

SECOND DIVISION

[G.R. No. 172804, January 24, 2011]

**GONZALO VILLANUEVA, REPRESENTED BY HIS HEIRS,
PETITIONER, VS. SPOUSES FROILAN AND LEONILA BRANOCO,
RESPONDENTS.**

DECISION

CARPIO, J.:

The Case

This resolves the petition for review^[1] of the ruling^[2] of the Court of Appeals dismissing a suit to recover a realty.

The Facts

Petitioner Gonzalo Villanueva (petitioner), here represented by his heirs,^[3] sued respondents, spouses Froilan and Leonila Branoco (respondents), in the Regional Trial Court of Naval, Biliran (trial court) to recover a 3,492 square-meter parcel of land in Amambajag, Culaba, Leyte (Property) and collect damages. Petitioner claimed ownership over the Property through purchase in July 1971 from Casimiro Vere (Vere), who, in turn, bought the Property from Alvegia Rodrigo (Rodrigo) in August 1970. Petitioner declared the Property in his name for tax purposes soon after acquiring it.

In their Answer, respondents similarly claimed ownership over the Property through purchase in July 1983 from Eufracia Rodriguez (Rodriguez) to whom Rodrigo donated the Property in May 1965. The two-page deed of donation (Deed), signed at the bottom by the parties and two witnesses, reads in full:

KNOW ALL MEN BY THESE PRESENTS:

That I, ALVEGIA RODRIGO, Filipino, of legal age, widow of the late Juan Arcillas, a resident of Barrio Bool, municipality of Culaba, subprovince of Biliran, Leyte del Norte, Philippines, hereby depose and say:

That as we live[d] together as husband and wife with Juan Arcillas, we begot children, namely: LUCIO, VICENTA, SEGUNDINA, and ADELAIDA, all surnamed ARCILLAS, and by reason of poverty which I suffered while our children were still young; and because my husband Juan Arcillas aware as he was with our destitution separated us [sic] and left for Cebu; and from then on never cared what happened to his family; and because of that one EUFRACIA RODRIGUEZ, one of my nieces who also suffered with our poverty, obedient as she was to all the works in our house, and

because of the love and affection which I feel [for] her, I have one parcel of land located at Sitio Amambajag, Culaba, Leyte bearing Tax Decl. No. 1878 declared in the name of Alvegia Rodrigo, I give (devise) said land in favor of EUFRACIA RODRIGUEZ, her heirs, successors, and assigns together with all the improvements existing thereon, which parcel of land is more or less described and bounded as follows:

1. Bounded North by Amambajag River; East, Benito Picao; South, Teofilo Uyvico; and West, by Public land; 2. It has an area of 3,492 square meters more or less; 3. It is planted to coconuts now bearing fruits; 4. Having an assessed value of P240.00; 5. It is now in the possession of EUFRACIA RODRIGUEZ since May 21, 1962 in the concept of an owner, but the Deed of Donation or that ownership be vested on her upon my demise.

That I FURTHER DECLARE, and I reiterate that the land above described, I already devise in favor of EUFRACIA RODRIGUEZ since May 21, 1962, her heirs, assigns, and that if the herein Donee predeceases me, the same land will not be reverted to the Donor, but will be inherited by the heirs of EUFRACIA RODRIGUEZ;

That I EUFRACIA RODRIGUEZ, hereby accept the land above described from Inay Alvegia Rodrigo and I am much grateful to her and praying further for a longer life; however, I will give one half (1/2) of the produce of the land to Apoy Alve during her lifetime.^[4]

Respondents entered the Property in 1983 and paid taxes afterwards.

The Ruling of the Trial Court

The trial court ruled for petitioner, declared him owner of the Property, and ordered respondents to surrender possession to petitioner, and to pay damages, the value of the Property's produce since 1982 until petitioner's repossession and the costs.^[5] The trial court rejected respondents' claim of ownership after treating the Deed as a donation *mortis causa* which Rodrigo effectively cancelled by selling the Property to Vere in 1970.^[6] Thus, by the time Rodriguez sold the Property to respondents in 1983, she had no title to transfer.

Respondents appealed to the Court of Appeals (CA), imputing error in the trial court's interpretation of the Deed as a testamentary disposition instead of an *inter vivos* donation, passing title to Rodriguez upon its execution.

Ruling of the Court of Appeals

The CA granted respondents' appeal and set aside the trial court's ruling. While conceding that the "language of the [Deed is] x x x confusing and which could admit of possible different interpretations,"^[7] the CA found the following factors pivotal to its reading of the Deed as donation *inter vivos*: (1) Rodriguez had been in possession of the Property as owner since 21 May 1962, subject to the delivery of part of the produce to Apoy Alve; (2) the Deed's consideration was not Rodrigo's

death but her "love and affection" for Rodriguez, considering the services the latter rendered; (3) Rodrigo waived dominion over the Property in case Rodriguez predeceases her, implying its inclusion in Rodriguez's estate; and (4) Rodriguez accepted the donation in the Deed itself, an act necessary to effectuate donations *inter vivos*, not devises.^[8] Accordingly, the CA upheld the sale between Rodriguez and respondents, and, conversely found the sale between Rodrigo and petitioner's predecessor-in-interest, Vere, void for Rodrigo's lack of title.

