

THIRD DIVISION

[G.R. No. 185063, July 23, 2009]

**SPS. LITA DE LEON AND FELIX RIO TARROSA, PETITIONERS, VS.
ANITA B. DE LEON, DANILO B. DE LEON, AND VILMA B. DE LEON,
RESPONDENTS.**

D E C I S I O N

VELASCO JR., J.:

The Case

Before us is a Petition for Review on Certiorari under Rule 45 assailing and seeking to set aside the Decision^[1] and Resolution^[2] dated August 27, 2008 and October 20, 2008, respectively, of the Court of Appeals (CA) in CA-G.R. CV No. 88571. The CA affirmed with modification the October 4, 2006 Decision^[3] in Civil Case No. Q04-51595 of the Regional Trial Court (RTC), Branch 22 in Quezon City.

The Facts

On July 20, 1965, Bonifacio O. De Leon, then single, and the People's Homesite and Housing Corporation (PHHC) entered into a Conditional Contract to Sell for the purchase on installment of a 191.30 square-meter lot situated in Fairview, Quezon City. Subsequently, on April 24, 1968, Bonifacio married Anita de Leon in a civil rite officiated by the Municipal Mayor of Zaragosa, Nueva Ecija. To this union were born Danilo and Vilma.

Following the full payment of the cost price for the lot thus purchased, PHHC executed, on June 22, 1970, a Final Deed of Sale in favor of Bonifacio. Accordingly, Transfer Certificate of Title (TCT) No. 173677 was issued on February 24, 1972 in the name of Bonifacio, "single."

Subsequently, Bonifacio, for PhP 19,000, sold the subject lot to her sister, Lita, and husband Felix Rio Tarrosa (Tarrosas), petitioners herein. The conveying Deed of Sale dated January 12, 1974 (Deed of Sale) did not bear the written consent and signature of Anita.

Thereafter, or on May 23, 1977, Bonifacio and Anita renewed their vows in a church wedding at St. John the Baptist Parish in San Juan, Manila.

On February 29, 1996, Bonifacio died.

Three months later, the Tarrosas registered the Deed of Sale and had TCT No. 173677 canceled. They secured the issuance in their names of TCT No. N-173911

from the Quezon City Register of Deeds.

Getting wind of the cancellation of their father's title and the issuance of TCT No. N-173911, Danilo and Vilma filed on May 19, 2003 a Notice of Adverse Claim before the Register of Deeds of Quezon City to protect their rights over the subject property. Very much later, Anita, Danilo, and Vilma filed a reconveyance suit before the RTC in Quezon City. In their complaint, Anita and her children alleged, among other things, that fraud attended the execution of the Deed of Sale and that subsequent acts of Bonifacio would show that he was still the owner of the parcel of land. In support of their case, they presented, *inter alia*, the following documents:

- a. A Real Estate Mortgage execution by Bonifacio in favor of spouses Cesar Diankinay and Filomena Almero on July 22, 1977.
- b. A Civil Complaint filed by Bonifacio against spouses Cesar Diankinay and Filomena Almero on November 27, 1979 for nullification of the Real Estate Mortgage.
- c. The Decision issued by the Court of First Instance of Rizal, Quezon City, promulgated on July 30, 1982, nullifying the Real Estate Mortgage.^[4]

The Tarrosas, in their Answer with Compulsory Counterclaim, averred that the lot Bonifacio sold to them was his exclusive property inasmuch as he was still single when he acquired it from PHHC. As further alleged, they were not aware of the supposed marriage between Bonifacio and Anita at the time of the execution of the Deed of Sale.

After several scheduled hearings, both parties, assisted by their respective counsels, submitted a Joint Stipulation of Facts with Motion, to wit:

1. The parties have agreed to admit the following facts:

- a. Bonifacio O. De Leon, while still single x x x, purchased from the [PHHC] through a *Conditional Contract to Sell* on July 20, 1965 a parcel of land with an area of 191.30 square meters situated in Fairview, Quezon City for P841.72;
- b. On April 24, 1968, Bonifacio O. De Leon married plaintiff Anita B. De Leon before the Municipal Mayor of Zaragosa, Nueva Ecija. Both parties stipulate that said marriage is valid and binding under the laws of the Philippines;
- c. On June 22, 1970, Bonifacio O. De Leon paid [PHHC] the total amount of P1,023.74 x x x. The right of ownership over the subject parcel of land was transferred to the late Bonifacio O. De Leon on June 22, 1970, upon the full payment of the total [price] of P1,023.74 and upon execution of the *Final Deed of Sale*;

- d. After full payment, Bonifacio O. De Leon was issued [TCT] No. 173677 on February 24, 1972;
- e. On January 12, 1974, Bonifacio O. De Leon executed a *Deed of Sale* in favor of defendants-spouses Felix Rio Tarrosa and Lita O. De Leon disposing the parcel of land under TCT No. 173677 for valuable consideration amount of P19,000.00 and subscribed before Atty. Salvador R. Aguinaldo who was commissioned to [notarize] documents on said date. The parties stipulate that the *Deed of Sale* is valid and genuine. However, plaintiff Anita De Leon was not a signatory to the *Deed of Sale* executed on January 12, 1974;
- f. That plaintiff Anita B. De Leon and the late Bonifacio O. De Leon were married in church rites on May 23, 1977 x x x;
- g. The late Bonifacio O. De Leon died on February 29, 1996 at the UST Hospital, España, Manila;
- h. The said "Deed of Sale" executed on January 12, 1974 was registered on May 8, 1996 before the Office of the Register of Deeds of Quezon City and [TCT] No. N-173911 was issued to Lita O. De Leon and Felix Rio Tarrosa.^[5]

