

GREGORIO DESTREZA, PETITIONER, VS. ATTY. MA. GRACIA RIÑOZA-PLAZO AND MA. FE ALARAS, RESPONDENTS.

G.R. No. 176863. October 30, 2009

Ponente: ABAD, J.

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ABAD, J.:

This is a petition for review under Rule 45 of the decision[1] and resolution[2] of the Court of Appeals that affirmed with modification the judgment of the Regional Trial Court (RTC)[3] of Nasugbu, Batangas, in the action for nullification of deed of absolute sale and the corresponding transfer certificate of title that respondents filed against petitioner.

The Facts and the Case

The evidence on record shows that on November 16, 1989 Pedro L. Riñoza (Riñoza) died,[4] leaving several heirs, which included respondents Ma. Gracia R. Plazo (Plazo)[5] and Ma. Fe R. Alaras (Alaras).[6]

In the course of settling Riñoza's estate, respondent Plazo wrote a letter[7] dated April 30, 1991 to the Registry of Deeds of Nasugbu, Batangas requesting for certified true copies of all titles in Riñoza's name, including a sugarland located at Barangay Utod, Nasugbu, Batangas covered by Transfer Certificate of Title (TCT) 40353. When she delivered the letter, Plazo also asked that she be shown the originals of the titles but they were not available. To inquire on the matter, she talked to the Register of Deeds, Atty. Alexander Bonuan. According to Bonuan, he had the titles in his personal files and there were no transactions involving them.[8]

On June 5, 1991 respondent Plazo wrote a letter to Bonuan, reiterating her request for copies of the titles. Since the latter was abroad, it was the acting Register of Deeds who granted her request and furnished her with certified true copies of the titles, except that of TCT 40353 which was missing.[9]

On the same day, in an effort to find TCT 40353, respondent Plazo found another title, TCT 55396, at the Assessor's Office covering the same Utod sugarland and canceling the missing TCT 40353. The new title, entered on July 18, 1989, was in the name of petitioner Gregorio M. Destreza and his wife Bernarda Butiong.

Respondent Plazo also went to the Bureau of Internal Revenue (BIR) of Batangas City to inquire on any record involving the sale of the Utod sugarland. But on August 15, 1991 the Revenue District Officer certified that the BIR's office did not have any record of sale of the sugarland covered by TCT 40353.[10]

Finally, respondent Alaras testified that on August 1, 1989, her late father, Riñoza, gave her the title of a land that he wanted to mortgage to her uncle. Riñoza told her that the land was about five hectares and was located at Barangay Utod, Nasugbu, Batangas. She did not, however, look at the number of the title. A week later, unable to secure a mortgage from her uncle, she returned the title to her father and never saw it again.[11]

Their discovery prodded respondents Plazo and Alaras to file a complaint[12] against the Destreza spouses and the Register of Deeds before the RTC of Nasugbu on December 26, 1991 and an amended complaint[13] on

September 20, 1993. They claim serious irregularities in the issuance of TCT 55396 to petitioner Destreza. They asked, among others, that TCT 55396 be nullified, that TCT 40353 be restored, and that the Destrezas be ordered to reconvey the land to the Riñoza estate.

In his answer,[14] Register of Deeds Bonuan denied that TCT 40353 was missing since he had the title safe in his office and no transaction affecting it had been recorded. With regard to TCT 55396, he explained that the new title had not yet been released to the Destreza spouses because they were yet to submit certain required documents. Bonuan claimed that during his lifetime, the late Riñoza, asked him for a photocopy of TCT 55396. As a courtesy to the ex-mayor, Bonuan gave him a copy.

In compliance with the RTC's order, Bonuan gave the court certified copies of TCTs 40353[15] and 55396[16] as well as the duplicate original of the deed of absolute sale[17] dated June 15, 1989 between Riñoza and the Destreza spouses.

On the part of the Destreza spouses, petitioner Destreza testified that on June 16, 1989 he bought the Utod sugarland from Riñoza through Toribio Ogerio, a common kumpadre. He paid him P100,000.00.[18] Destreza did not get a copy of the deed of sale nor a receipt for the payment but Riñoza accompanied him to the Register of Deeds. After about a month, but not later than July 15, 1989, Destreza returned to the Register of Deeds and got a copy of TCT 55396 in his name.[19]

After the sale, petitioner Destreza immediately took possession of the land, plowing and planting on it even until the case was filed. No communication or demand letter from respondents Plazo and Alaras disturbed his occupation until he received the summons for suit.[20]

