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THIRD DIVISION

[G.R. No. 166516. September 3, 2009]

EMMA VER REYES and RAMON REYES, *petitioners, vs.* **IRENE MONTEMAYOR and THE REGISTER OF DEEDS OF CAVITE,** *respondents.*

SYLLABUS

1. REMEDIAL LAW; CIVIL PROCEDURE; APPEALS; PETITION FOR REVIEW ON *CERTIORARI* TO THE SUPREME COURT UNDER RULE 45; ONLY QUESTIONS OF LAW ALLOWED; EXCEPTIONS.— Rule 45 of the Rules of Court provides that only questions of law shall be raised in a Petition for Review before this Court. This rule, however, admits of certain exceptions, namely, (1) when the findings are grounded entirely on speculations, surmises, or conjectures; (2) when the inference made is manifestly mistaken, absurd or impossible; (3) when there is grave abuse of discretion; (4) when the judgment is based on a misappreciation of facts; (5) when the findings of fact are conflicting; (6) when, in making its findings, the same are contrary to the admissions of both appellant and appellee; (7) when the findings are contrary to those of the trial court; (8) when the findings 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 respondent; and (10) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record.

2. ID.; ID.; ID.; FACTUAL FINDINGS OF TRIAL COURT, RESPECTED; EXCEPTION IS WHERE THE EVIDENCE SUPPORTS A DIFFERENT CONCLUSION.— While as a general rule appellate courts do not usually disturb the lower court's findings of fact, unless said findings are not supported by or are totally devoid of or inconsistent with the evidence on record, such finding must of necessity be modified to conform with the evidence if the reviewing tribunal were to arrive at the proper and just resolution of the controversy. Thus, although the findings of fact of the Court of Appeals are generally

conclusive on this Court, which is not a trier of facts, if said factual findings do not conform to the evidence on record, this Court will not hesitate to review and reverse the factual findings of the lower courts. In the instant case, the Court finds sufficient basis to deviate from the rule since the extant evidence and prevailing law support a finding different from the conclusion of the Court of Appeals and the RTC.

3. ID.; EVIDENCE; FORGERY; AUTHENTICITY OF HANDWRITING DETERMINED NOT ONLY BY EXPERT WITNESSES BUT ALSO BY THE JUDGES; FINDING OF FORGERY IN CASE AT BAR STANDS UNQUESTIONED.— It is true that a finding of forgery does not depend exclusively on the testimonies of expert witnesses and that judges must use their own judgment, through an independent examination of the questioned signature, in determining the authenticity of the handwriting. However, it is important to note that in this case neither the RTC nor the Court of Appeals made any finding through an independent examination of Virginia's signatures. The RTC gave credence to Questioned Documents Report No. 548-795 of the NBI, but misread it as saying that the two specimen signatures given by Virginia were not written by the same person. Hence, Questioned Documents Report No. 548-795 of the NBI, finding that the signature of Virginia in the Deed of Absolute Sale dated 10 November 1992 is a forgery, stands unquestioned.

4. CIVIL LAW; LAND TITLES; PROPERTY REGISTRATION DECREE; WHEN A CERTIFICATE OF TITLE IS CANCELLED, THE OWNER'S DUPLICATE MUST ALSO BE SURRENDERED TO THE REGISTER OF DEEDS FOR CANCELLATION; AMBIGUITY THEREOF ADD NEGATION TO SECOND SALE IN CASE AT BAR.— The circumstances surrounding the alleged second sale of the subject property by the spouses Cuevas to private respondent are sketchy at best. Vice Mayor Carungcong, who allegedly brokered the sale, had already died during the pendency of the case and was not presented as witness. It was not made clear whether he was duly authorized by the spouses Cuevas to broker such sale. Private respondent's witness, Jaime, did not claim to have been present during the negotiations or in any part of the sale transaction, and had not even met the spouses Cuevas. All he was able to testify on was that he verified with the

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Register of Deeds that there was no encumbrance annotated on TCT No. T-58459 of the spouses Cuevas, and eventually, he was able to cause the cancellation of TCT No. T-58459 in the spouses Cuevas' names and the issuance of TCT No. T-369793 in private respondent's name based on the questionable Deed of Absolute Sale dated 10 November 1992. Similarly ambiguous was how Jaime was able to have TCT No. T-58459 of the spouses Cuevas cancelled when the Owner's Duplicate Copy thereof was with petitioners. When a certificate of title is cancelled, the owner's duplicate must also be surrendered to the Register of Deeds for cancellation, in accordance with Section 53 of Presidential Decree No. 1529, otherwise known as the Property Registration Decree, as amended.

5. ID.; ID.; ID.; FRAUDULENT REGISTRATION OF LAND TITLE; KNOWLEDGE OF DUBIOUS TITLE FROM THE BEGINNING IS CONTRARY TO THE CONCEPT OF GOOD FAITH.— Private respondent's bad faith in registering the subject property in her name and her dishonest scheme in appropriating the land for herself are further evidenced by her own admissions in the Waiver and Quitclaim dated 15 January 1998, which she executed in favor of Engracia's heirs. Private respondent's unabashed confession that she knew of the dubiousness of her title from the very beginning is contrary to the concept of good faith. Good faith consists in the belief of the possessors that the persons from whom they received the thing are its rightful owners who could convey their title.

