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WHEREFORE, the petition is GRANTED. The Decision of respondent National Labor Relations Commission dated 28 January 1994 ordering petitioner Nelly Acta Martinez to grant respondents separation pay as well as its Order of 30 September 1994 denying reconsideration is SET ASIDE. The Decision of the Labor Arbiter dated 30 August 1993 dismissing the complaint is REINSTATED.

The temporary restraining order issued on 11 October 1995 is made PERMANENT.

SO ORDERED.

Vitug, Kapunan, and *Hermosisima, Jr., JJ., concur.*

Padilla (Chairman), J., on leave.

FIRST DIVISION

[G.R. No. 119714. May 29, 1997]

SALVADOR S. ESQUIVIAS and ALICIA DOMALAON-ESQUIVIAS, *petitioners, vs.* **COURT OF APPEALS, JOSE G. DOMALAON, ELENA G. DOMALAON and REGISTER OF DEEDS OF SORSOGON,** *respondents.*

SYLLABUS

1. **CIVIL LAW; FAMILY; LAWSUIT BETWEEN MEMBERS OF THE SAME FAMILY; REQUIREMENT; RATIONALE.**— Article 222 of the Civil Code provides that no suit shall be filed or maintained between members of the same family unless it should appear that earnest efforts towards a compromise have been made but the same have failed. The reason for the law is that a lawsuit between family members generates deeper bitterness than one between strangers. Hence, it is necessary that every effort should be made towards a

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compromise before a litigation is allowed to breed hate and passion in the family.

2. **ID.; ID.; ID.; CONSTRUED; CASE AT BAR.**— But this requirement in Art. 222 of the Civil Code applies only to suits between or among members of the same family. The phrase "between members of the same family" should be construed in the light of Art. 217 of the Civil Code under which "family relations" include only those (a) between husband and wife, (b) between parent and child, (c) among other ascendants and their descendants, and (d) among brothers and sisters. As correctly pointed out by petitioners, Atty. Salvador S. Esquivias is not included in the enumeration of who are members of the same family, as he is only a brother-in-law of respondents Jose and Elena by virtue of his marriage to their sister Alicia. His relationship with respondents is based on affinity and not on consanguinity. Consequently, insofar as he is concerned, he is a stranger with respect to the family of his wife and, as such, the mandatory requirement of "earnest efforts toward a compromise" does not apply to him. In *Magbaleta v. Gonong* we ruled that "efforts to compromise" are not a jurisdictional prerequisite for the maintenance of an action whenever a stranger to the family is a party thereto, whether as necessary or indispensable one. An alien to the family may not be willing to suffer the inconvenience of, much less relish, the delay and the complications that wranglings between and among relatives more often than not entail. Besides, it is neither practical nor fair that the rights of a family be made to depend on a stranger who just happens to have innocently acquired some interest in a property by virtue of his affinity to the parties. Contrary to the ruling of the Court of Appeals, we find no reason to give Art. 222 a broader scope than its literal import.

3. **ADMINISTRATIVE LAW; LAWYERS; DISBARMENT PROCEEDINGS; NATURE THEREOF.**— In the case of *In re Almacen,* No. L-27654, 18 February 1970, 31 SCRA 562 we ruled - x x x Disciplinary proceedings against lawyers are *sui generis*. Neither purely civil nor purely criminal, they do not involve a trial of an action or a suit, but are rather investigations by the Court into the conduct of one of its officers. Not being intended to inflict punishment, it is in no sense a criminal prosecution. Accordingly, there is neither a plaintiff

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nor a prosecutor therein. It may be initiated by the Court *motu proprio*. Public interest is its primary objective, and the real question for determination is whether or not the attorney is still a fit person to be allowed the privileges as such. Hence, in the exercise of its disciplinary powers, the Court merely calls upon a member of the Bar to account for his actuations as an officer of the court with the end in view of preserving the purity of the legal profession and the proper and honest administration of justice by purging the profession of members who by their misconduct have proved themselves no longer worthy to be entrusted with the duties and responsibilities pertaining to the office of an attorney. In such posture, there can thus be no occasion to speak of a complainant or a prosecutor.

