



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

EMERSON P. VALENZUELA,
VALENTINO P. VALENZUELA,
and MARTY* P. VALENZUELA,
Petitioners,

G.R. No. 241330

Present:

GESMUNDO, C.J., *Chairperson*
HERNANDO,*** *Working Chairperson*
ZALAMEDA,**** *Acting Working Chairperson*
DIMAAMPAO,***** and
MARQUEZ, JJ.

- versus -

SPS. DANILO PABILANI and
ELEONOR** PABILANI,
SPS. LETICIA and JOSEPH
MATTINGLY,
Respondents.

Promulgated:

DEC 05 2022

X ----- X

DECISION

GESMUNDO, C.J.:

This Appeal by *Certiorari*¹ seeks to reverse and set aside the March 14, 2018 Decision² and July 31, 2018 Resolution³ of the Court of Appeals (CA) in CA-G.R. CV No. 108735. The CA reversed and set aside the October 18, 2016 Decision⁴ of the Regional Trial Court of Makati City, Branch 146 (RTC), in Civil Case No. 12-529 and dismissed the Complaint for Annulment of

* Referred to as Mary and Marthy in other parts of the *rollo* (pp. 41 and 45); CA *rollo*, p. 143.

** Referred to as Eleanor Pabilani in other parts of the *rollo* (pp. 3 and 45).

*** On official leave.

**** Per Special Order No. 2939 dated November 24, 2022.

***** Designated additional member in lieu of Associate Justice Ricardo R. Rosario per raffle dated November 2, 2022.

¹ *Rollo*, pp. 10-44.

² Id. at 45- 52; penned by Associate Justice Ricardo R. Rosario, (now a Member of the Court) and concurred in by Associate Justices Renato C. Francisco and Ronaldo Roberto B. Martin.

³ Id. at 58-59; penned by Associate Justice Ricardo R. Rosario, (now a Member of the Court) and concurred in by Associate Justices Renato C. Francisco and Ronaldo Roberto B. Martin.

⁴ CA *rollo*, pp. 18-27; penned by Presiding Judge Encarnacion Jaja G. Moya.

Titles, Reconveyance and Damages,⁵ filed by petitioners Emerson P. Valenzuela, Valentino P. Valenzuela, and Marty P. Valenzuela (*petitioners*) against private respondents Spouses Danilo and Eleonor Pabilani (*Eleonor; collectively Spouses Pabilani*), Spouses Leticia and Joseph Mattingly (*herein private respondents*), and the Register of Deeds of Makati City (*RD*).

Antecedents

The subject matter of the controversy involves a 180-square meter parcel of land with a house, situated at No. 57 Sir Baden Powell Street, Block 1, West Rembo, Makati City (*subject property*). The subject property was formerly registered under Original Certificate of Title (*OCT*) No. 706 in the name of Felix Valenzuela (*Felix*) and his wife, Candida (*Candida*). Respondent Leticia Valenzuela-Mattingly (*Leticia*) and petitioners are the children of Felix and Candida. Petitioners used to live on the subject property with Felix and Candida.⁶

Petitioners alleged that sometime in October 2006, Leticia had fraudulently purchased the subject property, covered by OCT No. 706, from their parents through a Deed of Absolute Sale (*DOAS*). On November 9, 2006, Leticia registered the transaction with the RD, and Transfer Certificate of Title (*TCT*) No. 223017 was issued in her name. On February 24, 2010, Leticia then sold it to Spouses Pabilani. On April 14, 2010, Spouses Pabilani then registered the subject property in their names under TCT No. 227394. Afterwards, Spouses Pabilani evicted petitioners from the subject property when the latter refused to vacate the premises.⁷

On June 14, 2012, petitioners filed a Complaint for Annulment of Titles, Reconveyance and Damages against private respondents before the RTC. Petitioners claimed that the DOAS between Leticia and their parents was falsified because on the date which it was notarized, October 26, 2006, their mother Candida was already deceased, having previously died on March 3, 2006. They also claimed that their father Felix was paralyzed from a stroke and near death. In fact, Felix died 12 days after the DOAS was executed on November 7, 2006.⁸

Petitioners likewise underscored that, after discovering the alleged fraudulent acquisition of Leticia of the subject property, one of the petitioners, their brother Emerson P. Valenzuela (*Emerson*), filed a notice of adverse claim on the title of the subject property on July 16, 2009. Hence, Spouses

⁵ *Rollo*, p. 51.

⁶ *Id.* at 45-46.

⁷ *Id.* at 46.

