nullity of Sale Case),[13] subject of this appeal, seeking to declare as null the aforesaid deeds of sale and the transfer certificates of title issued pursuant thereto. They alleged that the contracts of sale between spouses Campos and petitioners were simulated for the sole purpose of evading the levy of the abovementioned properties in satisfaction of a money judgment that might be rendered in the Possession Case.

In their Answer with Counterclaim,[14] spouses Campos and petitioners averred that Rosemarie and Jesus Campos acquired the lots in question in good faith and for value because they were sold to them before they had any notice of the claims or interests of other persons thereover.

On August 21, 2000, the Regional Trial Court of Roxas City, Branch 14, dismissed the complaint.[15] It held that

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In the Resolution of this case the issue is whether or not the spouses Carlito Campos and Margarita Arduo, sensing that an unfavorable judgment might be rendered against them in Civil Case No. V-5417 filed in Branch 16 on July 17, 1987 by the same plaintiffs for Recovery of Possession and Damages with Preliminary Mandatory Injunction, in evident bad faith and wanton disregard of the law, maliciously and fraudulently, executed a purely fictitious and simulated sale of their properties thereby ceding and transferring their ownership thereto to their children Rosemarie Campos-Bautista and Jesus Campos.

A close scrutiny of the defendants' documentary exhibits and testimonies showed that as early as 1981 defendant Jesus Campos was already leasing a fishpond in Brgy. Majanlud, Sapi-an, Capiz from Victorino Jumpay and defendant Rosemarie Campos was engaged in the sari-sari store business starting 1985 so that they were able to purchase the properties of their parents out of their profits derived therefrom.

The Deed of Absolute Sale (Exh. "6" & "10") executed by the spouses Carlito Campos and Margarita Arduo to Rosemarie Campos and Jesus Campos were dated October 17, 1985 and November 2, 1988, respectively.

It can readily [be] gleaned from the records that Civil Case No. V-5417 was filed on July 7, 1987 and was decided on November 27, 1990. Furthermore, the alias writ of execution was issued only on July 5, 1995 for which the Sheriff's Return of Service was returned unsatisfied on November 14, 1995.

WHEREFORE, the complaint of the plaintiffs against the defendants is DISMISSED. Their claim for damages is likewise DISMISSED. The counter-claim of the defendants must also be DISMISSED as the case was not filed in evident bad faith and with malicious intent.

SO ORDERED.[16]

Proceedings before the Court of Appeals

Upon review of the evidence presented, the CA found that the conveyances were made in 1990, and not in 1985 or 1988, or just before their actual registration with the Registry of Deeds, evidently to avoid the properties from being attached or levied upon by the respondents. The CA likewise noted that the zonal value of the subject properties were much higher than the value for which they were actually sold. The appellate court further observed that despite the sales, spouses Campos retained possession of the properties in question. Finally, the CA took note of the fact that the writ of execution and alias writ issued in the Possession Case remained unsatisfied as the lower court could not find any other property owned by the spouses Campos that could be levied upon to satisfy its judgment, except the parcels of land subject of the assailed transactions.

On these bases, the CA ruled that the assailed contracts of sale were indeed absolutely simulated transactions and declared the same to be void ab initio. The dispositive portion of the Decision of the CA reads:

WHEREFORE, the instant appeal is GRANTED. The decision of the Regional Trial Court of Roxas City, Branch 14, dated August 21, 2000 in Civil Case No. V-7028 is REVERSED and SET ASIDE. Let a copy of this Decision be furnished to the Register of Deeds of the Province of Capiz who is hereby ordered to cancel Transfer Certificates of Title Nos. T-26092 and T-26093 in the name of Rosemarie Campos, and Transfer Certificates of Title Nos. T-23248 and 23249 in the name of Jesus Campos and restore said titles in the name of the previous owner, Carlito Campos.

SO ORDERED.

