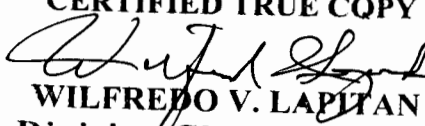
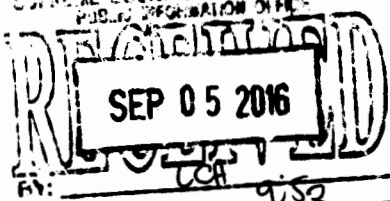




Republic of the Philippines  
**Supreme Court**  
 Manila

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 WILFREDO V. LAPITAN  
 Division Clerk of Court  
 Third Division  
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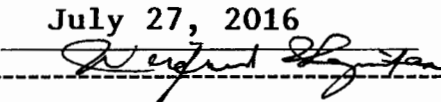
**THIRD DIVISION**

**THELMA RODRIGUEZ, joined      G.R. No. 199180**  
 by her husband,  
 Petitioners,      Present:

VELASCO, JR., J.,  
*Chairperson,*  
 PERALTA,  
 PEREZ,  
 REYES, and  
 JARDELEZA, JJ.

- versus -

**SPOUSES JAIME SIOSON      Promulgated:**  
**AND ARMI SIOSON, et al.,**  
 Respondents.      **July 27, 2016**

X-----  
  
 X-----

**DECISION**

**REYES, J.:**

Before the Court is a petition for review<sup>1</sup> under Rule 45 of the Rules of Court assailing the Decision<sup>2</sup> dated May 26, 2011 and Resolution<sup>3</sup> dated October 21, 2011 of the Court of Appeals (CA) in CA-G.R. CV No. 94867, which nullified the Joint Decision<sup>4</sup> dated August 13, 2009 of the Regional Trial Court (RTC) of Bataan, Branch 3.

<sup>1</sup> Rollo, pp. 8-36.

<sup>2</sup> Penned by Associate Justice Francisco P. Acosta, with Associate Justices Vicente S.E. Veloso and Angelita A. Gacutan concurring; id. at 38-80.

<sup>3</sup> Id. at 82-83.

<sup>4</sup> Rendered by Judge Remegio M. Escalada, Jr.; id. at 84-100.

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### The Facts

This petition is the aftermath of a series of sales transactions entered into by Neri delos Reyes (Neri) over a portion of a property formerly identified as Lot 398, with an area of 22,398 square meters, covered by Transfer Certificate of Title (TCT) No. T-86275 and registered in the name of "*Neri delos Reyes, married to Violeta Lacuata.*"<sup>5</sup>

Sometime in 1997, the Municipality of Orani, Bataan (Municipality) purchased from Neri an area of about 1.7 hectare of Lot 398, to be used for the extension of the Municipality's public market. Among other things, it was agreed that upon full payment of the purchase price, Neri will surrender the mother title to the Municipality for subdivision of the property on the condition that Neri will equitably share in the expense thereof.<sup>6</sup>

Lot 398 was subsequently subdivided into 5 lots: Lot 398-A, Lot 398-B, Lot 398-C, Lot 398-D, and Lot 398-E. Lots 398-C and 398-D pertain to the portions that were sold to the Municipality, while Lot 398-E is a road lot. Consequently, only Lots 398-A and 398-B were left as the remaining portions over which Neri retained absolute title. TCT Nos. T-209894 and T-209895 were then respectively issued over Lots 398-A and 398-B and were both registered in the name of "*Neri delos Reyes, married to Violeta Lacuata.*" The owner's duplicate copies of TCT Nos. T-209894 and T-209895, however, were retained by the Municipality pending Neri's payment of his share in the expenses incurred for the subdivision of Lot 398. These were placed under the custody of the Municipal Treasurer, where they continue to remain.<sup>7</sup>

Neri, however, alleged that then Municipal Mayor Mario Zuñiga suggested that he sell Lot 398-A to his aunt, petitioner Thelma Rodriguez (Thelma). The Municipality would then expropriate the same from Thelma. Neri agreed to the suggestion.<sup>8</sup>

After agreeing to the amount of ₱1,243,000.00 as the selling price, Thelma, on March 20, 1997, issued a check for said amount payable to Neri. When it fell due, no sufficient funds were available to cover the check. Consequently, it was agreed that Thelma would pay the purchase price in installments from March 20, 1997 to September 4, 1997. Thelma, however, was only able to pay ₱442,293.50.<sup>9</sup>

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<sup>5</sup> Id. at 40.

