



Mis-POC Batt
MISAELO DOMINGO C. BATTUNG III
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Third Division
NOV 04 2020

Republic of the Philippines
Supreme Court
Manila

SUPREME COURT OF THE PHILIPPINES
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THIRD DIVISION

SPOUSES RUTH DIZON G.R. No. 227725
DEVISFRUTO AND ALLAN
DEVISFRUTO,
Petitioners,

Present:

LEONEN, J., Chairperson,
GISMUNDO,
HERNANDO*,
CARANDANG, and
GAERLAN, JJ.

-versus-

MAXIMA L. GREENFELL,
Respondent.

Promulgated:
July 1, 2020
Mis-POC Batt

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DECISION

LEONEN, J.:

This Court resolves the Petition for Review on Certiorari¹ questioning the Court of Appeals Decision and Resolution in CA-G.R. SP No. 136663.

On October 18, 2011, Maxima Greenfell (Greenfell) filed before the Municipal Circuit Trial Court a Complaint for Reconveyance and Damages² against Spouses Ruth Dizon Devisfruto and Allan Devisfruto (the Devisfruto Spouses), and impleaded as defendant the Office of the Municipal Assessor of Botolan, Zambales.

In her Complaint, Greenfell asserted that she was a natural-born

* Designated additional Member per Raffle dated June 29, 2020.
¹ Rollo, pp. 13-33.
² Id. at 63-67.

Filipino citizen who later became an Australian citizen. She alleged that prior to reacquiring Filipino citizenship, she financed the purchase of a house and two (2) lots located in Tampo, Botolan, Zambales, from Spouses Dante and Erna Magisa (the Magisa Spouses). The lots were registered in the name of her niece, Ruth Dizon Devisfruto (Ruth). Deeds of sale were executed by which the Magisa Spouses sold the properties to Ruth for ₱20,000.00 and ₱25,000.00, respectively.³

Thereafter, the Devisfruto Spouses possessed the properties. Ruth declared herself the owner, as shown in Tax Declaration Nos. 021-0464R and 021-0659R. The properties were subsequently consolidated as one under Tax Declaration No. 021-0842. In April 2009, after reacquiring her Philippine citizenship by virtue of Republic Act No. 9225, Greenfell demanded that the properties be transferred to her name. When Ruth refused to comply, Greenfell filed the Complaint before the Municipal Circuit Trial Court.⁴

In its Decision,⁵ the Municipal Circuit Trial Court decided in favor of Greenfell. It pointed out that in the Devisfruto Spouses' Answer, they admitted to Greenfell providing the purchase money for the property.⁶ Thus, it found that a purchase money resulting trust under Article 1448 of the Civil Code existed.⁷ The Municipal Circuit Trial Court held that the parties' intent was to give legal title over the properties to Ruth because Greenfell believed she was precluded from owning realty after she became an Australian citizen.⁸ Hence, the Devisfruto Spouses were merely the depository of a legal title who were obligated to convey the property when called upon by Greenfell.⁹

The dispositive portion of the Municipal Circuit Trial Court Decision read:

WHEREFORE, judgment is rendered in favor of plaintiff. Defendants are directed to:

- (1) Reconvey to plaintiff the properties subject of the Deed of Absolute [o]f [a] Portion [o]f [a] Parcel [o]f Land dated August 09, 1999 and the Deed [o]f Absolute Sale [o]f [a] House [a]nd [a] Parcel of Land [d]ated April 29, 2002; and
- (2) Pay plaintiff Php30000.00 by way of attorney's fee and Php2825.00 as costs.

³ Id. at 36; and 63–64.

⁴ Id. at 65.

⁵ Id. at 140–149. The June 28, 2013 Decision was penned by Acting Presiding Judge Ildelfonso F. Recitis of the Municipal Circuit Trial Court of Botolan, Zambales.

⁶ Id. at 142.

⁷ Id. at 148.

⁸ Id. at 146.

⁹ Id. at 148.

