

## SECOND DIVISION

[ G.R. No. 144934, January 15, 2004 ]

**ADELFA S. RIVERA, CYNTHIA S. RIVERA, AND JOSE S. RIVERA,  
PETITIONERS, VS. FIDELA DEL ROSARIO (DECEASED AND  
SUBSTITUTED BY HER CO-RESPONDENTS), AND HER CHILDREN,  
OSCAR, ROSITA, VIOLETA, ENRIQUE JR., CARLOS, JUANITO AND  
ELOISA, ALL SURNAMED DEL ROSARIO, RESPONDENTS.**

### DECISION

**QUISUMBING, J.:**

Before us is a petition for review on certiorari of the Court of Appeals' decision<sup>[1]</sup>, dated November 29, 1999, in CA-G.R. CV No. 60552, which affirmed the judgment<sup>[2]</sup> of the Regional Trial Court (RTC) of Malolos, Bulacan, Branch 17, in Civil Case No. 151-M-93. The RTC granted respondents' complaint for nullity of contract of sale and annulment of the transfer certificates of title issued in favor of petitioners.

The facts, as found by the Court of Appeals, are as follows:

Respondents Fidela (now deceased), Oscar, Rosita, Violeta, Enrique Jr., Carlos, Juanito and Eloisa, all surnamed Del Rosario, were the registered owners of Lot No. 1083-C, a parcel of land situated at Lolomboy, Bulacan. This lot spanned an area of 15,029 square meters and was covered by TCT No. T-50.668 (M) registered in the Registry of Deeds of Bulacan.

On May 16, 1983, Oscar, Rosita, Violeta, Enrique Jr., Juanito, and Eloisa, executed a Special Power of Attorney<sup>[3]</sup> in favor of their mother and co-respondent, Fidela, authorizing her to sell, lease, mortgage, transfer and convey their rights over Lot No. 1083-C.<sup>[4]</sup> Subsequently, Fidela borrowed P250,000 from Mariano Rivera in the early part of 1987. To secure the loan, she and Mariano Rivera agreed to execute a deed of real estate mortgage and an agreement to sell the land. Consequently, on March 9, 1987, Mariano went to his lawyer, Atty. Efren Barangan, to have three documents drafted: the Deed of Real Estate Mortgage<sup>[5]</sup>, a *Kasunduan* (Agreement to Sell)<sup>[6]</sup>, and a Deed of Absolute Sale.<sup>[7]</sup>

The *Kasunduan* provided that the children of Mariano Rivera, herein petitioners Adelfa, Cynthia and Jose, would purchase Lot No. 1083-C for a consideration of P2,141,622.50. This purchase price was to be paid in three installments: P250,000 upon the signing of the *Kasunduan*, P750,000 on August 31, 1987, and P1,141,622.50 on December 31, 1987.<sup>[8]</sup> It also provided that the Deed of Absolute Sale would be executed only after the second installment is paid and a postdated check for the last installment is deposited with Fidela.<sup>[9]</sup> As previously stated, however, Mariano had already caused the drafting of the Deed of Absolute Sale. But

unlike the *Kasunduan*, the said deed stipulated a purchase price of only P601,160, and covered a certain Lot No. 1083-A in addition to Lot No. 1083-C.<sup>[10]</sup> This deed, as well as the *Kasunduan* and the Deed of Real Estate Mortgage<sup>[11]</sup>, was signed by Mariano's children, petitioners Adelfa, Cynthia and Jose, as buyers and mortgagees, on March 9, 1987.<sup>[12]</sup>

The following day, Mariano Rivera returned to the office of Atty. Barangan, bringing with him the signed documents. He also brought with him Fidela and her son Oscar del Rosario, so that the latter two may sign the mortgage and the *Kasunduan* there.

Although Fidela intended to sign only the *Kasunduan* and the Real Estate Mortgage, she inadvertently affixed her signature on all the three documents in the office of Atty. Barangan on the said day, March 10, 1987. Mariano then gave Fidela the amount of P250,000. On October 30, 1987, he also gave Fidela a check for P200,000. In the ensuing months, also, Mariano gave Oscar del Rosario several amounts totaling P67,800 upon the latter's demand for the payment of the balance despite Oscar's lack of authority to receive payments under the *Kasunduan*.<sup>[13]</sup> While Mariano was making payments to Oscar, Fidela entrusted the owner's copy of TCT No. T-50.668 (M) to Mariano to guarantee compliance with the *Kasunduan*.

