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Wilfredo V. Lapitan
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 Division Clerk of Court
 Third Division

MAY 17 2019

Republic of the Philippines
 Supreme Court
 Manila

THIRD DIVISION

MELINDA M. MALABANAN,
 Petitioner,

G. R. No. 187225

Present:

-versus-

PERALTA, J., Chairperson,
 DEL CASTILLO,*
 LEONEN,
 REYES, A., JR., and
 HERNANDO, JJ.

FRANCISCO MALABANAN, JR.,
 SPOUSES RAMON AND
 PRESCILA MALABANAN, and
 SPOUSES DOMINADOR III AND
 GUIA MONTANO,
 Respondents.

Promulgated:
 March 6, 2019

Wilfredo V. Lapitan

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DECISION

LEONEN, J.:

For this Court's resolution is a case that arose from a Complaint¹ involving a 310-square meter property located in Lot 1146-B-2, Psd-04-011785 in Barangay Amaya, Tanza, Cavite and covered by Transfer Certificate of Title No. T-188590.²

Melinda Malabanan (Melinda) is the widow of Jose Malabanan (Jose).³ In a December 18, 1984 Deed of Absolute Sale,⁴ they acquired a 310-square meter lot, a portion of a 2,000-square meter land registered under

* Designated additional Member for this case per Special Order No. 2624-P dated February 26, 2019.

¹ *Rollo*, pp. 27-32.

² *Id.* at 108.

³ *Id.*

⁴ *Id.* at 62.

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Maria Cristina Rodriguez (Rodriguez).⁵ Subsequently, on February 21, 1985, Transfer Certificate of Title No. T-188590 was issued to “Jose[,] married to Melinda[,]”⁶ covering the disputed property.⁷ The spouses built a house on the lot which the family had possessed since 1984.⁸

On October 13, 1984, Melinda left the Philippines to work in Libya. Unfortunately, Jose was murdered on June 12, 1985 prompting her to return home on June 25, 1985. She then returned to Libya on August 19, 1985, and only came home on November 8, 1990.⁹

Later on, Melinda discovered that Transfer Certificate of Title No. T-188590 had long been canceled through a string of transactions, and that the property was registered under the name of Spouses Dominador III and Guia Montano (the Montano Spouses).¹⁰ The following were executed:

1] [A] Special Power of Attorney was allegedly executed on March 20, 1985 by her husband, Jose Malabanan, with her conformity[,] authorizing her father-in-law Francisco Malabanan, Jr. to mortgage, lease or sell their property covered by TCT No. T-188590; 2] on the basis of said Special Power of Attorney, the subject property was sold by Francisco Malabanan, Jr. to Benjamin M. Lopez (Francisco’s brother-in-law) via a Deed of Absolute Sale executed on May 29, 1985 and as a result, TCT No. T-188590 was canceled and [in] lieu thereof TCT No. T-195283 was issued on July 18, 1985 in the name of Benjamin Lopez[,] married to Antonia Lopez; 3] within the span of 3 months[,] Francisco Malabanan, Jr. bought back the subject property under a Deed of Absolute Sale dated September 9, 1985 and as a result, TCT No. T-195283 was canceled and a new TCT No. T-198039 was issued in the name of Francisco Malabanan, Jr.[,] married to Adelfina Mendoza on September 18, 1985.¹¹ (Citations omitted)

When Melinda’s mother-in-law, Adelfina Mendoza (Adelfina) died, her family executed an Extrajudicial Settlement of her estate. The property, then covered by Transfer Certificate of Title No. T-198039, was adjudicated to Ramon Malabanan (Ramon), who was Jose’s brother.¹²

On June 1, 1994, Melinda filed before the Regional Trial Court a Complaint for Annulment of Title with Damages¹³ against Spouses Ramon and Prescila Malabanan (the Malabanan Spouses) and Francisco Malabanan (Francisco).

⁵ Id. at 108.

⁶ Id. at 109.

⁷ Id. at 108–109.

⁸ Id. at 109.

⁹ Id.

¹⁰ Id.

¹¹ Id. at 109–110.

¹² Id. at 110.

¹³ Id. at 27–32.

