

THIRD DIVISION

[G.R. No. 211687, February 10, 2021]

SPOUSES EUGENIO DE VERA AND ROSALIA^[1] PADILLA, PETITIONERS, VS. FAUSTA CATUNGAL, SUBSTITUTED BY HER HEIRS, NAMELY: GAUDENCIO G. DIAZ, SR., ALFONSO C. DIAZ, AND LOURDES C. LOPEZ, RESPONDENTS.

DECISION

Hernando, J.:

Challenged in this Petition for Review on *Certiorari*^[2] are the September 26, 2013 Decision^[3] and February 11, 2014 Resolution^[4] of the Court of Appeals (CA) in CA-G.R. CV No. 94480, which reversed and set aside the July 7, 2009 Decision^[5] of the Regional Trial Court (RTC) of Dagupan City, Branch 44 in Civil Case No. 97-01729-D.

The CA ruled that the assailed *Deed of Extrajudicial Settlement Among Heirs with Absolute Sale* (Deed) is null and void, and ordered petitionerspouses Eugenio de Vera (Eugenio) and Rosalia Padilla (Rosalia) (collectively, the spouses De Vera) to restore to Fausta Catungal's (Fausta) heirs the parcels of land subject of the Deed, and to pay attorney's fees and cost of suit.^[6]

The Factual Antecedents:

Vicente Catungal (Vicente) owned two (2) parcels of unregistered land located in Macabito, Calasiao, Pangasinan.^[7] He died on December 1, 1944 and was survived by five children, two of whom are Fausta and Genaro Catungal (Genaro).^[8]

On July 23, 1994, Fausta and Genaro executed the Deed in question,^[9] adjudicating between themselves the two parcels of land owned by Vicente^[10] and transferring ownership of the properties to the spouses De Vera for a consideration of P30,000.00.^[11] Fausta affixed her thumbmark in lieu of her signature.^[12]

The Deed was signed in the presence of witnesses Teodoro de Vera and Valentino de Vera (Valentino).^[13] Consequently, new tax declarations were issued in the name of the Spouses De Vera.^[14] Eugenio is a grandchild of Vicente, making him a legal and compulsory heir of the decedent.^[15] After the transaction, the Spouses De Vera allowed Fausta to stay and continue residing on the parcels of land.^[16]

On July 23, 1997, Fausta filed before the RTC a complaint for *Declaration of Nullity of Documents, Recovery of Ownership, Reconveyance, and Damages, with Prayer for Writ of Preliminary Injunction and/or Temporary Restraining Order*.^[17] She alleged that the Spouses De Vera took advantage of her illiteracy and old age, and succeeded in making her affix her thumbmark on the Deed by employing deceit,

false pretenses, and false misrepresentations.^[18] She claimed that petitioners represented that the Deed is merely an evidence of her indebtedness to them, when in fact, it transfers ownership of the parcels of land to them.^[19]

Fausta claimed that the Deed is null and void for the following reasons: (1) it did not reflect the true agreement of the parties; (2) the parties are not the only surviving legal and compulsory heirs of Vicente (hence, pretention); (3) she was illiterate and did not understand the contents of the Deed; (4) she did not appear before the notary public who notarized the Deed, or before any notary public for that matter; (5) she did not secure a community tax certificate, contrary to what was indicated in the Deed; and (6) she was in actual physical possession of the parcels of land up to the present (time of filing of the complaint).^[20]

Despite the invalidity of the Deed, Fausta claimed that the Spouses De Vera were able to have the tax declarations under Vicente's name cancelled and to cause the issuance of new ones under their names.^[21] She repeatedly made demands for the petitioners to return the properties, but to no avail.^[22]

She also claimed that she suffered serious anxiety, mental anguish, and wounded feelings due to petitioners' refusal to return the properties, for which she claims moral damages and attorney's fees.^[23] In her prayer for issuance of a writ of preliminary injunction or a temporary restraining order, Fausta added that the Spouses De Vera started to install fences around the properties, which denied her access to the main roads.^[24]

Petitioners initially filed a Motion to Dismiss.^[25] They likewise filed an Opposition to the Issuance of a Writ of Preliminary Injunction or a Temporary Restraining Order.^[26] On December 3, 2002, the RTC denied the motion to dismiss.^[27] On the same day, it also granted the issuance of a temporary restraining order.^[28] Notably, the parties subsequently agreed to dispense with the issuance of a writ of preliminary injunction.^[29]