6. ID.; ID.; ID.; FORGED DEED OF SALE CONVEYS NO TITLE; FRAUDULENT REGISTRATION OF LAND RENDERS THE HOLDER THEREOF A MERE TRUSTEE.— The Deed of Absolute Sale dated 10 November 1992, a forged deed, is a nullity and conveys no title. Paragraph 2 of Section 53 of Presidential Decree No. 1529 reads: In all cases of registration procured by fraud, the owner may pursue all his legal and equitable remedies against the parties to such fraud without prejudice, however, to the rights of any innocent holder for value of a certificate of title. After the entry of the decree of registration on the original petition or application, any subsequent registration procured by the presentation of a forged duplicate certificate of title, or of a forged deed or other instrument, shall be null and void. Insofar as a person who fraudulently obtained a property is concerned, the

registration of the property in said person's name would not be sufficient to vest in him or her the title to the property. A certificate of title merely confirms or records title already existing and vested. The indefeasibility of the Torrens title should not be used as a means to perpetrate fraud against the rightful owner of real property. Good faith must concur with registration because, otherwise, registration would be an exercise in futility. A Torrens title does not furnish a shield for fraud, notwithstanding the long-standing rule that registration is a constructive notice of title binding upon the whole world. The legal principle is that if the registration of the land is fraudulent, the person in whose name the land is registered holds it as a mere trustee.

7. ID.; ID.; PROPERTY WRONGFULLY REGISTERED IN ANOTHER'S NAME; REMEDY IS ACTION FOR RECONVEYANCE; JUDGMENT DIRECTING A PARTY TO DELIVER POSSESSION OF PROPERTY TO ANOTHER IS *IN PERSONAM*, BINDING TO THEIR SUCCESSOR IN INTEREST BY TITLE SUBSEQUENT TO THE COMMENCEMENT OF THE ACTION.— It has long been established that the sole remedy of the landowner whose property has been wrongfully or erroneously registered in another's name is to bring an ordinary action in an ordinary court of justice for reconveyance or, if the property has passed into the hands of an innocent purchaser for value, for damages. "It is one thing to protect an innocent third party; it is entirely a different matter and one devoid of justification if deceit would be rewarded by allowing the perpetrator to enjoy the fruits of his nefarious deed." Reconveyance is all about the transfer of the property, in this case the title thereto, which has been wrongfully or erroneously registered in another person's name, to its rightful and legal owner, or to one with a better right. Evidently, petitioners, being the rightful owners of the subject property, are entitled to the reconveyance of the title over the same. x x x An action for reconveyance is an action *in personam* available to a person whose property has been wrongfully registered under the Torrens system in another's name. Reconveyance is always available as long as the property has not passed to an innocent person for value. A judgment directing a party to deliver possession of a property to another is *in personam*; it is **binding** only against the parties and **their successors in interest** by title subsequent to the commencement of the action.

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The Court may deem Engracia's heirs as private respondent's successors-in-interest, having acquired title to the subject property through private respondent after the commencement of petitioners' action for reconveyance of the same property.

8. ID.; ID.; ID.; NOMINAL DAMAGES AND ATTORNEY'S FEES, PROPER; EXEMPLARY DAMAGES NOT IMPOSED AS THE SAME IS NOT PRAYED FOR.— Since private respondent's fraudulent registration of the subject property in her name violated petitioners' right to remain in peaceful possession of the subject property, petitioners are entitled to nominal damages under Article 2221 of the Civil Code, which provides: Art. 2221. Nominal damages are adjudicated in order that a right of the plaintiff which has been violated or invaded by the defendant, may be vindicated or recognized, and not for the purpose of indemnifying the plaintiff for any loss suffered by him. This Court finds that petitioners' prayer for nominal damages in the amount of ₱50,000.00 is proper and reasonable. The award of attorney's fees is also in order because private respondent acted in gross and evident bad faith in refusing to satisfy petitioners' plainly valid, just and demandable claim. Given the time spent on the present case, which lasted for more than 15 years, the extent of services rendered by petitioners' lawyers, the benefits resulting in favor of the client, as well as said lawyer's professional standing, the award of ₱100,000.00 is proper. However, exemplary damages cannot be imposed in this case, where petitioners only prayed for the award of nominal damages and attorney's fees, but not for moral, temperate, liquidated, or compensatory damages. Article 2229 of the Civil Code imposes exemplary damages only under the following circumstances: Art. 2229. Exemplary or corrective damages are imposed, by way of example or correction for public good, in addition to the moral, temperate, liquidated or compensatory damages.

APPEARANCES OF COUNSEL

Fortun Narvasa & Salazar for petitioners.

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D E C I S I O N

CHICO-NAZARIO, *J.*:

This is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, assailing the Decision[1] dated 20 May 2004, rendered by the Court of Appeals in CA-G.R. CV No. 54517, which affirmed the Decision[2] dated 7 October 1996, of the Regional Trial Court (RTC), Branch 21, of Imus, Cavite, in Civil Case No. 878-94, dismissing the Complaint for Reconveyance of petitioners, spouses Emma Ver-Reyes (Emma) and Ramon Reyes (Ramon), and declaring private respondent Irene Montemayor as the owner of the subject property.

On 18 February 1994, petitioners filed before the RTC a Complaint for Reconveyance[3] against private respondent and the Register of Deeds of Cavite. The Complaint was docketed as Civil Case No. 878-94. Petitioners alleged in their Complaint that they were the owners of a parcel of land covered by Transfer Certificate of Title (TCT) No. T-58459[4] situated in Paliparan, Dasmariñas, Cavite (subject property). They bought the subject property from the previous owner, Marciano Cuevas (Marciano), as evidenced by a Deed of Absolute Sale dated 8 October 1976.[5] Thereafter, Marciano surrendered to petitioners the Owner's Duplicate Copy of TCT No. T-58459. Petitioners accordingly paid the taxes on the sale of the subject property. However, they were unable to register the sale and effect the transfer of the certificate of title to the subject property to their names.

