

THIRD DIVISION

[G.R. No. 132415, January 30, 2002]

**MIGUEL KATIPUNAN, INOCENCIO VALDEZ, EDGARDO BALGUMA
AND LEOPOLDO BALGUMA, JR., PETITIONERS, VS. BRAULIO
KATIPUNAN, JR., RESPONDENT.**

D E C I S I O N

SANDOVAL-GUTIERREZ, J.:

Before us is a petition for review on certiorari^[1] assailing the Decision^[2] of the Court of Appeals dated July 31, 1997 in CA-GR CV No. 45928, "Braulio Katipunan, Jr. vs. Miguel Katipunan, Inocencio Valdez, Atty. Leopoldo Balguma, Sr., Edgardo Balguma and Leopoldo Balguma, Jr." which set aside the Decision of the Regional Trial Court (RTC) of Manila, Branch 28, in Civil Case No. 87-39891 for annulment of a Deed of Absolute Sale.

The antecedents are:

Respondent Braulio Katipunan, Jr. is the owner of a 203 square meter lot and a five-door apartment constructed thereon located at 385-F Matienza St., San Miguel, Manila. The lot is registered in his name under TCT No. 109193^[3] of the Registry of Deeds of Manila. The apartment units are occupied by lessees.

On December 29, 1985, respondent, assisted by his brother, petitioner Miguel Katipunan, entered into a Deed of Absolute Sale^[4] with brothers Edgardo Balguma and Leopoldo Balguma, Jr. (co-petitioners), represented by their father Atty. Leopoldo Balguma, Sr., involving the subject property for a consideration of P187,000.00. Consequently, respondent's title to the property was cancelled and in lieu thereof, TCT No. 168394^[5] was registered and issued in the names of the Balguma brothers. In January, 1986, Atty. Balguma, then still alive, started collecting rentals from the lessees of the apartments.

On March 10, 1987, respondent filed with the RTC of Manila, Branch 21,^[6] a complaint for annulment of the Deed of Absolute Sale, docketed as Civil Case No. 87-39891.^[7] He averred that his brother Miguel, Atty. Balguma and Inocencio Valdez (defendants therein, now petitioners) convinced him to work abroad. They even brought him to the NBI and other government offices for the purpose of securing clearances and other documents which later turned out to be falsified. Through insidious words and machinations, they made him sign a document purportedly a contract of employment, which document turned out to be a Deed of Absolute Sale. By virtue of the said sale, brothers Edgardo and Leopoldo, Jr. (co-defendants), were able to register the title to the property in their names. Respondent further alleged that he did not receive the consideration stated in the contract. He was shocked when his sister Agueda Katipunan-Savellano told him that

the Balguma brothers sent a letter to the lessees of the apartment informing them that they are the new owners. Finally, he claimed that the defendants, now petitioners, with evident bad faith, conspired with one another in taking advantage of his ignorance, he being only a third grader.

In their answer, petitioners denied the allegations in the complaint, alleging that respondent was aware of the contents of the Deed of Absolute Sale and that he received the consideration involved; that he also knew that the Balguma brothers have been collecting the rentals since December, 1985 but that he has not objected or confronted them; and that he filed the complaint because his sister, Agueda Savellano, urged him to do so.^[8]

Twice respondent moved to dismiss his complaint (which were granted) on the grounds that he was actually instigated by his sister to file the same; and that the parties have reached an amicable settlement after Atty. Balguma, Sr. paid him P2,500.00 as full satisfaction of his claim. In granting his motions for reconsideration, the trial court was convinced that respondent did not sign the motions to dismiss voluntarily because of his poor comprehension, as shown by the medical report of Dr. Annette Revilla, a Resident Psychiatrist at the Philippine General Hospital. Besides, the trial court noted that respondent was not assisted by counsel in signing the said motions, thus it is possible that he did not understand the consequences of his action.^[9]

Eventually the trial court set the case for pre-trial. The court likewise granted respondent's motion to appoint Agueda Savellano as his guardian *ad litem*.^[10]

After hearing, the trial court dismissed the complaint, holding that respondent failed to prove his causes of action since he admitted that: (1) he obtained loans from the Balgumas; (2) he signed the Deed of Absolute Sale; and (3) he acknowledged selling the property and that he stopped collecting the rentals.

Upon appeal by respondent, the Court of Appeals, on July 31, 1997, rendered the assailed Decision, the dispositive portion of which reads:

"WHEREFORE, the judgment appealed from is hereby REVERSED and SET ASIDE, and a new one entered annulling the Deed of Sale. Consequently, TCT No. 168394 is hereby declared null and void and of no force and effect. The Register of Deeds of Manila is directed to cancel the same and restore TCT No. 109193 in the name of Braulio Katipunan.

"SO ORDERED."

In reversing the RTC Decision, the Court of Appeals ruled:

"Upon close scrutiny of all the evidence on record, plaintiff-appellant's contention finds support in the certification dated August 4, 1987 issued by Dr. Ana Marie Revilla, a psychiatrist at the UP-PGH, who was presented as an expert witness. Her findings explained the reason why plaintiff-appellant showed a lot of inconsistencies when he was put on the stand. It supports the fact that plaintiff-appellant is slow in comprehension and has a very low IQ. Based on such findings, the trial court was faulted for its wrong assessment of appellant's mental

condition. It arbitrarily disregarded the testimony of a skilled witness and made an unsupported finding contrary to her expert opinion.

Admittedly, expert witnesses when presented to the court must be construed to have been presented not to sway the court in favor of any of the parties, but to assist the court in the determination of the issue before it (*Espiritu vs. Court of Appeals*, 242 SCRA 362). Expert opinions are not ordinarily conclusive. They are generally regarded as purely advisory in character; the court may place whatever weight they choose upon such testimony and may reject it if they find it inconsistent with the facts in the case or otherwise unreasonable (Basic Evidence by Ricardo J. Francisco, pp. 202).

