

## THIRD DIVISION

[ G.R. No. 146730, July 04, 2008 ]

**AMADO Z. AYSON, JR., PETITIONER, VS. SPOUSES FELIX AND  
MAXIMA PARAGAS, RESPONDENTS.**

### DECISION

**NACHURA, J.:**

For review on *certiorari* under Rule 45 of the Rules of Court are the Decision<sup>[1]</sup> dated May 31, 2000 and the Resolution<sup>[2]</sup> dated December 12, 2000 of the Court of Appeals in CA-G.R. CV No. 59645.

The subject of this controversy is the one-fourth (1/4) portion of, corresponding to the share of respondent Maxima Paragas in, the real property located at Caranglaan District, Dagupan City, originally covered by Transfer Certificate of Title No. 7316 of the Register of Deeds of Dagupan City.

The controversy commenced with the filing of an ejectment complaint<sup>[3]</sup> on April 12, 1993 before Branch 1 of the Municipal Trial Court in Cities (MTCC) of Dagupan City by herein petitioner Amado Z. Ayson, as represented by his natural father Zosimo S. Zareno<sup>[4]</sup> (Zareno), against respondent-spouses Felix and Maxima Paragas. The complaint, docketed as Civil Case No. 9161, alleged, among others, that: (1) petitioner is the registered owner of the property being occupied by the respondent-spouses as shown by Transfer Certificate of Title No. 59036 of the Registry of Deeds of Dagupan City in his name; (2) respondent-spouses are occupying the said land through his tolerance without rent; (3) on April 8, 1992, respondent-spouses executed an Affidavit<sup>[5]</sup> which declared:

1. That we are occupants of a parcel of land (Lot 6595-A-2) covered by Transfer Certificate of Title No. 57684 located at Caranglaan District, Dagupan City owned by Amado Ll. Ayson;
2. That we occupy the said land by tolerance without paying any rental whatsoever;
3. That we further agree to vacate the aforesaid land within three (3) months from the date hereof and to remove and transfer our house therefrom to another place;
4. That in consideration of vacating the said parcel of land the amount of Twenty Thousand Pesos (P20,000.00) shall be paid to us; and, that the amount of Ten Thousand Pesos (P10,000.00) shall be paid upon signing of this affidavit and the balance of Ten Thousand Pesos (P10,000.00) shall be paid upon removal of our house on the third month from date hereof.

(4) despite the receipt of the P10,000.00 upon the execution of the Affidavit, respondent-spouses refused to vacate the land as agreed upon; and (5) despite demands, respondent-spouses still refused to vacate, thus constraining him to file the complaint. Aside from respondents' vacating the land, petitioner prayed for the return of the P10,000.00 he paid them; and the payment of P10,000.00 actual damages, P10,000.00 exemplary damages, P20,000.00 attorney's fees, and the costs.

In their Answer,<sup>[6]</sup> respondent-spouses alleged that Zareno had no personality and authority to file the case and the filing of the complaint was made in bad faith.

During the preliminary conference, the following admissions were made -

*By petitioner*

- (1) That the defendants (respondent spouses) had been in possession of the land in question since 1930; and
- (2) That the semi-concrete house of the defendants (respondent spouses) stands on the land in question.

*By respondent spouses*

- (1) That the defendant (respondent) Felix Paragas had executed an affidavit on April 8, 1992 wherein he admitted that he is occupying the land by tolerance of the plaintiff (petitioner) without paying any rental whatsoever and had agreed to vacate the premises within three (3) months but refused to vacate later;
- (2) That the plaintiff (petitioner) is the registered owner of the land in question;
- (3) That there was a demand to vacate the premises; and
- (4) That there is a Certification to File Action in Court.<sup>[7]</sup>

On August 31, 1993, the MTCC, Branch 1, Dagupan City decided in favor of petitioner, based mainly on the above admissions, rendering judgment as follows:

WHEREFORE, the preponderance of evidence being in favor of the plaintiff (petitioner), judgment is hereby rendered:

- 1) Ordering the defendants (respondent spouses) to vacate the land in question located at Caranglaan District, Dagupan City and covered by Transfer Certificate of Title No. 59036 of the Registry of Deeds for the City of Dagupan, and to deliver the physical and peaceful possession to the plaintiff (petitioner);
- 2) Ordering the defendants (respondent spouses) jointly and severally to pay the plaintiff (petitioner) the sum of P300.00 as monthly rental of the land from the date of the filing of the complaint until the defendants (respondent spouses) vacate the premises;

3) Ordering defendant (respondent) Felix Paragas to return or indemnify the plaintiff (petitioner) the amount of P10,000.00 representing the sum received by him from the plaintiff (petitioner) on April 8, 1992;

4) Other claims are denied for lack of merit.

