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THIRD DIVISION

[G.R. No. 173211. October 11, 2012]

HEIRS OF DR. MARIO S. INTAC and ANGELINA MENDOZA-INTAC, *petitioners, vs.* **COURT OF APPEALS and SPOUSES MARCELO ROY, JR. and JOSEFINA MENDOZA-ROY and SPOUSES DOMINADOR LOZADA and MARTINA MENDOZA-LOZADA,** *respondents.*

SYLLABUS

1. **CIVIL LAW; OBLIGATIONS AND CONTRACTS; CONTRACTS; ESSENTIAL ELEMENTS.—** [F]or a contract to be valid, it must have three essential elements: (1) **consent** of the contracting parties; (2) **object** certain which is the subject matter of the contract; and (3) **cause** of the obligation which is established. All these elements must be present to constitute a valid contract.

2. **ID.; SPECIAL CONTRACTS; SALES; CONTRACT OF SALE; PERFECTED AT THE MOMENT THERE IS A MEETING OF THE MINDS UPON THE THING THAT IS THE OBJECT OF THE CONTRACT AND UPON THE PRICE.—** Consent is essential to the existence of a contract; and where it is wanting, the contract is non-existent. In a contract of sale, its perfection is consummated at the moment there is a meeting of the minds upon the thing that is the object of the contract and upon the price. Consent is manifested by the meeting of the offer and the acceptance of the thing and the cause, which are to constitute the contract.

3. **ID.; CONTRACTS; RELATIVE SIMULATION AND ABSOLUTE SIMULATION, DISTINGUISHED.—** If the parties state a false cause in the contract to conceal their real agreement, the contract is only relatively simulated and the parties are still bound by their real agreement. Hence, where the essential requisites of a contract are present and the simulation refers only to the content or terms of the contract, the agreement is absolutely binding and enforceable between the parties and their successors in interest. In absolute simulation, there is a colorable contract but it has no substance as the parties have

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no intention to be bound by it. "The main characteristic of an absolute simulation is that the apparent contract is not really desired or intended to produce legal effect or in any way alter the juridical situation of the parties." "As a result, an absolutely simulated or fictitious contract is void, and the parties may recover from each other what they may have given under the contract."

4. ID.; ID.; INTERPRETATION OF CONTRACTS; IN DETERMINING THE TRUE NATURE OF A CONTRACT, THE PRIMARY CONSIDERATION IS THE INTENTION OF THE PARTIES; CASE AT BAR.— The primary consideration in determining the true nature of a contract is the intention of the parties. If the words of a contract appear to contravene the evident intention of the parties, the latter shall prevail. Such intention is determined not only from the express terms of their agreement, but also from the contemporaneous and subsequent acts of the parties. As heretofore shown, the contemporaneous and subsequent acts of both parties in this case, point to the fact that the intention of Ireneo was just to lend the title to the Spouses Intac to enable them to borrow money and put up a hospital in Sta. Cruz, Laguna. Clearly, the subject contract was absolutely simulated and, therefore, void.

5. ID.; PRESCRIPTION OF ACTIONS; ACTION FOR RECONVEYANCE; THE RIGHT TO SEEK RECONVEYANCE DOES NOT PRESCRIBE WHERE THE PERSON CLAIMING TO BE OWNER OF THE PROPERTY IS IN ACTUAL POSSESSION THEREOF.— The Court does not find acceptable either the argument of the Spouses Intac that respondents' action for cancellation of TCT No. 242655 and the reconveyance of the subject property is already barred by the Statute of Limitations. The reason is that the respondents are still in actual possession of the subject property. It is a well-settled doctrine that "if the person claiming to be the owner of the property is in actual possession thereof, the right to seek reconveyance, which in effect seeks to quiet title to the property, does not prescribe."

APPEARANCES OF COUNSEL

Janet O. Gudez for petitioners.
Pajares Asual Adaci for respondents.

