

SECOND DIVISION

[G.R. No. 202088, March 08, 2017]

**MANUEL L. BAUTISTA, SPOUSES ANGEL SAHAGUN AND
CARMELITA BAUTISTA, AND ANIANO L. BAUTISTA,
PETITIONERS, VS. MARGARITO L. BAUTISTA, RESPONDENT.**

D E C I S I O N

PERALTA, J.:

Assailed in this petition for review on *certiorari* filed by petitioners Manuel L. Bautista, Spouses Angel Sahagun and Carmelita Bautista, and Aniano L. Bautista before this Court is the Decision^[1] dated March 6, 2012 and Resolution^[2] dated May 25, 2012 of the Court of Appeals (CA) which reversed the Decision^[3] dated February 16, 2009 of the Regional Trial Court (RTC) of San Pablo City, Branch 32, declaring that the subject property covered by Transfer Certificate of Title (TCT) No. T-59882 is exclusively owned by respondent Margarito L. Bautista (*Margarito*).

The factual and procedural antecedents follow:

The present case stemmed from a Complaint for Partition and Accounting with Prayer for Temporary Restraining Order and/or Writ of Preliminary Injunction filed by the petitioners against Margarito and the other defendants over several properties allegedly co-owned by them, which included the subject property.

The Bautista siblings - Margarito, Manuel L. Bautista, Carmelita Bautista Sahagun (*Carmelita*), Aniano L. Bautista (*Aniano*), Florencia Bautista de Villa (*Florencia*), and Ester Bautista Cabrera (*Ester*) - established a lending business through a common fund from the proceeds of the sale of a parcel of coconut land they inherited from their mother Consorcia Lantin Bautista.^[4] Margarito, Florencia, and Ester managed the business with Reginald Sahagun, Carmelita's son, as credit investigator.^[5] Senen Cabrera, Ester's husband, prepared the documents for mortgage and reported the status of the lending business to the Bautista siblings.^[6] Through the said lending business, the siblings acquired several real properties in San Pablo City.^[7]

On March 2, 1998, Amelia V. Mendoza (*Amelia*) obtained a loan in the amount of P690,000.00 from Florencia, and secured the same with a real estate mortgage over a 25,518-square-meter parcel of land she owned situated at Barangay Sta. Monica, San Pablo City, denominated as Lot 2, Plan Psu-45117 and covered by Transfer Certificate of Title (TCT) No. T-2371 (Sta. Monica property).^[8] They later extended the mortgage through a *Kasulatan ng Pagdaragdag ng Sanla*, for an additional loan of P115,000.00 on April 6, 1998.^[9]

On May 13, 1998, Amelia and Florencia renewed the mortgage for P1,085,000.00^[10] and cancelled the previous loan of P690,000.00 through a

"Cancellation and Discharge of Mortgage."^[11]

Subsequently, on April 12, 1999, Amelia and Florencia executed another *Kasulatan ng Pagdaragdag ng Sanla* in the amount of P57,500.00.^[12] Florencia, thereafter, received the owner's duplicate copy of TCT No. T-2371, which she, in turn, entrusted to Carmelita when she went overseas.

On November 28, 2002, Amelia allegedly sold the subject property to Margarito through a *Kasulatan ng Bilihang Tuluyan*^[13] for P500,000.00 and, likewise, cancelled the P1,085,000.00 loan through another "Cancellation and Discharge of Mortgage."^[14] On the same date, Florencia filed a Petition for the Issuance of a Second Owner's Duplicate of TCT No. T-2371 before the RTC of San Pablo City, Branch 29.^[15] She alleged that she was the mortgagee of the subject property, and that she could not locate, despite diligent search, the owner's duplicate title in her possession, which she misplaced sometime in September 2002.^[16] Florencia also executed a Special Power of Attorney in favor of Margarito to represent her in the proceedings.^[17]

Petitioners tried to oppose the issuance,^[18] but on January 30, 2003, the RTC granted the petition and TCT No. T-59882 was later issued in the name of Margarito.^[19] On January 12, 2004, petitioners registered an Adverse Claim over the Sta. Monica property, which was annotated on TCT No. T- 59882.^[20]

Failing to settle their differences, petitioners subsequently instituted a Complaint for Partition and Accounting with Prayer for Temporary Restraining Order and/or Writ of Preliminary Injunction docketed as Civil Case No. SP-6064(04) before the RTC of San Pablo City, Branch 32, over several properties against herein respondent Margarito, the Spouses Marconi de Villa and Florencia Bautista, and the Spouses Senen Cabrera and Ester Bautista.^[21] Petitioners averred that Margarito and the others refused to heed their oral and written demands for the partition of the properties they co-owned, which included the Sta. Monica property.^[22]

On April 23, 2004, the parties filed a "Partial Settlement" manifesting that they have entered into an amicable settlement over the other properties involved in the complaint.^[23] In a Decision^[24] dated April 28, 2004, the RTC approved the compromise agreement.