On June 17, 1994, Ramon sold the property to the Montano Spouses, with whom Transfer Certificate of Title No. T-467540 was issued.¹⁴

Melinda later filed an Amended Complaint¹⁵ to implead the Montano Spouses. She argued that the Special Power of Attorney was void as her signature in it was forged,¹⁶ and that she and Jose remained the real owners of the property.¹⁷ Further, she averred that she spent her earnings as an overseas worker in Libya to remodel their family home, all of which Francisco and the Malabanan Spouses had fully known.¹⁸ She prayed for the nullification of the documents, which she claimed to have been illegally executed to dispossess her of her property.¹⁹

Francisco and the Malabanan Spouses, in their Amended Answer with Counterclaim,²⁰ countered that Francisco and Adelfina bought the property for their son, Jose, and Melinda as an advance on Jose's legitime.²¹ Francisco, they added, paid for the construction of the house on the property. They contended that Melinda consented when Francisco reacquired the property upon his son's death. He sold the property to his brother-in-law, Benjamin Lopez (Lopez), because he was short on cash; he later bought it back with his hard-earned money.²²

Francisco and the Malabanan Spouses further claimed that the Extrajudicial Settlement of Adelfina's estate was legally executed. Melinda and her children, they argued, were excluded because they had already received their share of inheritance from Adelfina.²³

On the other hand, Dominador testified during trial that no adverse claim was annotated on Ramon's title when he decided to buy the property.²⁴ He discovered only after purchasing the property that the tax declaration on the house was in Melinda's name.²⁵ When he did, he offered to pay Melinda ₱100,000.00 for the cost of the house, but no longer pursued it when Melinda refused and asked for ₱300,000.00 instead. Through all of this, Melinda allegedly did not inform him that she had a claim over the property against Francisco and the Malabanan Spouses.²⁶

¹⁴ Id. at 110.

¹⁵ Id. at 35-42.

¹⁶ Id. at 37.

¹⁷ Id. at 36.

¹⁸ Id. at 38.

¹⁹ Id. at 39.

²⁰ Id. at 43-49.

²¹ Id. at 44.

²² Id. at 45.

²³ Id. at 46-47.

²⁴ Id. at 57.

²⁵ Id. at 58.

²⁶ Id. at 58.

In its July 9, 2004 Decision,²⁷ the Regional Trial Court ruled in favor of Melinda. It found that she has proved her ownership over the property, which was fraudulently transferred through Francisco's clever scheme. The trial court gave credence to the expert witness' testimony that Melinda's signature was forged. It noted that Francisco himself had admitted that Melinda was abroad when the Special Power of Attorney was executed.²⁸

The trial court nullified the Special Power of Attorney and the subsequent transactions. The dispositive portion of its Decision read:

WHEREFORE, judgment is hereby rendered in favor of the plaintiff as against all defendants:

A. Ordering the nullity of:

1. The Special Power of Attorney in favor of defendant Francisco Malabanan, Jr.;

2. The Deed of Sale executed in favor of Benjamin Lopez and the Counter Deed of Sale in favor of defendant Francisco Malabanan, Jr.;

3. The Extra Judicial Partition in favor of defendant Ramon Malabanan with respect to subject property; and

4. The sale executed by Ramon Malabanan in favor of Sps. Dominador and Guia Montano having acquired the property in bad faith.

B. Ordering the Register of Deeds to CANCEL Transfer Certificate of Title NO. T-467540 and to reinstate the original title, Transfer Certificate of Title No. T-188590 in the name of the plaintiff.

C. Ordering defendants to pay:

1. The amount of Twenty Thousand (P20,000.00) Pesos as attorney's fees; (*sic*)

2. The amount of Fifty Thousand (P50,000.00) Pesos as moral damages; (*sic*)

3. The amount of Fifty Thousand (P50,000.00) Pesos as exemplary damages; and (*sic*)

4. The cost of suit.

SO ORDERED.²⁹

²⁷ Id. at 50–64. The Decision, in Civil Case No. TM-534, was penned by Executive Judge Aurelio G. Icasiano, Jr. of Branch 23, Regional Trial Court, Trece Martires City.

²⁸ Id. at 62.

²⁹ Id. at 63–64.

On appeal, the Court of Appeals, in a June 17, 2008 Decision,³⁰ set aside the trial court's ruling and ordered the Complaint's dismissal. It gave weight to Francisco's claim that the property was an advance on Jose's legitime. It found that in the Special Power of Attorney, Jose himself acknowledged executing it as gratitude to his parents "who actually paid for the whole cost of said property and caused the registration of the same in my name."³¹ The Court of Appeals ruled that this was a declaration against Jose's actual and real interest under Rule 130, Section 38 of the Rules of Court.³²

The Court of Appeals further held that under Article 1448³³ of the Civil Code, there is a disputable presumption that a gift was in favor of the child when a parent pays for a property but its title is conveyed to the child.³⁴ Likewise, the Court of Appeals cited Article 153³⁵ of the Civil Code, in relation to Article 148³⁶ of the Civil Code and Article 109,³⁷ Paragraph 2 of the Family Code. Based on these statutes, it found that since Jose acquired

³⁰ Id. at 107–119. The Decision, in CA G.R. CV No. 87400, was penned by Associate Justice Rosmari D. Carandang (now a member of this Court), and concurred in by Associate Justices Portia Aliño-Hormachuelos and Estela M. Perlas-Bernabe (now a member of this Court) of the Second Division, Court of Appeals, Manila.

