

NINETEENTH DIVISION

[CA-G.R. S.P. No. 07552, January 15, 2015]

MANUEL C. MORALDE, PETITIONER, VS. HEIRS OF FELICIANO UY LIM AND SHIRLEY GO, SPOUSES RICHARD UNCHUAN AND THE REGIONAL TRIAL COURT, BRANCH 54 OF LAPULAPU CITY, CEBU (PRESIDED BY HON. JUDGE VICTOR A. TEVES), RESPONDENTS.

D E C I S I O N

LAGURA-YAP, J.:

Before Us is a *Petition for Certiorari*^[1] under Rule 65 of the 1997 Rules of Civil Procedure assailing the Orders dated October 5, 2012^[2] and February 8, 2013^[3] issued by the Regional Trial Court (RTC), Branch 54, Lapulapu City in Civil Case No. 4158-L.

About thirty years ago, on December 28, 1994, Manuel Moralde (petitioner) and her sister, Florentina Moralde Vda. de Eduave, filed a *Complaint*^[4] for Quieting of Title, Declaration of Deed of Sale as Null and Void ab initio, Reconveyance, Annulment of Title, Damages and Attorney's Fees against spouses Feliciano Uy Lim and Shirley Go, docketed as Civil Case No. 4158-L.

As alleged in the complaint, spouses Demetrio Moralde (Demetrio) and Leoncia Cavan Moralde (Leoncia), during their lifetime, acquired nine (9) parcels of land situated in Maribago, Lapulapu City, Cebu. Upon the death of Leoncia, petitioner Manuel Moralde and Florentina Moralde (plaintiffs therein) became co-owners with Demetrio of the above properties. On October 18, 1978, plaintiffs and their father, Demetrio, entered into an agreement with Spouses Feliciano Uy Lim and Shirley Go (defendants therein), whereby the parcels of land were sold to the defendants for ten thousand pesos P10,000.00.^[5]

Sometime in 1981, or shortly before his death, Demetrio informed petitioner Manuel Moralde and Florentina Moralde that the agreement was canceled and that the sum of P10,000 was returned to the defendants. Demetrio died on March 1, 1981, leaving petitioner Moralde and his wife as the only legal heirs. Sometime in July of 1993, petitioner Manuel Moralde and Florentina Moralde learned that defendants fenced the properties in controversy and that just recently, defendants had registered the properties in their name. Petitioner and Florentina claimed that the Deed of Absolute Sale, which was the basis for the registration of the properties, was a forgery. The plaintiffs then caused the annotation of a notice of adverse claim over the said properties. Despite plaintiffs' demands to have the titles canceled and have the properties reconveyed to them, defendants refused. Thus, the filing of the suit.^[6]

Then on April 8, 2013, petitioner filed the present petition alleging that on March 15,

2012, he was tricked by Richard Unchuan (private respondent) into executing a *Deed of Assignment*^[7] and *Memorandum of Agreement*^[8] in favor of the latter. Petitioner was promised the amount of ten million pesos (P10,000,000.00) and a seventy percent (70%) interest and ownership of the nine parcels of land in Lapulapu City, having a total area of 65,375 square meters. On April 14, 2010, private respondent prepared another *Deed of Assignment*,^[9] which petitioner signed, whereby the latter irrevocably transferred all his rights in all the properties in controversy to the former, for a consideration of P350,000.00. However, only P100,000.00 was given on that date.^[10]

It was by virtue of the second deed of assignment that private respondent filed a *Motion for Substitution with Entry of Appearance*^[11] in Civil Case No. 4158-L for quieting of title. In its May 4, 2010 Order,^[12] the trial court granted the motion.

Upon consultation with their previous counsel, petitioner and his wife realized that the documents they executed had the effect of conveying all their rights and interests over the subject properties in favor of private respondent Unchuan. They then filed a *Manifestation with Motion*^[13] to redeem the subject properties from private respondent but the latter refused. On March 15, 2010, Manuel Moralde was also made to sign a *Special Power of Attorney Coupled with Interest*,^[14] giving private respondent authority over the properties in relation to the memorandum of agreement executed earlier.

