

SIXTH DIVISION

[CA-G.R. CV NO. 98870, November 28, 2014]

NIEVES REYES, PLAINTIFF AND APPELLEE, VS. ESMERANDO S. REYES, RAMON S. REYES AND FLORANTE S. REYES, DEFENDANTS/THIRD PARTY PLAINTIFFS AND APPELLANTS, VS. RICAMEL PRIMICIAS, MA. NIEVES PRIMICIAS, JOSE PRIMICIAS AND RICARDO PRIMICIAS, THIRD-PARTY DEFENDANTS AND APPELLEES.

DECISION

BALTAZAR-PADILLA, J.:

On appeal before US is the Decision^[1] dated November 24, 2011 of the Regional Trial Court (RTC) of Lingayen, Pangasinan, Branch 37 and the Order^[2] dated February 17, 2012 denying the motion for reconsideration thereof, which granted herein plaintiff-appellee's Complaint for Recovery of Possession and Damages against defendants-appellants in Civil Case No. 18439.

The facts as established from the pleadings of the parties are as follows:

The subject of the present controversy is a parcel of residential land denominated as Lot 6106, with an area of 1,732 square meters covered by Original Certificate of Title (OCT) No. P-29384^[3] located at Barangay Libsong West, Lingayen, Pangasinan. On October 6, 2003, plaintiff-appellee instituted a complaint for Recovery of Possession and Damages against defendants-appellants before the RTC of Lingayen, Pangasinan. In her complaint^[4], she alleged that she sold one-half (1/2) portion of the disputed property to Ricardo Primicias, Ma. Nieves Primicias, Ricamel Primicias and Jose Jesus Primicias. However, the latter were not able to occupy the subject property since defendants-appellees, who are her siblings, were in possession thereof. She further claimed that defendants-appellees threatened her and erected their houses on the said one-half (1/2) portion of the property in question. The parties already exerted efforts to amicably settle the extant dispute but to no avail. Plaintiff-appellee prayed that she be paid the amount of P100,000 as moral damages, P50,000 as exemplary damages and P40,000 as attorney's fees.

In their Answer with Third-Party Complaint^[5], defendants-appellants averred that the contested property is co-owned by them and plaintiff-appellee as siblings. The subject property was registered in the name of plaintiff-appellant only as a trustee. Defendants-appellants already constructed their respective houses thereon even before the same was registered in plaintiff-appellee's name. They have likewise been occupying their respective portions of the property continuously and in the concept of an owner. Around October 2002, a portion of 300 square meters of the subject property was sold by plaintiff-appellee to Ricamel Primicias, Ma. Nieves Primicias and Jose Primicias. Again, in December 2002, plaintiff-appellee sold

another 555 square meters of the same property to Ricardo Primicias. These transactions were without defendants-appellants' knowledge and consent.

In addition, defendants-appellants impleaded the third-party defendants as the buyers of certain portions of the lot in question. Defendants-appellants alleged that third-party defendants bought the subject property from plaintiff-appellee despite their knowledge that defendants-appellants co-owned the same with plaintiff-appellee and their mother. Since the third-party defendants acted in bad faith when they bought portions of the subject lot from plaintiff-appellee, the sales should consequently be declared as null and void. Defendants-appellants also pleaded that they be awarded the amounts of P200,000 as moral damages, P10,000 as litigation expenses, P20,000 as attorney's fees and P1,000 for every appearance of their counsel in court.^[6]

An Answer to the Third-Party Complaint^[7] was thereafter filed by the third-party defendants. They asserted that they bought one-half (1/2) western portion of the contested property in two separate sales in good faith. They further maintained that third-party plaintiffs (defendants-appellants) have no claim, share or interest over the contested lot. They asserted that the said lot was originally bought by plaintiff-appellee from third persons. Third-party plaintiffs only impleaded them as parties in this case because they want to prolong their unlawful occupation of the contested lot. The third-party plaintiffs' objections only arose when they were told by plaintiff-appellee that they have to vacate the subject lot as she will sell its remaining portion to third-party defendants.

After trial on the merits, the trial court rendered the herein assailed Decision in favor of plaintiff-appellee, disposing as follows, viz:

"WHEREFORE, premises considered, judgment is hereby rendered:

1. ordering defendants to vacate the portion of land covered by plaintiff's OCT No. P-29384 and to deliver possession thereof to the plaintiff;
2. dismissing plaintiff's claim for moral and exemplary damages and for attorney's fees;
3. dismissing defendants' counterclaim and third party complaint.

SO ORDERED."

In its Order dated February 17, 2012, the lower court denied defendants-appellants' motion for reconsideration of the aforesaid Decision.

Hence, the extant appeal submitting the following errors for OUR resolution, to wit:

I

**THE HONORABLE COURT A QUO COMMITTED REVERSIBLE ERROR
IN NOT FINDING THE TRANSFER OF TITLE IN THE NAME OF**

APPELLEE, NIEVES IS MERELY BY IMPLIED TRUST.

II

THE HONORABLE COURT A QUO COMMITTED REVERSIBLE ERROR IN [NOT] FINDING THIRD PARTY DEFENDANTS' PURCHASE OF THE PORTION OF THE LAND [AS] INVALID IT BEING MADE IN BAD FAITH AS THEY HAVE PRIOR KNOWLEDGE [THAT] THE SELLER NIEVES REYES HAS NO MORE INTEREST TO SELL TO THEM.

