

THIRD DIVISION

[G.R. No. 143297, February 11, 2003]

**SPOUSES VIRGILIO AND MICHELLE CASTRO, MOISES B. MIAT
AND ALEXANDER V. MIAT, PETITIONERS, VS. ROMEO V. MIAT,
RESPONDENT.**

D E C I S I O N

PUNO, J.:

This is a petition for review on certiorari of the decision rendered by the Court of Appeals in CA-G.R. CV No. 43053, entitled "Romeo V. Miat vs. Spouses Virgilio and Michelle Castro, Moises B. Miat and Alexander V. Miat," dated November 29, 1999.^[1]

The evidence shows that the spouses Moises and Concordia Miat bought two (2) parcels of land during their coverture. The first is located at Wawa La Huerta, Airport Village, Parañaque, Metro Manila^[2] and covered by TCT No. S-33535.^[3] The second is located at Paco, Manila,^[4] and covered by TCT No. 163863.^[5] Concordia died on April 30, 1978. They had two (2) children: Romeo and Alexander.

While at Dubai, United Arab Emirates, Moises agreed that the Parañaque and Paco properties would be given to Romeo and Alexander.^[6] However, when Moises returned in 1984, he renegotiated the agreement with Romeo and Alexander. He wanted the Parañaque property for himself but would leave the Paco property to his two (2) sons. They agreed.^[7]

It appears that Moises and Concordia bought the Paco property on installment basis on May 17, 1977.^[8] However, it was only on December 14, 1984 that Moises was able to pay its balance.^[9] He secured the title over the property in his name as a widower.^[10] According to Romeo, Moises violated the agreement that their (Romeo's and Alexander's) names would be registered in the title once the balance was paid.^[11] Upon demand, Moises gave the owner's duplicate of the Paco property title to Romeo.

Romeo and Alexander lived on the Paco property. They paid its realty taxes and fire insurance premiums.^[12] In early August 1985, Alexander and his first wife left the house for personal reasons. In April 1988, Alexander agreed to sell to Romeo his share in the Paco property for P42,750.00.^[13] He received a partial payment of P6,000.00 from Romeo.^[14] Nonetheless, he never executed a deed of assignment in favor of Romeo, as he "had lots of work to do and had no time and x x x there [wa]s nothing to worry [as] the title [wa]s in [Romeo's] possession."^[15]

In February 1988, Romeo learned from his godmother in his wedding, Mrs. Rosalina Castro, mother of petitioner Virgilio Castro, that she had given Moises P30,000.00

as downpayment for the sale by Moises of the Paco property to her son Virgilio.^[16]

On December 1, 1988, Romeo was brought by petitioner Virgilio Castro to the chambers of Judge Anunciacion of the Metropolitan Trial Court of Manila where the status of the Paco property was discussed.^[17] On December 16, 1988, he received a letter from petitioner Castro's lawyer asking for a conference. Romeo was informed that the Paco property had been sold to Castro by Moises by virtue of a deed of sale dated December 5, 1988^[18] for ninety-five thousand (P95,000.00) pesos.^[19]

Ceferino Miat, brother of petitioner Moises,^[20] testified that even before the death of Concordia^[21] there was already an agreement that the Paco property would go to Romeo and Alexander.^[22] This was reiterated at the deathbed of Concordia.^[23] When Moises returned to Manila for good, the agreement was reiterated^[24] in front of the extended Miat family members.^[25] Initially, Romeo and Alexander orally^[26] divided the Paco property between themselves.^[27] Later, however, Alexander sold his share to Romeo.^[28] Alexander was given P6,000.00 as downpayment. This was corroborated by Pedro Miranda and Virgilio Miat. Miranda worked with Moises at the Bayview Hotel and the Hotel Filipinas.^[29] His wife is the cousin of Romeo and Alexander.^[30] Virgilio is the brother of Moises.

