

THIRD DIVISION

[G.R. No. 175483, October 14, 2015]

VALENTINA S. CLEMENTE, PETITIONER, VS. THE COURT OF APPEALS, ANNIE SHOTWELL JALANDOON, ET AL., RESPONDENTS.

DECISION

JARDELEZA, J.:

This is a Petition for Review on *Certiorari*^[1] under Rule 45 of the Revised Rules of Court filed by Valentina S. Clemente ("petitioner") from the Decision^[2] of August 23, 2005 and the Resolution^[3] dated November 15, 2006 of the Court of Appeals (CA) Eighth Division in CA-G.R. CV No. 70918.

Petitioner assails the Decision of the CA which ruled that two (2) deeds of absolute sale executed between petitioner and Adela de Guzman Shotwell ("Adela"), her grandmother, are void and inexistent for being simulated and lacking consideration. The CA affirmed the Decision of the Regional Trial Court (RTC) of Quezon City, Branch 89, but deleted the holding of the latter that an implied trust existed.

The Facts

Adela owned three (3) adjoining parcels of land in Scout Ojeda Street, Diliman, Quezon City, subdivided as Lots 32, 34 and 35-B (the "Properties"). Among the improvements on the Properties was Adela's house (also referred to as the "big house"). During her lifetime, Adela allowed her children, namely, Annie Shotwell Jalandoon, Carlos G. Shotwell ("Carlos Sr."), Anselmo G. Shotwell and Corazon S. Basset, and her grandchildren,^[4] the use and possession of the Properties and its improvements.^[5]

Sometime in 1985 and 1987, Adela simulated the transfer of Lots 32 and Lot 34 to her two grandsons from Carlos Sr., namely, Carlos V. Shotwell, Jr. ("Carlos Jr.") and Dennis V. Shotwell.^[6] As a consequence, Transfer Certificate of Title (TCT) No. 338708/PR 9421 was issued over Lot 32 under the name of Carlos Jr., while TCT No. 366256/PR 9422 was issued over Lot 34 under the name of Dennis.^[7] On the other hand, Lot 35-B remained with Adela and was covered by TCT No. 374531. It is undisputed that the transfers were never intended to vest title to Carlos Jr. and Dennis who both will return the lots to Adela when requested.^[8]

On April 18, 1989, prior to Adela and petitioner's departure for the United States, Adela requested Carlos Jr. and Dennis to execute a deed of reconveyance^[9] over Lots 32 and 34. The deed of reconveyance was executed on the same day and was registered with the Registry of Deeds on April 24, 1989.^[10]

On April 25, 1989, Adela executed a deed of absolute sale^[11] over Lots 32 and 34, and their improvements, in favor of petitioner, bearing on its face the price of P250,000.00. On the same day, Adela also executed a special power of attorney^[12] (SPA) in favor of petitioner. Petitioner's authority under the SPA included the power to administer, take charge and manage, for Adela's benefit, the Properties and all her other real and personal properties in the Philippines.^[13] The deed of absolute sale and the SPA were notarized on the same day by Atty. Dionilo D. Marfil in Quezon City.^[14]

On April 29, 1989, Adela and petitioner left for the United States.^[15] When petitioner returned to the Philippines, she registered the sale over Lots 32 and 34 with the Registry of Deeds on September 25, 1989. TCT No. 19811 and TCT No. 19809 were then issued in the name of petitioner over Lots 32 and 34, respectively.^[16]

On January 14, 1990, Adela died in the United States and was succeeded by her four children.^[17]

Soon thereafter, petitioner sought to eject Annie and Carlos Sr., who were then staying on the Properties. Only then did Annie and Carlos Sr. learn of the transfer of titles to petitioner. Thus, on July 9, 1990, Annie, Carlos Sr. and Anselmo, represented by Annie, ("private respondents") filed a complaint for reconveyance of property^[18] against petitioner before Branch 89 of the RTC of Quezon City. It was docketed as Civil Case No. Q-90-6035 and titled "*Annie S. Jalandoon, et al. v. Valentino. Clemente*"^[19]

In the course of the trial, private respondents discovered that Adela and petitioner executed another deed of absolute sale^[20] over Lot 35-B on April 25, 1989 (collectively with the deed of absolute sale over Lots 32 and 34, "Deeds of Absolute Sale"), bearing on its face the price of F60,000.00.^[21] This was notarized on the same date by one Orancio Generoso in Manila, but it was registered with the Registry of Deeds only on October 5, 1990.^[22] Thus, private respondents amended their complaint to include Lot 35-B.^[23]

In their amended complaint, private respondents sought nullification of the Deeds of Absolute Sale. They alleged that Adela only wanted to help petitioner travel to the United States, by making it appear that petitioner has ownership of the Properties. They further alleged that similar to the previous simulated transfers to Carlos Jr. and Dennis, petitioner also undertook and warranted to execute a deed of reconveyance in favor of the deceased over the Properties, if and when Adela should demand the same. They finally alleged that no consideration was given by petitioner to Adela in exchange for the simulated conveyances.^[24]

On October 3, 1997, Carlos Sr. died and was substituted only by Dennis.^[25] In an order dated June 18, 1999, the case was dismissed with respect to Annie after she manifested her intention to withdraw as a party-plaintiff.^[26] Anselmo Shotwell also died without any compulsory heir on September 7, 2000.

