

## SECOND DIVISION

[ G.R. No. 175123, July 04, 2012 ]

**MOLDEZ REALTY INC. AND ANSELMO AGERO, PETITIONERS, VS.  
SPOUSES RICARDO J. VILLABONA AND GILDA G. VILLABONA,  
AND EDUARDO J. VILLABONA, RESPONDENTS.**

### D E C I S I O N

**SERENO, J.:**

Before us is a Petition for Review under Rule 45 of the Rules of Court. Petitioners assail the Decision<sup>[1]</sup> dated 6 October 2006 of the Court of Appeals (CA) in CA-G.R. CV No. 74435, affirming the Decision<sup>[2]</sup> dated 28 January 2002 in Civil Case No. 3276-AF of Branch 25 of the Regional Trial Court (RTC), Third Judicial Region of Cabanatuan City. The undisputed facts follow.

The case arose when respondents filed on 4 August 1998 a Complaint<sup>[3]</sup> against herein petitioners and Levi P. Sayo (Sayo) for the annulment of Transfer Certificate of Title (TCT) Nos. NT-250333 and NT-250334 registered under the name of Moldex Realty, Inc. (Moldex), and formerly covered by Original Certificate of Title (OCT) Nos. 3322 and 3323, respectively. Respondents likewise prayed for the award of damages.

Respondent Eduardo J. Villabona (Eduardo) alleged that he was the true owner of Lot No. 2346, covered by OCT No. 3322; and respondent spouses Ricardo Villabona (Ricardo) and Gilda Villabona (Gilda), of Lot No. 2527, covered by OCT No. 3323. They acquired these properties by virtue of a Deed of Sale dated 1 June 1977 executed by their parents, Rafael Villabona (Rafael) and Ursula Jose Villabona (Ursula).

Respondents claimed that sometime in January 1996, petitioner Moldex, through its alleged representative Sayo, negotiated for the purchase of the subject properties, whereby Lot No. 2346 would be sold for P1,132,080 and Lot No. 2527 for P511,320. Sayo then was able to successfully obtain from respondent Ricardo the original copy of OCT Nos. 3322 and 3323. According to respondents, Sayo encashed the check payment of petitioner Moldex for Lot No. 2346, while petitioner Anselmo Agero (Agero) encashed that for Lot No. 2527.

Respondents further alleged that petitioners caused the cancellation and transfer of OCT Nos. 3322 and 3323 through allegedly falsified Deeds of Absolute Sale<sup>[4]</sup> executed on 21 May 1996. They maintained that the deeds were falsified, because these were executed after the deaths of Rafael and Ursula on 3 June 1993 and 17 October 1990, respectively.

In support of their claims, respondents attached to their Complaint photocopies of the Deed of Sale executed by them and their parents, Rafael and Ursula; TCT Nos.

NT-250333 and NT-250334; Certificates of Death of Rafael and Ursula; and Deeds of Absolute Sale allegedly executed between spouses Rafael and Ursula and petitioner Moldex.

In his Answer,<sup>[5]</sup> petitioner Agero denied being an agent of respondent Moldex in the purchase of the subject properties. He further denied having received money representing the purchase price of these lots.

Petitioner Moldex, meanwhile, alleged that Sayo and Agero were respondents' real estate brokers and offered the subject properties for sale. It contended that respondents had executed Deeds of Absolute Sale on 21 May 1996, whereby Lot No. 2527 was sold for P383,490 and Lot No. 2346 for P849,060. In consideration of the sale of the two parcels of land, it issued on 13 May 1996 United Coconut Planters Bank (UCPB) Check No. 0000344050 in the sum of P1,132,080, which was endorsed by respondent Ricardo. The check was subsequently deposited and the amount therein stated withdrawn. Petitioner Moldex further alleged that respondent Ricardo voluntarily handed the titles over to Sayo, so that the latter could cause the transfer thereof. Finally, it denied having any knowledge of or participation in the alleged falsified Deeds of Absolute Sale. Petitioner Moldex attached to its Answer<sup>[6]</sup> photocopies of the deeds<sup>[7]</sup> it executed with respondent Ricardo, as well as the UCPB check including the dorsal part thereof.<sup>[8]</sup>

On 31 May 2000, respondents filed an Amended Complaint impleading Atty. Elias Estrella, the Deputy Register of Deeds of Cabanatuan City; Atty. Alfredo G. Ortaleza, the lawyer who notarized the alleged falsified Deeds of Absolute Sale; and Jacinto Uy, the chairperson of the Board of Directors of petitioner Moldex.

Trial ensued. After the presentation of Ricardo as the first witness on 5 October 2000, Atty. Cecilio Suarez, counsel for respondents, prayed for a resetting of the hearing for the presentation of another witness. The 14 December 2000 hearing was likewise reset for 18 January 2001 upon agreement of the parties. At the 18 January 2001 hearing, Judge Johnson L. Ballutay, the RTC executive judge, issued an Order, to wit:

When this case was called for the second time this morning, it was only defendant Levi P. Sayo and Atty. Samuel Acorda for the Moldex Realty, Inc. and Atty. Lamberto Magbitang for the defendant Anselmo S. Agero were in Court. There was no representation on the part of the plaintiffs [sic] neither for [sic] the plaintiffs themselves were in Court.

