



Republic of the Philippines  
**Supreme Court**  
Manila

**THIRD DIVISION**

**METROPOLITAN BANK  
& TRUST COMPANY,**  
Petitioner,

**G.R. No. 176984**

Present:

- versus -

PERALTA, J.,  
*Acting Chairperson*,<sup>\*</sup>  
DEL CASTILLO,<sup>\*\*</sup>  
ABAD,  
VILLARAMA, JR.,<sup>\*\*\*</sup> and  
PEREZ,<sup>\*\*\*\*</sup> JJ.

**SERVANDO ARGUELLES (Deceased)  
& CLAUDIO ARGUELLES and  
MARILOU TRINIDAD, for herself  
and as guardian *ad litem* of her minor  
children namely, LLOYD, MARK,  
ADRIAN, and GEORGIA, all surnamed  
TRINIDAD, TRISTAN TRINIDAD  
and EDGARDO TRINIDAD, JR.,**  
Respondents.

X ----- X

**MARILOU TRINIDAD, for herself  
and as guardian *ad litem* of her minor  
children LLOYD, MARK, ADRIAN &  
GEORGIA, all surnamed TRINIDAD,  
EDGARDO TRINIDAD, JR. and  
TRISTAN TRINIDAD,**  
Petitioners,

**G.R. No. 179131**

- versus -

**SERVANDO ARGUELLES (Deceased)**

<sup>\*</sup> Per Special Order 1290 dated August 28, 2012.

<sup>\*\*</sup> Designated Additional Member, in lieu of Associate Justice Jose Catral Mendoza, per Raffle dated August 29, 2012.

<sup>\*\*\*</sup> Designated Acting Member, in lieu of Associate Justice Presbitero J. Velasco, Jr., per Special Order 1291 dated August 28, 2012.

<sup>\*\*\*\*</sup> Designated Additional Member, per Special Order 1299 dated August 28, 2012.

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**and CLAUDIO ARGUELLES, and  
METROPOLITAN BANK &  
TRUST COMPANY,**

Respondents.

Promulgated:

29 August 2012

*Macalans*

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## ***DECISION***

**ABAD, J.:**

These cases involve an action for the annulment of a transfer certificate of title (TCT) over a parcel of land on the basis of an allegedly falsified deed of sale transferring title over the property.

### **The Facts and the Case**

Respondent brothers, Servando and Claudio Arguelles (the Arguelleses), were registered owners of a parcel of land in Imus, Cavite, under TCT T-115897. On November 23, 1983 the Arguelleses entered into a conditional sale of the land to Edgardo Trinidad and his wife Marilou (the Trinidads). In accordance with the terms of the sale, the Trinidads gave the Arguelleses ₱50,000.00 as down payment. The balance of ₱396,720.00 was to be paid in monthly installments.

The Trinidads occupied and began developing the property in 1986. They paid the real estate taxes due on it from 1987 to 1997. With a deed of sale in their favor, the Trinidads eventually had the land titled in their names on August 15, 1991 under TCT T-316427. In that same year, they applied with Metropolitan Bank & Trust Company (Metrobank) for a loan, offering the land as collateral. Satisfied that the Trinidads owned the property, Metrobank accepted it as collateral and lent them money. Subsequently, Metrobank granted the couple several more loans, totaling more than ₱11 million, all secured by the land.

On January 7, 1997 the Arguelleses filed a complaint against the Trinidads with the Regional Trial Court (RTC) of Imus, Cavite<sup>1</sup> for the cancellation of TCT T-316427 in the latter's names. Subsequently, the complaint was amended to implead Metrobank and sought the cancellation of the real estate mortgages over the property in its favor.

The Arguelleses denied having executed a deed of sale in favor of the Trinidads. They alleged that they entrusted their owner's duplicate copy of title to Atty. Alejandro Saulog, Sr., who assisted the parties in executing a conditional sale covering the land. The Trinidads used a fictitious deed of sale, notarized by a certain Atty. Saulog, Jr. to effect the transfer of title in their names.