Petitioners claimed that they had consistently paid the real estate taxes on the subject property since their acquisition of

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[1] Penned by Associate Justice Eliezer R. de los Santos with Associate Justices Conrado M. Vasquez, Jr. and Rosalinda Asuncion-Vicente, concurring. *Rollo,* pp. 44-48.

[2] Penned by Judge Roy S. del Rosario. *Rollo,* pp. 51-54.

[3] Records, pp. 1-6.

[4] *Id.* at 9.

[5] *Id.* at 7-8.

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the same in 1976 until 1991. In 1993, when they went to the Office of the Register of Deeds of Cavite to pay their real estate taxes for the years 1992 and 1993, they were informed that the subject property was sold by Marciano to private respondent on 10 November 1992, and TCT No. T-369793 covering it was issued in private respondent's name on 4 January 1993.

Petitioners asserted that private respondent was able to cause the issuance of TCT No. T-369793 in her name by presenting a simulated and fictitious Deed of Absolute Sale dated 10 November 1992. The signatures of the sellers, spouses Virginia (Virginia) and Marciano Cuevas (spouses Cuevas), were forged in the said Deed.[6]

Hence, petitioners prayed for the cancellation of TCT No. T-369793 in private respondent's name; the issuance of a new certificate of title in petitioners' names; the award of nominal damages of ₱50,000.00 and exemplary damages of ₱100,000.00, by reason of the fraud employed by private respondent in having the subject property registered in her name; the award of attorney's fees of not less than ₱50,000; and the costs of suit.[7]

On 18 April 1994, private respondent filed with the RTC her Answer with Counterclaim, wherein she denied petitioners' allegation that the signatures of the spouses Cuevas in the Deed of Absolute Sale dated 10 November 1992 were forged. Private respondent averred that the subject property was offered to her for sale, but she did not disclose who actually made the offer. She discovered that there was no adverse claim or any kind of encumbrance annotated on the certificate of title of the spouses Cuevas covering the subject property. She had purchased the subject property for value and in good faith and had been in possession thereof. Private respondent insisted that she had a better title to the subject property, since she was the first registrant of its sale. Private respondent thus prayed for the award of moral damages in the amount of not less than ₱100,000.00 for the mental anguish, serious anxiety, and

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[6] *Id.* at 3-4.

[7] *Id.* at 5-6.

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besmirched reputation she suffered by reason of the unjustified filing by petitioners of the case; the award of exemplary damages in the amount of ₱100,000.00 for petitioners' malicious filing of the case; and the award of attorney's fees, and costs of suit.[8]

After the conduct of pre-trial, petitioners offered the testimonies of Marciano, petitioner Emma, and Carolyn Moldez-Pitoy (Carolyn).

Marciano testified that he and his wife Virginia signed, on 8 October 1976, a Deed of Absolute Sale covering the subject property in petitioner Emma's favor. He denied selling the subject property to any other person, including private respondent. Marciano, when shown the Deed of Absolute Sale dated 10 November 1992, involving the same property, in private respondent's favor, flatly stated that the signatures found therein were not his or his wife's.[9]

Petitioner Emma personally confirmed that Marciano sold the subject property to her in 1976. She had faithfully paid the real property taxes on it from 1976 until 1993, when she learned that it had been registered in private respondent's name. Upon examining the Deed of Absolute Sale dated 10 November 1992, supposedly executed by the spouses Cuevas over the subject property in private respondent's favor, petitioner Emma observed that the spouses Cuevas' signatures found therein appeared to have been forged. She further claimed that after finding that the subject property had been registered in private respondent's name, she suffered from nervousness and the aggravation of her rheumatoid arthritis. She was compelled to engage the services of a lawyer to prosecute her case against private respondent, which could cost her ₱100,000.00 or more. During the cross-examination and re-direct examination, petitioner Emma explained that she had not been able to register the subject property in her name because of her diabetes and rheumatoid arthritis.[10]

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[8] *Id.* at 36-39.

[9] TSN, 18 August 1994, pp. 6-21.

[10] TSN, 2 February 1995, pp. 6-40.

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Carolyn introduced herself as a Senior Document Examiner in the National Bureau of Investigation (NBI), performing, among her other duties, handwriting analysis. She admitted to preparing Questioned Documents Report No. 548-795, dated 18 July 1995.[11]

Questioned Documents Report No. 548-795, prepared by Carolyn, was submitted by petitioners as evidence and was marked as Exhibit "G".[12] They had obtained the report for the purpose of finding out whether (1) the signatures of the spouses Cuevas in the Deed of Absolute Sale dated 10 November 1992, which they purportedly executed in private respondent's favor; and (2) the signature of Escolastico Cuevas (Escolastico), Registrar of Deeds (ROD) of Cavite, in the Owner's Duplicate Copy of TCT No. T-58459, which Mariano surrendered to petitioners in 1972, were forged, by comparing them with the specimen signatures given by the spouses Cuevas and ROD Escolastico. As stated in her Report, Carolyn found that:

1. The questioned and the standard/specimen signatures VIRGINIA M. CUEVAS were not written by one and the same person.
2. The questioned and the standard/specimen signatures of ESCOLASTICO CUEVAS were written by one and the same person.
3. No definite opinion on MARCIANO CUEVAS per above stated findings no. 3.[13]

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[11] TSN, 29 September 1995, pp. 5-39.

