

SECOND DIVISION

[G.R. No. 168263, July 21, 2008]

**SPS. EDGARDO AND NATIVIDAD FIDEL, PETITIONERS, VS.
HONORABLE COURT OF APPEALS, HEIRS OF THE LATE
PRIMITIVO ESPINELI, NAMELY, JOSEFINA, PATRICIO AND
LEONARDO, ALL SURNAMED ESPINELI, RESPONDENTS.**

DECISION

QUISUMBING, J.:

This petition for review seeks to reverse the Decision^[1] dated November 22, 2004 and the Resolution^[2] dated May 27, 2005 of the Court of Appeals in CA-G.R. CV No. 71996. The appellate court had affirmed with modification the Decision^[3] dated February 20, 2001 of the Regional Trial Court (RTC), Branch 15, Naic, Cavite in Civil Case No. NC-652-95, annulling the sale in favor of the petitioners Edgardo and Natividad Fidel of a 150-square meter parcel of unregistered land located at San Miguel Street, Indang, Cavite and owned by the late Vicente Espineli.

The facts, culled from the records, are as follows:

On February 21, 1995, respondents filed a Complaint^[4] for Annulment of Sale, Tax Declaration, Reconveyance with Damages against the petitioners Edgardo and Natividad Fidel and Guadalupe Espineli-Cruz before the RTC, Branch 15, Naic, Cavite. In their complaint, respondents alleged that they are compulsory heirs of Primitivo Espineli, the only child of Vicente and his first wife, Juliana Asas. Respondents further alleged that they discovered that the abovementioned parcel of land owned by the late Vicente was sold on October 7, 1994 to the petitioners despite the fact that Vicente died intestate on June 4, 1941. They argue that the sale is void and simulated because Vicente's signature appearing on the deed of sale is a forgery.

In her Answer,^[5] Guadalupe, the only surviving child of Vicente and his second wife, Pacencia Romea, denied any knowledge of the deed of sale allegedly signed by Vicente. She, however, admitted selling the property but by virtue of another deed of sale signed by her as heir of Vicente and in representation of her nephews and nieces who are children of her deceased siblings, all children of Vicente and Pacencia. She further denied knowledge of Vicente's alleged first marriage with Juliana Asas. She argues that the heirs of Primitivo must first establish their filiation from Vicente, prior to instituting the complaint for annulment of sale. Guadalupe further stresses that the petitioners Fidel have been able to register the sale of the property and to obtain Tax Declaration No. 16304^[6] in their name.

On February 20, 2001, the RTC ruled in respondents' favor. The dispositive portion of the decision reads:

WHEREFORE, judgment is hereby rendered in favor of the plaintiffs and against the defendants as follows:

1. Ordering the annulment of the sale in favor of the defendants spouses Edgardo and Natividad Fidel of the property in litigation;
2. Ordering the Regis[ter] of Deeds and/or the Provincial Assessor of Cavite to cancel the registration and/or Tax Declaration No. 16304, Series of 1995;
3. Ordering the defendants spouses Edgardo and Natividad Fidel to cause the reconveyance of the property to Vicente Espineli and/or his heirs for disposition subject to the laws of intestacy;
4. Ordering the defendants jointly and severally, to pay the plaintiffs the amount of P50,000.00 as moral damages and P30,000.00 as exemplary damages;
5. Ordering the defendants jointly and severally, to reimburse the plaintiffs their expenses for litigation in the amount of P50,000.00 as attorney's fees;
6. And to pay costs of suit.

SO ORDERED.^[7]

On November 22, 2004, the Court of Appeals affirmed with modification the RTC Decision as follows:

Accordingly, the subject property should be reconveyed to the Estate of the late Vicente Espineli but the proper proceedings should be instituted to determine the latter's heirs, and if appropriate, to partition the subject property.

WHEREFORE, premises considered, the assailed DECISION is hereby AFFIRMED subject to the foregoing MODIFICATION. No costs.

SO ORDERED.^[8]

Thus, the instant petition by the spouses Edgardo and Natividad Fidel, alleging that the appellate court:

I.

... ERRED IN UPHOLDING THE DECISION OF THE TRIAL COURT, CONSIDERING THAT PRIVATE RESPONDENTS HAVE NO LEGAL PERSONALITY TO INSTITUTE THE ACTION. PRIVATE RESPONDENTS MUST FIRST ESTABLISH THE SAME IN PROPER ACTION TO PROVE THEIR FILIATION. LACK OF SUCH DETERMINATION ON THE ISSUE OF FILIATION ON SEPARATE AND INDEPENDENT ACTION, PRIVATE RESPONDENTS HAVE NO LEGAL PERSONALITY TO INSTITUTE THE ACTION FOR ANNULMENT OF SALE, CONVEYANCE AND DAMAGES.

II.

... LIKewise COMMITTED ERROR IN RECOGNIZING AND/OR ADMITTING THE BAPTISMAL CERTIFICATE OF PRIMITIVO ESPINELI AS PROOF OF FILIATION THAT [VICENTE ESPINELI IS HIS FATHER].

III.

... ERRED IN AWARDING DAMAGES AND ATTORNEY'S FEES, CONSIDERING THAT PRIVATE RESPONDENTS MUST FIRST INSTITUTE A SEPARATE ACTION TO PROVE THEIR FILIATION.^[9]

Respondents for their part raise the following issues:

I.

WHETHER OR NOT PRIVATE RESPONDENTS ARE SUFFICIENTLY CLOTHED WITH LEGAL PERSONALITY TO FILE THE PRESENT ACTION FOR ANNULMENT OF SALE, RECONVEYANCE WITH DAMAGES WITHOUT PREJUDICE TO INSTITUTING A SEPARATE ACTION TO ESTABLISH FILIATION AND HEIRSHIP IN A SEPARATE [PROCEEDING].

II.

ASSUMING PETITIONERS HAVE PERSONALITY TO RAISE THE ISSUE OF FILIATION, WHETHER OR NOT THE BAPTISMAL CERTIFICATE OF PRIMITIVO ESPINELI IS VALID AND COMPETENT EVIDENCE OF HIS FILIATION AS CHILD OF VICENTE ESPINELI.

III.

WHETHER OR NOT THE SALE OF SUBJECT PROPERTY BY GUADALUPE TO PETITIONERS FIDEL IS VALID UNDER THE PRINCIPLE OF BUYER IN GOOD FAITH.

IV.

WHETHER OR NOT THE AWARD OF DAMAGES AND ATTORNEY'S FEES TO PRIVATE RESPONDENTS HAS NO BASIS SINCE A [SEPARATE] ACTION TO PROVE THEIR FILIATION SHOULD FIRST BE FILED.^[10]

Briefly stated, the issues for our resolution are: (1) Do respondents have the legal personality to file the complaint for annulment of title? (2) Is the baptismal certificate of Primitivo valid and competent evidence to prove his filiation by Vicente? (3) Are petitioners buyers in good faith? and (4) Is the award of attorney's fees and damages to respondents proper?

At the outset, we entertain no doubt that the first deed of sale, allegedly signed by Vicente, is void because his signature therein is a patent forgery. Records show he died in 1941, but the deed of sale was allegedly signed on October 7, 1994. Article 1409 of the Civil Code of the Philippines states: