

THIRD DIVISION

[G.R. No. 112485, August 09, 2001]

**EMILIA MANZANO, PETITIONER, VS. MIGUEL PEREZ SR.,
LEONCIO PEREZ, MACARIO PEREZ, FLORENCIO PEREZ, NESTOR
PEREZ, MIGUEL PEREZ JR. AND GLORIA PEREZ, RESPONDENTS.**

D E C I S I O N

PANGANIBAN, J.:

Courts decide cases on the basis of the evidence presented by the parties. In the assessment of the facts, reason and logic are used. In civil cases, the party that presents a preponderance of convincing evidence wins.

The Case

Before us is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, assailing the March 31, 1993 Decision^[1] of the Court of Appeals (CA)^[2] in CA-GR CV No. 32594. The dispositive part of the Decision reads:

"WHEREFORE, the judgment appealed from is hereby REVERSED and another one is entered dismissing plaintiff's complaint."

On the other hand, the Judgment^[3] reversed by the CA ruled in this wise:

"WHEREFORE, premises considered, judgment is hereby rendered:

- 1) Declaring the two `Kasulatan ng Bilihang Tuluyan' (Exh. `J' & `K') over the properties in question void or simulated;
- 2) Declaring the two `Kasulatan ng Bilihang Tuluyan' (Exh. `J' & `K') over the properties in question rescinded;
- 3) Ordering the defendants Miguel Perez, Sr., Macario Perez, Leoncio Perez, Florencio Perez, Miguel Perez, Jr., Nestor Perez and Gloria Perez to execute an Extra Judicial Partition with transfer over the said residential lot and house, now covered and described in Tax Declaration Nos. 1993 and 1994, respectively in the name of Nieves Manzano (Exh. `Q' & `P'), subject matter of this case, in favor of plaintiff Emilia Manzano;

4) Ordering the defendants to pay plaintiff:

- a) P25,000.00 as moral damages;
- b) P10,000.00 as exemplary damages;
- c) P15,000.00 as and for [a]ttorney's fees; and
- d) To pay the cost of suit."^[4]

The Motion for Reconsideration filed by petitioner before the CA was denied in a Resolution dated October 28, 1993.^[5]

The Facts

The facts of the case are summarized by the Court of Appeals as follows:

"[Petitioner] Emilia Manzano in her Complaint alleged that she is the owner of a residential house and lot, more particularly described hereunder:

`A parcel of residential lot (Lots 1725 and 1726 of the Cadastral Survey of Siniloan), together with all the improvements thereon, situated at General Luna Street, Siniloan, Laguna. Bounded on the North by Callejon; on the East, by [a] town river; on the South by Constancia Adofina; and on the West by Gen. Luna Street. Containing an area of 130 square meters more or less, covered by Tax Dec. No. 9583 and assessed at P1,330.00.

`A residential house of strong mixed materials and G.I. iron roofing, with a floor area of 40 square meters, more or less. Also covered by Tax No. 9583.'

"In 1979, Nieves Manzano, sister of the [petitioner] and predecessor-in-interest of the herein [private respondents], allegedly borrowed the aforementioned property as collateral for a projected loan. The [petitioner] acceded to the request of her sister upon the latter's promise that she [would] return the property immediately upon payment of her loan.

"Pursuant to their understanding, the [petitioner] executed two deeds of conveyance for the sale of the residential lot on 22 January 1979 (Exhibit `J') and the sale of the house erected thereon on 2 February 1979 (Exhibit `K'), both for a consideration of P1.00 plus other valuables allegedly received by her from Nieves Manzano.

"On 2 April 1979, Nieves Manzano together with her husband, [respondent] Miguel Perez, Sr., and her son, [respondent] Macario Perez, obtained a loan from the Rural Bank of Infanta, Inc. in the sum of P30,000.00. To secure payment of their indebtedness, they executed a Real Estate Mortgage (Exhibit `A') over the subject property in favor of

the bank.

"Nieves Manzano died on 18 December 1979 leaving her husband and children as heirs. These heirs, [respondents] herein allegedly refused to return the subject property to the [petitioner] even after the payment of their loan with the Rural Bank (Exhibit `B').

"The [petitioner] alleged that sincere efforts to settle the dispute amicably failed and that the unwarranted refusal of the [respondents] to return the property caused her sleepless nights, mental shock and social humiliation. She was, likewise, allegedly constrained to engage the services of a counsel to protect her proprietary rights.

"The [petitioner] sought the annulment of the deeds of sale and execution of a deed of transfer or reconveyance of the subject property in her favor, the award of moral damages of not less than P50,000.00, exemplary damages of P10,000.00 attorney's fees of P10,000.00 plus P500.00 per court appearance, and costs of suit.

"In seeking the dismissal of the complaint, the [respondents] countered that they are the owners of the property in question being the legal heirs of Nieves Manzano

Who purchased the same from the [petitioner] for value and in good faith, as shown by the deeds of sale which contain the true agreements between the parties therein; that except for the [petitioner's] bare allegations, she failed to show any proof that the transaction she entered into with her sister was a loan and not a sale.

"By way of special and affirmative defense, the [respondents] argued that what the parties to the [sale] agreed upon was to resell the property to the [petitioner] after the payment of the loan with the Rural Bank. But since the [respondents] felt that the property is the only memory left by their predecessor-in-interest, they politely informed the [petitioner] of their refusal to sell the same. The [respondents] also argued that the [petitioner] is now estopped from questioning their ownership after seven (7) years from the consummation of the sale.

"As a proximate result of the filing of this alleged baseless and malicious suit, the [respondents] prayed as counterclaim the award of moral damages in the amount of P10,000.00 each, exemplary damages in an amount as may be warranted by the evidence on record, attorney's fees of P10,000.00 plus P500.00 per appearance in court and costs of suit.

"In ruling for the [petitioner], the court a quo considered the following:

`First, the properties in question after [they have] been transferred to Nieves Manzano, the same were mortgaged in favor of the Rural Bank of Infante, Inc. (Exh. `A') to secure payment of the loan extended to Macario Perez.'

`Second, the documents covering said properties which were given to the bank as collateral of said loan, upon payment and [release] to the [private respondents], were returned to [petitioner] by Florencio Perez, one of the [private respondents].'

`[These] uncontroverted facts [are] clear recognition [by private respondents] that [petitioner] is the owner of the properties in question.'

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`Third, [respondents'] pretense of ownership of the properties in question is belied by their failure to present payment of real estate taxes [for] said properties, and it is on [record] that [petitioner] has been paying the real estate taxes [on] the same (Exh. `T', `V', `V-1', `V-2' & `V-3')."

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`Fourth, [respondents] confirmed the fact that [petitioner] went to the house in question and hacked the stairs. According to [petitioner] she did it for failure of the [respondents] to return and vacate the premises. [Respondents] did not file any action against her.'

`This is a clear indication also that they (respondents) recognized [petitioner] as owner of said properties.'

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`Fifth, the Cadastral Notice of said properties were in the name of [petitioner] and the same was sent to her (Exh. `F' & `G').

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`Sixth, upon request of the [petitioner] to return said properties to her, [respondents] did promise and prepare an Extra Judicial Partition with Sale over said properties in question, however the same did not materialize. The other heirs of Nieves Manzano did not sign."

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`Seventh, uncontroverted is the fact that the consideration [for] the alleged sale of the properties in question is P1.00 and other things of value. [Petitioner] denies she has received any consideration for the transfer of said properties, and the [respondents] have not presented evidence to belie her testimony."^[6]