Moises confirmed that he and his wife Concordia bought the Paco property on installment from the Fraval Realty, Inc. There was still a balance of P12,000.00 on the lot at the time of his wife's death.^[31] He paid P3,500.00 in 1981^[32] and P8,500.00 in 1984.^[33] He registered the title in his name. Romeo then borrowed the title as he was going to mortgage it to his friend Lorenzo.^[34]

Later, Moises ran into financial difficulties and he mortgaged for P30,000.00 the Paco property to the parents of petitioner Virgilio Castro.^[35] He informed Romeo and Alexander that he would be forced to sell the Paco property if they would not redeem the mortgage. He accompanied his children to the Manila City Hall to discuss its sale with a judge and a lawyer. Also present in the meeting were petitioner Virgilio Castro and his parents. After the conference, he proceeded to sell the property to the petitioners-spouses Castro.^[36]

Alexander testified that after the sale, his father got one-third (1/3) of the proceeds while he received two-thirds (2/3). Romeo did not get a single centavo but was given the right to till their Nueva Ecija property.^[37] From his share of the proceeds, Alexander intended to return to Romeo the P6,000.00 given him earlier by the latter. He considered the money to be a personal debt due Romeo, not Romeo's downpayment of his share in the Paco property.^[38]

The buyer of the property, petitioner Virgilio P. Castro, testified that he informed Romeo that his father Moises was selling the Paco property. Romeo replied: "Bahala siya."^[39] The second time he informed Romeo about the pending sale was when he brought Romeo, Alexander and Moises to Judge Anunciacion to "consult him [as to] who has [the] right over the [Paco] property."^[40] He further declared that he "went

to the Metropolitan Trial Court because [he] wanted to be sure whether [he] could buy the property.”^[41] During the meeting, he was told by Romeo that the Paco property was already given to him (Romeo) by Moises. He admitted knowing that the title to the Paco property was in the possession of Romeo.^[42] However, he proceeded with the sale. Moises assured him that he would be able to get the title from Romeo.^[43]

These events precipitated the case at bar. Romeo filed an action to nullify the sale between Moises and the Castro spouses; to compel Moises and Alexander to execute a deed of conveyance or assignment of the Paco property to him upon payment of the balance of its agreed price; and to make them pay damages.^[44]

After trial, the Regional Trial Court rendered its decision,^[45] which in its dispositive portion states as follows:

“WHEREFORE, in view of the foregoing, the Court hereby orders the following: 1) Defendant Alexander V. Miat to execute a deed of sale of his share in the property upon payment by plaintiff Romeo of the balance of the purchase price in the sum of P36,750.00; 2) Plaintiff Romeo V. Miat to recognize as valid the sale of defendant Moises’ share in the house and lot located at No. 1495-C Fabie Estate, Paco, Manila; 3) the dismissal of defendants’ counter-claim; and 4) defendants to pay the costs of suit.”

Both parties appealed to Court of Appeals. On November 29, 1999, the appellate Court modified the Decision as follows:^[46]

“WHEREFORE, the appealed decision is MODIFIED as follows:

(1) The deed of sale entered into between defendants-appellants Moises Miat and spouses Virgilio and Michelle Castro is hereby NULLIFIED.

(2) Defendant-appellants Moises Miat and Alexander Miat are ordered to execute a deed of conveyance over the Paco property with TCT No. 16383 (sic) in favor of plaintiff-appellant Romeo Miat, upon payment by Romeo Miat of the balance of the purchase price in the sum of P36,750.00.

(3) Defendants-appellants are ordered, jointly and severally, to pay plaintiff-appellant attorney’s fees in the amount of P30,000.00 and to pay the costs of suit.”

Reconsideration was denied on May 17, 2000.

Hence, this petition where the petitioners assign the following errors:

“THE RESPONDENT COURT OF APPEALS GRAVELY ERRED AND DID PETITIONERS AN INJUSTICE IN MODIFYING OR REVERSING THE DECISION OF THE TRIAL COURT DATED MARCH 17, 1993 WHICH ORDERED RESPONDENT ROMEO MIAT TO RECOGNIZE AS VALID THE DEED OF SALE ENTERED INTO BETWEEN PETITIONERS MOISES MIAT AND SPS. VIRGILIO AND MICHELLE CASTRO PERTAINING TO PETITIONER MOISES MIAT’S SHARE IN THE HOUSE AND LOT LOCATED

IN PACO, MANILA, WHEN IT DECLARED SAID DEED OF SALE NULLIFIED.

THE RESPONDENT COURT OF APPEALS PATENTLY ERRED IN AFFIRMING OR UPHOLDING THE TRIAL COURT'S DECISION ORDERING ALEXANDER MIAT AND INCLUDING MOISES MIAT TO EXECUTE A DEED OF CONVEYANCE OVER THE PACO PROPERTY WITH TCT NO. 16383 IN FAVOR OF ROMEO MIAT UPON PAYMENT BY THE LATTER OF THE BALANCE OF THE PURCHASE PRICE IN THE SUM OF P36,750.00.