³¹ Id. at 116.

³² RULES OF COURT, Rule 130, sec. 38 provides:

SEC. 38. Declaration against interest. — The declaration made by a person deceased, or unable to testify, against the interest of the declarant, if the fact asserted in the declaration was at the time it was made so far contrary to declarant's own interest, that a reasonable man in his position would not have made the declaration unless he believed it to be true, may be received in evidence against himself or his successors in interest and against third persons.

³³ CIVIL CODE, art. 1448 provides:

ARTICLE 1448. There is an implied trust when property is sold, and the legal estate is granted to one party but the price is paid by another for the purpose of having the beneficial interest of the property. The former is the trustee, while the latter is the beneficiary. However, if the person to whom the title is conveyed is a child, legitimate or illegitimate, of the one paying the price of the sale, no trust is implied by law, it being disputably presumed that there is a gift in favor of the child.

³⁴ *Rollo*, p. 116.

³⁵ CIVIL CODE, art. 153 provides:

ARTICLE 153. The following are conjugal partnership property:

- (1) That which is acquired by onerous title during the marriage at the expense of the common fund, whether the acquisition be for the partnership, or for only one of the spouses;
- (2) That which is obtained by the industry, or work, or as salary of the spouses, or of either of them;
- (3) The fruits, rents or interests received or due during the marriage, coming from the common property or from the exclusive property of each spouse.

³⁶ CIVIL CODE, art. 148 provides:

ARTICLE 148. The following shall be the exclusive property of each spouse:

- (1) That which is brought to the marriage as his or her own;
- (2) That which each acquires, during the marriage, by lucrative title;
- (3) That which is acquired by right of redemption or by exchange with other property belonging to only one of the spouses;
- (4) That which is purchased with exclusive money of the wife or of the husband.

³⁷ FAMILY CODE, art. 109 provides:

ARTICLE 109. The following shall be the exclusive property of each spouse:

- (1) That which is brought to the marriage as his or her own;
- (2) That which each acquires during the marriage by gratuitous title;
- (3) That which is acquired by right of redemption, by barter or by exchange with property belonging to only one of the spouses; and
- (4) That which is purchased with exclusive money of the wife or of the husband.

the gift by gratuitous title during marriage, the property was excluded from the conjugal partnership of gains. As it was his exclusive property, Jose can dispose it without Melinda's consent. Hence, Melinda's signature being forged in the Special Power of Attorney did not invalidate the authority Jose had given his father.³⁸

The dispositive portion of the Court of Appeals Decision read:

WHEREFORE, premises considered, the Decision dated July 9, 2004 of the Regional Trial Court of Trece Martires City, Cavite, in Civil Case No. TM534, is hereby **SET ASIDE** and a new one is entered **DISMISSING** the complaint.

SO ORDERED.³⁹ (Emphasis in the original)

In her Motion for Reconsideration,⁴⁰ Melinda argued that the Court of Appeals erred in failing to consider that only Jose's name appeared in the Deed of Absolute Sale from Rodriguez, and that the title to the property was issued in Jose's and Melinda's names. Further, these transactions transpired during Jose and Melinda's marriage.⁴¹ She averred that Francisco's bare allegations failed to rebut the presumption that the property was, indeed, conjugal.⁴² She reiterated that her signature in the Special Power of Attorney had been forged, and thus, no valid act can come from it.⁴³ Finally, she stressed that as a seasoned businessman, Dominador should have inspected the property, which was near his home.⁴⁴

The Court of Appeals denied Melinda's Motion in a March 23, 2009 Resolution,⁴⁵ holding that the arguments raised were extensively discussed in its Decision.⁴⁶

Hence, on May 15, 2009, Melinda filed this Petition for Review on Certiorari⁴⁷ against Francisco, the Malabanan Spouses, and the Montano Spouses.

Petitioner maintains that she has provided sufficient evidence to support her claim.⁴⁸ She argues that respondents failed to rebut the

³⁸ *Rollo*, p. 117–118.

³⁹ *Id.* at 118.

⁴⁰ *Id.* at 120–126.

⁴¹ *Id.* at 121.

⁴² *Id.* at 122.

⁴³ *Id.* at 122–123.

⁴⁴ *Id.* at 123–124.

⁴⁵ *Id.* at 128–129. The Resolution, in CA G.R. CV No. 87400, was penned by Associate Justice Rosmari D. Carandang (now a member of this Court), and concurred in by Associate Justices Portia Aliño-Hormachuelos and Estela M. Perlas-Bernabe (now a member of this Court) of the Former Second Division, Court of Appeals, Manila.

⁴⁶ *Id.* at 129.