⁸ *Id.*

Pabilani were put on notice regarding the fraudulent transaction perpetrated by Leticia when they bought the property on February 24, 2010. Petitioners further asserted that the adverse claim was fraudulently cancelled on March 22, 2010 as Emerson could not have filed any petition for cancellation of the adverse claim because he had suffered a stroke and was paralyzed at the time.⁹

For their part, private respondents denied petitioners' allegations of fraud and forgery, contending that any defect in the notarization of the DOAS did not affect the validity of the sale. They provided the following pieces of evidence: that Felix and Candida had authorized their son-in-law, Victor Aguas (*Victor*), to obtain a ₱2.5 million loan and had authorized him to use the subject property as collateral; Victor later defaulted in the payment of the loan, prompting Felix and Candida to request that Leticia pay the outstanding amortizations; that Leticia complied with the request and paid off the loan, leading her parents and petitioners to be grateful to her for preventing the foreclosure of their home; and that due to the payments made by Leticia on the loan, the mortgage was subsequently cancelled.¹⁰ Private respondents presented in evidence a compact disc with a video of Leticia's family thanking her and being grateful for the release of the mortgage.¹¹

Further, private respondents alleged that as repayment, Felix and Candida transferred the subject property to Leticia through an undated DOAS, and that Candida was able to place her signature thereon to signify her marital consent to the sale. Spouses Pabilani then alleged being buyers in good faith, as they relied on the cancellation of the notice of adverse claim on March 22, 2010, having no reason to believe that the title of the subject property was fraudulent.¹²

The RTC Ruling

In its Decision dated October 18, 2016, the RTC ruled in favor of petitioners. The dispositive portion of the decision, reads:

“WHEREFORE, in view of all the foregoing, the court finds merit in plaintiffs' Complaint and hereby orders the following:

1. the Deed of Absolute Sale between Felix Valenzuela and Leticia Valenzuela is declared null and void ab initio;
2. Transfer Certificate of Title No. 223017 in the name of Leticia P. Valenzuela and Transfer Certificate of Title No. 227394 in the name of Eleonor G. Pabilani, married to Danilo Pabilani, are declared null and void;

⁹ Id.

¹⁰ Id. at 47.

¹¹ Id. at 49.

¹² Id. at 47-48.

3. the Register of Deeds of Makati City to cancel TCT No. 227394 in the name of Eleonor G. Pabilani, married to Danilo Pabilani and to reinstate Original Certificate of Title No. 706 in the name of Felix B. Valenzuela.
4. The counterclaims of the defendants are dismissed.

SO ORDERED.¹³

The RTC declared as null and void *ab initio* the DOAS between Felix, Candida and Leticia, thereby declaring the subsequent TCTs issued after it void as well. It also held that Spouses Pabilani were not buyers in good faith as they were aware that there existed an annotation of adverse claim on the title, which provided them with constructive notice of the defect over the title. The RTC further ruled that Spouses Pabilani's knowledge of the defect in the title was not eliminated by the mere act of cancellation of the annotation.¹⁴

The RTC denied private respondents' Motion for Reconsideration¹⁵ in its February 24, 2017 Order.¹⁶

Aggrieved, private respondents filed an Appeal¹⁷ before the CA.

The CA Ruling

In its March 14, 2018 Decision, the CA reversed and set aside the decision of the RTC. The dispositive portion of the decision reads:

WHEREFORE, the *Decision* dated 18 October 2016 of the Regional Trial Court, Branch 146, Makati City, in Civil Case No. 12-529 for Annulment of Titles, Reconveyance and Damages, annulling the *Deed of Absolute Sale* between Felix Valenzuela and his daughter, herein defendant Leticia, annulling TCT No. 223017 in the name of defendant Leticia, and annulling TCT No. 227394 in the name of the defendant Spouses Pabilani; and ordering the Register of Deeds to reinstate OCT No. 706 in the name of Felix Valenzuela is **REVERSED** and **SET ASIDE**. Another one is entered **DISMISSING** the *Complaint* for lack of merit.

SO ORDERED.¹⁸

¹³ CA *rollo*, p. 26.

¹⁴ Id. at 23-25.

¹⁵ Records (Vol. 2), pp. 260-273.

¹⁶ Id. at 294-295.

¹⁷ Id. at 296-297.

¹⁸ *Rollo*, p. 51.

The CA held that the falsification of Candida's signature would only have legal significance if petitioners were able to prove that Candida did not approve of the sale to Leticia; however, petitioners never put this argument forward. The CA also underscored that the death of Candida terminated the property relations with Felix, thus, there would have been no need to falsify the signature of Candida as it was not necessary for the validity of the DOAS. Since the signature and consent of Candida were obtained and deemed by the parties as necessary to the DOAS, this gave credence to the claim of private respondents that Candida was alive and had executed the DOAS during her lifetime and was validly signed by her.

The CA also found that forgery cannot be presumed and must be proven by clear, positive, and convincing evidence by the party alleging the forgery. As the private respondents had no hand in the alleged forgery, the CA concluded that they could rely on the presumption of regularity in the performance of duty of the RD in cancelling the adverse claim.

