

THIRD DIVISION

[G.R. No. 140848, April 25, 2002]

RAMON RAMOS, PETITIONER, VS. HEIRS OF HONORIO RAMOS SR.; NAMELY, PUREZA N. RAMOS, HONORIO RAMOS JR. AND GWENDOLYN RAMOS-GARCIA, RESPONDENTS.

D E C I S I O N

PANGANIBAN, J.:

The burden of proving the alleged simulation of a contract falls on those who impugn its regularity and validity. A failure to discharge this duty will result in the upholding of the contract. The primary consideration in determining whether a contract is simulated is the intention of the parties as manifested by the express terms of the agreement itself, as well as the contemporaneous and subsequent actions of the parties. The most striking index of simulation is not the filial relationship between the purported seller and buyer, but the complete absence of any attempt in any manner on the part of the latter to assert rights of dominion over the disputed property.

The Case

Before us is a Petition for Review on Certiorari challenging the October 26, 1999 Decision^[1] of the Court of Appeals^[2] (CA) in CA-GR CV No. 46938. The assailed Decision disposed as follows:

"WHEREFORE, premises considered, the questioned decision of the lower court dated May 6, 1994 is hereby **REVERSED AND SET ASIDE**. Let a new judgment be entered ordering the partition of Lot No. 2961 into two (2) equal parts and ordering [herein Petitioner] Ramon Ramos to convey the equivalent one (1) part of Lot 2961 representing the share of Honorio Ramos, Sr. [i]n the disputed lot to the [herein respondents] as heirs."^[3]

The Facts

Quoting the trial court, the CA related the events leading to this Petition in this wise:

"Lucio Ramos and Salud Abejuela are spouses. x x x Lucio died on May 31, 1974 and Salud on September 17, 1966.

"Out of their marriage, they begot the following children, namely: Juan Ramos, Honorio Ramos, Josefa Ramos and Ramon Ramos.

"During their lifetime, they acquired real properties situated at Macasandig, Cagayan de Oro City.

"Sometime in September 1972, the above-named children and Lucio

Ramos himself, executed an Extrajudicial Settlement of the estate of the deceased Salud Abejuela. x x x.

"x x x

x x x

x x x

"On March 26, 1975, Juan Ramos and Josefa Ramos Reyes filed in the then Court of First Instance of Misamis Oriental, a complaint for partition and annulment of confirmatory deeds of sale against Ramon A. Ramos and Honorio Ramos. x x x The case was docketed thereat as Civil Case No. 4667.

"Parties to said case, however, on November 10, 1975, submitted a compromise agreement which was approved and adopted by the court as its decision in the case. Under said compromise agreement, [the parties agreed, *inter alia*: '4. That [Juan Ramos and Josefa Ramos Reyes] forever waive, quitclaim, relinquish, and renounce whatever rights and interests they may have over Parcel 5 and [Lot 2961] x x x;']^[4]

"Very much earlier, however, or to be exact, on January 11, 1954, there appeared in the Notarial Register of Notary Public Fausto Eugenio of Cagayan de Oro City a document denominated as a [D]eed of [A]bsolute [S]ale registered as Doc. No. 17, Page 12; Book III and Series of 1954 of said [N]otarial [R]egister executed by Salud Abejuela in favor of Ramon Ramos married to Nena Villamil and resident of Cagayan de Oro City. Subject of the sale was Lot No. 2961 of the Cagayan Cadastral located at Macasandig, Cagayan de Oro City containing an area of 50,000 square meters and an alleged exclusive property of said Salud Abejuela."^[5]

On July 30, 1991, respondents filed with the Regional Trial Court (RTC) of Cagayan de Oro City (Branch 20),^[6] a suit against petitioner for the conveyance of title and partition of Lot 2961. The CA continued:

In this action, [herein respondents], who are surviving spouse and children x x x of Honorio Ramos Sr., contend that Honorio Ramos Sr., co-owned the above-mentioned Lot 2961 with Ramon Ramos; that the sale was simulated and fictitious the purpose being only to enable said Ramon Ramos to use the land as collateral security for a loan as he did use it when he was granted a loan by the Philippine National Bank; that the understanding and agreement with his parents Lucio and Salud Ramos was that, Ramon Ramos should hold said land in trust for his brother, Honorio and same should be divided between the two in equal shares; that as proof that the sale was fictitious and simulated, it was still Lucio Ramos with whom Ramon Ramos live[d] with, who continued to harvest and enjoy the fruits of the coconut trees planted [o]n said Lot 2961 until he died on May 31, 1974; that after Lucio Ramos died Ramon Ramos went to his sister-in-law, Pureza N. Ramos, one of herein [respondents] requesting her that she intercede for him in requesting his brother, Honorio Ramos Sr., to allow him to harvest the coconuts planted on subject property for the reason that his needs were greater tha[n] that o[f] his brother, his children having finished already in their studies, while his, were still in high school and about to enter college to which request Honorio Ramos Sr., agreed; that in 1984, after sixteen years of exclusive

enjoyment of the property by Ramon Ramos, [respondents] requested Ramon Ramos that the property be partitioned but without refusing the demand, he made the excuse that he [would] first consult his children and the matter dragged and was shelved until last 1990 when Honorio Ramos became very ill and sickly [and] again [respondents] made their demand for partition x x x but again Ramon Ramos gave his feeble assurance not to worry because he [would] give the share of [respondents]; that when they made a formal demand for the partition and delivery of their one-half, pro-indiviso share, Ramon Ramos repudiated his co-ownership of the lot with Honorio Ramos; x x x.”^[7]

Ruling of the Trial Court

The trial court^[8] dismissed the Complaint in its May 6, 1994 Decision, disposing as follows:

“WHEREFORE, for lack of evidence that the [D]eed of [S]ale executed by Salud Abejuela in favor of [petitioner] over Lot 2961 is simulated (Exh. ‘1’) and likewise, there being no evidence that Honorio Ramos Sr., is the co-owner of said lot with [petitioner], let this case be, as it is hereby dismissed. The counterclaim is likewise dismissed it not being shown that in filing this case, [private respondents were] motivated by bad faith and malice.”^[9]

The RTC rejected respondents’ contention that the sale of Lot 2961 was simulated, because a clear intention to sell it was evident. No deed of resale between petitioner and his mother, Salud, was ever executed; and no case for the annulment of the sale was filed despite the passage of eleven years after the latter’s death. Until their death, the parents of petitioner stayed on the said lot with him. Without any objection from respondents, he occupied the disputed lot exclusively and continuously from the time their father died in 1974.

There was no evidence to support the existence of a *contra documento*. Anastacio Gaylo testified that one such document had allegedly been attested to and acknowledged before a notary public in Cagayan de Oro City, but respondents failed to secure a copy from the Regional Trial Court of Misamis Oriental, which was the repository of all documents ratified and acknowledged by notaries public in the province. Salud’s revelation that the Deed was made only to enable petitioner to secure a loan was rejected because, being hearsay, the testimonies of Gaylo, Josefa Ramos Reyes and Pureza were inadmissible.

Furthermore, respondents failed to prove the existence of co-ownership between Honorio Sr. and petitioner. Respondents were also estopped from claiming ownership of the questioned lot because in a pleading in the case for settlement of the estate of Salud, Honorio Sr. (respondents’ father) had admitted that the disputed lot had validly been sold to petitioner in 1954.

Ruling of the Court of Appeals

Reversing the RTC, the CA held that the Deed of Sale executed between petitioner and Salud Abejuela had been tainted by several “badges of simulation.” *First*, if petitioner was the sole owner of the lot, Honorio Sr. would not have been impleaded

as petitioner's co-defendant in the earlier partition case. *Second*, the compromise agreement in the said case was not sufficient proof of petitioner's exclusive ownership of the disputed lot. On the contrary, Honorio Sr.'s wife, Pureza, demanded in writing that the said lot be partitioned. *Third*, estoppel did not bar respondents from asking for such partition.

Fourth, the ten-year prescription period did not run until August 1, 1990, when petitioner expressly repudiated the co-ownership after writing Pureza his refusal to convey her alleged share in the disputed property. Prescription should not be deemed to have started from Salud's death in February 1966, since the lot in question continued to be possessed by petitioner's father (Lucio) until his death in 1974. Thus, the action for conveyance had not yet prescribed.

Hence, this appeal.^[10]

The Issues

Petitioner, in his Memorandum,^[11] raises the following issues:

"1. Whether or not the Deed of Absolute Sale executed by Salud Abejuela-Ramos on January 11, 1954 was [a] real and genuine sale conveying ownership of the land in favor of the vendee;

"2. Whether or not the evidence of respondents (plaintiffs in the lower court) is strong and convincing enough to overcome a public document of sale duly notarized;

"3. Granting without admitting that there is any merit [to] the claim of the heirs of Honorio Sr. over the subject lot, the same has already prescribed;

"4. Granting without admitting any merit [to] the claim of [the] heirs of Honorio Sr. over the subject property, the same is unenforceable pursuant to the provisions of the Statute of Frauds."^[12]

In brief, the main issue is whether the 1954 Deed of Sale executed by Salud in petitioner's favor was simulated.

This Court's Ruling

The Petition is meritorious.

Preliminary Matter

We begin our discussion with the legal principle that the Supreme Court is not a trier of facts.^[13] However, where the RTC and the CA arrived at different factual findings, as in this case, we may review the evidence on record.^[14]

Main Issue: **Validity of Conveyance**