



Republic of the Philippines  
Supreme Court  
Manila

THIRD DIVISION

VALENTINA S. CLEMENTE,  
Petitioner,

G.R. No. 175483

-versus-

Present:

VELASCO, JR., J., *Chairperson*  
DE CASTRO,\*  
VILLARAMA, JR.,  
MENDOZA,\*\* and  
JARDELEZA, JJ.

THE COURT OF APPEALS,  
ANNIE SHOTWELL  
JALANDOON, ET AL.,  
Respondents.

Promulgated:

October 14, 2015

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DECISION

JARDELEZA, J.:

This is a Petition for Review on *Certiorari*<sup>1</sup> under Rule 45 of the Revised Rules of Court filed by Valentina S. Clemente (“petitioner”) from the Decision<sup>2</sup> of August 23, 2005 and the Resolution<sup>3</sup> dated November 15, 2006 of the Court of Appeals (CA) Eighth Division in CA-G.R. CV No. 70918.

\* Designated as additional Member per Raffle dated October 7, 2015 in view of Associate Justice Diosdado M. Peralta’s inhibition. Associate Justice Peralta is related to CA Associate Justice Fernanda Lampas-Peralta, who concurred in the assailed CA Resolution.

\*\* Designated as Acting Member in view of the leave of absence of Associate Justice Bienvenido L. Reyes, per Revised Special Order No. 2084 dated June 29, 2015.

<sup>1</sup> *Rollo*, pp. 11-46.

<sup>2</sup> Penned by Associate Justice Magdangal M. De Leon with Associate Justices Salvador J. Valdez, Jr. and Mariano C. Del Castillo, concurring. *Rollo*, pp. 166-178.

<sup>3</sup> Penned by Associate Justice Magdangal M. De Leon with Associate Justices Mariano C. Del Castillo and Fernanda Lampas Peralta (vice Associate Justice Salvador J. Valdez [retired]), concurring. *Rollo*, pp. 209-210.

Petitioner assails the Decision of the CA which ruled that two (2) deeds of absolute sale executed between petitioner and Adela de Guzman Shotwell (“Adela”), her grandmother, are void and inexistent for being simulated and lacking consideration. The CA affirmed the Decision of the Regional Trial Court (RTC) of Quezon City, Branch 89, but deleted the holding of the latter that an implied trust existed.

### **The Facts**

Adela owned three (3) adjoining parcels of land in Scout Ojeda Street, Diliman, Quezon City, subdivided as Lots 32, 34 and 35-B (the “Properties”). Among the improvements on the Properties was Adela’s house (also referred to as the “big house”). During her lifetime, Adela allowed her children, namely, Annie Shotwell Jalandoni, Carlos G. Shotwell (“Carlos Sr.”), Anselmo G. Shotwell and Corazon S. Basset, and her grandchildren,<sup>4</sup> the use and possession of the Properties and its improvements.<sup>5</sup>

Sometime in 1985 and 1987, Adela simulated the transfer of Lots 32 and Lot 34 to her two grandsons from Carlos Sr., namely, Carlos V. Shotwell, Jr. (“Carlos Jr.”) and Dennis V. Shotwell.<sup>6</sup> As a consequence, Transfer Certificate of Title (TCT) No. 338708/PR 9421 was issued over Lot 32 under the name of Carlos Jr., while TCT No. 366256/PR 9422 was issued over Lot 34 under the name of Dennis.<sup>7</sup> On the other hand, Lot 35-B remained with Adela and was covered by TCT No. 374531. It is undisputed that the transfers were never intended to vest title to Carlos Jr. and Dennis who both will return the lots to Adela when requested.<sup>8</sup>

On April 18, 1989, prior to Adela and petitioner’s departure for the United States, Adela requested Carlos Jr. and Dennis to execute a deed of reconveyance<sup>9</sup> over Lots 32 and 34. The deed of reconveyance was executed on the same day and was registered with the Registry of Deeds on April 24, 1989.<sup>10</sup>

On April 25, 1989, Adela executed a deed of absolute sale<sup>11</sup> over Lots 32 and 34, and their improvements, in favor of petitioner, bearing on its face the price of ₱250,000.00. On the same day, Adela also executed a special power of attorney<sup>12</sup> (SPA) in favor of petitioner. Petitioner’s authority under the SPA included the power to administer, take charge and manage, for Adela’s benefit, the Properties and all her other real and personal properties

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<sup>4</sup> Petitioner is the granddaughter of Adela from Corazon.

