

THIRD DIVISION

[G.R. No. 96412, August 24, 1998]

ANICETA RAMIREZ, AGUSTIN RAMIREZ, JR., LORNA RAMIREZ, NESTOR RAMIREZ, ROMEO RAMIREZ, CHITO RAMIREZ, PANCHO RAMIREZ, MARLON RAMIREZ, OSCAR RAMIREZ, SPOUSES VICENTE AND BALDOMERA ANIÑON, AND SPOUSES ELMER AND BENG TEE SUNBANUM, PETITIONERS, VS. THE COURT OF APPEALS AND SPOUSES BENEDICTO AND EVANGELINE RAMOS, RESPONDENTS.

D E C I S I O N

PURISIMA, J.:

At bar is a Petition for Review on *Certiorari* under Rule 45 of the Revised Rules of Court, seeking to review and set aside the Decision dated April 18, 1990 and Resolution dated December 5, 1990 of the Court of Appeals,^[1] reversing the Order dated March 12, 1986 of the Regional Trial Court of Cebu, Branch 14,^[2] in Civil Case No. CEB-3801, and denying petitioners' Motion for Reconsideration and Addendum to the Motion for Reconsideration.

Involved here are two (2) Deeds of Sale over one and the same parcel of land in dispute. The first deed of sale is impugned for alleged non-payment of the full purchase price. The other deed is theorized upon as a mere equitable mortgage.

The said first Deed of Sale^[3] was executed on December 18, 1965 by the spouses Agustin Ramirez and Aniceta Ramirez, as vendors, and Maria vda. de Ramos, as vendee, over a parcel of land registered in vendors' names under Transfer Certificate of Title No. 21560, for and in consideration of the sum of P28,000.00. Vendee took physical possession of the property deeded out but title thereto was not transferred in her name.

The second Deed of Sale in question was inked on March 25, 1977 by Benedicto Ramos, as vendor, and Vicente Aniñon, as vendee. When Maria vda. de Ramos, mother of vendor *Benedicto Ramos*, died on April 7, 1974, he inherited subject parcel of land sold to his late mother under the first sale. As the sole heir, he (Benedicto Ramos) adjudicated to himself the said parcel of land and in the same instrument he conveyed the property to Vicente Aniñon, for and in consideration of the sum of P20,000.00, as evidenced by the "Settlement and Extrajudicial Adjudication of the Estate of Maria vda. de Ramos by a Sole Heir with Simultaneous Sale of Inheritance" dated March 25, 1977.^[4]

Complications arose on December 29, 1982, when Agustin Ramirez, one of the vendors in the first sale, died. His wife, Aniceta, and children, Agustin, Jr., Lorna, Nestor, Romeo, Chito, Pancho, Marlon, and Oscar, all surnamed Ramirez, adjudicated to themselves the same parcel of land sold under the aforementioned first sale, and second sale. As shown in the "Settlement and Extrajudicial Adjudication of Estate of

Agustin Ramirez by the Undersigned Heirs with Deed of Sale,"^[5] dated December 20, 1984 (Exhibit 4), the above-named heirs of Agustin Ramirez sold the same property under controversy for P95,000.00, to the spouses, Vicente Aniñon and Baldomera Aniñon, who thereafter conveyed the said property to the spouses, Elmer Sunbanum and Beng Tee Sunbanum, in whose names TCT No. T-93448 issued.

On July 4, 1984, Atty. Manuel F. Ong, lawyer of Benedicto Ramos, sent a letter (Exhibit "2") to Aniceta Ramirez (*wife of Agustin Ramirez and co-vendor in the first sale*) demanding from the latter, the delivery of TCT No. T-21560.^[6] On July 19, 1984, Aniceta's lawyer, Atty. Anastacio Muntuerto, Jr., wrote a reply-letter^[7] (Exhibit "3"), explaining that the Transfer Certificate of Title asked for could not be delivered for the reason that full consideration of the first sale was never paid and whatever partial payment made thereunder was refunded to Benedicto Ramos.

