

FIRST DIVISION

[G.R. No. 134992, November 20, 2000]

PEPITO S. PUA, AND HIS SPOUSE LOURDES UY (DECEASED) REPRESENTED BY HER LEGAL HEIRS, NAMELY PEPITO S. PUA, AS SURVIVING HUSBAND, AND THE MINORS PHILIP PUA, ESMERALDA PUA, PETER PUA, ISRAEL PUA, TEOLANO PUA, OLIVIA PUA AND JOVITA PUA, ALL REPRESENTED BY THEIR FATHER AND NATURAL GUARDIAN PEPITO PUA; JOHNNY P. UY AND HIS AUNT AND GUARDIAN LEONCIA COLOMA; SPOUSES PEDRO DOMINGO UY AND PRECIOSA PUA UY OR SPOUSES LINO UY AND JOLLY GAN UY; AND THE REGISTER OF DEEDS OF ISABELA, PETITIONERS, VS. THE HONORABLE COURT OF APPEALS, MYRNA S. PUA, ARSENIO UY AND ROSITA UY, RESPONDENTS.

DECISION

KAPUNAN, J.:

The instant petition for review on *certiorari* seeks the reversal of the decision, dated July 31, 1997; and resolution, dated June 19, 1998, of the Court of Appeals, which affirmed *in toto* the decision of the Regional Trial Court of Cauayan, Isabela, Second Judicial Region, Branch 19.

The antecedent facts, as found by the trial court, are as follows:

The plaintiff Myrna S. Pua and the defendant Pepito S. Pua are sister and brother, respectively, their mother being Jovita S. Pua. The latter was the former owner of the land in controversy (Exhibit M-1) together with a commercial building erected thereon (Exh. M). Pepito S. Pua being her eldest son, she placed the land in question in his name (Exh. A) but she continued to exercise rights of dominion over said property together with the building thereon by renting the same to a certain Cesar Calitis (Exh. G-1). On November 11, 1980, as representative of Pepito S. Pua, Jovita S. Pua entered into an amicable settlement in an ejection case commenced by the latter against the intervenor Arsenio Uy wherein she agreed to convey to Arsenio Uy twelve (12) square meters of the land in question (Exh. C-Int.). On April 27, 1981, the sale of the twelve square meters was registered (Entry 543 in Exh. A), hence, the remaining unencumbered portion of the land covered by said title is only 620 square meters.

As she intended this lot for her daughter Myrna S. Pua, she required Pepito S. Pua to convey the same to his sister. In obedience thereto, Pepito and his wife, Lourdes Uy, executed a Deed of Donation in favor of Myrna S. Pua on December 2, 1989 (Exh. B) and the owner's duplicate

copy of TCT No. T-76755 (Exh. A) was delivered to her. As owner of the lot and building erected thereon, Myrna S. Pua leased the same to one Cesar Calitis on April 3, 1992 (Exh. G). On June 22, 1992 Myrna, however, executed a document promising to sell the same property to the intervenors Arsenio Uy and Rosita Uy for a consideration of P1,200,000.00 (Exh. D-Int.) out of which P400,000.00 was already paid (Exhs. D-1, D-2 and D-3-Int.).

On June 12, 1991, a certified true copy of an order in LRC Petition No. 75 of the RTC, Branch 16 directing the reconstitution of the original and owner's duplicate of TCT No. T-76755, was registered (Exh. L). On July 12, 1991, the original and owner's duplicate copy of said title was issued by the Register of Deeds (Exh. D, see entry No. 6653 at the back of Exh. D). When subpoenaed by this Court to produce the record of LRC Petition No. 75, Atty. Benito Sales, Jr., the Clerk of Court of Branch 16 of the RTC at (sic) Ilagan, Isabela, failed to present the same. On the witness stand, he declared that there was no such petition docketed in said Court on May 8, 1991; and that the LRC Case No. 75 appears in the record of said Court to have been filed on January 10, 1984 by one Jaime Guzman for the reconstitution of TCT No. T-455633. He, however, admitted that his signature in Exhibits S (copy of the petition) and L (certifying that the order of June 11, 1991 is a true copy) are genuine.