In answer, the Trinidads claimed that they paid for the land by installments, completing the payment on June 24, 1986 with the result that the Arguelleses executed the deed of sale in their favor. For its part, Metrobank filed a cross-claim against the Trinidads for litigation expenses, alleging that the Trinidads were answerable for such expenses under the mortgage contracts.

In its decision of December 27, 2005 the RTC ruled in favor of the Arguelleses and cancelled both the title in the name of the Trinidads and the mortgages in Metrobank's favor. The primordial issue, said the RTC, was whether or not the Trinidads paid the balance of the agreed purchase price by installments. It found that they did not since they could not present proof of the payments they supposedly made. When asked on cross-examination, Marilou Trinidad could not even remember when they made those installment payments.

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<sup>1</sup> Docketed as Civil Case 1465-97.

Two handwriting experts testified during the trial on the authenticity of the Arguelleses' signatures appearing on the deed of sale: 1) Atty. Desiderio Pagui whom the Arguelleses hired and 2) Rogelio Azores of the National Bureau of Investigation (NBI). Their opinions differed. Atty. Pagui concluded that the signatures were forged, while Azores maintained that the signatures were authentic. The RTC adopted the conclusion of Atty. Pagui, finding that he presented a more thorough and detailed analysis. He compared both similarities and differences between the questioned signatures and specimen signatures; whereas, Azores gave emphasis to the similarities.

In addition to annulling the Trinidads' title, the RTC awarded the Arguelleses moral damages of ₱1,000,000.00 and attorney's fees of ₱200,000.00. It denied Metrobank's cross-claim against the Trinidads, holding that Metrobank was a mortgagee in bad faith, having had prior notice of the irregularity in the Trinidads' title. The defendants appealed the decision to the Court of Appeals (CA).<sup>2</sup>

In its decision of March 6, 2007,<sup>3</sup> the CA affirmed that of the RTC but reduced the award of moral damages to ₱50,000.00 each in favor of Servando and Claudio Arguelles. As for Metrobank, the CA held that it was not a mortgagee in good faith as it appears that Metrobank compelled the Trinidads to acquire title over the property before the initial loan could be approved.

The Trinidads filed their motion for reconsideration while Metrobank appealed the CA Decision to this Court. Upon the denial of their motion, the Trinidads filed their own petition with this Court as well. Both cases were

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<sup>2</sup> Docketed as CA-G.R. CV 86714.

<sup>3</sup> Penned by Associate Justice Remedios A. Salazar-Fernando and concurred in by Associate Justices Jose C. Mendoza (now a member of this Court) and Ramon M. Bato, Jr.

then consolidated on November 21, 2007. During the pendency of these cases, Servando Arguelles passed away and was substituted by his heirs.

### **The Issues Presented**

The issues in these cases are:

1. Whether or not the CA erred in holding that the deed of sale, which the Arguelleses supposedly executed and that the Trinidads used for the transfer of the property in their names, was a falsified document; and
2. Whether or not the CA erred in holding that the real estate mortgages that the Trinidads executed in favor of Metrobank are not binding on the Arguelleses.

### **The Court's Rulings**

The key question in these cases is the authenticity of the deed of sale that the Arguelleses supposedly executed in favor of the Trinidads and that the latter used in transferring the property title in their names. Both the RTC and the CA held that the deed was not authentic. Ordinarily, being a question of fact, the RTC's finding, affirmed by the CA, carries great weight. But, here, since such finding appears to be based on a flawed drawing of conclusions from the facts, the Court is justified in taking a second look.<sup>4</sup>

The courts below concluded that the subject deed of sale is not authentic based on the following:

1. The notary public who notarized the document could not recall if the Arguelleses personally appeared and signed the deed of sale before him;

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<sup>4</sup> *Miguel J. Ossorio Pension Foundation, Inc. v. Court of Appeals*, G.R. No. 162175, June 28, 2010, 621 SCRA 606, 621.

