

**FLOCERFINA BARANDA, ASSISTED BY HUSBAND, ELIAS FABON,
ERMINIA BARANDA RECATO REPRESENTED BY LILIA R. TORRENTE,
AS ATTORNEY-IN-FACT, TEODORO BARANDA REPRESENTED BY
JUANITA VICTOR...**

G.R. No. 73275. May 20, 1987

Ponente: CRUZ, J.

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CRUZ, J.:

We are faced once again with an all-too-familiar if distasteful controversy: an old woman dying without issue and without a will and her collaterals wrangling over her properties like the soldiers in Mount Calvary casting lots for the seamless robe of Jesus. The difference in this case is that even before the owner's death, two of the claimants had already taken over her properties by virtue of certain supposed transfers which are in fact the reason for this petition.

The questioned sales were effected through three deeds denominated "Bilihan ng Lupa" and dated January 29 and February 3, 1977,[1] under which Paulina L. Baranda, a widow, sold five parcels of land to her niece, Evangelina Baranda, and a sixth parcel to her other niece, Elisa, also a daughter of Pedro Baranda, Paulina's brother. The sales were made, according to the documents, for the total consideration of P105,000.00 duly acknowledged as received by the transferor from the vendees.[2]

What made these transactions suspect was a subsequent complaint filed by Paulina Baranda against her nieces on August 1, 1977, in the Court of First Instance of Rizal, in which she alleged that she had signed the said deeds of sale without knowing their contents and prayed that Evangelina and Elisa be ordered to reconvey the lands subject thereof to her.[3] This complaint was later withdrawn pursuant to an agreement dated August 2, 1977,[4] under which the defendants, in exchange for such withdrawal, obligated themselves to "execute absolute deeds of sale covering the above-mentioned properties in favor of the First Party," meaning the plaintiff.

It was also stipulated in the said agreement that —

"c.

The FIRST PARTY shall keep possession of the aforementioned deeds of sale, as well as the Transfer Certificate of Title of the above-listed properties, which are in the hands of the SECOND PARTIES;

"d.

That any time that the FIRST PARTY desires to sell, mortgage or otherwise dispose of or encumber the above-mentioned properties, the SECOND PARTIES shall execute the proper documents in accordance with the desire and wishes of the FIRST PARTY."

As it turned out, only Elisa reconveyed the lot deeded to her; Evangelina never complied with the agreement;

and when Paulina died in 1982, the certificates of title over the lots in question were still in the names of Evangelina and Elisa Baranda.[5]

This was the factual situation when on April 26, 1982, the herein petitioners, claiming to be the legitimate heirs of the late Paulina Baranda, filed a complaint against Evangelina and Elisa Baranda in the Court of First Instance of Rizal for the annulment of the sale and the reconveyance of the lots, with damages. Judgment was rendered in favor of the plaintiffs:[*] a) declaring the deeds of sale null and void; b) ordering the defendants to execute the necessary instrument to transfer the lots in question to the estate of the late Paulina Baranda; c) ordering defendants to turn over to the estate of Paulina Baranda the sum of P24,000.00 a year from February 1982 until the administrator of said estate takes over the management of said properties, with interest at 12% per annum; and d) sentencing defendants to pay, jointly and severally, the plaintiffs the sum of Twenty Five Thousand Pesos (P25,000.00) for and as attorney's fees and expenses of litigation.[6]

On appeal to the Intermediate Appellate Court,**] the decision of the trial court was reversed and the deeds of sale were held valid and binding, for reasons to be discussed presently. The respondent court, in dismissing the complaint, also required the complainants to pay P50,000.00 for attorney's fees, P30,000.00 for litigation expenses, P20,000.00 as moral damages, and P20,000.00 as exemplary damages. The petitioners are now before us to challenge that decision.[7]

We address ourselves first to the basic issue, to wit, the validity of the three deeds of sale allegedly signed by Paulina Baranda without knowing their contents. The respondent court, rejecting the findings of the trial court, upheld the questioned deeds, stressing that they were public documents and that their authenticity could further be sustained by the testimony of the private respondents. We disagree.