SO ORDERED.¹⁰

The Devisfruto Spouses appealed to the Regional Trial Court, which affirmed the Municipal Circuit Trial Court in a Decision dated July 18, 2013.¹¹

Thus, they filed a Petition for Review under Rule 42 of the Rules of Court before the Court of Appeals.¹²

The Court of Appeals¹³ dismissed their Petition. It agreed that a trust had been created, considering that Greenfell had provided the purchase money for the properties on the condition that the Spouses Devisfruto surrender them to her upon her re-acquisition of Philippine citizenship. It held that the execution of the deeds of sale in Ruth's name did not weaken the trust, as what was crucial was the intention to create a trust, which derives its strength from the confidence reposed on another. It ruled that the intention to create an implied trust was attested to by the properties' former owner, Dante Magisa—a disinterested party who testified that the parties had an agreement where Ruth was obligated to transfer the titles to Greenfell once permitted by law.¹⁴ The dispositive portion of the Court of Appeals Decision read:

WHEREFORE, the instant petition for review is **DENIED**. The July 18, 2013 Decision of the Regional Trial Court, Branch 70, Iba, Zambales in Civil Case No. RTC-3535-I is hereby **AFFIRMED**.

SO ORDERED.¹⁵ (Emphasis in the original)

The Devisfruto Spouses filed a motion for reconsideration, which the Court of Appeals denied.¹⁶

Thus, they filed this Petition for Review on Certiorari.¹⁷

Petitioners claim that there was no legal or factual basis to find that the parties had created a trust.¹⁸ They said that assuming a trust had been created, it was an express trust, which cannot be proven by parole evidence. They

¹⁰ Id. at 149.

¹¹ Id. at 158–162. The Decision was penned by Judge Marifi P. Chua of the Regional Trial Court of Iba, Zambales, Branch 70.

¹² Id. at 35.

¹³ Id. at 35–44. The Decision was penned by Associate Justice Pedro Corales and concurred in by Associate Justices Sesinando E. Villon and Rodil V. Zalameda (Now a Member of this Court) of the Eleventh Division, Court of Appeals, Manila.

¹⁴ Id. at 42–43. The Resolution was penned by Associate Justice Pedro Corales and concurred in by Associate Justices Sesinando E. Villon and Rodil V. Zalameda (Now a Member of this Court) of the Eleventh Division, Court of Appeals, Manila.

¹⁵ Id. at 43.

¹⁶ Id. at 46–47.

¹⁷ Id. at 13–33.

¹⁸ Id. at 19.

assert that testimonial evidence is insufficient to prove express trusts and since Greenfell did not present any documentary proof of an express trust, no trust had been established.¹⁹

Petitioners argue further that the properties had been given gratuitously to them. They allege that respondent gave the properties to Ruth because she is her favorite niece, and claim that respondent only filed a case after their relationship turned sour. They insist that it was not unlikely for respondent to gratuitously give the property to Ruth, as she has the financial capacity to assist less fortunate relatives. They claim that respondent even admitted to giving them a monthly allowance of more than ₱20,000.00 from 1999 onwards.²⁰

In her Comment,²¹ respondent argues that the issue in this case involves the ownership of the subject properties. She asserts that the best person to identify the current owner of the property would be its original owner, Dante O. Magisa, who testified that the person who bought his property was respondent, through her niece, Ruth. Respondent points out that this finding of the lower courts is supported by the evidence on record.²²

The issues for resolution are:

First, whether or not the Court of Appeals erred in finding that an implied trust had been created by the parties; and

Second, whether or not the Court of Appeals erred in not finding that the properties were given gratuitously to petitioners.

The Petition is denied.

The Civil Code provides that a trust is created when a property is sold to one party but paid for by another for the purpose of having beneficial interest in said property:

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

¹⁹ Id. at 20–22.

²⁰ Id. at 22–24.

²¹ Id. at 183–185.

²² Id. at 184.

Based on the evidence presented, both the Court of Appeals²³ and the Regional Trial Court²⁴ determined that the legal estate over the properties was granted to petitioner Ruth while the price was paid by respondent. Further, they found that the purpose of this arrangement was for respondent to have beneficial interest over the property. This Court sees no cogent reason to revisit these conclusions.