[12] Records, pp. 155-158.

[13] *Id.* at 157. Finding No. 3 of the said report reads:

3. No definite opinion can be rendered on the questioned signature MARCIANO CUEVAS, due to lack of sufficient basis necessary for a scientific comparative examination. It is therefore suggested that additional standard/specimen signatures MARCIANO CUEVAS executed during or close to the date when the alleged questioned signature was written, and preferably executed in long hand style, be procured and be submitted to this Bureau for laboratory analysis.

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On the other hand, private respondent offered the testimonies of Jaime Laudato (Jaime) and Angelina Cortez (Angelina) in support of her version of events.

Jaime disclosed that it was Vice-Mayor Lauro Carungcong (Carungcong) of Dasmariñas who supposedly brokered the sale of the subject property, and who instructed Jaime to verify with the Register of Deeds the existence of the Original Copy of TCT No. T-58459, and to check for any encumbrances thereon. Three weeks thereafter, Vice-Mayor Carungcong gave Jaime a copy of the Deed of Absolute Sale dated 10 November 1992 executed by the spouses Cuevas over the subject property in private respondent's favor, and directed Jaime to pay the obligatory taxes and to register the subject property in private respondent's name. On cross-examination, Jaime admitted that he had never met nor was he acquainted with either of the spouses Cuevas, the alleged vendors of the subject property.[14]

Angelina, employed as a Deeds Examiner in the Register of Deeds of Cavite, was tasked, as part of her duties, to examine the documents related to the transfer of the subject property in private respondent's name before issuing the corresponding certificate of title. However, she admitted during cross-examination that she was not in a position to determine the authenticity of the documents presented to her.[15]

The RTC rendered a Decision[16] in Civil Case No. 878-94 on 7 October 1996, dismissing petitioners' Complaint. The RTC found that the statements of their witness Marciano and the results of Questioned Documents Report No. 548-795 issued by the NBI were contradictory. The RTC noted that Marciano testified that the signatures found in the Deed of Absolute Sale dated 8 October 1976 and the *Kasunduan sa Bilihan ng Lupa*[17]

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[14] TSN, 15 February 1996, pp. 4-44.

[15] TSN, 3 May 1996, pp. 4-23.

[16] *Rollo*, pp. 51-54.

[17] This document is a contract of sale of another parcel of land located in Parañaque, between petitioners and the Spouses Cuevas, whose signatures appear therein.

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dated 15 June 1971 were Virginia's; but the NBI Report stated that "the questioned and the standard/specimen signatures VIRGINIA M. CUEVAS were not written by one and the same person." The RTC also gave little credence to Marciano's denial of the sale of the subject property to private respondent, on the ground that it was self-serving. Although the RTC did observe differences in Marciano's signature in the *Kasunduan ng Bilihan ng Lupa* dated 15 June 1971 and the Deed of Absolute Sale dated 10 November 1992, the trial court dismissed the same as mere changes in a person's penmanship or signature that could occur over the years. The RTC concluded that Civil Case No. 878-94 involved a double sale of the subject property, wherein private respondent, an innocent purchaser for value who first registered the property in her name, should be adjudged to have a better title. The dispositive part of the RTC Decision dated 7 October 1996 reads:

> WHEREFORE, judgment is hereby rendered dismissing this case and declaring that the true and lawful owner of the subject property as described in, and covered by, TCT No. T-369793 is [herein respondent] Irene Montemayor.
>
> All other claims of the parties are dismissed for inadequate substantiation.[18]

On 11 July 1997, petitioners filed an appeal with the Court of Appeals, docketed as CA-G.R. CV No. 54517, which challenged the afore-mentioned RTC judgment.

During the pendency of CA-G.R. CV No. 54517, petitioners filed with the Court of Appeals an Urgent Manifestation[19] on 20 October 1998. According to them, they obtained information that private respondent's TCT No. T-369793 covering the subject property had already been canceled; that a new certificate of title, TCT No. T-784707, had been issued in the name of another person, Engracia Isip (Engracia); and that a mortgage was constituted on the subject property. It began with private

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[18] *Rollo,* p. 54.

[19] *Id.* at 363-366.

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respondent executing a Waiver and Quitclaim on 15 January 1998, wherein she confessed to obtaining TCT No. T-369793 over the subject property in bad faith. In the same document, private respondent recognized Engracia's title to the subject property and, thus, private respondent relinquished her right over it to Engracia and the latter's heirs and successors-in-interest. The Register of Deeds, impleaded as a party in CA-G.R. CV No. 54517, canceled TCT No. T-369793 in private respondent's name; issued TCT No. T-784707 in the names of Engracia's heirs; and annotated on the latest certificate of title private respondent's Waiver and Quitclaim dated 15 January 1998.

On 18 November 1998, Perfecto Dumay-as, Deputy ROD of Trece Martires City, Cavite, filed a Comment/Manifestation stating that Civil Case No. 878-94 was not inscribed on private respondent's TCT No. T-369793, since the case before the RTC had already been resolved in favor of private respondent, thus, the presentation of the owner's original certificate of title along with the Waiver/Quitclaim, dated 15 January 1998, complied with the requirements of a voluntary transaction, justifying the issuance of TCT No. T-784707 in the name of Engracia's heirs.[20]

In its Decision dated 20 May 2004 in CA-G.R. CV No. 54517, the Court of Appeals denied petitioners' appeal and affirmed the RTC Decision dated 7 October 1996 in Civil Case No. 878-94. The appellate court held that petitioners were negligent in failing to register the subject property in their names. And, just like the RTC, the Court of Appeals declared Marciano's denial of the sale of the subject property in private respondent's favor as self-serving. The appellate court also pointed out that the findings of the NBI were not definite as regards the alleged forgery of Marciano's signature in the Deed of Absolute Sale dated 10 November 1992. Lastly, the Court of Appeals took judicial notice of the Comment/Manifestation of Perfecto Dumay-as, Deputy ROD of Trece Martires City, Cavite, stating that Civil Case No. 878-94 was not inscribed on private respondent's TCT No. T-369793, since the case before the RTC had already been

[20] CA *rollo,* p. 166.