2. Two copies of the deed of sale, one dated 1986 and the other 1991, were presented;
3. The Trinidads failed to prove that they paid the Arguelleses the full purchase price mentioned in the conditional sale; and
4. The testimony of the expert witness for the Arguelleses sufficiently proved that the two brothers' signatures were forged.

**First.** Both the RTC and the CA held that the presumption of regularity of a public document<sup>5</sup> did not attach to the subject deed of sale, given that the notary public, Atty. Saulog, Jr. failed to establish the authenticity of the signatures on it. He could not remember if the Arguelleses, present in court as he testified, were the same persons who appeared and acknowledged the document before him.

But it is too much to expect a notary public who had but a brief time with the Arguelleses during the notarial ceremony to remember their faces 12 years later. What matters is Atty. Saulog, Jr.'s testimony respecting the ritual of notarization that he invariably followed. He gave unbending assurance that he ascertained the identities of the parties to documents who appeared before him, including the Arguelleses, by requiring them to show documentary proofs of the same<sup>6</sup> and to sign the documents in his presence.<sup>7</sup>

Besides, the theory of the Arguelleses is that it was Atty. Saulog, Jr. who facilitated the preparation of the falsified deed of sale for the benefit of the Trinidads. But, if this were so, it would have made more sense for Atty. Saulog, Jr. to testify in defense of the genuineness of the transaction by claiming that he recalled the faces of those who appeared before him 12 years ago and that they were no other than the Arguelleses.

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<sup>5</sup> *Calma v. Santos*, G.R. No. 161027, June 22, 2009, 590 SCRA 359, 371.

<sup>6</sup> *Lustetica v. Bernabe*, A.C. No. 6258, August 24, 2010, 628 SCRA 613, 620.

<sup>7</sup> TSN, September 11, 1998, p. 7.

**Second.** The Arguelleses point out that the residence certificates on the acknowledgment portion of the deed of sale did not belong to them since these did not tally with their 1991 residence certificates. Further, they presented evidence that Atty. Saulog, Jr. did not have a notarial commission in 1991.

But two copies of the deed of sale were presented in this case, identical in every way except that the first, the Trinidad's original copy of the deed of sale, Exhibit "4," carried the date June 24, 1986 while the second, a certified copy of the deed of sale from the Register of Deeds, Exhibit "D" of the Arguelleses, bore the date June 24, 1991. Evidently, it is the first document, original, unblemished, and bearing the year 1986 that is the correctly dated copy. On the other hand, the year typewritten on the second document, the certified copy, had been crudely altered by erasure with the digits "91" superimposed to make the year read "1991." In other words, the deed of sale was executed in 1986, not 1991.

The Arguelleses merely claim that their residence certificate numbers on the copies of the deed of sale did not reflect their 1991 residence certificates. They do not state, however, that those numbers do not represent their 1986 residence certificates, the correct year when the deed of sale was executed. Further, they do not also claim that Atty. Saulog, Jr. did not have a notarial commission in 1986 the year that the clean deed of sale was actually notarized.

**Third.** Both the RTC and the CA held that what is crucial in determining the authenticity of the deed of sale is the question of whether or not the Trinidads paid the balance of the purchase price after November 23, 1983. The two courts point out that the Trinidads not only failed to present proof of payment, but Marilou Trinidad was also unable to say specifically when they paid their installments to the Arguelleses.

But, firstly, the fact that Marilou Trinidad did not have any receipt evidencing payment of the balance of the price cannot give rise to the assumption that they had not paid the same. Marilou testified that she in fact asked the Arguelleses to issue receipts for the payments made but the latter declined, saying that they would be executing a deed of sale upon full payment and that this would be better proof of payment than ordinary receipts.<sup>8</sup> That the Trinidads trusted the Arguelleses sufficiently to waive the receipts is evidenced by Claudio Arguelles' own admission that they also did not issue any receipt for the ₱50,000.00 down payment that the Trinidads made.<sup>9</sup>

Secondly, while the conditional sale contained an undertaking by the Trinidads to pay the balance of the purchase price in installments, such payment may be assumed to have been made from the fact that the Trinidads were subsequently found in possession of a deed of sale that the Arguelleses executed in their favor. Not only this, unquestionably, the Arguelleses gave up possession of their owner's duplicate copy of the title and this subsequently found its way into the hands of the Trinidads. There can be no better proof than these that the Trinidads had already paid their obligation to the Arguelleses. Indeed, in 1991 the Trinidads succeeded in registering the title to the land in their names.