On February 26, 2001, the trial court promulgated a Decision^[27] in favor of private respondents. Its decretal portion reads:

WHEREFORE, premises considered, judgment is hereby rendered as follows:

1. Declaring null and void the Deeds of Absolute Sale both dated April 25, 1989 between the late Adela De Guzman Shotwell and the defendant;
2. Ordering the cancellation of Transfer Certificates of Title Nos. 19809, 19811 and 26558, all of the Registry of Deeds of Quezon City and in the name of defendant Valentina Clemente; and
3. Ordering the defendant to execute a Deed of Reconveyance in favor of the estate of the late Adela de Guzman Shotwell over the three (3) subject lots, respectively covered by Transfer Certificates of Title Nos. 19809, 19811 and 26558 of the Registry of Deeds of Quezon City;

With costs against defendant.

SO ORDERED.^[28]

On appeal, the CA affirmed with modification the Decision. The CA ruled that the Deeds of Absolute Sale were simulated. It also ruled that the conveyances of the Properties to petitioner were made without consideration and with no intention to have legal effect.^[29]

The CA agreed with the trial court that the contemporaneous and subsequent acts of petitioner and her grandmother are enough to render the conveyances null and void on the ground of being simulated.^[30] The CA found that Adela retained and continued to exercise dominion over the Properties even after she executed the conveyances to petitioner.^[31] By contrast, petitioner did not exercise control over the properties because she continued to honor the decisions of Adela. The CA also affirmed the court *a quo's* finding that the conveyances were not supported by any consideration.^[32]

Petitioner filed a Motion for Reconsideration^[33] dated September 12, 2005 but this was denied by the CA in its Resolution^[34] dated November 15, 2006.

Hence, this petition. The petition raises the principal issue of whether or not the CA erred in affirming the decision of the trial court, that the Deeds of Absolute Sale between petitioner and her late grandmother over the Properties are simulated and without consideration, and hence, void and inexistent.^[35]

Ruling of the Court

We deny the petition.

In a Petition for Review on Certiorari under Rule 45, only questions of law may be entertained.

Whether or not the CA erred in affirming the decision of the RTC that the Deeds of Absolute Sale between petitioner and her late grandmother are simulated and without consideration, and hence, void and inexistent, is a question of fact which is not within the province of a petition for review on *certiorari* under Rule 45 of the Revised Rules of Court.

Section 1, Rule 45 of the Revised Rules of Court states that the petition filed shall raise only questions of law, which must be distinctly set forth. We have explained the difference between a question of fact and a question of law, to wit:

A question of law arises when there is doubt as to what the law is on a certain state of facts, while there is a question of fact when the doubt arises as to the truth or falsity of the alleged facts. For a question to be one of law, the same must not involve an examination of the probative value of the evidence presented by the litigants or any of them. The resolution of the issue must rest solely on what the law provides on the given set of circumstances. Once it is clear that the issue invites a review of the evidence presented, the question posed is one of fact.^[36]

Most of the issues raised by petitioner are questions of fact that invite a review of the evidence presented by the parties below. We have repeatedly ruled that the issue on the genuineness of a deed of sale is essentially a question of fact.^[37] We are not a trier of facts and do not normally undertake the re-examination of the evidence presented by the contending parties during the trial of the case.^[38] This is especially true where the trial court's factual findings are adopted and affirmed by the CA as in the present case.^[39] Factual findings of the trial court affirmed by the CA are final and conclusive and may not be reviewed on appeal.^[40] While it is true that there are recognized exceptions^[41] to the general rule that only questions of law may be entertained in a Rule 45 petition, we find that there is none obtaining in this case.

Nevertheless, and to erase any doubt on the correctness of the assailed ruling, we examined the records below and have arrived at the same conclusion. Petitioner has not been able to show that the lower courts committed error in appreciating the evidence of record.

The Deeds of Absolute Sale between petitioner and the late Adela Shotwell are null and void for lack of consent and consideration.

While the Deeds of Absolute Sale appear to be valid on their face, the courts are not completely precluded to consider evidence *aliunde* in determining the real intent of

the parties. This is especially true when the validity of the contracts was put in issue by one of the parties in his pleadings.^[42] Here, private respondents assail the validity of the Deeds of Absolute Sale by alleging that they were simulated and lacked consideration.

A. Simulated contract

The Civil Code defines a contract as a meeting of minds between two persons whereby one binds himself, with respect to the other, to give something or to render some service.^[43] Article 1318 provides that there is no contract unless the following requisites concur:

- (1) Consent of the contracting parties;
- (2) Object certain which is the subject matter of the contract; and
- (3) Cause of the obligation which is established.

All these elements must be present to constitute a valid contract; the absence of one renders the contract void. As one of the essential elements, consent when wanting makes the contract non-existent. Consent is manifested by the meeting of the offer and the acceptance of the thing and the cause, which are to constitute the contract.^[44] A contract of sale is perfected at the moment there is a meeting of the minds upon the thing that is the object of the contract, and upon the price.^[45]

Here, there was no valid contract of sale between petitioner and Adela because their consent was absent. The contract of sale was a mere simulation.

Simulation takes place when the parties do not really want the contract they have executed to produce the legal effects expressed by its wordings.^[46] Article 1345 of the Civil Code provides that the simulation of a contract may either be absolute or relative. The former takes place when the parties do not intend to be bound at all; the latter, when the parties conceal their true agreement. The case of *Heirs of Policronio M. Ureta, Sr. v. Heirs of Liberate M. Ureta*^[47] is instructive on the matter of absolute simulation of contracts, *viz*:

In absolute simulation, **there is a colorable contract but it has no substance** as the parties have no intention to be bound by it. The main characteristic of an absolute simulation is that the apparent contract is not really desired or intended to produce legal effect or in any way alter the juridical situation of the parties. **As a result, an absolutely simulated or fictitious contract is void**, and the parties may recover from each other what they may have given under the contract...^[48]
(Emphasis supplied)

In short, in absolute simulation there appears to be a valid contract but there is actually none because the element of consent is lacking.^[49] This is so because the parties do not actually intend to be bound by the terms of the contract.