<sup>5</sup> *Rollo*, pp. 167-168

<sup>6</sup> *Id.* at 168.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> Exhibit “C,” RTC records, Vol. I, pp. 77-78.

<sup>10</sup> *Id.* at 77.

<sup>11</sup> Exhibit “1,” RTC records, Vol. II, pp. 316-317.

<sup>12</sup> Exhibit “E,” RTC records, Vol. I, p. 80.

in the Philippines.<sup>13</sup> The deed of absolute sale and the SPA were notarized on the same day by Atty. Dionilo D. Marfil in Quezon City.<sup>14</sup>

On April 29, 1989, Adela and petitioner left for the United States.<sup>15</sup> When petitioner returned to the Philippines, she registered the sale over Lots 32 and 34 with the Registry of Deeds on September 25, 1989. TCT No. 19811 and TCT No. 19809 were then issued in the name of petitioner over Lots 32 and 34, respectively.<sup>16</sup>

On January 14, 1990, Adela died in the United States and was succeeded by her four children.<sup>17</sup>

Soon thereafter, petitioner sought to eject Annie and Carlos Sr., who were then staying on the Properties. Only then did Annie and Carlos Sr. learn of the transfer of titles to petitioner. Thus, on July 9, 1990, Annie, Carlos Sr. and Anselmo, represented by Annie, (“private respondents”) filed a complaint for reconveyance of property<sup>18</sup> against petitioner before Branch 89 of the RTC of Quezon City. It was docketed as Civil Case No. Q-90-6035 and titled “*Annie S. Jalandoon, et al. v. Valentina Clemente.*”<sup>19</sup>

In the course of the trial, private respondents discovered that Adela and petitioner executed another deed of absolute sale<sup>20</sup> over Lot 35-B on April 25, 1989 (collectively with the deed of absolute sale over Lots 32 and 34, “Deeds of Absolute Sale”), bearing on its face the price of ₱60,000.00.<sup>21</sup> This was notarized on the same date by one Orancio Generoso in Manila, but it was registered with the Registry of Deeds only on October 5, 1990.<sup>22</sup> Thus, private respondents amended their complaint to include Lot 35-B.<sup>23</sup>

In their amended complaint, private respondents sought nullification of the Deeds of Absolute Sale. They alleged that Adela only wanted to help petitioner travel to the United States, by making it appear that petitioner has ownership of the Properties. They further alleged that similar to the previous simulated transfers to Carlos Jr. and Dennis, petitioner also undertook and warranted to execute a deed of reconveyance in favor of the deceased over the Properties, if and when Adela should demand the same. They finally alleged that no consideration was given by petitioner to Adela in exchange for the simulated conveyances.<sup>24</sup>

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<sup>13</sup> *Id.*

<sup>14</sup> Exhibit “E-4,” *id.*; Exhibit “1-C,” RTC records, Vol. II, p. 317.

<sup>15</sup> *Rollo*, p. 168.

<sup>16</sup> *Id.* at 168-169.

<sup>17</sup> *Id.* at 169.

<sup>18</sup> *Id.* at 47-64.

<sup>19</sup> *Id.* at 47.

<sup>20</sup> *Rollo*, pp. 90-92.

<sup>21</sup> Exhibit “5,” RTC records, Vol. II, pp. 322-323.

<sup>22</sup> Exhibit “5-h,” *id.* at 322; Exhibit “4,” *id.* at 324-325.

<sup>23</sup> *Rollo*, pp. 71-83

<sup>24</sup> *Id.* at 71-78.

On October 3, 1997, Carlos Sr. died and was substituted only by Dennis.<sup>25</sup> In an order dated June 18, 1999, the case was dismissed with respect to Annie after she manifested her intention to withdraw as a party-plaintiff.<sup>26</sup> Anselmo Shotwell also died without any compulsory heir on September 7, 2000.

On February 26, 2001, the trial court promulgated a Decision<sup>27</sup> in favor of private respondents. Its decretal portion reads:

WHEREFORE, premises considered, judgment is hereby rendered as follows:

1. Declaring null and void the Deeds of Absolute Sale both dated April 25, 1989 between the late Adela De Guzman Shotwell and the defendant;
2. Ordering the cancellation of Transfer Certificates of Title Nos. 19809, 19811 and 26558, all of the Registry of Deeds of Quezon City and in the name of defendant Valentina Clemente; and
3. Ordering the defendant to execute a Deed of Reconveyance in favor of the estate of the late Adela de Guzman Shotwell over the three (3) subject lots, respectively covered by Transfer Certificates of Title Nos. 19809, 19811 and 26558 of the Registry of Deeds of Quezon City;

With costs against defendant.