On March 5, 1992, a Deed of Absolute Sale of the remaining 620 square meters, executed by Pepito S. Pua and Lourdes Uy on January 4, 1979 in favor of Johnny P. Uy, a minor represented by Leoncia Coloma Uy (Exh. 4-Uy) and ratified by Valentin G. Remigio, was registered in the Office of the Register of Deeds (see Entry No. 1724 in Exh. D) and as a consequence of said registration TCT No. T-206151 in the name of 'Johnny Uy, minor, represented by his auntie and natural guardian Leoncia Coloma Uy' was issued (Exh. 1-Uy). On January 10, 1990 another deed of absolute sale of the same property was executed by Pepito S. Pua and Lourdes Uy in favor of the same Johnny P. Uy, also represented by Leoncia Coloma, which was ratified by notary public Constante B. Albano (Exh. 3-Uy). This document was not registered in the Office of the Register of Deeds.

During the trial Jovencio Tattao y Nuñez, OIC Clerk of Court of Branch 22 of the RTC at (sic) Cabagan, Isabela testified that the late Atty. Valentin G. Remigio was the Clerk of Court of the CFI Branch III at (sic) Cabagan now RTC Branch 22, from 1977 up to 1980 when he was appointed Municipal Judge of the MTC of Alicia, Isabela; and that among the documents on file in the said Court and ratified by said Atty. Remigio in his capacity as a notary public are Exhibits N, N-1, to N-12. Upon motion of the plaintiff, these documents, containing the genuine signatures of notary public Valentin Remigio ratified by him in the month of January, 1979, together with the deed in favor of Johnny P. Uy dated January 4, 1979 (Exh. 4- Uy) were submitted for handwriting examination to the PNP Crime Laboratory at Camp Crame, Quezon City. Rosario Perez y Cain, a handwriting expert from said office declared during the trial that after a thorough examination of the genuine signatures of notary public Valentin G. Remigio in Exhs. N, N-1 to N-12, and his alleged signature in

Exh. 4-Uy, she arrived at a conclusion that his signature in exhibit 4-Uy was not written by him (Exh. R-Int.). Her testimony and findings were never refuted by the defendants.

The evidence further shows that Johnny P. Uy was delivered by Preciosa Uy at the Chinese General Hospital in Manila on March 1, 1980 (Exhs. 6, 6-A-1, 6-B-Uy). Her husband, Pedro Domingo Uy is a Chinese national but was naturalized as a Filipino on January 16, 1976 (Exh. 7-Uy). In his income tax return for the year 1990 (Exh. 8-Uy) Johnny P. Uy appears to be Pedro Domingo Uy's lone dependent. Lino Uy and Mario Uy, the spouses of Jolly Gan Uy and Leoncia Coloma, respectively, are the brothers of Pedro Domingo Uy and both are Chinese citizens. In their Joint Affidavit (Exh. 9-Uy), Pedro Domingo Uy and Preciosa Uy alleged among others that they gave their son Johnny P. Uy to the spouses Lino Uy and Jolly Gan Uy upon his birth and Leoncia Coloma purchased the land in question for Johnny P. Uy on January 4, 1979. (Rec., pp. 452-455).^[1]

On January 31, 1995, the trial court rendered a decision, the dispositive portion of which reads as follows:

WHEREFORE, in view of the foregoing considerations, judgment is hereby rendered:

1. Declaring the Deed of Donation (Exh. B) executed by the defendant Pepito S. Pua and his late wife Lourdes Uy in favor of plaintiff valid and binding against the donors and theirs heirs and/or successors-in-interest;
2. Declaring the deeds of sale (Exhs. 4-Uy and 3-Uy) in favor of Johnny P. Uy null and void;
3. Declaring the reconstituted copy of the original and owner's duplicate copy of TCT No. T-76755 (Exh. D) issued pursuant to the spurious and/or falsified order (Exh. L) in LRC Case No. 75 of the RTC, Branch 16 null and void;
4. Declaring TCT No. T-206161 (Exh. 1-Uy) issued to Johnny P. Uy null and void and ordering the Register of Deeds to reinstate TCT No. T-76755;
5. Declaring Johnny P. Uy the legitimate child of the spouses Pedro Domingo Uy and Preciosa Uy and not that of the spouses Lino Uy and Jolly Gan Uy;
6. Declaring Johnny P. Uy as the dummy of Leoncia Uy in acquiring the land in question;
7. Recommending to the Anti-Dummy Board the prosecution of Pepito S. Pua, Leoncia Uy, Johnny P. Uy and the spouses Pedro Domingo

Uy and Preciosa Uy for violation of the Anti-Dummy Law;

