



Republic of the Philippines
Supreme Court
Manila

SPECIAL THIRD DIVISION

VICENTE ATLAS R. CATALAN G.R. No. 233461
and MARYROSE T. DIAZ,
Petitioners,

- versus -

CRISTINA B. BOMBAES,
Respondent.

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MA. KRISTEL B. AGUIRRE, G.R. No. 233681
Petitioner,

Present:

- versus -

LEONEN, J., *Chairperson,*
CAGUIOA,*
INTING,
GAERLAN,** and
LOPEZ, J., *JJ.*

CRISTINA B. BOMBAES,
Respondent.

Promulgated:
October 9, 2023

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RESOLUTION

INTING, J.:

For resolution are the following Motions filed by respondent Cristina B. Bombaes (Bombaes) with the Court:

* Designated additional member per Raffle dated July 18, 2023.

** Designated additional member per Raffle dated January 25, 2021.

- 1) In G.R. No. 233681 – the Motion for Reconsideration¹ assailing the Decision² dated February 3, 2021 of the Court’s Third Division which declared petitioner Ma. Kristel B. Aguirre (Aguirre) a purchaser in good faith and for value of registered land; and
- 2) In G.R. No. 233461 – the Motion to Direct the [Regional Trial Court (RTC)] to Issue a Writ of Execution³ in relation to the Resolution⁴ dated March 4, 2020 of the Court’s Second Division that nullified the Deed of Absolute Sale dated October 19, 2009 between petitioner Vicente Atlas R. Catalan (Catalan) and Bombaes.

The Antecedents

The case is rooted in the Complaint for quieting of title that Bombaes filed against Catalan and Aguirre before Branch 15, RTC, Roxas City. The Complaint pertained to a parcel of land located at Bangbang Street, Inzo Arnaldo Village, Roxas City (subject property), which was previously covered by Transfer Certificate of Title (TCT) No. T-41765 under the name of Bombaes.⁵

In a nutshell, Bombaes mortgaged the subject property to Catalan as security for a loan in the amount of PHP 1,350,000.00. Bombaes eventually defaulted in the payment of the loan when it fell due. As a result, the parties entered into a Deed of Absolute Sale dated October 19, 2009 over the subject property in Catalan’s favor.⁶ On November 26, 2009, title to the property was accordingly transferred in Catalan’s name under TCT No. T-58922.⁷

Then, on April 9, 2010, Aguirre offered to purchase the subject property from Catalan, who readily agreed and executed a Deed of Conditional Sale over the lot on the same day. Thereafter, they executed a Deed of Absolute Sale dated May 4, 2010 upon Aguirre’s full payment

¹ *Rollo* (G.R. No. 233681), pp. 262–270.

² *Id.* at 251–261.

³ *Rollo* (G.R. No. 233461), pp. 203–206.

⁴ *Id.* at 144–148.

⁵ *Rollo* (G.R. No. 233681), pp. 251–252.

⁶ *Id.* at 100–101.

⁷ *Id.* at 138.

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of the purchase price.⁸ Notably, the subject property is now registered under TCT No. 097-2010000326 in Aguirre's name.⁹

In the Complaint, Bombaes alleged, among others, that Catalan coerced her to sign a simulated Deed of Absolute Sale over the subject property in his favor when she failed to settle her loan obligation. She argued that the real purpose of the simulated sale was for Catalan to mortgage the lot to a lending institution and apply the proceeds thereof to her unpaid loan obligation. However, instead of mortgaging the subject property, Catalan sold the lot to Aguirre.¹⁰

In his defense, Catalan countered that when Bombaes failed to pay her outstanding debt, he told the latter that he might sell or mortgage the subject property to a lending institution because he needed the money. He and Bombaes then executed a Deed of Assignment so that the latter would be able to redeem the property should he decide to mortgage the property to a lending institution. Catalan further averred that aside from the Deed of Absolute Sale dated October 19, 2009, Bombaes also signed an Acknowledgment Receipt and a Deed of Confirmation of the sale of the lot to him.¹¹

For her part, Aguirre contended that when she entered into the Deed of Conditional Sale dated April 9, 2010 with Catalan, she had no prior notice that Bombaes, or any other person, had a right or interest over the subject property. Thus, Aguirre asserted that she was an innocent purchaser in good faith and for value given her full reliance on Catalan's *clean title* over the lot at the time of execution of the Deed of Absolute Sale dated May 4, 2010.¹²

The Ruling of the RTC

In the Decision¹³ dated October 24, 2012, the RTC dismissed the Complaint for lack of merit and awarded moral damages to Catalan in the amount of PHP 100,000.00.¹⁴

⁸ *Id.* at 101.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.* at 102.

¹³ *Id.* at 114–143. Penned by Judge Juliana C. Azarraga.

¹⁴ *Id.* at 143.

The RTC ruled that Aguirre was a buyer in good faith and for value considering that Catalan was already the owner of the subject property when she purchased the lot as evidenced by TCT No. T-58922, which had no adverse claim or any *lis pendens* annotated thereon at the time of the sale.¹⁵

Aggrieved, Bombaes appealed before the CA.¹⁶ The case was docketed as CA-G.R. CV No. 04775.

The Ruling of the CA

In the Decision¹⁷ dated May 31, 2016, the CA affirmed the RTC Decision but it deleted the moral damages awarded to Catalan for lack of sufficient basis.¹⁸

The CA upheld the RTC's finding that Aguirre was an innocent purchaser in good faith and for value as she merely relied on the correctness of Catalan's clean title over the subject property. It also ruled that Bombaes failed to establish that Aguirre had actual knowledge of her ownership and possession of the subject property at the time of the sale thereof.¹⁹

However, upon the Motion for Reconsideration²⁰ of Bombaes, the CA reversed and set aside its earlier ruling in the Amended Decision²¹ dated January 20, 2017 (Amended Decision). Specifically, it nullified the Deed of Absolute Sale dated October 19, 2009 between Bombaes and Catalan for being absolutely simulated.²² Moreover, the CA held that Aguirre was not a buyer in good faith, *viz.*:

On April 9, 2010, Catalan and Aguirre executed a Deed of Conditional Sale between them.

¹⁵ *Id.* at 138–139.

¹⁶ *Id.* at 32.

¹⁷ *Id.* at 146–152. Penned by Associate Justice Edward B. Contreras and concurred in by Associate Justices Edgardo L. Delos Santos (now a former Member of the Court) and Geraldine C. Fiel-Macaraig.

¹⁸ *Id.* at 151.

¹⁹ *Id.* at 149–150.

²⁰ *Id.* at 22–25.

²¹ *Id.* at 100–107.

²² *Id.* at 106.

On May 4, 2010, both executed a Deed of Absolute Sale.

On May 12, 2010, Bombaes had an adverse claim annotated on the title of the property.

On July 21, 2010, Catalan had the sale of the property registered on the title.

.....

The entry on May 12, 2010 is sufficient notice to all persons, including Aguirre, that the land is already under an adverse claim. The earlier registration of adverse claim already binds the land insofar as third persons are concerned. The fact that the deed of absolute sale was dated May 4, 2010 is of no moment with regard to third persons.²³

Aguirre and Catalan each moved for reconsideration,²⁴ but the CA denied their Motions in the Resolution²⁵ dated June 30, 2017. Consequently, they filed their separate appeals with this Court: (1) Catalan's Petition for Review,²⁶ docketed as G.R. No. 233461 and entitled "*Vicente Atlas R. Catalan and Maryrose T. Diaz vs. Cristina B. Bombaes*," was raffled to the Court's Second Division; and (2) Aguirre's Petition for Review on *Certiorari*,²⁷ docketed as G.R. No. 233681 and entitled "*Ma. Kristel B. Aguirre vs. Cristina B. Bombaes*," was raffled to the Court's Third Division.

The Court's Resolution dated March 4, 2020 in G.R. No. 233461

In the Resolution²⁸ dated March 4, 2020, the Court's Second Division denied Catalan's Petition for Review. It agreed with the CA that the Deed of Absolute Sale between Catalan and Bombaes was void for being absolutely simulated.²⁹

²³ *Id.* at 105.

²⁴ *Id.* at 189–194. *See also rollo* (G.R. No. 233461), p. 17.

²⁵ *Id.* at 110–112.

²⁶ *Rollo* (G.R. No. 233461), pp. 7–29.

²⁷ *Rollo* (G.R. No. 233681), pp. 54–97.

²⁸ *Rollo* (G.R. No. 233461), pp. 144–148.

²⁹ *Id.* at 147–148.

The Court's Decision dated February 3, 2021 in G.R. No. 233681

Meanwhile, in the Decision³⁰ dated February 3, 2021, the Court's Third Division granted Aguirre's appeal.³¹ It held that Aguirre is an innocent purchaser in good faith and for value of the subject property given the absence of any evidence that she had actual knowledge of any defect on the title, or of another person's right to or interest in the lot in question.³²

In so ruling, the Court noted that the title to the subject property had already been transferred to Catalan's name under TCT No. T-58922 months before the lot was sold to Aguirre. It likewise pointed out that at the time of the sale, TCT No. T-58922 did *not* bear any annotation of a lien or encumbrance on the subject property.³³

Bombaes thereafter filed the following pleadings with the Court:

First, in the Ex-Parte Motion for Issuance of Entry of Judgment³⁴ dated May 26, 2021, Bombaes prays for the issuance of an entry of judgment in G.R. No. 233461 in view of Catalan's non-filing of a motion for reconsideration of the Resolution dated March 4, 2020 within the reglementary period.

Second, in the Urgent Manifestation³⁵ dated September 17, 2021, Bombaes argues that the Decision dated February 3, 2021 in G.R. No. 233681 is contrary to or inconsistent with the Resolution dated March 4, 2020 in G.R. No. 233461. She prays that the Court's Second Division assert the primacy of the earlier ruling in G.R. No. 233461.

Third, in the Motion to Direct the RTC to Issue a Writ of Execution,³⁶ Bombaes asks the Court to direct the trial court to execute the judgment in the Resolution dated March 4, 2020 in G.R. No. 233461

³⁰ *Rollo* (G.R. No. 233681), pp. 251–261. Penned by Associate Justice Henri Jean Paul B. Inting and concurred in by Associate Justices Marvic M.V.F. Leonen, Ramon Paul L. Hernando, Samuel H. Gaerlan and Jhosep Y. Lopez.

³¹ *Id.* at 259.

³² *Id.* at 258.

³³ *Id.*

³⁴ *Rollo* (G.R. No. 233461), pp. 194–195.

³⁵ *Id.* at 183–184.

³⁶ *Id.* at 203–206.

in relation to the CA's Amended Decision. She contends that the Resolution dated March 4, 2020 has already attained finality and its execution cannot be stayed by the pendency of G.R. No. 233681.³⁷

And *fourth*, in the Motion for Reconsideration³⁸ in G.R. No. 233681, Bombaes mainly argues that the issue of whether Aguirre is a buyer in good faith is already barred by *res judicata*³⁹ considering the last paragraph in the Resolution dated March 4, 2020, which states:

As regards Aguirre, on the other hand, *the Court is also one with the CA in finding that she was not an innocent purchaser for value*. The annotation on the certificate of title is sufficient notice to the whole world that the land has an adverse claim. It is upon the purchaser to examine everything at record if there exists in the title any flaw which might invalidate the sale. More so in this case because the property that Aguirre purchased from Catalan was owned by Bombaes who happens to be her aunt. Hence, she could not feign ignorance that she did not know about the status of the property and later on claim that she was a buyer in good faith.⁴⁰ (Italics supplied)

In the Resolution⁴¹ dated February 28, 2022, the Court required Aguirre to file a comment on the Motion for Reconsideration.

In her Comment,⁴² Aguirre contends that the doctrine of *res judicata* is not applicable to her as regards the Resolution dated March 4, 2020 given that: (a) the Court's Second Division did not acquire jurisdiction over her person in G.R. No. 233461; (b) she was not a party to the appeal filed by Catalan and she did not present any evidence in her defense therein; and (c) she and Catalan represented different interests and prayed for different reliefs from the Court in their separate appeals.⁴³

Then, on June 30, 2022, Bombaes filed a Reply⁴⁴ in which she reasserted the arguments in her Motion for Reconsideration.

³⁷ *Id.* at 204–206.

³⁸ *Id.* at 221–230.

³⁹ *Id.* at 222.

⁴⁰ *Rollo* (G.R. No. 233681), p. 275.

⁴¹ *Id.* at 303.

⁴² *See* Comment in Compliance with Resolution dated February 28, 2022, *id.* at 316–321.

⁴³ *Id.* at 317–318.

⁴⁴ *Id.* at 307–314.

In the Resolution⁴⁵ dated February 6, 2023, the Court resolved, among others, to consolidate G.R. Nos. 233461 and 233681 in order to dispose of the remaining issues in both appeals together. It also recalled the Entry of Judgment⁴⁶ dated October 27, 2020 that was previously issued in G.R. No. 233461.

