

THIRD DIVISION

[G.R. No. 203786, October 23, 2013]

AQUILES RIOSA, PETITIONER, VS. TABACO LA SUERTE CORPORATION, RESPONDENT.

D E C I S I O N

MENDOZA, J.:

This is a petition for review on *certiorari* under Rule 45 of the 1997 Rules of Civil Procedure assailing the May 30, 2012 Decision^[1] of the Court of Appeals (CA), and its September 20, 2012 Resolution,^[2] in CA-G.R. CV No. 96459, reversing the September 30, 2010 Decision^[3] of the Regional Trial Court, Branch 15, Tabaco City, Albay (RTC), which granted the complaint for annulment/declaration of nullity of the deed of absolute sale and transfer certificate of title, reconveyance and damages.

The Facts

On February 26, 2002, petitioner Aquiles Riosa (*Aquiles*) filed his Complaint for Annulment/Declaration of Nullity of Deed of Absolute Sale and Transfer Certificate of Title, Reconveyance and Damages against respondent Tabaco La Suerte Corporation (*La Suerte*) before the RTC.

In his complaint, Aquiles alleged that he was the owner and in actual possession of a 52-square meter commercial lot situated in Barangay Quinale, Tabaco City, Albay; that he acquired the said property through a deed of cession and quitclaim executed by his parents, Pablo Riosa, Sr. and Sabiniana Biron; that he declared the property in his name and had been religiously paying the realty tax on the said property; that thereafter, his daughter, Annie Lyn Riosa Zampelis, renovated the commercial building on the lot and introduced improvements costing no less than P300,000.00; that subsequently, on three (3) occasions, he obtained loans from Sia Ko Pio in the total amount of P50,000.00; that as a security for the payment of loans, Sia Ko Pio requested from him a photocopy of the deed of cession and quitclaim; that Sia Ko Pio presented to him a document purportedly a receipt for the P50,000.00 loan with an undertaking to pay the total amount of P52,000.00 including the P2,000.00 attorney's fees; that without reading the document, he affixed his signature thereon; and that in September 2001, to his surprise, he received a letter from La Suerte informing him that the subject lot was already registered in its name.

Aquiles claimed that by means of fraud, misrepresentation and deceit employed by Sia Ko Pio, he was made to sign the document which he thought was a receipt and undertaking to pay the loan, only to find out later that it was a document of sale. Aquiles averred that he did not appear before the notary public to acknowledge the sale, and that the notary public, a municipal judge, was not authorized to notarize a deed of conveyance. He further claimed that he could not have sold the commercial building on the lot as he had no transmissible right over it, as it was not included in

the deed of cession and quitclaim. He, thus, prayed for the nullification of the deed of sale and certificate of title in the name of La Suerte and the reconveyance of the subject property to him.^[4]

In its Answer, La Suerte averred that it was the actual and lawful owner of the commercial property, after purchasing it from Aquiles on December 7, 1990; that it allowed Aquiles to remain in possession of the property to avoid the ire of his father from whom he had acquired the property *inter vivos*, subject to his obligation to vacate the premises anytime upon demand; that on February 13, 1991, the Register of Deeds of Albay issued Transfer Certificate of Title (TCT) No. T-80054 covering the subject property in its name; that Aquiles necessarily undertook the cost of repairs and did not pay rent for using the premises; that Aquiles transacted with it, through Sia Ko Pio, now deceased, who was then its Chief Executive Officer; that his opinion that only the land was sold was absurd because the sale of the principal included its accessories, not to mention that he did not make any reservation at the time the deed was executed; that it repeatedly asked Aquiles to vacate the premises but to no avail; that, instead, he tried to renovate the building in 2001 which prompted it to lodge a complaint with the Office of the Mayor on the ground that the renovation work was without a building permit; and that Aquiles' complaint was barred by prescription, laches, estoppel and indefeasibility of La Suerte's title.^[5]

During the trial, Aquiles and his daughter, Anita Riosa Cabanele, testified to prove his causes of action. To defend its rightful claim, La Suerte presented the testimony of Juan Pielago Sia (*Juan*), the son of Sia Ko Pio and a member of the board. Aquiles also presented his wife, Erlinda, as rebuttal witness.

