

SECOND DIVISION

[G.R. No. 206780, March 20, 2019]

DR. RICO VARGAS SUBSTITUTED BY HIS WIFE, CECILIA VARGAS AND CHILDREN, NAMELY: RICHELLE JOSIE JUDY VARGAS-CASTRO, ARVEE T. VARGAS AND CECILIA VARGAS,^[*] PETITIONERS, V. JOSE F. ACSAYAN, JR., RESPONDENT.

[G.R. No. 206843, March 20, 2019]

STARDIAMOND INTERNATIONAL TRADING, INC., BENJAMIN N. LIBARNES AND ERNESTO V. PARANIS, PETITIONERS, V. JOSE F. ACSAYAN, JR., RESPONDENT.

D E C I S I O N

J. REYES, JR., J.:

The Facts

Assailed in this Consolidated Petitions for Review on *Certiorari*^[1] under Rule 45 of the 1997 Rules on Civil Procedure are: 1) the Decision^[2] dated June 30, 2011, which reversed and set aside the Decision^[3] dated March 31, 2009, issued by the Regional Trial Court (RTC), Branch 55, Lucena City in Civil Case No. 2000-86; and, 2) the Resolution^[4] dated April 19, 2013, denying petitioners' Motion for Reconsideration, both of which were promulgated by the Court of Appeals (CA) in CA-G.R. CV No. 94670.

The case arose from a Complaint with Prayer for Preliminary Attachment^[5] filed by Jose F. Acsayan, Jr. (respondent), against defendants Maximino and Estela Tabangcora (spouses Tabangcora), petitioner spouses Rico and Cecilia Vargas (spouses Vargas), Benjamin N. Libarnes (Libarnes), Ernesto V. Paranis (Paranis) and Star Diamond International Trading, Inc. (Stardiamond).

The said complaint alleged that in October 1997, the spouses Tabangcora offered to sell to respondent a parcel of land (subject property) in Sariaya, Quezon, consisting of about 4 hectares for a purchase price of Five Million Nine Hundred Fifty Thousand Pesos (P5,950,000.00), which is to be paid as follows: 1) as downpayment, he shall immediately pay the indebtedness incurred by the spouses Tabangcora with the Land Bank of the Philippines (LBP) which was covered by a mortgage over the subject property herein; and 2) the balance shall be paid upon execution of a Deed of Absolute Sale in favor of respondent.

Upon demand, the spouses Tabangcora delivered to respondent a photocopy of Transfer Certificate of Title (TCT) No. T-264567^[6] covering the subject property, registered under the names of spouses Vargas, the brother-in-law and sister, respectively, of Maximino Tabangcora. Annotated in the said title are two entries -

Entries Nos. 603729 and 659404 - evidencing the mortgage with LBP and the amendment thereto.

Respondent was also given a duplicate original copy of the Deed of Assignment^[7] dated November 1997 executed by spouses Vargas which purportedly ceded the subject property in favor of Tavar Farm & Marketing, represented by the spouses Tabangcora. By virtue of such Deed of Assignment, the spouses Tabangcora claimed ownership over the subject property.

Thus, on November 24, 1997, respondent issued Metrobank Check No. 0067796^[8] amounting to Four Million Six Hundred Seventeen Thousand Two Hundred Ninety-Three Pesos and Eighty-Eight Centavos (P4,617,293.88) in favor of LBP as full payment of indebtedness incurred by the spouses Tabangcora to the LBP, covered by the mortgage executed over the subject property. The spouses Tabangcora then promised to execute the Deed of Absolute Sale over the subject property upon release of the mortgage and to issue the title over the subject property under respondent's name.

Afterwards, the spouses Tabangcora asked respondent for another One Hundred Thousand Pesos (P100,000.00) allegedly as payment for processing fees for the transfer of the subject property in the former's name, which the latter acceded and respondent issued Metrobank Check No. 0067706^[9] dated December 5, 1997, for the same amount.

After respondent's additional payment of P100,000.00, he insisted on the execution of the Deed of Absolute Sale but the spouses Tabangcora advised him that the same will be executed in due time.

