

THIRD DIVISION

[G.R. No. 133047, August 17, 1999]

HEIRS OF LORENZO YAP, NAMELY SALLY SUN YAP, MARGARET YAP-UY AND MANUEL YAP, PETITIONERS, VS. THE HONORABLE COURT OF APPEALS, RAMON YAP AND BENJAMIN YAP, RESPONDENTS.

D E C I S I O N

VITUG, J.:

What in essence petitioners seek is the enforcement of an alleged trust agreement between Lorenzo Yap, now deceased, and his brothers Ramon and Benjamin, herein co-respondents, covering a piece of land and its improvement. The case and factual settings found by the Court of Appeals do not appear to deviate significantly from that priorly made by the trial court.

Sometime in February 1966, Ramon Yap purchased a parcel of land situated at 123 (formerly 75) Batanes Street, Galas, Quezon City, covered by Transfer Certificate of Title No. 82001/T-414, from the spouses Carlos and Josefina Nery. The lot was thereupon registered in the name of Ramon Yap under Transfer Certificate of Title No. 102132; forthwith, he also declared the property in his name for tax purposes and paid the real estate taxes due thereon from 1966 to 1992. In 1967, Ramon Yap constructed a two storey 3-door apartment building for the use of the Yap family. One-fifth (1/5) of the cost of the construction was defrayed by Ramon Yap while the rest was shouldered by Chua Mia, the mother of Lorenzo, Benjamin and Ramon. Upon its completion, the improvement was declared for real estate tax purposes in the name of Lorenzo Yap in deference to the wishes of the old woman.

Lorenzo Yap died on 11 July 1970. A few months later, his heirs (herein petitioners) left their family dwelling in Lucena City to reside permanently in Manila. Ramon Yap allowed petitioners to use one unit of the apartment building.

On 18 March 1992, Ramon Yap sold the land and his share of the 3-door apartment to his brother, his herein co-respondent Benjamin Yap, for the sum of P337,500.00 pursuant to a Deed of Sale, recorded on even date in the Memorandum of Encumbrances of the title to said property. Transfer Certificate of Title No. 73002 was in due time issued in the name of Benjamin Yap.

The controversy started when herein petitioners, by a letter of 08 June 1992, advised respondents of the former's claim of ownership over the property and demanded that respondents execute the proper deed necessary to transfer the title to them. At about the same time, petitioners filed a case for ejectment against one of the bonafide tenants of the property.

On 29 July 1992, respondents filed an action with the Regional Trial Court ("RTC") of

Quezon City, docketed Civil Case No. Q-92-12899, for quieting of title against petitioners. In their answer, petitioners averred that sometime in 1966 the spouses Carlos and Josefina Nery offered to sell the disputed parcel of land to their predecessor-in-interest, Lorenzo Yap, for the sum of P15,000.00. Since Lorenzo and his wife Sally Yap were at that time Chinese citizens, Lorenzo requested his brother Ramon to allow the use of the latter's name in the purchase, registration, and declaration for tax purposes of the subject lot to which Ramon Yap consented. It was agreed that the property would remain registered in the name of Ramon Yap until such time as Lorenzo would have acquired Philippine citizenship but that, should Lorenzo predecease, the lot would then be transferred to Lorenzo's heirs upon the latter's naturalization. Petitioners contended that it was Lorenzo who had caused the construction of the 3-door apartment on the property, merely entrusting the money therefor to Ramon Yap. The death of Lorenzo in 1970 prompted petitioners to move in and occupy the apartment and the lot, without any objection from Ramon and Benjamin, although the latter were allowed to stay in the premises since they had no other place to live in. In 1991, petitioners acquired Philippine citizenship and, forthwith, they requested Ramon Yap to have the title to the lot transferred to their names but to their chagrin they discovered that Ramon had sold the lot to his co-respondent Benjamin.

Assessing the evidence before it, the trial court found for the respondents and adjudged Benjamin Yap to be the true and lawful owner of the disputed property.

