

FIRST DIVISION

[G.R. No. 149250, December 08, 2003]

**SPOUSES LEON AND LOLITA ESTACIO, PETITIONERS, VS. DR.
ERNESTO JARANILLA, RESPONDENT.**

DECISION

AZCUNA, J.:

The instant petition for review on *certiorari* seeks the reversal of the Decision^[1] and Resolution^[2] of the Court of Appeals dated June 10, 1999 and May 31, 2001, which affirmed with modification the Decision^[3] of the Regional Trial Court of Pagadian City, Branch 18, in Civil Case No. 3779.

This case stemmed from an action for the annulment of deeds of conveyance and certificates of title over a parcel of land located in Barrio Bulatoc, Pagadian City, known as Lot No. 202, Pls-119 (HV-81514). The factual antecedents, as summarized by the Court of Appeals, are as follows:

There is no dispute regarding the fact that, sometime in 1987, Josefina Jaranilla went to live with her son, Ernesto Jaranilla, a doctor based in the United States of America. On June 9, 1992, however, the above-described parcel of land was sold for a price of P16,000 in favor of Luis A. Bersales, Jr. The deed of sale was executed in the name of Josefina Jaranilla by one Lolita F. Estacio who claimed to have been so authorized by a Special Power of Attorney dated July 26, 199^[1]. The day following the conveyance, Josefina Jaranilla's title was cancelled and, in lieu thereof, Transfer Certificate Title of Title No. T-9,455 of the Pagadian City registry was issued in favor of Luis A. Bersales, Jr.

On June 16, 1992, Luis A. Bersales, Jr. sold the subject parcel of land for P16,000 in favor of Jorge T. Almonte, in whose name Transfer Certificate of Title No. T-9,767 was, consequently, issued by the Register of Deeds of Pagadian City. Upon the death of his wife, Jorge T. Almonte caused the issuance of a new title over the land - Transfer Certificate of Title No. T-11,732 - in his name and those of his children...

Discovering the unauthorized conveyance of her parcel of land upon her return to the Philippines in 1992, Josefina Jaranilla sent a letter to the Registrar of Deeds of Zamboanga on March 24, 1993, the contents of which are reproduced, to wit:

March 24,
1993
Cebu City

ATTY. RICARDO DIOSO JR.
Registrar of Deeds of Zamboanga del Sur
Capitol Building
Pagadian City
Zamboanga del Sur

SIR:

My client, MS. JOSEFINA JARANILLA, who is the registered owner of Lot No. 202, Pls-119 situated in the barrio Bulatoc Pagadian City, and covered by Transfer Certificate of Title No. T-3,706 duly issued by your office dated March 20, 1968, hereby intend[s] to inform your office that she [has] not authorized anybody to negotiate or transact the above-stated parcel of land and that the owner's duplicate original of the said land is in her possession. If ever there will be any negotiation or transaction [over] the said land, my said client, Ms. Josefina Jaranilla, will enter into the same personally.

This letter is made in order to avoid trouble and confusion that may arise in the future as my client was informed that somebody is trying to negotiate and transact the aforesated land without my client's knowledge, authority and consent.

Thank you very much for your kind attention on this matter.

Yours truly,

(SGD.)
Atty. Manuel F. Ong
Counsel for Ms. Josefina
Jaranilla

Done at my instance:
(SGD.)
Ms. Josefina Jaranilla

Meanwhile, employing another Special Power of Attorney dated January 4, 1993, Lolita F. Estacio ratified the sale of the land in favor of Luis A. Bersales, Jr. with the execution of another Deed of Sale dated April 19, 1993.

Josefina Jaranilla died on December 19, 1994, and her only son and heir, Ernesto Jaranilla, represented by his duly appointed Attorney-in-Fact, Rosalia Frias Muñoz, filed a complaint for declaration of nullity and/or annulment of transfer certificates of titles, deeds and conveyances, recovery of possession, and damages.... Contending that the Special Power of Attorney utilized by Lolita F. Estacio was a falsified document, plaintiff alleged, among other matters, that the subsequent transfers of the land in litigation were, for said reason alone, already null and void; and that the inadequate consideration, as well as the inordinate haste at

which the land was transferred, indicates that the defendants conspired with one another in fraudulently depriving him and his predecessors-in-interest of the ownership thereof....

In the answers they separately filed after service of summons upon them, defendants Luis A. Bersales, Jr. and Jorge T. Almonte, claimed to be innocent purchasers for value and in good faith. Contending that plaintiff had no cause of action against them, they both prayed for the dismissal of the complaint and the grant of their counterclaims for moral and exemplary damages, attorney's fees, litigation expenses and the costs of the suit.

