Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

FELIPA BINASOY TAMAYAO AND THE HEIRS OF ROGELIO TAMAYAO REPRESENTED BY FELIPA BINASOY TAMAYAO,
Petitioners,

- versus -

FELIPA LACAMBRA, NATIVIDAD LACAMBRA, FRANCISCA LACAMBRA, SOTERO LACAMBRA, CIRILO LACAMBRA, CATALINO LACAMBRA AND BASILIO LACAMBRA,
Respondents.

G.R. No. 244232

Present:

PERALTA, *C.J., Chairperson,*
CAGUIOA,
CARANDANG,
ZALAMEDA, and
GAERLAN, *JJ.*

Promulgated:

NOV 03 2020

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DECISION

CAGUIOA, *J.:*

This is a Petition for Review on *Certiorari*[1] (Petition) under Rule 45 of the Rules of Court assailing the Decision[2] dated May 23, 2018 (Assailed Decision) and Resolution[3] dated January 14, 2019 (Assailed Resolution) of the Court of Appeals (CA), Tenth Division, in CA-G.R.CV. No. 106279. The CA affirmed the October 8, 2015 Decision[4] of the Regional Trial Court, Branch 4, Tuguegarao City (RTC) in Civil Case No. 2986, which granted respondents' complaint, annulled the Extrajudicial Settlement of a Parcel of Land with Sale dated December 24, 1981 and ordered the cancellation of Transfer Certificate of Title (TCT) No. T-54668 in the name of Rogelio Tamayao (Rogelio) married to Felipa Binasoy (Felipa) (collectively, Spouses Tamayao).

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[1] *Rollo*, pp. 14-29.

[2] Id. at 46-62. Penned by Associate Justice Maria Filomena D. Singh and concurred in by Associate Justices Sesinando E. Villon and Edwin D. Sorongon.

[3] Id. at 70-77.

[4] Id. at 30-45. Penned by Judge Lyliha L. Abella-Aquino.

The Facts and Antecedent Proceedings

The instant Petition revolves around three sales between three families affecting the same parcel of land, executed as follows: (1) an Extrajudicial Settlement and Sale dated January 23, 1962 (first sale) by Tomasa and Jose Balubal (Jose), children of Vicente Balubal (Vicente) (collectively, heirs of Vicente), of the entire Lot No. 2930 which was covered by Original Certificate of Title (OCT) No. 6106 to Juan Lacambra (Juan); 2) the sale made by some of the heirs of Juan of a 5/14 *pro indiviso* share of Lot No. 2930 to Spouses Tamayao in a Deed of an Undivided Share in a Registered Parcel of Land dated January 21, 1980 (second sale); and 3) the Extrajudicial Settlement of a Parcel of Land with Sale dated December 24, 1981 (third sale) executed by the heirs of Vicente of the entire Lot No. 2930 in favor of Spouses Tamayao.[5] The CA summarized the facts as follows:

> During his lifetime, Vicente [ ] owned a parcel of land located in Libag, Tuguegarao City, covered by [OCT] No. 6106, with a total area of 922 square meters (Lot No. 2930). Upon his death sometime in 1944, Lot No. 2930 passed on to his only surviving heirs, Jose and Tomasa, both surnamed Balubal, by intestate succession.
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> On 23 January 1962, Tomasa and Jose [ ] executed [ ] [the first sale], adjudicating unto themselves and subsequently transferring Lot No. 2930 to Juan [ ] for and in consideration of Three Hundred Twenty Five Pesos (₱325.00). Notably, the sale between Jose and Tomasa, on the one hand, and Juan, on the other, was [notarized[6] but was] not annotated on OCT No. 6106, and neither was it registered to cause the cancellation of OCT No. 6106. The property, thus, remained registered in Vicente's name.[7] Nevertheless, the owner's copy of OCT No. 6106 was turned over by Tomasa and Jose to Juan. Juan thereafter took possession of Lot No. 2930.
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> When Juan died in 1979, Lot No. 2930 passed by intestacy to his heirs, Felipa, Natividad, Francisco, Sotero, Catalino, and Cirilio, all surnamed Lacambra, and Basillo Coballes (Basilio), (collectively referred to as [h]eirs of Lacambra), son of Matilde, the deceased daughter of Juan. The [h]eirs of Lacambra continued possession of the property and planted fruit trees thereon. Catalino, in particular, built his house on the western portion of Lot No. 2930.
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> In a Deed of Sale of an Undivided Share in a Registered Parcel of Land dated January 21, 1980 [,the second sale], the [h]eirs of Lacambra, except for Cirilio and Catalino, sold their portions—equivalent to 5/14 *pro indiviso*, or 329 square meters—in Lot No. 2930 to Rogelio[ ]. On the same day, Rogelio executed an Affidavit registering his adverse claim over the 5/14 portion of Lot No. 2930, and annotated it on OCT No. 6106.
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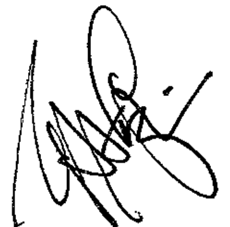
> Thereafter, although no formal partition took place, Rogelio and his wife, Felipa[ ], constructed their house on the eastern part of Lot No.

[5] Id. at 56.
[6] Id. at 576-577.
[7] Id.



2930, after Sotero, Cirilio and Catalino pointed to them the portion where they may do so.

When Rogelio finished constructing his house, Pedro Balubal (Pedro), the son of Jose, and Leandro Andal (Leandro), son of Jose's deceased daughter, Enrica, paid the Spouses Tamayao a visit and asked them why they bought part of the property from the [h]eirs of Lacambra when Lot No. 2930 clearly belonged to their predecessors. Pedro and Leandro further claimed that Tomasa and Jose never sold Lot No. 2930 to the Lacambras. In her Answer with Counterclaim, Tomasa denied that she and her brother, Jose, sold the property to Juan.

Fearful that they might lose not only the land on which their house stood, but also the very house they constructed on it, the Spouses Tamayao readily agreed to purchase from Pedro, Tomasa, and Leandro (collectively referred to as [h]eirs of Balubal) the *entire* Lot No. 2930. Thus, on 24 December 1981, the [h]eirs of Balubal executed [the third sale] in favor of [Spouses Tamayao].

Meanwhile, on 2 December 1981, Pedro filed a verified petition for the issuance of a new owner's copy of OCT No. 6106, alleging that their copy had been lost. Subsequently, a new owner's duplicate of OCT No. 6106 was issued by the Register of Deeds of Cagayan in favor of Pedro. By reason of the sale between the Heirs of Balubal and Rogelio, OCT No. 6106 was cancelled and [TCT] No. T-54668 was issued in the name of Rogelio [married to Felipa].

On 21 March 1982, a Complaint for the Annulment of Sale and Title with Damages was filed by the heirs of Lacambra against the Spouses Tamayao and the [h]eirs of Balubal, docketed as Civil Case No. 2986 of the RTC. [Further, d]ue to the refusal of the Spouses Tamayao to agree to the demand for legal redemption by Cirilio and Catalino as regards the 5/14 portion sold by their co-owners, Cirilio and Catalino, on 7 April 1982, filed a Complaint for Legal Redemption and Removal of Improvements against the Spouses Tamayao, docketed as Civil Case No. 2989 of the RTC.

[For their part, the Heirs of Balubal argued that they are the original owners of the subject property and that the same was never sold to Juan. They claimed that Tomasa was illiterate while Jose was already bedridden on the day of the execution first sale and could thus not have appeared before a notary public.][8]

Upon agreement of the parties, the RTC, by Order dated 1 March 1983, decreed the joint trial of Civil Cases Nos. 2986 and 2989.[9]

The Ruling of the RTC

In its Decision[10] dated October 8, 2015, the RTC rendered judgment as follows:

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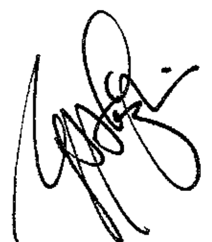
8 Id. at 34.
9 Id. at 47-49. Emphasis omitted.
10 Id. at 21-45. Penned by Judge Lyliha L. Abella-Aquino.



WHEREFORE, premises considered, the Court hereby renders judgment:

1. Declaring the annulment of the Extrajudicial Settlement of a Parcel of Land with Sale dated December 24, 1981 executed by Tomasa Balubal, Pedro Balubal and Leandro Andal in favor of Rogelio Tamayao and cancellation of Transfer Certificate of Title No. T-54668 issued in the name of Rogelio Tamayao married to Felipa Binasoy for being NULL and VOID.

2. Declaring the "Extrajudicial Settlement and Sale" dated January 23, 1962 executed by Tomasa and Jose Balubal in favor of Juan Lacambra as valid and binding [on] their successors-in-interest.

3. Declaring [petitioner] Rogelio Tamayao to be the owner of the 5/14 portion of PCT No. 6106 covered under the "Deed of Sale of an Undivided Share in Registered Parcel of Land" dated January 21, 1980.

4. Declaring the herein [respondents], Heirs of Juan Lacambra as owner of the 9/14 portion of OCT No. 6106.

5. Denying the right of redemption of Cirilio and Catalino Lacambra on the 5/14 portion of the property sold to Rogelio Tamayao covered under the "Deed of Sale of an Undivided Share in Registered Parcel of Land" dated January 21, 1980.

6. DISMISSING Civil Case No. 2989 filed by Cirilio and Catalino Tamayao against Rogelio Tamayao and Felipa Binasoy.[11]

In affirming the validity of the first sale between Jose and Tomasa and Juan, the RTC observed that the Extrajudicial Settlement and Sale dated January 23, 1962 was a public document and was thus presumed to have been duly executed.[12] Although Tomasa and the other heirs of Balubal subsequently claimed that the said deed was forged and that Jose and Tomasa never sold the same, the RTC held that they failed to substantiate their claims with clear and convincing evidence.[13]

The RTC likewise upheld the validity of the second sale over the 5/14 *pro indiviso* share of some of the heirs of Lacambra in favor of Rogelio as evidenced by the Deed of Sale of an Undivided Share in a Registered Parcel of Land dated January 21, 1980[14] and noted that the heirs of Lacambra readily admitted and confirmed that they sold 5/14 *pro indivisio* share of their Lot No. 2930 to Spouses Tamayao.

As regards the third sale, the RTC applied Article 1544 of the Civil Code[15] or the rule on double sales and invalidated the Extrajudicial Settlement of a Parcel of Land with Sale dated December 24, 1981 and the TCT No. T-54668 issued in the name of the Spouses Tamayao. The RTC

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[11] Id. at 44-45.
[12] Id. at 41.
[13] Id. at 40-41.
[14] Id. at 41.
[15] Id. at 42.

held that the Spouses Tamayao cannot be considered purchasers in good faith as they already knew that the heirs of Lacambra were the owners and possessors of Lot No. 2930 when they again purchased the entire parcel from the heirs of Balubal.[16] As such, the RTC held that the registration of said sale could not defeat the rights of the heirs of Lacambra.

Thus, Spouses Tamayao appealed to the CA, alleging that the RTC erred 1) in giving evidentiary weight to the Extrajudicial Settlement and Sale dated January 23, 1962, considering that the original was never presented in court, 2) in declaring the third sale void, 3) in ordering the cancellation of TCT No. 54668 in their names, and 4) in pronouncing that the sale of the whole property by the heirs of Balubal to the Spouses Tamayao was attended with bad faith.[17]

The Ruling of the CA

In the Assailed Decision, The CA affirmed the decision of the RTC.

On the evidentiary issue, the CA held that it was not necessary to present the original Extrajudicial Settlement and Sale dated January 23, 1962 under the best evidence rule as the issue did not involve the contents of the document, but rather, the authenticity and due execution of the sale.[18]

On the substantive issues, the CA affirmed the findings of the RTC and upheld the validity of the Extrajudicial Settlement and Sale dated January 23, 1962 given that the same was duly notarized and that the allegation of forgery was never substantiated.[19]

The CA likewise affirmed that the third sale and the resulting TCT No. T-54668 should be invalidated. The CA reasoned that since respondents established that the first sale in favor of Juan was valid, the subsequent sale by the heirs of Balubal was wholly inexistent as they had no right to dispose of the property.[20] As said sale was void, the CA held that the rules on double sales under Article 1544 of the Civil Code cannot apply as the same contemplates the existence of two valid sales.[21]

Even assuming, however, that Article 1544 of the Civil Code applied, the CA held that the petition would still fail as the evidence unequivocally showed that Spouses Tamayao were buyers in bad faith. It observed that when Spouses Tamayao registered the third sale in their names, they were aware that the property had been transferred to the heirs of Lacambra.

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16 Id.
17 Id. at 51.
18 Id. at 52-55.
19 Id. at 55-56.
20 Id. at 56.
21 Id. at 57-58.

Indeed, they recognized the latter's right over said property when they purchased 5/14 *pro indiviso* share of said lot in 1980.[22]

The Spouses Tamayao, *et al.*, thus filed the instant Petition, alleging, among others, that the CA erred in upholding the first sale in favor of the heirs of Lacambra and in giving evidentiary weight to the Extrajudicial Settlement and Sale dated January 23, 1962 even though the original was not presented.[23] They again argue that the CA erred in annulling the third sale and in ruling that they acted in bad faith.[24]

Issues

Whether the CA erred 1) in upholding the first sale in favor of Juan and affirming their right to own and possess Lot No. 2930 and 2) in invalidating the subsequent sale between the heirs of Balubal and Spouses Tamayao and the TCT issued pursuant thereto.

The Court's Ruling

The petition lacks merit. As will be discussed hereunder, respondent heirs of Lacambra sufficiently proved that Jose and Tomasa had sold the subject property to their predecessor, Juan, in 1962 and that ownership thereof was actually and constructively delivered pursuant to said sale. As such, the heirs of Balubal had no right over the subject property that they could transfer to Spouses Tamayao in 1981. It was of no moment that Spouses Tamayao were able to record the sale with the Register of Deeds as registration has never been recognized as a mode of acquiring ownership.

Preliminarily, it bears emphasis that a contract of sale is a consensual contract. No particular form is required for its validity. Upon perfection thereof, the parties may reciprocally demand performance,[25] *i.e.*, the vendee may compel the transfer of ownership over the object of the sale, and the vendor may require the vendee to pay for the thing sold.[26] In *Beltran v. Cangayda, Jr.*,[27] the Court explained:

> A contract of sale is consensual in nature, and is perfected upon the concurrence of its essential requisites, thus:
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> > The essential requisites of a contract under Article 1318 of the New Civil Code are: (1) consent of the contracting parties; (2) object certain which is the subject

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[22] Id. at 57-61.
[23] Id. at 19..
[24] Id. at 21-23.
[25] CIVIL CODE, Art. 1475 provides:
Art. 1475. The contract of sale is perfected at the moment there is a meeting of minds upon the thing which is the object of the contract and upon the price.
From that moment, the parties may reciprocally demand performance, subject to the provisions of the law governing the form of contracts. (1450a)
[26] See *Dalion v. Court of Appeals*, G.R. No. 78903, February 28, 1990, 182 SCRA 872, 877.
[27] G.R. No. 225033, August 15, 2018, 877 SCRA 582. See CIVIL CODE, Art. 1458.

> matter of the contract; and (3) cause of the obligation which is established. Thus, contracts, other than real contracts are perfected by mere consent which is manifested by the meeting of the offer and the acceptance upon the thing and the cause which are to constitute the contract. Once perfected, they bind other contracting parties and the obligations arising therefrom have the force of law between the parties and should be complied with in good faith. The parties are bound not only to the fulfillment of what has been expressly stipulated but also to the consequences which, according to their nature, may be in keeping with good faith, usage and law.
>
> Being a consensual contract, sale is perfected at the moment there is a meeting of minds upon the thing which is the object of the contract and upon the price. From that moment, the parties may reciprocally demand performance, subject to the provisions of the law governing the form of contracts. A perfected contract of sale imposes reciprocal obligations on the parties whereby the vendor obligates himself to transfer the ownership of and to deliver a determinate thing to the buyer who, in turn, is obligated to pay a price certain in money or its equivalent. Failure of either party to comply with his obligation entitles the other to rescission as the power to rescind is implied in reciprocal obligations.[28]

Due to the consensual nature of a contract of sale, even a verbal sale of real property would be valid subject only to the requirements under Article 1403[29] of the Civil Code or the Statute of Frauds.[30] When properly enforceable under said Statute, however, a sale may be proven through any

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[28] Id. at 594-595. Emphasis omitted.

[29] CIVIL CODE, Art. 1403 states:

Art. 1403. The following contracts are unenforceable, unless they are ratified:

(1) Those entered into in the name of another person by one who has been given no authority or legal representation, or who has acted beyond his powers;

<u>(2) Those that do not comply with the Statute of Frauds as set forth in this number. In the following cases an agreement hereafter made shall be unenforceable by action, unless the same, or some note or memorandum, thereof, be in writing, and subscribed by the party charged, or by his agent; evidence, therefore, of the agreement cannot be received without the writing, or a secondary evidence of its contents:</u>

(a) An agreement that by its terms is not to be performed within a year from the making thereof;

(b) A special promise to answer for the debt, default, or miscarriage of another;

(c) An agreement made in consideration of marriage, other than a mutual promise to marry;

(d) An agreement for the sale of goods, chattels or things in action, at a price not less than five hundred pesos, unless the buyer accept and receive part of such goods and chattels, or the evidences, or some of them, of such things in action or pay at the time some part of the purchase money; but when a sale is made by auction and entry is made by the auctioneer in his sales book, at the time of the sale, of the amount and kind of property sold, terms of sale, price, names of the purchasers and person on whose account the sale is made, it is a sufficient memorandum;

<u>(e) An agreement for the leasing for a longer period than one year, or for the sale of real property or of an interest therein;</u>

(f) A representation as to the credit of a third person.

(3) Those where both parties are incapable of giving consent to a contract. (Underscoring supplied.)

[30] *Beltran v. Cangayda Jr.*, supra note 27 at 594; *Alfredo v. Borras*, G.R. No. 144225, June 17, 2003, 404 SCRA 145, 158. See also *Claudel v. Court of Appeals*, G.R. No. 85240, July 12, 1991, 199 SCRA 113.

evidence, even oral,[31] of prior, subsequent, and contemporaneous acts of the parties indicating their intention to enter into a contract of sale.[32] In fact, the Court has even gone so far as to say that "once consummated, [a sale of land] is valid regardless of the form it may have been entered into. For nowhere does law or jurisprudence prescribe that the contract of sale be put in writing before such contract can validly cede or transmit rights over a certain real property between the parties themselves."[33]

Nevertheless, for practical purposes, the execution of a deed of sale is always desirable. Indeed, the instrument or deed of sale may be used as evidence of the existence, validity, and terms of a contract of sale and may serve as proof of ownership.[34]

More importantly, when executed in a public instrument, a deed of sale begins to enjoy the presumption of regularity and due execution,[35] and operates as a mode of transferring ownership[36] through the constructive delivery of the subject matter of the sale.[37] Execution of a deed of sale in a public instrument is also necessary for registration with the Registry of Deeds to bind third parties to the transfer of ownership.[38] For these reasons, contracting parties to a valid and enforceable sale are given the right under Articles 1357 and 1358 of the Civil Code, to compel each other to observe the proper form.[39]

In sum, although the execution of a deed of sale is absolutely unnecessary for *validity*, it is nevertheless important for 1) the enforceability of executory contracts under Article 1403 of the Civil Code, 2) the convenience of the parties under Article 1358 of the same Code,[40] and 3) the

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[31] *Ortega v. Leonardo*, 103 Phil. 870, 873 (1991).

[32] *Peñalosa v. Santos*, G.R. No. 133749, August 23, 2001, 363 SCRA 545, 556; see CIVIL CODE, Art. 1371 which provides:

Art. 1371. In order to judge the intention of the contracting parties, their contemporaneous and subsequent acts shall be principally considered. (1282)

[33] *Claudel v. Court of Appeals*, supra note 30 at 119.

[34] Cesar L. Villanueva and Teresa V. Tiansay, LAW ON SALES (2016 ed.), pp. 166-168.

[35] *Bravo-Guerrero v. Bravo*, G.R. No. 152658. July 29, 2005, 465 SCRA 244, 264.

[36] CIVIL CODE, Art. 1477 states:

Art. 1477. The ownership of the thing sold shall be transferred to the vendee upon the actual or constructive delivery thereof. (n)

[37] CIVIL CODE, Art. 1498:

Art. 1498. When the sale is made through a public instrument, the execution thereof shall be equivalent to the delivery of the thing which is the object of the contract, if from the deed the contrary does not appear or cannot clearly be inferred.

With regard to movable property, its delivery may also be made by the delivery of the keys of the place or depository where it is stored or kept. (1463a)

[38] *Chua v. Court of Appeals*, G.R. No. 119255, April 9, 2003, 401 SCRA 54, 73-74.

[39] CIVIL CODE, Art. 1357 provides:

Art. 1357. If the law requires a document or other special form, as in the acts and contracts enumerated in the following article, the contracting parties may compel each other to observe that form, once the contract has been perfected. This right may be exercised simultaneously with the action upon the contract. (1279a)

[40] Civil Code, Art. 1358 states:

Art. 1358. The following must appear in a public document:

(1) Acts and contracts which have for their object the creation, transmission, modification or extinguishment of real rights over immovable property; sales of real property or of an interest therein are governed by articles 1403, No. 2, and 1405;

eventual registration of the sale with the land registration authority under Presidential Decree No. (P.D.) 1529.[41] It is also, as will be discussed below, equivalent to the delivery of the ownership of the thing, if from the deed the contrary does not appear.[42]

These principles are discussed further below.

Lot No. 2930 was sold and delivered to Juan in 1962 by virtue of the Extrajudicial Settlement and Sale dated January 23, 1962

The RTC and the CA both found that respondents had sufficiently proved that Jose and Tomasa sold the subject property to Juan in 1962. The factual findings of the lower courts are given great weight and are generally binding on the Court.

i. The duly acknowledged Extrajudicial Settlement and Sale dated January 23, 1962 enjoys the presumption of regularity

Petitioners insist that the CA erred in upholding the sale in favor of Juan and in giving evidentiary weight to the Extrajudicial Settlement and Sale dated January 23, 1962, considering that the original deed was not presented.[43] The arguments lack merit.

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(2) The cession, repudiation or renunciation of hereditary rights or of those of the conjugal partnership of gains;

(3) The power to administer property, or any other power which has for its object an act appearing or which should appear in a public document, or should prejudice a third person;

(4) The cession of actions or rights proceeding from an act appearing in a public document.

All other contracts where the amount involved exceeds five hundred pesos must appear in writing, even a private one. But sales of goods, chattels or things in action are governed by articles, 1403, No. 2 and 1405. (1280a)

[41] PROPERTY REGISTRATION DECREE, P.D. No. 1529, June 11, 1978 which provides:

Section 112. *Forms in conveyancing.* The Commissioner of Land Registration shall prepare convenient blank forms as may be necessary to help facilitate the proceedings in land registration and shall take charge of the printing of land title forms.

