



Republic of the Philippines
 Supreme Court
 Baguio City

THIRD DIVISION

REPUBLIC OF THE PHILIPPINES,
 REPRESENTED BY THE
 REGIONAL DIRECTOR OF THE
 DEPARTMENT OF EDUCATION,
 REGION II,

G.R. No. 225722

Petitioner,

- versus -

Present:

GRELINDA D. ESPEJO, MA.
 CAROLINA D. ESPEJO,
 GREGORIO V. ESPEJO, ROGER V.
 UMIPIG, ALMA V. UMIPIG,
 HELEN V. UMIPIG, CONSTANCE
 S. SALES, FAUSTINO LLANES,
 AND THE REGISTER OF DEEDS
 FOR THE PROVINCE OF
 ISABELA,

CAGUIOA, J.,
 Chairperson,
 INTING,
 GAERLAN,
 DIMAAMPAO, and
 SINGH, JJ.

Respondents.

Promulgated:
 April 26, 2023

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DECISION

GAERLAN, J.:

Before this Court is a Petition for Review on *Certiorari*¹ dated August 30, 2016 filed by the Republic of the Philippines (petitioner), through the Regional Director of the Department of Education, Region II, and represented by the Office of the Solicitor General (OSG), assailing the Decision² dated March 15, 2016 and the Resolution³ dated June 30, 2016 of the Court of Appeals (CA) in CA-G.R. CV No. 100085, which affirmed the

¹ Rollo, pp. 11-47.

² Id. at 51-80. Penned by Associate Justice Ramon Paul L. Hernando (now a Member of this Court), with Associate Justices Jose C. Reyes, Jr. (former Member of this Court) and Stephen C. Cruz, concurring.

³ Id. at 81-82.

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Decision⁴ dated October 25, 2012 of the Regional Trial Court (RTC) of Roxas, Isabela, Branch 23.

Factual Antecedents

The instant case arose from an Amended Complaint⁵ (complaint) for cancellation of titles, reconveyance of property, and damages filed by petitioner against Grelinda D. Espejo (Grelinda), Ma. Carolina D. Espejo (Carolina), Gregorio V. Espejo (Gregorio), Roger V. Umipig (Roger), Alma V. Umipig (Alma), Helen V. Umipig (Helen), Constance S. Sales (Constance), Faustino Llanes (Faustino), and the Register of Deeds for the Province of Isabela (collectively, the respondents). The complaint involved a controversy with respect to the ownership of three parcels of land located at Bantug, Roxas, Isabela.

To start, Transfer Certificate of Title (TCT) No. T-6849, covering Lot 1, Block 1, (LRC) Psd-192111 (Lot 1), registered under the name of Faustina Rubis (Rubis), encompassed three parcels of land, namely:

Lot 1 – 3,298.00 square meters [(sqm)]
Lot 2 – 10,000.00 [sqm]
Lot 3 – 1,990.00 [sqm]⁶

Tax Declaration No. R2-7104 dated July 2, 1974 was then issued under Rubis' name, referring to Lot 1.⁷ However, in order to conform with the correct area and boundaries of the lots, Subdivision Plan (LRC) Pcs-17849 (First Subdivision Plan) was secured and Lot 1 was further subdivided to three lots (Lot 1-A, Lot 1-B, and Lot 1-C), with the following specifics:

Lot 1-A – 439.50 [sqm]
Lot 1-B – 2,419.00 [sqm]
Lot 1-C – 439.50 [sqm]⁸

On a different note, TCT No. T-34972, covering Lot 5010-A (with an area of 5,693 sqm) and Lot 5010-C (with an area of 37,068 sqm) of Subdivision Plan (LRC) Psd-72964, under the name of Juancho Pascual (Pascual), cancelled a certain TCT No. T-19989.⁹

⁴ Id. at 138-158. Penned by Presiding Judge Bernabe B. Mendoza.

⁵ Id. at 92-109.

⁶ Id. at 52.

⁷ Id.

⁸ Id.

⁹ Id.

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TCT No. T-34972 had annotations such as: (1) Entry No. 579, which stated that a court-approved First Subdivision Plan dated June 20, 1975 was inscribed on June 9, 1977; and (2) Entry No. 582, which stated that Pascual sold to the Roxas Municipal High School (the School) 20,005 sqm, and hence, TCT No. T-105358 was issued and inscribed on June 9, 1977.¹⁰

Going back to Rubis, on December 16, 1974, she executed a Deed of Donation of Registered Land¹¹ (Deed of Donation) in favor of the School, which was represented by then Mayor Inocencio Uy (Mayor Uy). The Deed of Donation covered a 2,414-sqm portion of Lot 1 in TCT No. T-6849. In view of this donation, the Municipal Council of Roxas, Isabela, awarded a Certificate of Appreciation dated April 27, 1975 to Rubis. Notably, one of the respondents in this case, respondent Gregorio, signed the Certificate of Appreciation, which was awarded to Rubis, in his capacity as one of the councilors of the Municipality of Roxas.¹²

On this note, petitioner alleged that, notwithstanding the donation, Rubis' daughter, Felisa Vidal vda. De Umipig (Felisa), successfully acquired Lot 1, covered by TCT No. T-6849, sometime in June 1979. Afterwards, she sold a portion of the property to respondent Faustino in June 1979.¹³