Actually, as plaintiffs, the Arguelleses carried the burden of proving the affirmative of their claims (1) that the Trinidads had not fully paid for the land and (2) that they caused the falsification of a deed of sale supposedly executed by the Arguelleses in their favor and used it to transfer the title to the property in their names. Further, by the nature of their action,

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<sup>8</sup> TSN, May 29, 1998, p. 19 and TSN, June 24, 2003, p. 15.

<sup>9</sup> TSN, September 11, 1997, p. 26.



the Arguelleses must rely on the strength of their evidence and not on the weakness of the evidence of the defendants.<sup>10</sup>

The Court finds it difficult to believe the Arguelleses' version that the Trinidads did not pay even one centavo of the ₱396,720.00 balance of the purchase price that they undertook to pay by installments. Consider the following:

a. If the Arguelleses were to be believed, they endured the fact that the Trinidads did not bother to pay them even one installment after the down payment made in November 1983.<sup>11</sup> The Arguelleses supposedly contented themselves with just waiting for when the payment would come.<sup>12</sup> And they did not bother to make any demand from 1983 to 1996 on the Trinidads for what was due them.<sup>13</sup> Indeed, it was only after some 13 years that Claudio Arguelles went to the Registry of Deeds to check on the standing of their title.<sup>14</sup> Incredible!

b. According to the Arguelleses, they turned over their owner's duplicate copy of the title to Atty. Saulog, Sr. who assisted them in 1983 in preparing the conditional sale they entered into with the Trinidads. But it makes no sense for the Arguelleses to entrust their original title to Atty. Saulog, Sr. who was practically a stranger to them. And, although the Trinidads supposedly failed for 13 years to pay the monthly installment due, they made no effort to demand from the lawyer the return of their duplicate owner's copy of the title.

c. The Arguelleses had all along been aware that the Trinidads took possession of the land as early as 1983 after supposedly making a mere down payment. Claudio Arguelles who lived about half a kilometer from the property, passed by it almost every day, and observed the presence of the Trinidads on it<sup>15</sup> and the fact they had built improvements.<sup>16</sup> Yet, Claudio never bothered to drop in and demand payments of what was due him and his brother or ask the Trinidads to leave the property. Claudio's mere excuse was that he was very busy.<sup>17</sup>

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<sup>10</sup> *Heirs of Pedro de Guzman v. Perona*, G.R. No. 152266, July 2, 2010, 622 SCRA 653, 661.

<sup>11</sup> TSN, August 29, 2000, p. 19.

<sup>12</sup> TSN, September 4, 1997, pp. 55-56.

<sup>13</sup> TSN, September 11, 1997, p. 24.

<sup>14</sup> TSN, September 4, 1997, pp. 26-28.

<sup>15</sup> TSN, September 11, 1997, pp. 21-23.

<sup>16</sup> *Id.* at 16-17.

<sup>17</sup> *Id.* at 21.

d. Further, the Arguelleses ceased paying real estate taxes on the property after 1986. The Trinidads were the ones who paid those taxes from 1987 to 1996. Only in 1997 when the Arguelleses filed their action to recover the property did they begin to pay the taxes.<sup>18</sup>

**Fourth.** Of two handwriting experts who examined the questioned signatures, Atty. Desiderio Pagui and Rogelio Azores, both the RTC and the CA gave more credence to the opinion of the first because he identified both the similarities and the differences and gave more details. Pagui was a private handwriting expert that the Arguelleses presented. Azores was an expert from the NBI.