Finally, the CA ruled that the alleged defects in the notarization of the DOAS and the petition to cancel adverse claim of Emerson would only result in reverting such public documents to a private status, which is only enforceable between petitioners and Leticia, as heirs of Felix and Candida. Accordingly, Spouses Pabilani, the current registered owners of the title, who are third parties to the transaction, are not affected by those alleged defects.¹⁹

The CA denied petitioners' Motion for Reconsideration²⁰ in its July 31, 2018 Resolution.²¹

Hence, this Petition for Review on *Certiorari*.

Petitioners raise the following assignment of errors:

I.

WHETHER THE CA COMMITTED REVERSIBLE ERROR
IN REVERSING AND SETTING ASIDE THE DECISION OF
THE RTC AND DISMISSING PETITIONERS' COMPLAINT.

¹⁹ Id. at 50-51.

²⁰ Id. at 53-57.

²¹ Id. at 58-59.

II.

WHETHER THE CA COMMITTED REVERSIBLE ERROR IN HOLDING THAT CANDIDA'S FALSIFIED SIGNATURE WOULD ONLY HAVE LEGAL SIGNIFICANCE IF CANDIDA DID NOT APPROVE OF THE SALE TO LETICIA.

III.

WHETHER THE CA COMMITTED REVERSIBLE ERROR IN HOLDING THAT PRIVATE RESPONDENTS ARE IN GOOD FAITH.²²

Petitioners argue that the CA overlooked the rules on succession, particularly Article 777²³ of the Civil Code, when they stated that the death of Candida would have made her signature no longer necessary for the validity of the DOAS. This means that Candida's heirs would have earned their rights to succession over the share of her property and that they have become co-owners whose signatures are needed to make the sale valid. Petitioners also emphasize that the CA erred in holding Spouses Pabilani innocent purchasers for value. They underscore that the RTC found Spouses Pabilani to be buyers in bad faith because they were aware that petitioners were residing on the subject property when Spouses Pabilani were intending to buy the subject property from Leticia. They point out that the DOAS between Spouses Pabilani and Leticia was executed before the petition to cancel adverse claim was filed and it was Spouses Pabilani themselves who filed for the petition to cancel the notice of adverse claim. Petitioners also point out that the petition to cancel adverse claim was fraudulent since Emerson's signatures were markedly different from his other genuine signatures. Finally, petitioners state that to give validity to the DOAS would run counter to the 2004 Rules on Notarial Practice.²⁴

In their Comment,²⁵ private respondents argue that petitioners raise questions of fact, not law; that petitioners failed to prove that their case falls under the exceptions to the factual issue bar rule; and that petitioners present no special or important reason for this Court to review the facts of their case.²⁶

In their Reply,²⁷ petitioners cite *Miro v. Vda. de Erederos*,²⁸ arguing that "there is a question of law when the doubt or difference arises as to what

²² Id. at 21-22.

²³ Art. 777. The rights to the succession are transmitted from the moment of the death of the decedent.

²⁴ *Rollo*, pp. 22-37.

²⁵ Id. at 200-219.

²⁶ Id. at 201-207.

²⁷ Id. at 220-228.

²⁸ 721 Phil. 772, 785 (2013).

the law is on a certain set of facts” and that all issues in their petition raise questions of law. They further argue that petitioners and Leticia have become co-owners to the property after the death of Candida, and that Leticia needed their signatures for the DOAS. Finally, they stress that private respondent Eleonor Pabilani (*Eleonor*) was the only one who testified in court, and that she could not have had personal knowledge of the execution of the sale to Leticia as she was not present when the alleged sale between Leticia and their parents, Felix and Candida, took place.²⁹

The Court’s Ruling

Procedural Matters

Strictly speaking, the petition was filed beyond the reglementary period. The CA issued its Decision on March 14, 2018 and denied petitioners’ Motion for Reconsideration in a Resolution dated July 31, 2018. Petitioners received said Resolution on August 17, 2018. As the last day of the reglementary period fell on September 1, 2018, a Saturday, petitioners had until September 3, 2018, a Monday, which is the next working day, within which to file a petition for review on *certiorari* before the Court. On September 3, 2018, petitioners filed a motion for an extension of thirty (30) days within which to file their petition. This was granted by the Court on September 17, 2018. Petitioners then counted the 30-day period of extension from September 3, 2018; hence, they filed their petition on October 3, 2018.

However, petitioners failed to consider A.M. No. 00-2-14-SC,³⁰ which provides that any extension of time to file the required pleading should be counted from the expiration of the period regardless of whether the said due date is a Saturday, Sunday, or legal holiday. The Court clarified, thus:

Whereas, the aforecited provision [Section 1, Rule 22 of the Rules of Court]³¹ applies in the matter of filing of pleadings in courts when the due date falls on a Saturday, Sunday, or legal holiday, in which case, the filing of the said pleading on the next working day is deemed on time;

Whereas, the question has been raised if the period is extended *ipso jure* to the next working day immediately following where the last day of the period is a Saturday, Sunday or legal holiday so that when a motion for

²⁹ Id. at 221-222.

