

## THIRD DIVISION

[ G.R. No. 234533, June 27, 2018 ]

**SPOUSES JULIETA B. CARLOS AND FERNANDO P. CARLOS,  
PETITIONERS, V. JUAN CRUZ TOLENTINO, RESPONDENT.**

### DECISION

**VELASCO JR., J.:**

#### Nature of the Case

Before this Court is a petition for review on *certiorari* under Rule 45 of the Rules of Court assailing the April 5, 2017 Decision<sup>[1]</sup> and the September 27, 2017 Resolution<sup>[2]</sup> of the Court of Appeals (CA) in CA-G.R. CV No. 106430. The challenged rulings reversed and set aside the October 16, 2015 Decision<sup>[3]</sup> and the December 9, 2015 Order<sup>[4]</sup> of the Regional Trial Court (RTC) of Quezon City, Branch 87 which dismissed respondent's complaint for annulment of title against the petitioners.

#### The Facts

The instant case arose from a complaint for annulment of title with damages filed by respondent Juan Cruz Tolentino (Juan) against his wife, Mercedes Tolentino (Mercedes), his grandson, Kristoff M. Tolentino (Kristoff), herein petitioners Spouses Julieta B. Carlos (Julieta) and Fernando P. Carlos (Spouses Carlos), and the Register of Deeds of Quezon City.

The subject matter of the action is a parcel of land with an area of 1,000 square meters and all the improvements thereon located in Novaliches,<sup>[5]</sup> Quezon City, covered by Transfer Certificate of Title (TCT) No. RT-90746 (116229) issued on March 17, 1967 and registered in the name of Juan C. Tolentino, married to Mercedes Tolentino (the subject property).<sup>[6]</sup>

Without Juan's knowledge and consent, Mercedes and Kristoff, who were then residing in the subject property, allegedly forged a Deed of Donation<sup>[7]</sup> dated February 15, 2011, thereby making it appear that Juan and Mercedes donated the subject property to Kristoff. Thus, by virtue of the alleged forged Deed of Donation, Kristoff caused the cancellation of TCT No. RT-90764 (116229), and in lieu thereof, TCT No. 004-2011003320<sup>[8]</sup> was issued in his name on March 9, 2011. <sup>[9]</sup>

In April 2011, Kristoff offered the sale of the subject property to Julieta's brother, Felix Bacal (Felix), who is also the administrator of the lot owned by Julieta which is adjacent to the subject property. When Felix informed Julieta of the availability of the subject property, Spouses Carlos then asked him to negotiate for its purchase with Kristoff. Kristoff and Felix then arranged for the ocular inspection of the subject

property. Thereafter, Kristoff surrendered to Felix copies of the title and tax declaration covering the said property.<sup>[10]</sup>

After a series of negotiations, Kristoff and Julieta executed a Memorandum of Agreement<sup>[11]</sup> (MOA) dated April 12, 2011 stating that Kristoff is selling the subject property to Julieta in the amount of Two Million Three Hundred Thousand Pesos (P2,300,000.00), payable in two (2) installments. On May 28, 2011, Julieta made the first payment in the amount of Two Million Pesos (P2,000,000.00)<sup>[12]</sup> while the second payment in the amount of Three Hundred Thousand Pesos (P300,000.00) was made on June 30, 2011.<sup>[13]</sup> On the same day, a Deed of Absolute Sale<sup>[14]</sup> was executed between Kristoff and Julieta.

Upon learning of the foregoing events, Juan executed an Affidavit of Adverse Claim which was annotated on TCT No. 004-2011003320 on July 15, 2011, to wit:

NOTICE OF ADVERSE CLAIM : EXECUTED UNDER OATH BY JUAN C. TOLENTINO, CLAIMING FOR THE RIGHTS, INTEREST AND PARTICIPATION OVER THE PROPERTY, STATING AMONG OTHERS THAT HE DISCOVERED ON JULY 14, 2011 THAT SAID PARCEL OF LAND HAS BEEN DONATED TO KRISTOFF M. TOLENTINO BY VIRTUE OF A DEED OF DONATION PU[R]PORTEDLY EXECUTED BY JUAN C. TOLENTINO & MERCEDES SERRANO ON FEB. 15, 2011. THAT AS A RESULT OF THE FORGED DEED OF DONATION, HIS TITLE WAS CANCELLED. THAT HE DECLARE THAT HE HAVE NOT SIGNED ANY DEED OF DONATION IN FAVOR OF SAID KRISTOFF M. TOLENTINO. NEITHER DID HE SELL, TRANSFER NOR WAIVE IDS RIGHTS OF OWNERSHIP OVER THE SAID PROPERTY. OTHER CONDITIONS SET FORTH IN DOC. NO. 253, PAGE NO. 52, BOOK NO. V, SERIES OF 2011 OF NOTARY PUBLIC OF QC, MANNY GRAGASIN. DATE INSTRUMENT – JUNE 15, 2011<sup>[15]</sup>

Juan also filed a criminal complaint for Falsification of Public Document before the Office of the City Prosecutor of Quezon City against Kristoff.<sup>[16]</sup> A Resolution for the filing of Information for Falsification of Public Document against Kristoff was then issued on January 10, 2012. Accordingly, an Information dated February 15, 2012 was filed against him.<sup>[17]</sup>

Meanwhile, Kristoff and Julieta executed another Deed of Absolute Sale<sup>[18]</sup> dated September 12, 2011 over the subject property and, by virtue thereof, the Register of Deeds of Quezon City cancelled TCT No. 004- 2011003320 and issued TCT No. 004-2011013502<sup>[19]</sup> on December 5, 2011 in favor of Spouses Carlos. The affidavit of adverse claim executed by Juan was duly carried over to the title of Spouses Carlos.