The RTC found after hearing that TCT 55396 was yet inexistent on July 15, 1989 when petitioner Destreza claims he already received a copy from the Register of Deeds. It declared that the deed of sale between Riñoza and Destreza is not a public document for the failure of the notary public to submit his report to the RTC notarial section. Thus, the RTC found no basis for the cancellation of TCT 40353 and the issuance of TCT 55396 in the name of the Destreza spouses.[21]

The RTC nullified the Deed of Sale and TCT 55396 and ordered the Register of Deeds of Nasugbu, Batangas to restore TCT 40353 in the name of the late Riñoza. The trial court, however, ordered the estate of Riñoza to pay the Destreza spouses P60,000.00. And it ordered the latter to vacate and deliver possession of the Utod sugarland to respondents Plazo and Alaras, acting for Riñoza's estate, within five days from receipt of the payment mentioned.[22]

The Destreza spouses appealed[23] to the Court of Appeals (CA) in CA-G.R. CV 73031, contending that the notary public's failure to submit a copy of the instrument to the notarial section is not sufficient to nullify the deed of sale and TCT 55396. On October 31, 2006 the CA rendered a decision,[24] affirming with modification the October 1, 2001 Judgment[25] of the RTC. Although the CA found that the deed of sale may be presumed regularly executed despite the notary's failure to report the transaction to the RTC Notarial Section, Destrezas themselves destroyed such presumption when they failed to prove its authenticity and genuineness. Further, the Destrezas' claim that they paid Riñoza P100,000.00 when the price stated in the deed of sale was only P60,000.00 placed the veracity of the deed in doubt.[26] Thus, the CA affirmed the RTC decision with the modification that Riñoza's estate did not have to pay any amount to the Destrezas.[27] The CA denied the latter's motion for reconsideration.[28]

Destreza seeks this Court's review of the decision and resolution of the CA. Destreza insists that (1) the presumption of due execution and authenticity of the notarized deed is not destroyed by their failure to present

further witnesses and documents; (2) respondents Plazo and Alaras had the burden to prove the invalidity of the deed of sale; and (3) respondents' evidence failed to overcome the presumption of authenticity and due execution of the notarized deed of absolute sale executed by Riñoza.[29]

Issues

The core issue in this case is whether or not sufficient evidence warranted the nullification of the deed of sale that the late Riñoza executed in favor of the Destrezas.

Ruling

The CA held that the Destrezas could not just rely on the deed of sale in their favor or on the TCT issued in their names. They needed to present further evidence to prove the authenticity and genuineness of that deed. Having failed to do so, the CA theorized that it was justified in annulling that deed of sale and the corresponding TCT. Said the CA:

Verily, the sugarland deed should have been admitted as evidence since, being a public document, it has in its favor the presumption of authenticity. Nevertheless, even though the same is presumed authentic still, the presumption may be rebutted by convincing evidence. The Destreza Spouses, on their own, destroyed this presumption. We explain.

To strengthen their case, the Destreza Spouses could have presented as witnesses the notary public, the eyewitnesses to the signing of the sugarland deed, or an expert to prove the authenticity and genuineness of all the signatures appearing on the said instrument; they did not. Worse, in claiming that what they paid for the sugarland is one million pesos, and not six hundred thousand pesos (Php600,000.00) as indicated in the deed, they, themselves, placed in doubt the veracity of the deed.[30]

Moreover, the sugarland deed was supposed to be executed in 1989. Yet, the Destreza Spouses failed to present any tax receipts or tax declarations in their names. As held by the Supreme Court, tax receipts and declarations are prima facie proofs of ownership or possession of the property for which such taxes have been paid. Not only did the Destreza Spouses fail to present any evidence to bolster their claim that they really paid the purchase price for the sugarland, but they even failed to explain what documents are lacking resulting to the non-release of TCT No. T-55396.

The above circumstances, coupled with the fact that the Destreza Spouses failed to present any proof showing payment of the purchase price, does not sit well with this Court. As previously stated, We find it hard to believe that one would not ask for, or keep, receipts for considerable amounts given. x x x.[31]

At the outset, the ruling of the CA was correct. Indeed, the notarized deed of sale should be admitted as evidence despite the failure of the Notary Public in submitting his notarial report to the notarial section of the RTC Manila. It is the swearing of a person before the Notary Public and the latter's act of signing and affixing his seal on the deed that is material and not the submission of the notarial report.

Parties who appear before a notary public to have their documents notarized should not be expected to follow up on the submission of the notarial reports. They should not be made to suffer the consequences of the negligence of the Notary Public in following the procedures prescribed by the Notarial Law. Thus, the notarized deed of sale executed by Riñoza is admissible as evidence of the sale of the Utod sugarland to the Destrezas. Furthermore, it will be shown later that the Destrezas did not fabricate the sale of the Utod sugarland as may be suggested by the failure of the Notary Public to submit his notarial report because there are evidence which show that Riñoza really consented to the sale.