³⁰ Computation of Time When the Last Day Falls on a Saturday, Sunday or Legal Holiday and a Motion for Extension Filed on Next Working Day is Granted, A.M. No. 00-2-14-SC, February 29, 2000.

³¹ RULES OF COURT, Rule 22, Section 1, provides:

Sec. 1. *How to compute time.* – In computing any period of time prescribed or allowed by these Rules, or by order of the court, or by any applicable statute, the day of the act or event from which the designated period of time begins to run is to be excluded and the date of performance included. If the last day of the period, as thus computed, falls on a Saturday, a Sunday, or a legal holiday in the place where the court sits, the time shall not run until the next working day. (n)

extension of time is filed, the period of extension is to be reckoned from the next working day and not from the original expiration of the period;

NOW THEREFORE, the Court Resolves, for the guidance of the Bench and the Bar, to declare that Section 1, Rule 22 speaks only of “the last day of the period” so that when a party seeks an extension and the same is granted, the due date ceases to be the last day and hence, the provision no longer applies. **Any extension of time to file the required pleading should therefore be counted from the expiration of the period regardless of the fact that said due date is a Saturday, Sunday or legal holiday.**³² (Emphasis supplied)

Consequently, the 30-day extension of time should be counted from the original due date, which was on September 1, 2018, a Saturday, and not on September 3, 2018, or the next working day. Thus, the extended period to file their petition expired on October 1, 2018. Petitioners, however, filed their petition on October 3, 2018, which was two (2) days late.

It is settled that the right to appeal is a mere statutory privilege and must be exercised only in the manner and in accordance with the provisions of the law. One who seeks to avail of the right to appeal must strictly comply with the requirement of the rules.³³

Nevertheless, as an exception, the Court has equally held in a plethora of cases³⁴ that procedural rules were conceived precisely to aid the attainment of justice. If stringent application of the rules would hinder rather than serve the demands of substantial justice, the former must yield to the latter.³⁵ In exceptional cases, the Court allows a liberal construction of the Rules of Court in order to promote its objective of assisting the parties in obtaining just, speedy, and inexpensive determination of every action and proceeding.

In this case, the Court finds compelling circumstances to justify the relaxation of the rules. Petitioners’ property – their family home – is at stake. If the petition is denied outright based on a mere procedural error, petitioners will lose their home, which they have been dwelling in even before their parents died unceremoniously. As stated in *Eulogio v. Bell, Sr.*:³⁶

The great controlling purpose and policy of the Constitution is the protection or the preservation of the homestead — the dwelling place. A houseless, homeless population is a burden upon the energy, industry, and

³² Id.

³³ *Nueva Ecija II Electric Cooperative, Inc. v. Mapagu*, 805 Phil. 823, 832 (2017), citing *National Transmission Corp. v. Heirs of Teodulo Ebasa*, 781 Phil. 594, 602-603 (2016).

³⁴ *Peñas v. Commission on Elections*, UDK-16915, February 15, 2022; *Latogan v. People*, G.R. No. 238298, January 22, 2020; *People v. Olpindo*, G.R. No. 252861, February 15, 2022.

³⁵ *Latogan v. People*, supra.

³⁶ 763 Phil. 266 (2015).

morals of the community to which it belongs. No greater calamity, not tainted with crime, can befall a family than to be expelled from the roof under which it has been gathered and sheltered.³⁷

In *Latogan v. People*,³⁸ it was explained that:

The Court is fully aware that procedural rules are not to be simply disregarded as they ensure an orderly and speedy administration of justice. Nonetheless, it is equally true that courts are not enslaved by technicalities. They have the prerogative to relax compliance with procedural rules of even the most mandatory character, mindful of the duty to reconcile both the need to speedily put an end to litigation and the parties' right to an opportunity to be heard. Cases should be decided only after giving all parties the chance to argue their causes and defenses. Technicality and procedural imperfection should, as a rule, not serve as bases of decisions. In that way, the ends of justice would be served.³⁹

On the other hand, in *Neypes v. Court of Appeals*,⁴⁰ the Court held:

In setting aside technical infirmities and thereby giving due course to tardy appeals, we have not been oblivious to or unmindful of the extraordinary situations that merit liberal application of the Rules. In those situations where technicalities were dispensed with, our decisions were not meant to undermine the force and effectivity of the periods set by law. But we hasten to add that in those rare cases where procedural rules were not stringently applied, there always existed a clear need to prevent the commission of a grave injustice. Our judicial system and the courts have always tried to maintain a healthy balance between the strict enforcement of procedural laws and the guarantee that every litigant be given the full opportunity for the just and proper disposition of his [or her] cause.⁴¹

Accordingly, as petitioners provided a justifiable ground for the relaxation of the procedural rules, particularly, the imminent loss of their family home, the belated filing of the petition may be dispensed with in the interest of substantial justice.