Joined by her husband, Leon Estacio, Jr., who was impleaded in the suit as a nominal defendant, Lolita F. Estacio, on the other hand, specifically denied the material allegations of the complaint in an Answer dated June 28, 1996. As affirmative defenses, she claimed that, having merely received the assailed powers of attorney from the decedent's sister, Remedios Jaranilla, she had no hand in the preparation of the documents, much less in the alleged forgery of the signatures therein; that she relied on the assurance of Remedios Jaranilla regarding the authenticity of the said documents, and transferred the subject land in favor of defendant Luis A. Bersales, Jr. in good faith... Defendants thereupon prayed for the dismissal of the complainant and sought indemnity for moral and exemplary damages, attorney's fees, as well as litigation and other expenses.

At the pre-trial conference, the parties admitted the pieces of documentary evidence attached to their pleadings and agreed to dispense with the further presentation of evidence and to submit the case on the merits.^[4]

The trial court, finding the special powers of attorney used by petitioner Lolita as "highly questionable, spurious and self-evidently fabricated," nullified the original sale to Atty. Bersales. It however found that good faith had intervened in the subsequent transaction; hence, it upheld Atty. Almonte's title to the property.

Although noting at the outset that "the parties' agreement to forego a full-blown trial of the case on the merits has left unfortunate gaps which would [otherwise] have proved useful to the resolution of the factual issues," the Court of Appeals nevertheless found sufficient evidence of forgery. It ruled that "the manifest disparity between the genuine signature of Josefina Jaranilla and those represented to be hers in the Special Powers of Attorney dated July 26, 1991 and January 4, 1993 clearly indicates that the latter signatures were, indeed, forged." It modified the trial court's decision in that it also nullified Atty. Almonte's title, finding him to have purchased the property in bad faith. Further, it reduced the damages awarded by the trial court in favor of respondent from P800,000 to P100,000. The dispositive portion of the Court of Appeals' decision states, as follows:

WHEREFORE, the Decision appealed from is MODIFIED, as follows:

1. The Special Power of Attorney dated July 26, 1991, allegedly executed by Josefina Jaranilla appointing defendant Lolita Frias

Estacio as her Attorney-in-Fact is declared *NULL and VOID*;

2. The sale of the subject property between Josefina Jaranilla represented by defendant Lolita F. Estacio as the supposed Attorney-in-Fact of the former, and Atty. Luis Bersales, Jr., and the sale of the same property in litigation between Atty. Luis Bersales, Jr., as vendor and Atty. Jorge T. Almonte as vendee, are declared *NULL and VOID*, together with all the documents and transfer certificates of title issued subsequent thereto;
3. TCT No. T-9,455 covering the subject property in the name of Atty. Luis Bersales, Jr.; TCT No. T-767 issued in the name of Atty. Jorge T. Almonte, as well as TCT No. T-11,732 issued in the name of Atty. Jorge T. Almonte, Jason P. Almonte, Oliver George P. Almonte, Jeffrey P. Almonte and Lilibeth P. Almonte, over the same lot in litigation, are hereby *ANNULLED*;
4. TCT No. T-3,706 of the Zamboanga del Sur Register of Deeds in the name of Josefina Jaranilla is ordered *REINSTATED*.
5. Defendant-appellant Lolita Frias Estacio is ordered to indemnify plaintiff Dr. Ernesto Jaranilla the amount of One Hundred Thousand Pesos (P100,000) as moral, nominal and temperate damages; and
6. Defendant-appellant Lolita F. Estacio, defendants-appellees Luis Bersales, Jr. and Jorge T. Almonte, are directed to pay the costs of the suit.^[5]

Dissatisfied with the Court of Appeals' ruling, petitioner-spouses Leon and Lolita Estacio now come before this Court raising two issues for our review. *First*, they question the assailed Decision and Resolution for having been decided contrary to law on the main contention that respondent miserably failed to present clear and convincing evidence to support the finding of forgery. *Second*, they assert that respondent's failure to prove the claim of forgery renders the order for them to pay damages devoid of legal basis.^[6]

The petition is without merit.

In an attempt to cast doubt on the findings of the trial court and the Court of Appeals, petitioners make much of the fact that respondent did not personally testify nor introduce any witness to prove the alleged forgery. They aver that as a consequence of such lapse, respondent has failed to discharge the required burden of proof.^[7]

Petitioners' argument is not tenable. As shown from the records, the finding of forgery was based on a comparison of the deceased's purported signatures on the assailed Special Powers of Attorney and the latter's signature appearing on a private document. Indeed, the factual conclusion of forgery could have drawn more support from other corroborating evidence such as testimonies of handwriting experts or witnesses familiar with the deceased's handwriting. It must be emphasized, however, that the lack of such evidence is the result of the agreement of petitioners