On the other hand, respondents asserted that Felisa inherited Lot 1-A and Lot 1-B, described above, as Rubis' heir.¹⁴ Felisa then sold Lot 1-B supposedly with an area of 439.50 sqm to respondent Faustino.¹⁵ Afterwards, respondent Faustino requested and secured Subdivision Plan with Psd-2-02-018136 (Second Subdivision Plan), which was subsequently approved on March 12, 1984. Under the Second Subdivision Plan, Felisa owned Lot 1-A (with an area of 439.5 sqm), while respondent Faustino owned Lot 1-B (supposedly with an area of 439.5 sqm). However, it did not indicate the owner of Lot 1-C (supposedly with an area of 2,419 sqm).¹⁶

From the above, it can be gleaned that the First and the Second Subdivision Plans differ in terms of the designation and the area of the lots. Under the First Subdivision Plan, the lot donated by Rubis to the School was designated as Lot 1-B. However, in the Second Subdivision Plan, the 2,419-sqm lot was designated as Lot 1-C.

¹⁰ Id.

¹¹ Id. at 112.

¹² Id. at 53.

¹³ Id.

¹⁴ Id. at 53-54.

¹⁵ Id. at 54.

¹⁶ Id.

To make matters more complex, apparently, another TCT – TCT No. T-143478 – covered Lot 1. TCT No. 143478 was entered in the records of the Register of Deeds on April 22, 1983 under the name of Rubis, which in turn, cancelled TCT No. T-6849.¹⁷

According to an inscription in TCT No. T-143478, specifically Entry No. 1285, Rubis sold the lot to Felisa on June 9, 1979. It was also annotated in TCT No. T-143478 that Felisa sold a 439.50-sqm portion of the lot to respondent Faustino. Further, the Second Subdivision Plan secured by respondent Faustino was, likewise, annotated in TCT No. T-143478 under Entry No. 280.¹⁸

In this regard, petitioner alleged that prior to the approval of the Second Subdivision Plan, and in order to make it appear that Felisa was ratifying Rubis' donation to the School, Felisa executed a Deed of Donation dated January 23, 1984. The said document provided that Felisa was donating Lot 1-C (with an area of 2,419 sqm based on the Second Subdivision Plan) to the School. However, petitioner insisted that the lot which Felisa donated – Lot 1-C under the Second Subdivision Plan has a different area, technical description, and boundaries as that of what Rubis actually donated to the School (a lot with an area of 2,414 sqm; Lot 1-B under the First Subdivision Plan).¹⁹

Because of this supposed disparity, the Municipality of Roxas filed an adverse claim over a 2,414-sqm portion of land covered by TCT No. T-143478. This adverse claim was recorded in TCT No. T-143478 as Entry No. 2336.²⁰ In connection to this, Tax Declaration No. 26-13313 was issued under the School's name, noting the area of 2,414 sqm, as well as Rubis' donation. Another Tax Declaration – Tax Declaration No. 26-13312 – was, likewise, issued under the School's name, pertaining to the 20,005 sqm sold to it by Pascual, which was declared for the first time by virtue of TCT No. T-105358.²¹

The Municipality of Roxas, likewise, caused a Notice of Lis Pendens to be recorded on TCT No. T-143478 when it filed Special Proceeding No. 3 before the RTC of Roxas, Isabela, Branch 23. Nevertheless, on December 26, 1985, the RTC issued a Decision,²² stating that the Municipality of Roxas and Felisa entered into a Compromise Agreement,²³ whereby it was

¹⁷ Id.

¹⁸ Id.

¹⁹ Id.

²⁰ Id. at 55.

²¹ Id. at 55.

²² Id. at 117.

²³ Id. at 118-119.

stated that upon the Municipality of Roxas' payment of ₱2,500.00, Felisa would surrender the title of the lot so that it could register the Deed of Donation and secure the title in its name.²⁴

Significantly, the Decision of the RTC on the Compromise Agreement was recorded on TCT No. T-143478 on April 7, 1986 under Entry No. 4310.²⁵

Both Felisa and respondent Faustino then executed Deeds of Conveyance and Waiver in favor of the School, reconveying the land covered by TCT No. 143478. Both actions were recorded on TCT No. T-143478 as Entry Nos. 4308 and 4309 on April 7, 1986. Thus, TCT No. T-143478 was cancelled and TCT No. T-163373 was issued in the name of the School.²⁶

Notably, TCT No. T-163373 was supposed to reflect that Rubis donated 2,414 sqm to the School, and that the remaining area of 884 sqm was being used as a road lot. However, as averred by petitioner, the Register of Deeds failed to segregate from TCT No. T-143478 the 884-sqm lot from the 2,414 sqm covered by TCT No. T-163373.²⁷

Meanwhile, on January 22, 1993, Mayor Uy executed a Deed of Conveyance, stating therein that in view of the School's nationalization, there is a need to transfer the certificates of title over the subject properties in favor of the Department of Education, Culture, and Sports – Roxas National Highschool. Pertinently, in the Deed of Conveyance, the School was represented by respondent Constance, as the General Secondary School Principal II.²⁸

As a result of the School's consolidation of titles, TCT No. T-214109 was issued, cancelling TCT No. T-143478 and TCT No. 105358. To be precise, TCT No. T-214109 covered the 20,005 sqm lot (sold by Pascual to the School, and covered by TCT No. 105358), and the 2,414-sqm lot (donated by Rubis and covered by TCT No. T-143478). Curiously, another copy of TCT No. T-214109 was entered into the records of the Register of Deeds under the name of the School. However, this time, it cancelled TCT No. T-163373 and TCT No. T-105358. A Relocation Plan with an area of 2,414 sqm was then surveyed for the School based on TCT No. T-214109.²⁹

²⁴ Id. at 55.