Petitioners assert that Article 1448 of the Civil Code is inapplicable to this case because, assuming a trust was created, it was an express trust and not an implied one. They base this position on respondent's testimony, saying that she designated petitioner Ruth to represent her in the purchase of the properties, and agreed that Ruth would register the properties in her name, although it would be returned to her.

Petitioners claim this showed that both parties verbally agreed to the properties being registered in Ruth's name at first and subsequently reconveyed to respondent upon her return. Petitioners maintain that any verbal expression of intention pertaining to the elements of a trust removes a transaction from the ambit of an implied trust. Thus, they surmise that because respondent testified that there was a "verbal understanding and agreement that [Ruth] will represent [Greenfell] in the purchase of properties. . . as the money will be sent by [Greenfell], but the properties will be registered for the time being in [Ruth's] name and she will return the same to [Greenfell],"²⁵ any trust created was an express trust and not an implied one.

This argument cannot be sustained.

As a general rule, issues may not be raised for the first time on appeal. In *Metropolitan Bank & Trust Co. v. G & P Builders, Inc.*,²⁶ this Court explained the principle behind this bar:

Generally, parties may not raise issues for the first time on appeal. To allow one party to do so would violate the other party's right to due process, which is contrary to the principle of equity and fair play:

Settled is the rule that no questions will be entertained on appeal unless they have been raised below. Points of law, theories, issues and arguments not adequately brought to the attention of the lower court need not be considered by the reviewing court as they cannot be raised for the first time on appeal. Basic considerations of due process impel this rule. (Citation omitted)

²³ Id. at 35-44.

²⁴ Id. at 158-162.

²⁵ Id. at 20.

²⁶ 773 Phil. 289 (2015) [Per J. Leonen, Second Division].

An exception exists when the consideration and resolution of the issue is “essential and indispensable in order to arrive at a just decision in the case.” More precisely, this court laid down the exceptions in *Trinidad v. Acapulco*:

Indeed, the doctrine that higher courts are precluded from entertaining matters neither alleged in the pleadings nor raised during the proceedings below but ventilated for the first time only in a motion for reconsideration or on appeal, is subject to exceptions, such as when:

(a) grounds not assigned as errors but affecting jurisdiction over the subject matter; (b) matters not assigned as errors on appeal but are evidently plain or clerical errors within contemplation of law; (c) matters not assigned as errors on appeal but consideration of which is necessary in arriving at a just decision and complete resolution of the case or to serve the interests of justice or to avoid dispensing piecemeal justice; (d) matters not specifically assigned as errors on appeal but raised in the trial court and are matters of record having some bearing on the issue submitted which the parties failed to raise or which the lower court ignored; (e) matters not assigned as errors on appeal but closely related to an error assigned; and (f) matters not assigned as errors on appeal but upon which the determination of a question properly assigned, is dependent. . . ²⁷ (Citations omitted)

Petitioners did not raise the distinction between express and implied trusts before the Court of Appeals. Instead, they relied mainly on the premise that respondent gratuitously gave the property to petitioner Ruth:

28. It is inferable from respondent Maxima’s testimony that her noble desire was to share her blessings to her unfortunate relatives in the Philippines by providing them financial assistance and helping them acquire suitable dwelling places[.] To the petitioners’ mind, the purchase of a residential lot and the execution of the deed of sale. . . with petitioner Ruth as the buyer and in the latter’s name are consistent with their claim that the subject properties were intended for them and not merely to constitute them as trustees thereof. In so carrying out what the petitioners conceived, they took possession of the said properties, occupied the same and paid real property taxes thereon[.] In fact, the respondent was one of the material witnesses who signed the April 29, 2011 deed of sale... It was only when their relationship soured that the respondent sought to get the properties on the theory of implied trust[.]

²⁷ Id. at 317–318.

29. In order to establish a trust in real property by parol evidence, the proof should be as fully convincing as if the act giving rise to the trust obligation were proven by an authentic document[.] A trust cannot be established upon testimony consisting in large part of insecure surmises based on ancient hearsay[.]

30. In *De Leon v. Molo-Peckson*[,] the Supreme Court categorically stated that “a trust must be proven by clear, satisfactory and convincing evidence. It cannot rest on vague and uncertain evidence or on loose, equivocal or indefinite declarations.”