THE RESPONDENT COURT OF APPEALS GRAVELY ERRED IN FURTHER ORDERING PETITIONERS TO PAY RESPONDENT, JOINTLY AND SEVERALLY, ATTORNEY'S FEES IN THE AMOUNT OF P30,000.00 AND AFFIRMING THE COURT A QUO'S ORDER FOR THE PETITIONERS TO PAY THE COST OF SUIT."^[47]

The issues can be simplified thus:

1. Whether the Paco property is conjugal or capital;
2. Whether there was a valid oral partition covering the said property; and
3. Whether the spouses Castro were buyers in good faith.

I

The petitioners contend that the Paco property is the capital property of Moises. They allege that the spouses Moises and Concordia purchased the property on installment basis in 1977 but stress that it was Moises who paid the balance of twelve thousand (P12,000.00) pesos in 1984. At that time, Concordia had long been dead. She died in 1978.

We disagree.

Since Moises and Concordia were married before the effectivity of the Family Code, the provisions of the New Civil Code apply.

Article 153(1) of the New Civil Code^[48] provides as follows:

"The following are conjugal partnership property:

- (1) Those acquired by onerous title during the marriage at the expense of the common fund, whether the acquisition be for the partnership, or for only one of the spouses; x x x."

The records show that the Paco property was acquired by onerous title during the marriage out of the common fund. It is clearly conjugal property.

Petitioners also overlook Article 160 of the New Civil Code. It provides that "all property of the marriage is presumed to belong to the conjugal partnership, unless it be proved that it pertains exclusively to the husband or to the wife." This article does not require proof that the property was acquired with funds of the partnership. The presumption applies even when the manner in which the property was acquired does not appear.^[49]

Petitioners' reliance on **Lorenzo vs. Nicolas**^[50] is misplaced. That case involved two (2) parcels of land that Magdalena Clemente purchased on installment and started paying for when she was not yet married to Manuel Lorenzo. When she married Manuel Lorenzo she continued to pay the installments in her own name. Upon completion of payment, the deed of final conveyance was executed in her sole favor and the land was registered in the exclusive name of Magdalena Clemente. The Court ruled that the two (2) parcels of land were the paraphernal properties of Magdalena Clemente, thus:

"x x x the fact that all receipts for installments paid even during the lifetime of the late husband Manuel Lorenzo were issued in the name of Magdalena Clemente and that the deed of sale or conveyance of parcel no. 6 was made in her name in spite of the fact that Manuel Lorenzo was still alive **shows that the two parcels of land belonged to Magdalena Clemente.**"^[51] (*emphasis supplied*)

In the case at bar, Moises and Concordia bought the Paco property during their marriage — Moises did not bring it into their marriage, hence it has to be considered as conjugal.

Likewise, **Jovellanos vs. Court of Appeals**^[52] cited by the petitioners is *inapropos*. In said case, Daniel Jovellanos, while he was still married to his first wife, Leonor Dizon, entered into a "contract of lease and conditional sale" with Philamlife. He continued paying the rental after the death of his first wife and during the subsistence of his marriage with his second wife, Anette Jovellanos. He completed the payment during the existence of his second marriage. The Court ruled that the property belonged to the conjugal partnership with the second wife as Daniel Jovellanos "acquired ownership thereof only upon full payment of the said amount hence, although he had been in possession of the premises since September 2, 1955, it was only on January 8, 1975 that the Philamlife executed the deed of absolute sale thereof in his favor. x x x Since as early as 1967, he was already married to Annette H. Jovellanos, this property necessarily belonged to his conjugal partnership with his second wife."^[53] In the case at bar, Moises and Concordia executed a Deed of Sale with Mortgage. The contract is one of sale — the title passed to them upon delivery of the Paco property.^[54] In fine, title was gained during the conjugal partnership.

II

The next issue is whether the oral partition between Moises and his sons, Romeo and Alexander, involving the said property is valid. In ruling in favor of its validity which we affirm, the appellate court relied on a portion of Moises' letter to Romeo, which reads as follows:^[55]

"KAYA PAG-USAPAN LANG NINYONG MABUTI ANG ANONG BALAK AT GUSTO NINYONG PAGHATI SA BAHAY, AT YAN AY PAGPAPASIYAHAN KO KONG (sic) MAKAKABUTI SA INYONG DALAWA. AT WALA AKONG HIGIT NA PAPABURAN SA INYONG DALAWA PAREHO KAYONG MAHAL SA AKIN, HINDI AKO TULAD SA IBANG MAGULANG NA HINDI PAREHO ANG PAGTINGIN SA MGA ANAK. ANG BAHAY^[56] AY PARA SA INYONG