<sup>6</sup> Id. at 90.

<sup>7</sup> Id. at 90-91.

<sup>8</sup> Id.

<sup>9</sup> Id. at 91-92.

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On November 12, 2001, Thelma caused the annotation of an adverse claim on TCT No. T-209894.<sup>10</sup> At about the same time, Thelma saw an announcement that a new Orani Common Terminal would be built on Lot 398-A. As she has not yet entered into any agreement regarding the utilization of said lot, Thelma filed a *Complaint for Injunction* docketed as **Civil Case No. 7394** against then incumbent mayor Efren Pascual, Jr. (Mayor Pascual), and the Municipality under claim of ownership. To support her claim, Thelma incorporated in her complaint a copy of an **undated and unnotarized** deed of absolute sale allegedly executed by Neri in her favor.<sup>11</sup>

In their joint verified answer, Mayor Pascual and the Municipality acknowledged that Thelma became the owner of Lot 398-A by way of purchase from Neri.<sup>12</sup>

In 2002, Neri executed an affidavit claiming that the owner's copies of TCT No. T-209894 (covering Lot 398-A) and TCT No. T-209895 (covering Lot 398-B) were lost, which was annotated on the original copy of TCT No. T-209894 on May 8, 2002.<sup>13</sup> Two days after, or on May 10, 2002, Neri caused the cancellation of Thelma's adverse claim.<sup>14</sup> Neri also caused the reconstitution of new owner's copies of TCT Nos. T-209894 and T-209895.<sup>15</sup> Thereafter, new copies of TCT Nos. T-209894 and T-209895 were issued, and Neri then sold Lot 398-A to Spouses Jaime and Armi Sioson, Spouses Joan and Joseph Camacho, and Agnes Samonte (respondents) – in a deed of sale dated November 27, 2002. A special power of attorney was executed by Violeta delos Reyes (Violeta) in favor of Neri for the purpose. Consequently, TCT No. T-209894 was cancelled, and TCT No. T-226775 was thus issued in the respondents' names.<sup>16</sup>

Upon the issuance of TCT No. T-226775, the respondents declared Lot 398-A for tax purposes and paid them accordingly. They sought to take actual possession thereof by filling it; however, after they filled said lot with about 40 truckloads of soil/fillings, Thelma sent two armed blue guards who entered the premises and set up a tent therein. The respondents brought the matter to the attention of barangay authorities who referred them to the municipal mayor. As the municipal mayor did not take any action, the respondents filed a forcible entry case against Thelma before the Municipal

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<sup>10</sup> Id. at 92.

<sup>11</sup> Id. at 85.

<sup>12</sup> Id.

<sup>13</sup> Id. at 92.

<sup>14</sup> Id.

<sup>15</sup> Id. at 92-93.

<sup>16</sup> Id. at 93.

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Circuit Trial Court of Orani-Samal, Bataan, docketed as Civil Case No. 843. The said ejectment case is still pending.<sup>17</sup>

After Thelma learned of the second sale of Lot 398-A, she filed against the respondents a complaint for the Declaration of Nullity of the Second Sale and TCT No. T-226775 on February 11, 2003, docketed as **Civil Case No. 7664**. In support of her claim, Thelma once again presented a deed of absolute sale executed by Neri in her favor. This time, the deed of sale she presented was **duly signed by her and Neri, witnessed, notarized and dated April 10, 1997**.<sup>18</sup>

The respondents countered that they are innocent purchasers for value having bought Lot 398-A at the time when Thelma's adverse claim was already cancelled. While they admit Thelma's possession of the subject property, they, however, qualify that possession is being contested in a separate action for forcible entry.<sup>19</sup>