Deeds, conveyances, encumbrances, discharges, powers of attorney and other voluntary instruments, whether affecting registered or unregistered land, executed in accordance with law in the form of public instruments shall be registerable: Provided, that, every such instrument shall be signed by the person or persons executing the same in the presence of at least two witnesses who shall likewise sign thereon, and shall acknowledged to be the free act and deed of the person or persons executing the same before a notary public or other public officer authorized by law to take acknowledgment. Where the instrument so acknowledged consists of two or more pages including the page whereon acknowledgment is written, each page of the copy which is to be registered in the office of the Register of Deeds, or if registration is not contemplated, each page of the copy to be kept by the notary public, except the page where the signatures already appear at the foot of the instrument, shall be signed on the left margin thereof by the person or persons executing the instrument and their witnesses, and all the ages sealed with the notarial seal, and this fact as well as the number of pages shall be stated in the acknowledgment. Where the instrument acknowledged relates to a sale, transfer, mortgage or encumbrance of two or more parcels of land, the number thereof shall likewise be set forth in said acknowledgment.

[42] CIVIL CODE, Art. 1498.

[43] *Rollo*, pp. 20-23.

The sale between Jose and Tomasa and Juan is evidenced by a true copy of the notarized Extrajudicial Settlement and Sale dated January 23, 1962 as certified by the Clerk of Court of the First Judicial District of Cagayan.[44] The original Certification dated March 4, 1982 from the Clerk of Court of the First Judicial District of Cagayan, submitted as evidence by the respondents, unequivocally stated:

> x x x x
>
> I, Victoriano Rodriguez, Clerk of this Court, do hereby certify that I have examined the attached document, to wit: Certified xerox and reproduction copy of a carbon copy of EXTRAJUDICIAL SETTLEMENT AND SALE executed by Jose Balubal and Tomasa Balubal dated January 23, 1962, ratified by Atty. Leticia P. Callangan Aquino, notary public in the province of Cagayan, numbered as Doc. No. 1, Page 22, Book No. II, Series of 1962 of her notarial register consisting of Five Hundred One (501) words.
>
> And that I have compared the same with the original on file in my office, and that the same is a true and correct copy thereof.
>
> In witness whereof, I have hereunto signed my [name] and affixed the seal of this Court this 4th day of March, 1982.[45]

The fact that the original Extrajudicial Settlement and Sale dated January 23, 1962 is on file with the Clerk of Court[46] confirms that the deed

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44 Id. at 576-577.

45 Id. Emphasis omitted; underscoring supplied.

46 See NOTARIAL LAW, Revised Administrative Code of 1917, Act No. 2711, March 10, 1917, Sec. 246 which provides:

SECTION 246. Matters to be entered therein — The notary public shall enter in such register, in chronological order, the nature of each instrument executed, sworn to, or acknowledged before him, the person executing, swearing to, or acknowledging the instrument, the witnesses, if any, to the signature, the date of the execution, oath, or acknowledgment of the instrument, the fees collected by hint for his services as notary in connection therewith, and; when the instrument is a contract, he shall keep a correct copy thereof as part of his records, and shall likewise enter in said records a brief description of the substance thereof, and shall give to each entry a consecutive number, beginning with number one in each calendar year. The notary shall give to each instrument executed, sworn to, or acknowledged before him a number corresponding to the one in his register, and shall also state on the instrument the page or pages of his register on which the same is recorded. No blank line shall be left between entries.

When a notary public shall protest any draft, bill of exchange, or promissory note, he shall make a full and true record in his notarial register of all his proceedings in relation thereto, and shall note therein whether the demand or the sum of money therein mentioned was made, of whom, when, and where; whether he presented such draft, bill, or note; whether notices were given, to whom, and in what manner; where the same was made, and when, and to whom, and where directed; and of every other fact touching the same.

At the end of each week the notary shall certify in his register the number of instruments executed, sworn to, acknowledged, or protested before him; or if none such, certificate shall show this fact.

A certified copy of each month's entries as described in this section and a certified copy of any instrument acknowledged before them shall within the first ten days of the month next following be forwarded by the notaries public to the clerk of the Court of First Instance of the province and shall be filed under the responsibility of such officer: *Provided*, That if there is no entry to certify for the month, the notary shall forward a statement to this effect in lieu of the certified copies herein required. (Underscoring and emphasis supplied.)

See also *Soriano v. Basco*, 507 Phil. 410 (2005).

evidencing the sale of the subject lot to Juan was regularly notarized and affirms the presumption of regularity and due execution.[47]

It is settled that "a notarized instrument is admissible in evidence without further proof of its due execution, is conclusive as to the truthfulness of its contents, and has in its favor the presumption of regularity."[48] A public instrument enjoys the presumption of regularity and due execution. Absent evidence that is clear, convincing, and more than merely preponderant, the presumption must be upheld.[49]

While petitioners claim that the subject lot was never sold to Juan and that the foregoing deed was forged,[50] they manifestly failed to substantiate their claims. In *Spouses Santos v. Spouses Lumbao*,[51] the Court held:

> Furthermore, both "Bilihan ng Lupa" documents dated 17 August 1979 and 9 January 1981 were duly notarized before a notary public. **It is well-settled that a document acknowledged before a notary public is a public document that enjoys the presumption of regularity. It is a *prima facie* evidence of the truth of the facts stated therein and a conclusive presumption of its existence and due execution. To overcome this presumption, there must be presented evidence that is clear and convincing. Absent such evidence, the presumption must be upheld.** In addition, one who denies the due execution of a deed where one's signature appears has the burden of proving that contrary to the recital in the *jurat*, one never appeared before the notary public and acknowledged the deed to be a voluntary act. Nonetheless, in the present case petitioners' denials without clear and convincing evidence to support their claim of fraud and falsity were not sufficient to overthrow the above-mentioned presumption; hence, the authenticity, due execution and the truth of the facts stated in the aforesaid "Bilihan ng Lupa" are upheld.[52]

Skunac Corporation, et al. v. Sylianteng, et al.,[53] further stated that "a notarized instrument is admissible in evidence without further proof of its due execution, is conclusive as to the truthfulness of its contents, and has in its favor the presumption of regularity. This presumption is affirmed if it is beyond dispute that the notarization was regular. To assail the authenticity and due execution of a notarized document, the evidence must be clear, convincing and more than merely preponderant."[54]

In the present case, petitioners failed to present any evidence, let alone clear and convincing evidence, to prove that the notarization of the subject deed was irregular as to strip it of its public character. As the Extrajudicial

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47 See *Skunac Corporation, et al. v. Sylianteng, et al.*, 734 Phil. 310, 324 (2014).
48 Id.
49 *Bravo-Guerrero v. Bravo*, supra note 35 at 264; *Sps. Tapayan v. Martinez*, 804 Phil. 523, 537 (2017); *Baluyo v. De la Cruz*, G.R. No. 197058, October 14, 2015, 722 SCRA 450, 460.
50 *Rollo*, p. 40.
51 548 Phil. 332 (2007).
52 Id. at 349. Emphasis and underscoring supplied; citations omitted.
53 Supra note 47.
54 Id. at 324.

Settlement and Sale dated January 23, 1962 was duly executed, the RTC and the CA correctly found that it enjoys the presumption of regularity, which can only be overcome by clear and convincing evidence.

ii. The existence and due execution of the Extrajudicial Settlement and Sale dated January 23, 1962 may be proved without presenting the original

Petitioners nonetheless insist that the lower courts erred in giving weight to the Extrajudicial Settlement and Sale dated January 23, 1962 as the original was never presented during trial.[55] Although they admit that the contents of the deed are not at issue, they nevertheless argue that the CA erred in ruling that the best evidence rule does not apply.[56] Again, petitioners' arguments fail.

"The best evidence rule requires that the original document be produced whenever its contents are the subject of inquiry, except in certain limited cases laid down in Section 3 of Rule 130."[57] *Heirs of Prodon v. Heirs of Alvarez,*[58] explained:

> The primary purpose of the Best Evidence Rule is to ensure that the exact contents of a writing are brought before the court, considering that (*a*) the precision in presenting to the court the exact words of the writing is of more than average importance, particularly as respects operative or dispositive instruments, such as deeds, wills and contracts, because a slight variation in words may mean a great difference in rights; (*b*) there is a substantial hazard of inaccuracy in the human process of making a copy by handwriting or typewriting; and (*c*) as respects oral testimony purporting to give from memory the terms of a writing, there is a special risk of error, greater than in the case of attempts at describing other situations generally. The rule further acts as an insurance against fraud. Verily, if a party is in the possession of the best evidence and withholds it, and seeks to substitute inferior evidence in its place, the presumption naturally arises that the better evidence is withheld for fraudulent purposes that its production would expose and defeat. Lastly, the rule protects against misleading inferences resulting from the intentional or unintentional introduction of selected portions of a larger set of writings.
>
> But the evils of mistransmission of critical facts, fraud, and misleading inferences arise only when the issue relates to the *terms of the writing*. Hence, the Best Evidence Rule applies only when the terms of a writing are in issue. When the evidence sought to be introduced concerns external facts, such as the existence, execution or delivery of the writing, without reference to its terms, the Best Evidence

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55 *Rollo*, pp. 21-23.

56 Id. at 21.

57 *Sps. Tapayan v. Martinez*, supra note 48 at 534.

58 717 Phil. 54 (2013).

> Rule cannot be invoked. In such a case, secondary evidence may be admitted even without accounting for the original.[59]

Consistent therewith, *Skunac Corporation, et al. v. Sylianteng, et al.*[60] held:

> The best evidence rule is inapplicable to the present case. The said rule applies only when the content of such document is the subject of the inquiry. Where the issue is only as to whether such document was actually executed, or exists, or on the circumstances relevant to or surrounding its execution, the best evidence rule does not apply and testimonial evidence is admissible. Any other substitutionary evidence is likewise admissible without need to account for the original. In the instant case, what is being questioned is the authenticity and due execution of the subject deed of sale. There is no real issue as to its contents.[61]

In the present case, petitioners claim that no sale took place and that the Extrajudicial Settlement and Sale dated January 23, 1962 was forged, *i.e.*, they question the authenticity and due execution of the foregoing deed. Evidently, neither the contents of the document nor the terms of the writing are at issue. As such, the CA correctly held that the best evidence rule does not apply and secondary evidence,[62] such as the instant certified true copy, may be admitted even without accounting for the original.

It is appropriate to reiterate at this juncture that by virtue of its consensual nature, a sale would be perfectly valid even if no deed whatsoever had been executed, subject only to the requirements of the Statute of Frauds.[63] As such, the parties may prove the existence of a perfected or performed contract of sale through any competent evidence available, be it an original deed, a copy thereof, a memorandum, or even testimony on the prior, subsequent, and contemporaneous acts of the parties.

iii. Lot No. 2930 was constructively delivered to Juan

In addition to the foregoing, the execution of the Extrajudicial Settlement and Sale dated January 23, 1962 in a public instrument resulted in the constructive delivery of the object of the sale. In *San Lorenzo Development Corporation v. Court of Appeals,*[64] the Court explained:

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[59] Id. at 66-67. Italics in the original; underscoring supplied; citations omitted.

[60] Supra note 47.

[61] Id. at 223. Underscoring supplied; citations omitted.

[62] See Rule 130, Sec. 7 that states:

SEC 7. *Evidence admissible when original document is a public record.* — When the original of document is in the custody of public officer or is recorded in a public office, its contents may be proved by a certified copy issued by the public officer in custody thereof. (2a)

[63] *Alfredo v. Borras*, supra note 30 at 158. See also *Claudel v. Court of Appeals*, supra note 30 at 119-120.

[64] G.R. No. 124242, January 21, 2005, 449 SCRA 99.

> Sale, being a consensual contract, is perfected by mere consent and from that moment, the parties may reciprocally demand performance. The essential elements of a contract of sale, to wit: (1) consent or meeting of the minds, that is, to transfer ownership in exchange for the price; (2) object certain which is the subject matter of the contract; (3) cause of the obligation which is established.
>
> The perfection of a contract of sale should not, however, be confused with its consummation. In relation to the acquisition and transfer of ownership, it should be noted that sale is not a mode, but merely a title. A mode is the legal means by which dominion or ownership is created, transferred or destroyed, but title is only the legal basis by which to affect dominion or ownership. Under Article 712 of the Civil Code, "ownership and other real rights over property are acquired and transmitted by law, by donation, by testate and intestate succession, and in consequence of certain contracts, by tradition." Contracts only constitute titles or rights to the transfer or acquisition of ownership, while delivery or tradition is the mode of accomplishing the same. Therefore, sale by itself does not transfer or affect ownership; the most that sale does is to create the obligation to transfer ownership. It is tradition or delivery, as a consequence of sale, that actually transfers ownership.
>
> Explicitly, the law provides that the ownership of the thing sold is acquired by the vendee from the moment it is delivered to him in any of the ways specified in Article 1497 to 1501. The word "delivered" should not be taken restrictively to mean transfer of actual physical possession of the property. The law recognizes two principal modes of delivery, to wit: (1) actual delivery; and (2) legal or constructive delivery.
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> Actual delivery consists in placing the thing sold in the control and possession of the vendee. Legal or constructive delivery, on the other hand, may be had through any of the following ways: the execution of a public instrument evidencing the sale; symbolical tradition such as the delivery of the keys of the place where the movable sold is being kept; *traditio longa manu* or by mere consent or agreement if the movable sold cannot yet be transferred to the possession of the buyer at the time of the sale; *traditio brevi manu* if the buyer already had possession of the object even before the sale; and *traditio constitutum possessorium*, where the seller remains in possession of the property in a different capacity.[65]

In relation thereto, Article 1498 of the Civil Code pertinently provides:

> Art. 1498. When the sale is made through a public instrument, the execution thereof shall be equivalent to the delivery of the thing which is the object of the contract, if from the deed the contrary does not appear or cannot clearly be inferred.
>
> With regard to movable property, its delivery may also be made by the delivery of the keys of the place or depository where it is stored or kept. (1463a)

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[65] Id. at 113-114. Citations omitted.

Evidently, mere execution of the deed of conveyance in a public document is equivalent to the delivery of the property,[66] unless the deed otherwise provides.[67] In the present case, no reservation of ownership appears in the Extrajudicial Settlement and Sale dated January 23, 1962. On the contrary, the deed expressly provided that the "HEIRS-VENDOR do by these presents hereby SELL, TRANSFER, AND CONVEY unto the said Juan Lacambra, his heirs and assigns the above-described parcel land."[68] As such, the acknowledgment of the deed before the notary public, Atty. Leticia P. Callangan-Aquino,[69] transformed the deed into a public instrument and resulted in the constructive delivery of the ownership of Lot No. 2930.

iv. Lot No. 2930 was likewise actually delivered to Juan and his heirs, who thereafter exercised acts of ownership over the same

Although petitioners insist that Jose and Tomasa never sold the subject lot, the factual findings of the RTC and the CA regarding the contemporaneous and subsequent acts of the contracting parties confirm that the sale over the subject lot was not only validly perfected but also consummated. It bears emphasis that the nature of a contract is determined from the express terms of the written agreement and from the contemporaneous and subsequent acts of the contracting parties.[70] The very essence of a contract of sale is the obligation to transfer ownership over a thing in exchange for a price certain in money or its equivalent.[71]

As mentioned, the terms of the Extrajudicial Settlement and Sale dated January 23, 1962 prove that the parties entered into a contract of sale and the execution of the same in a public instrument resulted in the constructive delivery of the subject lot. Although already sufficient to prove

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[66] *Sabio v. International Corporate Bank, Inc.*, G.R. 132709, September 4, 2001, 364 SCRA 385, 416.

[67] CIVIL CODE, Art. 1498 states:

Art. 1498. When the sale is made through a public instrument, the execution thereof shall be equivalent to the delivery of the thing which is the object of the contract, if from the deed the contrary does not appear or cannot clearly be inferred.

With regard to movable property, its delivery may also be made by the delivery of the keys of the place or depositary where it is stored or kept. (1463a)

See, however *Asset Privatization Trust v. T.J. Enterprise*, G.R. No. 167195, May 8, 2009, 587 SCRA 481, 487, where the Court held that "the execution of a public instrument only gives rise to *a prima facie* presumption of delivery. Such presumption is destroyed when the delivery is not effected because of a legal impediment. It is necessary that the vendor shall have control over the thing sold that, at the moment of sale, its material delivery could have been made. Thus, a person who does not have actual possession of the thing sold cannot transfer constructive possession by the execution and delivery of a public instrument."

[68] *Rollo*, p. 576.

[69] Id.

[70] *Ace Foods, Inc. v. Micro Pacific Technologies Co., Ltd.*, G.R. No. 200602, December 11, 2013, 712 SCRA 679, 686. *See also Far East Bank and Trust Company v. Philippine Deposit Insurance Corporation*, G.R. No. 172983, July 22, 2015, 763 SCRA 438, 466.

[71] CIVIL CODE, Art. 1458 states:

Art. 1458. By the contract of sale one of the contracting parties obligates himself to transfer the ownership and to deliver a determinate thing, and the other to pay therefor a price certain in money or its equivalent.

A contract of sale may be absolute or conditional. (1445a)

the existence of a sale and the performance of the obligations arising therefrom, respondents likewise proved that pursuant to the sale, Juan took actual possession of the subject property and exercised acts of ownership over the property.

Notably, respondent Cirilio[72] and witness Rosita Balanuva[73] (Rosita), the step-daughter of Juan, testified that Jose and Tomasa met with their father and sold him the subject property. In fact, the latter stated that she was present during the execution of the sale and the payment thereof.[74] Although the property remained registered in Vicente's name, the lower courts found that Jose and Tomasa delivered the owner's duplicate copy of OCT No. 6106 to Juan.[75]

Thereafter, respondent Cirilio testified that their family took actual possession and control of the property[76] and planted fruit trees thereon[77] in accordance with Article 1497 of the Civil Code.[78] In fact, he stated that his brother, Catalino, built his house on the subject lot.[79] Rosita confirmed that she resided in said property and that at some point, Spouses Tamayao lived next door.[80]

The foregoing acts unequivocally confirm that Jose and Tomasa sold the subject lot to Juan, constructively delivered ownership over the subject lot when the contracting parties acknowledged the Extrajudicial Settlement and Sale dated January 23, 1962 in a public instrument, and actually delivered the same when they allowed Juan and his family to take control and possession of the same. In fact, upon Juan's death, his heirs exercised their ownership rights by selling portions of the same to Spouses Tamayao.[81] Indeed, Spouses Tamayao admit that the heirs of Lacambra possessed the property and that they bought a portion of the land from them before building their house.[82]

v. The failure to register the Extrajudicial Settlement and Sale dated January 23, 1962 with the Register of Deeds does not render the sale void

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72 Transcript of Stenographic Notes (TSN), March 4, 1999, p. 4.
73 TSN, February 2, 2004, p. 6.
74 Id.
75 Id at 2. See *rollo*, p. 47.
76 Supra note 70 at 6.
77 Id. at 6
78 CIVIL CODE, Art. 1497 provides:
Art. 1497. The thing sold shall be understood as delivered, when it is placed in the control and possession of the vendee. (1462a)
79 TSN, March 3, 1999, p. 6.
80 Supra note 71 at 1-3.
81 *Rollo*, pp. 47-48.
82 Id. at 34.

While the Court recognizes that the respondent's failure to register the Extrajudicial Settlement and Sale dated January 23, 1962 and to cause the issuance of a TCT in their names, considering that Jose and Tomasa already delivered the original owner's duplicate copy of OCT No. 6106,[83] was irresponsible and not prudent, such fact does not render a validly perfected and consummated sale void. As mentioned, registration is not essential for validity. It is not even a mode of acquiring ownership. *Chua v. Court of Appeals*[84] held:

> x x x There is a difference between transfer of the certificate of title in the name of the buyer, and transfer of ownership to the buyer. The buyer may become the owner of the real property even if the certificate of title is still registered in the name of the seller. As between the seller and buyer, ownership is transferred not by the issuance of a new certificate of title in the name of the buyer but by the execution of the instrument of sale in a public document.
>
> x x x x
>
> The recording of the sale with the proper Registry of Deeds and the transfer of the certificate of title in the name of the buyer are necessary only to bind third parties to the transfer of ownership. As between the seller and the buyer, the transfer of ownership takes effect upon the execution of a public instrument conveying the real estate. Registration of the sale with the Registry of Deeds, or the issuance of a new certificate of title, does not confer ownership on the buyer. Such registration or issuance of a new certificate of title is not one of the modes of acquiring ownership.[85]

While registration is not essential for perfection or performance however, registration under the Property Registration Decree or P.D. 1529 would be prudent in order to give due notice to third persons regarding the change of ownership. Notably, while valid between the contracting parties, the non-registration of a sale will render the rights of a buyer/property owner vulnerable to an innocent purchaser for value.[86] Nevertheless, since no innocent purchaser for value is involved in this case, the better right of the heirs of Lacambra must be sustained.

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[83] P.D. 1529, Sec. 53 provides:

Section 53. *Presentation of owner's duplicate upon entry of new certificate.* No voluntary instrument shall be registered by the Register of Deeds, unless the owner's duplicate certificate is presented with such instrument, except in cases expressly provided for in this Decree or upon order of the court, for cause shown.

The production of the owner's duplicate certificate, whenever any voluntary instrument is presented for registration, shall be conclusive authority from the registered owner to the Register of Deeds to enter a new certificate or to make a memorandum of registration in accordance with such instrument, and the new certificate or memorandum shall be binding upon the registered owner and upon all persons claiming under him, in favor of every purchaser for value and in good faith.

In all cases of registration procured by fraud, the owner may pursue all his legal and equitable remedies against the parties to such fraud without prejudice, however, to the rights of any innocent holder for value of a certificate of title. After the entry of the decree of registration on the original petition or application, any subsequent registration procured by the presentation of a forged duplicate certificate of title, or a forged deed or other instrument, shall be null and void.

[84] Supra note 38.

[85] Id. at 70-74. Emphasis and underscoring supplied; citations omitted.

[86] *Heirs of Spouses Suyam v. Heirs of Julaton*, G.R. No. 209081, June 19, 2019.

The Spouses Tamayao did not acquire any right over Lot No. 2930 by virtue of the Extrajudicial Settlement of a Parcel of Land with Sale dated December 24, 1981

The RTC and the CA invalidated the third sale and ordered the cancellation of TCT No. T-54668 in the name "Rogelio Tamayao married to Felipa Binasoy," after finding that the latter could not be deemed innocent purchasers for value. Both courts held that the Spouses Tamayao were well aware that the property was owned and possessed by the heirs of Lacambra when they sought to purchase the property from the heirs of Balubal.[87] Again, these factual findings are binding on the Court and need not be disturbed.

i. The Spouses Tamayao were not innocent purchasers for value

Petitioners insist that they have a better right over Lot No. 2930 as they purchased the same in good faith and for value from the heirs of Balubal, whose title was free and clear from any form of lien or encumbrance.[88] The Court disagrees.

As the ownership over the subject lot had been transferred to Juan in 1962, the heirs of Balubal could not transmit any rights over the property through the execution of the Extrajudicial Settlement of a Parcel of Land with Sale dated December 24, 1981 in favor of Spouses Tamayao. "It is an established principle that no one can give what one does not have, *nemo dat quod non habet*."[89] In other words, a buyer can acquire no more than what the seller can legally transfer.[90] Since the heirs of Balubal no longer owned Lot No. 2930 at the time of the third sale in 1981, they could not legally transfer ownership and Spouses Tamayao could not acquire any right over the subject property.[91]

The Court is aware of the principle that a purchaser of property covered by a Torrens certificate of title is not required to explore further than what the certificate indicates on its face.[92] In *Melendres v. Catambay*[93] however, the Court clarified:

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[87] *Rollo*, p. 42.
[88] Id. at 24.
[89] *Naval v. Court of Appeals*, G.R. No. 167412, February 22, 2006, 483 SCRA 102, 112. *See also Development Bank of the Philippines v. Prudential Bank*, G.R. No. 143772, November 22, 2005, 475 SCRA 623, 633.
[90] Supra note 34 at 82-85.
[91] *See generally Naval v. Court of Appeals*, supra note 87. *See also Development Bank of the Philippines v. Prudential Bank*, supra note 87.
[92] *Melendres v. Catambay*, G.R. No. 198026, November 28, 2018, 887 SCRA 245, 287.
[93] Id.

> This rule, however, applies only to innocent purchasers for value and in good faith; it excludes a purchaser who has knowledge of a defect in the title of the vendor, or of facts sufficient to induce a reasonable prudent man to inquire into the status of the property. Time and time again, this Court has stressed that registration does not vest, but merely serves as evidence of title. Our land registration laws do not give the holders any better title than that which they actually have prior to registration. Mere registration is not enough to acquire a new title. Good faith must concur.
>
> One cannot rely upon the indefeasibility of a TCT in view of the doctrine that the defense of indefeasibility of a Torrens title does not extend to transferees who take the certificate of title in bad faith.
>
> In a long line of cases, the Court has defined a purchaser in good faith or innocent purchaser for value as one who buys property and pays a full and fair price for it at the time of the purchase or before any notice of some other person's claim on or interest in it. It has been held that the burden of proving the status of a purchaser in good faith lies upon him who asserts that status and it is not sufficient to invoke the ordinary presumption of good faith, that is, that everyone is presumed to have acted in good faith.[94]

It is clear that while the law recognizes that innocent purchasers for value are protected in order to uphold a certificate of title's efficacy and conclusiveness under the Torrens system,[95] persons claiming to be such must definitively prove said status.

The Court has repeatedly held that "a person who deliberately ignores a significant fact which would create suspicion in an otherwise reasonable man is not an innocent purchaser for value. A purchaser cannot close his eyes to facts which should put a reasonable man upon his guard, and then claim that he acted in good faith under the belief that there was no defect in the title of the vendor."[96] Further, it is settled that "x x x where the land sold is in the possession of a person other than the vendor, the purchaser must go beyond the certificate of title and make inquiries concerning the actual possessor. A buyer of real property which is in possession of another must be wary and investigate the rights of the latter. Otherwise, without such inquiry, the buyer cannot be said to be in good faith and cannot have any right over the property x x x."[97] A "buyer who could not have failed to know or discover that the land sold to him was in the adverse possession of another is a buyer in bad faith."[98]

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[94] Id. at 287-288. Emphasis and underscoring supplied; citations omitted.

[95] *Eastworld Motor Industries Corporation v. Skunac Corporation,* G.R. No. 163994, December 16, 2005, 487 SCRA 420, 428.

[96] *Melendres v. Catambay,* supra note 90 at 289-290.

[97] *Philippine National Bank v. Heirs of Estanislao Militar,* G.R. No. 164801, June 30, 2006, 494 SCRA 308, 315.

[98] *Heirs of Spouses Suyam v. Heirs of Julaton,* supra note 84.

In the instant case, the Court wholly agrees with the findings of the RTC and the CA that Spouses Tamayao were purchasers in bad faith. The Court cites the following disquisition of the CA with approval:

> Clearly, therefore, Rogelio's registration of Lot No. 2930 in his name was tainted with bad faith, he having had knowledge of the prior sale between Tomasa and Jose [Balubal] to Juan. Note tha[t] when Rogelio entered into the Deed of Sale of Undivided Share (5/14 *pro indiviso* share) with the [h]eirs of Lacambra, save Cirilio and Catalino, back on 21 January 1980, Rogelio was presented by the sellers with their documents of ownership, *i.e.*, the Extrajudicial Settlement and Sale dated 23 January 1962 between Tomasa and Jose, as sellers, and Juan, as buyer, as well as the owner's duplicate of OCT No. 6106. Patently, Rogelio knew of and acknowledged the transfer of ownership from Tomasa and Jose to the Lacambras, otherwise, why would he enter into any transaction with the latter over a lot which they do not own?
>
> Similarly, Rogelio could hardly be considered to be without notice that another person has asserted a claim over the property. At the time of the registration, Rogelio could not deny that he was aware that persons, other than the persons with whom he originally purchased the 5/14 portion of Lot No. 2930, were claiming to be the owners of the property. Yet he proceeded with the purchase and registration anyway.
>
> Felipa, Rogelio's widow, testified:
>
> "Q (Atty. Mac Paul B. Soriano):
> Madam witness, when you testified during the last hearing of this case, you said that when you constructed your house on the property in question the Balubal's [(*sic*)] came to see you. What were [(*sic*)] they [(*sic*)] in seeing you?
>
> A (Felipa Tamayao):
> When I finished constructing my house[,] Alejandro [(*sic*)] and Pedro came to see me and inquired from me why did I build my house on that lot.
>
> Q: And what was your response?
>
> A: I told them that the Lacambra's [(*sic*)] sold to me the 5/14 [portion] of the lot.
>
> Q: When you said that the Lacambra's (sic) sold to you the 5/14 [portion] of the lot, what did the Balubal's (sic) tell you?
>
> A: According to the Balubal's [(*sic*)], they did not sell any property to the Lacambra's [(*sic*)], sir.
>
> Q: And what happened after that?
>
> A: I went to the Register of Deeds and I noticed that the title was not registered under the name of the Lacambra's [(*sic*)] but instead to the Balubal's [(*sic*)].

> x x x x
>
> Q: Now, when you found out that the title of the land was still in the name of Vicente Balubal and has not been cancelled, what did you do if any?
>
> A: Alejandro [(*sic*)] and Pedro Balubal went again to my house and inquired from me if I am willing to buy the property and because they wanted me to vacate the property and I insinuated my desire to buy the land.
>
> Q: Now, you said that the Balubal's [(*sic*)] wanted you to vacate the property. Now, what was your answer to them?
>
> A: I told them that I am willing to buy the lot, sir.
>
> Evidently, Rogelio, despite being fully aware of the sale of Lot No. 2930 by the Balubals to Juan, and his subsequent acquisition of a 5/14 undivided share from the [h]eirs of Juan [Lacambra], still proceeded in purchasing the very same property and succeeded in having the same registered in his name. x x x[99]

Undoubtedly, Spouses Tamayao were not innocent purchasers for value. In fact, they were actually proven to be purchasers in bad faith who had actual knowledge that the title of the vendor, *i.e.*, the heirs of Balubal, was defective and that the land was in the actual adverse possession of another. In view of the foregoing, the principle that a defective deed can "be the root of a valid title when an innocent purchaser for value intervenes"[100] cannot apply.

It is of no moment that Spouses Tamayao were able to register the third sale, cause the cancellation of OCT No. 6106 and the issuance of TCT No. T-54668 in their names. The owner's duplicate of OCT No. 6106, which was issued pursuant to a petition for issuance of a new owner's duplicate filed by Pedro,[101] and the derivative TCT No. T-54668 are void. *Eastworld Motor Industries Corporation v. Skunac Corporation*[102] explains:

> This Court has consistently held that when the owner's duplicate certificate of title has not been lost, but is in fact in the possession of another person, then the reconstituted certificate is void, because the court that rendered the decision had no jurisdiction. Reconstitution can validly be made only in case of loss of the original certificate. The rationale for this principle is summarized in *Strait Times v. Court of Appeals*, from which we quote:

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99 *Rollo*, pp. 59-61. Underscoring omitted.

