

THIRD DIVISION

[G.R. No. 94617, April 12, 2000]

ERLINDA M. VILLANUEVA, HEREIN REPRESENTED BY HER ATTORNEY-IN-FACT LEOPOLDO SAN BUENAVENTURA, TEOFILA N. ALBERTO, HARRY ASAÑA, ANGEL CHENG, MA. LOURDES NG, DOMINGO F. ISRAEL AND CATALINO IMPERIAL, JR., PETITIONERS, VS. HON. ANGEL S. MALAYA, AS JUDGE OF RTC OF NAGA CITY, BRANCH XXII, ROSARIO B. TORRECAMPO, ANASTACIO BONGON, ROQUE ANGELES, REGISTER OF DEEDS OF NAGA CITY AND RUBEN SIA, RESPONDENTS.

[G.R. No. 95281]

ERLINDA M. VILLANUEVA, HEREIN REPRESENTED BY HER ATTORNEY-IN-FACT LEOPOLDO E. SAN BUENAVENTURA, PETITIONER, VS. COURT OF APPEALS, HON. ANGEL S. MALAYA, AS JUDGE RTC OF NAGA CITY, BRANCH XXII, ROSARIO TORRECAMPO, ANASTACIO BONGON, ROQUE ANGELES, REGISTER OF DEEDS OF NAGA CITY AND RUBEN SIA, RESPONDENTS.

D E C I S I O N

GONZAGA-REYES, J.:

Separate petitions for review on certiorari assailing the decision of the Court of Appeals (Third Division) dated August 13, 1990^[1] in CA-G.R. SP No. 19533, and the resolution dated September 13, 1990 affirming said decision on reconsideration.

This case originated from an action for rescission of contract, docketed as Civil Case No. R-570 before Branch 22 of the Regional Trial Court ("RTC") of Camarines Sur and entitled "Irene P. Mariano, plaintiff, versus Francisco M. Bautista, defendant". The subject of the action was a joint venture contract between Mariano and Bautista for the development of a memorial park, one of a number of unfinished projects of Irene Mariano's late husband, Don Macario Mariano. In a decision dated December 14, 1979, then presiding judge Jorge S. Imperial ordered the rescission of the contract, which decision was later modified by the then Intermediate Appellate Court ("IAC") in this manner:

- a) rescinding the contract of joint venture and addendum thereto on the ground of mutual violations of the same by both contracting parties;
- b) x x x
- c) declaring the land subject matter of the contract of joint venture as the property of the plaintiff-appellee, together with all the improvements thereon as well as the income supposedly accruing to the plaintiff-appellee, as owner of

- the said property without prejudice to the right of the other co-owners of the land in question;
- d) plaintiff-appellee to reimburse defendant-appellant the sum of P395,639.84 for development costs and P155,553.81 for cash advances to the Sto. Niño Memorial Park, Inc. with 12% interest from the date of the judgment until fully paid subject to what shall be done with the amount of P155,553.84 as outlined in the body of this Decision.^[2]

For Irene's failure to comply with her obligations in the aforesaid decision, a Writ of Execution for the satisfaction of said decision was issued and on November 24, 1986, the subject property, consisting of a 2,154 square meter prime land and the ancestral house and commercial building standing thereon, was levied on execution.

Petitioner Erlinda Mariano Villanueva, legally adopted daughter of Irene Mariano^[3], alleges that the subject property is one of several properties that she (Erlinda), her adoptive brother Jose, and Irene inherited from Don Macario Mariano who died on December 2, 1971. On July 21, 1972, Irene and Jose executed a document denominated as "Indenture of Extrajudicial Settlement of Estate"^[4], which Erlinda signed and which was acknowledged on September 8, 1972 before the Philippine Consulate in Honolulu, Hawaii. The Indenture designates the disputed property as one of the properties of the conjugal estate, and distributes the total conjugal estate in pro-indiviso shares in this manner: "(a) to Irene P. Mariano, one-half (1/2) of the entire estate plus one-third (1/3) of the other half; (b) to Jose P. Mariano and Erlinda Mariano Villanueva, one third (1/3) each of the remaining half of the estate." The Indenture likewise appoints Irene as administrator of the properties.

By virtue of the above Indenture of Extrajudicial Settlement, Transfer Certificate of Title ("TCT") No. 1964^[5] in the name of Macario Mariano was cancelled and TCT No. 6567^[6] was issued in lieu thereof in the names of Irene P. Mariano, with 4/6 share; Jose P. Mariano, married to Helen Severo, with 1/6 share; and Erlinda Mariano, married to Melchor Villanueva, Jr. with 1/6 share.

