

## SECOND DIVISION

[ G.R. No. 134712, August 13, 2004 ]

**MARIA CABOTAJE, AGUSTIN CABOTAJE, AMELIA TOMAS AND  
DANIEL PUGAYAN, PETITIONERS, VS. SPOUSES SOTERO  
PUDUNAN AND MARIA RIVERA, RESPONDENTS.**

### DECISION

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

This is a petition for review on certiorari of the Decision<sup>[1]</sup> of the Court of Appeals (CA) in CA-G.R. CV No. 42432 which reversed the Decision<sup>[2]</sup> of the Regional Trial Court of Bayombong, Nueva Vizcaya, Branch 30, in Civil Case No. 207 for recovery of ownership and possession, and damages.

#### The Antecedents

Bonifacia Lang-ew was the owner of two parcels of land, Lot 1 of Plan Psu-776-44 with an area of 9,951 square meters; and Lot 2 of Plan Psu-776-44 with an area of 6,382 square meters. The lots were located in Lamut, Indiana, Bambang, Nueva Vizcaya, and were covered by Transfer Certificate of Title (TCT) No. T-1657.<sup>[3]</sup> Lang-ew died intestate on November 23, 1965 and was survived by her grandchildren Maria Cabotaje, Agustin Cabotaje, Amelia Tomas, the children of her daughter Josefina Bintican who died on November 21, 1952; and, her grandson Daniel Pugayan, the son of her daughter Emerenciana Bintican who also predeceased her.

Maria Cabotaje, Daniel Pugayan and their close relatives Remicio Marques and Amelia Tomas, were in dire need of money. On January 4, 1966, they borrowed P1,000 from the Spouses Sotero Pudunan and Maria Rivera. They signed a private document prepared by Juan Anungos, which stated *inter alia* that the payment of the said amount was secured by a mortgage over Lot 1 covered by TCT No. T-1657, and that the property was redeemable within one year, extendible for another year, until the full amount of the loan was paid.<sup>[4]</sup> The owner's duplicate copy of TCT No. T-1657 was then delivered to the mortgagees by the mortgagors. The Spouses Pudunan took possession of the property, although under the document, the mortgagors had the right to remain in possession thereof.

On the same date, January 4, 1966, Maria Cabotaje, Agustin Cabotaje, Daniel Pugayan, Amelia Tomas and her husband Pedro Tomas affixed their signatures over a deed entitled "Confirmatory Deed of Sale," in which they undertook to sell Lot 2 covered by TCT No. T-1657 to the Spouses Pudunan for the price of P2,000.00. Also in the document was a statement that part of the money was remitted to Bonifacia Lang-ew and was spent by her during her illness, and to her heirs which was used for burial expenses. The document was notarized by Judge Tomas P. Maddela, the Municipal Judge and *Ex-Officio* Notary Public of Bayombong, Nueva Vizcaya, and

registered in his notarial register as Document No. 461, Page 96, Book V, Series of 1966.<sup>[5]</sup> The property sold under the said deed is described as follows:

A parcel of land Lot No. 2, Plan Psu. 77644, situated in the Barrio of Lamut, Municipality of Bambang, Province of Nueva Vizcaya; bounded on the S. by prop. of Arcadio Biag; on the W. by Aritao-Bambang Prov. Road; on the N by prop. of Crisanto Caro; on the SE. by the Acdao Brook; and on the NW. by prop. of Francisco Concepcion. Containing an area of 6,382 sq. meters, more or less. Covered by Transfer Certificate of Title No. T-1657 of the land records of Nueva Vizcaya.<sup>[6]</sup>

Judge Tomas Maddela retained two copies of the deed for his notarial file. However, the deed was not filed with the Registry of Deeds of Nueva Vizcaya. Subsequently, it was made to appear in the original copy of the said deed that both Lots 1 and 2, consisting of 6,382 square meters and 9,951 square meters, respectively, were sold to the Spouses Pudunan. The alterations are underscored, thus:

Two parcels of land Lot No. 1 and 2, Plan Psu. 77644, situated in the Barrio of Lamut, Municipality of Bambang, Province of Nueva Vizcaya; bounded on the S. by prop. of Arcadio Biag; on the W. by Aritao-Bambang Prov. Road; on the N by prop. of Crisanto Caro; on the SE. by the Acdao Brook; and on the NW. by prop. of Francisco Concepcion. Containing an area of 15,333 sq. meters, more or less. Covered by Transfer Certificate of Title No. T-1657 of the land records of Nueva Vizcaya.<sup>[7]</sup>

Such altered original copy was filed on July 18, 1966 with the Office of the Register of Deeds of Nueva Vizcaya. On the same day, TCT No. T-20808 was issued by the Register of Deeds in favor of the Spouses Pudunan.