The Court's Ruling

At the outset, the Court *rejects* the contention of Bombaes that the ruling in G.R. No. 233461 has effectively rendered Aguirre's appeal in G.R. No. 233681 moot and academic in view of the doctrine of *res judicata*.

To stress, Aguirre and Catalan do *not* share the same interests in this litigation. After all, Aguirre is advocating for her rights as an innocent purchaser in good faith and for value of the subject property while Catalan, in his appeal, represented his interests as the mortgagor and previous owner thereof.

It is for this reason that Aguirre and Catalan have submitted their own arguments and defenses from the very beginning of the case with the RTC up until now. It should therefore come as no surprise that in appealing the CA's Amended Decision before the Court, they also opted to file **separate** Rule 45 petitions in order to protect their own interests.

As it so happened, Catalan was the first to file his appeal with the Court, docketed as **G.R. No. 233461** and raffled to the Court's Second Division. Later, Aguirre timely instituted her own Petition for Review on *Certiorari* to likewise assail the Amended Decision which was docketed as **G.R. No. 233681** and raffled, this time, to the Court's Third Division.

At this juncture, it is important to note that G.R. No. 233461 was *an appeal made only by Catalan* of the Amended Decision. As Aguirre herself has stated, she *never* joined Catalan in his appeal or authorized him to represent her in the proceedings before the Court's Second Division. In other words, *Aguirre was not a party in G.R. No. 233461*. As such, any discussion in the Resolution dated March 4, 2020 in G.R. No. 233461

⁴⁵ *Rollo* (G.R. No. 233461), pp. 231–232.

⁴⁶ *Id.* at 170.

pertaining to Aguirre's status as a buyer in bad faith of the subject property can only be considered as mere *obiter dictum*, which is *not* binding to this Court in resolving her appeal in G.R. No. 233681.

Indeed, an *obiter dictum*, or an *opinion* rendered by a court upon a legal question that is *not* necessary in the resolution of the case before it, has *no binding force for purposes of res judicata* as it was made without argument or full consideration of the point.⁴⁷

Moreover, in an action *in personam*,⁴⁸ as in the case, jurisdiction over the person of the defendant is *necessary* for the court to validly try and render judgment against him or her.⁴⁹ This remains to be true even on appeal for in such instances, any ruling against the defendant would inevitably impose upon him or her a responsibility and/or a liability. To rule otherwise would be tantamount to a violation of the defendant's right to due process of law.

The Court reiterates that the Resolution dated March 4, 2020 is binding just between Bombaes and Catalan, who are *the two parties* in G.R. No. 233461. The ruling therein can only constitute *res judicata* as regards the validity of the sale of the subject property from Bombaes to Catalan which is precisely what was at issue in that case.

That being said, the Court takes this opportunity to revisit its Decision in G.R. No. 233681 as to Aguirre's status as an innocent purchaser in good faith and for value of registered land.

After a careful reassessment of the factual circumstances of the case, the Court *reconsiders* its earlier ruling and holds that Aguirre is *not* an innocent purchaser in good faith and for value of the subject registered land.

It is settled that a purchaser of registered land has no obligation to inquire beyond the four corners of the title for as long as the following conditions are present: *first*, the seller must be the registered owner of the land subject of the sale; *second*, the seller must be in possession thereof;

⁴⁷ See *Land Bank of the Phils. v. Santos*, 779 Phil. 587, 608 (2016).

⁴⁸ "An action *in personam* is an action against a person on the basis of his personal liability." See *Asiavest Limited v. CA*, 357 Phil. 536, 553 (1998).

⁴⁹ *Id.*

and third, at the time of the sale, the buyer must not be aware of any claim or interest of some other person on the property, or of any defect or restriction in the title of the seller or in his capacity to convey title to the property.⁵⁰

“Absent any of the foregoing conditions, the buyer has the duty to exercise a higher degree of diligence by scrutinizing the certificate of title and examining all factual circumstances in order to determine the seller’s title and capacity to transfer any interest in the property.”⁵¹

Moreover, the burden of proving the status of an innocent purchaser in good faith and for value of registered land rests upon the person claiming it.⁵² In doing so, “it is not sufficient to invoke the ordinary presumption of good faith, that is, that everyone is presumed to have acted in good faith.”⁵³

Here, the undisputed facts are as follows: *first*, Aguirre bought the subject property from Catalan, the registered owner of the property at the time of the sale, per the Deed of Absolute Sale dated May 4, 2010; *second*, Bombaes caused an adverse claim to be annotated on the title of the subject property on May 12, 2010, or *eight days after the fact of sale of the lot* to Aguirre; and *third*, Catalan (the seller) registered the conveyance on the title on July 21, 2010.

Though it is true that Catalan was the registered owner of the subject property, Aguirre failed to show that he was in possession thereof at the time of the sale. In fact, Aguirre *never* contradicted the contentions of Bombaes that: *one*, she, Aguirre, and Socorro, Aguirre’s mother, resided in the same compound, and it was almost impossible for Aguirre not to know that she owned the subject property; and *two*, she continued to possess the property in question even after its supposed sale to Catalan in 2009.⁵⁴

Thus, while the title to the subject property was clean at the time of the sale, the above-mentioned circumstances should have prompted

⁵⁰ *EEG Dev’t. Corp. v. Heirs of Victor C. de Castro*, 855 Phil. 172, 181 (2019).

⁵¹ *Id.* at 181–182.

⁵² *Lausa v. Quilaton*, 767 Phil. 256, 282 (2015).

⁵³ *Heirs of Serina v. Heirs of Luza*, G.R. No. 205697 (Notice), February 13, 2023.

⁵⁴ *Rollo* (G.R. No. 233681), pp. 175–176.

Aguirre to conduct a deeper inquiry into Catalan's capacity to sell it. Her failure to do so effectively *negates* her assertion that she is an innocent purchaser in good faith and for value of the property. Verily, "[a] person who deliberately ignores a significant fact which would create suspicion in an otherwise reasonable man [or woman] is not an innocent purchaser for value."⁵⁵

The Conclusion

To avoid any further confusion, the Court summarizes its disposition of the consolidated cases as follows:

First, the CA correctly nullified the Deed of Absolute Sale dated October 19, 2009 between Bombaes and Catalan for being absolutely simulated. Indeed, the conveyance is void because Bombaes had no intention to sell the subject property to Catalan.

Second, Aguirre is *not* an innocent purchaser in good faith and for value of the subject property. As such, the CA correctly ordered the cancellation of TCT No. 097-2010000326 in Aguirre's name in its Amended Decision. This notwithstanding, Aguirre may certainly demand reimbursement of the purchase price she paid from Catalan, pursuant to the doctrine of unjust enrichment.

And *third*, in view of the nullification of the Deed of Absolute Sale dated October 19, 2009, the CA aptly observed that the loan obligation of Bombaes to Catalan in the amount of PHP 1,350,000.00 *subsists*.

However, the Court cannot rule on this issue for two reasons: *one*, the case originally filed before the RTC was for quieting of title and not for the collection of a sum of money; and *two*, the adjudication of the parties' rights in this regard would require a *full-blown trial* for the presentation of evidence as regards the loan obligation, any payments made, and proof of damages, if any, among others. Consequently, it is up to Bombaes and Catalan to resolve this matter either out of court or in a separate judicial proceeding.

⁵⁵ *Heirs of Serina v. Heirs of Luza*, *supra* note 53.

WHEREFORE, the Motion for Reconsideration in G.R. No. 233681 is **GRANTED**. The Amended Decision dated January 20, 2017 and the Resolution dated June 30, 2017 of the Court of Appeals in CA-G.R. CV No. 04775 are hereby **AFFIRMED**.

Moreover, the *Ex-Parte* Motion for Issuance of Entry of Judgment dated May 26, 2021, the Urgent Manifestation dated September 17, 2021, and the Motion to Direct the RTC to Issue a Writ of Execution in G.R. No. 233461 are **NOTED WITHOUT ACTION**.

No further pleadings will be entertained.


Let entry of judgment be issued immediately.

SO ORDERED.



HENRI JEAN PAUL B. INTING
Associate Justice


WE CONCUR:




MARVIC M.V.F. LEONEN
Senior Associate Justice
Chairperson



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice




SAMUEL H. GAERLAN
Associate Justice



JHOSEP Y. LOPEZ
Associate Justice

ATTESTATION

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



MARVIC M.V.F. LEONEN
Senior Associate Justice
Chairperson, Special Third Division

CERTIFICATION

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



ALEXANDER G. GESMUNDO
Chief Justice