SO ORDERED.<sup>28</sup>

On appeal, the CA affirmed with modification the Decision. The CA ruled that the Deeds of Absolute Sale were simulated. It also ruled that the conveyances of the Properties to petitioner were made without consideration and with no intention to have legal effect.<sup>29</sup>

The CA agreed with the trial court that the contemporaneous and subsequent acts of petitioner and her grandmother are enough to render the conveyances null and void on the ground of being simulated.<sup>30</sup> The CA found that Adela retained and continued to exercise dominion over the Properties even after she executed the conveyances to petitioner.<sup>31</sup> By contrast, petitioner did not exercise control over the properties because she continued to honor the decisions of Adela. The CA also affirmed the court *a*

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<sup>25</sup> *Id.* at 171.

<sup>26</sup> *Id.*

<sup>27</sup> *Rollo*, pp. 108-117.

<sup>28</sup> *Id.* at 116.

<sup>29</sup> *Id.* at 175.

<sup>30</sup> *Id.* at 173-175.

<sup>31</sup> *Id.* at 175.

*quo's* finding that the conveyances were not supported by any consideration.<sup>32</sup>

Petitioner filed a Motion for Reconsideration<sup>33</sup> dated September 12, 2005 but this was denied by the CA in its Resolution<sup>34</sup> dated November 15, 2006.

Hence, this petition. The petition raises the principal issue of whether or not the CA erred in affirming the decision of the trial court, that the Deeds of Absolute Sale between petitioner and her late grandmother over the Properties are simulated and without consideration, and hence, void and inexistent.<sup>35</sup>

### **Ruling of the Court**

We deny the petition.

*In a Petition for Review on Certiorari under Rule 45, only questions of law may be entertained.*

Whether or not the CA erred in affirming the decision of the RTC that the Deeds of Absolute Sale between petitioner and her late grandmother are simulated and without consideration, and hence, void and inexistent, is a question of fact which is not within the province of a petition for review on *certiorari* under Rule 45 of the Revised Rules of Court.

Section 1, Rule 45 of the Revised Rules of Court states that the petition filed shall raise only questions of law, which must be distinctly set forth. We have explained the difference between a question of fact and a question of law, to wit:

A question of law arises when there is doubt as to what the law is on a certain state of facts, while there is a question of fact when the doubt arises as to the truth or falsity of the alleged facts. For a question to be one of law, the same must not involve an examination of the probative value of the evidence presented by the litigants or any of them. The resolution of the issue must rest solely on what

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<sup>32</sup> *Id.*

<sup>33</sup> *Rollo*, pp. 179-197.

<sup>34</sup> *Supra* note 3.

<sup>35</sup> Petitioner also raises the issue of whether the CA committed grave error and grave abuse of discretion by disregarding the law, jurisprudence and evidence in ruling that (i) the deed of absolute sale between the late Adela and petitioner is simulated because the former previously feigned transfer of the same properties to other grandchildren; (ii) the late Adela did not intend to alienate her properties in favor of petitioner on the basis alone of several letters; (iii) there was no consideration for the sale of the subject properties; (iv) petitioner did not exercise acts of ownership over the subject Properties; (v) the special power of attorney executed in favor of petitioner over Adela's properties including the subject properties is repugnant to her claim of ownership; and (vi) in failing to consider that there is only one heir contesting the sale in favor of petitioner. *Rollo*, pp. 19-20.

the law provides on the given set of circumstances. Once it is clear that the issue invites a review of the evidence presented, the question posed is one of fact.<sup>36</sup>

Most of the issues raised by petitioner are questions of fact that invite a review of the evidence presented by the parties below. We have repeatedly ruled that the issue on the genuineness of a deed of sale is essentially a question of fact.<sup>37</sup> We are not a trier of facts and do not normally undertake the re-examination of the evidence presented by the contending parties during the trial of the case.<sup>38</sup> This is especially true where the trial court's factual findings are adopted and affirmed by the CA as in the present case.<sup>39</sup> Factual findings of the trial court affirmed by the CA are final and conclusive and may not be reviewed on appeal.<sup>40</sup> While it is true that there are recognized exceptions<sup>41</sup> to the general rule that only questions of law may be entertained in a Rule 45 petition, we find that there is none obtaining in this case.

Nevertheless, and to erase any doubt on the correctness of the assailed ruling, we examined the records below and have arrived at the same conclusion. Petitioner has not been able to show that the lower courts committed error in appreciating the evidence of record.

