

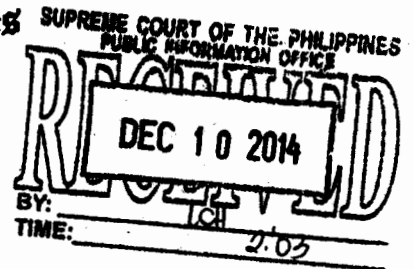


Republic of the Philippines

Supreme Court

Manila

THIRD DIVISION



NOTICE

Sirs/Mesdames:

Please take notice that the Court, Third Division, issued a Resolution dated **November 10, 2014**, which reads as follows:

“G.R. No. 203024 (Radiconda Mateo Vda. De Francisco, Editha Francisco and Ferdinand Marquez, Franco Francisco and Beth Padre, Fernando Francisco, Dionisia Mateo Vda. De Sayco, Eliza Sayco, Victoria Sayco, Margie Sayco, and Rosendo Lapitan, and Danilo Sayco vs. Sps. Sofronio Mateo and Myrna Mateo). – For resolution is the Petition for Review on Certiorari filed under Rule 45 of the Rules of Court whereby petitioners assail and seek the review of the Decision¹ and Resolution² of the Court of Appeals (CA) in CA-G.R. CV No. 92268, dated March 23, 2012 and August 2, 2012, respectively. The assailed rulings reversed the judgment of the Regional Trial Court, Branch 68, Camiling, Tarlac (RTC) annulling the title and deed of sale in favor of respondents over the subject property.

Petitioners Radiconda Mateo Vda. de Francisco and Dionisia Mateo Vda. de Sayco, and the respondent Sofronio Mateo are half-siblings, their common father being Pedro Mateo (Pedro). As culled from the records, Pedro married one Felisa Macatiag. Their matrimonial union bore children, namely Domingo, Pelagia, Filomena, and petitioners Radiconda and Dionisia. Shortly after Felisa Macatiag’s demise on May 1, 1947, Pedro married, on March 24, 1952, one Eugenia Antonio, which union likewise bore children, among them respondent Sofronio.

On April 27, 1999, petitioners filed with the RTC a Complaint³ for annulment of sale and title, *accion reivindicatoria*, and damages against respondent spouses, docketed as Civil Case No. 99-14, alleging the following: that Pedro was the exclusive owner of a 19,071 square-meter lot covered by Transfer Certificate of Title (TCT) No. 8758⁴ situated in Sinilian 3rd, Camiling, Tarlac; that prior to his death on October 2, 1974, Pedro sold to petitioners the 14,071 square meter portion of the said lot as evidenced by

¹ Penned by Associate Justice Amy C. Lazaro-Javier and concurred in by Presiding Justice Andres B. Reyes, Jr. and Associate Justice Sesinando E. Villon; *rollo*, p. 133.

² *Id.* at 185.

³ Records, p. 1.

⁴ *Id.* at 5.

a Deed of Absolute Sale⁵ dated July 21, 1963 (1963 Deed for brevity); that during the execution of the deed, petitioners Radiconda and Dionisia were allegedly represented by their brother Domingo in the transaction; that immediately afterwards, petitioners instantly took possession of the portion allocated to them by planting trees and palay thereon and thereafter, religiously paid the corresponding realty taxes attaching to the property; that due to lack of financial resources at the time, they did not have the 1963 Deed registered; that sometime in 1998, petitioners Radiconda and Dionisia finally decided to register the 1963 Deed and, for this purpose, they went to the Registry of Deeds in Tarlac only to discover to their surprise that the 14,071 square meter portion was already registered in their names and that of their half-brother respondent Sofronio, as evidenced by TCT No. 134008,⁶ which was issued on January 3, 1977.

In effecting the transfer of title, it was discovered that a Deed of Absolute Sale⁷ dated January 3, 1976 or 1977⁸ (1976/1977 Deed for brevity) covering the property was already registered, the conveying instrument showing the following unit lot distribution:

1. TOMAS MATEO, married to x x x - - Buyer of Lot 11517-A with an area of 2,500 square meters as per Subdivision Plan (LRC) OSD-253415;
2. DOMINGO MATEO, married to x x x - - Buyer of Lot 11517-B with an area of 2,500 square meters as per Subdivision Plan (LRC) PSD-253415;
3. SOFRONIO MATEO, single; RADICONDA MATEO, married to Paulino Francisco; and DIONISIA MATEO, married to Pedro Sayco, all residents of Camiling, Tarlac - - Buyer of Lot 115117-C with an area of 14,071 square meters as per Subdivision Plan (LRC) PSD-25341.⁹

In the same complaint, petitioners, as plaintiffs *a quo*, questioned the validity of the 1976/1977 Deed and the resultant TCT No. 134008 on two grounds: (1) the lot covered by TCT No. 134008 was already sold to them as early as July 21, 1963; and (2) the Deed of Absolute Sale is spurious since it appeared to have been executed by the late spouses Pedro and Felisa Mateo sometime in 1976 or 1977 even though they had already passed away on October 2, 1974 and May 1, 1947, respectively.

