

ELEVENTH DIVISION

[CA-G.R. CV NO. 97049, April 22, 2014]

**IN RE: CONSOLIDATED PETITION FOR THE CANCELLATION OF
THE DEED OF ABSOLUTE SALE, RECOVERY OF OWNERSHIP AND
QUIETING OF TITLE**

**PRIMITIVA SANTOS VDA. DE LAYUG AND HEIRS OF THE LATE
CELESTINO LAYUG, REPRESENTED BY ROMMEL S. LAYUG,
PLAINTIFF-APPELLANTS, VS. JOSE YUMUL Y LAYUG,
DEFENDANT-APPELLEE.**

DECISION

ANTONIO-VALENZUELA, J.:

dated 21 March 2011, of the Regional Trial Court, Branch 66, Capas, Tarlac ("RTC") which dismissed the suit seeking to cancel a deed of sale, and to recover ownership over real property.

This is the appeal from the Decision^[1] dated 3 December 2010 ("assailed Decision") and the Order^[2]

The facts are as follows: On 14 April 2003, Primitiva Santos Vda. De Layug ("appellant Primitiva Layug") and the heirs of the late Celestino Layug represented by appellant Rommel S. Layug ("appellants Layug") filed the verified Petition^[3] before the RTC, docketed as Civil Case Number 618-C-03, against Jose Yumul y Layug ("appellee Jose Yumul"), for cancellation of the Deed of Absolute Sale dated 20 October 1969^[4] ("Deed of Absolute Sale"), recovery of ownership, and quieting of title.

The Petition alleged: the Spouses Celestino Layug and Primitiva Santos-Layug ("spouses Layug") were the registered owners of the parcel of agricultural land in Concepcion, Tarlac, containing an area of 16,718 square meters, covered by Transfer Certificate of Title No. 57921 ("TCT No. 57921"),^[5] issued by the Registrar of Land Titles and Deeds of Tarlac on 24 March 1965 ("subject property"); in 1967, the late Celestino Layug obtained a loan of P4,000.00 from his first cousin, the late Aniceto L. Yumul ("Aniceto Yumul"), and as security for the loan Celestino Layug verbally mortgaged the subject property to Aniceto Yumul, and as customary during those days, Celestino Layug gave TCT No. 57921 to Aniceto Yumul, with the agreement that Celestino Layug, and his family would retain possession of the subject property, and deliver the entire annual harvest of the subject property to Aniceto Yumul as interest payments of the loan, until Celestino Layug would have paid the principal obligation of P4,000.00; unknown to appellants Layug, Aniceto Yumul executed the falsified Deed of Absolute Sale,^[6] bearing the forged signature of Celestino Layug (signature of appellant Primitiva Layug did not appear), and indicating that Celestino Layug had sold the subject property to Aniceto Yumul; on

the basis of the Deed of Absolute Sale, Transfer Certificate of Title No. 85340 ("TCT No. 85340")^[7] was issued in the name of Aniceto Yumul on 28 October 1969; on 5 November 1984, Aniceto Yumul sold the subject property to his brother, appellee Jose Yumul; appellee Jose Yumul then registered the subject property in his name, and Transfer Certificate of Title No. 183542^[8] ("TCT No. 183542") was issued; Aniceto Yumul sold the subject property to appellee Jose Yumul to hide the fraudulent Deed of Absolute Sale, and to make it difficult for the appellants Layug to recover the subject property; appellee Jose Yumul registered the subject property in his name despite his knowledge of the defects in the title of Aniceto Yumul; since the fraudulent Deed of Absolute Sale did not contain the genuine signatures of the spouses Layug, the Deed of Absolute Sale was void, and hence, there was no valid transfer of the subject property from the spouses Layug, to Aniceto Yumul, and consequently, from Aniceto Yumul to appellee Jose Yumul; appellee Jose Yumul sent Ben Garcia (the actual possessor of the subject property) the letter dated 19 April 2002,^[9] and made a demand that Garcia "return" the subject property to him (appellee Jose Yumul), or if Garcia was interested to continue to till the subject property, they were to enter into a written agreement with specific provisions (i.e., Garcia was to pay Jose Yumul 2 sacks of palay per year; Garcia was to pay appellee Jose Yumul for the 3 years that no payment of palay were made [i.e., 2 sacks per year]); in 2002, the appellants Layug learned of the fraudulent Deed of Absolute Sale, and the subsequent transfer of the subject property to appellee Jose Yumul; prior recourse to the barangay court was futile, thus the Lupon ng Tagapamayapa issued the Certification to File Action dated 16 October 2002;^[10] appellee Jose Yumul was a transferee in bad faith, who deprived the appellants Layug of the ownership of the subject property.