4. **ID.; ID.; ID.; JUDGMENT MADE THEREON CANNOT BE A SOURCE OF RIGHT THAT MAY BE ENFORCED IN ANOTHER ACTION; CASE AT BAR.**— Whatever has been decided in the disbarment case cannot be a source of right that may be enforced in another action. Indeed, in matters involving questions of genuineness and due exaction of documents purporting to convey properties of considerable value, no less than an action instituted for that purpose before a court of competent jurisdiction is necessary, rather than a mere administrative proceeding, like a disbarment case, where the procedure followed is, more often than not, summary, and where the question on validity of instrument is merely a collateral and not the main issue. Consequently, the judgment on the disbarment proceedings, which incidentally touched on the issue of the validity of the deed of sale, cannot be considered conclusive in another action where the validity of the same deed of sale is merely one of the main issues. At best, such judgment may only be given weight when introduced as evidence, but in no case does it bind the court in the second action.

5. **CIVIL LAW; CONTRACTS; CONFIDENTIAL RELATION BETWEEN GRANTOR AND GRANTEE; STANDING ALONE DOES NOT RAISE THE PRESUMPTION OF FRAUD.**— It must be emphasized that the bare existence of confidential relation between grantor and grantee does not, standing alone, raise the presumption of fraud. A deed will not be set aside merely because the grantor and grantee sustained

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a confidential relationship where the evidence shows no fraud or abuse of confidence.

6. **ID.; LAND REGISTRATION; CERTIFICATE OF TITLE; NATURE THEREOF.**— While the certificates of title in the names of Jose G. Domalaon and Elena G. Domalaon are indefeasible, unassailable and binding against the whole world, including the government itself, they do not create or vest title. They 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; neither do they permit one to enrich himself at the expense of the others.

7. **ID.; ID.; ID.; REMEDY AVAILABLE WHEN THE PROPERTY IS WRONGFULLY REGISTERED IN ANOTHER'S NAME; CASE AT BAR.**— Although a review of the decree of registration is no longer available on account of the expiration of the one-year period from entry thereof, an equitable remedy is still available to the Esquiviases who were wrongfully deprived of their property, i.e., to compel Jose G. Domalaon in whose name the house and lot in question had been wrongfully registered, to reconvey the property to the Esquiviases, provided that the same has not yet been transferred to innocent persons for value. The registered property is deemed to be held in trust for the real owners by the person in whose name it has been registered. In this action for reconveyance, the decree of registration is respected as incontrovertible. What is sought instead is the transfer of the property, in this case, the title thereof, which has been wrongfully or erroneously registered in another person's name, to its rightful and legal owners.

APPEARANCES OF COUNSEL

Salvador S. Esquivias for petitioners.
Isidoro F. Molina for private respondents.

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DECISION

BELLOSILLO, *J.*:

A 6,270-SQUARE METER PARCEL OF LAND in the *poblacion* of Gubat, Sorsogon,[1] is the subject of this action for reconveyance and damages.

Julia Galpo de Domalaon was the owner of a piece of land with an area of 1,260 square meters and the two-storey house standing thereon. In 1950 she extrajudicially constituted this property into a family home. Alicia Domalaon-Esquivias, Elena G. Domalaon and Jose G. Domalaon, among other children, were named beneficiaries thereof.[2]

On 11 March 1974 a Deed of Absolute Sale was executed by Julia Galpo de Domalaon in favor of her son-in-law, Atty. Salvador Esquivias, husband of Alicia Domalaon. Subject matter of the deed was the property constituting the family home — the two-storey house and the residential lot on which it stood, more particularly described in the deed as —

"x x x containing an area corresponding to the ground floor area of the house (136 sq. m.) plus and including its outside surrounding area of land measuring three (3) meters from the outside walls on all sides of said house, and including the whole width and length of the driveway leading from the house to Manook Street. This is likewise part and parcel of the family home declared in the name of Julia Galpo de Domalaon under Tax Declaration No. 9021 containing an original area of 1,260 square meters, more or less, and assessed at P1,070."[3]

On 30 March 1977 the family home was dissolved by Julia Galpo de Domalaon with the conformity of all her children. Afterwards, another deed of sale was executed by her dated 12 April 1977 transferring to Jose G. Domalaon the house and

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[1] A portion of 2,456 square meters is designated as Lot No. 464 and the remaining 3,814 square meters as Lot No. 453.