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resolved in favor of private respondent, and the acquisition by Engracia's heirs of the subject property and TCT No. T-784707 over the same was in good faith and, therefore, valid. The Court of Appeals decreed:

> WHEREFORE, premises considered, the appealed Decision dated October 7, 1996 of the Regional Trial Court of Cavite is hereby **AFFIRMED**.[21]

Petitioners filed a Motion for Reconsideration[22] of the foregoing Decision on 25 June 2004, which the Court of Appeals denied in a Resolution[23] dated 28 December 2004.

Hence, the present Petition, where petitioners made the following assignment of errors:

I

RESPONDENT COURT COMMITTED SERIOUS ERROR IN RENDERING THE DECISION AND RESOLUTION IN QUESTION IN COMPLETE DISREGARD OF LAW AND JURISPRUDENCE BY SUSTAINING THE ORDER OF THE REGIONAL TRIAL COURT (BRANCH 21) OF CAVITE NOTWITHSTANDING THE CLEAR AND AUTHENTIC RECORDS PRESENTED DURING TRIAL WHICH NEGATE AND CONTRADICT ITS FINDINGS.

II

RESPONDENT COURT COMMITED GRAVE AND REVERSIBLE ERROR IN RENDERING THE DECISION AND RESOLUTION IN QUESTION IN VIOLATION OF LAW AND JURISPRUDENCE BY SUSTAINING THE ORDER OF THE REGIONAL TRIAL COURT (BRANCH 21) OF CAVITE THEREBY IGNORING THE EVIDENCE ON RECORD SHOWING THE PETITIONERS' CLEAR RIGHTS OF OWNERSHIP OVER THE SUBJECT PROPERTY.

III

RESPONDENT COURT COMMITTED SERIOUS ERROR IN AFFIRMING THAT THE TRUE AND LAWFUL OWNER OVER (sic)

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[21] *Rollo*, pp. 44-48.

[22] CA *rollo*, pp. 205-213.

[23] *Rollo*, p. 50.

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THE SUBJECT PROPERTY AS DESCRIBED IN AND COVERED BY TCT NO. T-369793 IS PRIVATE RESPONDENT IRENE MONTEMAYOR DESPITE DOCUMENTARY AND TESTIMONIAL EVIDENCE TO THE CONTRARY.[24]

The fundamental issue for resolution of this Court in this case is who has better right to the subject property. Before the Court can settle the same, it must first determine the question of whether there was a double sale of the subject property to both petitioners and private respondent, which is essentially a question of fact requiring the Court to review, examine and evaluate, or weigh the probative value of the evidence presented by the parties.

Rule 45 of the Rules of Court provides that only questions of law shall be raised in a Petition for Review before this Court. This rule, however, admits of certain exceptions, namely, (1) when the findings are grounded entirely on speculations, surmises, or conjectures; (2) when the inference made is manifestly mistaken, absurd or impossible; (3) when there is grave abuse of discretion; (4) when the judgment is based on a misappreciation of facts; (5) when the findings of fact are conflicting; (6) when, in making its findings, the same are contrary to the admissions of both appellant and appellee; (7) when the findings are contrary to those of the trial court; (8) when the findings 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 respondent; and (10) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record.[25]

While as a general rule appellate courts do not usually disturb the lower court's findings of fact, unless said findings are not

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[24] *Id.* at 338-339.

[25] *Uy v. Villanueva*, G.R. No. 157851, 29 June 2007, 526 SCRA 73, 83-84; *Malison v. Court of Appeals*, G.R. No. 147776, 10 July 2007, 527 SCRA 109, 117; *Buenaventura v. Republic*, G.R. No. 166865, 2 March 2007, 517 SCRA 271, 282.

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supported by or are totally devoid of or inconsistent with the evidence on record, such finding must of necessity be modified to conform with the evidence if the reviewing tribunal were to arrive at the proper and just resolution of the controversy.[26] Thus, although the findings of fact of the Court of Appeals are generally conclusive on this Court, which is not a trier of facts, if said factual findings do not conform to the evidence on record, this Court will not hesitate to review and reverse the factual findings of the lower courts. In the instant case, the Court finds sufficient basis to deviate from the rule since the extant evidence and prevailing law support a finding different from the conclusion of the Court of Appeals and the RTC.[27]

Contrary to the findings of both the Court of Appeals and the RTC, the evidence on record reveals that the spouses Cuevas, the previous owners of the subject property, did not sell the said property to private respondent.

Marciano's explicit statements, made under oath before the trial court, that he did not sell the subject property to anyone other than petitioners, and that the signatures of the vendors appearing in the Deed of Absolute Sale dated 10 November 1992 were not made by him and his wife, were not refuted. Private respondent's witness, Jaime, who was tasked to verify if there was no encumbrance on the spouses Cuevas' title to the subject property and to register it in private respondent's name after the alleged sale, admitted that he had never met the supposed vendors of the subject property and, thus, could not competently testify on whether it was actually the spouses Cuevas who executed the Deed of Absolute Sale dated 10 November 1992 in private respondent's favor.