On appeal, the Court of Appeals affirmed the decision of the trial court and debunked the claim of petitioners that Ramon Yap was merely so used as a dummy by Lorenzo Yap. Giving full weight and credit to the Deed of Sale executed by the Nery spouses in favor of Ramon Yap, the appellate court stressed that to overcome the presumption of regularity in the execution of a public document, the evidence to the contrary should be clear and convincing even as it was equally incumbent upon petitioners to show that the subsequent sale of the property to Benjamin had only been simulated and fictitious. The appellate court, however, deleted the award of attorney's fees in favor of respondents for, in its view, it was not adequately shown that petitioners had acted in bad faith in pursuing their case.

Petitioners are now before this Court seeking a reversal of the decision of the Court of Appeals and contending that-

"I

"THE RESPONDENT COURT OF APPEALS COMMITTED REVERSIBLE ERROR WHEN IT HOLDS THAT DEFENDANTS-APPELLANTS FATHER, LORENZO YAP, BEING CHINESE CAN NOT ENTER INTO A TRUST AGREEMENT AND THE EXISTENCE OF A TRUST AGREEMENT CAN NOT BE PROVEN BEING CHINESE.

"II

"THE RESPONDENT COURT OF APPEALS COMMITTED REVERSIBLE ERROR WHEN IT HOLDS THAT THE FAILURE TO SHOW WRITTEN TRUST AGREEMENT RENDERS THE ALLEGED AGREEMENT UNENFORCEABLE BY NOT CONSIDERING THE SAME AS ONE UNDER IMPLIED TRUST.

"III

"THE RESPONDENT COURT OF APPEALS COMMITTED REVERSIBLE ERROR WHEN IT HOLDS THAT PAROL EVIDENCE AND/OR STATUTE OF FRAUDS APPLIED IN THE CASE AT BAR.

"IV

"THE RESPONDENT COURT OF APPEALS COMMITTED REVERSIBLE ERROR WHEN IT HOLDS THAT APPELLANTS HAVE TO REFUTE THE DEED OF SALE EXECUTED BY THE NERY SPOUSES IN FAVOR OF RAMON YAP BY CLEAR AND CONVINCING EVIDENCE NOTWITHSTANDING ADMISSION OF THE SAID DEED OF SALE.

"V

"THE RESPONDENT COURT OF APPEALS COMMITTED REVERSIBLE ERROR WHEN IT DID NOT CONSIDER THAT IN TRUST THE TITLE IS IN THE NAME OF THE TRUSTEE AND NOT IN THE NAME OF THE NAKED OWNER.

"VI

"THE RESPONDENT COURT OF APPEALS ERRED WHEN IT HOLDS THAT RAMON YAP CAN NOT BE A DUMMY OF LORENZO YAP BEING ALIEN AND DISQUALIFIED TO OWN REAL PROPERTY.

"VII

"THE RESPONDENT COURT OF APPEALS ERRED IN NOT DECLARING THE TITLE IN THE NAME OF RAMON YAP VOID BEING ACQUIRED AS DUMMY.

"VIII

"THAT RESPONDENT COURT OF APPEALS COMMITTED REVERSIBLE ERROR WHEN IT RULED THAT BENJAMIN YAP HAS POSSESSION OF APARTMENT UNIT 123 LIKEWISE OWNERSHIP PERSONAL PROPERTIES THEREIN ON THE BASIS OF THE INVENTORY OF THE SHERIFF OF THE COURT A *QUO* BY WAY OF A SUBSEQUENT MANDATORY INJUNCTION WHICH WAS DENIED."^[1]

The Court finds no merit in the appeal.

To begin with, a brief discussion on the trust relation between two parties could be helpful. A trust may either be express or implied.^[2] Express trusts are those which are created by the direct and positive acts of the parties, by some writing or deed, or will, or by words evincing an intention to create a trust.^[3] Implied trusts are those which, without being express, are deducible from the nature of the transaction as matters of intent or, independently of the particular intention of the parties, as being superinduced on the transaction by operation of law basically by reason of equity.^[4] These species of implied trust are ordinarily subdivided into resulting and constructive trusts.^[5] A resulting trust is one that arises by implication of law and