*The Deeds of Absolute Sale between petitioner and the late Adela Shotwell are null and void for lack of consent and consideration.*

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<sup>36</sup> *Lorzano v. Tabayag*, G.R. No. 189647, February 6, 2012, 665 SCRA 38, 46-47.

<sup>37</sup> *Catindig v. Vda. de Meneses*, G.R. Nos. 165851 & 168875, February 2, 2011, 641 SCRA 350, 357.

<sup>38</sup> *The Insular Life Assurance Company, Ltd. v. Court of Appeals*, G.R. No. 126850, April 28, 2004, 428 SCRA 79, 85-86 citing *Pestaño v. Sumayang*, G.R. No. 139875, December 4, 2000, 346 SCRA 870, 878; *Bañas v. Court of Appeals*, G.R. No. 102967, February 10, 2000, 325 SCRA 259, 271; *Borromeo v. Sun*, G.R. No. 75908, October 22, 1999, 317 SCRA 176, 182; *Lagrosa v. Court of Appeals*, G.R. Nos. 115981-82, August 12, 1999, 312 SCRA 298, 310; and *Security Bank & Trust Company v. Triumph Lumber and Construction Corporation*, G.R. No. 126696, January 21, 1999, 301 SCRA 537, 548.

<sup>39</sup> *Catindig v. Vda. de Meneses*, *supra*.

<sup>40</sup> *Id.*

<sup>41</sup> In the case of *The Insular Life Assurance Company, Ltd. v. Court of Appeals*, *supra*, the following were cited as exceptions to this rule, to wit:

1. when the findings are grounded entirely on speculation, surmises or conjectures;
2. when the inference made is manifestly mistaken, absurd or impossible;
3. when there is grave abuse of discretion;
4. when the judgment is based on a misapprehension of facts;
5. when the findings of facts are conflicting;
6. when in making its findings the CA went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee;
7. when the findings are contrary to the trial court;
8. when the findings are conclusions without citation of specific evidence on which they are based;
9. when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondent;
10. when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record; and
11. when the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, would justify a different conclusion.

While the Deeds of Absolute Sale appear to be valid on their face, the courts are not completely precluded to consider evidence *aliunde* in determining the real intent of the parties. This is especially true when the validity of the contracts was put in issue by one of the parties in his pleadings.<sup>42</sup> Here, private respondents assail the validity of the Deeds of Absolute Sale by alleging that they were simulated and lacked consideration.

#### A. *Simulated contract*

The Civil Code defines a contract as a meeting of minds between two persons whereby one binds himself, with respect to the other, to give something or to render some service.<sup>43</sup> Article 1318 provides that there is no contract unless the following requisites concur:

- (1) Consent of the contracting parties;
- (2) Object certain which is the subject matter of the contract; and
- (3) Cause of the obligation which is established.

All these elements must be present to constitute a valid contract; the absence of one renders the contract void. As one of the essential elements, consent when wanting makes the contract non-existent. Consent is manifested by the meeting of the offer and the acceptance of the thing and the cause, which are to constitute the contract.<sup>44</sup> A contract of sale is perfected at the moment there is a meeting of the minds upon the thing that is the object of the contract, and upon the price.<sup>45</sup>

Here, there was no valid contract of sale between petitioner and Adela because their consent was absent. The contract of sale was a mere simulation.

Simulation takes place when the parties do not really want the contract they have executed to produce the legal effects expressed by its wordings.<sup>46</sup> Article 1345 of the Civil Code provides that the simulation of a

<sup>42</sup> RULES OF COURT, Rule 130, Sec. 9. provides:

*Evidence of written agreements.* — When the terms of an agreement have been reduced to writing, it is considered as containing all the terms agreed upon and there can be, between the parties and their successors in interest, no evidence of such terms other than the contents of the written agreement.

However, a party may present evidence to modify, explain or add to the terms of written agreement if he puts in issue in his pleading:

xxx

(c) The validity of the written agreement; or

xxx.

<sup>43</sup> CIVIL CODE, Art. 1305.

<sup>44</sup> *Heirs of Intac v. Court of Appeals*, G.R. No. 173211, October 11, 2012, 684 SCRA 88, 98.