31. The fact that the respondent allowed nine (9) to lapse years (sic) from the execution of the deed of sale before questioning petitioners' ownership over the questioned properties renders the filing of the instant complaint dubious.

32. Although Article 1457 of the Civil Code allows an implied trust to be proven by oral evidence, trustworthy oral evidence is required to prove an implied trust because the same can be easily fabricated.²⁸

In this case, petitioners have not sufficiently explained why this Court should make an exception and consider this issue for the first time, on appeal.

As to the second issue, the parties admit that respondent supplied the purchase money for the properties. Thus, assuming that neither an implied nor an express trust was created, the facts, as presented by petitioners, require the application of the laws on donation. If, as insisted by petitioners, the purchase money for the properties was gratuitously given to them, the law relevant to this transaction would be Article 748 of the Civil Code, which requires that donations of personal property exceeding ₱5000.00 must be in writing:

ARTICLE 748. The donation of a movable may be made orally or in writing.

An oral donation requires the simultaneous delivery of the thing or of the document representing the right donated.

If the value of the personal property donated exceeds five thousand pesos, the donation and the acceptance shall be made in writing, otherwise, the donation shall be void.

If the acceptance is made in a separate instrument, the donor shall be notified thereof in an authentic form, and this step shall be noted in both instruments.

²⁸ Id. at 54-55.

In *Carinan v. Spouses Cueto*,²⁹ where it was argued that the respondent therein had gratuitously paid the purchase money for property as a donation, this Court noted that donations of purchase money must follow the formal requirements mandated by law:

In order to sufficiently substantiate her claim that the money paid by the respondents was actually a donation, Esperanza should have also submitted in court a copy of their written contract evincing such agreement. Article 748 of the New Civil Code (NCC), which applies to donations of money, is explicit on this point as it reads:

Art. 748. *The donation of a movable may be made orally or in writing. —*

An oral donation requires the simultaneous delivery of the thing or of the document representing the right donated.


If the value of the personal property donated exceeds five thousand pesos, the donation and the acceptance shall be made in writing. Otherwise, the donation shall be void.

As the Court ruled in *Moreño-Lentfer v. Wolff*, a donation must comply with the mandatory formal requirements set forth by law for its validity. When the subject of donation is purchase money, Article 748 of the NCC is applicable. Accordingly, the donation of money as well as its acceptance should be in writing. Otherwise, the donation is invalid for non-compliance with the formal requisites prescribed by law.³⁰ (Citations omitted)

Although petitioners repeatedly insisted that the purchase money for the properties was gratuitously given, it appears that they did not, at any stage, present evidence that this donation complied with the formal requirements under Article 748 of the Civil Code. Thus, this Court sees no reason to consider this argument any further.

WHEREFORE, the Petition is **DENIED** for having shown no reversible error in the assailed Decision and Resolution. The Court of Appeals Decision and Resolution in CA-G.R. SP No. 136663 are **AFFIRMED**.


SO ORDERED.



MARVIC M.V.F. LEONEN
Associate Justice

²⁹ 745 Phil. 186 (2014) [Per J. Reyes, Third Division].


³⁰ Id. at 193–194.

WE CONCUR:


ALEXANDER G. GESMUNDO
 Associate Justice


RAMON PAUL L. HERNANDO
 Associate Justice


ROSMARID. CARANDANG
 Associate Justice


SAMUEL H. GAERLAN
 Associate Justice

ATTESTATION

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

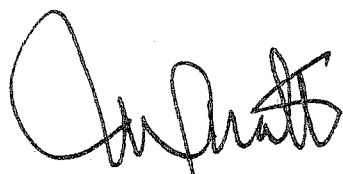

MARVIC M.V.F. LEONEN
 Associate Justice
 Chairperson

CERTIFICATION

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

CERTIFIED TRUE COPY

Mis+DCBeth
MISAELO DOMINGO C. BATTUNG III
 Division Clerk of Court
 Third Division


DIOSDADO M. PERALTA
 Chief Justice

NOV 04 2020