Aggrieved, petitioner and his wife filed a *Complaint* for Annulment of Deed of Assignment, Irrevocable Special Power of Attorney Coupled with Interest, Memorandum of Agreement, and other Derivative Documents (Civil Case No. CEB-37141). However, during the mediation process on October 14, 2011, they were allegedly pressured by mediator Marissa Puche into signing a *Withdrawal of Complaint*.^[15] It was their understanding that upon signing the withdrawal, private respondent would also withdraw from Civil Case No. 4158-L for quieting of title.^[16] Based on the said withdrawal, the lower court issued an *Order*^[17] dismissing the case. On August 1, 2012, petitioner refiled the *Complaint*^[18] docketed as Civil Case No. CEB-38950, this time impleading mediator Puche as party-defendant.

Petitioner and his wife then engaged the services of Atty. Opena and filed a *Verified Manifestation with Motion and Formal Entry of Appearance as Counsel*^[19] in Civil Case No. 4158-L. The lower court denied the motion in its *Order*^[20] dated October 8, 2012.

Petitioner moved for the reconsideration of the above order but the lower court denied it in its February 8, 2013 *Order*.^[21]

Petitioner now comes before Us, raising the following grounds as basis for the petition:

I. THE HONORABLE REGIONAL TRIAL COURT, BRANCH 54, LAPULAPU CITY, CEBU, PRESIDED BY THE HONORABLE JUDGE VICTOR A. TEVES, GRAVELY ERRED AND HAS ACTED WITHOUT OR IN EXCESS OF ITS OR HIS JURISDICTION, OR WITH GRAVE ABUSE OF DISCRETION

AMOUNTING TO LACK OR EXCESS OF JURISDICTION WHEN IT ISSUED THE ASSAILED ORDERS ALLOWING RESPONDENT RICHARD E. UNCHUAN TO SUBSTITUTE PETITIONER MANUEL MORALDE ENTIRELY AND COMPLETELY IN CIVIL CASE NO. 4158-L PENDING BEFORE HIS SALA DESPITE QUESTION ON THE VALIDITY OF THE DEED OF ASSIGNMENT AND MEMORANDUM OF AGREEMENT AND OTHER DOCUMENTS RELATIVE THERETO BETWEEN MANUEL C. MORALDE AND RICHARD E. UNCHUAN WHICH IS NOW THE SUBJECT MATTER OF CIVIL CASE NO. CEB-38950 NOW PENDING BEFORE RTC BRANCH 12 IN CEBU CITY.

II. THE HONORABLE REGIONAL TRIAL COURT, BRANCH 54, OF LAPULAPU CITY, CEBU, PRESIDED BY THE HONORABLE JUDGE VICTOR A. TEVES, GRAVELY ERRED AND HAS ACTED WITHOUT OR IN EXCESS OF ITS OR HIS JURISDICTION, OR WITH GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR EXCESS OF JURISDICTION WHEN IT ISSUED THE ASSAILED ORDERS DENYING THE PETITIONER MANUEL MORALDE FROM PARTICIPATING OR BE RESTORED BACK OR AT LEAST JOINED AS PARTY PLAINTIFF WITH RICHARD UNCHUAN AGAINST THE DEFENDANTS IN CIVIL CASE 4158-L AND FOR THE UNDERSIGNED COUNSEL TO PARTICIPATE AS SUBSTITUTE OR COLLABORATING COUNSEL OF ATTY. NILO T. BACOLOD, THE PETITIONER'S PREVIOUS COUNSEL.