<sup>45</sup> *Id.*

<sup>46</sup> *Lopez v. Lopez*, G.R. No. 161925, November 25, 2009, 605 SCRA 358, 367 citing *Cruz v. Bancom Finance Corporation*, G.R. No. 147788, March 19, 2002, 379 SCRA 490, 499.

contract may either be absolute or relative. The former takes place when the parties do not intend to be bound at all; the latter, when the parties conceal their true agreement. The case of *Heirs of Policronio M. Ureta, Sr. v. Heirs of Liberato M. Ureta*<sup>47</sup> is instructive on the matter of absolute simulation of contracts, viz:

In absolute simulation, **there is a colorable contract but it has no substance** as the parties have no intention to be bound by it. The main characteristic of an absolute simulation is that the apparent contract is not really desired or intended to produce legal effect or in any way alter the juridical situation of the parties. **As a result, an absolutely simulated or fictitious contract is void**, and the parties may recover from each other what they may have given under the contract...<sup>48</sup> (*Emphasis supplied*)

In short, in absolute simulation there appears to be a valid contract but there is actually none because the element of consent is lacking.<sup>49</sup> This is so because the parties do not actually intend to be bound by the terms of the contract.

In determining the true nature of a contract, the primary test is the intention of the parties. If the words of a contract appear to contravene the evident intention of the parties, the latter shall prevail. Such intention is determined not only from the express terms of their agreement, but also from the contemporaneous and subsequent acts of the parties.<sup>50</sup> This is especially true in a claim of absolute simulation where a colorable contract is executed.

In ruling that the Deeds of Absolute Sale were absolutely simulated, the lower courts considered the totality of the prior, contemporaneous and subsequent acts of the parties. The following circumstances led the RTC and the CA to conclude that the Deeds of Absolute Sale are simulated, and that the transfers were never intended to affect the juridical relation of the parties:

- a) There was no indication that Adela intended to alienate her properties in favor of petitioner. In fact, the letter of Adela to Dennis dated April 18, 1989<sup>51</sup> reveals that she has reserved the ownership of the Properties in favor of Dennis.
- b) Adela continued exercising acts of dominion and control over the properties, even after the execution of the Deeds of Absolute Sale, and though she lived abroad for a time. In Adela's letter dated August 25, 1989<sup>52</sup> to a certain Candy, she advised the latter to stay in the big

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<sup>47</sup> G.R. Nos. 165748 & 165930, September 14, 2011, 657 SCRA 555, 575 citing *Valerio v. Refresca*, G.R. No. 163687, March 28, 2006, 485 SCRA 494, 500-501.

<sup>48</sup> *Id.*

<sup>49</sup> *Id.*

<sup>50</sup> *Lopez v. Lopez, supra; Ramos v. Heirs of Honorio Ramos, Sr.*, G.R. No. 140848, April 25, 2002, 381 SCRA 594, 601.

<sup>51</sup> Exhibit "H," RTC records, Vol. I, p. 191.

<sup>52</sup> Exhibit "F," *id.* at 96-97.

house. Also, in petitioner's letter to her cousin Dennis dated July 3, 1989,<sup>53</sup> she admitted that Adela continued to be in charge of the Properties; that she has no "say" when it comes to the Properties; that she does not intend to claim exclusive ownership of Lot 35-B; and that she is aware that the ownership and control of the Properties are intended to be consolidated in Dennis.

- c) The SPA executed on the same day as the Deeds of Absolute Sale appointing petitioner as administratrix of Adela's properties, including the Properties, is repugnant to petitioner's claim that the ownership of the same had been transferred to her.
- d) The previous sales of the Properties to Dennis and Carlos, Jr. were simulated. This history, coupled with Adela's treatment of petitioner, and the surrounding circumstances of the sales, strongly show that Adela only granted petitioner the same favor she had granted to Dennis and Carlos Jr.

The April 18, 1989 letter to Dennis convincingly shows Adela's intention to give him the Properties. Part of the letter reads: "*Dennis, the two lot [sic] 32-34 at your said lower house will be at name yours [sic] plus the 35 part of Cora or Teens [sic] house are all under your name.*"<sup>54</sup> Petitioner claims this letter was not properly identified and is thus, hearsay evidence. The records, however, show that the letter was admitted by the trial court in its Order dated February 24, 1993.<sup>55</sup> While it is true that the letter is dated prior (or six days before to be exact) to the execution of the Deeds of Absolute Sale and is not conclusive that Adela did not change her mind, we find that the language of the letter is more consistent with the other pieces of evidence that show Adela never intended to relinquish ownership of the Properties to petitioner. In this regard, we see no compelling reason to depart from the findings of the trial court as there appears no grave abuse of discretion in its admission and consideration of the letter.