Only petitioners moved for reconsideration[17] but the CA denied the same.[18]

#### Issues

Hence, this petition for review on certiorari raising the following errors:

I.

THE COURT OF APPEALS COMMITTED AN ERROR OF LAW IN APPLYING ARTICLE 1409, CIVIL CODE, INSTEAD OF ARTICLE 1381 (3), CIVIL CODE, AND IN SPECULATING THAT A CAUSE OF ACTION OF SUPPOSED SALE IN FRAUD OF CREDITORS EXISTS DESPITE NON-EXHAUSTION OF REMEDIES TO ENFORCE THE JUDGMENT IN CIVIL CASE NO. V-5417.

II.

THE COURT OF APPEALS COMMITTED AN ERROR OF LAW OVERLOOKING THAT THE CAUSE OF ACTION HAD PRESCRIBED, THE COMPLAINT HAVING BEEN FILED AFTER SEVEN (7) YEARS OR ONLY ON 14 OCTOBER 1997, FROM THE TIME THE TITLES WERE ISSUED IN 1990.

III.

THE COURT OF APPEALS ERRONEOUSLY ANCHORED ITS IMPUGNED JUDGMENT ON MISAPPREHENSION OF FACTS THAT THE SALE WERE ANTEDATED, HENCE SIMULATED DESPITE GLARING ABSENCE OF EVIDENCE IN SUPPORT THEREOF.

IV.

THE COURT OF APPEALS COMMITTED GRAVE ABUSE OF DISCRETION IN CASTING ASIDE OVERWHELMING EVIDENCE DULY APPRECIATED BY THE TRIAL COURT THAT PETITIONERS ARE BUYERS IN GOOD FAITH AND FOR VALUE, WHO EXERCISED DOMINION OVER THE SUBJECT LOTS, WHICH IF PROPERLY CONSIDERED, SHALL WARRANT THE SINGULAR CONCLUSION THAT THE SALE AND TRANSFER OF TITLES ARE VALID.[19]

#### Petitioners' arguments

Petitioners assail the application of Article 1409[20] of the Civil Code on void

contracts as against Article 1381(3)[21] of the Civil Code on rescissible contracts in fraud of creditors, considering that the questioned conveyances executed by the spouses Campos to their children were allegedly done to evade the enforcement of the writ of execution in the Possession Case.[22] In addition, petitioners allege that the CA misappreciated the facts of this case when it found that the questioned transactions were tainted with badges of fraud.[23]

#### Respondents' arguments

Respondents argue that the application of Article 1409 on void contracts was a natural and logical consequence of the CA's finding that subject deeds of sale were absolutely simulated and fictitious, consistent with the nature of the respondents' cause of action which was for declaration of nullity of said contracts and the transfer certificates of titles issued pursuant thereto.[24] Respondents also stressed that the CA's finding is conclusive upon us and that only questions of law may be raised in a petition for review on certiorari under Rule 45 of the Rules of Court.[25]

#### Our Ruling

The petition lacks merit.

Well-settled is the rule that this Court is not a trier of facts. When supported by substantial evidence, the findings of fact of the CA are conclusive and binding, and are not reviewable by this Court, unless the case falls under any of the following recognized exceptions:

- (1) When the conclusion is a finding grounded entirely on speculation, surmises and conjectures;
- (2) When the inference made is manifestly mistaken, absurd or impossible;
- (3) Where there is a grave abuse of discretion;
- (4) When the judgment is based on a misappreciation of facts;
- (5) When the findings of fact are conflicting;
- (6) When the CA in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee;
- (7) When the findings are contrary to those of the trial court;
- (8) When the findings of fact 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 petitioners' main and reply briefs are not disputed by the respondents; and
- (10) When the findings of fact of the CA are premised on the supposed absence of evidence and contradicted by the evidence on record.

None of these exceptions is present in this case. We find that the Decision of the CA is supported by the required quantum of evidence.