²⁵ Id.

²⁶ Id. at 55-56.

²⁷ Id. at 56.

²⁸ Id.

²⁹ Id. at 56-57.

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Thereafter, it was discovered that sometime in 1995, respondent Constance (for the School), respondent Faustino, and Felisa – while using the Second Subdivision Plan, and capitalizing on the non-segregation from TCT No. T-143478 of the 2,414-sqm lot described in TCT No. T-163373 – executed Joint-Affidavits of Conformity, stating therein that they agree to cause the subdivision of the lots under the Second Subdivision Plan.³⁰ Pursuant thereto, respondent Constance executed a Deed of Reconveyance and Waiver of Rights dated May 25, 1995, wherein she reconveyed Lots 1-A and Lot 1-B of the Second Subdivision Plan back to Felisa and respondent Faustino. Notably, this reconveyance was recorded on May 31, 1995 in TCT No. T-143478 under Entry No. 281.³¹ In other words, because of the Deed of Reconveyance and Waiver of Rights, Lot 1-A was reconveyed to Felisa and Lot 1-B was reconveyed to respondent Faustino.

Felisa then secured TCT No. T-239833, covering Lot 1-A (with an area of 439.50 sqm) based on the Second Subdivision Plan, while respondent Faustino secured TCT No. T-239832, covering Lot 1-B (with an area of 439.50 sqm) based on the Second Subdivision Plan.³² TCT No. T-214109 (registered under the name of the School and covering the 20,005-sqm land sold by Pascual, and the 2,414-sqm lot donated by Rubis) was, likewise, cancelled, and TCT No. T-239834 was issued. Eventually, respondent Faustino sold Lot 1-B covered by TCT No. T-239832 to respondent Carolina, who, in turn, obtained a title in her name, particularly TCT No. T-250138.³³

Thus, in summary: (1) Lot 1-A (with an area of 439.50 sqm) based on the Second Subdivision Plan was registered under the name of Felisa under TCT No. T-239833; (2) Lot 1-B (with an area of 439.50 sqm) based on the Second Subdivision Plan was registered under the name of respondent Carolina under TCT No. T-250138; and (3) Lot 1-C (with an area of 2,419 sqm) based on the Second Subdivision Plan, was still registered under the name of the School, and covered by TCT No. T-239834.

Notably, Lot 1-C (with an area of 2,419 sqm), which was covered by TCT No. T-239834, was further subdivided into two lots – Lot 1-C-1 with an area of 1,640 sqm and Lot 1-C-2 with an area of 779 sqm.³⁴

After Felisa's death, her three children, namely respondents Roger, Alma, and Helen (collectively, the Umipigs), inherited Lot 1-A based on the Second Subdivision Plan. Thereafter, the Umipigs executed a Deed of Extra-

³⁰ Id. at 58.

³¹ Id. at 59.

³² Id. at 60.

³³ Id.

³⁴ Id. at 59-60.

Judicial Settlement to make it appear that Lot 1-A was being waived in favor of respondent Roger, who in turn, sold the same to respondent Gregorio. Such sale was embodied in a Deed of Absolute Sale dated July 3, 1995. Because of such sale, TCT No. T-239833 was cancelled, and TCT No. T-241939 was issued in the name of respondent Gregorio.³⁵

Considering all these events, petitioner maintained that respondent Gregorio could not acquire any valid title over Lot 1-A based on the Second Subdivision Plan because he knew that Lot 1 comprised on petitioner's property, which contains an area of 2,414 sqm, and a road lot, which contains 884 sqm. Petitioner emphasized that respondent Gregorio, in his capacity as councilor of the Municipality of Roxas, signed the Certificate of Appreciation, which was awarded to Rubis when she donated the 2,414 sqm property in favor of the School.³⁶ Moreover, petitioner alleged that respondent Constance, in connivance with the Umipigs, caused it to appear that the School's property – Lot-B under the First Subdivision Plan – is composed of two lots, namely Lot 1-C-1 and Lot 1-C-2, with a total area of 2,419.³⁷

To make matters worse, apparently, on April 10, 1996, respondent Constance, as Principal of the School, executed a Deed of Reconveyance in favor of the Umipigs, reconveying unto them a parcel of land with an area of 1,640 sqm, identified as Lot 1-C-1. On this note, petitioner argued that such document was executed without authority, considering that respondent Constance, being the School's Principal, has no authority to dispose of real property owned by the School.³⁸

TCT No. 239834, covering Lot 1-C, was then cancelled, and TCT No. T-255233 (covering Lot 1-C-1 based on the Second Subdivision Plan) was then issued in the name of the Umipigs. Thereafter, the Umipigs sold Lot 1-C-1, covered by TCT No. T-255233, to respondent Gregorio's daughters, namely, respondents Grelinda and Carolina (collectively, Espejos), as evidenced by a Deed of Absolute Sale dated July 15, 1996. TCT No. 256435 was then issued in the name of the Espejos.³⁹

From the above, it can be surmised that the subject properties (except Lot 1-C-2, with an area of 779 sqm, which is supposedly a road lot) are now owned by respondent Gregorio and the Espejos, considering that:

³⁵ Id. at 60-61.

