



Republic of the Philippines  
 Supreme Court  
 Manila

THIRD DIVISION

SUPREME COURT OF THE PHILIPPINES  
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MA. KRISTEL B. AGUIRRE,  
*Petitioner,*

G.R. No. 233681

Present:

LEONEN, J., *Chairperson,*  
 HERNANDO,  
 INTING,  
 GAERLAN,\* and  
 LOPEZ, J. JJ.

- versus -

CRISTINA B. BOMBAES,  
*Respondent.*

Promulgated:

February 3, 2021

Mis-DC Ball

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DECISION

INTING, J.:

For the Court's consideration is the Petition for Review on *Certiorari*<sup>1</sup> under Rule 45 of the Rules of Court assailing the Amended Decision<sup>2</sup> dated January 20, 2017 and the Resolution<sup>3</sup> dated June 30, 2017 of the Court of Appeals (CA) in CA-G.R. CV No. 04775.

*The Antecedents*

This case involves a parcel of land denominated as Lot No. 782 located in Roxas City which was previously covered by Transfer

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

<sup>1</sup> *Rollo*, pp. 52-94.

<sup>2</sup> *Id.* at 100-107; penned by Associate Justice Edward B. Contreras with Associate Justices Edgardo L. Delos Santos (now a member of the Court) and Geraldine C. Fiel-Macaraig, concurring.

<sup>3</sup> *Id.* at 110-112.

Certificate of Title (TCT) No. T-41765 under the name of Cristina B. Bombaes (respondent).<sup>4</sup>

On March 17, 2008, respondent mortgaged Lot No. 782 to a certain Vicente Atlas Catalan (Catalan) to secure a loan in the amount of ₱1,350,000.00 with 5% monthly interest payable on September 24, 2008. Respondent, however, defaulted in the payment of her loan obligation when it fell due. Consequently, the parties executed a Deed of Absolute Sale dated October 19, 2009 over the subject lot in Catalan's favor.<sup>5</sup> On November 26, 2009, title to the property was accordingly transferred in Catalan's name under TCT No. T-58922.<sup>6</sup>

On April 9, 2010, Ma. Kristel B. Aguirre (petitioner) offered to purchase Lot No. 782 from Catalan. Catalan readily agreed and thereafter executed a Deed of Conditional Sale on the same day. Later, the parties entered into a Deed of Absolute Sale dated May 4, 2010 upon petitioner's full payment of the purchase price.<sup>7</sup> Notably, the subject lot is now registered under TCT No. 097-2010000326 in petitioner's name.<sup>8</sup>

This prompted respondent to file a complaint for quieting of title against Catalan and petitioner before Branch 15, Regional Trial Court (RTC), Roxas City.

Respondent alleged 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 claimed that the real purpose of the simulated sale was for Catalan to mortgage the subject lot to a lending institution and apply the proceeds thereof to her unpaid loan obligation. As proof of their true intention, she and Catalan executed a deed of assignment, which guaranteed her right to redeem the property. However, instead of mortgaging the subject lot, Catalan sold the property to petitioner.<sup>9</sup>

For his part, Catalan averred that when respondent failed to pay her outstanding debt, he told the latter that he might sell, *or* mortgage the subject lot to a lending institution as he needed the money to campaign

<sup>4</sup> *Id.* at 100.

<sup>5</sup> *Id.* at 100-101.

<sup>6</sup> *Id.* at 138.