The pronouncement of the RTC, affirmed by the Court of Appeals, that Marciano's testimony was self-serving was utterly baseless. Neither the RTC nor the Court of Appeals explained how Marciano's confirmation of the sale of the subject property

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[26] *Aznar v. Garcia*, 102 Phil. 1055, 1067 (1958).

[27] See *Gener v. De Leon*, 419 Phil. 920, 933 (2001).

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to petitioners, and his renunciation of the supposed sale of the same property to private respondent, would accrue to Marciano's benefit. In giving such a testimony in 1994, Marciano did not stand to gain back the subject property, which he had already admitted to selling to petitioners 18 years prior, in 1976. On the other hand, if Marciano falsely testified in open court that he and his wife did not sell the subject property to private respondent, Marciano was risking prosecution for the crime of perjury and liability for damages.

Additionally, although Questioned Documents Report No. 548-795 of the NBI did not make a definitive finding on whether Marciano's purported signature on the Deed of Sale dated 10 November 1992 was actually his or a forgery, the same Report did unqualifiedly state that the signature that Virginia supposedly affixed to the said Deed and the specimen signatures that she provided the NBI were not written by the same person. Clearly, Questioned Documents Report No. 548-795 of the NBI established that her purported signature in the Deed of Absolute Sale dated 10 November 1992 was forged.

It is true that a finding of forgery does not depend exclusively on the testimonies of expert witnesses and that judges must use their own judgment, through an independent examination of the questioned signature, in determining the authenticity of the handwriting.[28] However, it is important to note that in this case neither the RTC nor the Court of Appeals made any finding through an independent examination of Virginia's signatures. The RTC gave credence to Questioned Documents Report No. 548-795 of the NBI, but misread it as saying that the two specimen signatures given by Virginia were not written by the same person. Hence, Questioned Documents Report No. 548-795 of the NBI, finding that the signature of Virginia in the Deed of Absolute Sale dated 10 November 1992 is a forgery, stands unquestioned.

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[28] *Belgica v. Belgica*, G.R. No.149738, 28 August 2007, 531 SCRA 331, 338.

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That at least one of the signatures of the alleged vendors was indubitably established as a forgery should have already raised serious doubts as to the authenticity and validity of the Deed of Absolute Sale dated 10 November 1992. This, taken together with Marciano's candid and categorical testimony that he and his wife did not sell the subject property to private respondent or executed any deed to evidence the same, strongly militates against the existence of a second sale of the subject property to private respondent.

In comparison, the circumstances surrounding the alleged second sale of the subject property by the spouses Cuevas to private respondent are sketchy at best. Vice Mayor Carungcong, who allegedly brokered the sale, had already died during the pendency of the case and was not presented as witness. It was not made clear whether he was duly authorized by the spouses Cuevas to broker such sale. Private respondent's witness, Jaime, did not claim to have been present during the negotiations or in any part of the sale transaction, and had not even met the spouses Cuevas. All he was able to testify on was that he verified with the Register of Deeds that there was no encumbrance annotated on TCT No. T-58459 of the spouses Cuevas, and eventually, he was able to cause the cancellation of TCT No. T-58459 in the spouses Cuevas' names and the issuance of TCT No. T-369793 in private respondent's name based on the questionable Deed of Absolute Sale dated 10 November 1992. Similarly ambiguous was how Jaime was able to have TCT No. T-58459 of the spouses Cuevas cancelled when the Owner's Duplicate Copy thereof was with petitioners. When a certificate of title is cancelled, the owner's duplicate must also be surrendered to the Register of Deeds for cancellation, in accordance with Section 53[29] of Presidential Decree No. 1529, otherwise known as the Property Registration Decree, as amended.

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[29] Section 53. *Presentation of owner's duplicate upon entry of new certificate*. No voluntary instrument shall be registered by the Register of Deeds, unless the owner's duplicate is presented with such instrument, except in cases expressly provided for in this Decree or upon order of the court, for cause shown.

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Other than the forged Deed of Absolute Sale dated 10 November 1992, private respondent's bad faith in registering the subject property in her name and her dishonest scheme in appropriating the land for herself are further evidenced by her own admissions in the Waiver and Quitclaim dated 15 January 1998, which she executed in favor of Engracia's heirs, to wit:[30]

1. That, I am the holder of Transfer Certificate of Title No. 369793 covering a parcel of land (Lot No. 6961-N) with an area of Forty One Thousand Eight Hundred and Thirty Seven square meters (41, 837 sq. m.) situated in Barangay Paliparan, Dasmariñas, Cavite and declared for taxation purposes under Tax Declaration No. 151746 Dasmariñas, Cavite;

2. **That, I know (sic) from the very beginning the dubiousness of my title to the above described roperty (sic);**

3. That, I have neither legal or equitable title to the said property as the previous document (Deed of Conveyance) which is the basis of immediate transfer from OCT No. 1002 is of questionable origin;

4. That, all documents relative to the issuance of subsequent transfer certificate of titles including TCT No. 369793 under my name were in reality, entirely simulated and fictitious;

5. That, I am recognizing the genuineness of Transfer Certificate of Title No. 769357-3911 in the name of ENGRACIA ISIP with Tax Declaration No. 151745, which has been transferred to her heirs, APOLONIA I.R. ALCARAZ, ELIZA I. REYES-GLORIA, VICTOR ISIP REYES and EPITACIO ISIP REYES, covered by TCT. No. T-784707;

6. That, in the light of the foregoing, I do hereby waive and renounce, now and forever, all claims of whatever nature to the said property in favor of the said ENGRACIA ISIP, her heirs, executors, administrator or assigns.