Petitioner's letter to her cousin Dennis dated July 3, 1989 also sufficiently establishes that Adela retained control over the Properties, even after the execution of the Deeds of Absolute Sale. Petitioner herself admitted that she was only following the orders of Adela, and that she has no claim over the Properties. We quote in verbatim the relevant part of the letter:

...Now, before I left going back here in Mla. Mommy Dela ask me to read your letter about the **big house and lot**, and I explained it to her. Now Mommy and Mommy Dela wants that the house is for everyone who will need to stay, well that is what they say. ***Alam mo naman, I have no "say" esp. when it comes with properties & you know that. Now kung ano gusto nila that goes.*** Now, to be

<sup>53</sup> Exhibit "I," *id.* at 195.

<sup>54</sup> Exhibit "H-3," *id.* at 191.

<sup>55</sup> RTC records, Vol. II, p. 70.

honest Mommy was surprise [sic] *bakit daw kailangan mawalan ng karapatan sa bahay eh Nanay daw nila iyon at tayo apo lang, Eh wala akong masasabi dyan, to be truthful to you, I only get the orders... Tapos, sinisingil pa ako ng P1,000 – para sa gate na pinapagawa nya sa lot 35-B, eh hindi na lang ako kumibo pero nagdamdam ako, imagine minsan na lang sya nakagawa ng bien sa akin at wala sa intention ko na suluhin ang 35-B, ganyan pa sya... Now tungkol sa iyo, alam ko meron ka rin lupa tapos yung bahay na malaki ikaw rin ang titira at magmamahala sa lahat. Anyway, itong bahay ko sa iyo rin, alam mo naman na I’m just making the kids grow a little older then we have to home in the states...<sup>56</sup> (Emphasis supplied)*

Moreover, Adela’s letter to petitioner’s cousin Candy dated August 25, 1989 shows Adela’s retention of dominion over the Properties even after the sales. In the letter, Adela even requested her granddaughter Candy to stay in the house rent and expense free.<sup>57</sup> Petitioner claims that Candy and the house referred to in the letter were not identified. Records show, however, that petitioner has testified she has a cousin named Candy Shotwell who stayed at the “big house” since February 1989.<sup>58</sup>

Clearly, the submission of petitioner to the orders of Adela does not only show that the latter retained dominion over the Properties, but also that petitioner did not exercise acts of ownership over it. If at all, her actions only affirm the conclusion that she was merely an administratrix of the Properties by virtue of the SPA.

On the SPA, petitioner claims the lower courts erred in holding that it is inconsistent with her claim of ownership. Petitioner claims that she has sufficiently explained that the SPA is not for the administration of the Properties, but for the reconstitution of their titles.

We agree with the lower courts that the execution of an SPA for the administration of the Properties, on the same day the Deeds of Absolute Sale were executed, is antithetical to the relinquishment of ownership. The SPA shows that it is so worded as to leave no doubt that Adela is appointing petitioner as the administratrix of her properties in Scout Ojeda. Had the SPA been intended only to facilitate the processing of the reconstitution of the titles, there would have been no need to confer other powers of administration, such as the collection of debts, filing of suit, etc., to petitioner.<sup>59</sup> In any case, the explanation given by petitioner that the SPA was

<sup>56</sup> RTC records, Vol. I., pp. 195-197.

<sup>57</sup> *Supra* note 52. Part of the letter reads in verbatim: “...You don’t have to look for any one [sic] to support you, while you are in the house, you are [sic] not be paying rent, electric bill, and other responsibilities, that comes up. Please sit down.”

<sup>58</sup> Comment of Plaintiff-Appellees in CA-G.R. CV No. 70918, *rollo*, 203-204.

<sup>59</sup> The scope of the authority given under the SPA by Adela to petitioner is reproduced below:  
1. To administer, take charge, and manage for my sole benefit, my properties located at 100 Scouter Ojeda St., Quezon City, and all other properties in the Philippines, whether real or personal, agricultural or residential land;

executed so as only to facilitate the reconstitution of the titles of the Properties is *not* inconsistent with the idea of her being the administratrix of the Properties. On the other hand, the idea of assigning her as administratrix is not only inconsistent, but also repugnant, to the intention of selling and relinquishing ownership of the Properties.

Petitioner next questions the lower courts' findings that the Deeds of Absolute Sale are simulated because the previous transfers to Adela's other grandchildren were also simulated. It may be true that, taken by itself, the fact that Adela had previously feigned the transfer of ownership of Lots 32 and 34 to her other grandchildren would not automatically mean that the subject Deeds of Absolute Sale are likewise void. The lower courts, however, did not rely solely on this fact, but considered it with the rest of the evidence, the totality of which reveals that Adela's intention was merely to feign the transfer to petitioner.

