

THIRD DIVISION

[G.R. No. 151243, April 30, 2008]

LOLITA R. ALAMAYRI, PETITIONER, VS. ROMMEL, ELMER, ERWIN, ROILER AND AMANDA, ALL SURNAMED PABALE, RESPONDENTS.

D E C I S I O N

CHICO-NAZARIO, J.:

Before this Court is a Petition for Review on *Certiorari*^[1] under Rule 45 of the Rules of Court filed by petitioner Lolita R. Alamayri (Alamayri) seeking the reversal and setting aside of the Decision,^[2] dated 10 April 2001, of the Court of Appeals in CA-G.R. CV No. 58133; as well as the Resolution,^[3] dated 19 December 2001 of the same court denying reconsideration of its aforementioned Decision. The Court of Appeals, in its assailed Decision, upheld the validity of the Deed of Absolute Sale, dated 20 February 1984, executed by Nelly S. Nave (Nave) in favor of siblings Rommel, Elmer, Erwin, Roiler and Amanda, all surnamed Pabale (the Pabale siblings) over a piece of land (subject property) in Calamba, Laguna, covered by Transfer Certificate of Title (TCT) No. T-3317 (27604); and, thus, reversed and set aside the Decision,^[4] dated 2 December 1997, of the Regional Trial Court (RTC) of Pasay City, Branch 119 in Civil Case No. 675-84-C.^[5] The 2 December 1997 Decision of the RTC declared null and void the two sales agreements involving the subject property entered into by Nave with different parties, namely, Sesinando M. Fernando (Fernando) and the Pabale siblings; and ordered the reconveyance of the subject property to Alamayri, as Nave's successor-in-interest.

There is no controversy as to the facts that gave rise to the present Petition, determined by the Court of Appeals to be as follows:

This is a Complaint for Specific Performance with Damages filed by Sesinando M. Fernando, representing S.M. Fernando Realty Corporation [Fernando] on February 6, 1984 before the Regional Trial Court of Calamba, Laguna presided over by Judge Salvador P. de Guzman, Jr., docketed as Civil Case No. 675-84-C against Nelly S. Nave [Nave], owner of a parcel of land located in Calamba, Laguna covered by TCT No. T-3317 (27604). [Fernando] alleged that on January 3, 1984, a handwritten "*Kasunduan Sa Pagbibilihan*" (Contract to Sell) was entered into by and between him and [Nave] involving said parcel of land. However, [Nave] reneged on their agreement when the latter refused to accept the partial down payment he tendered to her as previously agreed because she did not want to sell her property to him anymore. [Fernando] prayed that after trial on the merits, [Nave] be ordered to execute the corresponding Deed of Sale in his favor, and to pay attorney's fees, litigation expenses and damages.

[Nave] filed a Motion to Dismiss averring that she could not be ordered to execute the corresponding Deed of Sale in favor of [Fernando] based on the following grounds: (1) she was not fully apprised of the nature of the piece of paper [Fernando] handed to her for her signature on January 3, 1984. When she was informed that it was for the sale of her property in Calamba, Laguna covered by TCT No. T-3317 (27604), she immediately returned to [Fernando] the said piece of paper and at the same time repudiating the same. Her repudiation was further bolstered by the fact that when [Fernando] tendered the partial down payment to her, she refused to receive the same; and (2) she already sold the property in good faith to Rommel, Elmer, Erwin, Roller and Amanda, all surnamed Pabale [the Pabale siblings] on February 20, 1984 after the complaint was filed against her but before she received a copy thereof. Moreover, she alleged that [Fernando] has no cause of action against her as he is suing for and in behalf of S.M. Fernando Realty Corporation who is not a party to the alleged Contract to Sell. Even assuming that said entity is the real party in interest, still, [Fernando] cannot sue in representation of the corporation there being no evidence to show that he was duly authorized to do so.

Subsequently, [the Pabale siblings] filed a Motion to Intervene alleging that they are now the land owners of the subject property. Thus, the complaint was amended to include [the Pabale siblings] as party defendants. In an Order dated April 24, 1984, the trial court denied [Nave's] Motion to Dismiss prompting her to file a Manifestation and Motion stating that she was adopting the allegations in her Motion to Dismiss in answer to [Fernando's] amended complaint.