8. Recommending to the Ombudsman the prosecution of Atty. Benito Sales, Jr., Clerk of Court of the RTC, Branch 16, Ilagan, Isabela, for falsifying the order of reconstitution in LRC Case No. 75 (Exh. L);
9. Recommending to the Supreme Court that disciplinary action be taken against Atty. Benito Sales, Jr., Clerk of Court, RTC, Branch 16, Ilagan, Isabela for falsifying the order of reconstitution of TCT T-76755 dated June 11, 1991 in LRC Case No. 75 of said court, and for this purpose directing the Clerk of Court to furnish the Supreme Court, through the Court Administrator, a copy of this decision; and
10. Ordering the defendants to pay the costs.

SO ORDERED. (Rec., pp. 473-475)^[2]

Dissatisfied with the trial court's decision, petitioners brought the case on appeal to the Court of Appeals. On July 31, 1997, the appellate court rendered a decision, affirming *in toto* the trial court's ruling. Hence, this petition wherein the petitioners raise the following issues, to wit:

I

The respondent Court of Appeals ERRED when it upheld the ruling of the Regional Trial Court that the Deeds of Sale in favor of petitioner Johnny Uy and TCT No. T-206151 issued in his name was null and void.

A. The respondent Court of Appeals erred in relying on the questionable testimony of the purported PNP handwriting expert.

B. The respondent Court of Appeals wrongly applied the law on agency and representation in the case at bar.

C. Granting *arguendo* that the 1979 Deed of Sale was invalid, the respondent Court of Appeals still erred when it did not consider the established fact that there was actually a sale of the property in question in favor of petitioner Leoncia Coloma in the said year.

D. The respondent Court of Appeals erred when it upheld the lower court's erroneous finding that 1979 Deed of Sale was void because petitioner Johnny Uy lacked legal capacity.

E. The respondent Court of Appeals further ERRED in not recognizing petitioner Leoncia Coloma as an innocent purchaser for value, having relied on the title presented to her by the registered owner, which upon verification with the Register of Deeds was clean and free from any lien and/or encumbrance.

F. In not finding that the alleged reconstitution of TCT No. T-76755 by

the Regional Trial Court, Branch 16 of Ilagan, Isabela in LRC Case No. 75 does not invalidate the transfer to and title of petitioner Leoncia Coloma over the subject property, respondent Court of Appeals committed another error.

G. The respondent Court of Appeals erred in not finding petitioner Leoncia Coloma's right superior to that of private respondent Myrna Pua based on the principle of double sale.

II

The respondent Court of Appeals ERRED when it upheld the ruling of the lower court that the Deed of Donation in favor of private respondent Myrna Pua was valid and binding for the following reasons:

A. The alleged Deed of Donation cannot be given effect and validity considering the fact that the signature of the alleged donor therein was not genuine.

B. As admitted by private respondent Myrna Pua AGAINST HER OWN INTEREST the property belonged to Jovita Pua, her mother, and thus, the donation thereof to her by a person other than the real owner is not valid.

C. Private respondent Myrna Pua's admission that her mother Jovita Pua was leasing the subject property subsequent to the execution of the alleged Deed of Donation, if believed to be true, shows that her mother never intended to actually part therewith during her lifetime, and as such, the alleged donation in her favor being mortis causa is void for failure to comply with the formalities of a will.

III

The respondent Court of Appeals ERRED when it upheld the ruling of the lower court that petitioner Johnny Uy was the dummy of petitioner Leoncia Coloma and its recommendation for the prosecution of petitioners Pepito Pua, Leoncia Coloma and Johnny Uy as well as spouses Pedro Domingo Uy and Preciosa Uy for violation of the Anti-Dummy Law.

A. The basis of the alleged violation of the Anti-Dummy Law that petitioner Leoncia Coloma's husband is an alien, and hence, disqualified to acquire the land in question is immaterial because as found by the lower court and upheld by respondent Court of Appeals, it was petitioner Leoncia Coloma who was the ACTUAL BUYER.

B. Petitioners Leoncia Coloma and Johnny Uy, being Filipino citizens, are undeniably qualified to own real property.

C. Spouses Pedro Domingo Uy and Preciosa Uy had nothing to do with the purchase of the subject property since, as found by the lower court and affirmed by respondent Court of Appeals, inasmuch as petitioner Leoncia Coloma was the one who bought the said property.