Through an Affidavit of Merger^[7] executed by Irene Mariano on February 6, 1974 and notarized on February 7, 1974, said TCT No. 6567 was cancelled and TCT No. 7261 was issued in the name of Irene Mariano. The Affidavit declared that the merger was pursuant to her powers as administrator in the Indenture dated July 21, 1972, was not for fraud, and was made "in the interest and in furtherance of the family realty enterprise and in order to facilitate real estate dealings."^[8]

Based on a Deed of Sale dated April 15, 1975^[9], it appears that Irene conveyed the disputed property to a certain Raul Santos, by virtue of which, on October 2, 1987, TCT No. 7261 was cancelled and TCT No. 17745 in the name of Raul Santos issued in lieu thereof.

Irene died on June 26, 1988. On July 18, 1988, Jose and Erlinda filed a complaint against Raul Santos for annulment of the Deed of Sale dated April 15, 1975, on grounds of forgery and simulated sale. The case, docketed as Civil Case No. 88-1506, was pending with the RTC, Branch 21 of Camarines Sur at the time the instant petitions were filed on August 31, 1990 and October 2, 1990, respectively.

In an Order dated December 6, 1988^[10], issued by herein respondent Judge Angel Malaya, Erlinda and Jose were declared legal representatives of Irene in Civil Case No. R-570.

Upon petition of Erlinda and Jose, the Second Division of this Court issued on December 8, 1988 a Temporary Restraining Order ("TRO") directing the RTC and respondent ex-officio provincial sheriff Rosario Torrecampo to desist from proceeding with the public auction sale in Civil Case R-570 scheduled on December 9, 1988. The TRO, however, was not enforced because the public sale proceeded as scheduled in the morning of December 9, 1988. As respondents contend, a copy of the TRO was received by respondent judge and respondent sheriff only in the afternoon of December 9, 1988, or after the sale in public auction of the disputed property on the morning of the same day. The highest bidder to the property was herein private respondent Ruben Sia.

On December 12, 1988, a Provisional Deed of Sale in favor of Sia was registered with the Office of the Register of Deeds of Naga City.

In letters respectively dated November 2, 1989^[11] and November 7, 1989^[12] addressed to private respondent Sia and respondent sheriff, Jose signified his intention to redeem the property as heir of Irene Mariano.

On November 20, 1989, the RTC, Branch 28 of Camarines Sur issued a TRO in Civil Case No. 89-120, entitled "Godofredo Uy versus Rosario B. Torrecampo",^[13] restraining Jose from redeeming the property and respondent sheriff from accepting the redemption money or allowing the consignment thereof. The TRO was issued on the basis of the allegations in Uy's complaint that he was the assignee of Jose to the latter's redemption rights over the subject property, and a redemption by Jose of said property would be prejudicial to Uy's rights obtaining from such assignment. On December 1, 1989, this TRO was extended by the same court for another 20 days, and to include any attempt at redemption by Erlinda.^[14]

On November 22, 1989, Erlinda and her attorney-in-fact Atty. Leopoldo E. San Buenaventura tendered a cashier's check^[15] in the amount of P1,562,568.67, representing the principal of P1,400,000.00 plus interest of P162,568.67 at 1% per month to private respondent Sia who refused to accept it and said that he needed to consult his lawyers first. Several more tenders of the same check were made to private respondent Sia and respondent sheriff on November 23, December 4 and December 7, 1989, all of which were not accepted.

For his part, private respondent Sia explained to respondent sheriff that he was "at a loss" as to who to accept payment from, considering that several parties, namely, Jose and Erlinda Mariano, Godofredo Uy, and Rolando Relucio^[16] had signified their intention to redeem the property.^[17] Acting on the matter, respondent sheriff filed a "Motion to Determine Rightful Redemptioner"^[18] dated November 27, 1989 in Civil Case No. R-570.

On December 7, 1989, and after her last tender to Sia, Erlinda through Atty. Buenaventura consigned the redemption price to respondent judge, who received

the petition for consignation but refused to accept the cashier's check.

Meanwhile, Jose Mariano died on December 2, 1989. Also, in the course of making tenders of payment to Sia and respondent sheriff, Erlinda executed two Deeds of Sale, both dated November 23, 1989^[19], in favor of petitioners Alberto, Azana, Cheng, Ng, Israel and Yap-Imperial (hereafter, "petitioner-lessees"), lessees of the commercial building situated on the disputed property, over the commercial building and the land on which it is situated, on the condition that such property be first redeemed by Erlinda from Sia. Petitioner-lessees then wrote respondent sheriff of such development,^[20] which was in turn brought to the attention of the trial court in the above "Motion to Determine Rightful Redemptioner".

