

SECOND DIVISION

[G.R. No. 182537, June 01, 2016]

**MACTAN-CEBU INTERNATIONAL AIRPORT AUTHORITY,
PETITIONER, VS. RICHARD E. UNCHUAN, RESPONDENT.**

D E C I S I O N

MENDOZA, J.:

This petition for review on *certiorari*^[1] under Rule 45 of the 1997 Rules of Civil Procedure filed by petitioner Mactan-Cebu International Airport Authority (MCIAA), represented by the Office of the Solicitor General (OSG), assails the November 29, 2007 Decision^[2] and the March 25, 2008 Resolution^[3] of the Court of Appeals (CA), in CA-G.R. CV No. 01306, which affirmed the March 3, 2006 Decision^[4] of the Regional Trial Court, Lapu-Lapu City, Branch 27 (RTC), in Civil Case No. 6120-L, an action for declaration of nullity of deed of absolute sale, quieting of title and/or payment of just compensation, rental, damages, and attorney's fees.

The Antecedents

On March 5, 2004, respondent Richard Unchuan (*Unchuan*) filed a complaint for Partial Declaration of Nullity of the Deed of Absolute Sale with Plea for Partition, Damages and Attorney's Fees before the RTC against MCIAA.^[5] Unchuan later filed an Amended Complaint for Declaration of Nullity of Deed of Absolute Sale, Quieting of Title and/or Payment of Just Compensation, Rental and Damages and Attorney's Fees.^[6]

In his complaint, Unchuan alleged, among others, that he was the legal and rightful owner of **Lot No. 4810-A**, with an area of 177,176 square meters, and **Lot No. 4810-B**, with an area of 2,740 square meters, both located in Barrio Buaya, Lapu-Lapu City, and covered by Original Certificate of Title (OCT) No. R0-1173;^[7] that the title was registered under the names of the heirs of Eugenio Godinez, specifically, Teodora Tampus, Fernanda Godinez (the wife of Iscolastico Epe), Tomasa Godinez (the wife of Mateo Ibañez), Sotera Godinez (the wife of Guillermo Pino), Atanasio Godinez^[8] (married to Florencia Pino), Juana Godinez (the wife of Catalino Cuison), and Ambrosio Godinez (married to Mamerta Inot); and that he bought the two lots from the surviving heirs of the registered owners through several deeds of absolute sale, all dated December 7, 1998.^[9]

For reference, the table below summarizes the sale transactions between Unchuan and the aforesaid surviving heirs of the original registered owners:

DEEDS OF SALE EXECUTED BY THE HEIRS (Through Representation)	AREA (sq.m.)
Sps. Atanacio Godinez & Florencia Pino & Teodora	29,986

Tampus ^[10]	
Sps. Ambrosio Godinez & Mamerta Inot ^[11]	5,997.20
Sps. Fernanda Epe & Iscolastico Epe & Teodora Tampus ^[12]	29,986
Sps. Ambrosio Godinez & Mamerta Inot ^[13]	5,997.20
Sps. Sotera Godinez & Guillermo Pino & Teodora Tampus ^[14]	29,986
Sps. Tomasa Godinez & Mateo Ybanez & Teodora Tampus ^[15]	29,986
Sps. Juana Godinez & Catalino Quizon & Teodora Tampus ^[16]	29,986
Sps. Ambrosio Godinez & Mamerta Inot ^[17]	5,997.20
Sps. Ambrosio Godinez & Mamerta Inot ^[18]	5,997.20

Unchuan further alleged that he came to know that Atanacio Godinez (*Atanacio*), the supposed attorney-in-fact of all the registered owners and their heirs, already sold both lots to Civil Aeronautics Administration (CAA),^[19] the predecessor of MCIAA; that the sale covered by the Deed of Absolute Sale,^[20] dated April 3, 1958, was null and void because the registered owners and their heirs did not authorize Atanacio to sell their undivided shares in the subject lots in favor of CAA; that no actual consideration was paid to the said registered owners or their heirs, despite promises that they would be paid; that the deed of absolute sale did not bear the signature of the CAA representative; that there was no proof that the Secretary of the Department of Public Works and Highways approved the sale; and that his predecessors-in-interest merely tolerated the possession by CAA and, later, by MCIAA.^[21]

In its Motion to Dismiss, dated April 27, 2004,^[22] MCIAA moved for the dismissal of the said complaint citing prescription, laches and estoppel as its grounds. The RTC, however, denied the motion.^[23] MCIAA later filed its Very Urgent Motion for Compulsory Joinder of Indispensable Parties,^[24] but the RTC issued a denial in the Order,^[25] dated November 5, 2004, and required MCIAA to file an Answer. Again, MCIAA moved for reconsideration,^[26] but the RTC still denied it in the Order,^[27] dated January 5, 2005.