On May 14, 1985, the spouses, Benedicto Ramos and Evangeline Ramos, the private respondents herein, brought a Complaint^[8] for Quieting of Title, Annulment of Sale, Cancellation of Certificate of Title, Damages, etc., docketed as Civil Case No. CEB-3801 before Branch 14 of the Regional Trial Court of Cebu, assailing the series of transfers from the heirs of Agustin Ramirez to the spouses Aniñon. The Complaint was later amended^[9] to implead the spouses Sunbanum, as defendants.

The heirs of Agustin Ramirez, spouses Aniñon, and spouses Sunbanum, the petitioners in this case, sent in their Answer,^[10] theorizing that the first sale was never consummated because its full consideration was not paid, and the private respondents (plaintiffs below) have no cause of action since Benedicto Ramos had sold the same property to the petitioner, Vicente Aniñon.

In their Reply,^[11] private respondents countered that the second sale was not really a sale but was just executed to guarantee a debt or performance of an obligation. Although such Reply was not verified, attached thereto was a duly verified Answer of Benedicto Ramos (*private respondent here*) in an ejectment case instituted against him by the herein petitioner, Vicente Aniñon. The verified Answer so attached contained the allegations averred in the said Reply.

On July 1, 1985, petitioners interposed a Motion to Dismiss^[12] in the Civil Case No. CEB-3801 for quieting of title, on the ground of lack of cause of action on the part of plaintiffs, now private respondents. In an Order^[13] dated March 12, 1986, the trial court granted the said Motion to Dismiss; ruling, thus:

"WHEREFORE, for utter lack of cause of action and in view of the foregoing considerations, the complaint is ordered dismissed, as the same is hereby dismissed. The plaintiffs are hereby ordered to vacate the premises in question (Lot 1584 of the Cebu Cadastral Survey) and to deliver and surrender the possession thereof to spouses Vicente C. Aniñon and Baldomera Echivarre."

The said Order of dismissal was premised on a finding that the private respondents (plaintiffs) were deemed to have admitted the genuineness and due execution of the Deed of Sale in favor of petitioner Vicente Aniñon, as a result of their failure to deny under oath the genuineness and due execution of subject Deed.

On March 24, 1986, from the challenged Order of Dismissal, private respondents filed with the trial court their Notice of Appeal^[14] to the Court of Appeals.

And on April 18, 1990, the Court of Appeals came out with a Decision^[15] the dispositive portion of which, reads:

"WHEREFORE, the judgment appealed from is hereby reversed and a new one entered:

- 1) Declaring the deed, Exhibits 1-A and F to be an equitable mortgage:
- 2) *Ordering plaintiffs-appellants to pay defendant-appellee Vicente C. Aniñon the sum of P20,000.00, with legal interest thereon from the date of this judgment;*
- 3) *Declaring the deed of sale portion (Exh. D) in the "Settlement and Extra Judicial Adjudication of Estate of Agustin Ramirez by the Undersigned Heirs with Deed of Sale" (Exh. 4) as null and void and without effect;*
- 4) *Ordering the Register of Deeds of Cebu City to cancel; (a) TCT No. 92295 issued in the names of Aniceta, Agustin, Lorna, Ester, Romeo, Chito, Pancho, Marlon, and Oscar, all surnamed Ramirez; (b) TCT No. 92796 issued in the names of the spouses Vicente C. Aniñon and Baldomera Echivarre; (c) TCT No. 93448 issued in the names of Elmer Sunbanum and Beng Tee U. Sunbanum; restore TCT No. 21560 issued in the names of the spouses Agustin Ramirez and Aniceta Ramirez and thereafter cancel the same and issue a new one in the names of the spouses Benedicto Ramos and Evangeline Ramos."*

In its said Decision, the Court of Appeals opined that "there was substantial compliance with the rule requiring denial under oath of an actionable document"^[16] considering that the Reply of private respondents (plaintiffs below) had verified attachments, like the verified Answer aforesaid, and a Counter-Affidavit^[17] of Benedicto Ramos in a case of estafa filed against him by Vicente Aniñon, which counter-affidavit and verified pleading contained the same allegations of the Reply in question.

