Republic of the Philippines
Supreme Court
Baguio City

**THIRD DIVISION**

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| **JOSEFINA C. BILLOTE,*** Petitioner, | **G.R. No. 236140** |
| | Present: |
| - versus - | CAGUIOA, *J.*, *Chairperson*, INTING, GAERLAN, DIMAAMPAO, and SINGH, *JJ.* |
| **SPOUSES VICTOR and REMEDIOS T. BADAR, ADELAIDA C. DALOPE AND IMELDA C. SOLIS,** Respondents. | Promulgated: April 19, 2023 |

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## DECISION

**CAGUIOA, *J.*:**

This is a Petition for Review on Certiorari[1] (Petition) under Rule 45 of the Rules of Court (Rules) assailing the Decision[2] dated August 2, 2017 and the Resolution[3] dated November 20, 2017 of the Court of Appeals[4] (CA) in CA-G.R. CV No. 105484. The CA Decision upheld the Decision[5] dated January 27, 2015 of the Regional Trial Court of Urdaneta City, Pangasinan, Branch 45 (RTC) in Civil Case No. U-8088, except as to the directive to pay petitioner Josefina C. Billote (Josefina) the amount of ₱20,000.00, which the CA increased to ₱1,500,000.00 plus interest of 12% *per annum* from June 18, 2004 until June 30, 2013, thereafter 6% *per annum* from July 1, 2013 until finality of the Decision, and after the Decision becomes final and executory, the applicable rate shall be 6% *per annum* until its full satisfaction. The CA upheld the dismissal of Josefina's complaint for declaration of nullity of titles, documents, recovery of ownership, possession, and damages against

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* Also Josefina Billote-Walker in some parts of the *rollo*.

1 *Rollo*, pp. 13-34, excluding Annexes.

2 Id. at 36-46. Penned by Associate Justice Priscilla J. Baltazar-Padilla, with Associate Justices Eduardo B. Peralta, Jr. and Pedro B. Corales concurring.

3 Id. at 48-49.

4 Special Seventeenth Division and Former Special Seventeenth Division, respectively.

5 Records, pp. 666-685. Penned by Presiding Judge Tita S. Obinario.

respondents spouses Victor and Remedios Badar (spouses Badar), Imelda Solis (Imelda) and Adelaida Dalope (Adelaida). The CA Resolution denied the "Partial Motion for Reconsideration" filed by Josefina.

### *Facts and Antecedent Proceedings*

The CA Decision adopted the following factual antecedents as summarized by the RTC:

> Defendants Imelda Solis and Adelaida Dalope are the children of the spouses Hilario Solis and Dorotea Corla Solis. During their marriage, Hilario and Dorotea acquired a parcel of land situated at Urdaneta City, Pangasinan containing an area of 6,894 square meters and covered by TCT No. 15296 issued in the names of the spouses. The property was also declared in the names of the spouses for taxation purposes under TD No. 12046. When Hilario died,[6] Dorotea contracted a second marriage to Segundo Billote. They begot two children, namely: plaintiff Josefina Billote and William Billote.
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> On July 28, 2001, Dorotea executed a Deed of Absolute Sale selling and conveying the ["ONE HALF (1/2) PORTION, at the SOUTH-WESTERN PART, consisting of x x x 3,447 square meters, of x x x the parcel of land x x x registered under TCT No. 15296 in the name of Hilario x x x and Dorotea]"[7] to Josefina for P20,000.00. When Josefina left for the United States, she entrusted the custody and possession of TCT No. 15296 and the Deed of Absolute Sale to her brother William with instructions to register it with the Register of Deeds. However, William was not able to register the sale because he was too busy working.
>
> On July 13, 2002, Dorotea, Adelaida and Imelda executed a Deed of Extrajudicial Settlement of Estate of Deceased Person with Quitclaim wherein Dorotea quitclaimed and renounced all her rights, shares, participation and interest in the parcel of land covered by TCT No. 15296 in favor of her daughters Adelaida and Imelda. The two sisters could not register the instrument because they did not have in their possession the owner's duplicate copy of TCT No. 15296. Subsequently, Imelda filed a petition in court for the issuance of a second owner's duplicate copy of TCT No. 15296 on the ground that the original copy that was previously issued was lost. The petition was granted by Branch 47 of [the Regional Trial Court of Urdaneta City, Pangasinan], in a Decision dated February 24, 2003. After securing a second owner's duplicate copy of TCT No. 15296, Imelda and Adelaida registered the Deed of Extrajudicial Settlement of Estate of Deceased Person with Quitclaim with the Register of Deeds. Resultantly, TCT No. 15296 was cancelled and in lieu thereof, TCT No. 269811 was issued in their names on April 4, 2003.
>
> Several months thereafter, or on November 5, 2003, Imelda and Adelaida sold the parcel of land covered by TCT No. 269811 to the Sps. Badar. The transaction was contained in a Deed of Absolute Sale executed by the two sisters in favor of the Sps. Badar. Eventually, TCT No. 269811 was cancelled and in its stead was issued TCT No. 274696 in the names of Sps. Victor H. Badar and Remedios T. Badar. The Sps. Badar immediately took possession of the subject property.

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6 It is alleged in the Petition that Hilario died on November 15, 1955. *Rollo*, p. 15.

7 Records, p. 15.

In the meantime, Josefina filed before the Court of Appeals a petition for annulment of judgment, praying that the Decision dated February 24, 2003, the issuance of the second owner's duplicate copy of TCT No. 15296, the issuance of TCT No. 269811, and the issuance of TCT No. 274696 all be declared null and void. She also filed criminal cases for perjury and estafa against her sisters Imelda and Adelaida.

In a Decision dated May 24, 2007, the Court of Appeals declared as null and void the February 24, 2003 Decision of the lower court in PET Case No. U-1959. The case was eventually elevated to the Supreme Court[8] which partially affirmed the appellate court's judgment in a Decision dated June 17, 2015. The High Court upheld the finding that the February 24, 2003 Decision and the second owner's duplicate certificate of TCT No. 15296 are null and void. The determination of ownership over the disputed property is, however, remanded to the Regional Trial Court in Civil Case No. U-8088.

[On June 18, 2004, Josefina filed a complaint for Declaration of Nullity of Titles, Documents, Recovery of Possession, Damages with Prayer for Temporary Restraining Order and Writ of Injunction against Spouses Badar, Imelda and Adelaida before the RTC and was docketed as Civil Case No. U-8088. Josefina presented the testimonies of William Billote, her father Segundo Billote, Osmundo Sumio and Steve Alejo. Imelda and Adelaida failed to present evidence while spouses Badar presented their evidence through their attorney-in-fact Neil Tablada, but they did not testify.[9]]

Consequently, on January 27, 2015, the trial court rendered the impugned Decision dismissing the complaint against Spouses Victor and Remedios Badar[.]

[The RTC found that the due execution of the Deed of Absolute Sale dated July 28, 2001 was established, given the failure of Imelda and Adelaida to present controverting evidence.[10] The RTC ruled that the said Deed of Absolute Sale was valid and considering that the property had not been divided so as to allot a specific portion to Dorotea, she could alienate only 1/2 undivided portion thereof, not a specifically designated 1/2 southwestern portion.[11]

Regarding the Deed of Extrajudicial Settlement of Estate of Deceased Person with Quitclaim dated July 13, 2002, the RTC observed

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8 *Josefina Billote, etc. v. Imelda Solis, Spouses Manuel and Adelaida Dalope, Spouses Victor and Remedios Badar, et al.*, 760 Phil. 712 (2015). Rendered by the Third Division; penned by Associate Justice Diosdado M. Peralta and concurred in by Associate Justices Arturo D. Brion, Martin S. Villarama, Jr., Bienvenido L. Reyes and Francis H. Jardeleza. The Court reiterated that in a petition for the issuance of a new owner's duplicate copy of a certificate of title in lieu of one allegedly lost, the Regional Trial Court, acting only as a land registration court, has no jurisdiction to pass upon the question of actual ownership of the land covered by the lost owner's duplicate copy of the certificate of title. The CA was limited only to the determination of whether the trial court had jurisdiction over the petition for issuance of a new owner's duplicate copy of a certificate of title in lieu of the one allegedly lost; and the only fact that had to be established was whether the original owner's duplicate copy of a certificate of title is still in existence. Thus, the dispute regarding the issue of ownership over the subject property as well as whether the spouses Badar were, in fact, purchasers in good faith and for value would have to be threshed out in a more appropriate proceeding, specifically in Civil Case No. U-8088, where the trial court would conduct a full-blown hearing with the parties presenting their respective evidence to prove ownership over the subject realty. Id. at 726-727.

9 *Rollo*, pp. 17 and 18, Petition for Review on Certiorari.

10 Records, p. 679, RTC Decision.

11 Id. at 680.

that no evidence was presented to show that Dorotea's signature was forged or obtained through fraud.[12] Since Dorotea had already sold 1/2 of the subject property, the RTC ruled that the extrajudicial settlement could not be null and void in its entirety and effectively transferred Dorotea's share in the other half to Imelda and Adelaida.[13] Thus, Imelda and Adelaida acquired ownership of the remaining 1/2 portion of the subject property by virtue of the deed of extrajudicial settlement.[14]

With respect to the Deed of Absolute Sale dated November 25, 2003 in favor of spouses Badar, the RTC ruled that being purchasers in good faith, their right over the property should prevail over that of Josefina and the validity of TCT No. 274696 in their names should likewise be sustained.[15]

As to the authority of the RTC to declare the second owner's duplicate copy of TCT No. 15296 null and void, the RTC ruled that the matter on the annulment of the Decision dated February 24, 2003, of Branch 47, granting Imelda's petition for the issuance of a second owner's duplicate copy of the said TCT, was pending with the CA and it had no authority to interfere with the orders or actions of a co-equal court.[16]]

[The dispositive portion of the RTC Decision states:]

> "WHEREFORE, premises considered, judgment is hereby rendered as follows:
>
> 1. Dismissing the complaint against defendants Spouses Victor and Remedios Badar, for lack of merit;
>
> 2. Declaring as valid TCT No. 274696 in the names of the Spouses Victor and Remedios Badar;
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> 3. Declaring the Spouses Victor and Remedios Badar as the lawful owners of the property covered by TCT No. 274696; and
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> 4. Ordering defendants Imelda Solis and Adelaida Dalope to pay jointly and severally plaintiff Josefina Billote the amounts of P20,000.00 plus interest of 6% per annum from the filing of the complaint until this decision becomes final and executory, and 12% per annum thereafter until the amount is fully paid; P100,000.00 as moral damages, and P50,000.00 as attorney's fees and litigation expenses.
>
> Costs against defendants Imelda Solis and Adelaida Dalope.
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> SO ORDERED.["]

Aggrieved, Josefina Billote filed a motion for reconsideration of the said judgment and the same was partially granted in an Order dated May 18, 2015, the decretal portion of which reads:

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12 Id.
13 Id. at 681.
14 Id.
15 Id. at 683.
16 Id.

> "WHEREFORE, plaintiff's motion for reconsideration is hereby PARTIALLY GRANTED. Instead of the sum of [₱]20,000.00, defendants Imelda Solis and Adelaida Dalope are hereby ordered to pay jointly and severally plaintiff Josefina Billote the amount of [₱]500,000.00 plus interest of 6% per annum from the filing of the complaint until this decision becomes final and executory, and 12% per annum thereafter until the amount is fully paid. The other dispositions in the Decision dated January 27, 2015 shall stay.
>
> SO ORDERED.["]

Not satisfied, Josefina Billote took recourse to [the CA] via [an] appeal x x x[.][17]

The CA found no cogent reason to deviate from the RTC's finding that spouses Badar were purchasers in good faith because there was nothing that could have warned them that Josefina or other third persons had a claim on the subject property.[18] Under the circumstances, spouses Badar's right over the subject property prevails over that of Josefina; and being innocent purchasers for value, the validity of Transfer Certificate of Title (TCT) No. 274696 in their names must be sustained.[19]

The CA, recalling that reconveyance, as a remedy of those whose property has been wrongfully or erroneously registered in the name of another, cannot be availed of once the property has passed on to an innocent purchaser for value, also ruled that unfortunately for Josefina, she could no longer recover 1/2 of the subject property as it had already passed unto the hands of spouses Badar who are considered buyers in good faith and for value.[20]

The CA, however, agreed with Josefina's argument that she is entitled to ₱1,500,000.00 instead of ₱500,000.00 as decreed by the RTC because of the admission by spouses Badar's attorney-in-fact that the true selling price of the property was ₱3,000,000.00 instead of the contract price of ₱1,000,000.00 appearing in the deed of sale between the sisters Imelda and Adelaida and spouses Badar.[21] The CA further modified the rate of legal interest imposed by the RTC in view of the ruling in *Nacar v. Gallery Frames*.[22]

The dispositive portion of the CA Decision states:

> **WHEREFORE**, the assailed Decision of the Regional Trial Court dated January 27, 2015 is **UPHELD** except as to the directive to pay Josefina Billote the amount of [₱]20,000.00.

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17 *Rollo*, pp. 36-39.
18 Id. at 42.
19 Id.
20 Id. at 44.
21 Id.
22 716 Phil. 267 (2013).

> Accordingly, Imelda Solis and Adelaida Dalope are ordered to pay jointly and severally Josefina Billote the amount of [₱]1,500,000.00 plus interest of 12% per annum from June 18, 2004 until June 30, 2013; thereafter, the rate of interest from July 1, 2013 until finality of this Decision shall be at 6% per annum. After this Decision becomes final and executory, the applicable rate shall be 6% per annum until its full satisfaction.
>
> The Order of the trial court dated May 18, 2015 is **SET ASIDE**.
>
> Let a copy of this Decision be forwarded to the Bureau of Internal Revenue for its appropriate action.
>
> **SO ORDERED**.[23]

Josefina filed a "Partial Motion for Reconsideration," which the CA denied in its Resolution[24] dated November 20, 2017. Aggrieved, Josefina filed the instant Petition. Spouses Badar filed a Comment/Opposition to the Petition for Review on Certiorari[25] (Comment) dated August 20, 2018.

## *Issue*

Essentially, the Petition raises this lone issue:

> Whether the CA committed grave abuse of discretion amounting to lack or excess of jurisdiction in ruling that spouses Badar are buyers in good faith despite the presence of the annotation of Section 4, Rule 74 of the Rules on TCT No. 269811 in the names of Imelda and Adelaida and its being carried over in spouses Badar's own TCT No. 274696.[26]

## The Court's Ruling

Josefina questions the findings of the CA that the annotation of Section 4, Rule 74 did not appear on TCT No. 269811 in the names of Imelda and Adelaida and was not carried over in spouses Badar's own TCT No. 274696, and that spouses Badar are buyers in good faith. A review of these CA's findings involves factual issues, which is not sanctioned in a Rule 45 petition for review. Section 1 of said Rule specifically provides that "[t]he petition shall raise only questions of law which must be distinctly set forth." However, as to the effect of an annotation subjecting a certificate of title to Section 4, Rule 74 on the good faith of the person dealing therewith is essentially a legal question.

These observations notwithstanding, the Court invokes its prerogative to relax the application of the Rules in this case. Indeed, the rules of procedure are not to be applied in a very rigid and technical sense, for they are adopted

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23 *Rollo*, p. 45.
24 Supra note 3.
25 Id. at 85-102.
26 Id. at 20.

to help secure, not override, substantial justice, and to afford party-litigants the fullest opportunity to establish the merits of their complaint or defense rather than for them to lose life, honor, or property on pure technicalities.[27]

As will be discussed below the judgments of both lower courts were based on a misapprehension of facts, an accepted exception to the general rule that only questions of law can be raised in a Rule 45 petition for review.

As well, the Comment of spouses Badar did not question the propriety of the ground raised by Josefina in the Petition. In fact, the Comment directly traversed the arguments of Josefina on the effect of the Section 4, Rule 74 annotation or entry, and their status as buyers in good or bad faith.

***Effect of Section 4, Rule 74 encumbrance***

Josefina questions the CA's finding that:

> [Josefina's] assertion about Section 4, Rule 74 being allegedly annotated on the title is unfounded. It should be noted that this provision was annotated on TCT No. 15296 but not on [Imelda and Adelaida's] TCT No. 269811 which [s]pouses Badar had examined. Contrary to her claim, neither does the entry appear on TCT No. 274696. x x x[28] (Emphasis omitted)

Contrary to the CA's finding, a simple reading of TCT No. 269811[29] (Exh. "J"), which is registered in the names of Imelda and Adelaida, shows on its face that the subject property "is registered in accordance with the provisions of the Property Registration Decree[30] in the name of ADELAIDA S. DALOPE, married to Manuel Dalope and IMELDA SOLIS, widow, x x x as owner thereof in fee simple, subject to such of the encumbrances mentioned in Section 44[31] of said Decree as may be subsisting, and to Sec. 4, Rule 74 of

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27 See *Tiangco, et al. v. Land Bank of the Philippines*, 646 Phil. 554, 568 (2010).

28 *Rollo*, p. 20, Petition for Review on Certiorari.

29 Records, p. 445.

30 Presidential Decree No. (PD) 1529, AMENDING AND CODIFYING THE LAWS RELATIVE TO REGISTRATION OF PROPERTY AND FOR OTHER PURPOSES, June 11, 1978.

31 Section 44 of PD 1529 provides:

> SEC. 44. *Statutory liens affecting title.* – Every registered owner receiving a certificate of title in pursuance of a decree of registration, and every subsequent purchaser of registered land taking a certificate of title for value and in good faith, shall hold the same free from all encumbrances except those noted in said certificate and any of the following encumbrances which may be subsisting, namely:
>
> First. Liens, claims or rights arising or existing under the laws and Constitution of the Philippines which are not by law required to appear of record in the Registry of Deeds in order to be valid against subsequent purchasers or encumbrancers of record.
>
> Second. Unpaid real estate taxes levied and assessed within two years immediately preceding the acquisition of any right over the land by an innocent purchaser for value, without prejudice to the right of the government to collect taxes payable before that period from the delinquent taxpayer alone.
>
> Third. Any public highway or private way established or recognized by law, or any government irrigation canal or lateral thereof, if the certificate of title does not state that the boundaries of such highway or irrigation canal or lateral thereof have been determined.

the Rules of Court."[32] In turn, a simple reading of TCT No. 274696[33] (Exh. "M") in the names of spouses Badar reveals that the encumbrance with respect to Section 4, Rule 74 was carried over.

Josefina then proceeds to argue that with the annotation of the Section 4, Rule 74 encumbrance on spouses Badar's certificate of title and its predecessor title, spouses Badar cannot be considered buyers in good faith.

Section 4, Rule 74 of the Rules of Court states:

> SEC. 4. *Liability of distributees and estate.* – If it shall appear at any time within two (2) years after the settlement and distribution of an estate in accordance with the provisions of either of the first two sections of this rule, that an heir or other person has been unduly deprived of his lawful participation in the estate, such heir or such other person may compel the settlement of the estate in the courts in the manner hereinafter provided for the purpose of satisfying such lawful participation. And if within the same time of two (2) years, it shall appear that there are debts outstanding against the estate which have not been paid, or that an heir or other person has been unduly deprived of his lawful participation payable in money, the court having jurisdiction of the estate may, by order for that purpose, after hearing, settle the amount of such debts or lawful participation and order how much and in what manner each distributee shall contribute in the payment thereof, and may issue execution, if circumstances require, against the bond provided in the preceding section or against the real estate belonging to the deceased, or both. Such bond and such real estate shall remain charged with a liability to creditors, heirs, or other persons for the full period of two (2) years after such distribution, notwithstanding any transfers of real estate that may have been made.

While a Section 4, Rule 74 annotation or entry is recognized as an encumbrance on the property,[34] it finds no application in the instant case. The said Section 4 speaks of an heir or other person, who has been unduly deprived of his or her lawful participation in the estate of a decedent, and an unpaid creditor of that estate.

The invocation by Josefina of the cases of *Spouses Domingo v. Roces*[35] (*Spouses Domingo*) and *Tan v. Benolirao, et al.*[36] (*Tan*) is even counterproductive.

In *Tan*, the Court in its application of Section 4, Rule 74 cited remedial law expert Vicente Francisco in this wise:

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> Fourth. Any disposition of the property or limitation on the use thereof by virtue of, or pursuant to, Presidential Decree No. 27 or any other law or regulations on agrarian reform.

32 Records, p. 445.

33 Id. at 448.

34 See *Tan v. Benolirao, et al.*, 619 Phil. 35, 49-52 (2009).

35 449 Phil. 189 (2003).

36 Supra note 34.

Senator Vicente Francisco discusses this provision in his book *The Revised Rules of Court in the Philippines*, where he states:

> The provision of Section 4, Rule 74 prescribes the procedure to be followed if within two years after an extrajudicial partition or summary distribution is made, an heir or other person appears to have been deprived of his lawful participation in the estate, or some outstanding debts which have not been paid are discovered. When the lawful participation of the heir is not payable in money, because, for instance, he is entitled to a part of the real property that has been partitioned, there can be no other procedure than to cancel the partition so made and make a new division, unless, of course, the heir agrees to be paid the value of his participation with interest. But in case the lawful participation of the heir consists in his share in personal property of money left by the decedent, or in case unpaid debts are discovered within the said period of two years, the procedure is not to cancel the partition, nor to appoint an administrator to re-assemble the assets, as was allowed under the old Code, but the court, after hearing, shall fix the amount of such debts or lawful participation in proportion to or to the extent of the assets they have respectively received and, if circumstances require, it may issue execution against the real estate belonging to the decedent, or both. The present procedure is more expedient and less expensive in that it dispenses with the appointment of an administrator and does not disturb the possession enjoyed by the distributees. x x x
>
> An annotation is placed on new certificates of title issued pursuant to the distribution and partition of a decedent's real properties to warn third persons on the possible interests of excluded heirs or unpaid creditors in these properties. The annotation, therefore, creates a legal encumbrance or lien on the real property in favor of the excluded heirs or creditors. Where a buyer purchases the real property despite the annotation, he must be ready for the possibility that the title could be subject to the rights of excluded parties. The cancellation of the sale would be the logical consequence where: (a) the annotation clearly appears on the title, warning all would-be buyers; (b) the sale unlawfully interferes with the rights of heirs; and (c) the rightful heirs bring an action to question the transfer within the two-year period provided by law.[37] (Emphasis omitted)

As well in *Spouses Domingo*, the Court pointed out that the proviso — "*notwithstanding any transfers of real estate that may have been made*" — in Section 4, Rule 74 affects not only the heirs or original distributees but any transferee of the estate properties, referring to a transferee of an heir or distributee who benefitted from a real estate forming part of the estate at the expense of the excluded heir or unpaid creditor, *viz.*:

> The foregoing rule clearly covers transfers of real property to *any* person, as long as the deprived heir or creditor vindicates his rights within two years from the date of the settlement and distribution of estate. Contrary to petitioners' contention, the effects of this provision are not

[37] Id. at 50-51. Citations omitted.

> limited to the heirs or original distributees of the estate properties, but shall affect *any* transferee of the properties.[38]

In the present case, the estate to which the Section 4, Rule 74 annotation pertained was that of Dorotea's first husband, Hilario, who died on November 15, 1955.[39] Josefina cannot rightfully claim that she was excluded in the estate of Hilario because, firstly, she is not his legal heir or an unpaid creditor of the estate; and, secondly, Dorotea, from whom Josefina could claim a share or interest in Hilario's estate, had not been excluded in Hilario's estate. On the contrary, Dorotea had participated in the extrajudicial settlement of Hilario's estate and even disposed of her entire share, both conjugal and intestate, in the subject property.

Moreover, spouses Badar are not the transferees referred to in Section 4, Rule 74 because they did not derive their right, if any, in the subject property from a transferor who has deprived or excluded "an heir or other person" of the latter's share in the estate of Hilario. In fact, no heir of Hilario was deprived of any successional right in his estate. Thus, Josefina's argument that spouses Badar are not buyers in good faith by reason of the Section 4, Rule 74 encumbrance is bereft of merit.

Furthermore, spouses Badar's quotation of *Dela Cruz v. Dela Cruz*[40] regarding the "[o]nly two cautionary entries regarding Section 4, Rule 74" as not indicative of "a scintilla of flaw or defect in [the sellers'] title"[41] supports the view that a Section 4, Rule 74 entry on a certificate of title, by itself, does not affect the title or ownership of the registered owner absent any showing that a certain heir or other person has been excluded or their right has been impaired in the partition of the estate affected by such entry.

***Validity of the July 2001 sale to Josefina***

The RTC ruled in favor of the validity of the Deed of Absolute Sale[42] dated July 28, 2001 (2001 DAS) between Dorotea and Josefina concerning the 1/2 "south-western" portion of the subject property given that its due execution was duly established and the failure of Imelda and Adelaida to present controverting evidence.[43] However, the RTC recognized the validity of the sale only insofar as the 1/2 undivided portion of the subject property was concerned since it had not been divided or partitioned as to allot a specific portion to Dorotea.[44]

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38 *Spouses Domingo v. Roces*, supra note 35, at 198.
39 Records, p. 438, Deed of Extrajudicial Settlement of Estate of Deceased Person with Quit Claim dated July 13, 2002 (Exh. "F").
40 464 Phil. 812 (2004).
41 *Rollo*, p. 95, Comment/Opposition to the Petition for Review on Certiorari.
42 Records, p. 421.
43 Id. at 679, RTC Decision.
44 Id. at 680.