On February 23, 2012, Juan filed a complaint for annulment of title with damages against Mercedes, Kristoff, Spouses Carlos, and the Register of Deeds of Quezon City before the RTC of Quezon City. The case was raffled to Branch 87 and docketed as Civil Case No. Q-12-70832.

### **RTC Ruling**

In its October 16, 2015 Decision, the RTC found that Juan's signature in the Deed of Donation dated February 15, 2011 was a forgery.<sup>[20]</sup> Despite such finding, however,

it dismissed Juan's complaint.

The RTC found that at the time Spouses Carlos fully paid the agreed price in the MOA on June 30, 2011, which culminated in the execution of the Deed of Absolute Sale on even date, Kristoff was the registered owner of the subject property covered by TCT No. 004-2011003320. Further, when the MOA and the Deed of Absolute Sale dated June 30, 2011 were executed, nothing was annotated on the said title to indicate the adverse claim of Juan or any other person. It was only on July 15, 2011 when Juan's adverse claim was annotated on Kristoff's title.<sup>[21]</sup>

The fact that a second Deed of Absolute Sale dated September 12, 2011 was executed is immaterial since the actual sale of the subject property took place on June 30, 2011 when Spouses Carlos fully paid the purchase price. Thus, relying on the face of Kristoff's title without any knowledge of irregularity in the issuance thereof and having paid a fair and full price of the subject property before they could be charged with knowledge of Juan's adverse claim, the RTC upheld Spouses Carlos' right over the subject property. The dispositive portion of the October 16, 2015 Decision states:

WHEREFORE, viewed in the light of the foregoing, the instant complaint for Annulment of Title and Damages against the defendant spouses Fernando and Julieta Carlos is hereby DISMISSED for failure of the plaintiff to prove his cause of action. This is without prejudice, however to any appropriate remedy the plaintiff may take against Kristoff Tolentino and Mercedes Tolentino.

The defendant spouses' counterclaim is DISMISSED for lack of merit.

SO ORDERED.<sup>[22]</sup>

Juan moved for reconsideration of the said decision but was denied by the RTC in its December 9, 2015 Order. Thus, he interposed an appeal before the CA.

### CA Ruling

On appeal, the CA found that Spouses Carlos were negligent in not taking the necessary steps to determine the status of the subject property prior to their purchase thereof. It stressed that Julieta failed to examine Kristoff's title and other documents before the sale as she merely relied on her brother, Felix.<sup>[23]</sup> Accordingly, the CA ruled that Juan has a better right over the subject property. The *fallo* of the April 5, 2017 Decision reads:

**WHEREFORE**, the appeal is **GRANTED**. The appealed Decision of the RTC of Quezon City dated October 16, 2015 is hereby **REVERSED** and **SET ASIDE**. Accordingly, plaintiff-appellant Juan Cruz Tolentino is recognized to have a better right over the subject property. The Register of Deeds of Quezon City is **ORDERED** to reinstate TCT No. RT-90746 (116229) in the name of Juan Cruz Tolentino and to cancel TCT No. 004-2011013502 in the names of Spouses Julieta and Fernando Carlos, and the latter to surrender possession of the subject property to Juan Cruz Tolentino.

**SO ORDERED.**<sup>[24]</sup>

Spouses Carlos then filed a motion for reconsideration but the same was denied by the CA in its September 27, 2017 Resolution.

Hence, the instant petition.

### **The Issue**

Spouses Carlos anchor their plea for the reversal of the assailed Decision on the following grounds:<sup>[25]</sup>

The Court of Appeals acted injudiciously, and with grievous abuse of discretion in the appreciation of facts and in disregard of jurisprudence, when it granted respondent's appeal, and thereby arbitrarily and despotically ratiocinated that -

I. Petitioners are not buyers in good faith of the litigated real property, but who are otherwise devoid of notice let alone knowledge of any flaw or infirmity in the title of the person selling the property at the time of purchase.

II. Petitioners are not purchasers in good faith, on the basis of the Memorandum of Agreement dated April 12, 2011 and the Deed of Absolute Sale dated June 30, 2011.

III. Respondent Juan Cruz Tolentino was the previous registered owner of the land in dispute, thereby acting on oblivion to the fact that the real property is essentially conjugal in nature.

IV. In failing to rule and rationalize that at least one-half of the subject real property should belong to petitioners.

V. The litigated property must be awarded and returned in favour of respondent Juan Cruz Tolentino in its entirety.

At bottom, the crux of the controversy is who, between Juan and Spouses Carlos, has the better to right to claim ownership over the subject property.

### **The Court's Ruling**

The present controversy necessitates an inquiry into the facts. While, as a general rule, factual issues are not within the province of this Court, nonetheless, in light of the conflicting factual findings of the two courts below, an examination of the facts obtaining in this case is in order.<sup>[26]</sup>

Juan and Mercedes appear to have been married before the effectivity of the Family Code on August 3, 1988. There being no indication that they have adopted a different property regime, the presumption is that their property relations is governed by the regime of conjugal partnership of gains.<sup>[27]</sup> Article 119 of the Civil Code thus provides:

Article 119. The future spouses may in the marriage settlements agree upon absolute or relative community of property, or upon complete separation of property, or upon any other regime. In the absence of marriage settlements, or when the same are void, the system of relative