The trial court whose decision is now under review refused to admit the expert's testimony and prefer to base its decision on its findings that contrary to the allegation of the appellant, he is nonetheless capable of responding to the questions expounded to him while on the stand. In short, the court was swayed by its own observation of appellant's demeanor on the stand. Of course, the rule is to accord much weight to the impressions of the trial judge, who had the opportunity to observe the witnesses directly and to test their credibility by their demeanor on the stand (*People vs. Errojo*, 229 SCRA 49). Such impression however, is not *per se* the basis of a conclusion, for it needs conformity with the findings of facts relevant to the case.

We find it indispensable to give credit to the findings of Dr. Ana Marie Revilla, whose testimony remains unshaken and unimpeached. The tests she made are revealing and unrebutted and has a bearing on facts of the case.

It is a proven fact that Braulio reached only Grade III due to his very low IQ; that he is illiterate; and that he can not read and is slow in comprehension. His mental age is only that of a six-year old child. On the other hand, the documents presented by the appellees in their favor, *i.e.*, the deeds of mortgage and of sale, are all in English. There is no showing that the contracts were read and/or explained to Braulio nor translated in a language he understood.

Article 1332 of the Civil Code provides:

'Art. 1332. When one of the parties is unable to read, or if the contract is in a language not understood by him, and mistake or fraud is alleged, the person enforcing the contract must show that the terms thereof have been fully explained to the former.'

Furthermore, if Braulio has a mental state of a six year old child, he can not be considered as fully capacitated. He falls under the category of 'incompetent' as defined in Section 2, Rule 92 of the Rules of Court, which reads:

'Sec. 2. Meaning of Word 'Incompetent' - Under this rule, the word 'incompetent' includes persons suffering the penalty of

civil interdiction or who are hospitalized lepers, prodigals, deaf and dumb who are unable to read and write, those who are of unsound mind, even though they have lucid intervals, and persons not being of unsound mind, but by reason of age, disease, weak mind, and other similar causes, can not, without outside aid, take care of themselves and manage their property, becoming thereby an easy prey for deceit and exploitation.'

We also note the admission of defendant-appellee Miguel Katipunan, that he and Braulio received the considerations of the sale, although he did not explain what portion went to each other of them. Anyway, there is no reason why Miguel should receive part of the consideration, since he is not a co-owner of the property. Everything should have gone to Braulio. Yet, Miguel did not refute that he was giving him only small amounts (coins).

As to the allegation of the scheme utilized in defrauding Braulio, neither Miguel nor Atty. Balguma refuted the statement of Braulio that he was being enticed to go abroad - which was the alleged reason for the purported sale. Nothing was explained about the alleged trip to NBI, the fake passport, etc., nor of Miguel's own plans to go abroad. It is then most probable that it was Miguel who wanted to go abroad and needed the money for it.

In view of the foregoing, it is apparent that the contract entered into by Braulio and Atty. Balguma is voidable, pursuant to the provisions of Article 1390 of the Civil Code, to wit:

'Art. 1390. The following contracts are voidable or annulable, even though there may have been no damage to the contracting parties:

(1) Those where one of the parties is incapable of giving consent to a contract;

(2) Those where the consent is vitiated by mistake, violence, intimidation, undue influence or fraud.

'These contracts are binding, unless they are annulled by a proper action in court, they are susceptible of ratification.'"^[11]

Petitioners filed a motion for reconsideration but was denied. Hence, this petition.

Petitioners, in seeking the reversal of the Court of Appeals' Decision, rely heavily on the rule that findings of fact by the trial courts are entitled to full faith and credence by the Appellate Court. Petitioners contend that the Court of Appeals erred when it overturned the factual findings of the trial court which are amply supported by the evidence on record.

The petition is devoid of merit.

While it may be true that findings of a trial court, given its peculiar vantage point to assess the credibility of witnesses, are entitled to full faith and credit and may not be disturbed on appeal, this rule is not infallible, for it admits of certain exceptions. One of these exceptions is when there is a showing that the trial court had overlooked, misunderstood or misapplied some fact or circumstance of weight and substance, which, if considered, could materially affect the result of the case.^[12] Also, when the factual findings of the trial court contradict those of the appellate court, this Court is constrained to make a factual review of the records and make its own assessment of the case.^[13] The instant case falls within the said exception.

A contract of sale is born from the moment there is a meeting of minds upon the thing which is the object of the contract and upon the price.^[14] This meeting of the minds speaks of the intent of the parties in entering into the contract respecting the subject matter and the consideration thereof.^[15] Thus, the elements of a contract of sale are consent, object, and price in money or its equivalent.^[16] Under Article 1330 of the Civil Code, consent may be vitiated by any of the following: (a) mistake, (2) violence, (3) intimidation, (4) undue influence, and (5) fraud.^[17] The presence of any of these vices renders the contract voidable.

Here, as borne by the facts on hand, respondent signed the deed without the remotest idea of what it was, thus:

“ATTY. SARMIENTO:

Q After Miguel received that money which amount you do not remember how much, do you remember having signed a document purported to be sale of property that which you owned?

A Yes, I signed something because they forced me to sign.

COURT (To the witness)

Q Do you know how to affix your signature?

A Yes, Your Honor.

Q You sign your name here. (witness is given a piece of paper by the court wherein he was made to sign his name)

ATTY. SARMIENTO:

Q **You said that you remember you have signed a document. Did you come to know what kind of document was that which you signed at that time?**

A **I do not know.**

Q Where did you sign that document?

A I signed that document in the house of Sencio.