⁴⁷ *Id.* at 10–26.

disputable presumption that a property acquired by spouses during their marriage forms part of their community of properties.⁴⁹ Furthermore, under Article 156⁵⁰ of the Family Code, the family home may only be disposed upon the written consent of the family constituting it.⁵¹ Her signature, she avers, must be obtained to sell the house. Finally, she contends that the Montano Spouses were buyers in bad faith for not exercising ordinary prudence as respondent Dominador purchased the property knowing that respondent Ramon did not possess it.⁵²

In its January 25, 2016 Resolution,⁵³ this Court dispensed with respondents' Comment.⁵⁴

For resolution is the lone issue of whether or not the property formerly covered by Transfer Certificate of Title No. T-188590 was conjugal, and thus, rendering its sale without the wife's consent void.

This Court grants the Petition.

I

This Court's appellate review is discretionary.⁵⁵ A question of fact, which, in this case, is the determination of whether the property formerly covered by Transfer Certificate of Title No. T-188590 was conjugal, generally cannot be raised in a petition for review on certiorari.⁵⁶ A question

⁴⁸ Id. at 17–18.

⁴⁹ Id. at 18.

⁵⁰ FAMILY CODE, art. 156 provides:

ARTICLE 156. The family home must be part of the properties of the absolute community or the conjugal partnership, or of the exclusive properties of either spouse with the latter's consent. It may also be constituted by an unmarried head of a family on his or her own property.

Nevertheless, property that is the subject of a conditional sale on installments where ownership is reserved by the vendor only to guarantee payment of the purchase price may be constituted as a family home.

⁵¹ *Rollo*, p. 19.

⁵² Id. at 21.

⁵³ Id. at 201.

⁵⁴ In a July 1, 2009 Resolution, this Court required respondents to comment on the Petition; however, it was unheeded. As the copy of this Resolution sent to the respondent's counsel was returned unserved, this Court ordered that it be sent to respondents themselves in a February 8, 2010 Resolution.

On August 18, 2010, this Court noted a letter from respondent Francisco's daughter, stating that she refuses to be a substitute party-defendant and would not be filing a Comment.

In a December 1, 2010 Resolution, this Court required respondents to send their counsel's complete address. A copy of this Resolution was returned unserved. Thus, this Court required the Integrated Bar of the Philippines to submit the correct and present address of the counsel of record, to which they replied that they had no record of it.

On February 25, 2013, this Court deemed as served by substituted service the returned and unserved copies of the previous Resolutions sent to the respondents and their counsel.

In a January 25, 2016 Resolution, this Court resolved to dispense with the respondents' Comment.

⁵⁵ *Pascual v. Burgos*, 776 Phil. 167 (2016) [Per J. Leonen, Second Division].

⁵⁶ RULES OF COURT, Rule 45, sec. 1 provides:

SECTION 1. Filing of petition with Supreme Court. — A party desiring to appeal by certiorari from a judgment, final order or resolution of the Court of Appeals, the Sandiganbayan, the Court of Tax Appeals, the Regional Trial Court or other courts, whenever authorized by law, may file with the

of fact exists when there is doubt on the truth of the allegations and the issue entails a review of the evidence presented.⁵⁷ Moreover, the findings of the Court of Appeals are generally binding on this Court. These rules allow certain exceptions enumerated in *Pascual v. Burgos*:⁵⁸

(1) When the conclusion is a finding grounded entirely on speculation, surmises or conjectures; (2) When the inference made is manifestly mistaken, absurd or impossible; (3) Where there is a grave abuse of discretion; (4) When the judgment is based on a misapprehension of facts; (5) When the findings of fact are conflicting; (6) When the Court of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee; (7) The findings of the Court of Appeals are contrary to those of the trial court; (8) When the findings of fact are conclusions without citation of specific evidence on which they are based; (9) When the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondents; and (10) The finding of fact of the Court of Appeals is premised on the supposed absence of evidence and is contradicted by the evidence on record.⁵⁹ (Citation omitted)

Here, while the findings of the Court of Appeals are contrary to those of the trial court, this does not at once permit a factual review, but simply presents a *prima facie* basis for such.⁶⁰ In *Pascual*:

While the factual findings of the Court of Appeals are contrary to those of the trial court, this alone does not automatically warrant a review of factual findings by this court. . . .

. . . .

