

THIRD DIVISION

[G. R. No. 187225, March 06, 2019]

MELINDA M. MALABANAN, PETITIONER, V. FRANCISCO MALABANAN, JR., SPOUSES RAMON AND PRESCILA MALABANAN, AND SPOUSES DOMINADOR III AND GUIA MONTANO, RESPONDENTS.

DECISION

LEONEN, J.:

For this Court's resolution is a case that arose from a Complaint^[1] involving a 310-square meter property located in Lot 1146-B-2, Psd-04-011785 in Barangay Amaya, Tanza, Cavite and covered by Transfer Certificate of Title No. T-188590.^[2]

Melinda Malabanan (Melinda) is the widow of Jose Malabanan (Jose).^[3] In a December 18, 1984 Deed of Absolute Sale,^[4] they acquired a 310-square meter lot, a portion of a 2,000-square meter land registered under Maria Cristina Rodriguez (Rodriguez).^[5] Subsequently, on February 21, 1985, Transfer Certificate of Title No. T-188590 was issued to "Jose[,]" married to Melinda[,]"^[6] covering the disputed property.^[7] The spouses built a house on the lot which the family had possessed since 1984.^[8]

On October 13, 1984, Melinda left the Philippines to work in Libya. Unfortunately, Jose was murdered on June 12, 1985 prompting her to return home on June 25, 1985. She then returned to Libya on August 19, 1985, and only came home on November 8, 1990.^[9]

Later on, Melinda discovered that Transfer Certificate of Title No. T-188590 had long been canceled through a string of transactions, and that the property was registered under the name of Spouses Dominador III and Guia Montano (the Montano Spouses).^[10] The following were executed:

1] [A] Special Power of Attorney was allegedly executed on March 20, 1985 by her husband, Jose Malabanan, with her conformity[,]" authorizing her father-in-law Francisco Malabanan, Jr. to mortgage, lease or sell their property covered by TCT No. T-188590; 2] on the basis of said Special Power of Attorney, the subject property was sold by Francisco Malabanan, Jr. to Benjamin M. Lopez (Francisco's brother-in-law) via a Deed of Absolute Sale executed on May 29, 1985 and as a result, TCT No. T-188590 was canceled and [in] lieu thereof TCT No. T-195283 was issued on July 18, 1985 in the name of Benjamin Lopez[,]" married to Antonia Lopez; 3] within the span of 3 months [,]" Francisco Malabanan, Jr. bought back the subject property under a Deed of Absolute Sale dated September 9, 1985 and as a result, TCT No. T-195283 was canceled and

a new TCT No. T-198039 was issued in the name of Francisco Malabanan, Jr.,] married to Adelfina Mendoza on September 18, 1985.^[11] (Citations omitted)

When Melinda's mother-in-law, Adelfina Mendoza (Adelfina) died, her family executed an Extrajudicial Settlement of her estate. The property, then covered by Transfer Certificate of Title No. T-198039, was adjudicated to Ramon Malabanan (Ramon), who was Jose's brother.^[12]

On June 1, 1994, Melinda filed before the Regional Trial Court a Complaint for Annulment of Title with Damages^[13] against Spouses Ramon and Prescila Malabanan (the Malabanan Spouses) and Francisco Malabanan (Francisco).

On June 17, 1994, Ramon sold the property to the Montano Spouses, with whom Transfer Certificate of Title No. T-467540 was issued.^[14]

Melinda later filed an Amended Complaint^[15] to implead the Montano Spouses. She argued that the Special Power of Attorney was void as her signature in it was forged,^[16] and that she and Jose remained the real owners of the property.^[17] Further, she averred that she spent her earnings as an overseas worker in Libya to remodel their family home, all of which Francisco and the Malabanan Spouses had fully known.^[18] She prayed for the nullification of the documents, which she claimed to have been illegally executed to dispossess her of her property.^[19]

Francisco and the Malabanan Spouses, in their Amended Answer with Counterclaim,^[20] countered that Francisco and Adelfina bought the property for their son, Jose, and Melinda as an advance on Jose's legitime.^[21] Francisco, they added, paid for the construction of the house on the property. They contended that Melinda consented when Francisco reacquired the property upon his son's death. He sold the property to his brother-in-law, Benjamin Lopez (Lopez), because he was short on cash; he later bought it back with his hard-earned money.^[22]

Francisco and the Malabanan Spouses further claimed that the Extrajudicial Settlement of Adelfina's estate was legally executed. Melinda and her children, they argued, were excluded because they had already received their share of inheritance from Adelfina.^[23]

On the other hand, Dominador testified during trial that no adverse claim was annotated on Ramon's title when he decided to buy the property.^[24] He discovered only after purchasing the property that the tax declaration on the house was in Melinda's name.^[25] When he did, he offered to pay Melinda P100,000.00 for the cost of the house, but no longer pursued it when Melinda refused and asked for P300,000.00 instead. Through all of this, Melinda allegedly did not inform him that she had a claim over the property against Francisco and the Malabanan Spouses.^[26]

In its July 9, 2004 Decision,^[27] the Regional Trial Court ruled in favor of Melinda. It found that she has proved her ownership over the property, which was fraudulently transferred through Francisco's clever scheme. The trial court gave credence to the expert witness' testimony that Melinda's signature was forged. It noted that Francisco himself had admitted that Melinda was abroad when the Special Power of Attorney was executed.^[28]

The trial court nullified the Special Power of Attorney and the subsequent transactions. The dispositive portion of its Decision read:

WHEREFORE, judgment is hereby rendered in favor of the plaintiff as against all defendants:

A. Ordering the nullity of:

1. The Special Power of Attorney in favor of defendant Francisco Malabanan, Jr.;
2. The Deed of Sale executed in favor of Benjamin Lopez and the Counter Deed of Sale in favor of defendant Francisco Malabanan, Jr.;
3. The Extra Judicial Partition in favor of defendant Ramon Malabanan with respect to subject property; and
4. The sale executed by Ramon Malabanan in favor of Sps. Dominador and Guia Montano having acquired the property in bad faith.

B. Ordering the Register of Deeds to CANCEL Transfer Certificate of Title NO. T-467540 and to reinstate the original title, Transfer Certificate of Title No. T-188590 in the name of the plaintiff.

C. Ordering defendants to pay:

1. The amount of Twenty Thousand (P20,000.00) Pesos as attorney's fees; (*sic*)
2. The amount of Fifty Thousand (P50,000.00) Pesos as moral damages; (*sic*)
3. The amount of Fifty Thousand (P50,000.00) Pesos as exemplary damages; and (*sic*)
4. The cost of suit.

SO ORDERED.^[29]

On appeal, the Court of Appeals, in a June 17, 2008 Decision,^[30] set aside the trial court's ruling and ordered the Complaint's dismissal. It gave weight to Francisco's claim that the property was an advance on Jose's legitime. It found that in the Special Power of Attorney, Jose himself acknowledged executing it as gratitude to his parents "who actually paid for the whole cost of said property and caused the registration of the same in my name."^[31] The Court of Appeals ruled that this was a declaration against Jose's actual and real interest under Rule 130, Section 38 of the Rules of Court.^[32]

The Court of Appeals further held that under Article 1448^[33] of the Civil Code, there is a disputable presumption that a gift was in favor of the child when a parent pays for a property but its title is conveyed to the child.^[34] Likewise, the Court of Appeals cited Article 153^[35] of the Civil Code, in relation to Article 148^[36] of the Civil Code

and Article 109,^[37] Paragraph 2 of the Family Code. Based on these statutes, it found that since Jose acquired the gift by gratuitous title during marriage, the property was excluded from the conjugal partnership of gains. As it was his exclusive property, Jose can dispose it without Melinda's consent. Hence, Melinda's signature being forged in the Special Power of Attorney did not invalidate the authority Jose had given his father.^[38]

The dispositive portion of the Court of Appeals Decision read:

WHEREFORE, premises considered, the Decision dated July 9, 2004 of the Regional Trial Court of Trece Martires City, Cavite, in Civil Case No. TM534, is hereby **SET ASIDE** and a new one is entered DISMISSING the complaint.

SO ORDERED.^[39] (Emphasis in the original)

In her Motion for Reconsideration,^[40] Melinda argued that the Court of Appeals erred in failing to consider that only Jose's name appeared in the Deed of Absolute Sale from Rodriguez, and that the title to the property was issued in Jose's and Melinda's names. Further, these transactions transpired during Jose and Melinda's marriage.^[41] She averred that Francisco's bare allegations failed to rebut the presumption that the property was, indeed, conjugal.^[42] She reiterated that her signature in the Special Power of Attorney had been forged, and thus, no valid act can come from it.^[43] Finally, she stressed that as a seasoned businessman, Dominador should have inspected the property, which was near his home.^[44]

The Court of Appeals denied Melinda's Motion in a March 23, 2009 Resolution,^[45] holding that the arguments raised were extensively discussed in its Decision.^[46]

Hence, on May 15, 2009, Melinda filed this Petition for Review on Certiorari^[47] against Francisco, the Malabanan Spouses, and the Montano Spouses.

Petitioner maintains that she has provided sufficient evidence to support her claim.^[48] She argues that respondents failed to rebut the disputable presumption that a property acquired by spouses during their marriage forms part of their community of properties.^[49] Furthermore, under Article 156^[50] of the Family Code, the family home may only be disposed upon the written consent of the family constituting it.^[51] Her signature, she avers, must be obtained to sell the house. Finally, she contends that the Montano Spouses were buyers in bad faith for not exercising ordinary prudence as respondent Dominador purchased the property knowing that respondent Ramon did not possess it.^[52]

In its January 25, 2016 Resolution,^[53] this Court dispensed with respondents' Comment.^[54]

For resolution is the lone issue of whether or not the property formerly covered by Transfer Certificate of Title No. T-188590 was conjugal, and thus, rendering its sale without the wife's consent void.

This Court grants the Petition.

I

This Court's appellate review is discretionary.^[55] A question of fact, which, in this case, is the determination of whether the property formerly covered by Transfer Certificate of Title No. T-188590 was conjugal, generally cannot be raised in a petition for review on certiorari.^[56] A question of fact exists when there is doubt on the truth of the allegations and the issue entails a review of the evidence presented.^[57] Moreover, the findings of the Court of Appeals are generally binding on this Court. These rules allow certain exceptions enumerated in *Pascual v. Burgos*:^[58]

(1) When the conclusion is a finding grounded entirely on speculation, surmises or 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 misapprehension of facts; (5) When the findings of fact are conflicting; (6) When the Court of Appeals, 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) The findings of the Court of Appeals 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 petitioner's main and reply briefs are not disputed by the respondents; and (10) The finding of fact of the Court of Appeals is premised on the supposed absence of evidence and is contradicted by the evidence on record.^[59] (Citation omitted)

Here, while the findings of the Court of Appeals are contrary to those of the trial court, this does not at once permit a factual review, but simply presents a *prima facie* basis for such.^[60] In *Pascual*:

While the factual findings of the Court of Appeals are contrary to those of the trial court, this alone does not automatically warrant a review of factual findings by this court.. . .

. . . .

The lower courts' disagreement as to their factual findings, at most, presents only *prima facie* basis for recourse to this court:

One such exception, of course, is where — as here — the factual findings of the Court; of Appeals conflict with those of the Trial Court, but it is one that must be invoked and applied only with great circumspection and upon a clear showing that manifestly correct findings have been unwarrantedly rejected or reversed. On the one hand, the trial court is the beneficiary of the rule that its findings of fact are entitled to great weight and respect; on the other, the Court of Appeals is, as a general proposition, the ultimate judge of the facts in a case appealed to it — a prerogative which is at the same time a duty conferred upon it by law. Thus, while a conflict in their findings may *prima facie* provide basis for a recourse to this Court, only a showing, on the face of the record, of gross or extraordinary misperception or manifest bias in the Appellate Court's reading of the evidence will justify this Court's