

FIRST DIVISION

[G.R. No. 227460, December 05, 2019]

PABLO UY, SUBSTITUTED BY HIS HEIRS, NAMELY: MYLENE D. UY, PAUL D. UY, AND PAMELA UY DACUMA, PETITIONERS, VS. HEIRS OF JULITA UY-RENALES, REPRESENTED BY: JESSICA R. ROSERO, JOSELITO RENALES AND JANET U. RENALES; JOVITO ROSERO AND MARILYN RENALES, RESPONDENTS.

DECISION

CAGUIOA, J:

Before the Court is a Petition for Review on *Certiorari*^[1] under Rule 45 of the Rules of Court filed by petitioner Pablo Uy (petitioner Uy)^[2] assailing the Decision^[3] dated November 27, 2013 (assailed Decision) and Resolution^[4] dated August 17, 2016 (assailed Resolution) rendered by the Court of Appeals (CA) in CA-G.R. CEB CV No. 03231.

In the assailed Decision and Resolution, the CA affirmed the Joint Decision^[5] dated August 7, 2009 (Joint Decision) rendered by the Regional Trial Court of Catbalogan, Samar, Branch 29 (RTC) in Civil Case No. 7400 for Declaration of Nullity of Deed of Sale, Reconveyance and Damages and Civil Case No. 7408 for Quieting of Title and Ownership.

The Essential Facts and Antecedent Proceedings

As culled from the recital of facts in the assailed Decision, the essential facts and antecedent proceedings of the instant case are as follows:

The instant case stems from the consolidation and joint trial conducted by the RTC over two cases filed by both parties: (1) Civil Case No. 7400 for Declaration of Nullity of Deed of Sale, Reconveyance and Damages filed by petitioner Uy; and (2) Civil Case No. 7408 for Quieting of Title and Ownership filed by the respondents Heirs of Julita Uy-Renales, namely respondent Jessica R. Rosero (respondent Jessica), respondent Joselito Renales (respondent Joselito), and respondent Janet Renales (respondent Janet) (collectively, the respondents Heirs of Julita).

The controversy is centered on Lot No. 43 (subject lot), with its improvement, erected thereon, *i.e.*, a building (subject building), containing an area of 198 square meters, more or less, particularly described as follows:

A parcel of land (Lot No. 43, of the Cadastral Survey of Catbalogan, Cadastral Case No.4, L.R.C. Cadastral Record No. 1378), situated in the Poblacion, Municipality of Catbalogan, Province of Samar. Bounded on the

NE by Calle San Bartolome St.; on the SE by Lot No. 42; on the SW by Lots Nos. 665 and 45; and on the NW by Lot No. 44 x x x.^[6]

The subject lot is covered by Transfer Certificate of Title No. (TCT) T-1467 (subject TCT)^[7] registered in the name of petitioner Uy's mother, Eufronia Labnao (Labnao).

The relationship of the parties is as follows: Labnao had two children, *i.e.*, petitioner Uy and Julita Uy-Renales (Julita). Julita produced three children, *i.e.*, the respondents Heirs of Julita. Hence, petitioner Uy is the uncle of the respondents Heirs of Julita. Julita died intestate on May 9, 1976.

In his Complaint^[8] for Declaration of Nullity of Deed of Sale, Reconveyance and Damages, petitioner Uy maintains that upon the death of Labnao in 1995, as the surviving offspring of Labnao, he became the owner of one-half share of the subject lot and subject building owned by his deceased mother, with the other half pertaining to the respondents Heirs of Julita as coowners.