[2] *Sworn Declaration of Extrajudicial Creation of a Family Home*, Exh. "1".

[3] Annex "A".

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lot which once constituted the family home. The deed indicated that the property being sold was the entire 1,260 square meters.[4] However, in the *Affidavit of Confirmatory Waiver of Rights*,[5] the area was increased to 2,456 square meters.

Prior to the sale of the property to him, or on 21 October 1976, Jose already filed two (2) applications for Free Patent in his name covering the entire property. When his first application was approved, a certificate of title[6] was issued on 11 February 1981. His rights over the other application covering the rest of the property were relinquished by him in favor of his sister Elena.[7] It turned out later that Elena G. Domalaon also succeeded in her application for Free Patent and a certificate of title was issued in her name on 18 March 1985.[8]

Alleging that it was only in 1981 that she came to know that the document she signed in favor of Atty. Salvador S. Esquivias in 1974 was actually a deed of sale, Julia Galpo de Domalaon filed a disbarment case against Atty. Esquivias. According to her, being a son-in-law and lawyer of the Domalaons, Atty. Esquivias took advantage of her trust and confidence and poor eyesight by representing that the document was a sale of her land in favor of all her children. But the Solicitor General, who investigated the case, recommended its dismissal for lack of merit thus —

x x x x x x x x x

The claim of the complainant that respondent took advantage of her trust and confidence and presented to her for signature a prepared document which he represented as a distribution of her lands to her children is not credible x x x It is inconceivable that from March

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[4] Exh. "4".

[5] In the *Affidavit of Confirmatory Waiver of Rights,* which was executed after the dissolution of the family home, the heirs of Julia (with the exception of Alicia) renounced their rights over the land in favor of their brother Jose G. Domalaon. (See Exh. "5").

[6] OCT No. P-19184 covering Lot No. 464; Exh. "G".

[7] See *Affidavit* dated 29 December 1981; Exh. "10".

[8] OCT No. P-22729 covering Lot No. 453; Exh. "H".

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1974 up to January 1981, complainant had never informed her children that she had already signed a document transferring her ricelands to them x x x And what is more, it is too much of a coincidence that Elena Domalaon discovered the document at the Office of the Register of Deeds of Sorsogon in January 1981 x x x The only reasonable conclusion is that Elena knew all along about the existence of said document, which is a genuine deed of sale in favor of respondent, and she and her mother (complainant herself) only concocted the alleged misrepresentation committed by respondent just to get even with him x x x The settled rule is that the serious consequences of disbarment or suspension should follow only where there is a clear preponderance of evidence against the respondent. The presumption is that the attorney is innocent of the charges proffered and has performed his duty as a lawyer in accordance with his oath.

Complainant's evidence is obviously insufficient to prove dishonesty on the part of respondent. Complainant's version is not credible, and respondent has adduced sufficient evidence to prove motive for the filing of the instant complaint x x x.[9]

This Court adopted the above Recommendation and dismissed the case.[10]

Upon discovering that the subject lands were already titled in the names of Jose and Elena, Atty. Esquivias and his wife filed an action for reconveyance and damages before the Regional Trial Court of Sorsogon. In their complaint they claimed the entire 6,270 square meters and not just the house and lot they acquired by purchase from Julia. According to them, when Silvestre Domalaon, husband of Julia, was still alive he promised to transfer the entire property in their names as payment of his accumulated debts to them. Thus, they declared the property in their names and paid the taxes thereon.

After trial, the court ruled in favor of plaintiffs thus —

WHEREFORE, premises considered, this Court hereby orders:

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[9] Adm. Case No. 2313; *Rollo*, pp. 43-60; Annex "C".

[10] Annex "C-1".

[11] *Report of the Code Commission*, p. 18.