On December 8, 1989, respondent judge issued an Order passing upon the right to redeem the subject property. The dispositive portion of the Order reads:

WHEREFORE, premises considered, the following persons may exercise right of redemption:

- a) Jose Mariano and assignee Godofredo Uy, to the extent of the proportionate share of co-heir Jose Mariano to the common property;
- b) Erlinda Mariano (Villanueva) and assignee IPR Bldg. 1, through Teofila Alberto, to the extent of the proportionate share of co-heir Erlinda Mariano (Villanueva) to the common property;
- c) Deny the right of redemption of Raul Santos and Rolando Relucio.

SO ORDERED.

On the same day the Order was issued, respondent sheriff received a letter from respondent Sia asking for the execution of a Definite Deed of Sale in his favor of the subject property, on the ground that the redemption period of twelve months or 360 days had expired as of December 7, 1989 with no redemption having been effected. Acting upon this request, respondent deputy sheriffs Bongon and Angeles issued a Definite Deed of Sale^[21] of the property in favor of Sia on December 11, 1989.

Completely unmindful of these developments and obtaining from the favorable Order of December 8, 1989 of the trial court, Erlinda filed on December 11, 1989 a "Manifestation for Perfection of Consignation" in Civil Case No. R-570. On December 12, 1989, she also filed a petition for mandamus to compel respondent sheriff and respondent Sia to accept the proffered redemption money. The case was docketed as Spec. Proc. No. MC 89-1945 in RTC, Branch 24 of Camarines Sur, and was still pending at the time the instant petitions were filed with this Court.

Also on December 12, 1989, respondent Sia filed in Civil Case No. R-570 an Ex-Parte Motion for cancellation of TCT No. 17745 in the name of Raul Santos and the issuance in lieu thereof of a title in his name.

Thus, in an Order dated December 14, 1989, the trial court treated petitioner Erlinda's "Manifestation for Perfection of Consignation" as a motion for consignation and denied the same on the ground that respondent Sia was already issued a

Definite Deed of Sale, hence rendering the matter moot and academic. On the same day, respondent judge issued another Order, this time cancelling TCT No. 17745 and ordering the Register of Deeds of Naga City to issue a new TCT in favor of Sia. Pursuant to this Order, TCT No. 20201 was issued in the name of Ruben Sia.

Upon learning that respondent deputy sheriffs executed in favor of Sia a Definite Deed of Sale, petitioner-lessees moved for the cancellation of said deed before the trial court. In two separate Orders both dated December 18, 1989, the trial court denied said motion, declaring that the cancellation of said deed is a matter that would be better threshed out in a separate proceeding, and denied for lack of merit petitioner-lessees' motion for reconsideration of the Order dated December 14, 1989.

On December 20, 1989, respondent Sia filed an Ex-Parte Motion for the Issuance of a Writ of Possession over the subject property, which respondent judge granted.

Thus, on December 21, 1989, herein petitioners filed with respondent Court of Appeals a petition for certiorari and prohibition under Rule 65 of the Rules of Court with prayer for the issuance of a writ of preliminary injunction and/or restraining order from the orders of respondent judge. On December 22, 1989, the Sixteenth Division of the Court of Appeals granted the TRO. Oral arguments were heard and on January 23, 1990, the same Division issued the corresponding writ of preliminary injunction.

On August 13, 1990, the Third Division of the Court of Appeals rendered a Decision the dispositive portion of which reads:

ACCORDINGLY, the instant petition is hereby DISMISSED for lack of merit and correspondingly, the preliminary injunction issued on January 23, 1990 is hereby lifted and dissolved.

Private respondent Sia is hereby declared the rightful and registered owner of the property covered by Transfer Certificate of Title No. 20201 of the Register of Deeds of Naga City and is hereby entitled to the immediate possession thereof. Without costs in this instance.

SO ORDERED.

In the wake of the lifting of the preliminary injunction, respondent Sia moved for the issuance of an alias writ of possession over the disputed property, which the trial court granted on August 28, 1990.

From the August 13, 1990 decision of the Court of Appeals Erlinda's Urgent Motion for Reconsideration was denied in a Resolution promulgated on September 13, 1990.

Aggrieved, petitioner-lessees and petitioner Erlinda separately filed the herein petitions for review on certiorari which were docketed as G.R. Nos. 94617 and 95281, respectively.

In G.R. No. 95281, Erlinda assigns the following errors of respondent court: