

FIRST DIVISION

[G.R. No. 183448, June 30, 2014]

**SPOUSES DOMINADOR PERALTA AND OFELIA PERALTA,
PETITIONERS, VS. HEIRS OF BERNARDINA ABALON,
REPRESENTED BY MANSUETO ABALON, RESPONDENTS.**

[G. R. No. 183464]

**HEIRS OF BERNARDINA ABALON, REPRESENTED BY MANSUETO
ABALON, PETITIONERS, VS. MARISSA ANDAL, LEONIL ANDAL,
ARNEL ANDAL, SPOUSES DOMINDOR PERALTA AND OFELIA
PERALTA, AND HEIRS OF RESTITUTO RELLAMA, REPRESENTED
BY HIS CHILDREN ALEX, IMMANUEL, JULIUS AND SYLVIA, ALL
SURNAMED RELLAMA.**

D E C I S I O N

SERENO, C.J.:

Before us are the consolidated Petitions for Review on Certiorari under Rule 45 of the Rules of Court assailing the 30 May 2007 Decision^[1] of the Court of Appeals (CA) Seventeenth Division in CA-G.R. CV No. 85542. The CA had reversed the 14 April 2005 Decision^[2] of the Regional Trial Court (RTC), Fifth Judicial Region of Legaspi City, Branch 5, in Civil Case No. 9243.

The civil case before the RTC of Legaspi City involved a parcel of land registered under the name of Bernardina Abalon and fraudulently transferred to Restituto Rellama and who, in turn, subdivided the subject property and sold it separately to the other parties to this case – Spouses Dominador and Ofelia Peralta; and Marissa, Leonil and Arnel, all surnamed Andal. Thereafter, Spouses Peralta and the Andals individually registered the respective portions of the land they had bought under their names. The heirs of Bernardina were claiming back the land, alleging that since it was sold under fraudulent circumstances, no valid title passed to the buyers. On the other hand, the buyers, who were now title holders of the subject parcel of land, averred that they were buyers in good faith and sought the protection accorded to them under the law.

THE FACTS

The RTC and the CA have the same findings of fact, but differ in their legal conclusions. There being no factual issues raised in the Petitions, we adopt the findings of fact of the CA in CA-G.R. No. 85542, as follows:

The subject parcel of land, described as Lot 1679 of the Cadastral Survey of Legaspi, consisting of 8,571 square meters, was originally covered by

Original Certificate of Title (OCT) No. (O) 16 and registered in the name of Bernardina Abalon (Abalon). It appears that a Deed of Absolute Sale was executed over the subject property in favor of Restituto M. Rellama (Rellama) on June 10, 1975. By virtue of such conveyance OCT No. (O) 16 was cancelled and in lieu thereof Transfer Certificate of Title (TCT) No. 42108 was issued in the name of Rellama. The subject property was then subdivided into three (3) portions: Lot 1679-A, Lot 1679-B, Lot 1679-C. Lot 1679-A was sold to Spouses Dominador P. Peralta, Jr. and Ofelia M. Peralta (Spouses Peralta) for which reason TCT No. 42254 was issued in their names. Lot 1679-B, on the other hand, was first sold to Eduardo Lotivio (Lotivio) who thereafter transferred his ownership thereto to Marissa Andal, Arnel Andal, and Leonil Andal (the Andals) through a Deed of Absolute Sale dated October 9, 1995. On even date, TCT No. 42482 was issued in the name of the Andals. The Andals likewise acquired Lot 1679-C as evidenced by the issuance of TCT No. 42821 in their favor on December 27, 1995.

Claiming that the Deed of Absolute Sale executed by Abalon in favor of Rellama was a forged document, and claiming further that they acquired the subject property by succession, they being the nephew and niece of Abalon who died without issue, plaintiff-appellees Mansueta Abalon and Amelia Abalon filed the case below against Rellama, Spouses Peralta, and the Andals, the herein defendants-appellants and the Bank of the Philippines [sic] Islands which was later dropped as a party defendant.