The Petition prayed that the RTC: declare the Deed of Absolute Sale dated 20 October 1969 as void, and order its cancellation; order the reconveyance of the subject property to the appellants Layug upon the payment of P4,000.00, plus interest; and order defendant-appellee to pay appellants Layug damages.

Appellee Yumul filed verified Answer with Compulsory Counterclaim.^[11] The Answer with Compulsory Counterclaim alleged: the Petition should be dismissed because appellant Rommel Layug had no legal capacity to sue, because appellants Ricardo and Ramon Layug could not have appointed appellant Rommel Layug to represent them, because appellants Ricardo and Rommel Layug died before the case was filed, and appellant Primitiva Layug could not have appointed appellant Rommel Layug as her attorney-in-fact, because she was very old, weak, and confined to her bed even before the case was filed (i.e., she was incompetent to give her consent except through a guardian appointed by the court); appellants Layug failed to attach the special power of attorney which authorized appellant Rommel Layug to file and represent appellants in the case; Celestino Layug could validly sell the subject property because it was his separate property, and hence, the consent and signature of his wife on the Deed of Absolute Sale was not necessary; the Petition should also be dismissed because the action of appellants Layug was prescribed because the New Civil Code provides that real actions over immovables prescribe after thirty years (since the Deed of Absolute Sale was executed in 1969, and the TCT No. 85340 in the name of Aniceto Yumul was issued in 1969, the filing of the action by the appellants Layug on 14 April 2003 was out of time); the Petition should be dismissed because it states no cause of action (i.e., what was sought to be annulled was the Deed of Absolute Sale, a document which appellee Yumul was not a party

to; appellee Yumul acquired the subject property by virtue of the Deed of Absolute Sale dated 28 December 1974, and not through the Deed of Absolute Sale sought to be annulled; the TCT No. 57921 was registered in the name of Celestino Layug only, hence, Celestino Layug could validly dispose of his property; appellants Layug did not allege that appellee Yumul was a party to the falsification of the signature); appellee Yumul was a buyer in good faith when he bought the subject property from Aniceto Yumul; defendant-appellee Yumul examined the title in the name of Aniceto Yumul, and looked at the subject property, and found no circumstances which would have put him into inquiry; appellee Yumul paid the realty taxes over the subject property since his purchase in 1974; even assuming that appellee Yumul was a buyer in bad faith, appellee Yumul has acquired the subject property through extraordinary prescription, because his predecessor-in-interest's possession, added to his open, continuous, exclusive, and notorious possession of the subject property since 1974, amounted to a total of thirty (30) years, as required by law; appellants Layug's claim was defeated on the ground of laches because the appellants Layug have neglected for an unreasonable length of time to do that which, by exercising due diligence could or should have been done earlier (i.e., appellants Layug filed the petition to cancel the Deed of Absolute Sale only in 2003 or more than thirty (30) years); the Petition should be dismissed because the signature of appellants Ramon and Ricardo Layug do not appear in the Verification, and appellants Layug's counsel did not indicate his Attorney's roll number.

Appellee Jose Yumul, as compulsory counterclaim, prayed for the award of damages.

The RTC conducted pre-trial.

Thereafter, the RTC proceeded with the trial of the case.