³⁶ Id. at 61.

³⁷ Id.

³⁸ Id. at 62.

³⁹ Id. at 63.

1. Lot 1-A (with an area of 439.50 sqm) based on the Second Subdivision Plan, was registered under the name of respondent Gregorio, under TCT No. T-241939, after he bought the same from respondent Roger;
2. Lot 1-B (with an area of 439.50 sqm) based on the Second Subdivision Plan, was registered under the name of respondent Carolina under TCT No. T-250138, after she bought the same from respondent Faustino; and
3. Lot 1-C-1 (with an area of 1,640 sqm) based on the Second Subdivision Plan, was registered under the names of the Espejos under TCT No. 256435, after they bought the same from the Umipigs.

In this regard, the Espejos stated that they were able to take physical possession of the three parcels of land after they paid consideration to some of the heirs of Felisa who were currently residing therein. Such heirs executed a Quitclaim and Waiver of Rights dated April 19, 2006, wherein they acknowledged that the Umipigs owned the said properties, which were subsequently validly sold and transferred in favor of the Espejos.⁴⁰ Further, the Espejos and the rest of respondents argued that the School was never in actual possession of the three parcels of land, considering that these are outside of the concrete fence and actual occupation of the School.⁴¹

Aggrieved by all these events, the School, through the OSG, filed the complaint before the RTC.

During trial, the Espejos (who, to reiterate, are now the registered owners of the three parcels of land) emphasized that they validly acquired ownership over the three parcels of land because they are buyers in good faith and for value.

Specifically, they maintained that they bought the three parcels of land from the registered owners of the same, and that the TCTs presented to them did not contain any adverse claims or encumbrances. Nevertheless, before buying the parcels of land, they made inquiries with the Register of Deeds, the Fiscal and the Zoning Officer in the area. Moreover, they did an ocular inspection of the properties and found that the same were outside the School's fenced perimeter, and are actually around 100-200 meters away from the fence. They also inquired with a former Principal of the School,

⁴⁰ Id.

⁴¹ Id.

Luz Dayag, who told them that the donated property in favor of the School was already enclosed inside the fenced perimeter. This was confirmed by the Zoning Officer who stated that the lot donated by Rubis was already included in the fenced perimeter. Finally, the Espejos emphasized that when they acquired physical possession of the three parcels of land, they gave consideration to the occupants of the same, who recognized that the properties were owned by the Umipigs, and not the School.⁴²

Other witnesses also corroborated the Espejos' claims. Specifically, Romeo Llanes (respondent Faustino's son) testified that when his father bought Lot 1-B from Felisa, there were no other persons thereat. He also stated that the property is around 100 meters away from the fenced perimeter.⁴³

Ruling of the Regional Trial Court

On October 25, 2012, the RTC rendered its Decision,⁴⁴ ruling, among others, that the Espejos' titles over the three parcels of land are valid, to wit:

WHEREFORE, a judgment is hereby rendered, as follows:

- (a) **DISMISSING** the Amended Complaint;
- (b) **DECLARING** Transfer Certificate of Title (TCT) No. T-256435, issued in favor of Grelinda Espejo and Ma. Carolina Espejo **VALID** and **DECLARING** the 1,640-square meter parcel of land described therein as owned by them;
- (c) **DECLARING** TCT No. T-241939 issued in favor of Gregorio Espejo **VALID** and **DECLARING** the [439.50]-square meter parcel of land described therein as owned by him;
- (d) **DECLARING** TCT No. T-250138 issued in favor of Ma. Carolina Espejo **VALID** and **DECLARING** the [439.50]-square meter parcel of land described therein as owned by her;

x x x x⁴⁵ (Emphases in the original)

In ruling in favor of the Espejos, the RTC proclaimed that they were buyers in good faith, considering that at the time the conveyances were made, the vendors were the registered owners of the lots, and their

⁴² Id. at 68-69.

⁴³ Id. at 69.

⁴⁴ Id. at 138-158.

⁴⁵ Id. at 157-158.

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respective titles did not have any affidavit of adverse claim. Accordingly, the Espejos were not duty-bound to go beyond the titles of the vendors.⁴⁶

Ruling of the Court of Appeals

Aggrieved, the petitioner elevated the case before the CA. In its Appellant's Brief⁴⁷ dated June 14, 2013, petitioner primarily argued that the RTC erred when it ruled that: (1) the Espejos were buyers in good faith; and (2) TCT Nos. T-256435, T-241939, and T-250138 are valid.⁴⁸

However, on March 15, 2016, the CA rendered its Decision,⁴⁹ denying petitioner's appeal, to wit:

WHEREFORE, the present Appeal is hereby **DENIED**. The assailed *Decision* dated October 25, 2012 of the Regional Trial Court, Branch 23, of Roxas, Isabela in Civil Case No. 23-538-97, is hereby **AFFIRMED**.⁵⁰ (Emphases and italic in the original)