The main issue is whether the evidence on record proves the existence of an implied trust between plaintiff-appellee and defendants-appellants.

Defendants-appellants argue that the lower court erred in not declaring that the transfer of the contested property in the name of plaintiff-appellee was merely by way of an implied trust. The disputed property was inherited by their father, Ignacio Reyes (Ignacio), from their grandfather, Cirilo Reyes (Cirilo). It was agreed upon that the disputed property shall only be registered in the name of plaintiff-appellee so that the latter can secure a loan using the same as mortgage. The proceeds of the loan will be used for the renovation of the house of Cirilo which was erected on the said lot. It was only the title which was transferred in the name of plaintiff-appellee but the beneficial use was enjoyed by all the heirs of Cirilo, including herein defendants-appellants. Clearly, a resulting trust was created between the parties. A resulting trust arises where a person makes or causes to be made a disposition of property under circumstances which raise an inference that he does not intend that the person taking or holding the property should have the beneficial interest in the property. It is founded on the presumed intention of the parties, and it arises where, and only where such may be reasonably presumed to be the intention of the parties, as determined from the facts and circumstances existing at the time of the transaction out of which it is sought to be established.^[8]

Defendants-appellants aver that the trial court likewise erred in not finding that the purchase by the third-party defendants of the contested lot was null and void. The latter knew that the subject lot is being occupied and is co-owned by defendants-appellants with plaintiff-appellee. The sale of the said lot was certainly tainted with malice and made in bad faith. Moreover, as co-owners of the subject lot, defendants-appellants also erected their houses thereon and used it as collaterals in the loans they obtained. It was therefore erroneous for the trial court to hold that the beneficial use of the property in question by the heirs of Cirilo was only an act of benevolence on the part of plaintiff-appellee.^[9]

On the other hand, plaintiff-appellee maintains that she is the registered owner of the subject lot under OCT No. P-29384. There is no truth to defendants-appellants' claim that she only held the contested lot as a trustee for the purpose of obtaining a loan from a bank in order that the proceeds will be used for the renovation of the house which was erected thereon. She acquired the disputed lot from her grandfather Cirilo through an Affidavit of Self Adjudication and Absolute Sale. In 1976, Cirilo and his children, one of whom is Ignacio, herein defendants-appellants' father, executed a Deed of Quitclaim and Ratification of the Affidavit of Self-Adjudication and Absolute Sale over the questioned lot in her favor. Hence, as its

registered owner she can freely dispose of the said property as she had when she sold portions of it to third-party defendants. If defendants-appellants believed that they were indeed co-owners of the contested lot, they should have objected as early as the time when portions of the subject lot were sold in two separate occasions to third-party defendants.^[10]

Plaintiff-appellee likewise asserts that an implied trust does not find application in the instant case for the following reasons, to wit: (1) she solely purchased the subject property since she was the only one among her brood who has the means to buy it; (2) the said property was owned by their grandfather Cirilo and not by their father Ignacio, who was defendants-appellants' immediate ascendant from whom they would directly inherit; (3) at the time of the execution of the Affidavit of Self-Adjudication and Absolute Sale by Cirilo in her favor, defendants-appellants do not have any right over the contested property as the same was owned by Cirilo who was still alive at that time, thus, he freely conveyed the said property to plaintiff-appellee; (4) the parties' grandfather Cirilo validly disposed of the disputed property to plaintiff-appellee as manifested by the Affidavit of Self-Adjudication and Absolute Sale and the Deed of Quitclaim and Ratification of the Affidavit of Self-Adjudication and Absolute Sale which he and his children, respectively, executed in her favor; (5) Cirilo and his children did not question, impugn or repudiate the conveyance they made in favor of plaintiff-appellee.^[11]

Finally, plaintiff-appellee asseverates that the burden of proving the existence of a trust is on the party asserting its existence, and such proof must be clear and satisfactorily show the existence of the trust and its elements. While implied trusts may be proved by oral evidence, the evidence must be trustworthy and received by the courts with extreme caution, and should not be made to rest on loose, equivocal or indefinite declarations. Trustworthy evidence is required because oral evidence can easily be fabricated. Evidently, the testimonies of defendants-appellants that it was the intention of their grandfather Cirilo that the property in dispute was only to be placed in the name of plaintiff-appellee for the purpose of obtaining a loan over it, is quite vague. The said testimonies do not categorically prove that a trust relationship was created between the parties.^[12]

As per Resolution dated January 13, 2014, this Court noted that the third party defendants/appellees failed to file their Brief.^[13]

The appeal is bereft of merit.

A resulting trust is explained in **Article 1448 of the Civil Code**, which reads:

"Art. 1448. There is an implied trust when property is sold, and the legal estate is granted to one party but the price is paid by another for the purpose of having the beneficial interest of the property. The former is the trustee, while the latter is the beneficiary. However, if the person to whom the title is conveyed is a child, legitimate or illegitimate, of the one paying the price of the sale, no trust is implied by law, it being disputably presumed that there is a gift in favor of the child."

The elements of a resulting trust under the first sentence of the afore-mentioned