The following persons testified for the appellants Layug: appellant Rommel Layug; Myrna Garcia (wife of the late Ben Garcia, the possessors of the subject property). The evidence for appellants Layug is summarized thus: the late Celestino Layug and appellant Pimitiva Layug were the registered owners of the subject property covered by TCT No. 57921;^[12] in 1967, Celestino Layug verbally mortgaged the subject property to his first cousin, the late Aniceto Yumul, to secure the loan of P4,000.00; ^[13] Celestino Layug and Aniceto Yumul agreed that the harvest of the subject property would be given to Aniceto Yumul only while the loan remained unpaid;^[14] unknown to appellants Layug, Aniceto Yumul fraudulently prepared the Deed of Absolute Sale dated 20 October 1969,^[15] (i.e., Celestino Layug sold the subject property to Aniceto Yumul for P4,360.00; the signature above the name "CELESTINO LAYUG"^[16] on the Deed of Absolute Sale was not the signature of the late Celestino Layug,^[17] based on a visual comparison of Celestino Layug's signature on his Certificate of Tax Certificate ("CTC") dated 9 January 1978,^[18] CTC dated 7 April 1980,^[19] Social Security System Membership Identification Card,^[20] and the Voter's Affidavit dated 6 December 1986^[21]); appellant Pimitiva Layug's signature does not appear on the Deed of Absolute Sale, as required by law,^[22] and then Aniceto Yumul fraudulently registered the Deed of Absolute Sale, and obtained TCT No. 85340^[23] in his name;^[24] on 5 November 1984, Aniceto Yumul sold the subject property to his brother, appellee Jose Yumul; appellee Jose Yumul then registered the subject property in his name, and TCT No. 183542^[25] was issued; in the letter dated 19 April 2002, appellee Jose Yumul made a demand upon Mrs. Ben Garcia to vacate the subject property, allegedly because he (appellee Jose Yumul)

owned the subject property;^[26] prior to Ben Garcia, the possessor of the subject property was Ben Garcia's father, Ernesto Garcia; Ernesto Garcia paid the rentals to Celestino Layug;^[27] when Celestino Layug mortgaged the subject property to Aniceto Yumul, Ernesto Garcia paid the rentals to Hernando Tiamzon, the representative of Aniceto Yumul;^[28] when Ernesto Garcia died in 1988, Ben Garcia and his wife Myrna Garcia ("spouses Garcia") took possession of the subject property, and gave the rentals to the father of Aniceto Yumul, Belino Yumul;^[29] in 1999, appellee Jose Yumul ordered the spouses Garcia to stop paying the rental fee, because he (appellee Jose Yumul) had a program for them (the spouses Garcia) to acquire the subject property;^[30] however, in 2002, appellee Jose Yumul made a demand upon Mrs. Ben Garcia to vacate the subject property because he owned the subject property;^[31] from that time on, Mrs. Myrna Garcia paid the rentals of the subject property to appellee Rommel Layug;^[32] a couple of years before Aniceto Yumul died, the daughters of Celestino Layug tried to redeem the subject property,^[33] but they were not successful;^[34] appellants Layug did not pay the realty taxes of the subject property when Aniceto Yumul was in possession of the subject property;^[35] appellants Layug were surprised when appellee Jose Yumul informed them (appellants Layug) that he owned the subject property,^[36] because Celestino Layug only mortgaged the subject property to Aniceto Yumul; appellants Layug decided to file the Petition against defendant-appellee Yumul after the parties failed to settle amicably, as evidenced by the Certificate to File Action dated 16 October 2002;^[37] appellant Primitiva Layug, the heirs of the late Ricardo Layug, and the heirs of Ramon Layug, authorized appellant Rommel Layug to represent them, and to file the Petition against appellee Jose Yumul, as evidenced by the Special Power of Attorney dated 15 September 2002;^[38] the appellants Layug and appellee Jose Yumul used to have a close family relationship,^[39] but because of this case, the families now have a strained relationship.^[40]