The lower courts' disagreement as to their factual findings, at most, presents only *prima facie* basis for recourse to this court:

One such exception, of course, is where — as here — the factual findings of the Court of Appeals conflict with those of the Trial Court, but it is one that must be invoked and applied only with great circumspection and upon a clear showing that manifestly correct findings have been unwarrantedly rejected or reversed. On the one hand, the trial court is the beneficiary of the rule that its findings of fact are entitled to great weight and respect; on the other, the Court of Appeals is, as a general proposition, the ultimate judge of the facts in a case appealed to it — a prerogative which is at the same time a duty conferred upon

Supreme Court a verified petition for review on certiorari. The petition may include an application for a writ of preliminary injunction or other provisional remedies and *shall raise only questions of law, which must be distinctly set forth*. The petitioner may seek the same provisional remedies by verified motion filed in the same action or proceeding at any time during its pendency. (Emphasis supplied.)

⁵⁷ *Westmont Investment Corp. v. Francia, Jr.*, 678 Phil. 180 (2011) [Per J. Mendoza, Third Division].

⁵⁸ 776 Phil. 167 (2016) [Per J. Leonen, Second Division].

⁵⁹ *Id.* at 182–183 citing *Medina v. Mayor Asistio, Jr.*, 269 Phil. 225, 232 (1990) [Per J. Bidin, Third Division].

⁶⁰ *Pascual v. Burgos*, 776 Phil. 167 (2016) [Per J. Leonen, Second Division].

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it by law. Thus, while a conflict in their findings may *prima facie* provide basis for a recourse to this Court, only a showing, on the face of the record, of gross or extraordinary misperception or manifest bias in the Appellate Court's reading of the evidence will justify this Court's intervention by way of assuming a function usually within the former's exclusive province.⁶¹ (Citation omitted)

Petitioner urges this Court to review the factual findings in this case as “some facts or circumstances that may affect the result of the case have been overlooked[.]”⁶² In other words, she alleges that there was a misapprehension of facts. This Court agrees.

II

On one hand, petitioner's claim rests on the Deed of Absolute Sale her husband Jose executed with Rodriguez, as well as Transfer Certificate of Title No. T-188590 issued during their marriage. On the other hand, respondent Francisco maintained that he paid for the land and the house construction on the property. The Court of Appeals' finding that the property was exclusively owned by Jose was premised on: (1) the Deed of Conditional Sale between Jose and Rodriguez, which do not appear on record; and (2) Jose's statement in the Special Power of Attorney.

II (A)

The circumstances here transpired prior to the effectivity of the Family Code on August 3, 1988. Thus, petitioner and Jose's marriage and property relations are governed by the Civil Code.

Under the Civil Code, property acquired during marriage is presumed to be conjugal.⁶³ There is no need to prove that the money used to purchase a property came from the conjugal fund. What must be established is that the property was acquired during marriage.⁶⁴ Only through “clear, categorical, and convincing”⁶⁵ proof to the contrary will it be considered the paraphernal property of one (1) of the spouses.⁶⁶

⁶¹ *Id.* at 188.

⁶² *Rollo*, p. 17.

⁶³ CIVIL CODE, art. 160 provides:

ARTICLE 160. All property of the marriage is presumed to belong to the conjugal partnership, unless it be proved that it pertains exclusively to the husband or to the wife.

⁶⁴ *Spouses Tan v. Court of Appeals*, 339 Phil. 423 (1997) [Per J. Kapunan, First Division].

⁶⁵ *Spouses Go v. Yamane*, 522 Phil. 653, 656 (2006) [Per C.J. Panganiban, First Division].

⁶⁶ *Spouses Go v. Yamane*, 522 Phil. 653 (2006) [Per C.J. Panganiban, First Division].

Here, the pieces of evidence presented by respondents, who had the burden of proving that the property was not conjugal,⁶⁷ were insufficient to overturn this presumption.

To recall, on September 20, 1984, Jose executed a Deed of Conditional Sale with Rodriguez, where respondent Francisco's down payment was allegedly reflected.⁶⁸ The following month, on October 13, 1984, Melinda left for Libya.⁶⁹ On December 18, 1984, the Deed of Absolute Sale between Jose and Rodriguez was executed.⁷⁰ The house underwent construction while Melinda was in Libya and before Jose's death on June 12, 1985.⁷¹

These events refute Francisco's claim that petitioner and Jose had no means to purchase the lot as they were jobless. Petitioner was then working in Libya, presumably earning income when the Deed of Absolute Sale was executed and the house was constructed. These circumstances—along with the execution of the Deed of Absolute Sale between Jose and Rodriguez, and the title over the property being in Jose's name (“Jose[,] married to Melinda Malabanan”)—sufficiently show that the property was, indeed, conjugal.

While respondent Francisco did not waver in his claim that he and Adelfina bought the lot for petitioner and Jose, we sustain the trial court in deeming this as self-serving. It does not escape this Court that respondent Francisco's characterization of the property changed throughout trial and on appeal.

