

ELENA, OSCAR, CELIA, TERESITA AND VIRGILIO, ALL SURNAMED LINDAIN, PETITIONERS, VS. THE HON. COURT OF APPEALS, SPOUSES APOLINIA VALIENTE AND FEDERICO ILA, RESPONDENTS.

G.R. No. 95305. August 20, 1992

Ponente: GRINO-AQUINO, J.

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GRINO-AQUINO, J.:

This is a petition for review on certiorari of the decision dated August 8, 1990 of the Court of Appeals which dismissed the complaint for annulment of a sale of registered land, thereby reversing the decision of the Regional Trial Court of San Jose City.

The facts of the case in a nutshell are as follows:

When the plaintiffs were still minors, they were already the registered owners of a parcel of land covered by Transfer Certificate of Title No. NT-63540 (Exh. D-1). On November 7, 1966 their mother, Dolores Luluquisin, then already a widow and acting as guardian of her minor children, sold the land for P2,000 under a Deed of Absolute Sale of Registered Land (Exh. 2) to the defendants spouses Apolonia Valiente and Federico Ila. The Deed of Absolute Sale was registered in the office of the Register of Deeds for the Province of Nueva Ecija. TCT No. NT-66311 was issued to the vendees, Apolonia Valiente and Federico Ila.

The defendants admitted that the property in question was sold to them by the mother of the minors as evidenced by a Deed of Sale (Exh. B for the plaintiffs and Exh. 2 for the defendants) and although at first they were reluctant to buy the property as the sale would not be legal, the registered owners thereof being all minors, upon advice of their counsel, the late Atty. Arturo B. Pascual, and the counsel of Dolores Luluquisin, Atty. Eustaquio Ramos, who notarized the documents, that the property could be sold without the written authority of the court, considering that its value was less than P2,000, they bought the property and had it registered in their names under Certificate of Title No. 66311 (Exhibit C for the plaintiffs).

Plaintiffs contend, however, that the sale of the lot by their mother to the defendants is null and void because it was made without judicial authority and/or court approval.

The defendants, on the other hand, contend that the sale was valid, as the value of the property was less than P2,000, and, considering the ages of plaintiffs now, the youngest being 31 years old at the time of the filing of the complaint, their right to rescind the contract which should have been exercised four (4) years after reaching the age of majority, has already prescribed.

On May 25, 1989, the Regional Trial Court of San Jose City rendered a decision for the plaintiffs (now petitioners), the dispositive portion of which reads:

“WHEREFORE, judgment is hereby rendered ordering the following:

“(1) Declaring the Deed of Sale executed by the guardian Dolores Luluquisin in favor of the defendants spouses

Apolonia Valiente and Federico Ila over the property of the minors covered by the TCT No. NT-66311 to be null and void;

“(2) Ordering defendants Spouses Apolonia Valiente and Federico Ila to surrender to the Register of Deeds of San Jose City Transfer Certificate of Title No. 66311;

“(3) Ordering the Register of Deeds of San Jose City to cancel Transfer Certificate of Title No. 66311 in the names of Spouses Apolonia Valiente and Federico Ila;

“(4) Ordering the Register of Deeds to issue a new Transfer Certificate of Title in lieu of what was ordered cancelled in the names of plaintiffs, namely: Elena, Oscar, Celia, Teresita and Virgilio, all surnamed Lindain;

“(5) Ordering the defendants to vacate the lot covered by TCT No. NT-66311 and deliver the possession of the same to the plaintiffs subject however to the rights of the defendants as buyers, possessors and builders in good faith;

“(6) Without cost.” (pp. 41- 42, Rollo.)

Upon appeal to the Court of Appeals, the decision was reversed and another one was entered dismissing the complaint without pronouncement as to costs. The Court of Appeals applied the ruling of this Court in *Ortañez vs. Dela Cruz*, O.G., Vol. 60, No. 24, pp. 3434, 3438--3439, that:

“A father or mother acting as legal administrator of the property of the child under parental authority cannot, therefore, dispose of the child’s property without judicial authority if it is worth more than P2,000.00, notwithstanding the bond that he has filed for the protection of the child’s property. But when the value of such property is less than P2,000.00, the permission of the court for its alienation or disposition may be dispensed with. The father or mother, as the case may be, is allowed by law to alienate or dispose of the same freely, subject only to the restrictions imposed by the scruples of conscience.” (p. 64, Rollo.)