<sup>7</sup> *Id.* at 101.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

for the position of Mayor in Maayon, Capiz. He and respondent then executed a deed of assignment so that the latter would be able to redeem the subject lot should he decide to mortgage the property to a lending institution. Catalan further pointed out that aside from the Deed of Absolute Sale dated October 19, 2009, respondent also signed an acknowledgment receipt and a deed of confirmation of the sale of the subject lot to him.<sup>10</sup>

As for petitioner, she contended that when she entered into the Deed of Conditional Sale dated April 9, 2010 with Catalan, she had no prior notice that some other persons had a right, or interest over the subject lot. Thus, petitioner asserted that she was an innocent purchaser for value having relied on Catalan's clean title over the property at the time of execution of the Deed of Absolute Sale dated May 4, 2010. Consequently, respondent had no cause of action against her.<sup>11</sup>

#### *Ruling of the RTC*

In a Decision<sup>12</sup> dated October 24, 2012, the RTC dismissed the Complaint for lack of merit and awarded moral damages to Catalan in the amount of ₱100,000.00.<sup>13</sup>

The RTC found the Deed of Absolute Sale dated October 19, 2009 valid and binding between respondent and Catalan in the absence of proof of fraud, or vitiation of consent in its execution.<sup>14</sup> It noted, too, that the Deed of Absolute Sale was a notarized document which generally enjoyed the presumption of regularity and validity.<sup>15</sup>

Moreover, the RTC ruled that petitioner was a buyer in good faith and for value given that Catalan was already the owner of the subject lot when she purchased the property as evidenced by TCT No. T-58922 which, as it turned out, had no adverse claim, or any *lis pendens* annotated thereon at the time of the sale.<sup>16</sup>

Aggrieved, respondent appealed before the CA.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 102.

<sup>12</sup> *Id.* at 114-143; penned by Judge Juliana C. Azarraga.

<sup>13</sup> *Id.* at 143.

<sup>14</sup> *Id.* at 139.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.* at 138-139.

*Ruling of the CA*

In its Decision<sup>17</sup> dated May 31, 2016, the CA affirmed the RTC Decision with modification in that it deleted the moral damages awarded to Catalan for lack of sufficient basis.<sup>18</sup> It agreed with the RTC that petitioner was an innocent purchaser in good faith considering that: *first*, respondent failed to show that petitioner had actual knowledge of her ownership and possession of the subject lot at the time of the sale; and *second*, petitioner merely relied on the correctness of Catalan's title over the property.<sup>19</sup> The dispositive portion of the CA Decision reads as follows:

WHEREFORE, Plaintiff-Appellant Bombaes' appeal is DENIED. The Decision issued by the Regional Trial Court of Roxas City dated October 24, 2012, denying Bombaes' Complaint, is MODIFIED to the effect that the moral damages awarded to Defendant-Appellee Catalan of PHP100,000.00 is deleted.

SO ORDERED.<sup>20</sup>

Respondent thereafter filed her Motion for Reconsideration<sup>21</sup> with the CA, reiterating her contentions that the Deed of Absolute Sale dated October 19, 2009 was void and that petitioner was not an innocent buyer in good faith.<sup>22</sup>

In its Amended Decision<sup>23</sup> dated January 20, 2017, the CA *reversed* its earlier ruling and declared the Deed of Absolute Sale dated October 19, 2009 between respondent and Catalan void for being absolutely simulated.<sup>24</sup> It explained that:

In light of the factual milieu here, [w]e are convinced, and so hold, that the questioned Deed of Absolute Sale was only for the purpose of letting Catalan mortgage the property to a third-party institution and get his money back. Their arrangement was only

<sup>17</sup> *Id.* at 146-152; penned by Associate Justice Edward B. Contreras with Associate Justices Edgardo L. Delos Santos (now a Member of the Court) and Geraldine C. Fiel-Macaraig, concurring.

<sup>18</sup> *Id.* at 151.

<sup>19</sup> *Id.* at 149.

<sup>20</sup> *Id.* at 151.

<sup>21</sup> *Id.* at 22-25.

<sup>22</sup> *Id.* at 23-24.

<sup>23</sup> *Id.* at 100-107.