Initially, in his Amended Answer with Counterclaim, respondent Francisco claimed that the property was Jose's advance legitime.⁷² Later, during trial, he testified that the property was for a joint business, where he was the capitalist and Jose was the industrial partner.⁷³ On appeal, he contended that he had a right to recover the property because their joint venture did not materialize.⁷⁴ When confronted with the assertion that petitioner, Jose, and their children had been excluded in the Extrajudicial Settlement of Adelfina's estate, respondent Francisco claimed that they had already received advances in Jose's legitime.⁷⁵ Whatever these advances were—as he failed to mention what they were—did not include the disputed property, contrary to what he suggested. It was in the extrajudicial

⁶⁷ *Tan v. Court of Appeals*, 339 Phil. 423 (1997) [Per J. Kapunan, First Division].

⁶⁸ *Rollo*, pp. 115–116.

⁶⁹ *Id.* at 109.

⁷⁰ *Id.* at 60.

⁷¹ *Id.* at 61.

⁷² *Id.* at 44.

⁷³ *Id.* at 61.

⁷⁴ *Id.* at 77.

⁷⁵ *Id.* at 44.

settlement where the property was transferred to respondent Ramon; it could not have been among the asserted “advances on the legitime.”⁷⁶

Furthermore, respondent Francisco argued that the property was sold to his brother-in-law, Lopez, with Jose’s consent because the latter needed money. From the proceeds of the sale, he lent ₱20,000.00 to Jose, with the remaining ₱11,000.00 as balance.⁷⁷ Not only is this inconsistent with the claim of advanced inheritance, but also with the alleged prospective business venture. If the property was Jose’s legitime, then the money should have been fully and freely given to him as it was from the sale of his property. Respondent Francisco’s participation in the transaction was not needed. If, on the other hand, the property was for a business that did not materialize, then petitioner, Jose, and their children should have been included in the Extrajudicial Settlement.

It would appear that respondent Francisco modified his narrative depending on the allegations to which he responded. This proved detrimental as his testimony, when taken as a whole and weighed against his actions, was self-contradicting.

*In Halili v. Court of Industrial Relations:*⁷⁸

[T]he best proof of ownership of a piece of land is the Certificate of Title.

....

A certificate of title accumulates in one document a precise and correct statement of the exact status of the fee held by its owner. The certificate, in the absence of fraud, is the evidence of title and shows exactly the real interest of its owner. The title once registered, with very few exceptions, should not thereafter be impugned, altered, changed, modified, enlarged, or diminished, except in some direct proceeding permitted by law. Otherwise, all security in registered titles would be lost.⁷⁹ (Citations omitted)

A certificate of title is the best evidence of ownership of a property.⁸⁰ Respondents neither alleged fraud nor assailed the issuance of the title in Jose’s favor. This certificate of title, when taken with the Deed of Absolute Sale between Jose and Rodriguez, as well as the tax declarations in petitioner’s name, weigh more heavily than respondents’ bare claims in establishing petitioner and Jose’s ownership of the property. Respondent

⁷⁶ Id.

⁷⁷ Id. at 45 and 78.

⁷⁸ 326 Phil. 982 (1996) [Per J. Hermosisima, Jr., En Banc].

⁷⁹ Id. at 991–992.

⁸⁰ *Halili v. Court of Industrial Relations*, 326 Phil. 982 (1996) [Per J. Hermosisima, Jr., En Banc].

Francisco, on the contrary, failed to present any evidence to prove that he paid for the land and the construction of the house on the property.

Moreover, the trial court was in a better position to evaluate the evidence and assess the veracity of the parties' allegations, since it had observed the litigants' demeanors when they took the stand. The totality of evidence adduced during trial leads this Court to sustain the trial court's finding that the property was, indeed, conjugal.

II (B)

Since this case involves conjugal property, Articles 165 and 166 of the Civil Code are relevant:

ARTICLE 165. The husband is the administrator of the conjugal partnership.

ARTICLE 166. Unless the wife has been declared a *non compos mentis* or a spendthrift, or is under civil interdiction or is confined in a leprosarium, the husband cannot alienate or encumber any real property of the conjugal partnership without the wife's consent. If she refuses unreasonably to give her consent, the court may compel her to grant the same.

This article shall not apply to property acquired by the conjugal partnership before the effective date of this Code. (Emphasis in the original)

This Court, applying those Civil Code provisions, ruled in a number of cases that the sale of conjugal property by a spouse without the other's consent is void.⁸¹ All subsequent transferees of the conjugal property acquire no rights whatsoever from the conjugal property's unauthorized sale.

A contract conveying conjugal properties entered into by the husband without the wife's consent may be annulled entirely. In *Bucoy v. Paulino*:⁸²

As the statute now stands, the right of the wife is directed at "the annulment of any contract," referring to real property of the conjugal partnership entered into by the husband "without her consent."