In denying petitioner's appeal, the CA first noted that there is indeed confusion with respect to the titles held by the Espejos. The CA ratiocinated that such confusion stemmed from the conflicting subdivision plans, which were greatly instrumental in the issuance of the said TCTs. Further, the CA stated that an evaluation of the facts and circumstances in the case would reveal that there were various irregularities, especially when Felisa entered into the picture. Nonetheless, the CA still considered all the events that transpired and the means by which the Espejos acquired titles to the three parcels of land.⁵¹

In this regard, the CA found that the sole issue that should be resolved was whether the Espejos should be considered buyers in good faith. To this, the CA answered in the affirmative, considering that the Espejos employed sufficient measures before buying the said lots. As noted by the CA:

x x x They looked into their predecessors' titles which clearly had **no annotations pertaining to adverse claims**. Withal, it was never alleged that the Espejos encountered TCT No. T-143478 which had annotations referring to the lots in questions, since **that was not the title which were registered under the names of the Umipigs and Llanes**. Since the titles of Llanes and the Umipigs did not reflect circumstances surrounding the

⁴⁶ Id. at 155-157.

⁴⁷ Id. at 166-198.

⁴⁸ Id. at 170-171.

⁴⁹ Id. at 51-80.

⁵⁰ Id. at 80.

⁵¹ Id. at 76.

lots in question just like it appeared in TCT No. T-143478, **the Espejos could not have been certainly notified of the alleged irregularities. Nevertheless, the Espejos made inquiries with the Register of Deeds, the Fiscal, and the Zoning Officer, including the occupants or settlers on the property.** They conducted an **ocular inspection** wherein they ascertained the location and the current state of the lots. By doing so, they discovered that the lots were swampy and beyond the fenced perimeter of the School. They even made improvements thereon by filling the lots. On top of that, they paid a consideration for the purchase of the lots, negating the possibility that there was a simulated sale. Hence, **if ever Llanes or the Umipigs employed fraud or machination in the sale of the lots, the Espejos were not privy to the same as can be gleaned from the records and the testimonies.**

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Thus, it has been settled that a **title is indefeasible in the hands of an innocent purchase[r] for value, despite the infirmity in the title of the previous holder of the title.** To reiterate, “[T]he indefeasibility of a Torrens title as evidence of lawful ownership of the property protects buyers in good faith who rely on what appears on the face of the said certificate of title. Moreover, a potential buyer is charged with notice of only the burdens and claims annotated on the title.”

Accordingly, this Court has resolved to affirm the ruling of the court *a quo* in that based on preponderant evidence, Defendants-Appellees were purchasers in good faith and for value given that **they employed diligence in ascertaining if the subject lots had irregularities or adverse claims.** As the trial court held, “[T]here is no doubt that at the time [at that time], the assailed sales or conveyances were perfected, the vendors were all the registered owners thereof, and their respective certificates of [title] did not contain and affidavit of adverse claim, and the Espejos are not duty-bound to go beyond the titles of the sellers; hence, when the Espejos purchased for value of [sic] Lot 1-A, 1-B, and 1-C-1, they are deemed to be buyers in good faith. When a property is covered by a title under the Torres system, the buyer is not expected to look beyond what is stated on the face of the title.”⁵² (Emphases supplied; citations omitted)

On April 12, 2016, petitioner filed its Motion for Reconsideration,⁵³ but the same was denied by the CA in its Resolution⁵⁴ dated June 30, 2016.

The Instant Petition

Aggrieved, petitioner filed the instant petition,⁵⁵ raising the following arguments:

⁵² Id. at 77-79.

⁵³ Id. at 83-91.

⁵⁴ Id. at 81-82.

⁵⁵ Id. at 11-47.

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I.

PREFATORILY, THE FINDINGS OF THE COURT OF APPEALS ARE CONTRARY TO THE ADMISSIONS OF THE RESPONDENTS; HENCE, THIS HONORABLE COURT SHOULD INQUIRE INTO THE ERRONEOUS CONCLUSIONS OF FACT MADE BY THE COURT OF APPEALS.

II.

RESPONDENTS' PREDECESSORS-IN-INTEREST, CONSTANCE SALES, FAUSTINO LLANES, ROGER UMIPIG, HELEN UMIPIG AND ALMA UMIPIG, HAVE NO TRANSMISSIBLE RIGHTS OF OWNERSHIP WHEN THEY SOLD THE SUBJECT LOTS TO RESPONDENTS GREGORIO V. ESPEJO, GRELINDA D. ESPEJO AND MA. CAROLINA D. ESPEJO.

III.

RESPONDENTS GREGORIO V. ESPEJO, GRELINDA D. ESPEJO AND MARIA CAROLINA D. ESPEJO WERE NOT PURCHASERS IN GOOD FAITH AND FOR VALUE AND CONSEQUENTLY, THE TRANSFER CERTIFICATES OF TITLE NOS. T-256435, T-241939 AND T-250138, WITH SUBDIVISION PLANS Psd-02-056946 and Psd-02-01836 ARE NOT VALID.

IV.