When Mariano unreasonably refused to return the TCT,<sup>[14]</sup> one of the respondents, Carlos del Rosario, caused the annotation on TCT No. T-50.668 (M) of an Affidavit of Loss of the owner's duplicate copy of the title on September 7, 1992. This annotation was offset, however, when Mariano registered the Deed of Absolute Sale on October 13, 1992, and afterwards caused the annotation of an Affidavit of Recovery of Title on October 14, 1992. Thus, TCT No. T-50.668 (M) was cancelled, and in its place was issued TCT No. 158443 (M) in the name of petitioners Adelfa, Cynthia and Jose Rivera.<sup>[15]</sup>

Meanwhile, the Riveras, representing themselves to be the new owners of Lot No. 1083-C, were also negotiating with the tenant, Feliciano Nieto, to rid the land of the latter's tenurial right. When Nieto refused to relinquish his tenurial right over 9,000 sq. m. of the land, the Riveras offered to give 4,500 sq. m. in exchange for the surrender. Nieto could not resist and he accepted. Subdivision Plan No. Psd-031404-052505 was then made on August 12, 1992. Later, it was inscribed on TCT No. 158443 (M), and Lot No. 1083-C was divided into Lots 1083 C-1 and 1083 C-2.<sup>[16]</sup>

To document their agreement with Feliciano Nieto, the Riveras executed a *Kasulatan sa Pagtatakwil ng Karapatan sa Pagmamay-ari ng Bahagi ng Isang Lagay na Lupa* (Written Abdication of Rights over a Portion of a Parcel of Land)<sup>[17]</sup> on November 16, 1992. Four days later, they registered the document with the Registry of Deeds. Two titles were then issued: TCT No. T-161784 (M) in the name of Nieto, for 4,500 sq. m. of land, and TCT No. T-161785 (M) in the name of petitioners Adelfa, Cynthia and Jose Rivera, over the remaining 10,529 sq. m. of land.<sup>[18]</sup>

On February 18, 1993, respondents filed a complaint<sup>[19]</sup> in the Regional Trial Court of Malolos, asking that the *Kasunduan* be rescinded for failure of the Riveras to comply with its conditions, with damages. They also sought the annulment of the Deed of Absolute Sale on the ground of fraud, the cancellation of TCT No. T-161784

(M) and TCT No. T-161785 (M), and the reconveyance to them of the entire property with TCT No. T-50.668 (M) restored.<sup>[20]</sup>

Respondents claimed that Fidela never intended to enter into a deed of sale at the time of its execution and that she signed the said deed on the mistaken belief that she was merely signing copies of the *Kasunduan*. According to respondents, the position where Fidela's name was typed and where she was supposed to sign her name in the *Kasunduan* was roughly in the same location where it was typed in the Deed of Absolute Sale. They argued that given Fidela's advanced age (she was then around 72 at the time)<sup>[21]</sup> and the fact that the documents were stacked one on top of the other at the time of signing, Fidela could have easily and mistakenly presumed that she was merely signing additional copies of the *Kasunduan*.<sup>[22]</sup> They also alleged that petitioners acquired possession of the TCT through fraud and machination.

In their defense, petitioners denied the allegations and averred that the Deed of Absolute Sale was validly entered into by both parties. According to petitioners, Fidela del Rosario mortgaged Lot No. 1083-C to their predecessor in interest, Mariano Rivera, on March 9, 1987. But on the following day Fidela decided to sell the lot to petitioners for P2,161,622.50. When Mariano agreed (on the condition that Lot No. 1083-C will be delivered free from all liens and encumbrances), the *Kasunduan* was consequently drawn up and signed. After that, however, Fidela informed Mariano of the existence of Feliciano Nieto's tenancy right over the lot to the extent of 9,000 sq. m. When Mariano continued to want the land, albeit on a much lower price of only P601,160, as he had still to deal with Feliciano Nieto, the parties drafted the Deed of Absolute Sale on March 10, 1987, to supersede the *Kasunduan*.

Petitioners likewise argued that respondents' cause of action had been barred by laches or estoppel since more than four years has lapsed from the time the parties executed the Deed of Absolute Sale on March 10, 1987, to the time respondents instituted their complaint on February 18, 1993.

Petitioners also filed a counterclaim asking for moral and exemplary damages and the payment of attorney's fees and costs of suit.