With costs against the defendants.

SO ORDERED.<sup>[8]</sup>

Respondent-spouses appealed the said Decision to the Regional Trial Court (RTC) of Dagupan City. In the Decision<sup>[9]</sup> dated August 16, 1996, the RTC affirmed the MTCC Decision, the dispositive portion of which reads -

WHEREFORE, the appeal interposed by the appellants is hereby DISMISSED. Judgment is rendered in favor of the plaintiff (petitioner) and against the defendants (respondent spouses), to wit:

1. ORDERING defendants (respondent spouses), their agents, representatives and assigns to vacate the land subject matter of this case;
2. ORDERING defendants (respondent spouses) to return to the plaintiff (petitioner) the amount of P10,000.00 received by them in consideration of their promise to vacate the land subject matter of this case;
3. ORDERING defendants (respondent spouses) to pay to the plaintiff (petitioner) P10,000.00 in actual damages; P10,000.00 in exemplary damages; and P20,000.00 in attorney's fees; and
4. ORDERING defendants to pay the costs.

SO ORDERED.<sup>[10]</sup>

Respondent-spouses went to the Court of Appeals via a petition for review. In its Decision<sup>[11]</sup> dated October 13, 1997, the appellate court dismissed the petition. The Decision was appealed to this Court. We denied the appeal in a Resolution dated December 3, 1997, on the basis of the failure of respondent-spouses to show any reversible error in the decisions of the three courts below. Our Resolution became final and executory on January 29, 1998 and was entered in the Book of Entries of Judgments.<sup>[12]</sup>

Meanwhile, on October 11, 1993, during the pendency of the appeal with the RTC, respondent-spouses filed against petitioner, as represented by his attorney-in-fact Zosimo S. Zareno, the heirs of Blas F. Rayos, the spouses Delfin and Gloria Alog, and Hon. Judge George M. Mejia, as Presiding Judge of the Metropolitan Trial Court, Branch 1 of Dagupan City, also before the RTC of Dagupan City, a complaint<sup>[13]</sup> for declaration of nullity of deed of sale, transactions, documents and titles with a prayer for preliminary injunction and damages. The complaint was docketed as Civil Case No. D-10772 and was raffled to Branch 42.

The complaint alleged, *inter alia*, that respondent Maxima is a co-owner of a parcel of land originally covered by TCT No. 7316 of the Registry of Deeds of Dagupan City, her  $\frac{1}{4}$  share having an area of 435.75 square meters. Sometime prior to April 13, 1955, respondent Felix, then an employee of the defunct Dagupan Colleges (now University of Pangasinan) failed to account for the amount of P3,000.00. It was agreed that respondent Felix would pay the said amount by installment to the Dagupan Colleges. Pursuant to that agreement, Blas F. Rayos and Amado Ll. Ayson, then both occupying high positions in the said institution, required respondent-spouses to sign, without explaining to them, a Deed of Absolute Sale on April 13, 1955 over respondent Maxima's real property under threat that respondent Felix would be incarcerated for misappropriation if they refused to do so.

The complaint further alleged that later, respondent-spouses, true to their promise to reimburse the defalcated amount, took pains to pay their obligation in installments regularly deducted from the salaries received by respondent Felix from Dagupan Colleges; that the payments totaled P5,791.69; that notwithstanding the full payment of the obligation, Amado Ll. Ayson and Blas F. Rayos did nothing to cancel the purported Deed of Absolute Sale; and that they were shocked when they received a copy of the complaint for ejectment filed by petitioner.