The Court of Appeals adjudged the second deed of sale sued upon as an equitable mortgage because of the unusually inadequate price of the property supposedly conveyed thereunder, let alone the fact that vendor Benedicto Ramos continued possessing subject property even after the execution of such contract. Guided by the said observations, the respondent Court concluded that the attendant facts and circumstances aforestated were indicia of an equitable mortgage within the contemplation of Article 1602 of the New Civil Code.

Petitioners presented a Motion for Reconsideration^[18] and Addendum to Motion for Reconsideration^[19] but to no avail. The same were denied by the Court of Appeals' Resolution^[20] dated December 5, 1990; holding, as follows:

"x x x

"Firstly, that letter [Atty. Muntuerto's letter to Atty. Ong] was written and presented after Maria vda. de Ramos had died (she died in April 1974), and no longer had the opportunity to refute the truth of the statement.

"Secondly, if the sale had never been consummated, it should have been rescinded long ago, but, no documentary evidence has been presented to prove there was such a rescission. x x x

"Thirdly, there is no evidence to show how much of the purchase price remained unpaid. x x x No mention is made of any balance still due and owing. x x x

"Fourthly, the letter is not evidence of prior knowledge by plaintiff-appellant Benedicto Ramos of the alleged invalidity of his title. It must be remembered that the letter was in response to his demand from defendants-appellees Ramirez for the title to the property. This demand is an indication of a lack of knowledge on his part about any flaw in his title. x x x" [21]

Dissatisfied with the adverse ruling thus handed down by the Court of Appeals, petitioners have come to this Court via this petition for review on *certiorari*; placing reliance on the assignment of errors, that:

I

THE RESPONDENT COURT GROSSLY ERRED IN IGNORING EVIDENCE ON RECORD THAT PRIVATE RESPONDENT RAMOS NEVER ACQUIRED ANY VALID TITLE TO THE SUBJECT PROPERTY IT APPEARING THAT THE PURCHASE PURPORTEDLY MADE BY MARIA VDA. DE RAMOS ON DECEMBER 18, 1965 OF THE DISPUTED PROPERTY FROM THE RAMIREZ SPOUSES WAS FOUND TO BE "FLAWED" FOR FAILURE OF CONSIDERATION AND THUS THE LAND IN QUESTION WAS THEREFORE NEVER LAWFULLY AND VALIDLY INHERITED BY HIM.

II

THE RESPONDENT COURT CONSEQUENTLY ERRED IN NOT AFFIRMING THE LOWER COURT'S FINDING THAT THE RAMIREZES HAD ALWAYS BEEN THE LAWFUL OWNERS OF THE SUBJECT PROPERTY AND THEIR SALE (EXH. 4 AND EXH. D) OF SAID PROPERTY TO THE ANIÑON SPOUSES WAS LEGAL. HENCE, IT WAS ERROR TO DECLARE THE SALE AS NULL AND VOID.

III

IN ANY EVENT, THE RESPONDENT COURT GROSSLY ERRED IN RULING THAT THE SALE OF THE PROPERTY BY RESPONDENT RAMOS IN FAVOR OF THE SPOUSES ANIÑON WAS NOT AN ABSOLUTE SALE BUT AN EQUITABLE MORTGAGE, THE BASIS OF THE CONCLUSION BEING PURELY CONJECTURAL, SPECULATIVE AND CONTRARY TO THE INTENT AND SPIRIT OF ARTICLE 1602 OF THE CIVIL CODE AS WELL AS ESTABLISHED JURISPRUDENCE.

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