PETITIONERS ARE ENTITLED TO DAMAGES.⁵⁶

Meanwhile, on September 12, 2017, the Espejos filed their Comment,⁵⁷ praying for the denial of the petition, considering that the issues raised therein are questions of fact, which is beyond the scope of a Rule 45 petition. Moreover, the Espejos argued that while petitioner contended that the case falls within the exceptions in which the Court may review factual issues, a perusal of the petition reveals that petitioner's contention – that the findings of the CA are contrary to the admission of the parties – lacks basis and is actually contrary to the evidence on record. Thus, the Espejos argued that there was no disparity between the findings of both the RTC and the CA and the evidence in the case.⁵⁸

Respondent Faustino, likewise, filed his Comment⁵⁹ dated September 24, 2018, where he echoed the Espejos' contention that the petition must be denied because it raised questions of fact.⁶⁰

⁵⁶ Id. at 22.

⁵⁷ Id. at 411-420.

⁵⁸ Id. at 413-414.

⁵⁹ Id. at 431-436.

⁶⁰ Id. at 435-436.

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The Court's Ruling

The petition is meritorious.

At the outset, it must be emphasized that the Court is not a trier of facts. In *Microsoft Corp. v. Farajallah*,⁶¹ the Court succinctly held:

This Court is not a trier of facts. As a general rule, we defer to the lower courts' appreciation and evaluation of evidence. x x x⁶²

Similarly, in *Republic v. Barcelon*,⁶³ the Court declared:

This Court is not a trier of facts and questions of fact are beyond the scope of the judicial review of this Court under Rule 45. Moreover, factual findings of the trial court, when affirmed by the CA, are conclusive upon this Court. x x x⁶⁴

Nonetheless, there are exceptions to this general rule. In *Bernas v. The Estate of Yu Han Yat*,⁶⁵ the Court aptly discussed:

It is true that, as a general rule, the Court is not a trier of facts, and that petitions under Rule 45 of the Rules of Court should only raise questions of law. This rule, however, is subject to the following exceptions:

- (1) the conclusion is grounded on speculations, surmises or conjectures;
- (2) the inference is manifestly mistaken, absurd or impossible;
- (3) there is grave abuse of discretion;
- (4) **the judgment is based on a misapprehension of facts;**
- (5) the findings of fact are conflicting;
- (6) there is no citation of specific evidence on which the factual findings are based;
- (7) the findings of absence of fact are contradicted by the presence of evidence on record;

⁶¹ 742 Phil. 775 (2014).

⁶² Id. at 785.

⁶³ G.R. No. 226021, July 24, 2019.

⁶⁴ Id.

⁶⁵ 838 Phil. 710 (2018).

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- (8) the findings of the CA are contrary to those of the trial court;
- (9) the CA manifestly overlooked certain relevant and undisputed facts that, if properly considered, would justify a different conclusion;
- (10) the findings of the CA are beyond the issues of the case; and
- (11) such findings are contrary to the admissions of both parties.⁶⁶
(Emphasis supplied; underscoring and citations omitted)

In this case, and as will be further discussed below, the Court finds that there is a misapprehension of facts, which warrants the Court's review of the factual findings of the CA.

The Espejos are not innocent purchasers for value; they were constructively notified of the adverse claims and encumbrances of the subject properties.

It is undisputed that there were various irregularities which attended the issuance of the TCTs, especially when Felisa came into the picture. Nevertheless, the CA opined that when ownership of the properties passed to the Umipigs (as heirs of Felisa) and respondent Faustino (after buying Lot 1-B from Felisa), valid titles over the subject properties were secured.

The Court disagrees.

Indeed, as discussed above, the titles presented to the Espejos did not contain any encumbrances or any indication that there were adverse claims over the properties. Thus, respondent Roger (for Lot 1-A), and respondent Faustino (for Lot 1-B) were able to sell and transfer ownership of the same to the Espejos. There was, likewise, no showing that the Espejos ever encountered TCT No. T-143478 (the TCT registered under the name of the School containing all the annotations). Consequently, the Espejos claim that they could not have known about any of irregularities as regards the ownership of the three parcels of land because the TCTs presented to them when they bought the parcels of land did not contain any annotations.

However, the Espejos conveniently forget that even if they did not personally encounter TCT No. T-143478, they are charged with constructive notice of all the encumbrances and annotations affecting their title.

⁶⁶ Id.

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Section 52 of the Property Registration Decree provides that “[e]very conveyance, x x x instrument or entry affecting registered land shall, if registered, filed or entered in the office of the Register of Deeds x x x, be constructive notice to all persons from the time of such registering, filing or entering.” Further, in *Garcia v. Court of Appeals*,⁶⁷ the Court explained:

As stressed in *Legarda and Prieto vs. Saleeby*, 31 Phil. 590, 600, “the record is notice to all the world. All persons are charged with the knowledge of what it contains. All persons dealing with the land so recorded, or any portion of it, must be charged with notice of whatever it contains. The purchaser is charged with notice of every fact shown by the record and is presumed to know every fact which the record discloses.”

