

THIRD DIVISION

[G.R. No. 169985, June 15, 2011]

**MODESTO LEOVERAS, PETITIONER, VS. CASIMERO VALDEZ,
RESPONDENT.**

DECISION

BRION, J.:

Before the Court is a petition for review on *certiorari* [1] assailing the March 31, 2005 decision [2] and the October 6, 2005 resolution [3] of the Court of Appeals (CA) in CA-G.R. CV No. 68549. The CA decision reversed the June 23, 2000 decision [4] of the Regional Trial Court (RTC), Branch 46, Urdaneta City, Pangasinan, dismissing respondent Casimero Valdez's complaint for annulment of title, reconveyance and damages against petitioner Modesto Leoveras.

FACTUAL ANTECEDENTS

Maria Sta. Maria and Dominga Manangan were the registered owners - three-fourths ($\frac{3}{4}$) and one-fourth ($\frac{1}{4}$) *pro-indiviso*, respectively - of a parcel of land located in Poblacion, Manaoag, Pangasinan, covered by Original Certificate of Title (OCT) No. 24695, with an area of 28,171 square meters. [5]

In September 1932, Sta. Maria sold her three-fourths ($\frac{3}{4}$) share to Benigna Llamas. [6] The sale was duly annotated at the back of OCT No. 24695. When Benigna died in 1944, [7] she willed her three-fourths ($\frac{3}{4}$) share equally to her sisters Alejandra Llamas and Josefa Llamas. [8] Thus, Alejandra and Josefa each owned one-half ($\frac{1}{2}$) of Benigna's three-fourths ($\frac{3}{4}$) share.

On June 14, 1969, Alejandra's heirs sold their predecessor's one-half ($\frac{1}{2}$) share (roughly equivalent to 10,564 square meters) to the respondent, as evidenced by a Deed of Absolute Sale. [9]

Also on June 14, 1969, Josefa sold her own one-half ($\frac{1}{2}$) share (*subject property*) to the respondent and the petitioner, as evidenced by another Deed of Absolute Sale. [10] On even date, the respondent and the petitioner executed an *Agreement*, [11] allotting their portions of the subject property.

WITNESSETH

That we [petitioner and respondent] are the absolute owners of [the subject property] which is particularly described as follows:

xxx

That our ownership over the said portion mentioned above is evidenced by a Deed of Absolute Sale xxx

That in said deed of sale mentioned in the immediate preceding paragraph, our respective share consist of 5, 282.13 [one-half of 10,564 square meters] square meter each.

That we hereby agreed and covenanted that our respective share shall be as follows:

| | |
|--------------------|--|
| Modesto Leoveras - | 3,020 square meters residential portion on the northern part near the Municipal road of Poblacion Pugaro, Manaoag, Pangasinan; |
| Casimero Valdez - | 7,544.27 [12] square meters of the parcel of land described above. [13] |

On June 8, 1977, the petitioner and the respondent executed an Affidavit of Adverse Claim over the subject property. [14] The parties took possession of their respective portions of the subject property and declared it in their name for taxation purposes. [15]

In 1996, the respondent asked the Register of Deeds of Lingayen, Pangasinan on the requirements for the transfer of title over the portion allotted to him on the subject property. To his surprise, the respondent learned that the petitioner had already obtained in his name two transfer certificates of title (TCTs): *one*, TCT No. 195812 - covering an area of 3,020 square meters; and *two*, TCT No. 195813 - covering an area of 1,004 square meters (or a total of 4,024 square meters).

The Register of Deeds informed the respondent that they could not find the record of OCT No. 24695; instead, the Register of Deeds furnished the respondent with the following [16] (collectively, *petitioner's documents*):

1. Two (2) deeds of absolute sale dated June 14, 1969, both executed by Sta. Maria, purportedly conveying an unspecified portion of OCT No. 24695 as follows:

- a. 11, 568 square meters to the respondent and petitioner [17]
- b. 8, 689 square meters to one Virgilia Li Meneses [18]

2. Deed of Absolute Sale (*Benigna Deed*) also dated June 14, 1969 executed by Benigna [19] which reads:

I, Benigna Llamas, Fernandez xxx do sell xxx by way of ABSOLUTE SALE unto the said Casimero Valdez, **Modesto Leoveras** and Virgilia Meneses their heirs and assigns, 7,544 sq.m.; **4,024 sq. m.** and 8,689 sq. m. more or less respectively of a parcel of land which is particularly described as follows:

"A parcel of land xxx covered by [OCT No.] 24695." (Emphases added)

3. Subdivision Plan of PSU 21864 of OCT No. 24695 [20]

4. Affidavit of Confirmation of Subdivision [21] dated May 3, 1994 (*Affidavit*), which reads:

That we, Virgilia Li Meneses, xxx Dominga Manangan; Modesto Leoveras; and Casimero Valdez xxx

xxx are co-owners of a certain parcel of land with an area of 28, 171 sq. m. more or less in subdivision plan Psu 21864 xxx covered by [OCT No.] 24695 situated at Poblacion (now Pugaro), Manaoag, Pangasinan;

xxx we agree xxx to subdivide and hereby confirmed the subdivision in the following manner xxx:

Lot 2 with an area of 3, 020 sq. m. xxx to Modesto Leoveras
xxx;

Lot 3 with an area of 1,004 sq. m. xxx to Modesto Leoveras
xxx;

Lot 4 with an area of 7,544 sq. m. xxx to Casimero Valdez xxx;

Lot 5 with an area of 8, 689 sq. m. xxx to Virgilia Meneses;

Lot 6 with an area of 7,043 sq. m. xxx to Dominga Manangan
(Emphasis supplied.)

On June 21, 1996, the respondent filed a complaint for Annulment of Title, Reconveyance and Damages against the petitioner, seeking the reconveyance of the 1,004-square meter portion (*disputed property*) covered by TCT No. 195813, on the ground that the petitioner is entitled only to the 3,020 square meters identified in the parties' Agreement.

The respondent sought the nullification of the petitioner's titles by contesting the authenticity of the petitioner's documents. Particularly, the respondent assailed the Benigna Deed by presenting Benigna's death certificate. The respondent argued that Benigna could not have executed a deed, which purports to convey 4,024 square meters to the petitioner, in 1969 because Benigna already died in 1944. The respondent added that neither could Sta. Maria have sold to the parties her three-fourths ($\frac{3}{4}$) share in 1969 because she had already sold her share to Benigna in 1932. [22] The respondent denied his purported signature appearing in the Affidavit, [23] and prayed for:

a) xxx the cancellation of the [petitioner's documents];

b) the cancellation of TCT No. 195813 in the name of Modesto Leoveras and that it be reconveyed to the [respondent];

c) the cancellation and nullification of [TCT No. 195812] covering an area of 3,020 square meters xxx;

d) [the issuance of] title xxx in the name of [respondent] over an area of 17, 104 square meters of OCT 24695; [24] (Underscoring supplied)

In his defense, the petitioner claimed that the parties already had (i) delineated their respective portions of the subject property even before they acquired it in 1969 and (ii) agreed that upon acquisition, each would own the portion as delineated; that the area he actually possessed and subsequently acquired has a total area of 4,024 square meters, which he subdivided into two portions and caused to be covered by the two TCTs in question. The petitioner claimed that in signing the Agreement, he was led to believe, based on the parties' rough estimation, that the area he actually possessed is only 3,020 square meters contrary to the parties' real intention - *i.e.*, the extent of their ownership would be based on their actual possession. [25]

The petitioner further claimed that the respondent voluntarily participated in executing the Affidavit, which corrected the mistake in the previously executed Agreement [26] and confirmed the petitioner's ownership over the disputed property. The petitioner asked for the dismissal of the complaint and for a declaration that he is the lawful owner of the parcels of land covered by his titles.

RTC RULING

The RTC dismissed the complaint. The court ruled that the respondent failed to preponderantly prove that the Benigna Deed and the Affidavit are fabricated and, consequently, no ground exists to nullify the petitioner's titles. The court observed that the respondent did not even compare his genuine signature with the signatures appearing in these documents.

CA RULING

On appeal, the CA reversed the RTC by ruling against the authenticity of the Benigna Deed and the Affidavit. The CA gave weight to Benigna's death certificate which shows the impossibility of Benigna's execution of the deed in 1969. The CA also noted the discrepancy between the respondent's signatures as appearing in the Affidavit, on one hand, and the documents on record, on the other. [27] The CA added that the respondent's failure to compare his genuine signature from his purported signatures appearing in the petitioner's documents is not fatal, since Section 22, Rule 132 of the Rules of Court allows the court to make its own comparison. In light of its observations, the CA ruled:

As the totality of the evidence presented sufficiently sustains [the respondent's] claim that the titles issued to [the petitioner] were based on forged and spurious documents, it behooves this Court to annul these certificates of title.

WHEREFORE, the assailed Decision dated June 23, 2000 is SET ASIDE. Declaring TCT No. 195812 and TCT No. 195813 as NULL and VOID, [the

petitioner] is hereby directed to reconvey the subject parcels of land to [the respondent]. [28] (Emphasis added.)

Unwilling to accept the CA's reversal of the RTC ruling, the petitioner filed the present appeal by *certiorari*, claiming that the CA committed "gross misappreciation of the facts" [29] by going beyond what the respondent sought in his complaint.

THE PETITION

The petitioner claims that the CA should not have ordered the reconveyance of both parcels of land covered by the TCTs in question since the respondent only seeks the reconveyance of the disputed property - *i.e.*, the parcel of land covered by TCT No. 195813.

The petitioner asserts that **after** the subject sale, the parties physically partitioned the subject property and possessed their respective portions, thereby setting the limits of their ownership.

The petitioner admits that the Benigna Deed is "fabricated" but hastens to add that it was only designed (i) to affirm the "true intent and agreement" of the parties on the extent of their ownership, as shown by their actual physical possession, and (ii) as a "convenient tool" to facilitate the transfer of title to his name.

THE RESPONDENT'S COMMENT

The respondent claims that since the petitioner himself admitted using a spurious document in obtaining his titles (as alleged in the complaint and as found by the CA), then the CA correctly cancelled the latter's titles. [30]

The petitioner forged the respondent's signature in the Affidavit to make it appear that he agreed to the division indicated in the document. The respondent defended the CA's reconveyance of both parcels of land, covered by the petitioner's titles, to the respondent by arguing that if the distribution in the Affidavit is followed, the "original intendment" of the parties on their shares of the subject property would be "grievously impaired" [31]

THE ISSUES

The two basic issues [32] for our resolution are:

1. Whether the CA erred in nullifying the petitioner's titles.
2. Whether the CA erred in ordering the reconveyance of the parcel of land covered by the petitioner's titles.

THE RULING

We *partially* grant the petition.