It upheld the sale and dismissed the complaint of the heirs who thereupon filed this petition for review alleging that the Court of Appeals erred in reversing the decision of the Regional Trial Court and in ordering the dismissal of the petitioners’ complaint in total disregard of the findings of facts of the trial court and contrary to the provisions of law on contracts and guardianship.

The principal issue before us is whether judicial approval was necessary for the sale of the minors’ property by their mother.

We find merit in the petition for review.

Art. 320 of the New Civil Code, which was already in force when the assailed transaction occurred, provides:

“Art. 320. - The father, or in his absence the mother, is the legal administrator of the property pertaining to the child under parental authority. If the property is worth more than two thousand pesos, the father or mother shall give a bond subject to the approval of the Court of First Instance.”

Under the law, a parent, acting merely as the legal (as distinguished from judicial) administrator of the property of his/her minor children, does not have the power to dispose of, or alienate, the property of said children without judicial approval. The powers and duties of the widow as legal administrator of her minor children’s property as provided in Rule 84 of the Rules of Court entitled, “General Powers and Duties of Executors and Administrators” are only powers of possession and management. Her power to sell, mortgage, encumber or otherwise dispose of the property of her minor children must proceed from the court, as provided in Rule 89 which requires court authority and approval.

In the case of *Visaya, et al. vs. Suguitan, et al.*, G.R. No. L-8300, November 18, 1955, we held that:

“It is true that under Art. 320 of the new Civil Code the mother, Juana Visaya, was the legal administrator of the property of her minor children. But as such legal administrator she had no power to compromise their claims, for a compromise has always been deemed equivalent to an alienation (*transigere est alienare*), and is an act of strict ownership that goes beyond mere administration. Hence, Art. 2032 of the new Civil Code provides:

“The Court’s approval is necessary in compromises entered into by guardians, parents, absentee’s representatives and administrators or executors of decedent’s estates.” (Emphasis supplied.)

“This restriction on the power of parents to compromise claims affecting their children is in contrast to the terms of Art. 1810 of the old Civil Code that empowered parents to enter into such compromises, without requiring court approval unless the amount involved was in excess of 2000 pesetas. At present, the Court[’s] approval is indispensable regardless of the amount involved.” (Underscoring ours.)

In the recent case of *Badillo vs. Ferrer*, 152 SCRA 407, 409, this Court stated:

“Surviving widow has no authority or has acted beyond her powers in conveying to the vendees the undivided share of her minor children in the property as her powers as the natural guardian covers only matters of administration and cannot include the power of disposition. and she should have first secured court approval before alienation of the property.”

The above ruling was a reiteration of *Inton vs. Quintana*, 81 Phil. 97.

The private respondents’ allegation that they are purchasers in good faith as not credible for they knew from the very beginning that their vendor, the petitioners’ mother, without court approval could not validly convey to them the property of her minor children. Knowing her lack of judicial authority to enter into the transaction, the private respondents acted in bad faith when they went ahead and bought the land from her anyway.

One who acquires or purchases real property with knowledge of a defect in the title of his vendor cannot claim that he acquired title thereto in good faith as against the owner of the property or of an interest therein (*Gatioan vs. Gaffud*, 27 SCRA 706).

The minors action for reconveyance has not yet prescribed for “real actions over immovables prescribe after thirty years” (Art. 1141, Civil Code). Since the sale took place in 1966, the action to recover the property had not yet prescribed when the petitioners sued in 1987.

WHEREFORE, the petition is GRANTED. The decision of the Court of Appeals is set aside and that of the Regional Trial Court of San Jose City dated May 25, 1989, being correct, is hereby REINSTATED. Costs against the private respondents.

SO ORDERED.

Cruz, (Chairman), Medialdea, and Bellosillo, JJ., concur.

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