“When a conveyance has been properly recorded, **such record is constructive notice of its contents and all interests, legal and equitable, included therein.**” “Under the rule of notice, **it is presumed that the purchaser has examined every instrument of record affecting the title. Such presumption is irrefutable. He is charged with notice of every fact shown by the record and is presumed to know every fact which an examination of the record would have disclosed**” (*Legarda and Prieto vs. Saleeby, supra*, page 600).⁶⁸ (Emphasis supplied)

In fact, in *Armed Forces and Police Mutual Benefit Association, Inc. v. Santiago*,⁶⁹ the Court reiterated that:

Constructive notice is also created upon registration of every conveyance, mortgage, lease, lien, attachment, order, judgment, instrument or entry affecting registered land.

x x x x

Respondent cannot be considered an innocent purchaser for value. Under the rule of notice, **it is presumed that the purchaser has examined every instrument of record affecting the title. Such presumption is irrebuttable. He is charged with notice of every fact shown by the record and is presumed to know every fact shown by the record and to know every fact which an examination of the record would have disclosed. This presumption cannot be overcome by proof of innocence or good faith.** Otherwise, the very purpose and object of the law requiring a record would be destroyed. Such presumption cannot be defeated by proof of want of knowledge of what the record contains any more than one may be permitted to show that he was ignorant of the provisions of the law. The rule that all persons must take notice of the facts which the public record contains is a rule of law. The rule must be absolute; any variation would lead to endless confusion and useless litigation. x x x.⁷⁰ (Emphasis supplied; citations omitted)

⁶⁷ 184 Phil. 358 (1980).

⁶⁸ Id.

⁶⁹ 578 Phil. 609 (2008).

⁷⁰ Id.

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Thus, applying the foregoing pronouncements, it is clear that there exists an irrefutable and irrebuttable presumption on the part of the Espejos that they were constructively notified of the earlier conveyances involving the subject properties, despite not personally encountering TCT No. T-143478. What is more, this irrefutable and irrebuttable constructive notice also means that the Espejos were also charged with knowledge of respondent Constance's lack of authority to execute the Deeds of Conveyances in favor of the Umipigs and respondent Faustino.

Likewise, it must be recalled that when respondent Constance executed the Deeds of Reconveyance in 1995 and 1996, the School was already nationalized. Under the Administrative Code of 1987,⁷¹ specifically Book I, Chapter 12 (Public Contracts and Conveyances), the official authorized to convey real property belonging to the Republic of the Philippines, but titled in the name of a government agency or instrumentality, is the executive head of such agency or instrumentality. Moreover, deeds of conveyances must be approved by the governing board or council of the said agency of instrumentality. Thus, Sections 48 and 51 of the aforesaid law provide:

Section 48. Official Authorized to Convey Real Property. – Whenever real property of the Government is authorized by law to be conveyed, the deed of conveyance shall be executed in behalf of the government by the following:

- (1) For property belonging to and titled in the name of the Republic of the Philippines, by the President, unless the authority therefor is expressly vested by law in another officer.
- (2) For property belonging to the Republic of the Philippines but titled in the name of any political subdivision or of any corporate agency or instrumentality, **by the executive head of the agency or instrumentality.**

Section 51. Execution of Contracts. – (1) Contracts in behalf of the Republic of the Philippines shall be executed by the President unless authority therefor is expressly vested by law or by him in any other public officer.

(2) Contracts in behalf of the political subdivisions and corporate agencies or instrumentalities shall be **approved by their respective governing boards or councils and executed by their respective executive heads.** (Emphases supplied)

⁷¹ Executive Order No. 292.

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Here, there is no question that the Deeds of Reconveyance were executed on behalf of the School only by respondent Constance. Being executed without authority, the same are, thus, unenforceable and not binding on the School, in accordance with Article 1317 of the Civil Code.⁷²

Verily, the Espejos cannot claim ignorance of the annotations found in TCT No. T-143478 and the lack of authority of respondent Constance. Being constructively notified thereof, the Espejos cannot be considered as innocent purchasers for value, and the Court cannot allow the rights of the Espejos to prevail over the rights of the School.

The School has a superior right over the subject properties.

Even if the Court was to assume that the Espejos are innocent purchasers for value (they are not), the School would still have a superior right over the subject properties.

In *Spouses Bautista v. Spouses Jalandoni*,⁷³ the Court declared that when the registered owner is not guilty of negligence, then such owner has a better right over a purchaser or mortgagee in good faith:

Where the owner, however, **could not be charged with negligence in the keeping of its duplicate certificates of title or with any act which could have brought about the issuance of another title relied upon by the purchaser or mortgagee for value, then the innocent registered owner has a better right over the mortgagee in good faith.** For “the law protects and prefers the lawful holder of registered title over the transferee of a vendor bereft of any transmissible rights.”

In the case of *C.N. Hodges v. Dy Buncio & Co., Inc.*, which was relied upon by the Court in the cases of *Baltazar v. Court of Appeals*, *Torres v. Court of Appeals*, and in the more recent case of *Sanchez v. Quinio*, the Court held that:

The claim of indefeasibility of the petitioner’s title under the Torrens land title system would be correct if previous valid title to the same parcel of land did not exist. **The respondent had a valid title . . . It never parted with**

⁷² Article 1317. No one may contract in the name of another without being authorized by the latter, or unless he has by law a right to represent him.

A contract entered into in the name of another by one who has no authority or legal representation, or who has acted beyond his powers, shall be unenforceable, unless it is ratified, expressly or impliedly, by the person on whose behalf it has been executed, before it is revoked by the other contracting party.