The CA upheld the RTC's ruling on the validity of the sale between Dorotea and Josefina, but it modified the directive to pay Josefina ₱500,000.00 for the said 1/2 undivided portion that was sold to her, and ordered Imelda and Adelaida to solidarily pay Josefina the amount of ₱1,500,000.00 plus interest at the rate indicated in the CA Decision.[45]

It must be recalled that when Hilario, the first husband of Dorotea, died in 1955, his 1/2 conjugal share in the subject property, which constituted his hereditary estate or inheritance, devolved upon his compulsory heirs: Dorotea, Imelda and Adelaida in equal shares. Pursuant to Article 996 of the Civil Code, the surviving spouse has the same share as that of each of the children, if a widow or widower and legitimate (marital) children are left. And, where there are two or more heirs, the whole estate of the decedent is owned in common by such heirs before its partition.[46] The other *pro indiviso* 1/2 of the conjugal property pertained to Dorotea as her conjugal share in the subject property. Put simply, when Hilario died, the subject property was co-owned by Dorotea, Imelda and Adelaida in the following *pro indiviso* or undivided shares: 2/3 (1/2 plus 1/6), 1/6 and 1/6, respectively.

The right of a co-owner over his or her aliquot part in the co-ownership is governed by Article 493 of the Civil Code, which provides:

> ART. 493. Each co-owner shall have the full ownership of his part and of the fruits and benefits pertaining thereto, and he may therefore alienate, assign or mortgage it, and even substitute another person in its enjoyment, except when personal rights are involved. But the effect of the alienation or the mortgage, with respect to the co-owners, shall be limited to the portion which may be allotted to him in the division upon the termination of the co-ownership. (399)

In the recent case of *Heirs of the late Apolinario Caburnay, etc. v. Heirs of Teodulo Sison, etc.*[47] (*Heirs of Caburnay*), the Court relied upon its interpretation of Article 399 of the old Civil Code, which is the precursor of Article 493 of the present Civil Code as enunciated in the 1944 *en banc* case of *Lopez v. Vda. de Cuaycong, et al.*[48] (*Lopez*). The Court had recognized in *Lopez* the validity of the sale by a co-owner of a concrete and definite portion of the co-owned property without the consent of the other co-owners to be valid to the extent of the ideal or undivided share of the disposing co-owner, to wit:

> On the first question, we believe the consent of the three daughters above named was not necessary to the validity of the sale in question. Each co[-]owner may alienate his undivided or ideal share in the community.
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> Articles 392[49] and 399[50] of the [old] Civil Code provide:

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45 *Rollo*, pp. 44-45, CA Decision.
46 CIVIL CODE, Art. 1078.
47 G.R. No. 230934, December 2, 2020.
48 74 Phil. 601 (1944).
49 CIVIL CODE, Art. 484.
50 Id., Art. 493.

"Article 392. There is co-ownership whenever the ownership of a thing or of a right belongs undivided to different persons.

x x x x

"Article 399. Each one of the co-owners shall have the absolute ownership of his part and that of the fruits and profits pertaining thereto, and he may therefore sell, assign or mortgage it, and even substitute another person in its enjoyment, unless personal rights are involved. But the effect of the alienation or mortgage with respect to the co-owners shall be limited to the share which may be allotted to him in the division upon the termination of the co-ownership."

Manresa has the following to say on this subject:

x x x x

"Each co-owner owns the whole, and over it he exercises rights of dominion, but at the same time he is the owner of a share which is really abstract, because until the division is effected, such share is not concretely determined. The rights of the co-owners are, therefore, as absolute as dominion requires, because they may enjoy and dispose of the common property, without any limitation other than that they should not, in the exercise of their right, prejudice the general interest of the community, and *possess, in addition, the full ownership of their share, which they may alienate, convey or mortgage; which share, we repeat, will not be certain until the community ceases*. The right of ownership, therefore, as defined in Art. 348 of the present Civil Code, with its absolute features and its individualized character, is exercised in co-ownership, with no other differences between sole and common ownership than that which is rightly established by the Portuguese Code (Arts. 2175 and 2176), when it says 'that the sole owner exercises his rights exclusively, and the co-owner exercises them jointly with the other co-owners'; but we shall add, *to each co-owner pertains individually, over his undivided share, all the rights of the owner*, aside from the use and enjoyment of the thing, which is common to all the co-owners." x x x

Manresa further says that in the alienation of his undivided or ideal share, a co-owner does not need the consent of the others. (Vol. 3, pp. 486-487, 3rd Ed.)

Sanchez Roman also says ("Estudios de Derecho Civil", vol. 3, pp. 174-175):

x x x x

"Article 399 shows the essential integrity of the right of each co-owner in the *mental* portion which belongs to him in the co-ownership or community.

x x x x

"To be a co-owner of a property does not mean that one is deprived of every recognition of the disposal of the thing, of the free use of his right within the circumstantial conditions of such juridical status, nor is it necessary, for the use and enjoyment, or the right of free disposal, that the previous consent of all the interested parties be obtained. x x x"

According to Scaevola (Codigo Civil, vol. 7, pp. 154-155):

x x x x

"2nd. *Absolute right of each co-owner with respect to his part or share.*—With respect to the latter, each co-owner is the same as an individual owner. He is a singular owner, with all the rights inherent in such condition. The share of the co-owner, that is, the part which ideally belongs to him in the common thing or right and is represented by a certain quantity, is his and he may dispose of the same as he pleases, because it does not affect the right of the others. Such quantity is equivalent to a credit against the common thing or right, and is the private property of each creditor (co-owner). The various shares ideally signify as many units of thing or right, pertaining individually to the different owners; in other words, a unit for each owner."

It follows that the consent of the three daughters Maria Cristina, Josefina and Anita Cuaycong to the sale in question was not necessary.

x x x x

The second question is: What rights did the intervenor acquire in this sale? The answer is: the same rights as the grantors had as co-owners in an ideal share equivalent in value to 10,832 square meters of the hacienda. No specific portion, physically identified, of the hacienda has been sold, but only an abstract and undivided share equivalent in value to 10,832 square meters of the common property. What portion of the hacienda has been sold will not be physically and concretely ascertained until after the division. This sale is therefore subject to the result of such partition, but this condition does not render the contract void, for an alienation by the co-owner of his ideal share is permitted by law, as already indicated. If in the partition this lot 178-B should be adjudicated to the intervenor, the problem would be simplified; otherwise, the sellers would have to deliver to the intervenor another lot equivalent in value to Lot No. 178-B. Incidentally, it should be stated that according to Rule 71, sec. 4, of the new Rules of Court, regarding partition of real estate, the commissioners on partition shall set apart the real property "to the several parties in such lots or parcels as will be *most advantageous and equitable, having due regard to the improvements*, situation and quality of the different parts thereof." x x x Consequently, without deciding that the commissioners on partition must assign Lot 178-B to intervenor, we deem it proper to state that if in the partition proceedings, the commissioners should set apart said lot to intervenor, they would be acting within the letter and spirit of the provision, just quoted, of Rule 71, sec. 4; and that they will probably make such adjudication.

In the Sentence of December 29, 1905, the Supreme Tribunal of Spain declared that the alienation, by a co-owner, of either an abstract or a concrete part of the property owned in common does not mean the cessation of the ownership. Said sentence held:

x x x x

> "The first assignment of error cannot be sustained, because such legal status does not disappear, nor is it impaired, with respect to the co-owners between themselves simply because both or either of them executed acts which may be considered as beyond the powers inherent in administration, the only powers which by mutual agreement had been conferred as to certain properties, inasmuch as although every co-owner may alienate, grant, or mortgage the ownership of his share, the effect of such alienation is limited, with reference to the co-owners, to the portion which may be adjudicated to him later, according to Art[.] 399 of the Civil Code, and does not imply the cessation of the community, whether the sale refers to an abstract part of the property, or *to a concrete and definite part thereof*, because though in the latter case the form and conditions of the subsequent partition may be effected, nevertheless, the juridical situation of the collective owners is not in any way altered so long as the partition of the common property is not carried out, which is declared not to have taken place." x x x

Applying the above doctrine to the instant case, it cannot be said that the sale of Lot 178-B to the intervenor had the effect of partitioning the hacienda and adjudicating that lot to the intervenor. It merely transferred to the intervenor an abstract share equivalent in value to 10,832 square meters of said hacienda, subject to the result of a subsequent partition. **The fact that the agreement in question purported to sell a concrete portion of the hacienda does not render the sale void, for it is a well-established principle that the binding force of a contract must be recognized as far as it is legally possible to do so. "Quando res non valet ut ago, valeat quantum valere potest." (["]When a thing is of no force as I do it, it shall have as much force as it can have.")** It is plain that Margarita G. Vda. de Cuaycong and her children of age intended to sell to intervenor no more than what they could legally and rightfully dispose of, and as they could convey only their ideal share, equivalent in value to 10,832 square meters of thc hacienda, that ideal share alone must be deemed to have been the subject-matter of the sale in question. They are presumed to know the law that before partition, conventional or judicial, no co[-]owner may dispose of any physically identified portion of the common property;, and that any conveyance by a co[-]owner is subject to the result of a subsequent partition. This interpretation of the contract does no harm to the minor daughters, as the sale in question is subject to the result of the partition which intervenor may demand.

As a successor in interest to an abstract or undivided share of the sellers, equivalent in value to 10,832 square meters of the property owned in common, the intervenor has the same right as its predecessors in interest

> to demand partition at any time, according to article 400[51] of the [old] Civil Code x x x[.][52] (Italics in the original; emphasis supplied)

Following *Lopez* and *Heirs of Caburnay*, the sale by Dorotea of a specific or definite 1/2 portion of the subject property, with an area of 3,447 square meters, is not void, but is valid to the extent of her 1/2 ideal or abstract share therein. Had there been a subsequent deed of partition that was executed among Dorotea, Imelda and Adelaida wherein the "south-western" 1/2 portion of the subject property, with an area of 3,447 square meters, was adjudicated to Dorotea, then the sale of that concrete portion would have been wholly valid. Consequently, what Dorotea sold to Josefina was her 1/2 undivided share in the subject property.

Dorotea having sold her 1/2 *pro indiviso* share in the subject property to Josefina when the 2001 DAS was executed, Dorotea had a remaining 1/6 undivided share while Imelda and Adelaida had 1/6 undivided share each.

Thereafter, the Deed of Extrajudicial Settlement of Estate of Deceased Person with Quit Claim[53] dated July 13, 2002 (2002 DESQ) was executed wherein Dorotea ceded, conveyed and transferred by way of quitclaim and renounced in favor of Adelaida and Imelda "all [her] rights over the above-described property."[54] What Dorotea thus waived in favor of Imelda and Adelaida was only her remaining 1/6 undivided share in the subject property. Thus, the effect of the 2002 DESQ was to vest ownership in Imelda and

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51 CIVIL CODE, Art. 494.

52 *Lopez v. Vda. de Cuaycong, et al.*, supra note 48, at 603-609. The Court noted in *Heirs of Caburnay* "that in the 1968 *en banc* case of *Estoque v. Pajimula*, No. L-24419, July 15, 1968, 24 SCRA 59, where a co-owner sold a specific one-third portion of the co-owned property without the consent of the other two co-owners and afterwards the selling co-owner became the sole owner thereof, the Court pronounced that while on the date of the sale, 'said contract may have been ineffective, for lack of power in the vendor to sell the specific portion described in the deed, the transaction was validated and became fully effective when the next day x x x the vendor x x x acquired the entire interest of her remaining co-owners x x x and thereby became the sole owner [thereof].' The Court cited Article 1434 of the Civil Code, which provides that '[w]hen a person who is not the owner of a thing sells or alienates and delivers it, and later the seller or grantor acquires title thereto, such title passes by operation of law to the buyer or grantee,' as justification. As to the effect of the sale of specific one-third portion prior to the seller's acquisition of the shares of the other co-owners, the Court observed that granting the seller could not have sold that particular portion of the lot owned by her and her two brothers, by no means did it follow that the seller intended to sell her 1/3 undivided interest in the property as there was nothing in the deed of sale to justify the inference and pursuant to the maxim, *ab posse ad actu non valet illatio*. The ruling of the Court in *Estoque v. Pajimula* is not necessarily inconsistent with the Court's statement in *Lopez* that the sale of a concrete portion of the co-owned property does not render the sale void based on the principle that the binding force of a contract must be recognized as far as it is legally possible to do so, following the maxim: *Quando res non valet ut ago, valeat quantum valere potest*. The peculiar circumstance in *Estoque v. Pajimula* that the selling co-owner subsequently acquired the sole ownership of the property apparently impelled the Court to treat the previous sale of the specific portion ineffective so that it could be validated upon the acquisition by the seller of the interests of the other co-owners. Whereas, if the co-ownership subsists after the sale by a co-owner of a specific portion of the co-owned property without the consent of the others, the sale will be recognized as valid only up to the extent of the undivided share of the disposing co-owner, and in addition to the maxim: *Quando res non valet ut ago, valeat quantum valere potest*, estoppel will bar the seller from disavowing the sale to the prejudice of the buyer who relied upon the former's action." *Heirs of the late Apolinario Caburnay, etc. v. Heirs of Teodulo Sison, etc.*, supra note 47, at 19.

53 Exh. "F", records, p. 438.

54 Id.

Adelaida over the remaining 1/2 *pro indiviso* portion in the subject property (the other half already having been sold to Josefina).

On November 25, 2003, Imelda and Adelaida sold the entire subject property to spouses Badar, and the transaction was contained in a Deed of Absolute Sale[55] (2003 DAS). TCT No. 269811 in the names of Imelda and Adelaida was cancelled. As a result, TCT No. 274696 was issued in the names of spouses Badar.

It will be recalled that TCT No. 269811 in the names of Imelda and Adelaida emanated from TCT No. 15296 in the names of Hilario and Dorotea. Since the owner's duplicate of TCT No. 15296 was delivered to Josefina when the 2001 DAS was executed, Imelda had to institute a reconstitution of title case, alleging that the owner's duplicate had been lost in order to be able to register the 2002 DESQ. A second owner's duplicate of TCT No. 15296 was issued pursuant to said reconstitution of title case. Josefina filed an annulment of judgment petition before the CA. In that petition, the CA declared the judgment of the lower court, allowing the reconstitution of the owner's duplicate of TCT No. 15296 and issuing a second owner's duplicate, void. The matter reached this Court in the earlier case of *Josefina Billote, etc. v. Imelda Solis, Spouses Manuel and Adelaida Dalope, Spouses Victor and Remedios Badar, et al.*[56] (*Solis*). In *Solis*, the Court ruled that the second owner's duplicate of TCT No. 15296 in the names of Hilario and Dorotea is void.[57]

***Effect of nullity of second owner's duplicate of TCT No. 15296***

Since the second owner's duplicate of TCT No. 15296, which was presented to the Registry of Deeds for the Province of Pangasinan, was void, then TCT No. 269811 in the names of Imelda and Adelaida is likewise void following the doctrine in *Pineda v. CA and Gonzales*[58] (*Pineda*).

In *Pineda*, spouses Virgilio and Adorita Benitez (spouses Benitez) mortgaged a house and lot (Property) covered by TCT No. T-8361 (TCT No. 8361) in favor of Juanita Pineda (Pineda) and Leila Sayoc (Sayoc), which the latter did not register. Spouses Benitez delivered the owner's duplicate of TCT No. 8361 to Pineda. With Pineda's consent, spouses Benitez sold the house, which is part of the Property to Olivia Mojica (Mojica). Mojica was able to obtain a second owner's duplicate of TCT No. 8361 after filing a petition for reconstitution of the owner's duplicate of TCT No. 8361 claiming that it was lost. The trial court granted the petition and the Register of Deeds of Cavite City issued the second owner's duplicate of TCT No. 8361 in the name of spouses Benitez. Spouses Benitez sold the lot covered by TCT No. 8361 to Mojica. With the registration of the deed of sale in favor of Mojica and

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55 Exh. "L", records, p. 447.
56 Supra note 8.
57 Id. at 728.
58 456 Phil. 732 (2003).

presentation of the second owner's duplicate of TCT No. 8361, the Register of Deeds cancelled TCT No. 8361 and issued TCT No. T-13138 (TCT No. 13138) in the name of Mojica. Mojica obtained a loan from Teresita Gonzales (Gonzales), which was secured by a deed of mortgage. Gonzales registered the mortgage and was annotated on TCT No. 13138. When Mojica defaulted on her loan, Gonzales foreclosed the mortgage and TCT No. T-16084 (TCT No. 16084) was issued to Gonzales as a result of the foreclosure sale.[59]

Pineda and Sayoc filed a complaint against spouses Benitez and Mojica for cancellation of the second owner's duplicate of TCT No. 8361 and for moral damages and attorney's fees. Pineda and Sayoc did not foreclose the mortgage in their favor after spouses Benitez defaulted on their loan. They did not implead Gonzales in their complaint.[60]

The Court, in upholding the nullity of the second owner's duplicate certificate of title and the certificate of title derived therefrom, stated:

> Mojica filed a petition for reconstitution of the owner's duplicate of TCT [No.] 8361 claiming that this owner's was lost. However, contrary to Mojica's claims, the owner's duplicate of TCT [No.] 8361 was not lost but in Pineda's possession. Since the owner's duplicate of TCT [No.] 8361 was in fact not lost or destroyed, there was obviously nothing to reconstitute or replace. Therefore, the trial court correctly ruled that the reconstitution proceedings and the second owner's duplicate copy of TCT [No.] 8361 are void. x x x
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> x x x x
>
> Mojica registered with the Register of Deeds the deed of sale executed by the Spouses Benitez conveying the Property to her. Mojica also presented to the Register of Deeds the second owner's duplicate of TCT [No.] 8361. The Register of Deeds cancelled TCT [No.] 8361 and issued on [December 14, 1983] TCT [No.] 13138 in the name of Mojica. **However, since TCT [No.] 13138 is derived from the void second owner's duplicate of TCT [No.] 8361, TCT [No.] 13138 is also void. No valid transfer certificate of title can issue from a void transfer certificate of title, unless an innocent purchaser for value has intervened.**[61]
>
> x x x x
>
> **Therefore, TCT [No.] 13138 issued in the name of Mojica is void. However, what is void is the transfer certificate of title and *not* the title over the Property.**[62] The title refers to the ownership of the Property covered by the transfer certificate of title while the transfer certificate of title merely evidences that ownership. A certificate of title is not equivalent to title as the Court explained in *Lee Tek Sheng v. Court of Appeals*:[63]

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59 Id. at 739-740, 742, and 746.

60 Id. at 740, 744, 746, and 752-753.

61 Citing *Sps. Eduarte v. CA*, 323 Phil. 462 (1996); *Tenio-Obsequio v. Court of Appeals*, 300 Phil. 588, 600 (1994); *Jose v. Court of Appeals*, 270 Phil. 859 (1990); *Duran v. Intermediate Appellate Court*, 223 Phil. 88 (1985). Emphasis and underscoring supplied.

62 Emphasis and underscoring supplied.

63 Citing G.R. No. 115402, July 15, 1998, 292 SCRA 544.

> x x x ***The certificate referred to is that document issued by the Register of Deeds known as the Transfer Certificate of Title (TCT). By title, the law refers to ownership which is represented by that document.*** Petitioner apparently confuses certificate with title. Placing a parcel of land under the mantle of the Torrens system does not mean that ownership thereof can no longer be disputed. Ownership is different from a certificate of title. The TCT is only the best proof of ownership of a piece of land. Besides, their certificate cannot always be considered as conclusive evidence of ownership. Mere issuance of the certificate of title in the name of any person does not foreclose the possibility that the real property may be under co-ownership with persons not named in the certificate or that the registrant may only be a trustee or that other parties may have acquired interest subsequent to the issuance of the certificate of title. ***To repeat, registration is not the equivalent of title, but is only the best evidence thereof. Title as a concept of ownership should not be confused with the certificate of title as evidence of such ownership although both are interchangeable. x x x*** (Emphasis and italics supplied)
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> x x x x

The prior mortgage of the Property by the Spouses Benitez to Pineda and Sayoc did not prevent the Spouses Benitez, as owners of the Property, from selling the Property to Mojica. A mortgage is merely an encumbrance on the property and does not extinguish the title of the debtor who does not lose his principal attribute as owner to dispose of the property.[64] The law even considers void a stipulation forbidding the owner of the property from alienating the mortgaged immovable.[65]

Since the Spouses Benitez were the undisputed owners of the Property, they could validly sell and deliver the Property to Mojica. The execution of the notarized deed of sale between the Spouses Benitez and Mojica had the legal effect of actual or physical delivery. Ownership of the Property passed from the Spouses Benitez to Mojica.[66] The nullity of the second owner's duplicate of TCT [No.] 8361 did not affect the validity of the sale as between the Spouses Benitez and Mojica.

x x x x

After the sale of the Property to her, Mojica obtained a loan from Gonzales secured by a real estate mortgage over the Property. Gonzales registered this mortgage on [February 22, 1985] with the Register of Deeds who annotated the mortgage on the void TCT [No.] 13138 in Mojica's name. The nullity of TCT [No.] 13138 did not automatically carry with it the nullity of the annotation of Gonzales' mortgage. The rule is that a mortgage annotated on a void title is valid if the mortgagee registered the mortgage in good faith.[67] In ***Blanco v. Esquierdo***,[68] the Court held:

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64 Citing *E. C. McCullough & Co. v. Veloso and Serna*, 46 Phil. 1 (1924).
65 Citing CIVIL CODE, Art. 2130.
66 Citing CIVIL CODE, Arts. 1496 and 1498.
67 Citing *Penullar v. PNB*, 205 Phil. 127 (1983).
68 Citing 110 Phil. 494 (1960).

> That the certificate of title issued in the name of Fructuosa Esquierdo is a nullity, the same having been secured thru fraud, is not here in question. The only question for determination is whether the defendant bank is entitled to the protection accorded to "innocent purchasers for value," which phrase, according to Sec. 38 of the Land Registration Law, ***includes an innocent mortgagee for value***. The question, in our opinion, must be answered in the affirmative.
>
> The trial court, in the decision complained of, made no finding that the defendant mortgagee bank was a party to the fraudulent transfer of the land to Fructuosa Esquierdo. Indeed, there is nothing alleged in the complaint which may implicate said defendant mortgagee in the fraud, or justify a finding that it acted in bad faith. On the other hand, the certificate of title was in the name of the mortgagor Fructuosa Esquierdo when the land was mortgaged by her to the defendant bank. Such being the case, the said defendant bank, as mortgagee, had the right to rely on what appeared in the certificate and, in the absence of anything to excite suspicion, was under no obligation to look beyond the certificate and investigate the title of the mortgagor appearing on the face of said certificate. (*De Lara, et al. vs. Ayroso*, 95 Phil. 185; 50 Off. Gaz. [10] 4838, *Joaquin vs. Madrid, et al.*, 106 Phil. 1060). ***Being thus an innocent mortgagee for value, its right or lien upon the land mortgaged must be respected and protected, even if the mortgagor obtained her title thereto thru fraud.*** The remedy of the persons prejudiced is to bring an action for damages against those causing the fraud, x x x. (Emphasis and italics supplied)
>
> Thus, the annotation of Gonzales' mortgage on TCT [No. ] 13138 was valid and operated to bind the Property and the world, despite the invalidity of TCT [No.] 13138.[69]

It must be noted in *Pineda* that the Court directed Pineda and Sayoc to surrender the owner's duplicate of TCT No. 8361 to the Register of Deeds of Cavite City for cancellation, and TCT No. 16084 in the name of Gonzales as a result of the foreclosure sale was declared valid. Since ownership still remained with Mojica, despite the nullity of the certificate of title (TCT No. 13138), the subsequent foreclosure sale effectively transferred the right of ownership. There was no more need to cancel TCT No. 16084, having emanated from a void certificate of title (TCT No. 13138), and the issuance of a new TCT in lieu thereof because TCT No. 16084 reflected the lawful registered owner of the property and there was an express declaration by the Court of its validity.[70]

*Pineda* is a peculiar case because there was no registered owner, or a prior or first buyer, who was affected by the invalid reconstitution of the

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69 *Pineda v. CA and Gonzales*, supra note 58, at 746-750.

70 Id. at 754.

owner's duplicate certificate. Also, the prior mortgage by spouses Benitez in favor of Pineda and Sayoc was unregistered and the sale of the mortgaged property by spouses Benitez, as the registered owners, to Mojica was with the consent of Pineda.