<sup>24</sup> *Id.* at 106.

temporary and could not give rise to a valid sale.<sup>25</sup>

The CA further ruled that petitioner was not a buyer in good faith, *viz.*:

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

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

On May 12, 2010, [respondent] 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.

x x x x

The entry on May 12, 2010 is sufficient notice to all persons, including [petitioner], 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.<sup>26</sup>

Petitioner moved for reconsideration,<sup>27</sup> but the CA denied the motion in its Resolution<sup>28</sup> dated June 30, 2017. As a result, petitioner filed the present Petition for Review on *Certiorari* before the Court assailing the Amended Decision and the Resolution of the CA.

### *The Issues*

Petitioner raises the following issues for the Court's resolution:

*First*, whether respondent's Motion for Reconsideration of the CA Decision dated May 31, 2016 should have been denied due to belated filing.<sup>29</sup>

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<sup>25</sup> *Id.* at 104.

<sup>26</sup> *Id.* at 105.

<sup>27</sup> *Id.* at 189-194.

<sup>28</sup> *Id.* at 110-112.

<sup>29</sup> See Petition for Review on *Certiorari* dated August 24, 2017, *id.* at 78-79.

And *second*, whether petitioner was an innocent purchaser in good faith and for value.<sup>30</sup>

### *The Court's Ruling*

At the outset, it cannot be disputed that respondent's Motion for Reconsideration of the CA Decision dated May 31, 2016 was filed on time.

Section 3, Rule 13 of the Rules of Court provides that "the *date of mailing* of motions, pleadings, or any other papers or payments or deposits, as shown by the post office stamp on the envelope or the registry receipt, shall be considered as the *date of their filing*, payment, or deposit in court."

In this case, it appears that respondent received a copy of the CA Decision on July 8, 2016.<sup>31</sup> Thus, she had until July 25, 2016 within which to file a motion for reconsideration with the CA given that the last day of the 15-day reglementary period fell on July 23, 2016, a Saturday. Per the records, respondent filed her Motion for Reconsideration *via* registered mail on July 25, 2016, as evidenced by the registry receipt<sup>32</sup> and the Postmaster's Certification<sup>33</sup> dated September 26, 2017. Thus, there is no question that the Motion for Reconsideration was timely filed.

This is not to say, however, that the petition is totally bereft of merit. On the contrary, after a careful perusal of the records, the Court deems it necessary to revisit the issue on *whether petitioner was an innocent purchaser in good faith and for value*.

To be clear, questions of fact cannot ordinarily be entertained in a Rule 45 petition where the Court's jurisdiction is *limited* to reviewing and revising *errors of law* that might have been committed by the lower courts.<sup>34</sup> Nevertheless, as one of the *exceptions*<sup>35</sup> to this rule, the Court

<sup>30</sup> *Id.* at 88-89.

<sup>31</sup> See Motion for Reconsideration dated July 23, 2016, *id.* at 22.

<sup>32</sup> *Id.* at 181.

<sup>33</sup> *Id.* at 180.

<sup>34</sup> See *Far Eastern Surety and Insurance Co., Inc. v. People*, 721 Phil. 760, 770 (2013).

<sup>35</sup> The following are the exceptional circumstances that would compel the Supreme Court to review findings of fact of the Court of Appeals: (1) when the conclusion is a finding grounded entirely on speculation, surmises or conjectures; (2) when the interference made is manifestly absurd, mistaken or impossible; (3) when there is grave abuse of discretion in the appreciation of facts; (4)

may opt to review the factual findings of the CA in a Rule 45 proceeding when it appears that the assailed judgment is based on a *misapprehension of facts*, as in this case.