The respondents also filed a verified *answer-in-intervention* in Civil Case No. 7394 (injunction case) contending that they are the present registered owners of Lot 398-A, and as such, Thelma is not entitled to any relief.<sup>20</sup>

### **Ruling of the RTC**

The RTC jointly heard Civil Case No. 7394 and Civil Case No. 7664 and after trial, rendered judgment in favor of Thelma. The dispositive portion of the Joint Decision<sup>21</sup> dated August 13, 2009 reads:

WHEREFORE, judgment is hereby rendered declaring that:

1) [Thelma] is entitled to the relief of permanent injunction prayed for in Civil Case No. 7394 against the respondents. Insofar as defendants [Mayor Pascual] and the [Municipality] are concerned, not only did they acknowledge expressly the ownership of [Thelma] of Lot 398-A, they have disowned the commission of any act in derogation of [Thelma's] right of ownership of the lot and did not contest anymore the action of [Thelma] in said case;

2) Insofar as Civil Case No. 7664 is concerned, the second deed of sale entered into by [Neri] with the [respondents] is hereby declared null and void, and [TCT] No. T-226775 of the Registry of Deeds of Bataan which was issued by defendant Register of Deeds

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<sup>17</sup> Id. at 94.

<sup>18</sup> Id. at 43-44.

<sup>19</sup> Id. at 86-87.

<sup>20</sup> Id. at 86.

<sup>21</sup> Id. at 84-100.

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pursuant to said second deed of sale is likewise declared null and void, and accordingly, the Register of Deeds for the Province of Bataan is ordered to cancel said certificate of title and to reinstate [TCT] No. T-209894 in the name of [Neri], married to [Violeta];

3) The new owner's copy of [TCT] No. T-209894 is hereby declared null and void as the original owner's copy is not lost but actually exists and is presently in the custody of the Municipal Treasurer of Orani, Bataan. In consequence, defendant Register of Deeds of Bataan is directed to cancel said new owner's copy of [TCT] No. T-209894; and

4) [The respondents] are hereby ordered to jointly and severally pay to [Thelma] attorney's fees in the amount of Twenty[-]Five Thousand Pesos (P25,000.00).

All counterclaims of [the respondents] are denied for lack of basis in fact and in law.

No pronouncement as to costs.

SO ORDERED.<sup>22</sup>

The RTC concluded that by Neri's admission that he sold the subject lot to Thelma for a consideration of ₱1,243,000.00, and his acknowledgement receipt of ₱442,293.50 as partial payment from the latter, the transaction between Thelma and Neri should be regarded as an executed contract of sale. Hence, Lot 398-A was subjected to a double sale when Neri sold the same property to the respondents.<sup>23</sup> The RTC further ruled that the contract of sale between Neri and the respondents is null and void because it was transacted and executed at the time when Neri was no longer the owner of Lot 398-A. It was legally inexistent for lack of object certain. Thereupon, the fact that the respondents were able to register their acquisition first is of no moment. Registration does not legitimize a void contract and thus, TCT No. T-226775 should be cancelled.<sup>24</sup>

The respondents moved for reconsideration but it was denied by the RTC per Order<sup>25</sup> dated January 13, 2010. Hence, they elevated their case to the CA.

### **Ruling of the CA**

On May 26, 2011, the CA promulgated the assailed Decision,<sup>26</sup> with the following dispositive portion:

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<sup>22</sup> Id. at 100.

<sup>23</sup> Id. at 95.

<sup>24</sup> Id. at 98.

<sup>25</sup> Records, Civil Case No. 7394, pp. 264-266.

<sup>26</sup> *Rollo*, pp. 38-80.

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**WHEREFORE**, the instant Appeal is **GRANTED**. The Joint Decision dated August 13, 2009 and the Order dated January 13, 2010 of the [RTC] of Bataan are hereby declared **NULL** and **VOID** insofar as it (1) granted permanent injunction in favor of [Thelma] in Civil Case No. 7394 against [the respondents]; (2) declared null and void the deed of sale between [Neri] and [the respondents] in Civil Case No. 7664; (3) declared null and void the [TCT] No. T-226775; (4) ordered the cancellation of [TCT] No. T-226775 and reinstatement of [TCT] No. T-209894 in the name of [Neri], married to [Violeta]; and (5) ordered the payment of attorney's fees.