In this petition, petitioner seeks the reinstatement of the trial court's ruling. Alternatively, petitioner claims ownership over the Property through acquisitive prescription, having allegedly occupied it for more than 10 years.^[9]

Respondents see no reversible error in the CA's ruling and pray for its affirmance.

The Issue

The threshold question is whether petitioner's title over the Property is superior to respondents'. The resolution of this issue rests, in turn, on whether the contract between the parties' predecessors-in-interest, Rodrigo and Rodriguez, was a donation or a devise. If the former, respondents hold superior title, having bought the Property from Rodriguez. If the latter, petitioner prevails, having obtained title from Rodrigo under a deed of sale the execution of which impliedly revoked the earlier devise to Rodriguez.

The Ruling of the Court

We find respondents' title superior, and thus, affirm the CA.

Naked Title Passed from Rodrigo to Rodriguez Under a Perfected Donation

We examine the juridical nature of the Deed - whether it passed title to Rodriguez upon its execution or is effective only upon Rodrigo's death - using principles distilled from relevant jurisprudence. Post-mortem dispositions typically -

(1) Convey no title or ownership to the transferee before the death of the transferor; or, what amounts to the same thing, that the transferor should retain the ownership (full or naked) and control of the property while alive;

(2) That before the [donor's] death, the transfer should be revocable by the transferor at will, *ad nutum*; but revocability may be provided for indirectly by means of a reserved power in the donor to dispose of the properties conveyed;

(3) That the transfer should be void if the transferor should survive the transferee.^[10]

Further -

[4] [T]he specification in a deed of the causes whereby the act may be revoked by the donor indicates that the donation is *inter vivos*, rather than a disposition *mortis causa*;

[5] That the designation of the donation as *mortis causa*, or a provision in the deed to the effect that the donation is "to take effect at the death of the donor" are not controlling criteria; such statements are to be construed together with the rest of the instrument, in order to give effect to the real intent of the transferor[;] [and]

(6) That in case of doubt, the conveyance should be deemed donation *inter vivos* rather than *mortis causa*, in order to avoid uncertainty as to the ownership of the property subject of the deed.^[11]

It is immediately apparent that Rodrigo passed naked title to Rodriguez under a perfected donation *inter vivos*. *First*. Rodrigo stipulated that "if the herein Donee predeceases me, the [Property] will not be reverted to the Donor, but will be inherited by the heirs of x x x Rodriguez," signaling the irrevocability of the passage of title to Rodriguez's estate, waiving Rodrigo's right to reclaim title. This transfer of title was perfected the moment Rodrigo learned of Rodriguez's acceptance of the disposition^[12] which, being reflected in the Deed, took place on the day of its execution on 3 May 1965. Rodrigo's acceptance of the transfer underscores its essence as a gift *in presenti*, not *in futuro*, as only donations *inter vivos* need acceptance by the recipient.^[13] Indeed, had Rodrigo wished to retain full title over the Property, she could have easily stipulated, as the testator did in another case, that "the donor, may transfer, sell, or encumber to any person or entity the properties here donated x x x"^[14] or used words to that effect. Instead, Rodrigo expressly waived title over the Property in case Rodriguez predeceases her.

In a bid to diffuse the non-reversion stipulation's damning effect on his case, petitioner tries to profit from it, contending it is a fideicommissary substitution clause.^[15] Petitioner assumes the fact he is laboring to prove. The question of the Deed's juridical nature, whether it is a will or a donation, is the crux of the present controversy. By treating the clause in question as mandating fideicommissary substitution, a mode of testamentary disposition by which the first heir instituted is entrusted with the obligation to preserve and to transmit to a second heir the whole or part of the inheritance,^[16] petitioner assumes that the Deed is a will. Neither the Deed's text nor the import of the contested clause supports petitioner's theory.

Second. What Rodrigo reserved for herself was only the beneficial title to the Property, evident from Rodriguez's undertaking to "give one [half] x x x of the produce of the land to Apoy Alve during her lifetime."^[17] Thus, the Deed's stipulation that "the ownership shall be vested on [Rodriguez] upon my demise," taking into account the non-reversion clause, could only refer to Rodrigo's beneficial title. We arrived at the same conclusion in *Balaqui v. Dongso*^[18] where, as here, the donor, while "b[inding] herself to answer to the [donor] and her heirs x x x that none shall question or disturb [the donee's] right," also stipulated that the donation "does not pass title to [the donee] during my lifetime; but when I die, [the donee] shall be the true owner" of the donated parcels of land. In finding the disposition as