In its Answer,^[28] MCIAA averred that on April 3, 1958, Atanacio, acting as the representative of the heirs of Eugenio Godinez, who were the registered owners, sold Lot No. 4810-A and Lot No. 4810-B to the Republic of the Philippines, represented by CAA. Thereafter, CAA took possession of the said property upon payment of the purchase price. To corroborate the said transaction, on September 17, 1969, Atanacio, along with other former registered co-owners, signed a deed of partition attesting to the fact of sale of the two lots in favor of the government and admitted its absolute right over the same. Since then, the said lots had been in the possession of the Republic in the concept of an owner. The said real properties were declared by the Republic for taxation purposes under Tax Declaration No. 00078 and Tax Declaration No. 00092. In fact, by virtue of Republic Act (R.A.) No. 6958, otherwise known as "The Charter of Mactan-Cebu International Airport Authority," the Republic officially turned over the management of the said lots to MCIAA.

On March 3, 2006, the RTC rendered judgment in favor of Unchuan. The decretal portion of the decision reads:

WHEREFORE, the above as premises, this court hereby renders judgment in favor of Plaintiff Unchuan and against Defendant MCIAA and declares:

- a. The Deed of Sale signed by Atanacio Godinez alienating the lands denominated as Lot Nos. 4810-A and 4810-B in favor of Defendant's predecessor-in-interest as VOID;
- b. Plaintiff as the true and legal owner of Lot Nos. 4810-A and 4810-B consisting of ONE HUNDRED SEVENTY NINE THOUSAND NINE HUNDRED SIXTEEN (179,916) SQUARE METERS because the Deed of Sale between Plaintiffs predecessor-in-interest is void;
- c. The Register of Deeds of Lapu-Lapu City to annotate in OCT No. RO-1173 up to the extent of the right of Plaintiff in the said land and to subsequently issue a title in his name up to such extent;
- d. Defendant is directed to vacate from Lot Nos. 4810-A and 4810-B;
- e. Defendant to pay the sum of TWENTY PESOS (Php20.00) per square meter per month as rental reckoned from the time of the filing of the complaint until Defendant shall vacate the same.

No pronouncement as to the cost of this suit.

SO ORDERED.^[29]

The RTC held that Atanacio was not legally authorized to act as the attorney-in-fact of his brothers and sisters and to transact on their behalf because he was not clothed with a special power of attorney granting him authority to sell the disputed lots. "This lack of authority of Atanacio Godinez, therefore, has an effect of making the contract of sale between the parties' predecessors-in-interest as void except perhaps for the share of Atanacio Godinez which he could very well alienate." Moreover, the documentation of the sale was never transmitted to CAA's Manila Office; hence, the heirs did not receive any payment for the sale transaction.^[30]

The RTC also noted that the deed of absolute sale presented to the trial court did not bear the signature of the then CAA Administrator which would have shown that the vendee consented to the sale. Thus, the RTC concluded that (1) there was no valid consideration for the alleged conveyance; (2) Atanacio lacked the authority to alienate the undivided shares of his co-heirs to CAA, MCIAA's predecessor-in-interest; and (3) the lack of signature of the CAA Administrator was indicative of the lack of consent from him to purchase the lots.^[31]

Aggrieved, MCIAA appealed the said decision to the CA.

On November 29, 2007, the CA affirmed the RTC decision. The CA explained that Atanacio had no authority to act as an agent for the other registered owners and

their heirs absent the special power of attorney specifically executed for such purpose as required in Article 1874 of the New Civil Code. Also, no evidence was adduced to show that the purchase price for the said lots was paid. For being a void contract, the heirs' deed of partition acknowledging the purported sale in favor of CAA was found by the CA to have produced no legal effects and not susceptible of ratification. It was of the view that prescription, estoppel or laches did not set in because a void contract could be questioned anytime and an action or defense for the declaration of its inexistence or absolute nullity was imprescriptible. It also noted that the deed of absolute sale was not signed by the then CAA authorized representative.^[32]

MCIAA filed its Motion for Reconsideration,^[33] dated December 18, 2007, and subsequently, its Supplemental Motion for Reconsideration,^[34] dated January 30, 2008. Later, MCIAA filed its Motion for New Trial,^[35] dated March 6, 2008, in which it incorporated three newly discovered evidence: a) certified true copy of the Deed of Absolute Sale executed between Atanacio Godinez and the Republic, represented by CAA, with the signature of then Administrator Urbano B. Caldoza (*Caldoza*) showing that the vendee consented to the sale;^[36] b) certified true copy of the Joint Affidavit of Confirmation of Sale of Alloted Shares Already Adjudicated and Quitclaim of a Portion of Lot No. 4810, dated July 21, 1969, executed by the other heirs who did not sign the Deed of Partition acknowledging the sale; and c) certified true copy of the Provincial Voucher with attachments showing that there was payment of the purchase price. MCIAA claimed that the said documents would prove that there was consent between the contracting parties and that the consideration was paid.