The fact that unlike in the case of Dennis and Carlos, Jr., she was not asked by Adela to execute a deed of reconveyance, is of no moment. There was a considerable lapse of time from the moment of the transfer to Dennis and Carlos, Jr. of Lots 32 and 34 in 1985 and in 1987, respectively, and until the execution of the deed of reconveyance in 1989. Here, the alleged Deeds of Absolute Sale were executed in April 1989. Adela died in January 1990 in the United States. Given the short period of time between the alleged execution of the Deeds of Absolute Sale and the sudden demise of Adela, the fact that petitioner was not asked to execute a deed of reconveyance is understandable. This is because there was no chance at all to do so. Thus, the fact that she did not execute a deed of reconveyance does not help her case.

We affirm the conclusion reached by the RTC and the CA that the evidence presented below prove that Adela did not intend to alienate the Properties in favor of petitioner, and that the transfers were merely a sham to accommodate petitioner in her travel abroad.

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2. To collect, demand and recover all debts, notes or sums of money due me now or which in the future may become due or payable to me, and for this purpose to issue such receipts, papers, or deeds, in my name and stead;
  3. To execute, sign, authenticate, and enter into any and all contracts and agreements for me and in my name with any person or entity;
  4. To file, submit, negotiate and take any lawful ways and means necessary to be done in connection with all the documents required by government entities, bureaus, and concerns; for the proper administration, ratification, constitution, reconstitution, and all other acts and execution needed regarding my property and/or property documents specifically Transfer Certificates of Title Nos. PR 9421; PR 9422 and PR 278274.
  5. To make, sign, execute documents, and other writings of whatever nature or kind with any and all third persons, concerns and entities, upon terms and conditions acceptable to my attorney for the purpose above stated;
  6. To bring suit, defend, and enter into compromises in my name and stead, in connection with actions brought for or against me, of whatever nature and kind. *Supra* note 12.

Petitioner claims that we should consider that there is only one heir of the late Adela who is contesting the sale, and that out of the many transactions involving the decedent's other properties, the sale to petitioner is the only one being questioned. We are not convinced that these are material to the resolution of the case. As aptly passed upon by the CA in its assailed Resolution:

In a contest for the declaration of nullity of an instrument for being simulated, the number of contestants is not determinative of the propriety of the cause. **Any person who is prejudiced by a simulated contract may set up its inexistence.** In this instant case, it does not matter if the contest is made by one, some or all of the heirs.

Neither would the existence of other contracts which remain unquestioned deter an action for the nullity of an instrument. A contract is rendered meaningful and forceful by the intention of the parties relative thereto, and such intention can only be relevant to that particular contract which is produced or, as in this case, to that which is not produced. That the deed of sale in [petitioner's] favor has been held to be simulated is not indicative of the simulation of any other contract executed by the deceased Adela de Guzman Shotwell during her lifetime.<sup>60</sup>

To this we add that other alleged transactions made by Adela cannot be used as evidence to prove the validity of the conveyances to petitioner. For one, we are not aware of any of these transactions or whether there are indeed other transactions. More importantly, the validity of these transactions does not prove directly or indirectly the validity of the conveyances in question.

*B. No consideration for the sale*

We also find no compelling reason to depart from the court *a quo's* finding that Adela never received the consideration stipulated in the simulated Deeds of Absolute Sale.

Although on their face, the Deeds of Absolute Sale appear to be supported by valuable consideration, the RTC and the CA found that there was no money involved in the sale. The consideration in the Deeds of Absolute Sale was superimposed on the spaces therein, bearing a font type different from that used in the rest of the document.<sup>61</sup> The lower courts also found that the duplicate originals of the Deeds of Absolute Sale bear a different entry with regard to the price.<sup>62</sup>

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<sup>60</sup> *Rollo*, p. 210.

<sup>61</sup> *Id.* at 174.

<sup>62</sup> *Id.*

Article 1471 of the Civil Code provides that “if the price is simulated, the sale is void.” Where a deed of sale states that the purchase price has been paid but in fact has never been paid, the deed of sale is null and void for lack of consideration.<sup>63</sup> Thus, although the contracts state that the purchase price of ₱250,000.00 and ₱60,000.00 were paid by petitioner to Adela for the Properties, the evidence shows that the contrary is true, because no money changed hands. Apart from her testimony, petitioner did not present proof that she paid for the Properties.

*There is no implied trust.*

We also affirm the CA’s deletion of the pronouncement of the trial court as to the existence of an implied trust. The trial court found that a resulting trust, a form of implied trust based on Article 1453<sup>64</sup> of the Civil Code, was created between Adela and petitioner.