After nineteen years or so, or on February 26, 1985, petitioners Maria Cabotaje, Agustin Cabotaje, Amelia Tomas and Daniel Pugayan filed a complaint with the RTC of Bayombong, Nueva Vizcaya against the respondents, the Spouses Pudunan, for recovery of ownership and possession of Lots 1 and 2 covered by TCT No. T-1657. The petitioners alleged *inter alia* that in a private document they signed on January 4, 1966, it appears that they mortgaged Lot 1 to secure the payment of a P1,000-loan from the respondents. They averred, however, that they only received P660.00 and that the respondents thereafter took possession of the property. Being impoverished, they tolerated the respondents' possession of the property. The petitioners further narrated that they offered to pay their loan in 1972, but that the respondents refused to accept such payment as they (the respondents) were the rightful owners of the property. The petitioners further averred that after eighteen years, or in 1984, they sought the assistance of counsel on what course of action to take, and it was only then that they discovered that by virtue of a deed of sale issued in favor of the respondents, TCT No. T-20808 covering Lots 1 and 2 had been issued in the names of the latter. The petitioners alleged, however, that no copy of the said deed could be found in the Register of Deeds, and that they never executed any deed of sale covering the said lots, much less any deed settling the estate of the deceased Bonifacia Lang-ew.

The petitioners prayed that, after due proceedings, judgment be rendered in their favor, thus:

WHEREFORE, it is respectfully prayed of the Honorable Court that, after notice and hearing, judgment be rendered in favor of the plaintiffs and against the defendants as follows, thus:

- a) Declaring as null and void Transfer Certificate of Title No. T-20808 and the deed of sale which caused the issuance thereof;
- b) Declaring plaintiffs as the lawful owners of the above-described landholding, and directing the Register of Deeds to issue another title in the names of said plaintiffs;
- c) Ordering defendants to pay actual damages to the plaintiffs equivalent to the monetary value of 2,440 cavanos (sic) of palay at 46 kilos per cavan;
- d) Granting the claim for damages: moral damages of P10,000.00 each for all the plaintiffs or a total of P40,000.00 and exemplary damages of P10,000.00; and
- e) Reimbursing attorney's fees of P7,000.00.

PLAINTIFFS further pray for such other reliefs consistent with law and equity and available in the premises.<sup>[8]</sup>

In their answer to the complaint, the respondents interposed the defense of prescription of action, to wit:

That similarly the plaintiffs' alleged cause of action to annul and cancel Transfer Certificate of Title No. T-20808 covering the parcels of land in question which had long legally belong to the defendants and which certificate of title lawfully, validly and regularly issued to the herein defendants on July 18, 1966 by the Register of Deeds of Nueva Vizcaya, in the absence of any plaintiffs' allegation of fraud, mistake, intimidation, violence or undue influence as alleged reasons for its nullification and cancellation, the same is very true likewise to said plaintiffs' seeking the nullification of the sale in favor of defendants, has also long prescribed and barred by the statute of limitations;<sup>[9]</sup>

In the course of the presentation of the petitioners' evidence, Cornelio Tubal from the Office of the Register of Deeds of Nueva Vizcaya testified on July 15, 1986 that TCT No. T-20808 was issued on the basis of a "Confirmatory Deed of Sale"<sup>[10]</sup> covering Lots 1 and 2<sup>[11]</sup> which deed, on its face, contained intercalations and alterations. Subsequently, the petitioners, with prior leave of court, filed an amended complaint in which they alleged *inter alia* that they never received any amount by virtue of the altered "Confirmatory Deed of Sale;" that they turned over the owner's duplicate copy of TCT No. T-1657 to the respondents as a sign of good faith on account of their P1,000-loan of which only P673.60 was received by them; that they discovered the existence of the altered "Confirmatory Deed of Sale" covering Lots 1 and 2 only on July 15, 1986;<sup>[12]</sup> and, that they never executed any deed of sale covering Lot 1,<sup>[13]</sup> nor received the amount of P2,000.00 as stated on the said deed of sale. The petitioners concluded that as such, the altered deed was

null and void.