*Petitioner is an innocent purchaser in good faith and for value.*

*“An innocent purchaser for value is one who buys the property of another without notice that some other person has a right to or interest in it, and who pays a full and fair price at the time of the purchase or before receiving any notice of another person's claim.”<sup>36</sup>*

As a general rule, every person dealing with registered land, as in this case, may safely rely on the correctness of the certificate of title and the law will not, in any way, oblige him or her to go behind the certificate to determine the condition of the property.<sup>37</sup> Simply put, when a certificate of title is *clean and free from any encumbrance*, a potential buyer has every right to rely on the correctness of the certificate in making his or her purchase of real property.<sup>38</sup> In such cases, the buyer is often referred to as an innocent purchaser in good faith and for value.<sup>39</sup>

Conversely, the buyer will *not* be considered an innocent purchaser in good faith and for value *if* he or she had actual knowledge of a defect or the lack of title of the vendor over the property or anything on the title that would reasonably arouse suspicion, and he or she failed to inquire or take the necessary steps to ensure that there was no cloud on the title, right, or ownership of the property subject of the sale.<sup>40</sup>

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when the judgment is premised on a misapprehension of facts; (5) when the findings of fact are conflicting; (6) when the Court of Appeals, in making its findings, when beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee; (7) the findings of the Court of Appeals are contrary to those of the trial Court; (8) said findings of fact are conclusions without citation of specific evidence on which they are based; (9) the facts set forth in the petition as well as in the petitioners' main and reply briefs are not disputed by the respondents; and (10) the finding of fact of the Court of Appeals is premised on the supposed absence of evidence and is contradicted by the evidence on record. See *Remalante v. Tibe*, 241 Phil. 930, 935-936 (1988) and *Pascual v. Burgos, et al.*, 776 Phil. 167, 182-183 (2016). Citations omitted.

<sup>36</sup> *Rufloe, et al. v. Burgos, et al.*, 597 Phil. 261, 270 (2009).

<sup>37</sup> *Stilianopoulos v. Register of Deeds for Legaspi City*, G.R. No. 224678, July 3, 2018, 870 SCRA 215, 236.

<sup>38</sup> *Id.*

<sup>39</sup> See *The Register of Deeds of Negros Occidental, et al. v. Anglo, et al.*, 765 Phil. 714, 731 (2015), citing *Republic v. Court of Appeals*, 365 Phil. 522, 529 (1999).

<sup>40</sup> See *Sandoval v. CA*, 329 Phil. 48, 60-61 (1996) and *Heirs of Gregorio Lopez v. Development Bank*

Based on these considerations, the Court finds that the CA committed a serious error when it ruled that petitioner was not an innocent purchaser in good faith and for value.

A careful review of the records reveals that: *first*, title to the subject lot had already been transferred to Catalan's name under TCT No. T-58922 a couple of months prior to the sale of the property to petitioner; and *second*, at the time of the sale, the certificate of title did *not* bear any annotation of a lien or encumbrance on the subject lot.<sup>41</sup>

As the CA itself pointed out in its Amended Decision, respondent had caused an adverse claim to be annotated on the title of the subject lot *only* on May 12, 2010, or *eight days after the fact of sale of the property* to petitioner as evidenced by the Deed of Absolute Sale dated May 4, 2010 executed by Catalan (the seller) in the latter's favor.<sup>42</sup> In addition, the CA, too, observed that respondent had failed to present any sufficient proof that petitioner had actual knowledge of her ownership and possession of the subject lot at the time of the sale.<sup>43</sup>

Given these circumstances, it is quite obvious that petitioner is indeed a purchaser in good faith and for value in 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 subject property. Because the certificate of title to the property was clean and free of any encumbrance at the time of the sale, petitioner had every right to rely on the correctness of the title and she was under no legal obligation to go beyond the certificate and to conduct any further inquiry as to the condition of the property.

At this point, the case of *Cruz v. Court of Appeals*<sup>44</sup> is instructive, *viz.*:

*Where innocent third persons, relying on the correctness of the certificate of title thus issued, acquire rights over the property[,] the [C]ourt cannot disregard such rights and order the total cancellation of the certificate. The effect of such an outright cancellation would be*

*of the Phils.*, 747 Phil. 423, 440 (2014).

<sup>41</sup> *Rollo*, p. 138.

<sup>42</sup> *Id.* at 35.

<sup>43</sup> *Id.* at 19.

<sup>44</sup> 346 Phil. 506 (1997).



to impair the public confidence in the certificate of title, for everyone dealing with property registered under the Torrens system would have to inquire in every instance whether the title has been regularly or irregularly issued. This is contrary to the evident purpose of the law.<sup>45</sup>  
x x x (Italics supplied.)

Thus, petitioner, being an innocent purchaser in good faith and for value of registered land, holds an *indefeasible* title to the subject lot under the Torrens system.<sup>46</sup> The CA, therefore, committed another serious error when it ordered the Register of Deeds to cancel petitioner's title over the property under TCT No. 097-2010000326.

This does not mean, however, that respondent is without any recourse. Public policy, after all, dictates that those unjustly deprived of their rights over real property by reason of our registration laws must be afforded legal remedies.<sup>47</sup> In respondent's case, she may opt to file an action for compensation from the Assurance Fund<sup>48</sup> under Section 95<sup>49</sup> of Presidential Decree No. 1529, or the Property Registration Decree, given the registration of the subject lot in the name of an innocent purchaser in good faith and for value, which has rendered the loss or deprivation of the property *compensable*.<sup>50</sup>

**WHEREFORE**, the petition 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 **REVERSED** and **SET ASIDE**. Accordingly, the Decision dated May 31, 2016 of the Court of Appeals is hereby **REINSTATED**.

<sup>45</sup> *Id.* at 511-512.

<sup>46</sup> *Id.* 513.

<sup>47</sup> *Stilianopoulos v. Register of Deeds for Legaspi City*, *supra* note 37 at 237, citing *People v. Cainglet*, 123 Phil. 568, 573 (1968).

<sup>48</sup> “[T]he intent of the Assurance Fund is to *indemnify* the innocent original title holder for his property loss, which loss is attributable to not only the acts of a usurper but ultimately the operation of the Torrens System of registration which, by reasons of public policy, tilts the scales in favor of innocent purchasers for value.” See *Stilianopoulos v. Register of Deeds for Legaspi City*, *supra* note 37 at 248.

<sup>49</sup> Section 95. *Action for compensation from funds*. – A person who, without negligence on his part, sustains loss or damage, or is deprived of land or any estate or interest therein in consequence of the bringing of the land under the operation of the Torrens system or arising after original registration of land, through fraud or in consequence of any error, omission, mistake or misdescription in any certificate of title or in any entry or memorandum in the registration book, and who by the provisions of this Decree is barred or otherwise precluded under the provision of any law from bringing an action for the recovery of such land or the estate or interest therein, may bring an action in any court of competent jurisdiction for the recovery of damages to be paid out of the Assurance Fund.


<sup>50</sup> See *Stilianopoulos v. Register of Deeds for Legaspi City*, *supra* note 37 at 239-240.

**SO ORDERED.**

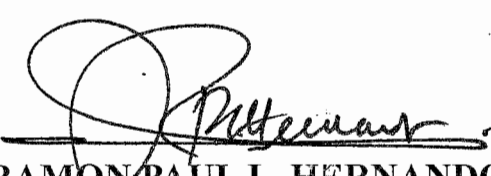


**HENRI JEAN PAUL B. INTING**  
*Associate Justice*

WE CONCUR:




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



**RAMON PAUL L. HERNANDO**  
*Associate Justice*




**SAMUEL H. GAERLAN**  
*Associate Justice*



**JHOSEP Y. LOPEZ**  
*Associate Justice*

**ATTESTATION**

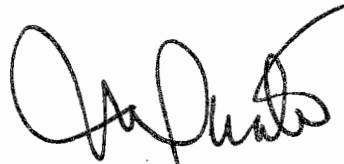
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**MARVIC M.V.F. LEONEN**  
*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.



**DIOSDADO M. PERALTA**  
*Chief Justice*