The CA, however, made a mistake with regard to the assignment of the burden of proof. No rule requires a party,

who relies on a notarized deed of sale for establishing his ownership, to present further evidence of such deed's genuineness lest the presumption of its due execution be for naught. Under the rules of evidence, "Every instrument duly acknowledged or proved and certified as provided by law, may be presented in evidence without further proof, the certificate of acknowledgment being prima facie evidence of the execution of the instrument or document involved." [32]

Here, Atty. Crispulo Ducusin notarized the deed of sale that Riñoza acknowledged as his free act and deed on June 17, 1989. By signing and affixing his notarial seal on the deed, Atty. Ducusin converted it from a private document to a public document. [33] As such, the deed of sale is entitled to full faith and credit upon its face. And since Riñoza, the executor of the deed, is already dead, the notarized deed of absolute sale is the best evidence of his consent to the sale of the Utod sugarland to the Destreza spouses. Parenthetically, it is not disputed that the Destrezas immediately and openly occupied the land right after the sale and continuously cultivated it from then on.

The burden of proof is the duty of a party to present such amount of evidence on the facts in issue as the law deems necessary for the establishment of his claim. [34] Here, since respondents Plazo and Alaras claim, despite the Destrezas' evidence of title over the property and open possession of it, that grave and serious doubts plague TCT 55396, the burden is on them to prove such claim. Only when they are successful in doing so will the court be justified in nullifying the notarized deed of sale that their father Riñoza executed in favor of the Destrezas.

But more than plausible evidence was required of Plazo and Alaras. An allegation of fraud with regard to the execution of a notarized deed of absolute sale is a grave allegation. It cannot be declared on mere speculations. In fact, to overcome the presumption of regularity and due execution of a notarized deed, there must be clear and convincing evidence showing otherwise. The burden of proof to overcome the presumption lies on the one contesting the same. [35] Without such evidence, the presumption remains undiminished. [36]

The Court's present task, therefore, is to determine if respondents Plazo and Alaras' evidence that their father did not sell the subject land to the Destrezas is clear and convincing.

1. Plazo and Alaras point out that Destreza's acquisition of a copy of TCT 55396 is questionable. Destreza said that he got a copy of the TCT on July 15, 1989 but such TCT was entered into the registry of title only on July 18, 1989. Moreover, Bonuan, the Register of Deeds, testified that he had not yet issued that TCT to the Destrezas because of some lacking documents. He did, however, say that he released a copy of it to ex-mayor Riñoza upon the latter's request.

These circumstances may appear perplexing but the problem is that they did not touch the validity of the deed of sale. And it does not help that the trial did not really address them. Plazo and Alaras did not confront petitioner Gregorio Destreza regarding these circumstances when he took the witness stand. It would be pure speculation to declare that the Destrezas defrauded Riñoza based solely on them.

At any rate, Section 57 of Presidential Decree No. 1529, the Property Registration Decree, provides that an owner who wants to convey his registered land shall execute and register a deed of conveyance in a form sufficient in law. The Register of Deeds shall then make out in the registration book a new certificate of title to the new owner and shall prepare and deliver to him an owner's duplicate certificate. The Register of Deeds shall note upon the original and duplicate certificate the date of transfer, the volume and page of the registration book in which the new certificate is registered and a reference by number to the last preceding certificate. The original and the owner's duplicate of the grantor's certificate shall be stamped "canceled."

Here, the supposed irregularity lies in the release of a copy of the title to the Destrezas even before it had been

entered into the books of the Register of Deeds. Furthermore, the Destrezas were able to acquire a copy of it when they still needed to submit some registration requirements. But the premature release of a copy of the registered title cannot affect the validity of the contract of sale between Riñoza and the Destrezas. Registration only serves as the operative act to convey or affect the land insofar as third persons are concerned. It does not add anything to the efficacy of the contract of sale between the buyer and the seller. In fact, if a deed is not registered, the deed will continue to operate as a contract between the parties.[37]

Furthermore, the declaration of Bonuan that he furnished ex-mayor Riñoza with a copy of TCT 55396 strengthens the case of the Destrezas. It shows that Riñoza knew of and gave consent to the sale of his Utod sugarland to them considering that he even helped facilitate the registration of the deed of sale. This negates any possible suggestion that the Destrezas merely fabricated the sale of the Utod sugarland on the evidence that the Notary Public failed to submit his notarial report. Whatever irregularity in registration may have been incurred, it did not affect the validity of the sale.