In essence, Atty. Pagui gave the opinion that, whereas the specimen signatures were clumsily written, the questioned signatures were done with greater dexterity. He imputed the similarities between the two sets of signatures to simulation through practice.<sup>19</sup>

Azores found, on the other hand, significant similarities between the questioned signatures and the specimen: the structural pattern of elements, the directions of strokes, and the manner of execution. He also observed allowable natural variations between the sets of signatures. Finally, he held the view that there were no indications or symptoms of forgery, such as hesitations and tremors in writing, and that the questioned signatures were written with free and spontaneous strokes, made unconsciously without attention given to the act of writing.<sup>20</sup>

The RTC gave greater weight to the report of Atty. Pagui because it gave more details and extensively discussed both differences and similarities between the questioned signatures and specimen; whereas Azores focused mainly on the similarities.

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<sup>18</sup> Id. at 18-19; Exhibits “H” to “M,” “W,” and “11.”

<sup>19</sup> TSN, July 16, 1999, pp. 69-89; Exhibit “Z.”

<sup>20</sup> TSN, April 19, 2002, pp. 28-29; Exhibit “14.”

But, while the trial court generally has discretion to determine the weight to be given to an expert testimony, it erroneously disregarded Azores' findings. Azores, as government handwriting expert, was a neutral source of opinion. The Chief of the Questioned Documents Division of the NBI concurred in his findings. Azores' findings should be treated as an official act performed with accepted competence and cloaked with the mantle of impartiality and neutrality.<sup>21</sup> Atty. Pagui, on the other hand, was a private practitioner paid for by the Arguelleses. It was but natural for him to support the position of his client, bringing up tiny details to make up for lack of substance.

For the foregoing reasons, the Court concludes that the Arguelleses have failed to overcome the presumed validity of the Trinidads' title over the property in dispute.


**Fifth.** With the Court's above conclusion, there is no further need to determine whether or not the real estate mortgages that the Trinidads executed in favor of Metrobank are binding on the Arguelleses. They are, based on such conclusion.

**WHEREFORE**, the Court **GRANTS** the petitions, **REVERSES** and **SETS ASIDE** the decision of the Court of Appeals dated March 6, 2007 and resolution dated August 8, 2007 in CA-G.R. CV 86714 as well as the decision of the Regional Trial Court of Imus, Cavite in Civil Case 1465-97 dated December 27, 2005, and **DENIES** the action for the annulment of Transfer Certificate of Title T-316427 of the Register of Deeds of the Province of Cavite and of the real estate mortgages entered into by the Trinidad spouses and Metrobank and the cross-claim of Metrobank.

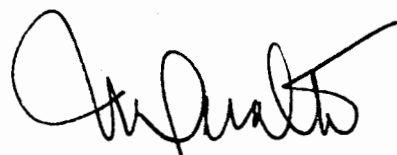
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<sup>21</sup> *Spouses Co v. Court of Appeals*, 271 Phil. 205, 218 (1991).

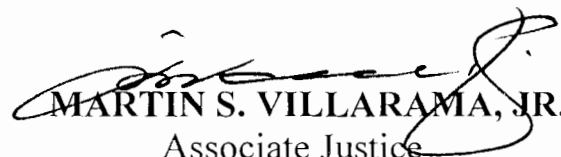
**SO ORDERED.**

  
**ROBERTO A. ABAD**  
Associate Justice

**WE CONCUR:**

  
**DIOSDADO M. PERALTA**  
Associate Justice  
Acting Chairperson

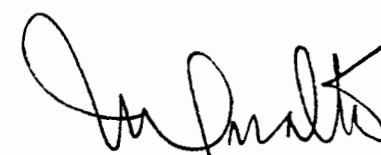
  
**MARIANO C. DEL CASTILLO**  
Associate Justice

  
**MARTIN S. VILLARAMA, JR.**  
Associate Justice

  
**JOSE PORTUGAL PEREZ**  
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.

  
**DIOSDADO M. PERALTA**  
Associate Justice  
Acting Chairperson, Third Division

***CERTIFICATION***

Pursuant to Section 13, Article VIII of the Constitution and the Division Acting 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.

**MARIA LOURDES P. A. SERENO**

Chief Justice