The subject Deeds of Absolute  
Sale executed by the Spouses  
Campos to their children (herein  
petitioners) are absolutely

simulated and fictitious.

The CA correctly held that the assailed Deeds of Absolute Sale were executed when the Possession Case was already pending, evidently to avoid the properties subject thereof from being attached or levied upon by the respondents. While the sales in question transpired on October 18, 1985 and November 2, 1988, as reflected on the Deeds of Absolute Sale, the same were registered with the Registry of Deeds only on October 25, 1990 and September 25, 1990.

We also agree with the findings of the CA that petitioners failed to explain the reasons for the delay in the registration of the sale, leading the appellate court to conclude that the conveyances were made only in 1990 or sometime just before their actual registration and that the corresponding Deeds of Absolute Sale were antedated. This conclusion is bolstered by the fact that the supposed notary public before whom the deeds of sale were acknowledged had no valid notarial commission at the time of the notarization of said documents.[26]

Indeed, the Deeds of Absolute Sale were executed for the purpose of putting the lots in question beyond the reach of creditors. First, the Deeds of Absolute Sale were registered exactly one month apart from each other and about another one month from the time of the promulgation of the judgment in the Possession Case. The Deeds of Absolute Sale were antedated and that the same were executed when the Possession Case was already pending.

Second, there was a wide disparity in the alleged consideration specified in the Deeds of Absolute Sale and the actual zonal valuation of the subject properties as per the BIR Certification, as follows:

Consideration specified in Deed of Absolute Sale

Market Value as per Tax Declaration

Computed Zonal Valuation (BIR Certification)

Residential Lots: From Spouses Campos to daughter, Rosemarie Campos

P 7,000.00

P 83,580.00[27]

P 417,900.00[28]

Agricultural Lots: From Spouses Campos to son, Jesus Campos

P 5,600.00

P 25,000.19[29]

P 39,860.00[30]

As correctly noted by the CA, the appraised value of the properties subject of this controversy may be lower at the time of the sale in 1990 but it could not go lower than P7,000.00 and P5,600.00. We likewise find the considerations involved in the assailed contracts of sale to be inadequate considering the market values presented in the tax declaration and in the BIR zonal valuation.

Third, we cannot believe that the buyer of the 1,393-square meter[31] residential land could not recall the exact area of the two lots she purchased. In her cross-examination, petitioner Rosemarie Campos stated:

Q: Can you tell us the total area of those two (2) lots that they sold to you?

A: It consists of One Thousand (1,000) Square Meters.[32]

x x x x

Q: By the way, for how much did you buy this [piece] of land consisting of 1,000 square meters?

A: Seven Thousand Pesos (P7,000.00) Your Honor.[33]

Fourth, it appears on record that the money judgment in the Possession Case has not been discharged with. Per Sheriff's Service Return dated November 14, 1995, the Alias Writ of Execution and Sheriff's Demand for Payment dated September 19, 1995 remain unsatisfied.

Finally, spouses Campos continue to be in actual possession of the properties in question. Respondents have established through the un rebutted testimony of Rolando Azoro that spouses Campos have their house within Lot 3715-A and Lot 3715-B-2 and that they reside there together with their daughter Rosemarie.[34] In addition, spouses Campos continued to cultivate the rice lands which they purportedly sold to their son Jesus.[35] Meantime, Jesus, the supposed new owner of said rice lands, has relocated to Bulacan[36] where he worked as a security guard.[37] In other words, despite the transfer of the said properties to their children, the latter have not exercised complete dominion over the same. Neither have the petitioners shown if their parents are paying rent for the use of the properties which they already sold to their children.

In *Suntay v. Court of Appeals*,[38] we held that:

The failure of the late Rafael to take exclusive possession of the property allegedly sold to him is a clear badge of fraud. The fact that, notwithstanding the title transfer, Federico remained in actual possession, cultivation and occupation of the disputed lot from the time the deed of sale was executed until the present, is a circumstance which is unmistakably added proof of the fictitiousness of the said transfer, the same being contrary to the principle of ownership.