The plain meaning attached to the plain language of the law is that the contract, in its entirety, executed by the husband without the wife's consent, may be annulled by the wife. Had Congress intended to limit

⁸¹ *Tolentino v. Cardenas*, 123 Phil. 517 (1966) [Per J. Barrera, En Banc]; *Bucoy v. Paulino*, 131 Phil. 790 (1968) [Per J. Sanchez, En Banc]; *Garcia v. Court of Appeals*, 215 Phil. 380 (1984) [Per J. Aquino, Second Division]; and *Spouses Bautista v. Silva*, 533 Phil. 627 (2006) [Per J. Austria-Martinez, First Division].

⁸² 131 Phil. 790 (1968) [Per J. Sanchez, En Banc].

such annulment in so far as the contract shall “prejudice” the wife, such limitation should have been spelled out in the statute. It is not the legitimate concern of this Court to recast the law. As Mr. Justice Jose B. L. Reyes of this Court and Judge Ricardo C. Puno of the Court of First Instance correctly stated, “[t]he rule (in the first sentence of Article 173) revokes *Baello vs. Villanueva*, . . . and *Coque vs. Navas Sioca*, . . .” in which cases annulment was held to refer only to the extent of the one-half interest of the wife. . . .

The necessity to strike down the contract . . . as a whole, not merely as to the share of the wife, is not without its basis in the common-sense rule. To be underscored here is that upon the provisions of Articles 161, 162 and 163 of the Civil Code, the conjugal partnership is liable for many obligations while the conjugal partnership exists. Not only that. The conjugal property is even subject to the payment of debts contracted by either spouse before the marriage, as those for the payment of fines and indemnities imposed upon them after the responsibilities in Article 161 have been covered (Article 163, par. 3), if it turns out that the spouse who is bound thereby, “should have no exclusive property or if it should be insufficient.” These are considerations that go beyond the mere equitable share of the wife in the property. These are reasons enough for the husband to be stopped from disposing of the conjugal property without the consent of the wife. Even more fundamental is the fact that the nullity is decreed by the Code not on the basis of prejudice but lack of consent of an indispensable party to the contract under Article 166.⁸³ (Citations omitted)

Here, Jose had no right to either unilaterally dispose the conjugal property or grant respondent Francisco this authority through the supposed Special Power of Attorney.

II (C)

The transactions that transferred ownership of the disputed property arose from the March 20, 1985 Special Power of Attorney, which petitioner has consistently assailed.

In his attempt to disavow knowledge of or participation in petitioner’s forged signature in the Special Power of Attorney, respondent Francisco claimed that Jose handed him the document with petitioner’s signature affixed in it. However, he was resolute in his account that petitioner was in Libya when the house was being constructed.⁸⁴ As underscored by the trial court, he knew that petitioner was in Libya when the Special Power of Attorney was executed,⁸⁵ yet, he sold the property without question. By itself, this does not inspire confidence in respondents’ claims.

⁸³ Id. at 804–805.

⁸⁴ *Rollo*, p. 78.

⁸⁵ Id. at 62.

In *Spouses Domingo v. Reed*,⁸⁶ this Court nullified the Special Power of Attorney, which granted the wife authority to sell the conjugal property. There, the wife claimed that she transmitted a typewritten Special Power of Attorney to her husband who was then in the Middle East. It was returned to her with her husband's signature already affixed. She then had it notarized.

In invalidating the document, this Court ruled that all parties to the Special Power of Attorney must personally appear before the notary public. Personal appearance guards against illegal acts and ensures that the signature on the instrument is genuine.⁸⁷ This Court further held that "even without expert testimony, the questionable circumstances surrounding the execution of the [Special Power of Attorney] already [cast] serious doubt on its genuineness."⁸⁸

Here, an expert witness from the National Bureau of Investigation testified during trial that petitioner's signature in the Special Power of Attorney was forged. This was uncontroverted.

Considering that petitioner was in Libya when the Special Power of Attorney was executed, and that an expert witness testified on the forgery of petitioner's signature, we rule that the Special Power of Attorney is void.

As a final note on this point, in *Lastrilla v. Granda*:⁸⁹

In the absence of satisfactory explanation, one found in possession of and who used a forged document is the forger of said document. If a person had in his possession a falsified document and he made use of it, taking advantage of it and profiting thereby, the clear presumption is that he is the material author of the falsification.

The presumptions elicited by the evidence on record are not of little significance. The effect of a presumption upon the burden of proof is to create the need of presenting evidence to overcome the *prima facie* case created, thereby which, if no contrary proof is offered, will prevail.⁹⁰ (Emphasis in the original, citations omitted)

Here, it was through the Special Power of Attorney, where petitioner's signature was forged, that respondent Fernando was able to sell the property to his brother-in-law. A presumption that he was the author of the falsification arose.⁹¹ Without contrary evidence, which he did not even attempt to adduce, the presumption stands.