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D E C I S I O N

MENDOZA, *J.*:

This is a Petition for Review on *Certiorari* under Rule 45 assailing the February 16, 2006 Decision[1] of the Court of Appeals *(CA)*, in CA G.R. CV No. 75982, which modified the April 30, 2002 Decision[2] of the Regional Trial Court, Branch 220, Quezon City *(RTC)*, in Civil Case No. Q-94-19452, an action for cancellation of transfer certificate of title and reconveyance of property.

The Facts

From the records, it appears that Ireneo Mendoza *(Ireneo)*, married to Salvacion Fermin *(Salvacion)*, was the owner of the subject property, presently covered by TCT No. 242655 of the Registry of Deeds of Quezon City and situated at No. 36, Road 8, Bagong Pag-asa, Quezon City, which he purchased in 1954. Ireneo had two children: respondents Josefina and Martina *(respondents)*, Salvacion being their stepmother. When he was still alive, Ireneo, also took care of his niece, Angelina, since she was three years old until she got married. The property was then covered by TCT No. 106530 of the Registry of Deeds of Quezon City. On October 25, 1977, Ireneo, with the consent of Salvacion, executed a deed of absolute sale of the property in favor of Angelina and her husband, Mario *(Spouses Intac)*. Despite the sale, Ireneo and his family, including the respondents, continued staying in the premises and paying the realty taxes. After Ireneo died intestate in 1982, his widow and the respondents remained in the premises.[3] After Salvacion died, respondents

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[1] *Rollo*, pp. 40-48 (Penned by Associate Justice Eliezer R. De Los Santos and concurred in by Associate Justice Jose C. Reyes, Jr. and Associate Justice Arturo G. Tayag).

[2] *Id.* at 130-137.

[3] As manifested by both parties (*id*. at 160 to 165 and 204), despite the fact that the MeTC, Quezon City, had ordered the ejectment of the respondents in its Decision, dated November 17, 1994, (*id*. at 49-53) which was affirmed by the RTC, Quezon City on July 21, 1995 *(id*. at 54-56).

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still maintained their residence there. Up to the present, they are in the premises, paying the real estate taxes thereon, leasing out portions of the property, and collecting the rentals.[4]

The Dispute

The controversy arose when respondents sought the cancellation of TCT No. 242655, claiming that the sale was only simulated and, therefore, void. Spouses Intac resisted, claiming that it was a valid sale for a consideration.

On February 22, 1994, respondents filed the Complaint for Cancellation of Transfer Certificate of Title *(TCT)* No. 242655[5] against Spouses Intac before the RTC. The complaint prayed not only for the cancellation of the title, but also for its reconveyance to them. Pending litigation, Mario died on May 20, 1995 and was substituted by his heirs, his surviving spouse, Angelina, and their children, namely, Rafael, Kristina, Ma. Tricia Margarita, Mario, and Pocholo, all surnamed Intac *(petitioners)*.

Averments of the Parties

In their **Complaint**, respondents alleged, among others, that when Ireneo was still alive, Spouses Intac borrowed the title of the property (TCT No. 106530) from him to be used as collateral for a loan from a financing institution; that when Ireneo informed respondents about the request of Spouses Intac, they objected because the title would be placed in the names of said spouses and it would then appear that the couple owned the property; that Ireneo, however, tried to appease them, telling them not to worry because Angelina would not take advantage of the situation considering that he took care of her for a very long time; that during his lifetime, he informed them that the subject property would be equally divided among them after his death; and that respondents were the ones paying the real estate taxes over said property.

It was further alleged that after the death of Ireneo in 1982, a conference among relatives was held wherein both parties

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[4] *Id.* at 41-42.

[5] Annex "E" of Petition; *id*. at 57-63.