**Consequently**, the following are hereby declared **VALID**: (1) the Deed of Sale between [Neri] and [the respondents]; and (2) the [TCT] No. T-226775 in the names of [the respondents].

This Decision is without prejudice to any right which [Thelma] may have against [Neri] for the refund of the amount of **Four Hundred Forty-Two Thousand Two Hundred Ninety-Three and 50/100 Pesos (P442,293.50)**.

The Complaints in Civil Cases Nos. 7394 and 7664 are hereby **DISMISSED**.

**SO ORDERED.**<sup>27</sup> (Emphasis in the original)

Contrary to the findings of the RTC, the CA found that **the contract between Neri and Thelma was a mere contract to sell** and not a contract of sale; hence, there was no double sale of Lot 938-A. According to the CA, the question of whether or not the respondents are buyers in good faith is unavailing since the concept of a "buyer in good faith" finds relevance only in cases of double sale. The CA further stated that even if it is assumed that the contract between Neri and Thelma was an absolute contract of sale, the same is nonetheless void for lack of consent of Neri's wife, Violeta, insofar as the object of the transaction is a conjugal property.

Thelma moved for reconsideration of the CA decision, which was denied for lack of merit in Resolution<sup>28</sup> dated October 21, 2011.

Hence this petition.

Thelma argues that there was double sale and the CA erred in reversing the RTC decision: (1) by interpreting the sale between Thelma and Neri as a mere contract to sell; (2) by declaring the deed of sale in favor of Thelma as null and void due to lack of Violeta's consent or conformity; and (3) by declaring the respondents as buyers in good faith despite prior

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<sup>27</sup> Id. at 78-79.

<sup>28</sup> Id. at 82-83.

registration of Thelma's notice of adverse claim in TCT No. T-209894, and her actual possession of the subject property.<sup>29</sup>

### Ruling of the Court

The resolution of this case basically rests on the determination of whether the transaction between Neri and Thelma is a contract of sale or a contract to sell. The rule on double sale, as provided in Article 1544 of the Civil Code,<sup>30</sup> does not apply to a case where there was a sale to one party of the land itself while the other contract was a mere promise to sell the land or at most an actual assignment of the right to repurchase the same land.<sup>31</sup>

Both the RTC and the CA concur in the finding that Neri agreed to sell Lot 398-A to Thelma for an agreed price of ₱1,243,000.00. The RTC, however, concluded that by Neri's admission that he sold the subject lot to Thelma for a consideration of ₱1,243,000.00, and that he acknowledged receipt of ₱442,293.50 as partial payment from the latter, the transaction between Thelma and Neri should be regarded as an executed contract of sale, and not a merely executory one. The RTC likewise took into consideration Thelma's alleged possession of the property and Neri's failure to rescind the contract as indicative of the nature of their agreement as one of sale.<sup>32</sup>

On the other hand, the CA ruled that "the contract between Thelma and Neri was a mere contract to sell, the transfer of ownership over Lot 398-A being conditioned on Thelma's full payment of the purchase price."<sup>33</sup> As regards the existence of the two contracts of sale, the CA concluded that Thelma admitted on trial that the first deed of sale was only meant to be an acknowledgment receipt for the down payment she made on the subject lot, and the second deed of sale was allegedly executed after Thelma pays in full the purchase price of the lot.

A review of this case shows that the CA ruled in accord with existing jurisprudence.

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<sup>29</sup> Id. at 24.

<sup>30</sup> 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.

<sup>31</sup> *San Lorenzo Development Corporation v. Court of Appeals*, 490 Phil. 7, 27 (2005).

<sup>32</sup> *Rollo*, p. 95.

<sup>33</sup> Id. at 77.