Before answering, the respondent spouses, on May 10, 1999, filed a Motion¹⁰ for the inclusion in the complaint of Domingo Mateo and Tomas Mateo as their co-respondents for this reason: the 1976/1977 Deed not only conveyed to Sofronio, Radiconda, and Dionisia the 14,071-square meter portion of the lot covered by TCT No. 8758 but it also disposed of and

⁵ Id. at 9.

⁶ *Rollo*, p. 224.

⁷ Records, p. 11.

⁸ As pointed out by the trial court, the year of execution of the deed does not clearly appear in the document. However, respondent admitted that the document was executed either in 1976 or 1977.

⁹ Records, p. 11.

¹⁰ Id. at 16.

divided the remaining 5,000 square meters equally between Domingo Mateo and Tomas Mateo. As a matter of fact, TCT Nos. 134006 and 134007 were also released by the Registry of Deeds in favor of Domingo and Tomas covering the remaining 5,000-square meter portion. As claimed by respondents, petitioners cannot seek only the partial annulment of the 1976/1977 Deed since the three dispositions are in the same instrument claimed to be void. For this reason, respondents argued that Domingo and Tomas are indispensable parties to the case and should, therefore, be impleaded as respondents.

Petitioners countered the Motion with the argument that they no longer impleaded the two since prior to the alleged 1976/1977 Deed, the 5,000-square meter portion was already sold by Pedro to Domingo and Tomas.

On January 19, 2000, the RTC denied the Motion, holding that the option lies with the petitioners, as plaintiffs, whether or not to join additional parties in the Complaint.¹¹ On February 21, 2000, the lower court denied the respondents' motion for reconsideration.¹²

In their Answer,¹³ respondents, as defendants below, averred that the 1963 Deed is of doubtful authenticity and that even assuming *arguendo* its validity, petitioners are already barred by prescription or laches to claim lot ownership pursuant to that deed. To bolster their defense, respondents raised the point that it took petitioners more than 30 years from the alleged execution of the 1963 Deed before attempting to have it registered in 1998. On the other hand, Sofronio has, since birth, been in open, continuous, peaceful, and public possession of the property. Moreover, Sofronio added that his aliquot share in the co-owned property corresponds to his inheritance from his father Pedro. Lastly, the standing of petitioners Editha, Franco, Fernando, Ferdinand, Eliza, Victoria, Margie, Danilo, and Rosendo were questioned since they are not privy to the 1963 Deed and as the children and in-laws of petitioners Radiconda and Dionisia, they only have, at best, an inchoate right over the property until their parents' death.

On October 24, 2008, the RTC rendered a Decision¹⁴ in favor of the petitioners. The dispositive portion of the Decision reads:

WHEREFORE, premises considered, judgment is hereby rendered as follows:

- 1) Declaring the Deed of Absolute Sale dated July 31, 1963 executed in favor of the plaintiffs Radiconda Mateo and Dionisia Mateo involving the 13,071 square meters portion of lot 11517 of the Camiling Cadastre as valid;

¹¹ Id. at 43.

¹² Id. at 59.

¹³ Id. at 60.

¹⁴ Id. at 51.

- 2) Declaring the Deed of Absolute Sale dated January 3, 1976 or 1977 allegedly executed by Pedro Mateo marked as exhibit "2" of the defendants as null and void.
- 3) Ordering the Register of Deeds of the province of Tarlac to cancel the said Transfer Certificate of Title Nos. 134006, 134007, and 134008;
- 4) Ordering the defendants to pay the plaintiffs the amount of P20,000.00 as moral damages and another amount of P10,000.00 as attorney's fees.

SO ORDERED.

In so ruling, the trial court held that Pedro and Felisa's signatures in the 1976/1977 Deed were forged and that the prima facie presumption of regularity in its execution has been overturned in view of the fact that the vendors appearing in the instrument have long been dead at the time it was allegedly executed. The RTC further reasoned out that the 1976/1977 Deed, as a forgery, cannot prevail over the 1963 Deed even if not registered.

The trial court, for reasons articulated in its ruling, dismissed respondents' argument - that the petitioners were barred by laches and prescription.

On appeal filed by the respondents, the CA promulgated the challenged Decision reversing that of the RTC. As held:

ACCORDINGLY, the appeal is GRANTED. The Decision dated October 24, 2008 in Civil Case No. 99-14 is reversed and set aside, and the complaint below, DISMISSED for lack of merit. No costs.

SO ORDERED.

The CA noted, among other things, that while they have respected the shares of Tomas and Domingo Mateo acquired by virtue of the 1976/1977 Deed and evidenced by TCT Nos. 134006 and 134007, petitioners nonetheless assail the respondents' occupation of the subject property acquired through the same sale. This attitude, so the CA declared, militates against petitioners' claim that the 1976/1977 Deed is invalid and that it is, on the contrary, an implied admission of the document's validity.