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were present including the widow of Ireneo, Salvacion; his nephew, Marietto Mendoza *(Marietto)*; and his brother, Aurelio Mendoza *(Aurelio)*. In the said conference, it was said that Aurelio informed all of them that it was Ireneo's wish to have the property divided among his heirs; that Spouses Intac never raised any objection; and that neither did they inform all those present on that occasion that the property was already sold to them in 1977.[6]

Respondents further alleged that sometime in 1993, after the death of Salvacion, rumors spread in the neighborhood that the subject property had been registered in the names of Spouses Intac; that upon verification with the Office of the Register of Deeds of Quezon City, respondents were surprised to find out that TCT No. 106530 had indeed been cancelled by virtue of the deed of absolute sale executed by Ireneo in favor of Spouses Intac, and as a result, TCT No. 242655 was issued in their names; that the cancellation of TCT No. 106530 and the subsequent issuance of TCT No. 242655 were null and void and had no legal effect whatsoever because the deed of absolute sale was a fictitious or simulated document; that the Spouses Intac were guilty of fraud and bad faith when said document was executed; that Spouses Intac never informed respondents that they were already the registered owners of the subject property although they had never taken possession thereof; and that the respondents had been in possession of the subject property in the concept of an owner during Ireneo's lifetime up to the present.

In their **Answer**,[7] Spouses Intac countered, among others, that the subject property had been transferred to them based on a valid deed of absolute sale and for a valuable consideration; that the action to annul the deed of absolute sale had already prescribed; that the stay of respondents in the subject premises was only by tolerance during Ireneo's lifetime because they were not yet in need of it at that time; and that despite respondents'

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[6] *Id*. at 59.

[7] Annex "F"; *id*. at 64-70.

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knowledge about the sale that took place on October 25, 1977, respondents still filed an action against them.

Ruling of the RTC

On April 30, 2002, the RTC rendered judgment in favor of respondents and against Spouses Intac. The dispositive portion of its Decision reads:

> WHEREFORE, premises considered, judgment is hereby rendered:
>
> (1) Declaring the Deed of Absolute Sale executed by Ireneo Mendoza in favor of Mario and Angelina Intac dated October 25, 1977 as an equitable mortgage;
>
> (2) Ordering the Register of Deeds of Quezon City to cancel Transfer Certificate Title No. 242655 and, in lieu thereof, issue a new Transfer Certificate of Title in the name of Ireneo Mendoza; and
>
> (3) Ordering defendants to pay plaintiffs the amount of Thirty Thousand Pesos (Php30,000.00) as and for attorney's fees.
>
> The other claims for damages are hereby denied for lack of merit.
>
> SO ORDERED.[8]

The RTC ruled, among others, that the sale between Ireneo and Salvacion, on one hand, and Spouses Intac was null and void for being a simulated one considering that the said parties had no intention of binding themselves at all. It explained that the questioned deed did not reflect the true intention of the parties and construed the said document to be an equitable mortgage on the following grounds: [1] the signed document did not express the real intention of the contracting parties because Ireneo signed the said document only because he was in urgent need of funds; [2] the amount of ₱60,000.00 in 1977 was too inadequate for a purchase price of a 240-square meter lot located in Quezon City; [3] Josefina and Martina continued to be in possession of the subject property from 1954 and even after the alleged sale took place in 1977 until this case was filed in 1994; and [4] the Spouses Intac started paying real

[8] *Id.* at 137.

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estate taxes only in 1999. The RTC added that the Spouses Intac were guilty of fraud because they effected the registration of the subject property even though the execution of the deed was not really intended to transfer the ownership of the subject property.

Ruling of the CA

On appeal, the CA modified the decision of the RTC. The CA ruled that the RTC erred in first declaring the deed of absolute sale as null and void and then interpreting it to be an equitable mortgage. The CA believed that Ireneo agreed to have the title transferred in the name of the Spouses Intac to enable them to facilitate the processing of the mortgage and to obtain a loan. This was the exact reason why the deed of absolute sale was executed. Marietto testified that Ireneo never intended to sell the subject property to the Spouses Intac and that the deed of sale was executed to enable them to borrow from a bank. This fact was confirmed by Angelina herself when she testified that she and her husband mortgaged the subject property sometime in July 1978 to finance the construction of a small hospital in Sta. Cruz, Laguna.