Further, while the petition raises questions of fact, it may still be entertained by the Court under exceptional circumstances. Even though the Court is not a trier of facts, it is an admitted exception to the rule that questions

³⁷ Id. at 283.

³⁸ Supra.

³⁹ Id.

⁴⁰ 506 Phil. 613 (2005).

⁴¹ Id. at 625-626.

of fact may be considered if there is a conflict in the factual findings of the RTC and the CA.⁴²

In this case, there is an evident conflict in the findings of fact of the CA and the RTC. The trial court found that the DOAS was forged and falsified, which renders it void *ab initio*. On the other hand, the CA found that there was no sufficient evidence to establish the alleged forgery of the signatures in the DOAS and that the signature of Candida was inconsequential. Due to these conflicting findings of fact, it is imperative for the Court to entertain questions of fact to, once and for all, determine whether the DOAS between Candida, Felix, and Leticia is valid; and whether Spouses Pabilani were buyers in good faith.

Setting aside the procedural defect, the Court finds the petition meritorious.

The DOAS is void ab initio.

One of the main issues in this case is the validity of the DOAS executed between Felix, Candida, and Leticia. The signature page and notarial portion of the DOAS state:

IN WITNESS WHEREOF, we have hereunto affixed our signatures
[and] thumb mark this day of **OCT 26, 2006** in **CITY OF MANILA**.

[Thumbmark] I ATTEST TO THE THUMBMARK	[Signature]
FELIX B. VALENZUELA	LETICIA P. VALENZUELA
Vendor	Vendee

WITH MARITAL CONSENT

[Signature]
CANDIDA P. VALENZUELA

Signed in the presence of:

[Signature with Name]

[Signature with Name]

⁴² *Century Iron Works, Inc. v. Bañas*, 711 Phil. 576, 585 (2013), citing *New City Builders, Inc. v. National Labor Relations Commission*, 499 Phil. 207, 212-213 (2005).

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI)S.S.

BEFORE ME in the **CITY OF MANILA**, on **OCT 26, 2006**, personally appeared the following persons, **FELIX B. VALENZUELA** with CTC No. [xxx] issued on [3/23/06] at [Makati City] and **LETICIA P. VALENZUELA** with CTC No. [xxx] issued on [10/26/06] at [Makati City] known to me to be the same persons who executed the foregoing instruments and they acknowledged to me that the same are their free and voluntary act and deed.

x x x x

WITNESS MY HAND AND SEAL on the date and place first above-written.

[Signature and Notarial Seal]⁴³
(Emphasis supplied)

A review of the abovequoted portion shows that the DOAS was dated and notarized on October 26, 2006. Further, Felix merely affixed his thumb mark thereon, with a typewritten statement beside it providing that "I ATTEST TO THE THUMBMARK." Further, Candida's signature appears below such thumbmark to allegedly demonstrate marital consent to the sale.

The Court finds the DOAS void *ab initio* for the following reasons: *first*, it is undisputed that Candida died on March 3, 2006 as evidenced by her Death Certificate.⁴⁴ Accordingly, she already passed away when the DOAS was executed on October 26, 2006. It would have been impossible for Candida to sign the DOAS on October 26, 2006, which was its purported date of execution. Necessarily, private respondents erred in claiming that Candida properly signed the DOAS. Clearly, Candida does not have any legal personality to transfer any property rights after her death as it is settled that the death of a person terminates contractual capacity.⁴⁵

Second, the CA merely assumed that Candida placed her signature on the DOAS before her death on March 3, 2006, and that it was subsequently notarized on October 26, 2006, to wit:

The fact that Candida's signature and consent to the sale were obtained and deemed by the parties as necessary to the *Deed of Absolute Sale* means that she was still alive at that time, leading credence to the claim

⁴³ *Rollo*, p. 65.

⁴⁴ *Id.* at 46 and 74.

⁴⁵ *Heirs of Tomas Arao v. Heirs of Pedro Eclipse*, G.R. No. 211425, November 19, 2018, 886 SCRA 30, 39.

of Spouses Pabilani that the *Deed* was executed during the lifetime of Candida and was validly signed by her.⁴⁶

However, this finding of the CA runs contrary to Art. 1370 of the Civil Code, which states:

Art. 1370. If the terms of a contract are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of its stipulations shall control.

Indeed, the DOAS clearly states that it was executed on October 26, 2006. It leaves no room for any other interpretation. It did not state therein that Candida signed it on a prior date. Accordingly, the signature of Candida in the DOAS executed on October 26, 2006 is glaringly questionable.