It was alleged in their Complaint and subsequent Amended Complaint, under five separate causes of action, that Rellama was able to cause the cancellation of OCT No. (O) 16, and in lieu thereof the issuance of TCT No. 42108 in his own name from which the defendants-appellants derived their own titles, upon presentation of a xerox copy of the alleged forged deed of absolute sale and the order granting the issuance of a second owner's duplicate copy of OCT No. (O) 16 in his favor in Miscellaneous Cadastral Case No. 10648, which he had filed on the pretext that Lot 1679 covered by OCT No. (O) 16 was sold to him and that the owner's duplicate copy of the said title got lost in 1976 after the same was delivered to him. They averred that the owner's duplicate copy of Oct NO. (O) 16 had always been with Abalon and that upon her death, it was delivered to them. Likewise, they alleged that Abalon had always been in possession of the subject property through her tenant Pedro Bellen who was thereafter succeeded by his wife, Ruperta Bellen, and then his son, Godofredo Bellen. On the other hand, they said that Rellama had never set foot on the land he was claiming. They further alleged that after the ownership over the subject property was transferred to them upon the death of Abalon, they took possession thereof and retained Godofredo as their own tenant. However, they averred that in 1995 the defendants-appellants were able to wrest possession of the subject property from Godofredo Bellen. They alleged that the defendants-appellants are not buyers in good faith as they were aware that the subject land was in the possession of the plaintiffs-appellees at the time they made the purchase. They thus claim that the titles issued to the defendants-appellants are null and void.

In his answer, Rellama alleged that the deed of absolute sale executed by Abalon is genuine and that the duplicate copy of OCT No. (O) 16 had been delivered to him upon the execution of the said deed of transfer.

As for Spouses Peralta and the Andals, who filed their separate answers to the complaint, they mainly alleged that they are buyers in good faith and for value.

During the trial, Rellama passed away. He was substituted by his heirs.

After the plaintiffs-appellees rested their case, instead of presenting their own evidence, the defendants-appellants and the Heirs of Restituto Rellama, on different occasions, filed a demurrer to evidence.

On April 14, 2005, the court a quo rendered judgment in favor of the plaintiffs-appellees and ordered the restoration of OCT No. (O) 16 in the name of Abalon and the cancellation of the titles issued to the defendants-appellants. The fact that only a xerox copy of the purported deed of sale between Rellama and Abalon was presented before the Register of Deeds for registration and the absence of such xerox copy on the official files of the said Office made the court a quo conclude that the said document was a mere forgery. On the other hand, the court a quo noted that the duplicate copy of OCT No. (O) 16 in the hands of the plaintiffs-appellees bears [sic] the perforated serial number B 221377, which it held is a convincing proof of its authenticity and genuineness. It thus stated that "Miscellaneous Cadastral Case No. 10648 is a (mere) strategem [sic] fraudulently concocted ... for the issuance of a fabricated (second) owner's duplicate certificate of Oct No. (O) 16" since the owner's duplicate copy of OCT No. (O) 16 has not been lost at all. It said that any subsequent registration procured by the presentation of such forged instrument is null and void. The dispositive portion of the court a quo's decision reads:

WHEREFORE, [p]remises [c]onsidered, judgment is rendered as follows, to wit:

1. Ordering the restoration of Original Certificate of Title No. (O) 16 embracing Lot 1679 in the name of Bernardina Abalon into the official files of the Registry of Deeds of Legaspi City – a copy of the owner's duplicate certificate embodying the technical description of Lot 1679 forming official part of the record as Exhibit "D" – as well as ordering the cancellation of any and all transfer certificates of title succeeding Original Certificate of title No. (O) 16 – including Transfer Certificates (sic) of Title Nos. 42108, 42254, 42255, 42256, 42821 [,] and 42482;
2. Ordering the defendants Marissa Andal, Leonil Andal, Arnel Andal[,], and the spouses Dominador and Ofelia Peralta to vacate Lot 1679 and to peacefully surrender

such lot to the plaintiffs;

3. Ordering the defendants to pay the plaintiffs the amount of P50,000.00 as litigation expenses; and

4. Ordering the defendants to pay the costs of suit.

The counterclaims by [sic] the defendants are all dismissed.

SO ORDERED.