The CA further observed that the conduct of Spouses Intac belied their claim of ownership. When the deed of absolute sale was executed, Spouses Intac never asserted their ownership over the subject property, either by collecting rents, by informing respondents of their ownership or by demanding possession of the land from its occupants. It was not disputed that it was respondents who were in possession of the subject property, leasing the same and collecting rentals. Spouses Intac waited until Ireneo and Salvacion passed away before they disclosed the transfer of the title to respondents. Hence, the CA was of the view that the veracity of their claim of ownership was suspicious.

Moreover, wrote the CA, although Spouses Intac claimed that the purchase of the subject property was for a valuable consideration (₱60,000.00), they admitted that they did not have any proof of payment. Marietto, whose testimony was assessed by the RTC to be credible, testified that there was no such

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payment because Ireneo never sold the subject property as he had no intention of conveying its ownership and that his only purpose in lending the title was to help Spouses Intac secure a loan. Thus, the CA concluded that the deed of absolute sale was a simulated document and had no legal effect.

Finally, the CA stated that even assuming that there was consent, the sale was still null and void because of lack of consideration. The decretal portion of the CA Decision reads:

> WHEREFORE, in view of the foregoing premises, the decision of the Regional Trial Court of Quezon City, Branch 220, is AFFIRMED with modifications, as follows:
>
> 1. The Deed of Absolute Sale dated October 25, 1977 executed by Ireneo Mendoza and Salvacion Fermen in favor of Spouses Mario and Angelina Intac is hereby declared NULL AND VOID;
> 2. the Register of Deed[s] of Quezon City is ordered to cancel TCT No. 242655 and, in lieu thereof, issue a new one and reinstate Ireneo Mendoza as the registered owner;
> 3. The defendant appellants are hereby ordered to pay the plaintiff appellees the amount of thirty thousand pesos (Php30,000.00) as and for attorney's fees; and
> 4. The other claims for damages are denied for lack of merit.
>
> SO ORDERED.[9]

Not in conformity, petitioners filed this petition for review anchored on the following

ASSIGNMENT OF ERRORS

I

THE HONORABLE COURT OF APPEALS GRAVELY ERRED WHEN IT AFFIRMED THE DECISION OF THE REGIONAL TRIAL COURT DATED FEBRUARY 16, 2006 WHICH WAS CONTRARY TO THE APPLICABLE LAWS AND EXISTING JURISPRUDENCE.

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[9] *Id.* at 47-48.

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II

THE HONORABLE COURT OF APPEALS GRAVELY ERRED WHEN IT CLEARLY OVERLOOKED, MISUNDERSTOOD AND/OR MISAPPLIED THE EVIDENCE PRESENTED IN THE COURT *A QUO*.[10]

Petitioners' position

Petitioners primarily argue that the subject deed of sale was a valid and binding contract between the parties. They claim that all the elements of a valid contract of sale were present, to wit: [a] consent or meeting of the minds, that is, consent to transfer ownership in exchange of price; [b] determinate subject matter; and [c] price certain in money or its equivalent.

Petitioners claim that respondents have validly gave their consent to the questioned sale of the subject property. In fact, it was Ireneo and Salvacion who approached them regarding their intention to sell the subject property. Ireneo and Salvacion affixed their signatures on the questioned deed and never brought any action to invalidate it during their lifetime. They had all the right to sell the subject property without having to inform their children of their intention to sell the same. Ordinary human experience dictates that a party would not affix his or her signature on any written instrument which would result in deprivation of one's property right if there was really no intention to be bound by it. A party would not keep silent for several years regarding the validity and due execution of a document if there was an issue on the real intention of the vendors. The signatures of Ireneo and Salvacion meant that they had knowingly and willfully entered into such agreement and that they were prepared for the consequences of their act.

Respondents' Position

Respondents are of the position that the RTC and the CA were correct in ruling that the questioned deed of absolute sale was a simulated one considering that Ireneo and Salvacion had no intention of selling the subject property. The true intention

[10] *Id.* at 17.