Third, private respondents cannot merely presume a material stipulation in a contract, such as the date when the parties placed their signature, when such stipulation is not reflected in the written instrument evidencing the contract. The parol evidence rule forbids any addition to or contradiction of the terms of a written agreement by testimony or other evidence purporting to show that different terms were agreed upon by the parties.⁴⁷ Indeed, when the parties' agreement has been reduced into writing, this written agreement is "the sole repository and memorial of everything" they agreed on and all their prior and contemporaneous agreements are deemed included in the written document.⁴⁸ Thus, such writing becomes exclusive evidence of the terms thereof and any verbal agreement which tends to vary, alter, or modify the same is not admissible.⁴⁹

Evidently, in the absence of an exceptional circumstance under the parol evidence rule, the Court can only look into the agreement that has been reduced into writing by the parties. As the DOAS only states that it was executed on October 26, 2006, then such date of execution shall be taken as is. It shall not be interpreted that Candida signed it at an earlier date before her death on March 3, 2006.

Fourth, considering the questionable appearance of Candida's signature on the DOAS executed on October 26, 2006, it is also dubious that Felix truly affixed his thumbmark on the said DOAS. It is undisputed that, at the date of the execution of the DOAS, October 26, 2006, Felix was bedridden. Thereafter, on November 7, 2006, Felix died - merely 12 days after

⁴⁶ *Rollo*, p. 50.

⁴⁷ *Domato-Togonon v. Commission on Audit*, G.R. No. 224516, July 6, 2021.

⁴⁸ *Allied Banking Corp. v. Cheng Yong*, 509 Phil. 95, 105 (2005).

⁴⁹ *Id.* at 105-106.

its date of execution. It is equally doubtful that the thumbmark found on the DOAS accurately belonged to Felix or whether he truthfully consented to such transaction. No proof was presented by private respondents as to whether the statement "I ATTEST TO THE THUMBMARK" truly originated from or was even understood by Felix who was already on his deathbed.

Lastly, the video presented by private respondents as evidence before the trial court – showing Candida, Felix, and petitioners thanking Leticia and being grateful for the release of the mortgage – does not provide the legal conclusion that Felix and Candida truly intended to repay Leticia by selling her the family home. The video did not show Candida and Felix agreeing to or offering to sell the subject property to Leticia, and no other evidence was offered to indicate such promise. Thus, given the lack of other supporting evidence, this Court cannot go beyond the stipulations in the DOAS to ascertain the intent of the parties. The CA thus cannot declare the DOAS valid by using parol evidence to change the face of the deed and its legal implications.

Accordingly, there is clear and convincing evidence that the signatures of Candida and Felix in the DOAS are mere forgeries. Again, Candida already passed away when the DOAS was executed on October 26, 2006 and, in the same light, Felix was already on his deathbed at that time, and passed away a few days later.

In *Arakor Construction and Development Corp. v. Sta. Maria*,⁵⁰ the Court ruled that if a party to a supposed contract was already deceased at the time of its execution, such contract is undoubtedly simulated and false, and, therefore, null and void by reason of its having been made after the death of the party who appears as one of the contracting parties therein.

Indeed, considering that the signatures of Candida and Felix are mere forgeries, the DOAS is an absolutely simulated contract. Under Art. 1345 of the Civil Code, an absolutely simulated contract takes place when the parties do not intend to be bound at all.⁵¹ An absolutely simulated or fictitious contract is void.⁵² As a forged deed is null and void, and conveys no title, all the transactions subsequent to the alleged sale are likewise void.⁵³

⁵⁰ G.R. No. 215006, January 11, 2021.

⁵¹ Art. 1345. Simulation of a contract may 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. (n)

⁵² Art. 1346. An absolutely simulated or fictitious contract is void. A relative simulation, when it does not prejudice a third person and is not intended for any purpose contrary to law, morals, good customs, public order or public policy binds the parties to their real agreement. (n)

⁵³ *Heirs of Tomas Arao v. Heirs of Pedro Eclipse*, supra note 45.



*The notarization of the
DOAS was irregular.*

Generally, a notarized document carries the evidentiary weight conferred upon it with respect to its due execution, and documents acknowledged before a notary public have in their favor the presumption of regularity.⁵⁴ It is true that notarized documents are accorded evidentiary weight as regards their due execution. Nevertheless, while notarized documents enjoy the presumption of regularity, this presumption is disputable. They can be contradicted by evidence that is clear, convincing, and more than merely preponderant.⁵⁵ Although a notarized deed of sale is a public document having in its favor the presumption of regularity, such presumption may be adequately refuted by competent witnesses showing its forgery and the Court's own visual analysis of the document.⁵⁶

Here, private respondents cannot insist on the presumption of genuineness and due execution of the DOAS simply because it was notarized. As stated above, the DOAS clearly shows that it was executed and notarized on October 26, 2006 and, at that time, one of its signatories, Candida, had already passed away. The presence of a signature in a contract by a person who was already dead at the date of the execution and notarization of the contract, serves as a badge of fraud on the deed supposedly genuinely executed by the parties.