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1. That plaintiff Salvador Esquivias and Alicia Domalaon-Esquivias be declared the owners of the house and the portion of the land it is standing on, with an area of 136 sq.m., plus and including its outside surrounding area of land measuring three (3) meters from the outside walls on all sides of the house, and including the whole width and length of the driveway leading from the house to Manook Street;

2. That Jose Domalaon should reconvey to the plaintiffs that property mentioned above; and for the purpose, a licensed surveyor be commissioned to set off that particular portion of the property. The fee of such surveyor should be paid by defendant Jose Domalaon;

3. That the property identified as Lot No. 453 be partitioned by the heirs of Julia G. Domalaon, and as a consequence, the Register of Deeds of Sorsogon is ordered to cancel OCT No. P-22729 in the name of Elena Domalaon and issue the corresponding titles to the portions owned by each heir;

4. That defendants Jose Domalaon and Elena Domalaon should pay to the plaintiffs, jointly and severally, the sum of P5,000 as moral damages, and P5,000 as attorney's fees;

5. That defendants, likewise, jointly and severally, should pay the costs of this suit.

Not satisfied with the decision, respondents Jose G. Domalaon and Elena G. Domalaon elevated the case to the Court of Appeals which reversed the decision of the trial court and dismissed the case on the basis of its finding that there was no compliance with the mandatory requirements of Art. 222 of the New Civil Code; hence, the instant petition.

Three (3) issues need to be resolved: (a) Was the appellate court correct in holding that no earnest effort towards a compromise between members of the same family was made, in contravention of Art. 222 of the Civil Code? (b) Did the Report/Recommendation of the Solicitor General in the disbarment case, which was adopted by the Supreme Court, rule on the validity of the sale executed by Julia Domalaon? (c) Who has a better right over the subject property, the Esquiviases or the Domalaons?

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Petitioners contend that Atty. Esquivias is only a brother-in-law of Jose and Elena Domalaon. Atty. Esquivias is not a member of the family of his wife and is outside the scope and coverage of the law requiring that the same members of a family should exert efforts to bring about a compromise before the commencement of a litigation.

We agree with petitioners. Article 222 of the Civil Code provides that no suit shall be filed or maintained between members of the same family unless it should appear that earnest efforts towards a compromise have been made but the same have failed. The reason for the law is that a lawsuit between family members generates deeper bitterness than one between strangers. Hence, it is necessary that every effort should be made towards a compromise before a litigation is allowed to breed hate and passion in the family.[11]

But this requirement in Art. 222 of the Civil Code applies only to suits between or among members of the same family. The phrase "between members of the same family" should be construed in the light of Art. 217 of the Civil Code[12] under which "family relations" include only those (a) between husband and wife, (b) between parent and child, (c) among other ascendants and their descendants, and (d) among brothers and sisters.

As correctly pointed out by petitioners, Atty. Salvador S. Esquivias is not included in the enumeration of who are members of the same family, as he is only a brother-in-law of respondents Jose and Elena by virtue of his marriage to their sister Alicia. His relationship with respondents is based on affinity and not on consanguinity. Consequently, insofar as he is concerned, he is a stranger with respect to the family of his wife and, as such, the mandatory requirement of "earnest effort toward a compromise" does not apply to him. In *Magbaleta v. Gonong*[13] we ruled that "efforts to compromise" are not a jurisdictional prerequisite for the maintenance of an action whenever a stranger

[12] Now Art. 150, *The Family Code of the Philippines*. See *Gayon v. Gayon*, No. L-28394, 26 November 1970, 36 SCRA 104.

[13] No. L-44903, 22 April 1977, 76 SCRA 511.

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to the family is a party thereto, whether as necessary or indispensable one. An alien to the family may not be willing to suffer the inconvenience of, much less relish, the delay and the complications that wranglings between and among relatives more often than not entail. Besides, it is neither practical nor fair that the rights of a family be made to depend on a stranger who just happens to have innocently acquired some interest in a property by virtue of his affinity to the parties. Contrary to the ruling of the Court of Appeals, we find no reason to give Art. 222 a broader scope than its literal import.

On the second issue, petitioner Salvador S. Esquivias postulates that the validity of the deed of sale in his favor had already been sustained in the disbarment proceedings against him. As a consequence, the facts established therein have become the law of the case and can no longer be disturbed by the Court of Appeals.