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rather was that Spouses Intac would just borrow the title of the subject property and offer it as a collateral to secure a loan. No money actually changed hands.

According to respondents, there were several circumstances which put in doubt the validity of the deed of absolute sale. *First*, the parties were not on equal footing because Angelina was a doctor by profession while Ireneo and Salvacion were less educated people who were just motivated by their trust, love and affection for her whom they considered as their own child. *Second*, if there was really a valid sale, it was just and proper for Spouses Intac to divulge the conveyance to respondents, being compulsory heirs, but they did not. *Third*, Ireneo and Salvacion did nothing to protect their interest because they banked on the representation of Spouses Intac that the title would only be used to facilitate a loan with a bank. *Fourth*, Ireneo and Salvacion remained in possession of the subject property without being disturbed by Spouses Intac. *Fifth*, the price of the sale was inadequate and inequitable for a prime property located in Pag-asa, Quezon City. *Sixth*, Ireneo and Salvacion had no intention of selling the subject property because they had heirs who would inherit the same. *Seventh*, the Spouses Intac abused the trust and affection of Ireneo and Salvacion by arrogating unto themselves the ownership of the subject property to the prejudice of his own children, Josefina and Martina.

Finally, petitioners could not present a witness to rebut Marietto's testimony which was straightforward and truthful.

The Court's Ruling

Basically, the Court is being asked to resolve the issue of whether the Deed of Absolute Sale,[11] dated October 25, 1977, executed by and between Ireneo Mendoza and Salvacion Fermin, as vendors, and Mario Intac and Angelina Intac, as vendees, involving the subject real property in Pagasa, Quezon City, was a simulated contract or a valid agreement.

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[11] *Id.* at 279-280.

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The Court finds no merit in the petition.

A contract, as defined in the Civil Code, is a meeting of minds, with respect to the other, to give something or to render some service. Article 1318 provides:

> Art. 1318. There is no contract unless the following requisites concur:
>
> (1) Consent of the contracting parties;
>
> (2) Object certain which is the subject matter of the contract;
>
> (3) Cause of the obligation which is established.

Accordingly, for a contract to be valid, it must have three essential elements: (1) **consent** of the contracting parties; (2) **object** certain which is the subject matter of the contract; and (3) **cause** of the obligation which is established.[12]

All these elements must be present to constitute a valid contract. Consent is essential to the existence of a contract; and where it is wanting, the contract is non-existent. In a contract of sale, its perfection is consummated at the moment there is a meeting of the minds upon the thing that is the object of the contract and upon the price. Consent is manifested by the meeting of the offer and the acceptance of the thing and the cause, which are to constitute the contract.

In this case, the CA ruled that the deed of sale executed by Ireneo and Salvacion was absolutely simulated for lack of consideration and cause and, therefore, void. Articles 1345 and 1346 of the Civil Code provide:

> Art. 1345. Simulation of a contract may be absolute or relative. The former takes place when the parties do not intend to be bound at all; the latter, when the parties conceal their true agreement.

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[12] *Sps. Ramon Lequin and Virginia Lequin v. Sps. Raymundo Vizconde and Salome Requin Vizconde,* G.R. No. 177710, October 12, 2009, 603 SCRA 407, 417.

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Art. 1346. An absolutely simulated or fictitious contract is void. A relative simulation, when it does not prejudice a third person and is not intended for any purpose contrary to law, morals, good customs, public order or public policy binds the parties to their real agreement.