While it is true that a notarized instrument is admissible in evidence without further proof of its due execution and is conclusive as to the truthfulness of its contents,[8] this rule is nonetheless not absolute but may be rebutted by clear and convincing evidence to the contrary.[9] Such evidence, as the Court sees it, has been sufficiently established in this case.

The curious part about the supposed deeds of sale is the consideration allegedly agreed upon, in the amounts of P25,000.00 for lots 4 and 5, P50,000.00 for lots 9, 11, and 6, and P30,000.00 for lot 8 which Evangelina testified as having been actually paid to their aunt on February 3, 1977. Especially intriguing is the source of the said purchase price, in the total amount of P105,000.00, which by the testimony of the private respondents was paid by them in cash to their aunt in the office of Atty. Galos, who notarized the deeds of sale.[10]

According to Evangelina, the sum of P100,000.00 was given to her by a "balikbayan" boy friend, and it was from this amount that she paid her share of the purchase price of P75,000.00.[11] According to Elisa, her sister Evangelina lent her P15,000.00 and she raised another P15,000.00 from her grandmother in the province to complete the P30,000.00 due from her for the lot she was buying.[12] At the time of these transactions, neither Evangelina nor Elisa was gainfully employed or had independent sources of income, both being then fresh college graduates aged 25 and 26 years old, respectively.[13]

The tale of the mysterious and generous "balikbayan" is something "out of this world," in the language of the trial court, and we are inclined to agree, although not in those words. This Court is itself rather perplexed that the respondent court should have accepted this tissue of lies so readily, considering its obvious falsity. The "balikbayan" is a hazy figure, if we go by his own girl friend's testimony, without even a name at least, let alone other personal circumstances to give him bone and body. All we can glean from the record is that he is an exceedingly trusting and generous person who, presumably out of love for Evangelina, willingly delivered P100,000.00 in cold cash to her and thereafter disappeared completely, (Five years later, Evangelina was still

unmarried.))[14] Strangely, this amorphous sweetheart was not even presented at the trial to corroborate his beloved, assuming their love was as strong as ever, or at least to protect his investment.

Elisa's explanation of how she got her own P30,000.00 is equally imaginative and was obviously part of the fabric or fabrication — woven by her sister to conjure what now appears to be a non-existent fund. As Elisa puts it, half of the P30,000.00 she paid came as a loan from Evangelina's boy friend's P100,000.00 and the other P15,000.00 was given to her by her grandmother.[15]

This grandmother was another generous if also improbable figure, if we go by Elisa's testimony this time. According to her, she persuaded her grandmother to sell her lands in La Union, to give her the purchase price of P15,000.00, and to come with her husband to live with her in Manila,[16] not in her own house, significantly, but in the house of Paulina Baranda, with whom she and her sister were themselves living. Elisa did not present any document to prove that her grandmother did sell her pro-perties to raise the P15,000.00, or, indeed, that she had any property at all to sell. There is no evidence of this whatsoever. At any rate, it is hard to believe that this old woman would agree to sell her own properties in La Union, where she was presumably making a living, and with her second husband (who was not even related to Elisa and Evangelina) to live off her granddaughters, who were themselves in a way also living off Paulina Baranda in the latter's house. Paulina Baranda and the grandmother were strangers.

The sisters made another incredible claim, viz., that from the house where they and Paulina Baranda were living together they carried the amount of P105,000.00 in cold cash to the office of Atty. Galos where they delivered it to Paulina Baranda.[17] Apparently, Pauline then brought it back to the same house where it came from in the first place, in a preposterous pantomime that invites laughter, not belief, and would make them out as three silly persons from some inane nursery rhyme.