On September 30, 2010, the RTC ruled in favor of Aquiles, disposing as follows:

Wherefore, foregoing premises considered, judgment is hereby rendered in favor of the plaintiff and against the defendant.

1. Ordering the annulment of sale of the subject lot purportedly executed by plaintiff Aquiles Riosa in favor of defendant corporation;
2. Annulling the Transfer Certificate of Title No. 80054 in the name of defendant corporation;
3. Ordering defendant corporation to pay plaintiff the amount of Twenty Thousand Pesos (P20,000.00) as Attorney's fees;
4. Ordering defendant to pay plaintiff the amount of Twenty Thousand (P20,000.00) as exemplary damages; and
5. Ordering defendant to pay plaintiff the amount of Twenty Thousand Pesos (P20,000.00) as Attorney's fees.

SO ORDERED.^[6]

The RTC gave credence to the testimony of Aquiles that he was made to sign an instrument of sale without his knowledge because he trusted Sia Ko Pio and he was of the belief that what he had signed was merely an instrument of indebtedness. It cited, as legal basis, Article 1330 of the Civil Code which provides that a contract

where the consent is given thru violence, intimidation, undue influence or fraud is voidable. Inasmuch as the property was acquired thru fraud, the person who obtained it by force of law was considered a trustee of an implied trust for the benefit of the person from whom the property came. Thus, according to the RTC, La Suerte was bound to reconvey to Aquiles the subject property.

With its motion for reconsideration denied, La Suerte appealed to the CA. In its May 30, 2012 Decision, the CA *reversed* the RTC decision and upheld the validity of the subject deed of sale in favor of La Suerte. It declared La Suerte as the lawful owner of the subject lot and improvements thereon, subject to the right of reimbursement for the renovation expenses. The CA held that tax declarations or realty tax payments by Aquiles were not conclusive evidence of ownership, citing *Spouses Camara v. Spouses Malabao*,^[7] where it was ruled that a party's declaration of real property and his payment of realty taxes could not defeat a certificate of title which was an absolute and indefeasible evidence of ownership of the property in favor of the person whose name appeared thereon. The dispositive portion of the CA decision reads:

WHEREFORE, premises considered, the instant appeal is **GRANTED**. The September 30, 2010 Decision of the Regional Trial Court of Tabaco City, Albay, Branch 15, is **REVERSED and SET ASIDE** and a new one is rendered:

1. **DISMISSING** the complaint for annulment of deed of sale and transfer certificate of title, **without prejudice to the right of plaintiff-appellee's daughter to a reimbursement for the renovation works she made on the structure/building on the lot;** and
2. **GRANTING** defendant-appellant's counterclaim although in the **reduced** amount of P100,000.00.

SO ORDERED.^[8]

Aquiles filed his Motion for Reconsideration^[9] of the CA decision, but the same was denied by the CA in its September 20, 2012 Resolution.

Hence, Aquiles filed the present petition before this Court raising the following

ISSUES

1. **Whether or not the Honorable Court of Appeals committed serious error in reversing the decision of the Trial Court disregarding the conclusion and findings of the Trial court;**
2. **Whether the Honorable Court of Appeals committed serious error of law in holding that the personal loan of petitioner obtained and granted by Sia Ko Pio is a consideration of sale of the property in favor of the respondent corporation La Suerte Corporation;**

3. Whether the Honorable Court of Appeals erred in finding that there was a valid and perfected contract of sale of real property between petitioner and respondent corporation La Suerte Corporation;

4. Whether the Honorable Court of Appeals committed serious error of law and applicable jurisprudence in resolving petitioner's actual physical possession of the property in question; and

5. Whether the Honorable Court of Appeals committed serious error of law by awarding damages to the respondent.^[10]

The primordial issue to be resolved is whether there was a perfected and valid contract of sale for the subject property between Aquiles and La Suerte, through its Chief Executive Officer, Sia Ko Pio.