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“The real character of the contract is not the title given, but the intention of the parties.”<sup>34</sup> In this case, there exist two deeds of absolute sale. Though identically worded, the first contract was undated, not notarized, signed only by Neri, and was presented in Civil Case No. 7394 for Injunction,<sup>35</sup> while the second deed was dated April 10, 1997, notarized on September 5, 1997, signed by both Neri and Thelma, and was presented in Civil Case No. 7664 for Declaration of Nullity of Deed of Sale and Title.<sup>36</sup>

In determining the nature of the agreement between Thelma and Neri, the CA took note of these two documents, and, coupled with Thelma’s own admissions, correctly found that it was a mere contract to sell. According to the CA:

During trial, Thelma explained the apparent disparity between the two (2) “deeds of absolute sale” by testifying that the undated and unnotarized deed of sale served only as a “receipt” which was signed by Neri when the latter received the downpayment for the lot. The dated and notarized deed of sale, on the other hand, was signed by both Thelma and Neri upon Thelma’s alleged full payment of the purchase price:

x x x x

*Second, the execution of the “deed of absolute sale” dated August 10, 1997 and the transfer and delivery of the title to Thelma’s name covering Lot No. 398-A were conditioned upon full payment of the purchase price.*

Thelma testified that the “deed of absolute sale” dated August 10, 1997 and which was attached to Thelma’s complaint in Civil Case No. 7664 was signed by her, Neri and their witnesses only upon full payment of the purchase price. Thelma further testified that she and Neri agreed to place the amount of the purchase price on the deed of absolute sale only at the time when Thelma had fully paid the same: x x x<sup>37</sup> (Italics ours and emphasis deleted)

Despite the denomination of their agreement as one of sale, the circumstances tend to show that Neri agreed to sell the subject property to Thelma on the condition that title and ownership would pass or be transferred upon the full payment of the purchase price. This is the very nature of a contract to sell, which is a “bilateral contract whereby the prospective seller, while expressly reserving the ownership of the property despite delivery thereof to the prospective buyer, binds himself to sell the property exclusively to the prospective buyer upon fulfillment of the condition agreed upon, *i.e.*, the full payment of the purchase price.”<sup>38</sup> As

<sup>34</sup> *Spouses Orden, et al. v. Spouses Aurea, et al.*, 584 Phil. 634, 650 (2008).

<sup>35</sup> Records, Civil Case No. 7394, p. 6.

<sup>36</sup> Records, Civil Case No. 7664, p. 6.

<sup>37</sup> *Rollo*, pp. 50-51.

<sup>38</sup> *Ace Foods, Inc. v. Micro Pacific Technologies Co., Ltd.*, 723 Phil. 742, 751 (2013).

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stated by the Court, the agreement to execute a deed of sale upon full payment of the purchase price “shows that the vendors reserved title to the subject property until full payment of the purchase price.”<sup>39</sup>

It was likewise established that Thelma was not able to pay the full purchase price, and that she was only able to pay ₱442,293.50 of the agreed selling price of ₱1,243,000.00. The RTC, in fact, made the following findings: (1) the consideration for Lot 398-A was ₱1,243,000.00; (2) Thelma issued a check on March 20, 1997 for said amount, payable to Neri; (3) the agreement was that the check would only be held by Neri for safekeeping as it was yet unsure if there was ample funds to cover the check; (4) the check was not covered by sufficient funds when presented for payment, so Thelma subsequently paid Neri in installments starting from March 20, 1997 to September 4, 1997; and (5) Neri acknowledged receipt from Thelma the total amount of ₱442,293.50.<sup>40</sup>

To bolster her claim, Thelma insists that she now holds title over the subject property after Neri allegedly delivered the subject lot to her right after the execution of the sale.<sup>41</sup> There is, however, nothing on record to support this claim aside from her bare assertions. There was no testimony or any proof on her part showing when and how she took possession of the property. At best, what is extant from the records is that Thelma paid taxes on the property for the years 2000 and 2001, which was three years after the alleged sale. “But tax declarations, by themselves, are not conclusive evidence of ownership of real property.”<sup>42</sup> Aside from this, the tax receipts showed that the property was still declared in the name of Neri.<sup>43</sup>

Moreover, the alleged delivery of the property, even if true, is irrelevant considering that in a contract to sell, ownership is retained by the registered owner in spite of the partial payment of the purchase price and delivery of possession of the property. Thus, in *Roque v. Aguado*,<sup>44</sup> the Court ruled that since the petitioners have not paid the final installment of the purchase price, the condition which would have triggered the parties’ obligation to enter into and thereby perfect a contract of sale cannot be deemed to have been fulfilled; consequently, they “**cannot validly claim ownership over the subject portion even if they had made an initial payment and even took possession of the same.**”<sup>45</sup>

<sup>39</sup> *Diego v. Diego, et al.*, 704 Phil. 373, 384 (2013), citing *Reyes v. Tuparan*, 665 Phil. 425, 442 (2011).