If the parties state a false cause in the contract to conceal their real agreement, the contract is only relatively simulated and the parties are still bound by their real agreement. Hence, where the essential requisites of a contract are present and the simulation refers only to the content or terms of the contract, the agreement is absolutely binding and enforceable between the parties and their successors in interest.[13]

In absolute simulation, there is a colorable contract but it has no substance as the parties have no intention to be bound by it. "The main characteristic of an absolute simulation is that the apparent contract is not really desired or intended to produce legal effect or in any way alter the juridical situation of the parties."[14] "As a result, an absolutely simulated or fictitious contract is void, and the parties may recover from each other what they may have given under the contract."[15]

In the case at bench, the Court is one with the courts below that no valid sale of the subject property actually took place between the alleged vendors, Ireneo and Salvacion; and the alleged vendees, Spouses Intac. There was simply no consideration and no intent to sell it.

Critical is the testimony of Marietto, a witness to the execution of the subject absolute deed of sale. He testified that Ireneo personally told him that he was going to execute a document of sale because Spouses Intac needed to borrow the title to the property and use it as collateral for their loan application. Ireneo and Salvacion never intended to sell or permanently transfer the full ownership of the subject property to Spouses

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[13] *Spouses Villaceran v. De Guzman*, G.R. No. 169055, February 22, 2012.

[14] *Id.,* citing *Loyola v. Court of Appeals*, G.R. No. 115734, February 23, 2000, 326 SCRA 285, 293.

[15] *Id.*

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Intac. Marietto was characterized by the RTC as a credible witness.

Aside from their plain denial, petitioners failed to present any concrete evidence to disprove Marietto's testimony. They claimed that they actually paid ₱150,000.00 for the subject property. They, however, failed to adduce proof, even by circumstantial evidence, that they did, in fact, pay it. Even for the consideration of ₱60,000.00 as stated in the contract, petitioners could not show any tangible evidence of any payment therefor. Their failure to prove their payment only strengthened Marietto's story that there was no payment made because Ireneo had no intention to sell the subject property.

Angelina's story, except on the consideration, was consistent with that of Marietto. Angelina testified that she and her husband mortgaged the subject property sometime in July 1978 to finance the construction of a small hospital in Sta. Cruz, Laguna. Angelina claimed that Ireneo offered the property as he was in deep financial need.

Granting that Ireneo was in financial straits, it does not prove that he intended to sell the property to Angelina. Petitioners could not adduce any proof that they lent money to Ireneo or that he shared in the proceeds of the loan they had obtained. And, if their intention was to build a hospital, could they still afford to lend money to Ireneo? And if Ireneo needed money, why would he lend the title to Spouses Intac when he himself could use it to borrow money for his needs? If Spouses Intac took care of him when he was terminally ill, it was not surprising for Angelina to reciprocate as he took care of her since she was three (3) years old until she got married. Their caring acts for him, while they are deemed services of value, cannot be considered as consideration for the subject property for lack of quantification and the Filipino culture of taking care of their elders.

Thus, the Court agrees with the courts below that the questioned contract of sale was only for the purpose of lending the title of the property to Spouses Intac to enable them to secure a loan. Their arrangement was only temporary and could not give

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rise to a valid sale. Where there is no consideration, the sale is null and void *ab initio*. In the case of *Lequin v. Vizconde*,[16] the Court wrote:

> There can be no doubt that the contract of sale or Kasulatan lacked the essential element of consideration. It is a well-entrenched rule that **where the deed of sale states that the purchase price has been paid but in fact has never been paid, the deed of sale is null and void ab initio for lack of consideration**. Moreover, Art. 1471 of the Civil Code, which provides that "if the price is simulated, the sale is void," also applies to the instant case, since the price purportedly paid as indicated in the contract of sale was simulated for no payment was actually made.
>
> Consideration and consent are essential elements in a contract of sale. Where a party's consent to a contract of sale is vitiated or **where there is lack of consideration due to a simulated price, the contract is null and void ab initio**. [Emphases supplied]

More importantly, Ireneo and his family continued to be in physical possession of the subject property after the sale in 1977 and up to the present. They even went as far as leasing the same and collecting rentals. If Spouses Intac really purchased the subject property and claimed to be its true owners, why did they not assert their ownership immediately after the alleged sale took place? Why did they have to assert their ownership of it only after the death of Ireneo and Salvacion? One of the most striking badges of absolute simulation is the complete absence of any attempt on the part of a vendee to assert his right of dominion over the property.[17]

On another aspect, Spouses Intac failed to show that they had been paying the real estate taxes of the subject property. They admitted that they started paying the real estate taxes on the property for the years 1996 and 1997 only in 1999. They could only show two (2) tax receipts (Real Property Tax Receipt No. 361105, dated April 21, 1999, and Real Property Tax Receipt

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[16] G.R. No. 177710, October 12, 2009, 603 SCRA 407, 422.