Private respondent's unabashed confession that she knew of the dubiousness of her title from the very beginning is contrary to the concept of good faith. Good faith consists in the belief

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[30] CA *rollo,* p.138.

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of the possessors that the persons from whom they received the thing are its rightful owners who could convey their title.[31]

Based on the foregoing, the preponderance of evidence in this case is in petitioners' favor. The spouses Cuevas only sold the subject property to them in 1976, and did not sell it a second time to private respondent in 1992. As a consequence, the rules on the double sale of registered property are not relevant herein. The Court then proceeds to rule on the consequence of private respondent's fraudulent registration of the subject property in her name.

The Deed of Absolute Sale dated 10 November 1992, a forged deed, is a nullity and conveys no title.[32] Paragraph 2 of Section 53 of Presidential Decree No. 1529 reads:

> In all cases of registration procured by fraud, the owner may pursue all his legal and equitable remedies against the parties to such fraud without prejudice, however, to the rights of any innocent holder for value of a certificate of title. After the entry of the decree of registration on the original petition or application, any subsequent registration procured by the presentation of a forged duplicate certificate of title, or of a forged deed or other instrument, shall be null and void.

Insofar as a person who fraudulently obtained a property is concerned, the registration of the property in said person's name would not be sufficient to vest in him or her the title to the property. A certificate of title merely confirms or records title already existing and vested. The indefeasibility of the Torrens title should not be used as a means to perpetrate fraud against the rightful owner of real property. Good faith must concur with registration because, otherwise, registration would be an exercise in futility.[33] A Torrens title does not furnish a shield for

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[31] *Domingo v. Reed*, G.R. No.157701, 9 December 2005, 477 SCRA 227, 241.

[32] *Fudot v. Cattleya Land, Inc.*, G.R. No. 171008, 13 September 2007, 533 SCRA 350, 361.

[33] *Heirs of Severa P. Gregorio v. Court of Appeals*, 360 Phil. 753, 765 (1998).

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fraud, notwithstanding the long-standing rule that registration is a constructive notice of title binding upon the whole world. The legal principle is that if the registration of the land is fraudulent, the person in whose name the land is registered holds it as a mere trustee.[34]

It has long been established that the sole remedy of the landowner whose property has been wrongfully or erroneously registered in another's name is to bring an ordinary action in an ordinary court of justice for reconveyance or, if the property has passed into the hands of an innocent purchaser for value, for damages. "It is one thing to protect an innocent third party; it is entirely a different matter and one devoid of justification if deceit would be rewarded by allowing the perpetrator to enjoy the fruits of his nefarious deed."[35] Reconveyance is all about the transfer of the property, in this case the title thereto, which has been wrongfully or erroneously registered in another person's name, to its rightful and legal owner, or to one with a better right.[36] Evidently, petitioners, being the rightful owners of the subject property, are entitled to the reconveyance of the title over the same.

However, as a further demonstration of private respondent's continuing bad faith and persistent effort to unlawfully deprive petitioners of the subject property, private respondent executed the Waiver and Quitclaim dated 15 January 1998, in which she admitted that her title to the said property was void and, instead, recognized the title of Engracia, who owned the subject property prior to the spouses Cuevas. Pursuant to said Waiver and Quitclaim, the Register of Deeds cancelled TCT No. T-369793 in private respondent's name and issued TCT No. T-784707 in the names of Engracia's heirs.

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[34] *Pagkatipunan v. Intermediate Appellate Court*, G.R. No. 70722, 3 July 1991, 198 SCRA 719, 731.

[35] *Alvarez v. Intermediate Appellate Court*, G.R. No. 68053, 7 May 1990, 185 SCRA 8, 18.

[36] *Amerol v. Bagumbaran*, G.R. No. L-33261, 30 September 1987, 154 SCRA 396, 404.

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It must be stressed that Engracia, whose TCT No. T-13105 over the subject property was already cancelled on 26 April 1965, had never filed a case questioning the cancellation of said certificate of title during her lifetime.[37] There is also nothing in the records that would show that after Engracia's death in 1981, her heirs attempted to recover title to the subject property.

The Waiver and Quitclaim dated 15 January 1998 deserves little evidentiary weight as to the truth or veracity of the statements contained therein, considering that they were unilaterally made by private respondent. There is no independent evidence that **all certificates of title** subsequent to OCT No. 1002 covering the subject property were **simulated and fictitious**. In fact, private respondent contradicted herself by acknowledging in the very same document that **Engracia's title**, which was transferred to her heirs, was **genuine**. The only fact that said Waiver and Quitclaim established was private respondent's bad faith in having the subject property registered in her name. For the Court to make such finding of bad faith on private respondent's part, it need not actually be true that all titles to the subject property, prior to private respondent's, were simulated and fictitious, only, private respondent believed them to be so, but still persisted in acquiring and registering in her name what she already knew was a dubious title.

What is apparent to this Court is that private respondent executed the Waiver and Quitclaim dated 15 January 1998 so as to effect the transfer of the subject property to third persons, *i.e.*, Engracia's heirs, and defeat any judgment granting the petitioners the remedy of reconveyance of the subject property.