Spouses Peralta and the Andals filed their separate Notices of Appeal and thereafter, upon approval, filed their respective Defendants-Appellants' Briefs. The Heirs of Rellama, on the other hand, opted not to challenge the ruling of the lower court.^[3]

The Andals and Spouses Peralta – appellants in CA-G.R. CV No. 85542 – raised several issues, which the CA summarized as follows:

1. Whether the Deed of Absolute Sale executed by Abalon in favor of Rellama was spurious
2. Whether the Andals and Spouses Peralta were buyers in good faith and for value
3. Who among the parties were entitled to their claims for damages.^[4]

THE RULING OF THE COURT OF APPEALS

On 30 May 2007, the Seventeenth Division of the Court of Appeals promulgated its assailed judgment setting aside the RTC Decision. The CA ruled that the circumstances surrounding the sale of the subject property showed badges of fraud or forgery against Rellama. It found that Abalon had not parted with her ownership over the subject property despite the claim of Rellama that they both executed a Deed of Absolute Sale. As proof, the CA pointed out the existence of a notarized contract of leasehold executed by Abalon with Ruperta Bellen on 11 June 1976. The genuineness and due execution of the said leasehold agreement was uncontroverted by the parties. On this basis, the appellate court concluded that Abalon could not have leased the subject parcel of land to Bellen if the former had parted with her ownership thereof.^[5]

The CA also found no evidence to show that Rellama exercised dominion over the subject property, because he had not introduced improvements on the property, despite claiming to have acquired it in 1975.^[6] Further, the CA noted that he did not cause the annotation of the Deed of Sale, which he had executed with Abalon, on OCT No. (O) 16. It observed that when the original copy of OCT No. (O) 16 was allegedly lost in 1976, while Rellama was on his way to Legaspi City to register the title to his name, it took him almost 20 years to take steps to judicially reconstitute

a copy thereof. To the appellate court, these circumstances cast doubt on the veracity of Rellama's claim of ownership over such a significant property, which was almost a hectare.^[7]

The CA also ruled that the heirs of Bernardina Abalon had the legal standing to question the sale transaction between Rellama and their predecessor-in-interest. It concluded that the heirs of Abalon had acquired the subject property by ordinary acquisitive prescription and thus had every right to attack every document that intended to divest them of ownership thereof,^[8] which in this case was the Deed of Sale that Bernardina executed in favor of Rellama. Lastly, the appellate court considered the Spouses Peralta as buyers in bad faith for relying on a mere photocopy of TCT No. 42108 when they bought the property from Rellama.^[9] On the other hand, it accorded the Andals the presumption of good faith, finding no evidence that would rebut this presumption.^[10]

The dispositive portion of the assailed CA Decision in CA-G.R. CV No. 85542 is as follows:

WHEREFORE, the assailed decision is SET ASIDE and a new judgment is rendered as follows:

1. Transfer Certificate of Title No. 42482 and Transfer Certificate of Title No. 42821, both in the names of Andals, are held legal and valid.
2. Transfer Certificate of Title No. 42254 registered in the names of Spouses Peralta is cancelled for being null and void. Hence, they are ordered to vacate the land covered thereby and to surrender possession thereof in favor of the plaintiffs-appellees.

SO ORDERED.^[11]

The heirs of Abalon filed a Motion for Reconsideration of the 30 May 2007 Decision, insofar as the CA declared the Andals to be buyers in good faith of the subject property and, thus, that the land title issued in their favor was valid. Spouses Peralta, for their part, filed a Motion for Partial Reconsideration of the said CA Decision pertaining to the portion that declared them as buyers in bad faith which accordingly nullified the title issued to them.

On 10 June 2008, the CA denied the Motions for Partial Reconsideration of the movants for lack of merit.^[12]

On 11 August 2008, Spouses Peralta filed with this Court a Petition for Review under Rule 45 of the Rules of Court assailing the 30 May 2007 Decision in CA-G.R. CV No. 85542.^[13] On the same day, the heirs of Bernardina Abalon, represented by Mansueto Abalon, filed a similar Petition questioning the portion of the mentioned CA Decision declaring the validity of the title issued to the Andals, who were adjudged by the appellate court as buyers in good faith.^[14]

THE ISSUES