Since Mojica became the owner of the Property, the validity of the subsequent mortgage of the Property by Mojica in favor of Gonzales, as between them, was not affected by the void second owner's duplicate which was issued to Mojica. Thus, despite the nullity of Mojica's second owner's duplicate certificate which emanated from a void reconstitution case, and the owner's duplicate certificate issued to Gonzales after the foreclosure of the mortgage, Gonzales was still considered a mortgagee in good faith because Mojica who mortgaged the property to Gonzales was the rightful owner.

The importance of the presentation of the owner's duplicate certificate of title in voluntary instruments, such as a deed of sale, cannot be overemphasized.

Pursuant to Section 53 of Presidential Decree No. (PD) 1529, the presentation of the owner's duplicate upon the entry of new certificate is indispensable. Section 53 provides:

> SEC. 53. *Presentation of owner's duplicate upon entry of new certificate.* – No voluntary instrument shall be registered by the Register of Deeds, unless the owner's duplicate certificate is presented with such instrument, except in cases expressly provided for in this Decree or upon order of the court, for cause shown.
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> The production of the owner's duplicate certificate, whenever any voluntary instrument is presented for registration, shall be conclusive authority from the registered owner to the Register of Deeds to enter a new certificate or to make a memorandum of registration in accordance with such instrument, and the new certificate or memorandum shall be binding upon the registered owner and upon all persons claiming under him, in favor of every purchaser for value and in good faith.
>
> In all cases of registration procured by fraud, the owner may pursue all his legal and equitable remedies against the parties to such fraud without prejudice, however, to the rights of any innocent holder for value of a certificate of title. After the entry of the decree of registration on the original petition or application, **any subsequent registration procured by the presentation of a forged duplicate certificate of title, or a forged deed or other instrument, shall be null and void**. (Emphasis and underscoring supplied)

As the Court explained in *Blondeau v. Nano*,[71] the owner's duplicate certificate of title is the safeguard that the Land Registration Act (Act No. 496), now the Property Registration Decree (PD 1529), has erected in favor of the registered owner against a forged transfer being perpetrated against him or her, *viz.*:

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[71] 61 Phil. 625 (1935).

> Vargas & Mañalac in their treatise on the Philippine Land Registration Law quote with approval the comment of Mr. Powell in his book on Land Registration, section 213. The question which the author propounded was: Why does the law say that the person who had no title at all and only a forged deed as a color of title should become the true owner of the land by merely continuing to occupy and enjoy the land which in fact does not belong to him, but which belongs to the victim of the forgery? His answer was:
>
> > "x x x that public policy, expediency, and the need of a statute of repose as to the possession of land, demand such a rule. Likewise, public policy, expediency, and the need of repose and certainty as to land titles demand that the *bona fide* purchaser of a certificate of title to registered land, who, though he buys on a forged transfer, succeeds in having the land registered in his name, should nevertheless hold an unimpeachable title. There is more natural justice in recognizing his title as being valid than there is in recognizing as valid the title of one who has succeeded in ripening a forged color of title by prescription.
> >
> > "In the first place, a forger cannot effectuate his forgery in the case of registered land by executing a transfer which can be registered, unless the owner has allowed him, in some way, to get possession of the owner's certificate. **The Act has erected in favor of the owner, as a safeguard, against a forged transfer being perpetrated against him, the requirement that no voluntary transfer shall be registered unless the owner's certificate is produced along with the instrument of transfer.** Therefore, if the owner has voluntarily or carelessly allowed the forger to come into possession of his owner's certificate he is to be judged according to the maxim, that when one of two innocent persons must suffer by the wrongful act of a third person the loss fall on him who put it into the power of that third person to perpetrate the wrong. Furthermore, even if the forger stole the owner's certificate, the owner is up against no greater hardship than is experienced by one whose money or negotiable paper payable to bearer is stolen and transferred by the thief to an innocent purchaser."[72] (Emphasis supplied)

While Section 53 of PD 1529 mentions the presentation of the owner's duplicate certificate together with the voluntary instrument to effect registration by the Register of Deeds, the voluntary instrument should not only be valid, but the owner's duplicate copy should also be valid in order for the registration to be valid. This is the clear import of its proviso: "any subsequent registration procured by the presentation of a forged duplicate certificate of title, or a forged deed or instrument, shall be null and void."

Thus, it is clear from Section 53 of PD 1529 and *Pineda* that any subsequent registration procured by the presentation of a forged, void or nullified duplicate certificate of title is null and void. The certificate of title

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[72] Id. at 630-631.

procured by and issued pursuant to a void duplicate certificate of title cannot, as a general rule, be the source of legitimate rights and benefits.[73]

In *Tenio-Obsequio v. Court of Appeals*,[74] the Court explained:

> The Torrens Act, in order to prevent a forged transfer from being registered, erects a safeguard by requiring that no transfer shall be registered unless the owner's certificate of title is produced along with the instrument of transfer. x x x[75]

As well in *Jose v. Court of Appeals*,[76] the Court said:

> Under similar circumstances, this Court has already ruled that wrongly reconstituted certificates of title secure[d] through fraud and misrepresentation cannot be the source of legitimate rights and benefits, unless of course the transferee of the title is in good faith. Thus, in the case of *Republic v. Court of Appeals*, it was held that:
>
> > "The existence of the two titles of the Government *ipso facto* nullified the reconstitution proceedings and signified that the evidence in the said proceedings were sham and deceitful and were filed in bad faith. Such humbuggery or imposture cannot be countenanced and cannot be the source of legitimate rights and benefits.
> >
> > x x x x
> >
> > "To sustain the validity of the reconstituted titles would be to allow Republic Act No. 26 to be utilized as an instrument for land grabbing (see *Republic v. Court of Appeals, Ocampo and Anglo*, L-31303-04, May 31, 1978, 83 SCRA 453, 480 per J.G.S. Santos) or to sanction fraudulent machinations for depriving a registered owner of his land to undermine the stability and security of Torrens titles and to impair the Torrens system of registration.
> >
> > **"The theory of A & A Torrijos Engineering Corporation that it was a purchaser in good faith and for value is indefensible because the title of the lot which it purchased unmistakably shows that such title was reconstituted. That circumstance should have alerted its officers to make the necessary investigation in the registry of Deeds of Caloocan City and Rizal where they could have found that Lot 918 is owned by the State."**[77] (Emphasis supplied)

Given that the certificate of title in the names of Imelda and Adelaida was procured through a void (as it was so nullified) second owner's duplicate certificate of title, it is likewise void. What then is the effect of the nullity of

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73 See *Jose v. Court of Appeals*, supra note 61, at 864 and *Republic v. Court of Appeals*, 183 Phil. 426, 432 (1979).

74 Supra note 61.

75 Id. at 601.

76 Supra note 61.

77 Id. at 864-685, citing 94 SCRA 865, 872-873 (1979).

their certificate of title on the registration of the sale of the subject property between them and spouses Badar, which resulted in the issuance of TCT No. 274696 in the latter's names?

Section 53 of PD 1529 is unmistakable — "**any subsequent registration procured by the presentation of a forged duplicate certificate of title, or a forged deed or other instrument, shall be null and void.**" A certificate of title which has been reconstituted fraudulently is no different from a forged duplicate certificate of title. The fraudulently reconstituted certificate of title is void. Thus, any subsequent registration procured through a void certificate of title is null and void.

As discussed above, the certificate of title (TCT No. 269811) issued in the names of Imelda and Adelaida was declared by the Court null and void in *Solis*, being the result of a void registration using a nullified second owner's duplicate certificate of title. Since TCT No. 269811 is void, the registration which gave rise to the issuance of TCT No. 274696 in the names of spouses Badar is perforce void. Consequently, pursuant to Section 53 of PD 1529, the sale between Imelda and Adelaida, as sellers, and spouses Badar, as buyers, had not been validly registered; and is deemed unregistered.

The sales in favor of Josefina and in favor of spouses Badar, being both unregistered, the maxim *prior est in tempore, potior est in jure* (he who is first in time is preferred in right), which is well-settled in our jurisprudence,[78] is apropos. The 2001 DAS in favor of Josefina being earlier in time as compared to the 2003 DAS in favor of spouses Badar has created a preferred right in the former with respect to the 1/2 undivided portion of the subject property.

Also, the general rule is that the vendee of land has no greater right, title, or interest than his or her vendor; that he or she acquires the right which his or her vendor had, only.[79]

Moreover, as an ancient Latin maxim says, *nemo dat quod non habet* — one cannot give what one does not have.[80]

Since Imelda and Adelaida had ownership of only the 1/2 *pro indiviso* portion in the subject property at the time of the 2003 DAS, spouses Badar acquired exactly that interest, right and title of their sellers that they had in the subject property.