The Ruling of the Trial Court

On October 4, 2006, the RTC, on the finding that the lot in question was the conjugal property of Bonifacio and Anita, rendered judgment in favor of Anita and her children. The dispositive portion of the decision reads:

WHEREFORE, premises considered, judgment is hereby rendered in favor of plaintiffs and against defendants in the following manner:

(1) Declaring the Deed of Sale dated January 12, 1974 executed by the late Bonifacio O. De Leon in favor of defendants-spouses Lita De Leon and Felix Rio Tarrosa void ab initio;

(2) Directing the Register of Deed of Quezon City to cancel Transfer Certificate of Title No. N-173911 in the name of "Lita O. De Leon, married to Felix Rio Tarrosa" and restore Transfer Certificate of Title No. 173667 in the name of "Bonifacio O. De Leon";

(3) Ordering the defendants-spouses to pay plaintiffs the following sums:

- (a) P25,000.00 as moral damages;
- (b) P20,000.00 as exemplary damages;
- (c) P50,000.00 as attorney's fees plus appearance fee of P2,500.00 per court appearance;
- (d) Costs of this suit.

SO ORDERED.

Aggrieved, the Tarrosas appealed to the CA. As they would submit, the RTC erred:

- (1) in finding for the plaintiffs-appellees by declaring that the land subject matter of the case is conjugal property;
- (2) in not declaring the land as the exclusive property of Bonifacio O. De Leon when sold to defendant-appellants;
- (3) in ruling that defendant-appellants did not adduce any proof that the property was acquired solely by the efforts of Bonifacio O. De Leon;
- (4) in declaring that one-half of the conjugal assets does not vest to Bonifacio O. De Leon because of the absence of liquidation;
- (5) in cancelling TCT No. N-173911 and restored TCT No. [173677] in the name of Bonifacio O. De Leon;
- (6) in awarding moral and exemplary damages and attorney's fees to the plaintiffs-appellees.^[6]

The Ruling of the Appellate Court

On August 27, 2008, the CA rendered a decision affirmatory of that of the RTC, save for the award of damages, attorney's fees, and costs of suit which the appellate court ordered deleted. The *fallo* of the CA decision reads:

WHEREFORE, in view of the foregoing, the assailed decision dated October 4, 2006, of the Regional Trial Court, Branch 22, Quezon City in Civil Case No. Q-04-51595 is hereby AFFIRMED with MODIFICATION, in that the award of moral and exemplary damages as well as attorney's fees, appearance fee and costs of suit are hereby DELETED.

SO ORDERED.

Just like the RTC, the CA held that the Tarrosas failed to overthrow the legal presumption that the parcel of land in dispute was conjugal. The appellate court held further that the cases they cited were inapplicable.

As to the deletion of the grant of moral and exemplary damages, the CA, in gist, held that no evidence was adduced to justify the award. Based on the same reason, it also deleted the award of attorney's fees and costs of suit.

The Tarrosas moved but was denied reconsideration by the CA in its equally assailed resolution of October 20, 2008.

Hence, they filed this petition.

The Issues

I

Whether the [CA] gravely erred in concluding that the land purchased on installment by Bonifacio O. De Leon before marriage although some installments were paid during the marriage is conjugal and not his exclusive property.

II

Whether the [CA] gravely erred in ruling that the *Lorenzo, et al. vs. Nicolas, et al.*, and *Alvarez vs. Espiritu* cases do not apply in the case at bar because in the latter the land involved is not a friar land unlike in the former.

III

Whether the [CA] gravely erred in affirming the decision of the trial court a quo which ruled that petitioners did not adduce any proof that the land was acquired solely by the efforts of Bonifacio O. De Leon.

IV

Whether the court of appeals gravely erred in affirming the decision of the trial court which ruled that one-half (1/2) of the conjugal assets do not vest to Bonifacio O. De Leon because of the absence of liquidation.

Our Ruling

The petition lacks merit.

The Subject Property is the Conjugal Property of Bonifacio and Anita

The first three issues thus raised can be summed up to the question of whether or not the subject property is conjugal.

Petitioners assert that, since Bonifacio purchased the lot from PHHC on installment before he married Anita, the land was Bonifacio's exclusive property and not conjugal, even though some installments were paid and the title was issued to Bonifacio during the marriage. In support of their position, petitioners cite *Lorenzo v. Nicolas*^[7] and *Alvarez v. Espiritu*.^[8]

We disagree.

Article 160 of the 1950 Civil Code, the governing provision in effect at the time Bonifacio and Anita contracted marriage, provides that all property of the marriage