Thereafter, [Nave] filed a Motion to Admit her Amended Answer with Counterclaim and Cross-claim praying that her husband, Atty. Vedasto Gesmundo be impleaded as her co-defendant, and including as her defense undue influence and fraud by reason of the fact that she was made to appear as widow when in fact she was very much married at the time of the transaction in issue. Despite the opposition of [Fernando] and [the Pabale siblings], the trial court admitted the aforesaid Amended Answer with Counterclaim and Cross-claim.

Still unsatisfied with her defense, [Nave] and Atty. Vedasto Gesmundo filed a Motion to Admit Second Amended Answer and Amended Reply and Cross-claim against [the Pabale siblings], this time including the fact of her incapacity to contract for being mentally deficient based on the psychological evaluation report conducted on December 2, 1985 by Dra. Virginia P. Panlasigui, M. A., a clinical psychologist. Finding the motion unmeritorious, the same was denied by the court *a quo*.

[Nave] filed a motion for reconsideration thereof asseverating that in Criminal Case No. 1308-85-C entitled "People vs. Nelly S. Nave" she raised therein as a defense her mental deficiency. This being a decisive factor to determine once and for all whether the contract entered into by [Nave] with respect to the subject property is null and void, the Second Amended Answer and Amended Reply and Cross-claim against [the Pabale siblings] should be admitted.

Before the motion for reconsideration could be acted upon, the proceedings in this case was suspended sometime in 1987 in view of the filing of a Petition for Guardianship of [Nave] with the Regional Trial Court, Branch 36 of Calamba, Laguna, docketed as SP No. 146-86-C with Atty. Vedasto Gesmundo as the petitioner. On June 22, 1988, a Decision was rendered in the said guardianship proceedings, the dispositive portion of which reads:

"Under the circumstances, specially since Nelly S. Nave who now resides with the Brosas spouses has categorically refused to be examined again at the National Mental Hospital, the Court is constrained to accept the Neuro-Psychiatric Evaluation report dated April 14, 1986 submitted by Dra. Nona Jean Alviso-Ramos and the supporting report dated April 20, 1987 submitted by Dr. Eduardo T. Maaba, both of the National Mental Hospital and hereby finds Nelly S. Nave an incompetent within the purview of Rule 92 of the Revised Rules of Court, a person who, by reason of age, disease, weak mind and deteriorating mental processes cannot without outside aid take care of herself and manage her properties, becoming thereby an easy prey for deceit and exploitation, said condition having become severe since the year 1980. She and her estate are hereby placed under guardianship. Atty. Leonardo C. Paner is hereby appointed as her regular guardian without need of bond, until further orders from this Court. Upon his taking his oath of office as regular guardian, Atty. Paner is ordered to participate actively in the pending cases of Nelly S. Nave with the end in view of protecting her interests from the prejudicial sales of her real properties, from the overpayment in the foreclosure made by Ms. Gilda Mendoza-Ong, and in recovering her lost jewelries and monies and other personal effects.

SO ORDERED."

Both [Fernando] and [the Pabale siblings] did not appeal therefrom, while the appeal interposed by spouses Juliano and Evangelina Brosas was dismissed by this Court for failure to pay the required docketing fees within the reglementary period.

In the meantime, [Nave] died on December 9, 1992. On September 20, 1993, Atty. Vedasto Gesmundo, [Nave's] sole heir, she being an orphan and childless, executed an Affidavit of Self-Adjudication pertaining to his inherited properties from [Nave].

On account of such development, a motion for the dismissal of the instant case and for the issuance of a writ of execution of the Decision dated June 22, 1988 in SP No. 146-86-C (petition for guardianship) was filed by Atty. Vedasto Gesmundo on February 14, 1996 with the court *a quo*. [The Pabale siblings] filed their Opposition to the motion on grounds that (1) they were not made a party to the guardianship

proceedings and thus cannot be bound by the Decision therein; and (2) that the validity of the Deed of Absolute Sale executed by the late [Nave] in their favor was never raised in the guardianship case.

The case was then set for an annual conference. On January 9, 1997, Atty. Vedasto Gesmundo filed a motion seeking the court's permission for his substitution for the late defendant Nelly in the instant case. Not long after the parties submitted their respective pre-trial briefs, a motion for substitution was filed by Lolita R. Alamayre (*sic*) [Alamayri] alleging that since the subject property was sold to her by Atty. Vedasto Gesmundo as evidenced by a Deed of Absolute Sale, she should be substituted in his stead. In refutation, Atty. Vedasto Gesmundo filed a Manifestation stating that what he executed is a Deed of Donation and not a Deed of Absolute Sale in favor of [Alamayri] and that the same was already revoked by him on March 5, 1997. Thus, the motion for substitution should be denied.