[17] *Gaudencio Valerio v. Vicenta Refresca,* G.R. No. 163687, March 28, 2006, 485 SCRA 494, 501-502.

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No. 361101, dated April 21, 1999).[18] Noticeably, petitioners' tax payment was just an afterthought. The non-payment of taxes was also taken against the alleged vendees in the case of *Lucia Carlos Aliño v. Heirs of Angelica A. Lorenzo*.[19] Thus,

> Furthermore, Lucia **religiously** paid the realty taxes on the subject lot from 1980 to 1987. While tax receipts and declarations of ownership for taxation purposes are not, in themselves, incontrovertible evidence of ownership, they constitute at least proof that the holder has a claim of title over the property, particularly when accompanied by proof of actual possession. They are good indicia of the possession in the concept of owner, for no one in his right mind would be paying taxes for a property that is not in his actual or at least constructive possession. The voluntary declaration of a piece of property for taxation purposes manifests not only one's sincere and honest desire to obtain title to the property and announces his adverse claim against the State and all other interested parties, but also the intention to contribute needed revenues to the Government. **Such an act strengthens one's bona fide claim of acquisition of ownership**.
>
> On the other hand, respondent heirs failed to present evidence that Angelica, during her lifetime, paid the realty taxes on the subject lot. They presented **only two tax receipts** showing that Servillano, Sr. belatedly paid taxes due on the subject lot for the years 1980-1981 and part of year 1982 on September 8, 1989, or about a month after the institution of the complaint on August 3, 1989, **a clear indication that payment was made as an afterthought to give the semblance of truth to their claim**.
>
> **Thus, the subsequent acts of the parties belie the intent to be bound by the deed of sale.** [Emphases supplied]

The primary consideration in determining the true nature of a contract is the intention of the parties. If the words of a contract appear to contravene the evident intention of the parties, the latter shall prevail. Such intention is determined not only from the express terms of their agreement, but also from the

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[18] *Rollo*, p. 132.

[19] G.R. No. 159550, June 27, 2008, 556 SCRA 139, 150-151.

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contemporaneous and subsequent acts of the parties.[20] As heretofore shown, the contemporaneous and subsequent acts of both parties in this case, point to the fact that the intention of Ireneo was just to lend the title to the Spouses Intac to enable them to borrow money and put up a hospital in Sta. Cruz, Laguna. Clearly, the subject contract was absolutely simulated and, therefore, void.

In view of the foregoing, the Court finds it hard to believe the claim of the Spouses Intac that the stay of Ireneo and his family in the subject premises was by their mere tolerance as they were not yet in need of it. As earlier pointed out, no convincing evidence, written or testimonial, was ever presented by petitioners regarding this matter. It is also of no moment that TCT No. 106530 covering the subject property was cancelled and a new TCT (TCT No. 242655)[21] was issued in their names. The Spouses Intac never became the owners of the property despite its registration in their names. After all, registration does not vest title.

As a logical consequence, petitioners did not become the owners of the subject property even after a TCT had been issued in their names. After all, registration does not vest title. Certificates of title merely confirm or record title already existing and vested. They cannot be used to protect a usurper from the true owner, nor can they be used as a shield for the commission of fraud, or to permit one to enrich oneself at the expense of others. Hence, reconveyance of the subject property is warranted.[22]

The Court does not find acceptable either the argument of the Spouses Intac that respondents' action for cancellation of TCT No. 242655 and the reconveyance of the subject property

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[20] *Spouses Villaceran v. De Guzman, supra* note 13, citing *Ramos v. Heirs of Honorio Ramos, Sr.*, G.R. No. 140848, April 25, 2002, 381 SCRA 594, 601.