Why the nieces did not pay the money in the house instead of bringing it all the way from the house and back is something that has not been sufficiently explained by the private respondents. They could have shown, for example, that Paulina Baranda intended to bring it somewhere else, say, for deposit in a bank, or for the purchase of some property, such as the ticket to the United States where she was allegedly planning to migrate.[18] There is no evidence of such deposit or purchase, however, no evidence at all of where that money went after it was supposedly received by Paulina Baranda on the date of the alleged transaction. It also simply disappeared like the "balikbayan" who never returned.

Paulina Baranda herself denied under oath that she ever sold her lands to Evangelina and Elisa, alleging in her verified complaint that she "never executed any deed" conveying the title to her properties and "was surprised and shocked to learn" later that her transfer certificate of title to her lots had been canceled and new certificates of title had been issued in favor of the private respondents.[19] She withdrew this complaint only after her nieces agreed in writing to reconvey the properties to her "in order to preserve family solidarity and in order to avoid litigation among the parties." [20]

The nieces explain away this complaint by saying it was merely simulated, to prevent the U.S. government from discontinuing her pension as a war widow on the ground that she had squandered her property.[21] If that was her only purpose, one might well wonder why it was necessary at all to commence litigation as a mere resale of the properties would have been sufficient and easily effected without the asperity of a civil complaint. Considering that, as the private respondents kept insisting, there was never any misunderstanding between them and their aunt, there would have been no difficulty in their acceding to her request for a resale of the properties to protect her pension. The fact that the complaint had to be filed shows they were unwilling to reconvey the properties after the aunt demanded their return following her discovery of the fake deeds of sale, an unwillingness further manifested

when Evangelina re-fused to comply with this aforesaid agreement and never reconveyed the lots supposedly bought by her.

By offering this explanation, the private respondents are in effect asking this Court to condone and approve their attempt to deceive and defraud the government of a sister state.

There is also the issue of the capacity to sue of the petitioners who, it is claimed by the private respondents, are not the proper parties to question the validity of the deed of sale. The reason given is that they are not the legitimate and compulsory heirs of Paulina Baranda nor were they parties to the challenged transactions.

It is not disputed that Paulina Baranda died intestate without leaving any direct descendants or ascend-ants, or compulsory heirs. She was survived, however, by two brothers, namely, Pedro and Teodoro, and several neph-ews and nieces, including the private respondents, as well as petitioners Flocerfina Baranda, Salvacion Baranda, and Alipio Baranda Villarte, children of two deceased brothers and a sister.[22] The above-named persons, together with Pedro Baranda, who was not joined as a petitioner because he is the father of the private respondents, and the children of another deceased sister, are the legitimate intestate heirs of Paulina Baranda.

The applicable provisions of the Civil Code are the following:

"Art. 1003. If there are no descendants, ascendants, illegitimate children, or a surviving spouse, the collateral relatives shall succeed to the entire estate of the de-ceased in accordance with the following articles.

"Art. 1005. Should brothers and sisters survive together with nephews and nieces, who are the children of the descendant's brothers and sisters of the full blood, the former shall inherit per capita, and the latter per stirpes.

"Art. 972. The right of representation takes place in the direct descending line, but never in the ascending.

"In the collateral line, it takes place only in favor of the children or brothers or sisters, whether they be of the full or half blood."

As heirs, the petitioners have legal standing to challenge the deeds of sale purportedly signed by Paulina Baranda for otherwise property claimed to belong to her estate will be excluded therefrom to their prejudice. Their claims are not merely contingent or expectant, as argued by the private respondents, but are deemed to have vested in them upon Paulina Baranda's death in 1982, as, under Article 777 of the Civil Code, "the rights to the succession are transmitted from the moment of the death of the decedent." While they are not compulsory heirs, they are nonetheless legitimate heirs and so, since they "stand to be benefited or injured by the judgment or suit," are entitled to protect their share of successional rights.

