382 Phil. 852

SECOND DIVISION

[G.R. No. 132964, February 18, 2000]

REPUBLIC OF THE PHILIPPINES, PETITIONER, VS. DAVID REY GUZMAN, REPRESENTED BY HIS ATTORNEY-IN-FACT, LOLITA G. ABELA, AND THE REGISTER OF DEEDS OF BULACAN, MEYCAUAYAN BRANCH, RESPONDENTS.

D E C I S I O N

BELLOSILLO, J.:

The REPUBLIC OF THE PHILIPPINES seeks the nullification of the 5 March 1998 Decision of the Court of Appeals[1] which affirmed the dismissal by the Regional Trial Court, Br. 77, Malolos, Bulacan, of the petition for escheat filed by the Government. [2]

David Rey Guzman, a natural-born American citizen, is the son of the spouses Simeon Guzman,[3] a naturalized American citizen, and Helen Meyers Guzman, an American citizen. In 1968 Simeon died leaving to his sole heirs Helen and David an estate consisting of several parcels of land located in Bagbaguin, Sta. Maria, Bulacan, covered by TCT Nos. T-146837 (M), T-146839 (M), T-146840 (M), T-146841 (M), T-146842 (M), T-120254 (M) and T-120257 (M).

On 29 December 1970 Helen and David executed a *Deed of Extrajudicial Settlement of the Estate of Simeon Guzman* dividing and adjudicating to themselves all the property belonging to the estate of Simeon. The document of extrajudicial settlement was registered in the Office of the Register of Deeds on 8 December 1971. The taxes due thereon were paid through their attorneys-in-fact, Attys. Juan L. Austria and Lolita G. Abela, and the parcels of land were accordingly registered in the name of Helen Meyers Guzman and David Rey Guzman in undivided equal shares.

On 10 December 1981 Helen executed a *Quitclaim Deed* assigning, transferring and conveying to her son David her undivided one-half (1/2) interest on all the parcels of land subject matter of the *Deed of Extrajudicial Settlement of the Estate of Simeon Guzman*. Since the document appeared not to have been registered, upon advice of Atty. Lolita G. Abela, Helen executed another document, a *Deed of Quitclaim*, on 9 August 1989 confirming the earlier deed of quitclaim as well as modifying the document to encompass all her other property in the Philippines.[4]

On 18 October 1989 David executed a *Special Power of Attorney* where he acknowledged that he became the owner of the parcels of land subject of the *Deed of Quitclaim* executed by Helen on 9 August 1989 and empowering Atty. Lolita G. Abela to sell or otherwise dispose of the lots. On 1 February 1990 Atty. Lolita G. Abela, upon instruction of Helen, paid donor's taxes to facilitate the registry of the parcels of land in the name of David.

On 16 March 1994 a certain Atty. Mario A. Batongbacal wrote the Office of the Solicitor General and furnished it with documents showing that David's ownership of the one-half (1/2) of the estate of Simeon Guzman was defective. On the basis thereof, the Government filed before the Regional Trial Court of Malolos Bulacan a Petition for Escheat praying that one-half (1/2) of David's interest in each of the subject parcels of land be forfeited in its favor. On 9 August 1994 David Rey Guzman responded with a prayer that the petition be dismissed.

On 11 July 1995 the trial court dismissed the petition holding that the two (2) deeds of quitclaim executed by Helen Meyers Guzman had no legal force and effect so that the ownership of the property subject thereof remained with her.[5]

The Government appealed[6] the dismissal of the petition but the appellate court affirmed the court *a quo*.

Petitioner anchors its argument on Art. XII of the Constitution which provides -

> Sec. 7. Save in cases of hereditary succession, no private lands shall be transferred or conveyed except to individuals, corporations, or associations qualified to acquire or hold lands of the public domain.
>
> Sec. 8. Notwithstanding the provisions of Section 7 of this Article, a natural-born citizen of the Philippines who has lost his Philippine citizenship may be a transferee of private lands, subject to limitations provided by law.