However, petitioner Uy discovered that the subject lot was allegedly fraudulently sold by Labnao in 1990 in favor of the respondents Heirs of Julita through a Deed of Absolute Sale^[9] dated April 11, 1990 (Deed of Absolute Sale) purportedly executed by Labnao. Petitioner Uy asserted that the signature of Labnao in the Deed of Absolute Sale is a patent forgery as shown by the findings of the Philippine National Police (PNP) Crime Laboratory, Region VII.^[10]

Upon discovery of the falsification, petitioner Uy confronted his nieces and nephew before the Barangay Chairman of Brgy. IV, Catbalogan, Samar for a possible settlement of the matter, but to no avail. Having been deprived of his hereditary rights and co-ownership over the subject lot and the subject building through the fraudulent sale, he prayed for the nullification of the Deed of Absolute Sale, the reconveyance of one-half portion of the subject lot, partition, and damages.^[11]

In his Complaint, petitioner Uy also noted that the subject lot and subject building have been subject of a prior action for Interpleader filed before the RTC by the lessee of the subject building, Josefa I. Uy (Josefa), who filed the said action in order to determine who between petitioner Uy and the respondents Heirs of Julita should collect the lease rentals. The RTC rendered a Decision dated November 5, 1998 adjudging the respondents Heirs of Julita as the exclusive and absolute owners of the subject lot and subject building. However, on February 7, 2001, in CA-G.R. CV No. 62971, the CA reversed the said Decision and, without ruling definitively on the ownership of the said properties, held that the respondents Heirs of Julita and petitioner Uy are entitled to an equal share of the proceeds of the rent due from Josefa. The CA also ruled that the issue of ownership over the subject lot and subject building should be threshed out in a separate action.^[12]

On their part, the respondents Heirs of Julita assert in their Petition^[13] for Quieting of Title and Ownership that they have acquired ownership over the subject lot when they purchased the same from their grandmother Labnao on April 11, 1990, as evidenced by the Deed of Absolute Sale.

And prior to the said sale and during the lifetime of their mother Julita, the latter allegedly constructed the subject building on the subject lot. That upon the death of Julita in 1976, as surviving heirs of the latter, they became the rightful and exclusive owners of the subject building by operation of law. Hence, the respondents Heirs of Julita maintain that their claim of ownership over the subject lot and the subject building is now absolute and that petitioner Uy's demand for reconveyance constituted a cloud obscuring their title and thus should be quashed.

The respondents Heirs of Julita also assert that petitioner Uy's allegation that the Deed of Absolute Sale is fictitious is belied by the prior dismissal of a criminal case for Falsification filed by petitioner Uy against the respondents Heirs of Julita.

After the issues were joined and consolidated, trial ensued and the parties were made to present their respective evidence in chief.

For petitioner Uy, the following witnesses were presented: petitioner Uy himself; Romeo M. Varona (Varona), Document Examiner of PNP Regional Crime Laboratory Office No. VII at Camp Sotero Cabahug, Cebu City; Sonia M. Alvarina of the Commission on Audit; Edina S. Abrio, Court Stenographer of the Municipal Trial Court of Catbalogan, Samar (MTC); and Emerita C. Macabare, another personnel of the MTC.

For respondents Heirs of Julita, the following witnesses were presented: respondent Jessica; Dionito J. Aban (Aban), one of the purported witnesses who signed the Deed of Absolute Sale; and Atty. Jose M. Mendiola (Atty. Mendiola), the notary public who supposedly notarized the Deed of Absolute Sale.

The Ruling of the RTC

The RTC rendered its Joint Decision^[14] favoring the respondents Heirs of Julita. Believing that there was indeed a contract of sale that was entered into between Labnao and the respondents Heirs of Julita, the RTC held that any and all cloud on the title of the respondents Heirs of Julita over the subject lot should be erased, declaring the latter as the owners of the subject lot. Further, the RTC ordered the respondents Heirs of Julita to give petitioner Uy the present value of one-half of the subject building as the latter's share as co-owner by way of inheritance from Labnao. Lastly, the RTC held that once the aforementioned value is fixed and petitioner Uy's share is given to him, the title to the subject building shall be bestowed upon the respondents Heirs of Julita in exclusive ownership.

The dispositive portion of the Joint Decision reads:

PREMISES CONSIDERED, the Court hereby rules and declares the following:

- (1) To erase the cloud on the title to Lot No. 43 of Jessica, Joselito and Janet all surnamed Renales and thus declare them owners thereof and for Pablo L. Uy, his heirs and assigns to respect such ownership;

- (2) To be given to Pablo L. Uy by Jessica, Joselito and Janet all surnamed Renales the present value of [one-half] of the building as his share being a co-owner thereof by way of inheritance from Eufronia Labnao, to be determined by an independent commission composed of three appraisers nominated by Uy, the heirs of Julita Uy-Renales and the Court; until then the sharing of rental shall be maintained;
- (3) Once the value is fixed and the [one-half] portion paid by the three, jointly, title to the building shall be reposed to them in exclusive ownership; and, (*sic*)
- (4) To charge the costs of the suit jointly upon the parties.

SO DECIDED.^[15]

The RTC conclusively found, and as admitted by both parties, that the subject lot initially belonged to the registered owner, *i.e.*, Labnao, who is the predecessor-in-interest of both parties. Moving to the core issue of the case, the RTC did not concur with petitioner Uy that there was no contract of sale that occurred. According to the RTC's assessment, the single and most essential evidence presented by petitioner Uy with respect to the allegation that the Deed of Absolute Sale was falsified was the document examination undertaken by the PNP Crime Laboratory, Region VII. The RTC held that the courts are not bound by expert testimonies and was not convinced by the testimony of the handwriting expert presented by petitioner Uy, *i.e.*, Varona. The RTC also stressed on the fact that the Deed of Absolute Sale was notarized, explaining that a notarial document must be sustained in full force and effect.

With respect to the subject building, the RTC held that "[Labnao] excluded the building in the conveyance. In effect[,], she wanted that her heirs share it. Since the Court finds that [the] same belonged to [Labnao], [one-half] of it should be given to [petitioner] Uy. As in fact, in the earlier case between the parties respecting the division of rents, the [CA] deemed it wise to effect an equal sharing of [the] same. So should this Court[,], because [petitioner] Uy established that he and [Labnao] built the existing building. It belonged to [Labnao] but not included in the sale."

^[16]

Feeling aggrieved, petitioner Uy appealed before the CA.

The Ruling of the CA

In the assailed Decision,^[17] the CA denied the appeal for lack of merit. The dispositive portion of the assailed Decision reads:

WHEREFORE, premises considered, the instant appeal is **DENIED**. The Joint Decision dated August 7, 2009 issued by the RTC, Branch 29, Catbalogan, Samar in Civil Case Nos. 7400 and 7408 is hereby

AFFIRMED IN TOTO.

SO ORDERED.^[18]

The CA affirmed the RTC's Joint Decision because "the Deed of Absolute Sale dated April 11, 1990 which conveyed and transferred the ownership of the subject land covered by TCT No. T-1467 to [the respondents Heirs of Julita], being duly acknowledged before a Notary Public, has in its favor the presumption of regularity and x x x is conclusive as to the truthfulness of its contents."^[19] Further, the CA explained that "[f]orgery cannot be presumed. It must be proved by clear, positive and convincing evidence. The burden of proof lies in the party alleging forgery."^[20]

Hence, the instant appeal before the Court.

The Court issued a Resolution^[21] dated November 7, 2018 requiring the respondents to file their Comment on the instant Petition. However, the respondents failed to file any Comment. Hence, the respondents' right to file a Comment on the instant Petition is deemed waived.

Issue

Stripped to its core, the essential issue to be resolved by the Court is whether there was a contract of sale that was entered into between the parties' predecessor-in-interest, Labnao, and the respondents Heirs of Julita, transferring ownership over the subject lot in the latter's favor.

The Court's Ruling

The instant Petition is *meritorious*.

The Deed of Absolute Sale was not properly notarized

In determining whether Labnao indeed sold the subject lot to the respondents Heirs of Julita, the CA confined its discussion mainly to the evidence concerning the authenticity and due execution of the written document denominated as *Deed of Absolute Sale*, focusing on the dependability of the said document on account of its notarization.^[22]

The Court disagrees with the CA's finding that the Deed of Absolute Sale was properly notarized.

According to the notarial law applicable during the time of the notarization of the Deed of Absolute Sale, "[e]very contract, deed, or other document acknowledged before a notary public shall have certified thereon that the parties thereto have presented their proper (cedula) residence certificates or are exempt from the (cedula) residence tax x x x."^[23] The presentation of competent evidence of identity