Petitioners then filed their Answer^[30] contending that: (1) the Deed was valid and binding and does not appear to have been tainted with fraud and deceit; (2) there was compliance with the requirements of publication and registration of extrajudicial settlement of estates; (3) the allegations of deceit, false pretense, and fraudulent misrepresentation were mere conjectures and surmises; (4) Genaro, who was not mentioned in the complaint, also signed the Deed as Fausta's co-vendor; and (5) the allegations of pretention were unfounded as none of the other heirs alleged to have been preterited joined Fausta in filing the case.^[31] They also prayed for the award of moral and exemplary damages, and attorney's fees.^[32]

In support of her claim, Fausta^[33] and her daughter Lourdes C. Lopez (Lourdes) took the witness stand. Fausta testified that she was 84 years old at the time of the execution of the Deed and that she was illiterate.^[34] She had been in possession of the two parcels of land since the death of their parents.^[35] She denied selling the properties to the Spouses De Vera or receiving any amount from them.^[36]

She also stated that her children were not with her when petitioners deceived her into affixing her thumbmark and failed to explain the contents of the Deed.^[37] Lourdes corroborated Fausta's testimony.^[38] She added (also in rebuttal of the opposing parties' witnesses) that she was not present during the execution of the Deed and just learned from her mother that the properties were already bought.^[39]

Meanwhile, Fausta died on October 30, 2002.^[40] On June 1, 2004, the RTC granted the motion to revive the case and the substitution of Fausta's heirs, namely: Gaudencio G. Diaz, Sr., Alfonso C. Diaz, and Lourdes (collectively, heirs).^[41]

On the other hand, Eugenio and Valentino took the witness stand for the defense. Both of them admitted that Fausta was unable to read and write.^[42] They likewise stated that Lourdes was present during the affixture of the thumbmark but there was no need for her to be made a witness to the Deed or assist Fausta in its execution.^[43]

Ruling of the Regional Trial Court:

On July 7, 2009, the RTC rendered its Decision^[44] holding that Fausta failed to prove by preponderance of evidence that her thumbmark on the Deed was procured through deceit, false pretenses, and fraudulent misrepresentations.^[45] No other evidence, except from her bare denial and Lourdes's testimony, was presented to support the claim that the Deed was unduly executed.^[46] The RTC declared that she should have presented Genaro, her co-vendor in the Deed, to prove that it was unduly executed.^[47]

Further, the trial court found that the Spouses De Vera were able to establish that Fausta and Genaro indeed sold the properties to them, and that the Deed was properly signed and notarized in the presence of witnesses.^[48] It also stated that the other heirs did not question the transaction as their shares remained under the name of Vicente, and only the shares of Fausta and Genaro were conveyed to the Spouses.^[49] The dispositive portion of the RTC's Decision reads:

WHEREFORE, judgment is hereby rendered **DISMISSING** the case at bench for lack of factual and legal bases.

With costs against the plaintiffs.

SO ORDERED.^[50]

On December 8, 2009, Fausta's heirs filed a Notice of Appeal.^[51]

Ruling of the Court of Appeals:

On September 26, 2013, the CA rendered the assailed Decision reversing and setting aside the RTC Decision. It ruled that the presumption of mistake or fraud

under Article 1332 of the Civil Code was not overcome.^[52] Since Fausta admitted that she was illiterate at the time of the execution of the Deed, the presumption that she did not comprehend the full import of the document to which she affixed her thumbmark holds; consequently, there is fraud or mistake in the execution.^[53]

The Spouses De Vera failed to overcome this presumption as they did not show that the Deed and its contents were fully explained to Fausta before she affixed her thumbmark.^[54] Further, the CA ruled that the presumption of due execution of notarized documents is not applicable in this case.^[55]

The dispositive portion of the assailed Decision reads:

WHEREFORE, the appeal is **GRANTED**. The decision dated July 7, 2009 of the Regional Trial Court of Dagupan City, Branch 44 in Civil Case No. 97-01729-D is **REVERSED** and **SET ASIDE**. The Deed of Extra-Judicial Settlement Among Heirs with Absolute Sale is declared null and void. Defendant-appellees Eugenio de Vera and Rosalinda Padilla de Vera are ordered to restore the parcels of land in question to plaintiff-appellant's heirs, and to pay attorney's fees in the amount P30,000 and costs of suit.

