

FIRST DIVISION

[G.R. No. 104802*, July 11, 2001]

**AURELIA S. LLANA, PASCUAL LLANA AND PRIMITIVO SALES,
PETITIONERS, VS. COURT OF APPEALS, NICANOR PAGDILAO
AND ANDRES BAUTISTA, RESPONDENTS.**

D E C I S I O N

KAPUNAN, J.:

This is a petition for review on certiorari of the Decision of the Court of Appeals, dated March 23, 1992 in CA-G.R. CV No. 02647^[1] affirming the Decision, dated September 2, 1982 of the then Court of First Instance of Ilocos Norte, Branch IV which declared private respondents Nicanor Pagdilao, *et al.* as the owners of the lots in question.

The facts of the case are as follows:

In 1974, private respondents filed with the Court of First Instance of Ilocos Norte an action to quiet title against petitioners Aurelia Llana, *et al.* The case was raffled to Branch IV of said court. In their first cause of action, private respondents alleged that they were the owners of the following parcels of land:

1. A parcel of commercial lot situated at Gareta No. 2, Badoc, Ilocos Norte, with an area of 434 square meters, more or less, assessed at P690.00 under Tax Declaration No. 22095 in the name of Nicanor Pagdilao, *et al.*;
2. A parcel of irrigated riceland situated at Oidaoidan, Badoc, Ilocos Norte, with an area of 1,875 square meters, more or less, assessed at P190.00 under Tax Declaration No. 28090 in the name of Nicanor Pagdilao, *et al.*;
3. A parcel of irrigated riceland situated at Oidaoidan, Badoc, Ilocos Norte, with an area of 5,911 square meters, more or less, assessed at P540.00 under Tax Declaration No. 28089 in the name of Nicanor Pagdilao, *et al.*;
4. A parcel of irrigated riceland situated at Oidaoidan, Badoc, Ilocos Norte, with an area of 1,250 square meters, more or less, assessed at P120.00 under Tax Declaration No. 28093 in the name of Nicanor Pagdilao, *et al.*;
5. A parcel of pastureland situated at Morong, No. 6 Badoc, Ilocos Norte, with an area of 3,400 square meters, more or less, assessed at P70.00 under Tax Declaration No. 34491 in the name of Nicanor

Pagdilao; and

6. A parcel of pastureland situated at Morong, No. 6 Badoc, Ilocos Norte, with an area of 9,372 square meters, more or less, assessed at P280.00 under Tax No. 34492 in the name of Nicanor Pagdilao.^[2]

It appears that private respondents purchased the aforementioned lots from petitioners. On July 22, 1966, petitioners executed a deed of sale of the three parcels of land in Barangay Oidaoidan in favor of Andres Bautista, Lucina Rosario and Nicanor Pagdilao. These lots (along with two other lots in Barangay Nagbacsayan) were sold to the latter for Nine Thousand Pesos (P9,000.00)^[3] A deed of sale of the lot at Gareta No. 2, dated August 29, 1966, was likewise executed by petitioners in favor of Andres Bautista and Nicanor Pagdilao. The lot was sold for Eight Thousand Five Hundred Pesos (P8,500.00).^[4] Petitioners also executed a deed of sale over the two lots at Barangay Morong in favor of Nicanor Pagdilao on December 15, 1966. These lots were sold by petitioners for Four Thousand Pesos (P4,000.00).^[5]

Private respondents further averred that petitioners, claiming to be the owners of the aforementioned lots, entered the same and tried to acquire possession thereof by force, but did not succeed.

In their second cause of action, private respondents claimed that Bonifacio Llana, deceased husband of petitioner Aurelia Llana, obtained a loan of Five Thousand Pesos (P5,000.00) from private respondent Nicanor Pagdilao. The loan was payable in five years, at ten percent (10%) interest per annum. Private respondents alleged that the loan became due on February 10, 1973, but Bonifacio had not yet paid the same.

Petitioners, on the other hand, averred that they remained the owners of the lots in question. They maintained that there was no sale nor transfer of possession of the six parcels of land in favor of private respondents, and that they executed the deeds of sale in favor of private respondents upon the misrepresentations of Nicanor Pagdilao. They explained that sometime in March, 1966, Bonifacio Llana was arrested in connection with a case for homicide filed against him, and was released from detention upon setting up a property bond raised partly by his family and by his good friend, Nicanor Pagdilao. Nicanor recommended that the properties in Bonifacio's name be disposed of so that said properties would not be attached to answer for Bonifacio's civil liability should he be convicted of the homicide charge. Nicanor also suggested that some of the properties in Bonifacio's name be transferred in his name and in the name of his father-in-law, Andres Bautista.^[6] According to petitioners, the transfer of the properties from Bonifacio's name to Nicanor and Andres would only be on paper, i.e., no actual transfer of ownership would take place and that the transfer would only be for the purpose of preventing the lots in question from being attached should Bonifacio be found civilly liable in the homicide case.

Anent private respondents' claim that Bonifacio had not yet paid his debt of P5,000.00 plus 10% interest to Nicanor from the time said debt became due in 1973, petitioners contend that Bonifacio had already paid the same in 1966 by conveying to Nicanor two parcels of land situated at Barangay Nagbacsayan, Badoc,

Ilocos Norte, by the execution of the deed of sale dated July 22, 1966.^[7]

On September 2, 1982, the CFI rendered its Decision in favor of private respondents. The dispositive portion thereof states:

BY THE FOREGOING, and hereby makes pronouncements as follows:

1. Declaring plaintiffs as owners of the lots in suit in the First Cause of Action;
2. Ordering defendants to deliver possession of the lots in suit in the First Cause of Action free from any lien and encumbrances;
3. Hereby issuing, in the First Cause of Action, a Writ of Injunction against defendants, their hirelings, agents, mandatories, prohibiting each and anyone of them forever from invading, entering and trespassing on said lots above-described in par. II, Amended Complaint;
4. Ordering defendants to pay plaintiffs in the First Cause of Action the amount of P1,620.00 (lot rentals and palay produce) annually to begin in the year 1973 until delivery of possession of lots in suit;
5. On the second Cause of Action, ordering defendant Bonifacio Llana to pay the plaintiff Nicanor Pagdilao the amount of P5,000.00 with 10% interest per year computed from October 10, 1968 until paid; and finally,

Defendants to pay the costs of the proceedings.^[8]

On appeal, the Court of Appeals affirmed *in toto* the findings of the trial court. The appellate court noted that petitioners failed to adduce clear and convincing proof that the deeds of sale of the lots in question were simulated; thus, it upheld the CFI's ruling that said deeds are presumed to be valid, especially since said documents were duly notarized.^[9]

Hence, this petition. Petitioners raise the following issues:

I.

THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN GIVING CREDENCE TO THE ABSOLUTE DEEDS OF SALE WHEN PAROL TESTIMONY HAD PROVEN THAT THE DOCUMENTS IN QUESTION DOES NOT REFLECT THE TRUE INTENTION OF THE PARTIES.

II.

THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN NOT DISMISSING THE SECOND CAUSE OF ACTION.^[10]

The Court finds no cogent reason to reverse the decision of the Court of Appeals.