In view of this, the presentation of the evidence for the plaintiffs is hereby considered closed and terminated specially so that there was a promise on the part of the plaintiffs, through counsel, that a settlement will be arrived at and a compromise agreement will be presented today, yet nothing was heard over [sic] on the part of the plaintiffs as well as counsel.

**WHEREFORE**, premises considered, the defendants are hereby allowed to present evidence on February 9, 2001 at 8:30 o'clock in the morning.

<sup>[9]</sup>

The 9 February 2001 hearing was likewise reset, because Atty. Suarez was again absent.<sup>[10]</sup> He was again absent at the 9 March 2001 hearing, prompting the court to reiterate its Order of 18 January 2001.<sup>[11]</sup>

On 13 March 2001, respondents filed a Motion for Reconsideration of the RTC Order dated 18 January 2001, insisting that they were still to present two more witnesses.<sup>[12]</sup>

However, at the hearing scheduled on 16 March 2001, respondents and Atty. Suarez were absent yet again.<sup>[13]</sup>

The 5 April 2001 hearing was reset once more, upon agreement of the parties, in anticipation of an amicable settlement.<sup>[14]</sup>

On 23 May 2001, Atty. Suarez moved for the cancellation of the hearing scheduled for 25 May 2001 because of a previously scheduled one in another court. He further manifested that a compromise agreement had been approved by respondents and may be submitted for the approval of the trial court once the agreement was signed by the parties.<sup>[15]</sup>

During the 28 May 2001 hearing, Atty. Suarez and respondents were likewise absent. Petitioners objected to the resetting of the hearing on account of the numerous postponements attributable to the nonappearance of respondents and their counsel.<sup>[16]</sup> On 26 June 2001, upon agreement of the parties, the hearing was reset for 31 July 2001,<sup>[17]</sup> and had to be reset two times more for possible amicable settlement of the case.

Finally, with Atty. Suarez still failing to appear at the 12 November 2001 hearing, the RTC issued an Order submitting the case for decision based on whatever evidence had been adduced.<sup>[18]</sup>

On 28 November 2001, the trial court issued another Order, this time stating that there being no formal offer of evidence from petitioners, it thus resolved to set aside the previous Order. The court gave 15 days for petitioners to submit their written formal offer of evidence from receipt of the Order, after which the case was to be deemed submitted for resolution.<sup>[19]</sup>

On 28 January 2002, without waiting for the submission of the written formal offer of evidence, the RTC rendered its assailed Decision, the dispositive portion of which states:

WHEREFORE, premises considered:

1. Declaring Transfer Certificate of Title Nos. NT-250333 and NT-250334 both of the Registry of Deeds of Cabanatuan City in the name of Moldex Realty Inc. is hereby declared null and void;
2. Ordering jointly and severally the defendants to pay the plaintiffs the amount of P100,000.00 Philippine Currency, as actual, moral

and exemplary damages; and,

3. To pay the plaintiffs the sum of P10,000.00 as attorney[']s fees. [20]

SO ORDERED.

On the same day that petitioner Moldex received a copy of the Decision, 5 February 2002, it filed a Manifestation asking for a clarification of the trial court's Order dated 28 November 2001, which it received on 29 January 2002. It alleged that it was in a quandary over whether to file its formal offer of evidence, considering that it had not yet presented any, and that the court had already ordered respondents' presentation of evidence as closed and terminated without any formal offer. Moreover, petitioners stated:

5. That defendant Moldex Realty, Inc. is more than willing to present its evidence but the court asked defendants [sic] counsel during the last hearing on November 12, 2001, if they wish to submit the case for decision and they agreed, considering that plaintiffs had been delaying the proceedings by their continuous absence and that they (plaintiffs) had not formally offered their evidence and rested their case;

6. That for all intents and purposes of the law and pursuant to the Rules of Court, plaintiffs had not presented evidence at all. [21]

After it received a copy of the RTC's Decision, however, petitioner Moldex filed a Motion for Reconsideration [22] on 11 February 2002. It alleged that Judge Ballutay gravely erred and abused his discretion when he rendered the assailed Decision before respondents had completed their evidence and rested their case, and before defendants had the opportunity to adduce evidence; that the Decision was rendered without the 15-day period given to petitioners to formally submit their evidence pursuant to the 28 November 2001 Order, which was received only on 29 January 2002; that the Decision was tantamount to a judgment on the pleadings and/or summary judgement; and that the Decision was contrary to the law and the facts.

On 27 February 2002, the RTC issued an Order [23] denying the Motion for Reconsideration for the following reasons: counsel for petitioner Moldex, Atty. Samuel Acorda, was absent on several hearing dates; he manifested in open court during the 31 May 2000 hearing that petitioner Moldex had nothing to do with the case; the parties failed to submit a compromise agreement despite manifesting that they would; and the case had already dragged on for a number of years.

On appeal, the CA affirmed the ruling of the trial court. It held that petitioners had been given ample time to present their evidence, but failed to do so and in fact agreed to submit the case for resolution. It further ruled that the trial court based its findings on the documents attached to the Complaint, pointing out that these documents had been properly identified and marked during the testimony of Ricardo. Neither did the CA find the RTC's resolution of the case reprehensible despite the fact that the 15 days given to petitioners to submit their formal offer of