The petitioners prayed that they be granted the following reliefs:

WHEREFORE, it is respectfully prayed of the Honorable Court that, after notice and hearing, judgment be rendered in favor of the plaintiffs and against the defendants as follows, thus:

- a) Declaring as null and void partially both Transfer Certificate of Title No. T-20808 as far as Lot No. 1 covering an area of 9,951 square meters and the deed of sale which caused the issuance thereof;
- b) Declaring plaintiffs as the lawful owners of the above-described landholding, directing the Register of Deeds to issue a title in the names of said plaintiffs covering said parcel of land and ordering the defendants to deliver the physical possession thereof to the plaintiffs;
- c) Ordering defendants to pay actual damages to the plaintiffs equivalent to the monetary value of 2,870 cavans of palay at 46 kilos per cavan;
- d) Granting the claim for damages: moral damages of P10,000.00 each for all the plaintiffs or a total of P40,000.00 and exemplary damages of P10,000.00; and
- e) Reimbursing attorney's fees of P7,000.00.

PLAINTIFFS further pray for such other reliefs consistent with law and equity and available in the premises.<sup>[14]</sup>

The respondents filed a motion to dismiss the amended complaint on the grounds of acquisitive prescription under Article 1117, in relation to Article 1134 of the New Civil Code, and prescription of action. The trial court granted the motion but reinstated the case on the petitioners' motion for reconsideration. At the trial, petitioner Maria Cabotaje testified that of the P1,000-loan, they received only P468.00, of which the amount of P326.60 was used for "title expenses;" P6.00 was received by "Belong," while the balance of P199.60 was divided among the petitioners.<sup>[15]</sup> The petitioners also presented Tubal who appeared for the Office of the Register of Deeds and testified that TCT No. T-1657 was cancelled on the basis of the altered copy of the Confirmatory Deed of Sale.

Respondent Maria Rivera testified that after the death of Lang-ew in 1965, the petitioners offered to sell Lot 1 for P2,500.00 to them and that the latter agreed. The amount of P1,000.00 was then given to the petitioners, while the remaining P1,500.00 was spent for the burial of Lang-ew. The respondents' remittances were further evidenced by receipts.<sup>[16]</sup> Respondent Rivera narrated that the parties to the sale arrived in the Office of Judge Maddela and requested the latter to revise the original copy of the Confirmatory Deed of Sale so as to include Lot 1 thereon. Since Judge Maddela was in a hurry, he instructed his Clerk of Court Mariano Gonzales to include Lot 1 in the deed, and the latter did as he was told. The petitioners and

respondents then proceeded to the Office of the Register of Deeds where the said deed was filed. According to respondent Rivera, she was not aware if Judge Maddela's notarial copies of the deed were altered as to include Lot 1 therein, since the judge was in such a hurry.<sup>[17]</sup>

The petitioners presented Maria Cabotaje on rebuttal, who testified that the petitioners never sold Lot 1 to the respondents and that they learned of the insertions and intercalations in the original copy of the Confirmatory Deed of Sale only when Tubal testified.<sup>[18]</sup>

After trial, the court rendered judgment in favor of the petitioners, the decretal portion of which reads:

WHEREFORE, by preponderance of evidence, justice and equity demand that Judgment be hereby rendered in favor of the plaintiffs and against the defendants:

1. Declaring null and void *ab initio* TCT No. T-20808 as far as Lot No. 1 is concerned with an area of 9,951 sq. meters, and the Confirmatory Deed of Sale (Exh. "C") which caused the issuance of said title;
2. Declaring plaintiffs as the lawful owners of said Lot No. 1 and directing the Register of Deeds to issue corresponding Title to plaintiffs and Ordering the defendants to deliver the physical possession thereof to the plaintiffs;
3. Ordering defendants to deliver to the plaintiffs 2,870 cavans of palay at 46 kilos per cavan or pay its monetary equivalent computed at the then prevailing rate or cost as actual damages;
4. Ordering defendants to pay plaintiffs as damages:
  - a) moral Damages – P2,000.00 for each plaintiff or a total of P8,000.00;
  - b) exemplary Damages – P2,000.00;
  - c) attorney's Fees – P5,000.00; and,
  - d) The costs of suit.

SO ORDERED.<sup>[19]</sup>

The trial court ruled that the petitioners merely mortgaged Lot 1 to the respondents and that the conveyance thereof to the latter after the death of Lang-ew was null and void because it was not made in the settlement of the estate of the deceased. According to the trial court, the action to declare the non-existence of the said deed is imprescriptible. It also ruled that the action for the cancellation of the conveyance on the ground of fraud commenced to run only when Cornelio Tubal testified, and not on July 18, 1966 upon the filing of the original copy of the deed in the Office of the Register of Deeds and the cancellation of TCT No. T-1657 in favor of TCT No. T-20808 over Lots 1 and 2 which was issued under the names of the respondents. The