In its March 25, 2008 Resolution,^[37] the CA denied MCIAA's Motion for Reconsideration. Before MCIAA received its copy of the March 25, 2008 CA Resolution, it filed a Supplemental Motion for Reconsideration adopting the said newly discovered evidence. The CA Resolution partly reads:

After a very careful read-through of the motion for reconsideration, we find no new or substantial arguments which have not been presented in defendant-appellant's prior pleadings and which have not been taken up or considered in our Decision, save for the allegation that the proper remedy should have been a petition for just compensation.

Otherwise, no further ratiocination is needed to show there was a valid sale between the registered owners of the subject lots and the Civil Aeronautics Administration (CAA), the predecessor-in-interest of defendant-appellant MCIAA. There was absolutely no competent evidence to prove that all of the registered owners of the subject properties gave their consent to the sale through their attorney-in-fact or that the CAA through its authorized representative gave his approval to the sale or that there was consideration. In addition, we see no reason to discuss again our finding that prescription, *laches*, or estoppel is unavailing against the registered owners and equally unavailing against the latter's successor's, including herein plaintiff-appellee, they having stepped into the shoes of the decedents-registered owners by operation of law.

Allow us, however, to re-visit the defendant-appellant's claim that extrinsic fraud prevented it from having a fair trial and completely

presenting its case before the trial court, clearly advertent to the omission of Atty. Sigfredo V. Dublin to timely apprise the OSG of the adverse claim (in favor of defendant-appellant) that was annotated in the Original Certificate of Title No. RO-1173 on October 9, 1998.

In our decision, we stressed that even if there was a belated annotation of the adverse claim in OCT No. RO-1173, said annotation is of no force and effect since the same was predicated on a void and inexistent contract. For like "the spring that cannot rise above its source," a void contract cannot create a valid and legally enforceable right.

Anent the allegation of extrinsic fraud, we are not at all persuaded there was one. "Extrinsic or collateral fraud, as distinguished from intrinsic fraud, connotes any fraudulent scheme executed by a prevailing litigant outside the trial of a case against the defeated party, or his agent, attorneys or witnesses, whereby said defeated party, is prevented from presenting fully and fairly his side of the case." ... In other words, extrinsic fraud is one that affects and goes into the jurisdiction of the Court" or that the defendant-appellant was deprived of due process of law owing to the gross negligence of its counsel. Both do not, however, obtain under the circumstances prevailing in the instant case.

Firstly, defendant-appellant has not shown any clear and convincing evidence that the plaintiff-appellee employed actual and extrinsic fraud in procuring a favorable decision from the trial court. Sadly, it failed to show that it was prevented by the plaintiff -appellee from asserting its right over the subject properties and properly presenting its case by reason of such alleged fraud; neither was any evidence proffered to substantiate such allegation.

And secondly, it bears to stress that the failure of Atty. Sigfredo V. Dublin to fully apprise the OSG of the annotation of the defendant-appellant's adverse claim is not tantamount to gross negligence of counsel. With due and reasonable diligence, the said annotation could have been timely presented by the OSG during the presentation of evidence. It bears to stress that the office which has custody of OCT No. RO-1173 (where the adverse claim is annotated) is another government agency, The Registry of Deeds, which the OSG can easily have access to.

As we have held in our decision, the defendant-appellant's heavy reliance on the Deed of Partition which contained the phrase: "Lot No. 4810-A, with an area of ONE HUNDRED SEVENTY-SEVEN THOUSAND ONE HUNDRED SEVENTY SIX (177,176) square meters and Lot 4810-B, with [an] area of TWO THOUSAND SEVEN HUNDRED FORTY (2,740) square meters, ARE OWNED by the Civil Aeronautics Administration having bought the same from the original owners; (Emphasis supplied) "to support its assertion that the Civil Aeronautics Administration (predecessor-in-interest of MCIAA) had indeed validly purchased the lots from the registered owners through their purported attorney-in-fact, Atanacio Godinez, is misplaced. This Court had already found and ruled that: