

## SECOND DIVISION

[ G.R. No. 149570, March 15, 2004 ]

**HEIRS OF ROSENDO SEVILLA FLORENCIO, AS REPRESENTED BY ESTRELLITA FLORENCIO-CRUZ AND RODRIGO R. FLORENCIO, PETITIONERS, VS. HEIRS OF TERESA SEVILLA DE LEON AS REPRESENTED BY VALERIANA MORENTE, RESPONDENTS.**

### D E C I S I O N

**CALLEJO, SR., J.:**

Before us is a petition for review of the Joint Decision<sup>[1]</sup> of the Court of Appeals in CA-G.R. SP Nos. 59698-99 which affirmed the June 5, 2000 Decisions<sup>[2]</sup> of the Regional Trial Court of Malolos, Bulacan, Branch 20 in Civil Cases No. 1018-M-99 and 1019-M-99, and the resolution of the appellate court denying the petitioners' motion for reconsideration.

#### *The Antecedents*

Teresa Sevilla de Leon, owned a residential lot with an area of 828 square meters located in San Miguel, Bulacan. The said lot was covered by Transfer Certificate of Title (TCT) No. T-44349.<sup>[3]</sup> In the 1960s, De Leon allowed the spouses Rosendo and Consuelo Florencio to construct a house on the said property and stay therein without any rentals therefor.

On September 26, 1966, De Leon, with the consent of her husband Luis, leased the aforesaid parcel of land for P5 per month to Bienvenido Santos "for as long as the lessor (Teresa de Leon) had an outstanding loan with the Second Quezon City Development Bank of Quezon City but not to exceed the period of fifteen (15) years."<sup>[4]</sup> De Leon assigned her leasehold right in favor of the Second Quezon City Development Bank. The lease and De Leon's leasehold right were annotated at the back of TCT No. T-44349 as Entry Nos. 152248 and 152249,<sup>[5]</sup> respectively. Thereafter, Bienvenido Santos constructed a house thereon.

In November 1978, De Leon, then already a widow, died intestate. In deference to her wishes, her heirs allowed Rosendo Florencio to continue staying in the property. In March 1995, Florencio died intestate, but his heirs, the respondents, remained in the property. On April 26, 1995, the heirs of De Leon, through counsel, sent a letter to the heirs of Florencio, demanding that they vacate the property within ninety (90) days from receipt thereof.<sup>[6]</sup> The latter refused and failed to vacate the property.

The heirs of De Leon, through Valeriana L. Morente, thereafter filed a complaint for ejectment against the heirs of Florencio before the Municipal Trial Court of San Miguel, Bulacan, docketed as Civil Case No. 2061. Therein, the plaintiffs alleged that they were the *pro-indiviso* owners of the 828 square-meter lot covered by TCT No. T-44349, which they inherited from their mother. During her lifetime, their mother allowed Florencio and his family to occupy the property without any compensation,

subject to the condition that they shall vacate the same upon demand; such arrangement went on even after their mother's demise. They further averred that sometime in 1995, they demanded that the heirs of Florencio vacate the property, but that the latter refused to do so.<sup>[7]</sup>

The plaintiff thence prayed:

WHEREFORE, premises considered, it is most respectfully prayed that after due hearing, judgment be rendered ordering defendants to:

1. Vacate the premises which they are presently occupying;
2. Pay plaintiff the amount of P100,000.00 as and by way of attorney's fees;
3. Pay plaintiff P100,000.00 as moral damages;
4. Pay plaintiff P100,000.00 as exemplary damages.
5. Pay plaintiff P10,000.00 per month from April 26, 1995 up to and until defendants vacate the premises.

Plaintiff prays for other reliefs just and equitable under the circumstances.<sup>[8]</sup>

In their answer to the complaint, the heirs of Florencio alleged that the plaintiffs had no cause of action against them, as Teresa de Leon had executed a Deed of Donation on October 1, 1976 over the said parcel of land in favor of their predecessor, Rosendo Florencio. The latter accepted the donation, as shown by his signature above his typewritten name on page one of the deed. The execution of the deed was witnessed by Patria L. Manotoc and Valeriana L. Morente. Atty. Tirso L. Manguiat, a notary public in the City of Manila, notarized the deed on said date and entered it in his notarial record as Doc. No. 1724, page 71, Book IV, series of 1976.<sup>[9]</sup>

The heirs of Florencio further averred that since then, their predecessor and his family possessed the aforesaid property as owners. After De Leon's death, Florencio and his children, in coordination with Jose de Leon, the administrator of the aforesaid property, arranged for the registration of the land subject of the donation in the name of Rosendo Florencio, which was, however, superseded by the untimely demise of Jose de Leon in 1991. Thus, the property remained in the name of Teresa Sevilla de Leon, even after Florencio's death in March of 1995.<sup>[10]</sup>

On February 1, 1996, the heirs of De Leon, represented by Valeriana L. Morente, also filed a complaint for ejectment against the heirs of Bienvenido Santos before the MTC of San Miguel, Bulacan, docketed as Civil Case No. 2062.<sup>[11]</sup> They prayed, thus:

WHEREFORE, premises considered, it is most respectfully prayed that after due hearing, judgment be rendered ordering defendants to:

1. Vacate the premises which they are presently occupying;
2. Pay plaintiff the amount of P100,000.00 as and by way of attorney's fees;

3. Pay plaintiff P100,000.00 as moral damages;
4. Pay plaintiff P100,000.00 as exemplary damages;
5. Pay plaintiff P10,000.00 per month from April 26, 1995 up to and until defendants vacate the premises.

Plaintiff prays for other reliefs just and equitable under the circumstances.<sup>[12]</sup>

In their answer to the complaint, the heirs of Bienvenido Santos, through counsel, alleged that the plaintiffs had no cause of action against them, and that they did not occupy the property by mere tolerance but on the basis of a contract of lease executed by De Leon on September 26, 1966. Furthermore, De Leon donated the property to Rosendo Florencio on October 1, 1976, and the latter, after the expiration of the contract of lease, allowed and permitted them to continue and remain in possession of the property without any compensation. According to the heirs of Bienvenido Santos, only Florencio's heirs had the right to cause their eviction from the property by reason of the deed of donation executed in favor of the latter.

The trial of the two cases was consolidated.

The parties agreed to litigate the following issues:

After the preliminary conference, parties submitted their respective position papers.

Plaintiffs raised and argued on the following issues:

- a). Defendants' possession of the premises was merely on the tolerance of the late Teresa de Leon.
- b). The alleged Deed of Donation does not exist, is patently a falsified document and can never be the source of any right whatsoever.

Defendants, on the other hand, raised and argued on the following issues:

- a). Defendants do not have only a better right of possession over the questioned parcel of land and they do not have only the absolute and lawful possession of the same but they have the absolute and lawful ownership of the same not only against the plaintiffs but against the whole world.
- b). Defendants are entitled to their counterclaim.<sup>[13]</sup>

On motion of the plaintiffs in both cases, the court issued an Order directing the heirs of Florencio to produce the original of the Deed of Donation purportedly executed by Teresa de Leon. However, they failed to comply with the order of the court and submitted a mere photocopy of the same.<sup>[14]</sup>

The plaintiffs adduced in evidence the following: (1) TCT No. T-44349 in the name of Teresa Sevilla;<sup>[15]</sup> (2) demand letters sent by the plaintiffs' counsel to the

defendants demanding that the latter vacate the subject premises;<sup>[16]</sup> (3) affidavit-complaint of Valeriana Morente filed in the Office of the Provincial Prosecutor of Bulacan docketed as I.S. No. 96-1513 for falsification, perjury and applicable crimes against Rodrigo Florencio and Atty. Tirso Manguiat, dated May 8, 1996;<sup>[17]</sup> (4) affidavit-complaint executed by Ramon de Leon Manotoc dated May 8, 1996;<sup>[18]</sup> (5) copies of Teresa de Leon's passport issued on April 28, 1975 containing specimens of her signature;<sup>[19]</sup> (6) copy of Patria Manotoc's passport issued on September 16, 1997 with her specimen signature therein;<sup>[20]</sup> (7) copy of Valeriana Morente's passports issued on the following dates: (a) February 20, 1967;<sup>[21]</sup> (b) April 28, 1975;<sup>[22]</sup> (c) October 4, 1984;<sup>[23]</sup> and (d) August 22, 1994,<sup>[24]</sup> with specimens of her signature appearing therein covering a span of thirty years; (8) copy of the Certificate of Death of Patria Manotoc;<sup>[25]</sup> (9) Certification dated April 23, 1996 issued by Teresita R. Ignacio, Chief, Archives Division of the Records Management and Archives Division of Manila<sup>[26]</sup> to the effect that nothing in the notarial register of Atty. Tirso L. Manguiat show that he notarized a deed of donation dated October 1, 1976 in favor of Rosendo Florencio; (10) copy of *Sinumpaang Salaysay* dated July 19, 1996 executed by one Rodolfo Apolinario;<sup>[27]</sup> and, (11) copies of the official receipts of the real estate taxes paid.<sup>[28]</sup>