While in *Spouses Santiago v. Court of Appeals*,[39] we held that "the failure of petitioners to take exclusive possession of the property allegedly sold to them, or in the alternative, to collect rentals from the alleged vendor x x x is contrary to the principle of ownership and a clear badge of simulation that renders the whole transaction void and without force and effect, pursuant to Article 1409 of the Civil Code".

The issuance of transfer certificates of title to petitioners did not vest upon them ownership of the properties.

The fact that petitioners were able to secure titles in their names did not operate to vest upon them ownership over the subject properties. That act has never been recognized as a mode of acquiring ownership.[40] The Torrens system does not create or vest title. It only confirms and records title already existing and vested. It does not protect a usurper from the true owner. It cannot be a shield for the commission of fraud.[41]

In the instant case, petitioner Rosemarie Campos supposedly bought the residential properties in 1985 but did not have the assailed Deed of Absolute Sale registered with the proper Registry of Deeds for more than five years, or until a month before the promulgation of the judgment in the Possession Case. Hence, we affirm the finding of the CA that the purported deed was antedated. Moreover, her failure to take exclusive possession of the property allegedly sold, or, alternatively, to collect rentals is contrary to the principle of ownership and a clear badge of simulation. On these grounds, we cannot hold that Rosemarie Campos was an innocent buyer for value.

Likewise, petitioner Jesus Campos supposedly bought the rice land from his parents in 1988 but did not have the assailed Deed of Absolute Sale registered with the proper Registry of Deeds for more than two years, or until two

months before the promulgation of the judgment in the Possession Case. Thus, we likewise affirm the finding of the CA that the purported deed was antedated. In addition, on cross, he confirmed that he had knowledge of the prior pending cases when he supposedly purchased his parents' rice land stating that:

Q: You never knew that your parents and the plaintiffs in this case have cases in the past prior to this case now, is that right?

A: Yes, sir. I knew about it.

Q: And in spite of your knowledge, that there was a pending case between your parents and the plaintiffs here, you still purchased these two (2) lots 850 and 852 from your parents, is that what you are telling us?

A: All I knew was that, that case was a different case from the subject matter then [sic] the lot now in question.[42]

On these findings of fact, petitioner Jesus Campos cannot be considered as an innocent buyer and for value.

Since both the transferees, Rosemarie and Jesus Campos, are not innocent purchasers for value, the subsequent registration procured by the presentation of the void deeds of absolute sale is likewise null and void.

The action for the declaration of  
the inexistence of the assailed  
Deeds of Absolute Sale does  
not prescribe.

Petitioners argue that respondents' cause of action had prescribed when they filed the Nullity of the Sale Case on October 14, 1997, or seven years after the registration of the questioned sales in 1990.

We cannot agree. As discussed above, the sale of subject properties to herein petitioners are null and void. And under Article 1410 of the Civil Code, an action or defense for the declaration of the inexistence of a contract is imprescriptible. Hence, petitioners' contention that respondents' cause of action is already barred by prescription is without legal basis.

Since the assailed Deeds of  
Absolute Sale are null and void,  
the Civil Code provisions on  
rescission have no application  
in the instant case.

Finally, petitioners' argument that the applicable law in this case is Article 1381(3) of the Civil Code on rescissible contracts and not Article 1409 on void contracts is not a question of first impression. This issue had already been settled several decades ago when we held that "an action to rescind is founded upon and presupposes the existence of a contract".[43] A contract which is null and void is no contract at all and hence could not be the subject of rescission.[44]

In the instant case, we have declared the Deeds of Absolute Sale to be fictitious and inexistent for being absolutely simulated contracts. It is true that the CA cited instances that may constitute badges of fraud under Article 1387 of the Civil Code on rescissible contracts. But there is nothing else in the appealed decision to indicate that rescission was contemplated under the said provision of the Civil Code. The aforementioned badges must have been considered merely as grounds for holding that the sale is fictitious. Consequently, we find that the CA properly applied the governing law over the matter under consideration which is Article 1409 of the Civil Code on void or inexistent contracts.