After trial, the RTC ruled in favor of respondents:

WHEREFORE, in the light of all the foregoing, judgment is hereby rendered:

1. Declaring the Deed of Absolute Sale dated March 10, 1987 as null and void;
2. Annuling TCT No. T-158443 (M) and TCT No. T-161785 (M) both in the names of Adelfa, Cynthia and Jose, all surnamed Rivera;
3. Declaring the plaintiffs to be the legitimate owners of the land covered by TCT No. T-161785 (M) and ordering defendant Adelfa, Cynthia, and Jose, all surnamed Rivera, to reconvey the same to the plaintiffs;

4. Ordering the Register of Deeds of Bulacan to cancel TCT No. T-161785 (M) and to issue in its place a new certificate of title in the name of the plaintiffs as their names appear in TCT No. T-50.668;
5. Declaring TCT No. T-161784 (M) in the name of Feliciano Nieto as valid;
6. Ordering the defendant Riveras to pay the plaintiffs solidarily the following amounts:
  - a) P191,246.98 as balance for the 4,500 square-meter portion given to defendant Feliciano Nieto
  - b) P200,000.00 as moral damages
  - c) P50,000.00 as exemplary damages
  - d) P50,000.00 as attorney's fees
  - e) costs of the suit.
7. Dismissing the counterclaim of the defendant Riveras;
8. Dismissing the counterclaim and the crossclaim of defendant Feliciano Nieto.

SO ORDERED.<sup>[23]</sup>

The trial court ruled that Fidela's signature in the Deed of Absolute Sale was genuine, but found that Fidela never intended to sign the said deed. Noting the peculiar differences between the *Kasunduan* and the Deed of Absolute Sale, the trial court concluded that the Riveras were guilty of fraud in securing the execution of the deed and its registration in the Registry of Deeds.<sup>[24]</sup> This notwithstanding, the trial court sustained the validity of TCT No. T-161784 (M) in the name of Feliciano Nieto since there was no fraud proven on Nieto's part. The trial court found him to have relied in good faith on the representations of ownership of Mariano Rivera. Thus, Nieto's rights, according to the trial court, were akin to those of an innocent purchaser for value.<sup>[25]</sup>

On the foregoing, the trial court rescinded the *Kasunduan* but ruled that the P450,000 paid by petitioners be retained by respondents as payment for the 4,500 sq. m. portion of Lot No. 1083-C that petitioners gave to Nieto.<sup>[26]</sup> The trial court likewise ordered petitioners to pay P191,246.98 as balance for the price of the land given to Nieto, P200,000 as moral damages, P50,000 as exemplary damages, P50,000 as attorney's fees, and the costs of suit.<sup>[27]</sup>

On appeal to the Court of Appeals, the trial court's judgment was modified as follows:

WHEREFORE, the judgment appealed from is hereby AFFIRMED with the MODIFICATION that the Deed of Absolute Sale dated March 10, 1987 is declared null and void only insofar as Lot No. 1083-C is concerned, but

valid insofar as it conveyed Lot No. 1083-A, that TCT No. 158443 (M) is valid insofar as Lot No. 1083-A is concerned and should not be annulled, and increasing the amount to be paid by the defendants-appellants to the plaintiffs-appellees for the 4,500 square meters of land given to Feliciano Nieto to P323,617.50.

Costs against the defendants-appellants.

SO ORDERED. <sup>[28]</sup>

Petitioners' motion for reconsideration was denied. Hence, this petition.

While this petition was pending, respondent Fidela del Rosario died. She was substituted by her children, herein respondents.

In this petition, petitioners rely on the following grounds:

I

THE HONORABLE COURT OF APPEALS COMMITTED A SERIOUS, GRAVE AND REVERSIBLE ERROR IN AWARDING **LOT 1083-A** IN FAVOR OF THE PETITIONERS AND FELICIANO NIETO WHICH IS ADMITTEDLY A PART AND PORTION OF THE EXISTING NORTH LUZON EXPRESSWAY AND AS SUCH ACTED WITHOUT OR IN EXCESS OF ITS JURISDICTION, OR WITH GRAVE ABUSE OF JUDICIAL DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION.

II

RESPONDENTS FAILED TO PAY THE CORRECT DOCKET, FILING AND OTHER LAWFUL FEES WITH THE OFFICE OF THE CLERK OF COURT OF THE COURT A *QUO* (RTC, MALOLOS, BULACAN) AT THE TIME OF THE FILING OF THE ORIGINAL COMPLAINT IN 1993 PURSUANT TO THE SIOL<sup>[29]</sup> DOCTRINE.

III

[THE] TRIAL COURT AWARDED RELIEFS NOT SPECIFICALLY PRAYED FOR IN THE AMENDED COMPLAINT WITHOUT REQUIRING THE PAYMENT OF THE CORRECT DOCKET, FILING AND OTHER LAWFUL FEES.

IV

THE COURT A *QUO* HAS NO JURISDICTION OVER THE RESPONDENTS' CAUSE OF ACTION AND OVER THE RES CONSIDERING THAT FELICIANO NIETO IS AN AGRICULTURAL TENANT OF THE RICELAND IN QUESTION.

V

RESPONDENTS['] MAIN CAUSE OF ACTION [IS] FOR RESCISSION OF CONTRACT WHICH IS SUBSIDIARY IN NATURE[, ] AND ANNULMENT OF