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[37] CA *rollo*, pp. 151-155. TCT No. T-13105 was issued in the name of Engracia Isip on 23 April 1965 and was cancelled a few days later on 26 April 1965 upon the issuance of TCT No. T-13113 in the name of Rosalinda Puspos. Thereafter, TCT No. T-45574 was issued on 22 July 1970 in the name of Belen Carungcong. This was cancelled on 28 February 1972 when TCT No. T-57845 was issued to Aurelia de la Cruz. Finally, TCT No. T-58459, dated 3 April 1972 was issued in the name of Marciano and Virginia Cuevas.

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In connection therewith, this Court expresses its disfavor over the cavalier attitude of the Register of Deeds of Cavite in canceling TCT No. T-369793 in private respondent's name and issuing TCT No. T-784707 in the names of Engracia's heirs, on the sole basis of the Waiver and Quitclaim dated 15 January 1998, executed by private respondent. The Register of Deeds of Cavite, who was a party to petitioners' case for reconveyance, and was undoubtedly aware of the issues involved in the said case and the pendency of the same. Yet it blindly allowed the registration of the alleged title to the subject property of Engracia and her heirs, in effect, reviving a title that had already been cancelled way back in 1965, and disregarding all other titles issued in between, based entirely on the unilateral claims of a self-confessed fraud. Moreover, in placing its faith in the unsupported statements of the private respondent, who had confessed to having acquired and registered the property in bad faith, against the presumed good faith of the former owners, the Register of Deeds acted in a manner that was highly irregular.

This having been said, an action for reconveyance is an action *in personam* available to a person whose property has been wrongfully registered under the Torrens system in another's name. Reconveyance is always available as long as the property has not passed to an innocent person for value.[38]

Engracia's heirs cannot be considered "innocent" persons or persons who acquired the subject property "for value." Engracia's heirs "re-acquired" the subject property by virtue of the private respondent's Waiver and Quitclaim dated 15 January 1998. That the said document was executed by private respondent, who admitted to holding a dubious title to the subject property, should be sufficient to put Engracia's heirs on notice and to cause the latter to investigate the other transfers and titles issued for the subject property. The Waiver and Quitclaim dated 15 January 1998 also does not establish that the subject property was transferred to Engracia's heirs for value, it appearing to

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[38] *Heirs of Eugenio Lopez, Sr. v. Enriquez*, 490 Phil. 74, 90 (2005); *Abejaron v. Nabasa*, 411 Phil. 552, 564 (2001).

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have been executed by private respondent in favor of Engracia's heirs without any consideration at all. Hence, the cancellation of TCT No. T-369793 in private respondent's name and the issuance of TCT No. T-784707 in the names of Engracia's heirs cannot bar the reconveyance of the subject property to petitioners.

A judgment directing a party to deliver possession of a property to another is *in personam*; it is **binding** only against the parties **and their successors in interest** by title subsequent to the commencement of the action.[39] The Court may deem Engracia's heirs as private respondent's successors-in-interest, having acquired title to the subject property through private respondent after the commencement of petitioners' action for reconveyance of the same property.

Since private respondent's fraudulent registration of the subject property in her name violated petitioners' right to remain in peaceful possession of the subject property, petitioners are entitled to nominal damages under Article 2221 of the Civil Code, which provides:

> Art. 2221. Nominal damages are adjudicated in order that a right of the plaintiff which has been violated or invaded by the defendant, may be vindicated or recognized, and not for the purpose of indemnifying the plaintiff for any loss suffered by him.

This Court finds that petitioners' prayer for nominal damages in the amount of ₱50,000.00 is proper and reasonable.

The award of attorney's fees is also in order because private respondent acted in gross and evident bad faith in refusing to satisfy petitioners' plainly valid, just and demandable claim.[40] Given the time spent on the present case, which lasted for more than 15 years, the extent of services rendered by petitioners'

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[39] *Alonso v. Cebu Country Club, Inc.*, 426 Phil. 61, 86 (2002).

[40] Civil Code, Art. 2208(5); *MCC Industrial Sales Corporation v. Ssangyong Corporation*, G.R. No. 170633, 17 October 2007, 536 SCRA 408, 470.

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lawyers, the benefits resulting in favor of the client, as well as said lawyer's professional standing, the award of ₱100,000.00 is proper.[41]

However, exemplary damages cannot be imposed in this case, where petitioners only prayed for the award of nominal damages and attorney's fees, but not for moral, temperate, liquidated, or compensatory damages. Article 2229 of the Civil Code imposes exemplary damages only under the following circumstances:

> Art. 2229. Exemplary or corrective damages are imposed, by way of example or correction for public good, in addition to the moral, temperate, liquidated or compensatory damages.

IN VIEW OF THE FOREGOING, the instant Petition is *GRANTED*. The assailed Decision dated 20 May 2004 of the Court of Appeals in CA-G.R. CV No. 54517 is *REVERSED* and *SET ASIDE*. The Register of Deeds is *ORDERED* to (1) *CANCEL* TCT No. T-784707 over the subject property in the name of Engracia's heirs, which was derived, not in good faith or for value, but from the fraudulently procured TCT No. T-369793 in private respondent's name; and (2) *ISSUE* a new certificate of title over the subject property in the name of petitioners, the rightful owners thereof. Private respondent is *ORDERED* to *PAY* petitioners nominal damages in the amount of ₱50,000.00 and attorneys fees in the amount of ₱100,000.00. Costs against private respondent.

SO ORDERED.

Ynares-Santiago (Chairperson), Velasco, Jr., Nachura, and *Peralta, JJ.,* concur.

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[41] *Bach v. Ongkiko Kalaw Manhit & Acorda Law Offices*, G.R. No. 160334, 11 September 2006, 501 SCRA 419, 431-435.