For their part, the heirs of Florencio adduced in evidence a photocopy of the Deed of Donation dated October 1, 1976 purportedly executed by De Leon in favor of Rosendo Florencio.<sup>[29]</sup>

The heirs of Bienvenido Santos submitted in evidence as Exhibits "1" and "1-H" the Contract of Lease dated September 6, 1966 between Teresa Sevilla and Bienvenido R. Santos.<sup>[30]</sup>

On December 3, 1996, the MTC rendered a decision in Civil Cases Nos. 2061 and 2062 dismissing the complaints for lack of jurisdiction upon the finding that the issue of possession cannot be determined without resolving, in a full blown trial, the issue of ownership.<sup>[31]</sup>

The heirs of De Leon appealed the decisions of the MTC to the RTC of Bulacan, Branch 83, which rendered judgment reversing the decision of the court *a quo*. It held that the MTC had jurisdiction over the cases; as such, the trial court should proceed and render judgment therefor.

In the course of the proceedings, the defendants adduced in evidence a copy of the Deed of Donation as certified by the RTC of Bulacan on May 29, 1996.<sup>[32]</sup>

On August 27, 1999, the MTC rendered an Amended Decision in Civil Case No. 2061 in favor of the defendants and against the plaintiffs. The dispositive portion of the decision reads:

WHEREFORE, the court finds the defendants as having a better right of possession over the subject parcel of land as against the plaintiffs and hereby orders this case DISMISSED.

For lack of evidence to prove bad faith on the part of the plaintiffs in the filing of this case, and in line with the policy not to put premium on the

right to litigate, the counterclaim of the defendants is, likewise, ordered DISMISSED.

With no pronouncements as to costs.

SO ORDERED.<sup>[33]</sup>

The decision was appealed to the RTC of Bulacan. On June 5, 2000, the RTC rendered judgment reversing the decision of the MTC and rendered a new judgment in favor of the plaintiffs, as follows:

WHEREFORE, premises considered, the Decision dated August 27, 1999, rendered by the Municipal Trial Court of San Miguel, Bulacan, in Civil Case No. 2061, is hereby set aside and a new one is hereby rendered, as follows:

a) Ordering the heirs of Rosendo Florencio and all those claiming any rights under them to vacate the subject premises, particularly that parcel of land covered by Transfer Certificate of Title (TCT) No. T-44349, situated in San Jose, San Miguel, Bulacan;

b) Ordering the Heirs of Rosendo Florencio to pay the heirs of Teresa Sevilla the amount of P2,000.00 per month as reasonable monthly rental on the premises, to commence on April 1995 until the premises is vacated by them; and

c) Ordering the heirs of Rosendo Florencio to pay the heirs of Teresa Sevilla the amount of P10,000.00, as attorney's fees and expenses of litigation.

SO ORDERED.<sup>[34]</sup>

The RTC ruled that the deed of donation was insufficient to support the claim of the heirs of Florencio that they were the owners of the property and were, thus, entitled to its possession.

The defendants, now the petitioners, filed a petition for review with the Court of Appeals of the decision of the RTC. On May 28, 2001, the Court of Appeals rendered judgment dismissing the petition and affirming the RTC decision. The CA adopted the findings of the RTC and its disquisitions on why the deed of donation was not a credible piece of evidence to support the petitioners' claim over the property; hence, did not transfer title over the property in favor of the petitioners.

First. The deed of donation (Exh. "1"), which purports to have been executed in 1976, is not annotated on the title to the property which remains registered in the name of Teresa Sevilla under TCT No. T-44349 (Exh. "A" and "A-1"). There is no showing whatsoever that the same or a copy thereof was submitted to the Office of the Register of Deeds.

Second. As earlier pointed out, throughout the years, the real estate taxes on the property continued to be paid in the name of Teresa Sevilla by the caretaker Rodolfo Apolinario and nobody else. There is no showing that the defendants had previously laid any claim of title or ownership over the property and attempted to pay the taxes thereon.