During trial, petitioners presented evidence that the notary public indicated in the DOAS categorically denied notarizing the same. Moreover, no notarial book was presented to the Clerk of Court,⁵⁷ under the 2004 Rules of Notarial Practice,⁵⁸ to certify to a record of the same.

It has been held that a document or instrument which does not appear in the notarial records or is without a copy of it therein, suggests that the document or instrument was not really notarized.⁵⁹ Considering the evidentiary value given to notarized documents, the failure of the notary public to provide records to the National Archives is tantamount to falsely making it appear that the document was notarized when in fact it was not.⁶⁰ It is therefore evident that the presumption of regularity as regards the due execution of the contracts cannot stand in this instance.

⁵⁴ *Basilio v. Court of Appeals*, 400 Phil. 120, 124 (2000).

⁵⁵ *Heirs of Cipriano Trazona v. Heirs of Dionisio Cañada*, 723 Phil. 388, 397 (2013).

⁵⁶ *Basilio v. Court of Appeals*, supra at 126.

⁵⁷ *Rollo*, p. 33.

⁵⁸ See Section 2, Rule II, 2004 Rules on Notarial Practice, A.M. No. 02-8-13-SC, July 6, 2004.

⁵⁹ *De Joya v. Madlangbayan*, G.R. No. 228999, April 28, 2021.

⁶⁰ See *Roa-Buenafe v. Lirazan*, A.C. No. 9361, March 20, 2019, 897 SCRA 449, 458.

Notably, as highlighted by petitioners, Eleonor was the only one who testified in court for private respondents, and she definitely did not have personal knowledge on the execution of the DOAS as she was not present when the alleged sale between Leticia and their parents, Felix and Candida, took place. Neither did any other party to the DOAS testify during trial regarding its due execution.

Accordingly, the presumption of regularity in the notarization of the DOAS was successfully overcome by petitioners. Evidently, there is no conclusive indication that Candida or Felix intended to transfer the subject property to Leticia before their deaths because it was not clearly established or stated in the DOAS. In fine, the DOAS is *void ab initio*.

*Co-ownership; invalid
certificates of title*

The Court likewise finds that the CA overlooked the rules on succession when it held that the death of Candida would have terminated the property relations of Felix and Candida, which would have made her signature no longer necessary for the validity of the DOAS. Art. 777 of the Civil Code states:

Article 777. The rights to the succession are transmitted from the moment of the death of the decedent.

When Candida died, petitioners as her heirs *ipso jure* acquired their rights to succession to Candida's estate. The legal implications being that the right of ownership of their share in Candida's estate was immediately vested at the moment of her death. Thus, the subject property was no longer solely and entirely owned by Felix to transmit to Leticia; rather, it became now co-owned by Felix and the compulsory heirs of Candida, her children, which include petitioners. The principle of transmission at the time of the predecessor's death is clear. As a consequence of this fundamental rule of succession, the heirs of Candida acquired their undivided share to the subject property from the moment of her death on March 3, 2006. Petitioners then became co-owners of the aforesaid property, together with the other surviving heirs, Felix, and Leticia. Due to the existence of the co-ownership, neither Felix nor Leticia could sell the entire subject property without the consent of the other co-owners-petitioners. *Nemo dat quod non habet*. No one can give what he or she does not have.⁶¹

⁶¹ *Reyes v. Spouses Garcia*, G.R. No. 225159, March 21, 2022.

While it is true that a co-owner may sell his or her indefinite and undivided interest in a co-ownership,⁶² it is also equally true that a contract of sale which purportedly sells a definite portion of unpartitioned land owned by a co-ownership is null and void *ab initio*,⁶³ especially when the signatures therein are forged.

As declared above, the DOAS is *void ab initio*. A forged deed is a nullity and conveys no title.⁶⁴ Thus, it conveys no title and all the transactions subsequent to the alleged sale are likewise null and void.⁶⁵ A void contract cannot be a source of obligation by which the RD can validly issue a new title in favor of Leticia and subsequently, Spouses Pabilani. Thus, as a rule, the issuance of new TCTs, which were sourced from a forged DOAS, are also null and void.

In summary, all subsequent certificates of title obtained from the void sale, including private respondents' titles, are likewise void because of the legal truism that the spring cannot rise higher than its source.⁶⁶

Spouses Pabilani are not innocent purchasers in good faith.

Anent the last issue, the Court finds that Spouses Pabilani were not buyers in good faith. The law only protects an innocent purchaser for value and not one who has knowledge of and participation in the employment of fraud. An innocent purchaser for value is one who buys the property of another without notice that some other person has a right to or interest in that same property, and who pays a full and fair price at the time of the purchase or before receiving any notice of another person's claim.⁶⁷

In this case, while Spouses Pabilani were not parties to the void DOAS between Candida, Felix, and Leticia, there are several circumstances that should have alerted them to the possible defects in the title. Notably, Spouses Pabilani admitted to inspecting the subject property before purchasing the same and noticed that people were residing therein at the time. Further, at the time of Spouses Pabilani's purchase of the subject property on February 24, 2010, TCT No. 223017 registered under Leticia was annotated with a notice of adverse claim in favor of petitioners. Glaringly, despite the adverse claim existing on the title of Leticia as of February 24, 2010, Spouses Pabilani still bought the subject property. Finally, it was established that it was Spouses Pabilani themselves who filed the petition for the cancellation of the adverse

⁶² *Heirs of Herminio Marquez v. Heirs of Epifania Hernandez*, G.R. No. 236826, March 23, 2022.