Resulting trusts<sup>65</sup> arise from the nature or circumstances of the consideration involved in a transaction whereby one person becomes invested with *legal title* but is obligated in equity to hold his title for the benefit of another.<sup>66</sup> It is founded on the equitable doctrine that valuable consideration and not legal title is determinative of equitable title or interest and is always presumed to have been contemplated by the parties.<sup>67</sup> Since the intent is not expressed in the instrument or deed of conveyance, it is to be found in the nature of the parties’ transaction.<sup>68</sup> Resulting trusts are thus describable as intention-enforcing trusts.<sup>69</sup> An example of a resulting trust is Article 1453 of the Civil Code.

We, however, agree with the CA that no implied trust can be generated by the simulated transfers because being fictitious or simulated, the transfers were null and void *ab initio* – from the very beginning – and thus vested no rights whatsoever in favor of petitioner. That which is inexistent cannot give life to anything at all.<sup>70</sup>

<sup>63</sup> *Montecillo v. Reynes*, G.R. No. 138018, July 26, 2002, 385 SCRA 244, 256 citing *Yu Bun Guan v. Ong*, G.R. No. 144735, October 18, 2001, 367 SCRA 559; *Rongavilla v. Court of Appeals*, G.R. No. 83974, August 17, 1998, 294 SCRA 289; *Vda. de Catindig v. Heirs of Catalina Roque*, G.R. No. L-25777, November 26, 1976, 74 SCRA 83; *Mapalo v. Mapalo*, G.R. Nos. L-21489 & L-21628, May 19, 1966, 17 SCRA 114; and *Ocejo, Perez & Co. v. Flores*, 40 Phil 921 (1920).

<sup>64</sup> Art. 1453. When property is conveyed to a person in reliance upon his declared intention to hold it for, or transfer it to another or the grantor, there is an implied trust in favor of the person whose benefit is contemplated.

<sup>65</sup> Implied trusts – also called “trusts by operation of law,” “indirect trusts” and “involuntary trusts” – arise by legal implication based on the presumed intention of the parties or on equitable principles independent of the particular intention of the parties. They are those which, without being expressed, are deducible from the nature of the transaction as matters of intent or, independently of the particular intention of the parties, as being inferred from the transaction by operation of law basically by reason of equity (*Citations omitted*). *Estate of Margarita D. Cabacungan v. Laigo*, G.R. No. 175073, August 15, 2011, 655 SCRA 366, 376-377.

<sup>66</sup> *Estate of Margarita D. Cabacungan v. Laigo*, G.R. No. 175073, August 15, 2011, 655 SCRA 366, 378.

<sup>67</sup> *Id.*

<sup>68</sup> *Id.*

<sup>69</sup> *Id.*

<sup>70</sup> *Tongoy v. Court of Appeals*, G.R. No. L-45645, June 28, 1983, 123 SCRA 99, 121.

Article 1453 contemplates that legal titles were validly vested in petitioner. Considering, however, that the sales lack not only the element of consent for being absolutely simulated, but also the element of consideration, these transactions are void and inexistent and produce no effect. Being null and void from the beginning, no transfer of title, both legal and beneficial, was ever effected to petitioner.

In any case, regardless of the presence of an implied trust, this will not affect the disposition of the case. As void contracts do not produce any effect, the result will be the same in that the Properties will be reconveyed to the estate of the late Adela de Guzman Shotwell.

**WHEREFORE**, the petition is **DENIED**.

**SO ORDERED**.

  
**FRANCIS H. JARDELEZA**  
*Associate Justice*

WE CONCUR:

  
**PRESBITERO J. VELASCO, JR.**  
*Associate Justice*  
*Chairperson*

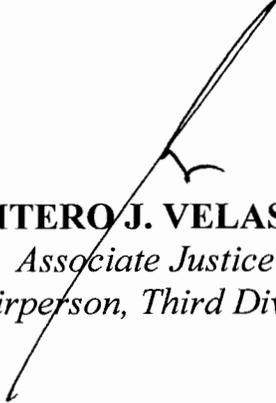
  
**TERESITA J. LEONARDO-DE CASTRO**  
*Associate Justice*

  
**MARTIN S. VILLARAMA, JR.**  
*Associate Justice*

  
**JOSE CAMENDOZA**  
*Associate Justice*

#### ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**PRESBITERO J. VELASCO, JR.**  
*Associate Justice*  
*Chairperson, Third Division*

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's attestation, it is hereby certified that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**MARIA LOURDES P. A. SERENO**  
*Chief Justice*