This Court has repeatedly held that "the legal heirs of a decedent are the parties in interest to com-mence ordinary actions arising out of the rights belonging to the deceased, without separate judicial declaration as to their being heirs of said decedent, provided that there is no pending special proceeding for the settlement of the decedent's estate." [23]

There being no pending special proceeding for the settlement of Paulina Baranda's estate, the petitioners, as her intestate heirs, had the right to sue for the reconveyance of the disputed properties, not to them, but to the estate itself of the decedent, for distribution later in accordance with law. Otherwise, no one else could question the simulated sales and the subjects thereof would remain in the name of the alleged vendees, who would thus have been permitted to benefit from their deception. In fact, even if it were assumed that those suing through attorneys-in-fact were not properly represented, the remaining petitioners would still have sufficed to impugn the validity of the deeds of sale.

Neither can it be argued that the petitioners cannot assail the said contracts on the ground that they were not

parties thereto because as heirs of Paulina Baranda they are affected, and adversely at that, by the supposed sales of her properties. As this Court has held —

"A person who is not a party obliged principally or subsidiarily in a contract may exercise an action for nullity of the contract if he is prejudiced in his rights with respect to one of the contracting parties and can show the detriment which could positively result to him from the contract in which he had no intervention." [24]

"The real party-in-interest in an action for annulment or contract includes a person who is not a party obliged principally or subsidiarily in the contract if he is PREJUDICED in his rights with respect to one of the contracting parties." [25]

Moreover, it is expressly and specifically provided in the Civil Code that:

"Art. 1311. Contracts take effect only between the parties, their assigns and heirs except in case where the rights and obligations arising from the contract are not transmissible by their nature, or by stipulation or by provision of law. x x x."

As Justice J.B.L. Reyes said in his concurring opinion in *Armentia v. Patriarca*, [26] speaking of a similar situation, "what petitioners, however, question is the validity of such transfer or disposition for if it could be established that such disposition was invalid, the property allegedly conveyed never left the patrimony of the transferor, and upon the latter's death without a testament, such property would pass to the transferor's heirs intestate and be recoverable by them or by the administrator of the transferor's estate should there be any."

Assuming then that the petitioners are proper parties to challenge the validity of the private respondents title to the land in question, may it not be argued that the right to do so had nevertheless already prescribed when they filed the complaint in 1982?

The Civil Code provides in Article 1391 that an action to annul a contract on the ground of vitiated consent must be filed within four years from the discovery of the vice of consent. In the instant case, however, we are dealing not with a voidable contract tainted with fraud, mistake, undue influence, violence or intimidation that can justify its nullification, but with a contract that is null and void ab initio.

Paulina Baranda declared under oath in her complaint that she signed the deeds of sale without knowing what they were, which means that her consent was not merely marred by the above-stated vices, so as to make the contracts voidable, but that she had not given her consent at all. We are also satisfied that there was no valid consideration either for the alleged transfers, for reasons already discussed. Lack of consent and consideration made the deeds of sale void altogether [27] and rendered them subject to attack at any time, conformably to the rule in Article 1410 that an action to declare the inexistence of void contracts "does not prescribe."

Act No. 496, which was in force at the time the complaint was filed, provided that the action to annul a registration of land under the Torrens system should be filed within one year; otherwise, the same shall be barred forever. [28] This is not an absolute rule, however, as the Torrens system is not supposed to be used as an instrument for wrongdoing or to validate an illegal acquisition of title to the prejudice of the real owner of the property registered. We have consistently ruled that when there is a showing of such illegality, the property registered is deemed to be simply held in trust for the real owner by the person in whose name it is registered, and the former then has the right to sue for the reconveyance of the property. The action for the purpose is also imprescriptible.

"Public policy demands that a person guilty of fraud or at least, of breach of trust, should not be allowed to use a Torrens title as a shield against the consequences of his wrongdoing." (*Cabanas vs. Register of Deeds*, 40 Phil. 620).

"An action to compel reconveyance of property with a Torrens title does not prescribe if the registered owner had obtained registration in bad faith, and the property is still in the latter's name. The reason is that the registration is in the nature of a continuing and subsisting trust." (Caladiao v. Vda. de Blas, L-19063, April 29, 1964).