The argument is flawed. In the case of *In re Almacen*[14] we ruled —

> x x x Disciplinary proceedings against lawyers are *sui generis*. Neither purely civil nor purely criminal, they do not involve a trial of an action or a suit, but are rather investigations by the Court into the conduct of one of its officers. Not being intended to inflict punishment, it is in no sense a criminal prosecution. Accordingly, there is neither a plaintiff nor a prosecutor therein. It may be initiated by the Court *motu proprio*. Public interest is its primary objective, and the real question for determination is whether or not the attorney is still a fit person to be allowed the privileges as such. Hence, in the exercise of its disciplinary powers, the Court merely calls upon a member of the Bar to account for his actuations as an officer of the Court with the end in view of preserving the purity of the legal profession and the proper and honest administration of justice by purging the profession of members who by their misconduct have proved themselves no longer worthy to be entrusted with the duties and responsibilities pertaining to the office of an attorney. In such posture, there can thus be no occasion to speak of a complainant or a prosecutor.

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[14] No. L-27654, 18 February 1970, 31 SCRA 562.

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For this reason, whatever has been decided in the disbarment case cannot be a source of right that may be enforced in another action, like this case before us.

Moreover, what was decided in the disbarment proceedings was the issue of whether Atty. Esquivias violated his oath by defrauding and deceiving the complainant into conveying to him the properties in question, and not the issue of the validity of the deed of sale. When the Solicitor General made a declaration that the deed was valid, it was only because the same was incidentally necessary for the prompt resolution of the case. Indeed, in matters involving questions of genuineness and due execution of documents purporting to convey properties of considerable value, no less than an action instituted for that purpose before a court of competent jurisdiction is necessary, rather than a mere administrative proceeding, like a disbarment case, where the procedure followed is, more often than not, summary, and where the question on validity of the instrument is merely a collateral and not the main issue.

Consequently, the judgment on the disbarment proceedings, which incidentally touched on the issue of the validity of the deed of sale, cannot be considered conclusive in another action where the validity of the same deed of sale is merely one of the main issues. At best, such judgment may only be given weight when introduced as evidence, but in no case does it bind the court in the second action.

We are convinced, however, that the sale in favor of Atty. Esquivias was made by Julia with full knowledge of the facts and there appears nothing on record to warrant a declaration of nullity of the deed from the standpoint of fraud.

It must be emphasized that the bare existence of confidential relation between grantor and grantee does not, standing alone, raise the presumption of fraud. A deed will not be set aside merely because the grantor and grantee sustained a confidential relationship where the evidence shows no fraud or abuse of confidence.[15] Besides, if Julia really had a cause of action against

[15] 26 C.J.S. 58.

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Atty. Esquivias, why did she file only a disbarment case instead of the more appropriate action for annulment of contract?

As regards the third issue, this Court notes the glaring irregularities that attended the transfer of the land in question to Jose G. Domalaon and Elena G. Domalaon: *First*, the land was sold by Julia to Jose on 12 April 1977.[16] But even prior to that date, or on 21 October 1976, Jose already applied for Free Patent in his name covering the land;[17] *Second*, during the disbarment proceedings against Atty. Esquivias, Elena admitted on cross-examination that she went to the Register of Deeds of Sorsogon to register another deed of sale — one executed by her mother in favor of her brother Jose over the same house and lot — ahead of the deed of sale executed in favor of Atty. Esquivias. She succeeded in doing so by using the tax receipt paid by Atty. Esquivias himself;[18] *Third*, in the deed of sale of Jose, what was sold to him was 1,260 square meters. However, in the *Affidavit of Confirmatory Waiver of Rights* the area was increased to 2,456 square meters; *Fourth*, Jose relinquished to Elena Lot No. 453 with an area of 3,814 square meters. Surprisingly, the records contain no deed or evidence showing that Julia likewise sold to Jose Lot No. 453. What was sold was 1,260 square meters if we go by the deed of sale, or 2,456 square meters if we base it on the Affidavit of Confirmatory Waiver of Rights. As aptly observed by the trial court, how could Jose relinquish to Elena something which he did not own? *Fifth*, Julia executed an affidavit[19] dated 17 July 1986 wherein she ceded her rights and interests over Lot No. 453 in favor of Jose. But it will be observed that such affidavit was not sufficient to transfer ownership of the subject lot. Even if it did, it was executed only after more than four (4) years from the date Jose relinquished to Elena his alleged rights over Lot No. 453.