⁸⁶ 513 Phil. 339 (2005) [Per J. Panganiban, Third Division].

⁸⁷ Id.

⁸⁸ Id. at 351.

⁸⁹ 516 Phil. 667 (2006) [Per J. Puno, Second Division].

⁹⁰ Id. at 685-686.

⁹¹ Id.

This Court cannot allow respondent Fernando, the presumed perpetrator of the forgery in the Special Power of Attorney, to benefit from his nefarious acts.

III

Finally, we agree with the trial court's finding that the Montano Spouses were not buyers in good faith.

A person is a buyer in good faith or an "innocent purchaser for value"⁹² when he or she purchases and pays the fair price for a property, absent any notice that another has a right over it.⁹³ If the property is covered by a certificate of title, the buyer may rely on it and is not obliged to go beyond its four (4) corners.⁹⁴ *Sigaya v. Mayuga*,⁹⁵ however, provides for situations where this rule does not apply:

[T]his rule shall not apply when the party has actual knowledge of facts and circumstances that would impel a reasonably cautious man to make such inquiry or when the purchaser has knowledge of a defect or the lack of title in his vendor or of sufficient facts to induce a reasonably prudent man to inquire into the status of the title of the property in litigation.⁹⁶ (Citation omitted)

To justify good faith in merely relying on the certificate of title, the following must be present:

[F]irst, the seller is the registered owner of the land; second, the latter is in possession thereof; and third, at the time of the sale, the buyer was not aware of any claim or interest of some other person in the property, or of any defect or restriction in the title of the seller or in his capacity to convey title to the property.⁹⁷ (Citations omitted)

Here, the land has always been possessed by petitioner, and not respondent Ramon Malabanan who sold it. Respondent Dominador should have inquired about this before he purchased the property. Verifying the status of the property would not have been difficult for a seasoned businessman like him, who incidentally lives in the same neighborhood where the property is located.

⁹² *Hemedes v. Court of Appeals*, 374 Phil. 692, 718 (1999) [Per J. Gonzaga-Reyes, Third Division].

⁹³ *Hemedes v. Court of Appeals*, 374 Phil. 692 (1999) [Per J. Gonzaga-Reyes, Third Division].

⁹⁴ *Id.*

⁹⁵ *Sigaya v. Mayuga*, 504 Phil. 600 (2005) [Per J. Austria-Martinez, Second Division].

⁹⁶ *Id.* at 614.

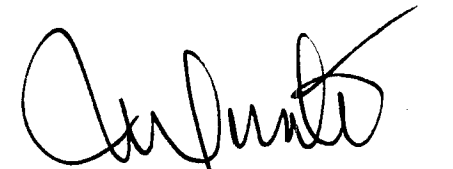
⁹⁷ *Spouses Bautista v. Silva*, 533 Phil. 627, 639 (2006) [Per J. Austria-Martinez, First Division].


WHEREFORE, the Petition for Review on Certiorari is **GRANTED**. The Court of Appeals June 17, 2008 Decision and March 23, 2009 Resolution in CA G.R. CV No. 87400 are **REVERSED and SET ASIDE**. The July 9, 2004 Decision of the Regional Trial Court, Branch 23, Trece Martires City in Civil Case No. TM-534 is **REINSTATED**.


SO ORDERED.



MARVIC M.V.F. LEONEN
Associate Justice

WE CONCUR:


DIOSDADO M. PERALTA
Associate Justice
Chairperson



MARIANO C. DEL CASTILLO
Associate Justice


ANDRES B. REYES, JR.
Associate Justice


RAMON PAUL L. HERNANDO
Associate Justice

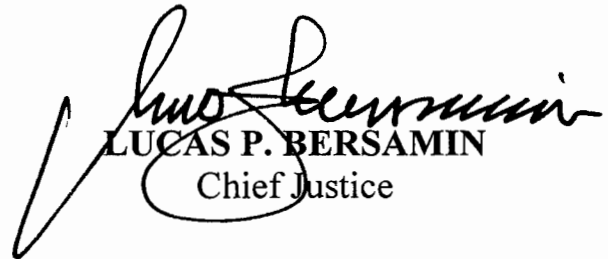
ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

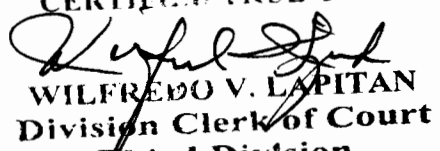

DIOSDADO M. PERALTA
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



LUCAS P. BERSAMIN
Chief Justice

CERTIFIED TRUE COPY

WILFREDO V. LAPITAN
Division Clerk of Court
Third Division

MAY 17 2019