Petitioners sought reconsideration from the CA ruling but the same was denied through the challenged Resolution. Hence, the instant petition.

Verily, the issue in this case is whether or not the 1976/1977 Deed should be cancelled.

The Court's Ruling

***Domingo and Tomas Mateo
are indispensable parties***

Regrettably, We cannot now determine the validity of petitioners' substantive arguments because of a glaring procedural infirmity - failure to implead indispensable parties.

The concept of an indispensable party is defined under Section 7, Rule 3 of the Rules of Court as follows:

Section 7. Compulsory joinder of indispensable parties. — Parties in interest without whom no final determination can be had of an action shall be joined either as plaintiffs or defendants.

As discussed in *Moldes v. Villanueva*:¹⁵

An indispensable party is one who has such an interest in the controversy or subject matter that a final adjudication cannot be made, in his absence, without injuring or affecting that interest. A party who has not only an interest in the subject matter of the controversy, but also has an interest of such nature that a final decree cannot be made without affecting his interest or leaving the controversy in such a condition that its final determination may be wholly inconsistent with equity and good conscience. He is a person in whose absence there cannot be a determination between the parties already before the court which is effective, complete, or equitable. In *Commissioner Andrea D. Domingo v. Herbert Markus Emil Scheer*, the Court held that the joinder of indispensable parties is mandatory. Without the presence of indispensable parties to the suit, the judgment of the court cannot attain real finality. Strangers to a case are not bound by the judgment rendered by the court. **The absence of an indispensable party renders all subsequent actions of the court null and void, with no authority to act not only as to the absent party but also as to those present. The responsibility of impleading all the indispensable parties rests on the petitioner/plaintiff.**

Likewise, in *Metropolitan Bank and Trust Company v. Hon. Floro T. Alejo*, the Court ruled that the evident aim and intent of the Rules regarding the joinder of indispensable and necessary parties is a complete determination of all possible issues, not only between the parties themselves but also as regards to other persons who may be affected by the judgment. **A valid judgment cannot even be rendered where there is want of indispensable parties.** (emphasis added)

The indispensability of the heirs of Domingo and Tomas Mateo in this case cannot be denied. To reiterate, Domingo and Tomas Mateo, aside from respondent Sofronio Mateo, are contracting parties, the vendees, in the 1976/1977 Deed. Being under the aegis of the same signatures of Pedro Mateo and Felisa Macatiag, any irregularity that may have attended the disposition in favor of Sofronio, as ascribed by petitioners, should likewise attach to the dispositions in favor of Domingo and Tomas. As applied, if We assume for the sake of argument that Pedro and Felisa's signatures in the questioned document are indeed forgeries, not only would the disposition in

¹⁵ G.R. No. 161955, August 31, 2005, 468 SCRA 697, 707-708.

November 10, 2014

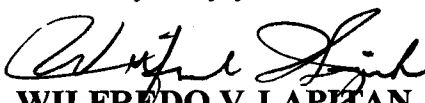
favor of the respondent Sofronio be void, but also those in favor of Domingo and Tomas, for We cannot declare the assailed instrument void only in part.

Furthermore, as can be recalled, petitioners prayed in this petition that the RTC Decision, which not only nullified the challenged contract but also ordered the cancellation of TCT Nos. 134006 and 134007 in favor of Domingo and Tomas Mateo, be reinstated. This relief adamantly prayed for by the petitioners cannot be granted without providing Domingo and Tomas Mateo the opportunity to defend their interests. Unfortunately for petitioners, they deliberately refused to implead Domingo and Tomas Mateo, arguing that it was only optional for them to do so. While it may be true that respondents, as defendants below, do not have the right to compel the petitioners, as plaintiffs *a quo*, to prosecute the action against a party if the latter do not wish to do so, the petitioners-plaintiffs will have to suffer the consequences of any error he might commit in exercising his option.¹⁶

WHEREFORE, premises considered, the petition is hereby **GRANTED**. The Decision and Resolution of the Court of Appeals in CA-G.R. CV No. 92268, dated March 23, 2012 and August 2, 2012, respectively, as well as the Decision of the RTC in Civil Case No. 99-14 are **NULLIFIED** and **SET ASIDE**. The case is remanded to the Regional Trial Court of Camiling, Tarlac, Branch 68 for new trial. Petitioners are ordered to implead the heirs of Domingo and Tomas Mateo as indispensable parties within thirty (30) days from the RTC's notice that the records of the case have been received. Failure on the part of petitioners to do so shall be a ground for dismissal of the complaint. (Perlas-Bernabe, J., Acting Member in lieu of Peralta, J. per Special Order No. 1866 dated November 4, 2014)

SO ORDERED."

Very truly yours,


WILFREDO V. LAPITAN
 Division Clerk of Court
 12/1/14

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¹⁶ *Uy v. Court of Appeals*, G.R. No. 157065, July 11, 2006, 494 SCRA 535.