These circumstances confirm the belief that there indeed was collusion among the Domalaons to defeat the valid and

[16] *Rollo*, pp. 127-128; Annex "B".

[17] Exh. "8-A".

[18] See Report/Recommendation of the Solicitor General, p. 9.

[19] Exh. "18".

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legitimate claim of the Esquiviases by consolidating the ownership of the entire property in the names of Jose G. Domalaon and Elena G. Domalaon. They likewise belie the Domalaons' profession of ignorance with respect to the existence of the first sale.

Logically, while the deed of sale in favor of Jose G. Domalaon was registered earlier, the same cannot prevail over the deed of sale in favor of Atty. Esquivias because private respondent knew of the prior sale to petitioners, and such knowledge tainted his registration with bad faith.[20] To merit protection under Art. 1544, second par.,[21] the second buyer must act in good faith in registering his deed.

While we are sustaining petitioners' rights over the house and lot subject of the 11 March 1974 deed of sale, we cannot find any justification to likewise award to them the rest of the property. They presented no evidence other than their self-serving assertion that the entire property was promised to them by the late Silvestre Domalaon. The fact that such promise was not contradicted by private respondents does not prove that their claim over the entire property is valid and subsisting. Furthermore, although the entire property was declared by petitioners in their names for taxation purposes, it does not by itself constitute conclusive evidence of ownership.[22]

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[20] *Astorga v. Court of Appeals*, G.R. No. 58530, 26 December 1984, 133 SCRA 748.

[21] Art. 1544, which lays down the rules on double sales, provides: *If the same thing should have been sold to different vendees, the ownership shall be transferred to the person who may have taken possession thereof in good faith, if it should be movable property.*

Should it be immovable property, the ownership shall belong to the person acquiring it who in good faith first recorded it in the Registry of Property.

Should there be no inscription, the ownership shall pertain to the person who in good faith was first in the possession; and, in the absence thereof, to the person who presents the oldest title, provided there is good faith.

[22] *Rivera v. Court of Appeals*, G.R. No. 107903, 22 May 1995, 244 SCRA 218.

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Finally, while the certificates of title in the names of Jose G. Domalaon and Elena G. Domalaon are indefeasible, unassailable and binding against the whole world, including the government itself, they do not create or vest title. They 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; neither does they permit one to enrich himself at the expense of others.[23]

Although a review of the decree of registration is no longer available on account of the expiration of the one-year period from entry thereof, an equitable remedy is still available to the Esquiviases who were wrongfully deprived of their property, i.e., to compel Jose G. Domalaon in whose name the house and lot in question had been wrongfully registered, to reconvey the property to the Esquiviases, provided that the same has not yet been transferred to innocent persons for value.[24]

The registered property is deemed to be held in trust for the real owners by the person in whose name it has been registered. In this action for reconveyance, the decree of registration is respected as incontrovertible. What is sought instead is the transfer of the property, in this case, the title thereof, which has been wrongfully or erroneously registered in another person's name, to its rightful and legal owners.[25]

WHEREFORE, the Decision of respondent Court of Appeals reversing that of the Regional Trial Court, Branch 54, Gubat, Sorsogon, is REVERSED and SET ASIDE, and the Decision of the latter court in favor of petitioners as quoted in pages four (4) and five (5) hereof is REINSTATED and AFFIRMED. Costs against private respondents.

SO ORDERED.

Vitug, Kapunan, and *Hermosisima, Jr., JJ.,* concur.

Padilla, J. (Chairman), on leave.

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[23] *Angeles v. Samia*, 66 Phil. 444 (1938).

[24] *Azurin v. Quintoriano*, 45 O.G. 1, p. 44, Supp., January 1950.

[25] *Amerol v. Bagumbaran*, No. L-33261, 30 September 1987, 154 SCRA 396.