2. Alaras claims that on August 1, 1989, months after the sale of the Utod sugarland to the Destrezas, her father Riñoza asked her to mortgage some land. He gave Alaras the title to it, impressing on her that such title covered a land in Barangay Utod. But this does not prove that the sale of the Utod sugarland to the Destrezas is void. Alaras admitted that she did not see the number of the title handed to her. Nor did she identify in court any specific title as the one she got. To be of value to her cause, Alaras needed to testify that TCT 40353 remained uncanceled in her father's hands even after the supposed entry of TCT 55396 in the Registry of Deeds.[38] But she did not so testify.

3. Plazo and Alaras also question the testimony of Gregorio Destreza that he paid P100,000.00 to Riñoza when the figure appearing on the deed of sale was only P60,000.00. Again, this is not sufficient ground to nullify such deed. The fact remains that Riñoza sold his land to the Destrezas under that document and they paid for it. The explanation for the difference in the prices can be explained only by Riñoza and Gregorio Destreza. Unfortunately, Riñoza had died. On the other hand, Plazo and Alaras chose not to confront Destreza regarding that difference when the latter took the witness stand.

In sum, the Court finds the notarized deed of sale that the late Pedro Riñoza executed in favor of the Destrezas valid and binding upon them and their successors-in-interest. It served as authority to the Register of Deeds to register the conveyance of the property and issue a new title in favor of the Destrezas. That the Destrezas occupied and cultivated the land openly for seven years before and after Riñoza's death negates any scheme to steal the land.

WHEREFORE, the appealed decision of the Court of Appeals in CA-G.R. CV 73031 is REVERSED and SET ASIDE. We declare the Deed of Sale valid and order the Registry of Deeds to register TCT 55396 in the name of spouses Gregorio M. Destreza and Bernarda E. Butiong and issue the same upon their compliance with the requirements of registration.

SO ORDERED.

Quisumbing, (Chairperson), Carpio,[*] Chico-Nazario,**] Brion, and Abad, JJ., concur.

[*] Designated as additional member in lieu of Associate Justice Mariano C. Del Castillo, per Special Order No. 757 dated October 12, 2009.

[**] Designated as additional member in lieu of Associate Justice Conchita Carpio Morales, per Special Order No.

759 dated October 12, 2009.

[1] Rollo, pp. 28-45; penned by Associate Justice Normandie B. Pizarro and concurred in by Associate Justices Rosalinda Asuncion-Vicente and Aurora Santiago-Lagman.

[2] Id. at 46-49.

[3] Branch 14.

[4] Records, p. 566.

[5] Folder of Exhibits, p. F-41.

[6] Id. at F-46.

[7] Id. at F-9 to F-10.

[8] TSN, November 6, 1996, pp. 9-11.

[9] Id. at 19-20.

[10] Folder of Exhibits, p. F-10.

[11] TSN, May 15, 1997, pp. 5-8.

[12] Records, pp. 1-26.

[13] Id. at 172-196.

[14] Id. at 546-548.

[15] Id. at 560-561.

[16] Id. at 559.

[17] Id. at 564.

[18] TSN, May 4, 1999, pp. 4-5.

[19] TSN, October 15, 1999, pp. 3-8.

[20] TSN, May 4, 1999, pp. 9-10.

[21] Rollo, pp. 76-77.

[22] Id. at 83.

[23] Id. at 86-90.

[24] Id. at 28-45; penned by Associate Justice Normandie B. Pizarro and concurred in by Associate Justices Rosalinda Asuncion-Vicente and Aurora Santiago-Lagman.

[25] Id. at 50-85; penned by Judge Antonio A. De Sagun.

[26] Id. at 44.

[27] Id. at 45.

[28] Id. at 46-49.

[29] Id. at 13-14.

[30] The Court of Appeals erroneously stated in its Decision that the values involved are one million pesos (PhP1,000,000.00) and six hundred thousand pesos (PhP600,000.00) when the actual value as verified from the records is one hundred thousand pesos (PhP 100,000.00) and sixty thousand pesos (PhP60,000.00), respectively.

[31] Rollo, pp. 43-44.

[32] RULES OF COURT, Rule 132, Sec. 30.

[33] Gonzales v. Ramos, 499 Phil. 345, 350 (2005).

[34] RULES OF COURT, Rule 131, Sec. 1.

[35] Dela Cruz v. Spouses Sison, 492 Phil. 139, 146 (2005).

[36] Ceballos v. Intestate Estate of the Late Emigdio Mercado, G.R. No. 155856, May 28, 2004, 430 SCRA 323, 335.

[37] Presidential Decree No. 1529 (1978), Sec. 51.

[38] TSN, May 15, 1997, pp. 5-8.

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