On July 29, 1997, the court *a quo* issued an Order declaring that it cannot make a ruling as to the conflicting claims of [Alamayri] and Atty. Vedasto Gesmundo. After the case was heard on the merits, the trial court rendered its Decision on December 2, 1997, the dispositive portion of which reads:

"WHEREFORE, judgment is hereby rendered as follows:

1. Declaring the handwritten Contract to Sell dated January 3, 1984 executed by Nelly S. Nave and Seseinando Fernando null and void and of no force and effect;
2. Declaring the Deed of Absolute Sale dated February 20, 1984 executed by Nelly S. Nave in favor of the [Pabale siblings] similarly null and void and of no force and effect;
3. Recognizing Ms. Lolita P. [Alamayri] as the owner of the property covered by TCT No. 111249 of the land records of Calamba, Laguna;
4. Ordering the [Pabale siblings] to execute a transfer of title over the property in favor of Ms. Lolita P. [Alamayri] in the concept of reconveyance because the sale in their favor has been declared null and void;
5. Ordering the [Pabale siblings] to surrender possession over the property to Ms. [Alamayri] and to account for its income from the time they took over possession to the time the same is turned over to Ms. Lolita [Alamayri], and thereafter pay the said income to the latter;
6. Ordering [Fernando] and the [Pabale siblings], jointly and severally, to pay Ms. [Alamayri]:
 - a. attorney's fees in the sum of P30,000.00; and

b. the costs.^[6]

S.M. Fernando Realty Corporation, still represented by Fernando, filed an appeal with the Court of Appeals, docketed as CA-G.R. CV No. 58133, solely to question the portion of the 2 December 1997 Decision of the RTC ordering him and the Pabale siblings to jointly and severally pay Alamayri the amount of P30,000.00 as attorney's fees.

The Pabale siblings intervened as appellants in CA-G.R. CV No. 58133 averring that the RTC erred in declaring in its 2 December 1997 Decision that the Deed of Absolute Sale dated 20 February 1984 executed by Nave in their favor was null and void on the ground that Nave was found incompetent since the year 1980.

The Court of Appeals, in its Decision, dated 10 April 2001, granted the appeals of S.M. Fernando Realty Corporation and the Pabale siblings. It ruled thus:

WHEREFORE, premises considered, the appeal filed by S. M. Fernando Realty Corporation, represented by its President, Sesinando M. Fernando as well as the appeal interposed by Rommel, Elmer, Erwin, Roller and Amanda, all surnamed Pabale, are hereby GRANTED. The Decision of the Regional Trial Court of Pasay City, Branch 119 in Civil Case No. 675-84-C is hereby REVERSED and SET ASIDE and a new one rendered upholding the VALIDITY of the Deed of Absolute Sale dated February 20, 1984.

No pronouncements as to costs.^[7]

Alamayri sought reconsideration of the afore-quoted Decision of the appellate court, invoking the Decision,^[8] dated 22 June 1988, of the RTC in the guardianship proceedings, docketed as SP. PROC. No. 146-86-C, which found Nave incompetent, her condition becoming severe since 1980; and thus appointed Atty. Leonardo C. Paner as her guardian. Said Decision already became final and executory when no one appealed therefrom. Alamayri argued that since Nave was already judicially determined to be an incompetent since 1980, then all contracts she subsequently entered into should be declared null and void, including the Deed of Sale, dated 20 February 1984, which she executed over the subject property in favor of the Pabale siblings.

According to Alamayri, the Pabale siblings should be bound by the findings of the RTC in its 22 June 1988 Decision in SP. PROC. No. 146-86-C, having participated in the said guardianship proceedings through their father Jose Pabale. She pointed out that the RTC explicitly named in its orders Jose Pabale as among those present during the hearings held on 30 October 1987 and 19 November 1987 in SP. PROC. No. 146-86-C. Alamayri thus filed on 21 November 2001 a Motion to Schedule Hearing to Mark Exhibits in Evidence so she could mark and submit as evidence certain documents to establish that the Pabale siblings are indeed the children of Jose Pabale.

Atty. Gesmundo, Nave's surviving spouse, likewise filed his own Motion for Reconsideration of the 10 April 2001 Decision of the Court of Appeals in CA-G.R. CV No. 58133, asserting Nave's incompetence since 1980 as found by the RTC in SP. PROC. No. 146-86-C, and his right to the subject property as owner upon Nave's