SO ORDERED.^[56]

On October 24, 2013, petitioners filed a motion for reconsideration, but it was subsequently denied by the appellate court in a Resolution dated February 11, 2014.^[57]

Aggrieved, the Spouses De Vera elevated the case to this Court assigning the following errors:

- A. The Honorable Court of Appeals gravely erred when it reversed and set aside the Decision of the trial court a quo based on the bare and self-serving allegation of respondent deceased Fausta Catungal whose testimony was even contradicted and impeached in open court by her daughter, Lourdes C. Lopez, thus failing to meet the quantum of evidence required in civil cases, which is the [sic] preponderance of evidence;
- B. The Honorable Court of Appeals gravely erred when it shifted the burden of proof to the petitioners when the only evidence adduced by the respondent is her self-serving testimony, which was even contradicted by her daughter, Lourdes C. Lopez;
- C. The Honorable Court of Appeals gravely erred when it disregarded the public document evidencing the extra-judicial settlement among heirs with absolute sale notwithstanding its genuineness, due execution, and regularity in favor of the self-serving, bias [sic] and incredible allegations of respondent deceased Fausta Catungal.^[58]

They contend that Fausta failed to overcome the required quantum of evidence as no evidence was adduced to support her complaint, except for the declaration that she is illiterate at the time of signing of the Deed; while the Spouses De Vera were able to clearly show the due execution and genuineness of the Deed.^[59] They also

contend that it would be incongruous for the Deed to be considered invalid as to Fausta but valid insofar as to Genaro since they both signed and executed the document.^[60]

They insist that Fausta should have presented Genaro to the witness stand to support her claims of fraud.^[61] Lourdes's testimony that the properties have already been sold likewise contradicts Fausta's claim that she (Fausta) did not know that the document wherein she affixed her thumbmark involves a transfer of ownership.^[62]

On the CA's application of Article 1332, the Spouses De Vera argue that Fausta was not able to substantiate her allegations of fraud or mistake.^[63] Finally, they assert that the Deed, being notarized, enjoys a presumption of regularity that was not rebutted by Fausta's testimony.^[64]

On the other hand, in their Comment,^[65] the Heirs insist that the Spouses De Vera know that Fausta was an illiterate old woman, and that she was unaccompanied at the time she affixed her thumbmark on the Deed.^[66] That the witnesses to the Deed were the siblings of Eugenio and Fausta being alone at that time, constrained her to rely on the assurance of the Spouses De Vera that the document is just an evidence of indebtedness (and not an absolute sale that eventually transfers ownership).^[67]

Moreover, the notary public who notarized the Deed did not take the witness stand, which supports the claim that the Deed was not explained to Fausta.^[68] These thus show that the Spouses De Vera failed to overcome the presumption in Article 1332 of the Civil Code when they failed to prove that the Deed was explained to Fausta.^[69] Hence, the presumption operates. As Fausta's consent was obtained through fraud, deceit, or false pretense, the Deed is therefore null and void.^[70] Lastly, the Heirs state that Fausta failed to present Genaro as a witness because he was already dead during the pendency of the trial.^[71]

The Spouses De Vera filed their Reply^[72] and reiterated that Fausta failed to establish that fraud, deceit, or undue influence vitiated her consent to the Deed.^[73] They added that no other evidence, aside from her own allegations, was adduced to prove that Fausta was indeed illiterate and did not understand the import of the document she affixed her thumbmark on; therefore, Article 1332 may not be invoked as Fausta's inability to read and write was not convincingly established.^[74] They also mentioned that it would be illogical to consider the Deed as valid as to Genaro and invalid as to Fausta as the former did not question the validity and due execution of the instrument.^[75] Also, they stated that Article 1332 of the Civil Code is not applicable in this case as the Deed has two sellers, and if there was fraud or deceit, Genaro should have also questioned the same in order to protect his and Fausta's interest.^[76]

Issue

Considering the foregoing, the issue for the resolution of the Court boils down to