Thus as a rule, only a Filipino citizen can acquire private lands in the Philippines. The only instances when a foreigner can acquire private lands in the Philippines are by hereditary succession and if he was formerly a natural-born Filipino citizen who lost his Philippine citizenship. Petitioner therefore contends that the acquisition of the parcels of land by David does not fall under any of these exceptions. It asserts that David being an American citizen could not validly acquire one-half (1/2) interest in each of the subject parcels of land by way of the two (2) deeds of quitclaim as they are in reality donations *inter vivos*. It also reasons out that the elements of donation are present in the conveyance made by Helen in favor of David: *first*, Helen consented to the execution of the documents; *second*, the dispositions were made in public documents; *third*, David manifested his acceptance of the donation in the Special Power of Attorney he executed in favor of Atty. Lolita G. Abela; *fourth*, the deeds were executed with the intention of benefiting David; and *lastly*, there was a resultant decrease in the assets or patrimony of Helen, being the donor. Petitioner further argues that the payment of donor's taxes on the property proved that Helen intended the transfer to be a gift or donation *inter vivos*.

David maintains, on the other hand, that he acquired the property by right of accretion and not by way of donation, with the deeds of quitclaim merely declaring Helen's intention to renounce her share in the property and not an intention to donate. He further argues that, assuming there was indeed a donation, it never took effect since the *Special Power of Attorney* he executed does not indicate acceptance of the alleged donation.

There are three (3) essential elements of a donation: (a) the reduction of the

patrimony of the donor; (b) the increase in the patrimony of the donee; and, (c) the intent to do an act of liberality or *animus donandi*. When applied to a donation of an immovable property, the law further requires that the donation be made in a public document and that there should be an acceptance thereof made in the same deed of donation or in a separate public document.[7] In cases where the acceptance is made in a separate instrument, it is mandated that the donor should be notified thereof in an authentic form, to be noted in both instruments.[8]

Not all the elements of a donation of an immovable property are present in the instant case. The transfer of the property by virtue of the *Deed of Quitclaim* executed by Helen resulted in the reduction of her patrimony as donor and the consequent increase in the patrimony of David as donee. However, Helen's intention to perform an act of liberality in favor of David was not sufficiently established. A perusal of the two (2) deeds of quitclaim reveals that Helen intended to convey to her son David certain parcels of land located in the Philippines, and to re-affirm the quitclaim she executed in 1981 which likewise declared a waiver and renunciation of her rights over the parcels of land. The language of the deed of quitclaim is clear that Helen merely contemplated a waiver of her rights, title and interest over the lands in favor of David, and not a donation. That a donation was far from Helen's mind is further supported by her deposition which indicated that she was aware that a donation of the parcels of land was not possible since Philippine law does not allow such an arrangement.[9] She reasoned that if she really intended to donate something to David it would have been more convenient if she sold the property and gave him the proceeds therefrom.[10] It appears that foremost in Helen's mind was the preservation of the Bulacan realty within the bloodline of Simeon from where they originated, over and above the benefit that would accrue to David by reason of her renunciation.[11] The element of *animus donandi* therefore was missing.

Likewise, the two (2) deeds of quitclaim executed by Helen may have been in the nature of a public document but they lack the essential element of acceptance in the proper form required by law to make the donation valid. We find no merit in petitioner's argument that the *Special Power of Attorney* executed by David in favor of Atty. Lolita G. Abela manifests his implied acceptance of his mother's alleged donation as a scrutiny of the document clearly evinces the absence thereof. The *Special Power of Attorney* merely acknowledges that David owns the property referred to and that he authorizes Atty. Abela to sell the same in his name. There is no intimation, expressly or impliedly, that David's acquisition of the parcels of land is by virtue of Helen's possible donation to him and we cannot look beyond the language of the document to make a contrary construction as this would be inconsistent with the parol evidence rule.[12]

Moreover, it is mandated that if an acceptance is made in a separate public writing the notice of the acceptance must be noted not only in the document containing the acceptance but also in the deed of donation. Commenting on Art. 633 of the Civil Code from whence Art. 749[13] came Manresa said: "If the acceptance does not appear in the same document, it must be made in another. Solemn words are not necessary; it is sufficient if it shows the intention to accept x x x x it is necessary that formal notice thereof be given to the donor, and the fact that due notice has been given must be noted in both instruments. Then and only then is the donation perfected.[14] "