Petitioner argues that there was no valid transfer of interest in Civil Case No. 4158-L as he never intended it to be so and that he did not want to be substituted in the said case by private respondent. Petitioner maintains that the transaction is in reality an equitable mortgage under Article 1602^[22] of the Civil Code for the following reasons: First, it may be fairly inferred that the real intention of the parties is that the transaction shall secure the payment of a debt or the performance of any other obligation. Under the circumstances, there was no valid contract of assignment because petitioner's consent was vitiated by consent. Second, the consideration for the deed of assignment was inadequate and thus, it should be treated as an equitable mortgage, citing paragraph 1 of the same provision of the Civil Code.^[23]

In their *Comment*^[24] to the petition, private respondents Richard and Ma. Cristina Unchuan argue that the Order granting their motion for substitution with entry of appearance has long become final and executory and accordingly, the trial court did not err in denying petitioner's belated motion to be allowed to participate in the proceedings in Civil Case No. 4158-L. Assuming without admitting that the said final and executory Order can be assailed, the trial court did not commit grave abuse of discretion because the Order was predicated on facts and proof that are part of the records of the case.

Contrary to petitioner's allegations, it was petitioner who went to the office of private respondent and discussed the possibility of private respondent extending assistance to him. Petitioner was not promised the amount of ten million pesos (P10,000,000.00), but only a share of 30% as reflected in the memorandum of agreement. Petitioner and his wife were properly informed of the purpose and provisions contained in the documents they signed, and the documents were even translated in the vernacular just to make sure they fully understood the terms. Verily, they cannot now ask for the invalidation of the documents which they signed,

on the ground that their consent was vitiated.^[25]

Private respondents maintain that no redemption was made by petitioner or any of the co-owners of the properties. In their manifestation with deed of repurchase, the co-owners merely expressed that they "demonstrate their willingness and ability to redeem the one-half share of Manuel Moralde" and "make a judicial deposit in the amount of three hundred fifty thousand (P350,000.00) pesos as payment for the redemption of the one-half share" of Manuel Moralde. There is no proof that the letter and the check were actually received by private respondents. Clearly, the legal requirements for redemption were not complied with.^[26]

Lastly, private respondents posit that petitioner is estopped from questioning the validity of the Deed of Assignment because he allegedly offered to redeem the properties in question, citing the case of *Spouses Belo v. P.N.B., et al.* ^[27]

THE COURT'S RULING

In the main, petitioner assails the October 8, 2012 Order of the court for denying his *Verified Manifestation with Motion and Formal Entry of Appearance as Counsel* in Civil Case No. 4158-L. While it was petitioner who initiated the said case, he was substituted by private respondent after he conveyed all his rights and interests over the properties in controversy to private respondent via two deeds of assignment.

We have perused all the pertinent documents submitted by both parties and have reviewed the relevant laws and jurisprudence on the matter, and it is this Court's conclusion that the court *a quo* did not commit grave abuse of discretion in issuing the above Order, as well as the February 8, 2013 Order denying petitioner's motion for reconsideration thereto.

The crux of the controversy revolves around the proper interpretation of Rule 3, Section 19 of the 1997 Rules of Civil Procedure. The said provision is reproduced below:

Section 19. Transfer of interest. - In case of any transfer of interest, the action may be continued by or against the original party, unless the court upon motion directs the person to whom the interest is transferred to be substituted in the action or joined with the original party.

The above provision gives the trial court discretion to allow or disallow the substitution or joinder by the transferee. Discretion is permitted because, in general, the transferee's interest is deemed by law as adequately represented and protected by the participation of his transferors in the case. There may be no need for the transferee *pendente lite* to be substituted or joined in the case because, in legal contemplation, he is not really denied protection as his interest is one and the same as his transferors, who are already parties to the case.^[28]

In the present case, however, petitioner has long been substituted as party-plaintiff by private respondent in the Civil Case No. No. 4158-L. As already discussed, while substitution by parties is not mandatory, it is permitted if the party to whom the interest is transferred files a motion and the same is granted by the trial court. All of the foregoing requirements were duly complied with.