

FIRST DIVISION

[G.R. No. 154650, July 31, 2003]

**SPOUSES MANUEL AND CORAZON CAMARA, PETITIONERS, VS.
SPOUSES JOSE AND PAULINA MALABAO, RESPONDENTS.**

D E C I S I O N

YNARES-SANTIAGO, J.:

The bone of contention in this petition is a forty-seven square meter lot which petitioners claim was sold to them by respondents. The latter, however, contend that said property was merely leased to petitioners. The trial court sustained respondents' argument, which was affirmed by the Court of Appeals. Hence this petition.

The antecedent facts are matters of record or are otherwise uncontroverted.

Respondents filed a complaint^[1] against petitioners for Cancellation of Adverse Claim and Damages with the Regional Trial Court of Malolos, Bulacan, Branch 21, where the same was docketed as Civil Case No. 258-M-92. Respondents averred that on April 21, 1989, Jose Malabao and petitioner Manuel Camara entered into a verbal "covenant" for the lease of a portion of respondents' lot containing forty-seven (47) square meters which was situated at the public market/commercial center of Sapang Palay, San Jose Del Monte, Bulacan and covered by TCT No. 118223, for a duration of five (5) years at the lump sum rate of P20,000.00. It was agreed that petitioner Camara shall construct on the property a building of strong materials suited for commercial and residential purposes. Petitioner also undertook to reduce their agreement into writing as soon as possible. The written lease contract was, however, never prepared. Instead, sometime in February 1992, respondents discovered that petitioner had caused to be annotated on their title an adverse claim of ownership based on fraudulent documents, in particular, an alleged deed of absolute sale dated June 22, 1990.^[2]

In their answer^[3] petitioners alleged that they acquired the forty-seven square meter portion of the subject property in 1989 by sale for and in consideration of the sum of P80,000.00; that a down payment of P20,000.00 was paid on May 25, 1989^[4] and the balance of P60,000.00 was paid on July 3, 1989; that the Deed of Absolute Sale^[5] was duly executed between herein parties and the purchased portion was, in fact, segregated as evidenced by the subdivision plan^[6] of Lot 9, Block 40, Psd-04-002175; and that petitioners thereafter declared the property for tax purposes.^[7] Petitioners also claimed that in 1989, without opposition from respondents, they began construction of five (5) commercial stalls made of concrete and strong materials, one of which has two (2) floors, which they continue to use, enjoy and occupy in the concept of an owner up to the present time.

The trial court gave credence to the claim of respondents that the agreement of the parties was for a five-year lease and not a sale, and held that the deed of sale was forged, to wit:

Wherefore, all premises considered, the Court finds preponderance of evidence in favor of the plaintiffs. Judgment is hereby rendered in favor of plaintiffs spouses Jose Malabao and Paulina Malabao and against defendants Spouses Manuel Camara and Corazon Camara, as follows:

1. The Deed of Absolute Sale marked as Exhibit "A" is declared null and void and the Register of Deeds, Meycauyan, Bulacan is directed to cancel the adverse claim annotated at the back of TCT No. T-118223;
2. The defendants are ordered to pay jointly and severally the herein plaintiffs:
 - a) the sum of P100,000.00 as moral damages;
 - b) the amount of P20,000.00 as exemplary damages;
 - c) the further sum of P50,000.00 as and for attorney's fees plus P2,000.00 per court appearance; and
 - d) the costs of suit.

SO ORDERED.^[8]

Dissatisfied, petitioners appealed to the Court of Appeals, which affirmed the ruling of the trial court on March 15, 2002.^[9] However, on August 12, 2002, it modified its decision by deleting the award of damages and attorney's fees.^[10]

Petitioners are now before us, on the following assigned errors:

A

THE COURT OF APPEALS ERRED IN MAINTAINING THAT THE VERBAL CONTRACT BETWEEN THE HEREIN PETITIONER AND THE RESPONDENT WAS A FIVE (5) YEAR LEASE AND NOT [A] SALE AND THAT THIS VERBAL FIVE (5) YEAR LEASE AGREEMENT IS ENFORCEABLE BY ACTION DESPITE ITS NON-COMPLIANCE WITH THE STATUTE OF FRAUDS.

B

THE COURT OF APPEALS ERRED IN DECLARING THAT THE SUBJECT VERBAL FIVE (5) YEAR LEASE AGREEMENT IN RELATION TO ARTICLE 1403 (2) (e) OF THE CIVIL CODE IS AN EXECUTED CONTRACT AND WHILE THIS HAD BEEN RATIFIED BY THE ACTS OF THE PETITIONER.

C

THE COURT OF APPEALS ERRED IN NOT COMPLETELY REVERSING THE

DECISION OF THE LOWER COURT FOR LACK OF SUFFICIENT EVIDENCE
AND LEGAL BASIS.^[11]

In the first assigned error, petitioners contend in sum that the Deed of Absolute Sale^[12] is an authentic document. They base their claim of ownership on their payment of the purchase price, the construction of a five-door-apartment on the subject property without any objection from the respondents, the approved survey of the forty-seven square meter portion of the lot and the declaration of ownership of said property in the name of petitioners, as well as the payment of the corresponding realty taxes thereon up to the present.

The contention is not well-taken.

The records disclose that on July 13, 1993, Acting Branch Clerk of Court Rommel S. Resurreccion requested a Signature Examination of the signatures of respondents Jose Malabao and Paulina Lasaca Malabao on the purported Deed of Absolute Sale from the Philippine National Police (PNP) Crime Laboratory Service.^[13] Pursuant to said request, the PNP Crime Laboratory Service came out with Document Report No. 149-93,^[14] which disclosed the following -

FINDINGS:

1. Comparative examination and analysis of the questioned signature JOSE MALABAO marked "Q-1" and the submitted standard signatures of Jose Malabao marked "S-1" to "S-15" inclusive ***reveal significant divergences in handwriting movement, stroke structure, line quality, skill and other individual handwriting characteristics.***

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2. Comparative examination and analysis of the mentioned signature PAULINA LASACA MALABAO marked "Q-2" appearing in the document mentioned above and the submitted standard signature of Paulina L. Malabao marked "S-16" to "S-24" inclusive ***reveal significant divergences in handwriting movement, stroke structure, line quality, skill and other individual handwriting characteristics.***

X X X X X X X X X

CONCLUSION:

1. The questioned signature JOSE MALABAO marked "Q-1" appearing in the document mentioned above and the submitted standard signatures of Jose Malabao marked "S-1" to "S-15" inclusive ***WERE NOT WRITTEN BY ONE AND THE SAME PERSON.***
2. The questioned signature of PAULINA LASAC MALABAO marked "Q-2" appearing in the document mentioned above and the submitted standard signatures of Paulina L. Malabao marked "S-16" to "S-24" inclusive ***WERE NOT WRITTEN BY ONE AND THE SAME PERSON.*** (emphasis and italics supplied)