Aquiles argues that there was no perfected contract to sell because (1) there was no transaction between La Suerte and Aquiles for the sale of the property in question; (2) there was no board resolution authorizing Sia Ko Pio to purchase the property; (3) there was no evidence that the money received by Aquiles from Sia Ko Pio came from La Suerte; and (4) he did not appear before the notary public for notarization of the instrument of sale. Moreover, there was a discrepancy in the date appearing in the deed of sale and the date in the acknowledgment and the notarial reference.

La Suerte, in its Comment,^[11] argued that Aquiles' petition should be dismissed because it raised only questions of fact as only pure question of law is allowed in a petition for certiorari under Rule 45. It counters that the notarized deed of sale was the very evidence of the agreement between them. According to it, said deed of sale was binding and enforceable between them, albeit there was a discrepancy in the dates, for the time-honored rule is that even a verbal contract of sale of real estate produces legal effect between the parties. La Suerte adds that the absence of a board resolution for the purchase of the property has no controlling consequence as La Suerte had ratified the act of Sia Ko Pio.

The Court's Ruling

Notably, the issues raised in the petition are factual in nature. Essentially, Aquiles asks the Court to review the factual determination of the CA. As a rule, only questions of law may be raised in a petition for review on certiorari because the Court is not a trier of facts and is not to review or calibrate the evidence on record.

^[12] When supported by substantial evidence, the findings of fact by the CA are conclusive and binding on the parties and are not reviewable by this Court, unless the case falls under any of the recognized exceptions.^[13] An acceptable exception is where there is a conflict between the factual determination of the trial court and that of the appellate court. In such a case, it becomes imperative to digress from this general rule and revisit the factual circumstances surrounding the controversy.^[14]

In this case, although the RTC and the CA were one in ruling that the prescriptive

period of reconveyance did not run against Aquiles because he remained in possession of the subject property, they differed in their findings of fact and conclusions on the question of whether there was a perfected and valid contract of sale.

The RTC annulled the sale of the subject properties on the ground of fraud as Aquiles was made to sign an instrument which he believed to be a receipt of indebtedness. On the contrary, the CA ruled that the contract of sale was valid. The CA wrote:

Nevertheless, We rule that the subject deed of sale is valid. We are not convinced of [Aquiles'] bare assertion that the said document was executed through fraud, misrepresentation or deceit, and that his wife's signature thereon was forged. The rule is that for an action for reconveyance based on fraud to prosper, the party seeking reconveyance must prove by clear and convincing evidence his title to the property and the fact of fraud. It must be stressed that mere allegations of fraud are not enough. Intentional acts to deceive and deprive another of his right, or in some manner, injure him, must be specifically alleged and proved.

[15]

After an assiduous assessment of the evidentiary records, the Court holds otherwise.

The Court agrees with the finding of the RTC that there was no perfected contract of sale. It is a hornbook doctrine that the findings of fact of the trial court are entitled to great weight on appeal and should not be disturbed except for strong and valid reasons, because the trial court is in a better position to examine the demeanor of the witnesses while testifying.[16]

The elements of a contract of sale are: a] consent or meeting of the minds, that is, consent to transfer ownership in exchange for the price; b] determinate subject matter; and c] price certain in money or its equivalent.[17]

In this case, there was no clear and convincing evidence that Aquiles definitely sold the subject property to La Suerte, nor was there evidence that La Suerte authorized its chief executive officer, Sia Ko Pio, to negotiate and conclude a purchase of the property. Aquiles' narration in open court is clear that he did not intend to transfer ownership of his property. The pertinent parts of his testimony read:

Q – How much is your debt [to] the father of Jhony known as Pia Wo?

ATTY. GONZAGA:

The question refers to Sia Ko Pio?

ATTY. BROTAMONTE:

Pia Wa.