⁷³ 722 Phil. 144 (2013).

it; it never handed or delivered to anyone its owner's duplicate of the transfer certificate of title; **it could not be charged with negligence** in the keeping of its duplicate certificate of title or with any act which could have brought about the issuance of another certificate upon which a purchaser in good faith and for value could rely. If the petitioner's contention as to indefeasibility of his title should be upheld, then registered owners without the least fault on their part could be divested of their title and deprived of their property. Such disastrous results which would shake and destroy the stability of land titles had not been foreseen by those who had endowed with indefeasibility land titles issued under the Torrens system. (Emphases supplied)

Thus, in the case of *Tomas v. Philippine National Bank*, the Court stated that:

We, indeed, find more weight and vigor in a doctrine which recognizes a better right for the innocent original registered owner who obtained his certificate of title through perfectly legal and regular proceedings, than one who obtains his certificate from a totally void one, as to prevail over judicial pronouncements to the effect that one dealing with a registered land, such as a purchaser, is under no obligation to look beyond the certificate of title of the vendor, for in the latter case, good faith has yet to be established by the vendee or transferee, being the most essential condition, coupled with valuable consideration, to entitle him to respect for his newly acquired title even as against the holder of an earlier and perfectly valid title.

Similarly, Spouses Jalandoni had not been negligent in any manner and indeed had not performed any act which gave rise to any claim by a third person. As a matter of fact, Spouses Jalandoni never relinquished their title over the subject lots. They had in their possession the owner's duplicate of title all this time and they never handed it to anyone. Imagine their surprise when they learned that the copy of their certificates of title with the Registry of Deeds had been cancelled and new ones issued in the names of Spouses Bautista. Thus, whatever rights MCC may have acquired over the subject lots cannot prevail over, but must yield to the superior rights of Spouses Jalandoni as no one can acquire a better right that the transferor has.⁷⁴ (Citations omitted)

From the foregoing disquisitions, it is evident that the right of a registered owner, when not guilty of any fault or negligence, prevails over a purchaser or mortgagee in good faith.

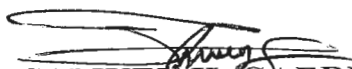
⁷⁴ 722 Phil. 144 (2013).

Here, the School committed neither fault nor negligence when respondent Constance illegally, and without authority, executed the Deeds of Reconveyance in favor of the Umipigs and respondent Faustino. Still, even assuming *arguendo* that there was negligence on the part of the School, such negligence would not be binding because the State is not bound by the omissions, mistakes, or errors of its officials or agents.⁷⁵ That the School never took possession of the subject properties or that it took a few years before the School instituted the instant case is irrelevant because in cases involving registered land, estoppel may be invoked against the State only by an innocent purchaser for value⁷⁶ – which, to reiterate, the Espejos are not.

All things considered, it is manifestly clear that the Espejos did not validly acquire ownership over the subject properties because they are not innocent purchasers for value. This means that the School's right and title over the subject properties prevail.

WHEREFORE, the Petition for Review on *Certiorari* dated August 30, 2016 is **GRANTED**. The Decision dated March 15, 2016 and the Resolution dated June 30, 2016 of the Court of Appeals in CA-G.R. CV No. 100085, which affirmed the Decision dated October 25, 2012 of the Regional Trial Court of Roxas, Isabela, Branch 23 are **REVERSED** and **SET ASIDE**. TCT No. T-241939, in the name of Gregorio Espejo, TCT No. T-250138, in the name of Ma. Carolina Espejo, and TCT No. 256435, in the names of Grelinda Espejo and Ma. Carolina Espejo, are declared **NULL** and **VOID**. The titles of their predecessors-in-interest, specifically, Roger V. Umipig, Alma V. Umipig, Helen V. Umipig and Faustino Llanes are, likewise, declared **NULL** and **VOID**. The Register of Deeds for the Province of Isabela is hereby **ORDERED** to issue new titles in favor of Roxas National High School.

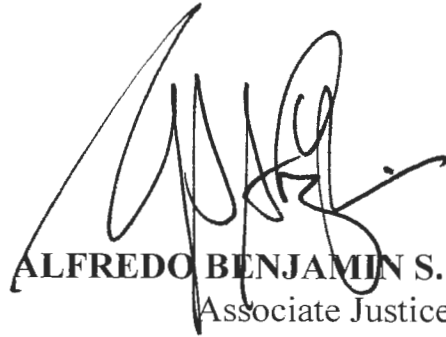
SO ORDERED.


SAMUEL H. GAERLAN
Associate Justice


⁷⁵ *Belizario v. Department of Environment and Natural Resources*, G.R. No. 231001, March 24, 2021.

⁷⁶ See *Republic v. Sundiam*, G.R. No. 236381, August 27, 2020.


WE CONCUR:



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice



HENRI JEAN PAUL B. INTING
Associate Justice



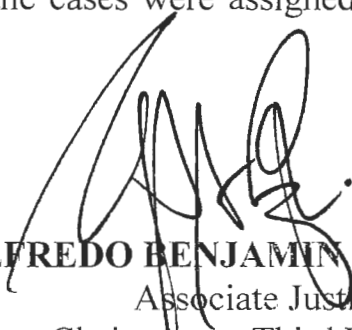
JAPAR B. DIMAAMPAO
Associate Justice



MARIA FILOMENA D. SINGH
Associate Justice

ATTESTATION

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



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice
Chairperson, Third Division



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.


ALEXANDER G. GESMUNDO
Chief Justice

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