Since no settlement was reached as regards the Sta. Monica property, petitioners presented copies of their bank transactions with Far East Bank to support their claim of co-ownership over the same.^[25] They also presented an undated, unnotarized, and without the name of the vendee *Kasulatan ng Bilihang Tuluyan* (blank *Kasulatan*), which Amelia purportedly executed and signed disposing the subject property in favor of the Bautista siblings.^[26] Petitioner Carmelita also alleged that the duplicate copy of TCT No. T-2371 in the name of Amelia was in her possession and was never lost.

For his part, Margarito asseverated that he exclusively owns the property in controversy since he used his personal funds in purchasing the land.^[27] Margarito presented TCT No. T-59882 covering the Sta. Monica property, and the Tax Declaration and Receipts thereof.^[28]

On February 16, 2009, the RTC ruled in favor of the petitioners and declared, among other things, that the Sta. Monica property was commonly owned by the siblings. [29] The RTC also ordered that the property be partitioned among all of them and that an accounting of its income be held. The dispositive portion of the decision reads:

WHEREFORE, judgment is hereby rendered, as follows:

- a. Declaring the lot covered by Transfer Certificate of Title No. T-59882, with an area of 25,578 square meters, situated at Barangay Sta. Monica, San Pablo City, as commonly owned by the plaintiffs and defendants;
- b. Ordering the partition of the lot covered by Transfer Certificate of Title No. T-59882 between and among Manuel L. Bautista, Carmelita B. Sahagun, Margarito L. Bautista, Florencia Bautista De Villa, Aniano L. Bautista and Ester B. Cabrera;
- c. Ordering defendant Margarito Bautista to render an accounting of all the income from the subject lot in litigation from November 28, 2002, up to the present, until the rendition of the account; and
- d. Directing defendant Margarito Bautista to deliver to the plaintiffs and the other defendant their respective shares of the income derived from the lot in litigation starting November 28, 2002.

No pronouncement as to the award of damages, attorney's fees, and costs.

SO ORDERED. [30]

On March 3, 2009, Margarito filed a Motion for Reconsideration, [31] but the RTC denied it in an Order [32] dated April 2, 2009.

Aggrieved, Margarito elevated the case before the CA. In a Decision dated March 6, 2012, the CA reversed and set aside the decision of the RTC. The *fallo* of the decision reads:

WHEREFORE, premises considered, the Appeal is GRANTED. The Decision dated February 16, 2009 of the Regional Trial Court of San Pablo City, Branch 32 is hereby SET ASIDE. The subject property covered by Transfer Certificate of Title (TCT) No. T-59882 under the name of defendant-appellant Margarito L. Bautista is declared exclusively owned by defendant-appellant Margarito L. Bautista.

SO ORDERED. [33]

The CA concluded that petitioners failed to establish that they are co-owners of the Sta. Monica property. It held that the TCT under Margarito's name was an indefeasible and incontrovertible title to the property and has more probative weight than the blank *Kasulatan* adduced by the petitioners. Consequently, petitioners' action for partition and accounting cannot be acted upon because they failed to prove that they are co-owners of the Sta. Monica property.

Petitioners filed a Motion for Reconsideration, but it was denied in the Resolution dated May 25, 2012.

Hence, the present recourse raising the following errors on the part of the appellate court:

- A. The Court of Appeals seriously erred when it relied on the case of *Manuel Catindig vs. Aurora Irene Vda. de Meneses* which led to a conclusion that the TCT held by the defendant-appellant serves as an indefeasible and incontrovertible title to said property.
- B. The Decision promulgated on March 06, 2012 subject of this Petition failed to consider the fact that the appealed Decision dated February 16, 2009 of the court *a quo* is already final and executory, and for which reason, the Court of Appeal[s] has no jurisdiction to entertain the Appeal.
- C. The Court of Appeals erred when it failed to appreciate the fact that there was a compromise decision based on an agreement by all the parties which included property where some of the titles are already in the names of the siblings concerned.
- D. The Court of Appeals thus erred when it did not give weight to the evidence presented by the petitioners-appellees and this is notwithstanding the findings of the court *a quo* in their favor.