"A holder in bad faith of a certificate of title is not entitled to the protection of the law, for the law cannot be used as a shield for frauds." (Ignacio vs. Chua Hong, 52 Phil. 940; Gustilo vs. Maravilla, 48 Phil. 442).

As long as the land wrongfully registered under the Torrens system is still in the name of the person who caused such registration, an action in personam will lie to compel him to reconvey the property to the real owner. Provided only that the property has, as in this case, not passed to an innocent third person for value, such an action is per-mitted. We have held that the sole remedy of the landowner whose property has been wrongfully or erroneously registered in another's name is not to set aside the decree after one year from the date thereof. Respecting it as incontrovertible and no longer open to review, he may nevertheless bring an ordinary action for reconveyance, or for damages if the property has passed into the hands of an innocent purchaser for value.[29]

It was in conformity with this doctrine, in fact, that the petitioners filed on April 26, 1982, their complaint against the private respondents for annulment of the deeds of sale and for reconveyance of the lands subject thereof which were illegally registered in the names of Evangelina and Elisa Baranda.

We deal with one final matter that should be cause for serious concern as it has a direct relevance to the faith of our people in the administration of justice in this country. It is noted with disapproval that the respondent court awarded the total indemnity of P120,000.00, including attorney's fees and litigation expenses that were double the amounts claimed and exemplary damages which were not even prayed for by the private respondents. Such improvident generosity is likely to raise eyebrows, if not outright challenge to the motives of some of our courts, and should therefore be scrupulously avoided at all times, in the interest of maintaining popular confidence in the judiciary. We therefore caution against a similar recklessness in the future and call on all members of the bench to take proper heed of this admonition.

WHEREFORE, the decision of the Court of Appeals is hereby REVERSED and that of the trial court is REINSTATED, with costs against the private respondents.

SO ORDERED.

Yap, (Chairman), Narvasa, Melencio-Herrera, Feliciano, and Sarmiento, JJ., concur.
Gancayco, J., took no part, not having participated in the deliberations.

[1] Exhibits 2, 4-a and 6, p. 21.

[2] Ibid.

[3] Rollo, pp. 22-24.

[4] Ibid., pp. 26-27.

[5] Id., p. 11.

[*] By Judge Eutropio Migriño.

[6] id., p. 36.

[**] Justices P.V. Sison, ponente, Zosa, Britanico and Ejercito.

[7] *id.*, p. 57.

[8] *Antillon vs. Barcelon*, 37 Phil. 148.

[9] *Mendezona vs. Phil. Sugar Estate Dev. Co.*, 41 Phil. 475.

[10] *Tsn*, July 22, 1983, p. 10.

[11] *Rollo*, p. 32.

[12] *Ibid.*, p. 32.

[13] *Tsn.*, Sept. 29, 1983, p. 2; May 20, 1983, p. 1.

[14] *Tsn.*, June 17, 1983, p. 25.

[15] *Rollo*, p. 32.

[16] *Tsn.*, Sept. 29, 1983, pp. 20, 51-52.

[17] *Tsn.*, July 22, 1983, p. 10.

[18] *Rollo*, p. 51.

[19] *Ibid.*, p. 23.

[20] *Id.*, p. 26.

[21] *Id.*, pp. 34-35.

[22] *id.*, p. 75.

[23] *Magdalena vs. Benedicto*, G.R. No. L-9105, February 28, 1958; *Velarde vs. Paez*, G.R. No. L-2908, April 30, 1957.

[24] *Teves vs. Peoples' Homesite and Housing Corporation, et al.*, 23 SCRA 1141.

[25] *Yturalde vs. Vagilidad*, 28 SCRA 393.

[26] 18 SCRA 1261.

[27] *Salonga vs. Ferrales*, 105 SCRA 359.

[28] Sec. 38, Act No. 496, as amended by Sec. 3, Act No. 3621; and Sec. 1, Act No. 3630.

[29] *Director of Lands vs. Register of Deeds of Rizal*, 92 Phil. 826.

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