Sometime in April 2000, the spouses Tabangcora, again, attempted to secure another One Hundred Thousand Pesos (P100,000.00) from herein respondent which the latter promptly refused. Thus, respondent decided to investigate the status of the subject property on his own and found that a real estate mortgage over the subject property had been executed by the spouses Tabangcora and spouses Vargas in favor of herein petitioner Stardiamond, a corporation incorporated by petitioners Libarnes, Paranis, Maximino, Tabangcora and certain individuals who wanted to invest in the poultry business namely, Major Roberto Almadin, Commander Edgardo Zafra and Colonel Rainier Cruz.

Apparently, petitioner spouses Vargas had executed a Special Power of Attorney^[10] dated February 25, 1998, designating the spouses Tabangcora as their attorneys-in-fact for the purpose of entering into an Agreement^[11] and a Real Estate Mortgage^[12] with petitioner Stardiamond.

The aforesaid Agreement dated March 1, 1998, provides that the spouses Tabangcora and spouses Vargas would purchase on credit from Stardiamond the buildings and improvements constructed on the subject land in the amount of P5,000,000.00. The said purchase on credit is nonetheless, secured by a Real Estate Mortgage over the subject land.

Respondent also discovered that at the time the spouses Tabangcora were negotiating the alleged sale to him, the subject land and the improvement thereon were already foreclosed by LBP and a certificate of sale had already been issued in favor of LBP. Thus, he realized that the down payment he paid was actually used by

the spouses Tabangcora not for the payment of the loan, but to redeem the subject property that was previously foreclosed by LBP.

Believing that petitioners conspired and connived with one another to deprive him of the land he allegedly purchased, respondent, on June 20, 2000,^[13] filed a Complaint with Prayer for Preliminary Attachment^[14] with the Regional Trial Court (RTC), Branch 55, Lucena City seeking as follows: (a) to declare him the absolute owner of the property covered by TCT No. T-264567; (b) to declare the agreement between the spouses Tabangcora and Stardiamond as well as the Real Estate Mortgage executed in favor of Stardiamond as null and void; (c) to direct the spouses Tabangcora and spouses Vargas to execute a formal Deed of Absolute Sale in his favor; (d) to order the spouses Tabangcora and spouses Vargas to return the sum of P4,717,293.88 to him; and (e) to order petitioners to pay him moral and exemplary and attorney's fees.

In their Answer, petitioners Stardiamond, Libarnes and Paranis denied the allegations of herein respondent, claiming that they neither conspired with the spouses Tabangcora and spouses Vargas nor had they known or participated in the dealings and/or transactions between the spouses Tabangcora and respondent. They argued that the purported sale between the spouses Tabangcora and respondent, is unenforceable for not complying with the requirements under the Statute of Frauds because it was merely verbal and not written. Petitioners Stardiamond, Libarnes and Paranis contended that the Agreement and the Real Estate Mortgage, both dated March 1, 1998, executed by the spouses Tabangcora and petitioner Spouses Vargas in favor of petitioner Stardiamond were not simulated as alleged by respondent and the latter lacks the legal personality or capacity to assail the validity of the same as he is not a party thereto.

On the other hand, petitioner spouses Vargas denied any knowledge or participation in any agreement made between the spouses Tabangcora and herein respondent; and claimed to have merely provided capital to petitioner Maximino Tabangcora for the operation of his farm business.

The spouses Tabangcora also denied offering the subject property for sale to herein respondent and instead, asserted that the amount covered by Metrobank Check No. 0067796 in the amount of P4,617,293.88 was in the form of a loan, which was intended to be used for the redemption of the subject property from LBP.

The Ruling of the RTC

On March 31, 2009, the RTC, Branch 55, Lucena City rendered a Decision in favor of the respondent and declaring as valid the verbal agreement to sell between the spouses Tabangcora and respondent. Hence the RTC ruled:

WHEREFORE, judgment is hereby rendered in favor of the plaintiff and against all the defendants:

- 1) Declaring the plaintiff the absolute owner of the property covered by TCT No. T-264567 of the Registry of Deeds of Quezon together with the buildings and improvements existing thereon;
- 2) Directing defendants-spouses Rico Vargas and Cecilia Vargas

and defendants-spouses Maximino Tabangcora and Estela Tabangcora to execute a formal Deed of Absolute Sale in favor of the plaintiff with a purchase price of P5,950,000.00, the remaining balance thereof, after deducting the partial payment of P4,717,293.88 already made, to be paid to defendants Vargas couple upon execution thereof, should there be no other obligations owing to plaintiff, in order that plaintiff can secure his own transfer certificate of title over the said parcel of land covered by TCT No. T-264567;