⁶³ *Cabrera v. Ysaac*, 747 Phil. 187, 193, 206 (2014).

⁶⁴ *Pabatan v. Santarin*, 441 Phil. 462, 471 (2002).

⁶⁵ *Id.*

⁶⁶ *Heirs of Tomas Arao v. Heirs of Pedro Eclipse*, supra note 45 at 41.

⁶⁷ *Gasataya v. Mabasa*, 545 Phil. 14, 20 (2007).

claim of Emerson on March 22, 2010, or almost a month after the sale; thus, they cannot feign ignorance as to the existence of the adverse claim at the time of the sale on February 24, 2010.

Settled is the rule that purchasers cannot close their eyes to facts that would put a reasonable person on guard. A person purchasing property is required to make the necessary inquiries if there is anything in the certificate of title which would raise any cloud or vice on the ownership of property. The mere refusal to believe that such defect exists, or willful disregard of the possibility of the existence of a defect in the vendor's title will not make him or her an innocent purchaser for value if it afterwards develops that the title is in fact defective, and it appears that the vendee had such notice of the defect as would have led to its discovery had he or she acted with that measure of precaution which may reasonably be required of a prudent man in a like situation.⁶⁸ In *Spouses Peralta v. Heirs of Bernardina Abalon*,⁶⁹ it was held that:

The presence of anything which excites or arouses suspicion should then prompt the vendee to look beyond the certificate and investigate the title of the vendor appearing on the face of said certificate. One who falls within the exception can neither be denominated an innocent purchaser for value nor a purchaser in good faith; and hence does not merit the protection of the law.⁷⁰

Spouses Pabilani cannot hide behind the defense of their own negligence. Despite their notice of the adverse claim, they still proceeded with the sale on February 24, 2010. Accordingly, Spouses Pabilani are not innocent purchasers for value and the certificate of title issued in their favor is defective.

As stated in *Heirs of Tomas Arao v. Heirs of Pedro Eclipse*,⁷¹ certificates of title obtained cannot be used to validate the forgery or cure the void sale. When the instrument presented is forged, even if accompanied by the owner's duplicate certificate of title, the registered owner does not thereby lose his or her title, and neither does the assignee in the forged deed acquire any right or title to the property. Therein, the Court ruled:

Insofar as a person who fraudulently obtained a property is concerned, the registration of the property in said person's name would not be sufficient to vest in him or her the title to the property. A certificate of title merely confirms or records title already existing and vested. The indefeasibility of the Torrens title should not be used as a means to perpetrate fraud against the rightful owner of real property. Good faith must

⁶⁸ *Spouses Macadangdang v. Spouses Martinez*, 490 Phil. 774, 782 (2005).

⁶⁹ 737 Phil. 310 (2014).

⁷⁰ *Id.* at 325.

⁷¹ *Supra* note 45.

concur with registration because, otherwise, registration would be an exercise in futility. A Torrens title does not furnish a shield for fraud, notwithstanding the long-standing rule that registration is a constructive notice of title binding upon the whole world.⁷²

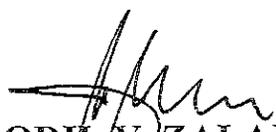
WHEREFORE, the petition is **GRANTED**. The March 14, 2018 Decision and the July 31, 2018 Resolution of the Court of Appeals in CA-G.R. CV No. 108735 are **REVERSED** and **SET ASIDE**. The October 18, 2016 Decision of the Regional Trial Court of Makati City, Branch 146 in Civil Case No. 12-529 is **REINSTATED**.

SO ORDERED.

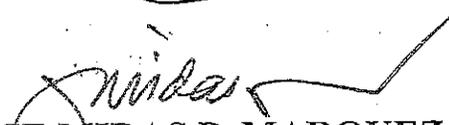

ALEXANDER G. GESMUNDO
Chief Justice

WE CONCUR:

(On official leave)
RAMON PAUL L. HERNANDO
Associate Justice
Working Chairperson


RODIL V. ZALAMEDA
Associate Justice
Acting Working Chairperson


JAPAR B. DIMAAMPAO
Associate Justice


JOSE MIDAS P. MARQUEZ
Associate Justice

⁷² Id. at 40-41.

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify 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.



ALEXANDER G. GESMUNDO
Chief Justice