<sup>40</sup> *Rollo*, pp. 91-92.

<sup>41</sup> *Id.* at 26.

<sup>42</sup> *Palali v. Awisan*, 626 Phil. 357, 373 (2010).

<sup>43</sup> Records, Civil Case No. 7644, pp. 8-11.

<sup>44</sup> G.R. No. 193787, April 7, 2014, 720 SCRA 780.

<sup>45</sup> *Id.* at 792.

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Accordingly, the CA did not commit any reversible error in concluding that “the contract between Thelma and Neri was a mere contract to sell, the transfer of ownership over Lot 398-A being conditioned on Thelma’s full payment of the purchase price. Having failed to pay the purchase price in full, Thelma cannot claim ownership over Lot 398-A and Neri is not legally proscribed from alienating the same lot to other buyers.”<sup>46</sup>

Finally, while the CA correctly ruled that the agreement was a contract to sell, the Court, however, does not share its position that the subject property is a conjugal property, and as such, the absence of Violeta’s consent should be held as among the factors which could have adversely affected the validity of the purported contract of sale between Neri and Thelma. This is due to the following reasons: *first*, the subject property, Lot 398-A, is registered in the name of “*Neri delos Reyes, married to Violeta Lacuata*,” and so was its mother lot, Lot 398. In *Metropolitan Bank and Trust Company v. Tan*,<sup>47</sup> it was held that such form of registration is determinative of the property’s nature as paraphernal. That the only import of the title is that Neri is the owner of the subject property, it being registered in his name alone, and that he is married to Violeta; and *second*, the record is bereft of proof that said property was acquired during Neri and Violeta’s marriage - such that, the presumption under Article 116 of the Family Code that properties acquired during the marriage are presumed to be conjugal cannot apply.

**WHEREFORE**, the petition is **DENIED** for lack of merit. Accordingly, the Decision dated May 26, 2011 and Resolution dated October 21, 2011 of the Court of Appeals in CA-G.R. CV No. 94867 are **AFFIRMED**.

**SO ORDERED.**

  
**BIENVENIDO L. REYES**  
Associate Justice

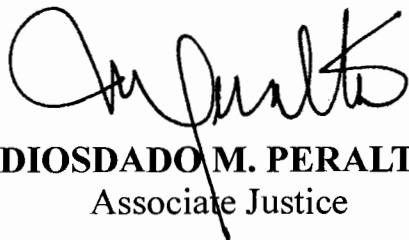
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<sup>46</sup> *Rollo*, p. 77.  
<sup>47</sup> 538 Phil. 873 (2006).

**WE CONCUR:**



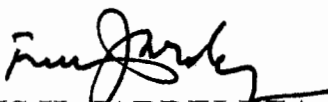
**PRESBITERO J. VELASCO, JR.**  
Associate Justice  
Chairperson



**DIOSDADO M. PERALTA**  
Associate Justice



**JOSE PORTUGAL PEREZ**  
Associate Justice



**FRANCIS H. JARDELEZA**  
Associate Justice

**ATTESTATION**

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

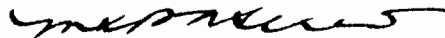


**PRESBITERO J. VELASCO, JR.**  
Associate Justice  
Chairperson



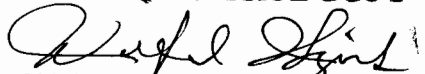
**CERTIFICATION**

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



**MARIA LOURDES P. A. SERENO**  
Chief Justice

**CERTIFIED TRUE COPY**



**WILFREDO V. LAPITAN**  
Division Clerk of Court  
Third Division

SEP 02 2016

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