- 3) Nullifying the Agreement dated March 1, 1998[,] between the defendants spouses and defendant Stardiamond Int'l Trading, Inc., as well as the Real Estate Mortgage executed in favor of defendant Stardiamond Int'l Trading, Inc. and registered in the Memorandum of Encumbrances on page C of TCT No. T-264567 as they were simulated and fictitious. The Register of Deeds of Quezon is authorized to cancel the annotation of the Agreement (Exh. G) Entry No. 733192-A and Real Estate Mortgage Entry No. 733193;
- 4) Ordering defendants to deliver and surrender to plaintiff the owner's copy of TCT No. 264567 of the Registry of Deeds for the Province of Quezon with the cancellation of the annotations mentioned in the immediately preceding paragraph, and if they refused to do so, ordering the Register of Deeds to issue another copy and declaring the owner's copy in their possession null and void or without any effect;
- 5) Ordering the defendants, jointly and severally to pay plaintiff moral damages in the amount of P1 million pesos and exemplary damages in the sum of P500,000.00 pesos;
- 6) Ordering the defendants, jointly and severally to pay and reimburse plaintiff by way of attorney's fees in the amount of P500,000.00 representing acceptance fees and appearance fees for at least forty-four (44) times after verifying from the records or a total amount of P220,000.00, plus court filing fees in the sum of P138,344.00, P75,000.00 representing expenses in getting attachment surety bond, etc., and costs.

SO ORDERED. ^[15]

Not contented with the ruling of the RTC, petitioners seasonably filed their respective appeals with the CA.

The Ruling of the CA

On June 30, 2011, the CA issued the now assailed Decision reversing the dispositions made by the RTC, specifically:

WHEREFORE, premises considered, the assailed Decision dated March 31, 2009 of the RTC, Branch 55, Lucena City in Civil Case No. 2000-86 is

hereby **REVERSED** in accordance with the following **DISPOSITIONS**, to wit:

1. Defendants-appellants Spouses Vargas are hereby declared the registered owners of the subject land covered by TCT No. T-264567, subject to the attachment lien in favor of plaintiff-appellee Acsayan;
2. Defendants-appellants Spouses Vargas and defendants Spouses Tabangcora are hereby held solidarity liable to pay plaintiff-appellee Acsayan the amount of P4,717,293.88 plus 2% monthly interest thereon from June 20, 2000 up to the finality of this Decision;
3. Defendants Spouses Tabangcora and defendants-appellants Libarnes, et al. are held solidarity liable to pay plaintiff-appellee Acsayan P50,000.00 as moral damages, P50,000.00 as exemplary damages and P50,0000.00 as attorney's fees, as well as the costs of suit to be computed in accordance with Rule 142 of the Rules of Court;
4. The Agreement and Real Estate Mortgage, both dated March 1, 1998, are hereby annulled and ordered cancelled from the memorandum of encumbrances of TCT No. T-264567; and,
5. Defendants-appellants Libarnes, et al. are entitled to the improvements they introduced on the subject land in accordance with Article 1678 of the Civil Code.

SO ORDERED.^[16]

Aggrieved, petitioners spouses Vargas, Libarnes, Paranis and Stardiamond filed their respective Partial Motion[s] for Reconsideration, while respondent filed his own Motion for Reconsideration, all of which were denied by the CA, in a Resolution dated April 19, 2013, to wit:

Thus, finding no new matter of substance which would warrant the modification much less the reversal of this Court's June 30, 2011 Decision, plaintiff-appellee Acsayan's Motion for Reconsideration, defendants-appellants Libarnes, Paranis and Stardiamond's Partial Motion for Reconsideration and defendants-appellants Spouses Vargas' Motion for Partial Reconsideration are hereby **DENIED** for lack of merit.

SO ORDERED.^[17]

Petitioners filed their respective Petition [s] for Review on *Certiorari* before this Court, as follows:

- a) G.R. No. 206780 - filed by petitioner spouses Rico and Cecilia Vargas; and
- b) G.R. No. 206843 - filed by petitioners Stardiamond, Libarnes and Paranis.