The petition is impressed with merit.

As a general rule, the jurisdiction of this Court in cases brought before it from the CA is limited to the review and revision of errors of law allegedly committed by the appellate court in petitions for review under Rule 45 of the Rules of Court.^[34] We note that the arguments raised here would necessarily require a re-evaluation of the parties' submissions and the CA's factual findings. Nevertheless, the need to make a definitive finding on the factual issue in light of the conflicting rulings rendered by the RTC and the CA justifies this Court's review.^[35]

At the outset, petitioners maintain that the CA has no jurisdiction to entertain the appeal since the Decision dated February 16, 2009 of the RTC was already final and executory. They claim that the motion for reconsideration filed by Margarito before the RTC was not in accordance with the Rules because a copy of the said motion was served or received by them through a private courier service and that there was a defect in the verification or affidavit of service.^[36]

The Rules provide that pleadings may be filed in court either personally or by registered mail.^[37] In the first case, the date of filing is the date of receipt. In the second case, the date of mailing is the date of receipt. Though filing of pleadings thru a private courier is not prohibited by the Rules, it is established in jurisprudence that the date of actual receipt of pleadings by the court is deemed the date of filing of such pleadings, and not the date of delivery thereof to a private letter-forwarding agency.^[38] Records reveal that respondent received a copy of the Decision on February 23, 2009. In an Order^[39] dated March 5, 2009, the trial court acknowledged that it received the motion for reconsideration filed by respondent on March 4, 2009, or on the 9th day, which is still within the reglementary period.

The RTC gave petitioners 15 days from notice to file a comment on the motion for reconsideration filed by respondent. Petitioners filed its Opposition to the Motion for Reconsideration on March 12, 2009.^[40] In their Opposition, petitioners pointed the defect in the service of the motion when the same was delivered through LBC, a private courier. They also alleged therein that the motion should be denied as it

would prejudice their rights. From the foregoing, the RTC gave petitioners the opportunity to be heard, and sufficient time to study the motion and meaningfully oppose the same. It was not even alleged nor proven that the motion for reconsideration was filed out of time. Considering the circumstances, the purpose of the service of the motion was substantially complied with. The Rules should be liberally construed as long as their purpose is sufficiently met and no violation of due process and fair play takes place.^[41]

While We disagree with the petitioners on the procedural issues, this Court, however, finds cogent reasons to grant the petition based on the substantial issues raised in the case at bar.

It is to be noted that the present action stemmed from an action for partition and accounting. A special civil action of judicial partition under Rule 69 of the Rules of Court is a judicial controversy between persons who, being co-owners or coparceners of common property, seek to secure a division or partition thereof among themselves, giving to each one of them the part corresponding to him.^[42] The object of partition is to enable those who own property as joint tenants, or coparceners, or tenants in common to put an end to the joint tenancy so as to vest in each a sole estate in specific property or an allotment in the lands or tenements.^[43] It is typically brought by a person claiming to be the owner of a specified property against a defendant or defendants whom the plaintiff recognizes to be his coowners^[44] and is premised on the existence or non-existence of co-ownership between the parties.^[45] Hence, unless and until the issue of co ownership is definitively resolved, it would be premature to effect a partition of an estate.^[46]

Consequently, the first stage of an action for judicial partition and/or accounting is concerned with the determination of whether or not a co ownership in fact exists and a partition is proper.^[47] In the case at bar, petitioners aver that although the Sta. Monica property was registered solely in Margarito's name, they are co-owners of the property because it was acquired through the siblings' lending business, as such, they are entitled to partition and the conveyance to them of their respective shares.

To support their allegations, petitioners presented several mortgage contracts evidencing the transactions between Amelia and Florencia, computer printouts of their bank transactions, and the blank *Kasulatan*. In Carmelita's direct testimony, she illustrated how they acquired properties through their lending business and how ownership of the properties was transferred under their names. She also testified that the money used in the purchase of the Sta. Monica property came from their common fund. The pertinent portions of her testimony read:

ATTY. JAVIER

Q: And **how did you acquire these properties?**

A: **Through our lending activities**, sir.

Q: Would you care to illustrate the actual acquisition or demonstrate the acquisition?

A: If the **borrower failed to pay**, she or he **[is] requested to secure the Deed of Sale**, sir.