Only appellee Jose Yumul testified for himself. The evidence of appellee Jose Yumul is summarized thus: appellee Jose Yumul's only transaction was with Aniceto Yumul,^[41] hence, there is no basis for appellants Layug to sue appellee Jose Yumul; appellee Jose Yumul owns the subject property as evidenced by TCT No. 183542 in his name; appellee Jose Yumul validly bought the subject property from Aniceto Yumul, as evidenced by the Deed of Absolute Sale dated 28 December 1974;^[42] before appellee Jose Yumul bought the subject property, Aniceto Yumul showed appellee Jose Yumul the Deed of Absolute Sale dated 20 October 1969, evidencing the sale between Celestino Layug and Aniceto Yumul of the subject property,^[43] and the signature above the name "Celestino Layug" on the Deed of Absolute Sale dated 20 October 1969, was the genuine signature of Celestino Layug;^[44] when appellee Jose Yumul bought the subject property, the agreement of Celestino Layug with Ernesto Garcia, and later with his son Ben Garcia, and then later with Mrs. Ben Garcia, were maintained;^[45] Ernesto Garcia and Ben Garcia paid rentals to appellee Jose Yumul,^[46] but when Myrna Garcia took over the possession of the subject property, she did not pay the rentals to appellee Jose Yumul;^[47] appellee Jose Yumul sent Myrna Garcia a letter and made a demand upon her to pay the rental fees, but Myrna Garcia failed to pay the rentals,^[48] and this led appellee Jose Yumul to file the case against Myrna Garcia before the Department of Agrarian Reform

Adjudication Board ("DARAB"), docketed as DARAB Case No. III-T-2333-03;^[49] in the Decision dated 20 November 2007, the DARAB ruled in favor of appellee Jose Yumul, and ordered Myrna Garcia to vacate the subject property;^[50] in the span of almost thirty years that appellee Jose Yumul has owned the subject property, appellee Primitiva Layug did not assert her claim over the subject property;^[51] it was only on 14 April 2003 that appellants Layug asserted their claim over the subject property;^[52] appellee Jose Yumul pays for the realty taxes of the subject property in his name (as evidenced by Official Receipt of the Republic of the Philippines No. 6463911 dated 31 October 1984,^[53] Official Receipt of the Republic of the Philippines No. 6463874 dated 31 October 1984,^[54] Official Receipt of the Republic of the Philippines No. 9879730 dated 17 November 2008,^[55] and Tax Clearance dated 3 December 2008, issued by the Office of the Municipal Treasurer of Tarlac);^[56] appellee Jose Yumul suffered humiliation due to the case filed by appellants Layug, thus appellants Layug should pay appellee Jose Yumul damages in the amount of P1,000,000.00,^[57] and attorney's fees in the amount of P100,000.00.^[58]

On 3 December 2010, the RTC issued the assailed Decision.^[59] The dispositive portion read:

WHEREFORE, premises considered, the Court finding validity on the Deed of Absolute Sale between Celestino Layug and Aniceto Yumul, the issuance of the title corresponding thereto, the Deed of Absolute Sale between Aniceto Yumul and Jose Yumul; and the certificate of land transfer issued to Jose Yumul, the complaint is hereby **dismissed**. The counter-claim is also **dismissed**.

Parties shall shoulder their own costs.

SO ORDERED.

In the Order dated 21 March 2011,^[60] the RTC denied the motion for reconsideration of appellants Layug.

Thus, this appeal, appellants Layug making the following assignment of errors:

1. THE LOWER COURT GRAVELY ERRED IN NOT FINDING THAT AN ALIENATION OF THE REAL PROPERTY OF THE CONJUGAL PARTNERSHIP OF THE HUSBAND WITHOUT HIS WIFE'S CONSENT, ABSENT A DECLARATION THAT SHE IS A NON COMPOS MENTIS, OR A SPENDTHRIFT OR IS UNDER CIVIL INTERDICTION, IS NOT ALLOWED BY LAW.

2. THE LOWER COURT GRIEVOUSLY ERRED IN NOT HOLDING AND FINDING THAT THE DEED OF SALE WAS NULL AND VOID.

3. THE LOWER COURT GRIEVOUSLY ERRED IN NOT FINDING THAT SINCE THE FIRST DEED OF SALE WAS AGAINST THE LAW AND THEREFORE INVALID, THE SECOND DEED OR SALE TRANSFERRED NO RIGHT OR PROPERTY TO THE BUYER.