100 See *Heirs of Macalalad v. Rural Bank of Pola, Inc.*, G.R. No. 200899, June 20, 2018; *Heirs of Spouses Suyam v. Heirs of Julaton*, G.R. No. 209081, June 19, 2019.

101 *Rollo*, p. 49.

102 Supra note 93.

> "The reconstitution of a title is simply the reissuance of a new duplicate *certificate* of title allegedly lost or destroyed in its original form and condition. It does not pass upon the *ownership* of the land covered by the lost or destroyed title. Possession of a lost certificate is not necessarily equivalent to ownership of the land covered by it. The certificate of title, by itself, does not vest ownership; it is merely an evidence of title over a particular property.[103]

In the case at bar, both the RTC and the CA found that the owner's duplicate copy of OCT No. 6106 was never lost but was in fact delivered by Tomasa and Jose to Juan in 1962.[104] Evidently, the reissued OCT procured by Pedro and the TCT derived therefrom are void. Again, the mere fact that the Spouses Tamayao "x x x were able to secure titles in their names did not operate to vest upon them ownership over the subject properties. That act has never been recognized as a mode of acquiring ownership. The Torrens system does not create or vest title. It only confirms and records title already existing and vested. It does not protect a usurper from the true owner. It cannot be a shield for the commission of fraud."[105]

ii. The Spouses Tamayao cannot rely on Article 1544 of the Civil Code

Petitioners may not even rely on Article 1544 or the rule on double sales, which states:

> Art. 1544. If the same thing should have been sold to different vendees, the ownership shall be transferred to the person who may have first 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. (1473) (Underscoring supplied)

The foregoing provision does not apply to the instant case. In *Consolidated Rural Bank (Cagayan Valley), Inc., v. Court of Appeals*,[106] the Court explained that the rule on double sales does not apply when second sale was made when such person was no longer the owner of the property, because it had been acquired by the first purchaser in full dominion, *viz.*:

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[103] Id. at 426-427. Emphasis and underscoring supplied; citations omitted.
[104] *Rollo*, p. 47.
[105] *Campos-Bautista v. Pastrana*, G.R. No. 175994, December 8, 2009, 608 SCRA 55, 68.
[106] 489 Phil. 320 (2005).

> The provision is not applicable in the present case. It contemplates a case of double or multiple sales by a single vendor. More specifically, it covers a situation where a single vendor sold one and the same immovable property to two or more buyers. According to a noted civil law author, it is necessary that the conveyance must have been made by a party who has an existing right in the thing and the power to dispose of it. It cannot be invoked where the two different contracts of sale are made by two different persons, one of them not being the owner of the property sold. And even if the sale was made by the same person, if the second sale was made when such person was no longer the owner of the property, because it had been acquired by the first purchaser in full dominion, the second purchaser cannot acquire any right.[107]

Even if the rule on double sales were to be applied to the instant case, the result remains the same. The heirs of Lacambra would still have a better right of ownership over the subject property as Spouses Tamayao failed to acquire and to register the sale in good faith.[108]

A noted legal expert explained that "[although] Article 1544 may lead one to believe that the rules govern, in a manner of speaking, a contest between two buyers, who race against each other to comply with the hierarchical modes provided for in said article to have preferential right over the subject matter,"[109] that is not the case. The first buyer is necessarily in good faith because at the time of the purchase, he or she was the only buyer. As such, he or she could not have been aware of any other sale as there was no such sale to speak of.[110] As the first buyer was first in time, the law exacts a higher price, *i.e.*, prior registration or possession in good faith, on the second buyer to defeat the stronger right of the first buyer.[111] *Uraca v. Court of Appeals*[112] held:

> x x x [T]he prior registration of the disputed property by the second buyer does not by itself confer ownership or a better right over the property. Article 1544 requires that such registration must be coupled with good faith. Jurisprudence teaches us that "(t)he governing principle is *primus tempore, potior jure* (first in time, stronger in right). Knowledge gained by the first buyer of the second sale cannot defeat the first buyer's rights except where the second buyer registers in good faith the second sale ahead of the first, as provided by the Civil Code. Such knowledge of the first buyer does not bar her from availing of her rights under the law, among them, to register first her purchase as against the second buyer. But in *converso*, knowledge gained by the second buyer of the first sale defeats his rights even if he is first to register the second sale, since such knowledge taints his prior registration with bad faith This is the price exacted by Article 1544 of the Civil Code for the second buyer being able to displace the first buyer; that before the second buyer can obtain priority

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107 Id. at 331, citing Arturo M. Tolentino, COMMENTARIES AND JURISPRUDENCE ON THE CIVIL CODE OF THE PHILIPPINES, Volume V, p. 96 (1999). Emphasis and underscoring supplied; citations omitted.

108 See *Agustin v. De Vera*, G.R. No. 233455, April 3, 2019, 900 SCRA 203, 223.

109 Supra note 34 at 252.

110 Id. at 252-253.

111 Id. at 251-256.

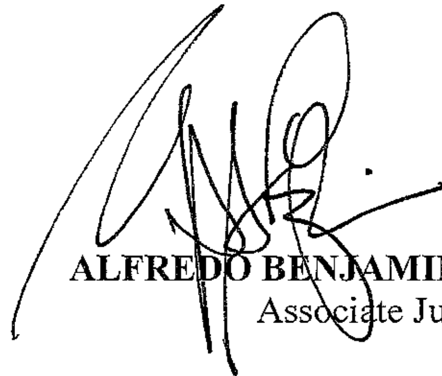
112 G.R. No. 115158, September 5, 1997, 278 SCRA 702, 712, citing *Cruz v. Cabana*, June 22, 1984, 129 SCRA 656, 663.

> over the first, *he must show that he acted in good faith throughout (i.e. in ignorance of the first sale and of the first buyer's rights) – from the time of acquisition until the title is transferred to him by registration or failing registration, by delivery of possession.*"[113]

As already discussed however, Spouses Tamayao were not in good faith at the time of sale since they had actual knowledge of the prior sale to and adverse possession of Juan and his heirs. Indeed, they recognized the latter's right over said property when they purchased 5/14 *pro indiviso* share of said lot in 1980.[114] This bad faith subsisted from the time of acquisition until the title was transferred to them by registration. Hence, Spouses Tamayao cannot defeat the stronger rights of the heirs of Lacambra.

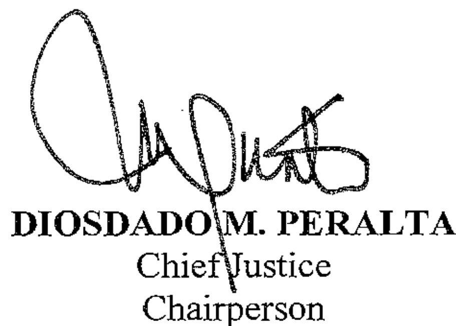
WHEREFORE, premises considered, the Petition is **DENIED**. The Decision dated May 23, 2018 and Resolution dated January 14, 2019 of the Court of Appeals, Tenth Division, in CA-G.R.CV. No. 106279 are hereby **AFFIRMED.**

SO ORDERED.



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

WE CONCUR:



DIOSDADO M. PERALTA
Chief Justice
Chairperson

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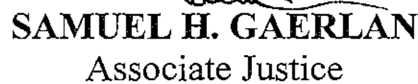
[113] Id. Underscoring supplied.
[114] Id. at 57-60.

ROSMARI D. CARANDANG
Associate Justice

RODIL V. ZALAMEDA
Associate Justice


SAMUEL H. GAERLAN
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.

DIOSDADO M. PERALTA
Chief Justice