WHEREFORE, the petition is DENIED. Costs against petitioners.

**SO ORDERED.**

Carpio[\*], (Chairperson), Leonardo-De Castro[\*\*], Brion, and Abad, JJ., concur.

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[\*] Per Special Order No. 775 dated November 3, 2009.

[\*\*][\*] Additional member per Special Order No. 776 dated November 3, 2009.

[\*\*\*] The Court of Appeals was deleted as co-respondent from the title pursuant to Section 4, Rule 45 of the Rules of Court.

[1] Rollo, pp. 4-29.

[2] CA rollo, pp. 144-154; penned by Associate Justice Ramon M. Bato, Jr. and concurred in by Associate Justices Isaias P. Dicdican and Apolinario D. Bruselas, Jr.

[3] Id. at 201-202; penned by Associate Justice Isaias P. Dicdican and concurred in by Associate Justices Romeo F. Barza and Priscilla Baltazar-Padilla.

[4] Records, pp. 195-200; penned by Judge Manuel E. Autajay.

[5] Id. at 220-221.

[6] Id. at 222-223.

[7] Id. at 206.

[8] Id. at 207.

[9] Id. at 208-209.

[10] Id. at 210-211.

[11] Id. at 307.

[12] Id. at 310.

[13] Id. at 1-8.

[14] Id. at 46-52.

[15] Id. at 321-324; penned by Judge Salvador S. Gubaton.

[16] Id. at 324.

[17] CA rollo, pp. 164-185.

[18] Id. at 201-202.

[19] Rollo, pp. 11-12.

[20] Article 1409 of the Civil Code provides:

The following contracts are inexistent and void from the beginning:

x x x x

(2) Those which are absolutely simulated or fictitious;

x x x x

These contracts cannot be ratified. Neither can the right to set up the defense of illegality be waived.

[21] Article 1381 of the Civil Code provides:

The following contracts are rescissible:

x x x x

(3) Those undertaken in fraud of creditors when the latter cannot in any other manner collect the claims due them.

x x x x

[22] Rollo, p. 127.

[23] Id. at 144-145.

[24] Id. at 110-113.

[25] Id at 107-10.

[26] Records, pp. 226-227.

[27] Rollo, p. 37; Aggregate of the market value of P24,780.00 for Lot 3714-A and P58,800.00 for Lot 3715-B-2.

[28] Id.; Aggregate land area of 1,393 square meters multiplied by the zonal valuation of P300/square meter.

[29] Id. at 38; Aggregate of the market value of P14,698.43 for Lot 850 and P10,301.76 for Lot 852.

[30] Id. at 37; Aggregate land area of 7,972 square meters multiplied by the zonal valuation of P5/square meter.

[31] Id. at 44-45; Lot 3715-A consists of 413 square meters while Lot 3715-B-2 consists of 980 square meters or a total area of 1,393 square meters.

[32] TSN, May 10, 1999, p. 12.

[33] Id. at 14.

[34] Rollo, p. 38.

[35] Id.

[36] Id.

[37] TSN, May 11, 1999, p. 3.

[38] 321 Phil. 809, 832 (1995).

[39] 343 Phil. 612, 622 (1997).

[40] Berico v. Court of Appeals, G.R. No. 96306, August 20, 1993, 225 SCRA 469, 480.

[41] Spouses Santiago v. Court of Appeals, supra note 39 at 623.

[42] TSN, June 22, 1999, p. 11.

[43] Onglengco v. Ozaeta, 70 Phil 43, 47 (1940).

[44] Perez v. Court of Appeals, 380 Phil. 592, 602 (2000).

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