[21] *Rollo*, pp. 281-282.

[22] *Sps. Exequiel Lopez and Eusebia Lopez v. Sps. Eduardo Lopez and Marcelina R. Lopez*, G.R. No. 161925, November 25, 2009, 605 SCRA 358, 365.

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is already barred by the Statute of Limitations. The reason is that the respondents are still in actual possession of the subject property. It is a well-settled doctrine that "if the person claiming to be the owner of the property is in actual possession thereof, the right to seek reconveyance, which in effect seeks to quiet title to the property, does not prescribe."[23] In *Lucia Carlos Aliño*, it was also written:

> The lower courts fault Lucia for allegedly not taking concrete steps to recover the subject lot, demanding its return only after 10 years from the registration of the title. They, however, failed to consider that Lucia was in **actual possession** of the property.
>
> It is well-settled that an action for reconveyance prescribes in 10 years, the reckoning point of which is the date of registration of the deed or the date of issuance of the certificate of title over the property. In an action for reconveyance, the decree of registration is highly regarded as incontrovertible. What is sought instead is the transfer of the property or its title, which has been erroneously or wrongfully registered in another person's name, to its rightful or legal owner or to one who has a better right.
>
> However, in a number of cases in the past, the Court has consistently ruled that **if the person claiming to be the owner of the property is in actual possession thereof, the right to seek reconveyance, which in effect seeks to quiet title to the property, does not prescribe**. **The reason for this is that one who is in actual possession of a piece of land claiming to be the owner thereof may wait until his possession is disturbed or his title is attacked before taking steps to vindicate his right. The reason being, that his undisturbed possession gives him the continuing right to seek the aid of a court of equity to ascertain the nature of the adverse claim of a third party and its effect on his title, which right can be claimed only by one who is in possession. Thus, considering that Lucia continuously possessed the subject lot, her right to institute a suit to clear the cloud over her title cannot be barred by the statute of limitations**.[24] [Emphases supplied]

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[23] *Lucia Carlos Alino v. Heirs of Angelica A. Lorenzo*, G.R. No. 159550, June 27, 2008, 556 SCRA 139, 151-153.

[24] *Id.*

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WHEREFORE, the petition is **DENIED.**

SO ORDERED.

Velasco, Jr. (Chairperson), Peralta, Abad, and *Perez,*[*] *JJ.,* concur.

THIRD DIVISION

[G.R. No. 174582. October 11, 2012]

THE HEIRS OF THE LATE SPOUSES LAURA YADNO and PUGSONG MAT-AN, namely, LAURO MAT-AN, FE MAT-AN LAOYAN, JULIA MAT-AN KITANI, ANA MAT-AN MALANI, DARIO MAT-AN and VICTOR MAT-AN, who are represented by their co-petitioner NENA MAT-AN CLEMENT, *petitioners, vs.* **THE HEIRS OF THE LATE SPOUSES MAURO and ELISA ANCHALES, namely, JOHNNY S. ANCHALES, BELMORE S. ANCHALES, BENSON S. ANCHALES, BRIGETTE S. HARASYMUK, RITA A. KAWA, and NENITA S. ANCHALES,** *respondents.*

SYLLABUS

REMEDIAL LAW; CIVIL PROCEDURE; JURISDICTION; PRINCIPLE OF JUDICIAL STABILITY; THE JUDGMENT OR ORDER OF A COURT OF COMPETENT JURISDICTION MAY NOT BE INTERFERED WITH BY ANY COURT OF CONCURRENT JURISDICTION; CASE AT BAR.— We find that the Baguio RTC correctly dismissed the case for injunction with damages filed with it, since it had no jurisdiction over the

[*] Designated additional member, per Special Order No. 1299, dated August 28, 2012.