During the pre-trial, the following was established -

[T] he land in question was a portion of a larger lot covered by TCT No. 41021 with an area of 1,743 square meters in the name of Buenaventura Mariñas, father of the plaintiff (respondent) Maxima Mariñas-Paragas. Transfer Certificate of Title No. 41021 was later on cancelled and replaced by TCT No. 7316 in the names of Maxima Mariñas, Rufino Mariñas, Rizalina Mariñas and Buenaventura Mariñas, specifying that each would receive one-fourth ( $\frac{1}{4}$ ) thereof. The portion pertaining to Maxima Mariñas-Paragas was later on allegedly conveyed to Blas F. Rayos and Amado Ll. Ayson by virtue of a Deed of Sale allegedly executed on April 13, 1955 by Maxima Mariñas-Paragas with the conformity of her husband Felix Paragas, after which TCT 7354 was issued canceling TCT No. 7316. Under TCT No. 7354, the new owners were Blas F. Rayos and Amado Ll. Ayson, Rufino Mariñas, Rizalina Mariñas and Angela Mariñas. The land was subdivided later on into four (4) lots, distributed as follows: Lot A went to Blas F. Rayos and Amado Ll. Ayson, Lot B to Rufino Mariñas, Lot C to Rizalina Mariñas, and Lot D to Angela Mariñas. Each lot has an area of 435.75 square meters. For Lot A, TCT No. 22697 was issued in the name of both Blas F. Rayos and Amado Ll. Ayson.

On November 15, 1991, Lot A was the subject of a subdivision between Amado Ll. Ayson and Blas F. Rayos. Said subdivision was approved on December 10, 1991, dividing the property into equal halves, each half with an area of 217.88 square meters. Thereafter, the one-half ( $\frac{1}{2}$ ) pertaining to Blas F. Rayos was sold by his successors-in-interest to spouses Delfin and Gloria Alog by virtue of an Extra-Judicial Settlement With Sale dated January 10, 1992, to which the said spouses were issued TCT 57683 on January 14, 1992. On the same day, Amado Ll. Ayson for his portion of the property was also issued TCT 57684. Amado Ll. Ayson later passed on ownership of his share to Amado Z. Ayson and issued to

the latter was TCT 59036 after the latter executed an Affidavit of Self Adjudication dated August 3, 1992 upon the death of Amado Ll. Ayson.

[14]

After trial on the merits, the RTC, Branch 42, Dagupan City rendered its Decision<sup>[15]</sup> dated March 6, 1998 in favor of respondent-spouses declaring the Deed of Absolute Sale as an equitable mortgage, the decretal portion of which reads -

WHEREFORE, judgment is hereby rendered in favor of the plaintiffs and against the defendants, except the spouses Delfin and Gloria Alog:

1. Annuling the Deed of Sale executed by Felix Paragas and Maxima Paragas on April 13, 1955 (Exh. 3) in favor of defendants Blas F. Rayos and Amado Ll. Ayson except as it affects the interest of Spouses Delfin and Gloria Alog over the property in question;
2. Annuling likewise TCT No. 57684 issued to Amado Ll. Ayson and TCT No. 59036 issued to Amado Z. Ayson, including the respective tax declarations thereof;
3. Ordering Amado Z. Ayson to reconvey ownership of the property covered by TCT No. 59036 to the herein plaintiffs, the true owners thereof;
4. Ordering defendant Amado Z. Ayson and the estate of Blas F. Rayos to pay jointly and severally to the herein plaintiffs the amount paid by Spouses Delfin and Gloria Alog to the late Blas F. Rayos, there being no proof adduced by the plaintiffs as to the actual current market value of the said property;
5. Ordering the said defendants Amado Z. Ayson and the estate of Blas F. Rayos to pay jointly and severally to the plaintiffs other amounts of P50,000.00 as moral damages and P10,000.00 as attorney's fees, including appearance fee;
6. Further ordering the aforementioned defendants, except defendant-spouses Delfin and Gloria Alog, to pay costs.

SO ORDERED.<sup>[16]</sup>

Petitioner appealed the said Decision to the Court of Appeals, which affirmed the same in its Decision dated May 31, 2000. The motion for reconsideration filed by petitioner was likewise denied by the Court of Appeals in its Resolution dated December 12, 2000. Hence, this petition raising the sole issue that -

The Honorable Court of Appeals has acted in excess of or with grave abuse of discretion amounting to lack of jurisdiction in dismissing the appeal of the herein petitioner Amado Z. Ayson, Jr. and in affirming the decision of the Regional Trial Court, Branch 42, Dagupan City in Civil Case No. D-10772, in violation of the laws on sale, equitable mortgage, prescription, laches and estoppel as well as the laws on property registration.<sup>[17]</sup>