Further, ownership of the property up to the extent sold by Dorotea was transferred to Josefina by constructive delivery with the execution of the 2001 DAS, a public instrument, conformably to Article 1498[81] in relation to Article

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78 See *Navera v. Court of Appeals*, 263 Phil. 526, 538-539 (1990).

79 See *Legarda v. Saleeby*, 31 Phil. 590, 599 (1915).

80 See *Cavite Development Bank v. Spouses Lim*, 381 Phil. 355, 365 (2000).

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

1477[82] of the Civil Code. It must be noted that at the time of the execution of the 2001 DAS, no third person who had an adverse interest in the subject property was in possession thereof.

Regarding constructive delivery via a public instrument, *Balatbat v. Court of Appeals*[83] instructs:

> With respect to the non-delivery of the possession of the subject property to the private respondent, suffice it to say that ownership of the thing sold is acquired only from the time of delivery thereof, either actual or constructive. Article 1498 of the Civil Code provides that — when the sale is made through a public instrument, the execution thereof shall be equivalent to the delivery of the thing which is the object of the contract, if from the deed the contrary does not appear or cannot be inferred. The execution of the public instrument, without actual delivery of the thing, transfers the ownership from the vendor to the vendee, who may thereafter exercise the rights of an owner over the same. In the instant case, vendor Roque delivered the owner's certificate of title to herein private respondent. It is not necessary that vendee be physically present at every square inch of the land bought by him, possession of the public instrument of the land is sufficient to accord him the rights of ownership. Thus, delivery of a parcel of land may be done by placing the vendee in control and possession of the land (real) or by embodying the sale in a public instrument (constructive). The provision of Article 1358 on the necessity of a public document is only for convenience, not for validity or enforceability. It is not a requirement for the validity of a contract of sale of a parcel of land that this be embodied in a public instrument.[84]

Here, not only was a public instrument executed, the owner's duplicate certificate of title was even delivered by the seller, Dorotea, to Josefina, and there was nothing in the 2001 DAS that provided that the execution of the public instrument was not equivalent to the delivery of the subject property.

The fact that spouses Badar were able to have a certificate of title issued in their names is of no moment, ownership being different from a certificate of title. This is consistent with the Court's pronouncements in *Wee v. Mardo*,[85]

> x x x Ownership is different from a certificate of title. The fact that a person was able to secure a title in his name did not operate to vest ownership upon him of the subject land. Registration of a piece of land under the Torrens System does not create or vest title, because it is not a mode of acquiring ownership. A certificate of title is merely an evidence of ownership or title over the particular property described therein. It cannot be used to protect a usurper from the true owner; nor can it be used as a shield for the commission of fraud: neither does it permit one to enrich himself at the expense of others. Its issuance in favor of a particular person does not foreclose the possibility that the real property may be co-owned

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x x x x

82 ART. 1477. The ownership of the thing sold shall be transferred to the vendee upon the actual or constructive delivery thereof.

83 329 Phil. 858 (1996).

84 Id. at 870-871. Citations omitted.

85 735 Phil. 420 (2014).

> with persons not named in the certificate, or that it may be held in trust for another person by the registered owner.[86] (Italics omitted)

Given that spouses Badar paid ₱3,000,000.00 to Imelda and Adelaida to acquire the entire subject property, but the sale is recognized as valid only to the extent of the 1/2 *pro indiviso* portion thereof, spouses Badar are entitled to recover one-half of the purchase price, or ₱1,500,000.00, from Imelda and Adelaida. Allowing the latter to benefit from the ₱3,000,000.00 would result in their unjust enrichment at the expense of spouses Badar.

On the issue of whether spouses Badar are innocent purchasers for value (IPVs), the Court deems that its resolution has been rendered superfluous by the Court's finding that Dorotea validly transferred to Josefina the 1/2 *pro indiviso* portion of the subject property while Imelda and Adelaida validly transferred to spouses Badar the other 1/2 *pro indiviso* portion.

Even if the Court were to decide the issue on whether spouses Badar are IPVs or buyers in good faith, the Court would resolve it in the negative.

***Spouses Badar are buyers in bad faith***

Both the RTC and the CA have accorded spouses Badar the status of IPVs or purchasers in good faith and for value.[87] They concluded that spouses Badar were IPVs because there was nothing that could have warned them that Josefina or other third persons had a claim on the subject property. However, Josefina disputes such finding.

Spouses Badar's proof of their alleged good faith is spelled out in the Judicial Affidavit[88] dated July 19, 2013 of their attorney-in-fact, Neil G. Tablada (Neil), respondent Remedios Badar's brother and spouses Badar's sole witness, who stated:

| | | | |
|---|---|---|---|
| 14. | QUESTION | • | What did your sister [(Remedios)] do next, if any, thereafter? |
| | ANSWER | • | We visited the location of the lot and found out that there was a tenant at that time, the land being an agricultural lot. |
| 15. | QUESTION | • | What happened next? |
| | ANSWER | • | My sister thereafter verified the identity of the tenant and found out his name as one Mr. Pedro "Pedring" Corla, a farmer and resident of Brgy. Dilan-Purido, Urdaneta City, Pangasinan. |
| 16. | QUESTION | • | What steps[,] if any, did your sister and brother[-]in[-]law do before buying the property being offered for sale at that time? |

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86 Id. at 433. Citation omitted.
87 *Rollo*, p. 43.
88 Records, pp. 557-564.

ANSWER • She sent me to verify from the Register of Deeds, Lingayen, Pangasinan whether the title of the land is clean and had any encumbrance thereon.

17. QUESTION • What was the result of your verification with the Office of the Registry of Deeds of Lingayen, Pangasinan?

ANSWER • After I verified that the title being presented was the same as the copy of the file title being kept in the Office of the Registry of Deeds, I informed my sister that it is "clean", meaning; there appears no encumbrances on the file copy of the sellers' title.

18. QUESTION • Was that all was done by your sister and brother[-]in[-]law?

ANSWER • No, sir, they again sent me to locate Mr. Pedro "Pedring" Corla. And after I fetched him, the latter told them that the seller, Adelaida Dalope and Imelda Solis are the real owners. He was even pleading to Spouses Badar that he will remain as a tenant even if they will later buy the subject lot.[89]

On cross-examination, Neil admitted that he did not read the annotations on TCT 269811 and had only met Imelda and Adelaida during the trial before the RTC:

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| Q- | You also made [mention] that when you verified, the title was clean, am I correct? |
| A. | Yes Ma'm. |
| Q- | Have you scrutinized the title that you verified with the Register of Deeds? |
| A. | Yes Ma'm. |
| Q-ATTY. SERAFICA: | You said, there were no encumbrances? |
| A. WITNESS: | Yes Ma'm. |
| Q- | I am showing to you the title, have you read this annotation? |
| A. | I was not able to read because what I read from this title is the number and the description. |
| x x x x | |
| ATTY. SERAFICA: | We are referring to annotation under TCT No. 269811. |
| x x x x | |

[89] Id. at 560-561.

| | |
|---|---|
| Q-ATTY. SERAFICA: | Mr. Witness, you did not read this part of the title and yet, you told your sister it was clean? |
| A. | Yes Ma'm. |
| Q- | What do you mean by clean? |
| A. | No pending case. |
| Q- | You made mentioned that Mr. Macaranas presented some documents to your sister. What are those documents? |
| A. | TCT No. 269811, that is the only one I can remember. |
| Q-ATTY. SERAFICA: | Have you met one by the name of Adelaida Dalope and Imelda Solis? |
| A. WITNESS: | Yes, during the trial. |
| Q- | But during that time when the property was being negotiated, you have not met them? |
| A. | No. |
| Q- | Who is dealing with these [Adelaida] Dalope and [Imelda] Solis? |
| A. | I do not know. |
| COURT: | So, during the negotiations, only your sister was dealing only with this Macaranas, not with the owners? |
| WITNESS: | Yes, Your Honor, not yet.[90] |

The foregoing testimony is insufficient to establish that spouses Badar are buyers in good faith.

Firstly, Neil's testimony is partly hearsay, and was not corroborated by the presentation as witnesses of the persons, namely Pedro Corla and a certain Mr. Macaranas, that he adverted to in his testimony. While he mentioned that he met with Pedro Corla, the supposed tenant of Imelda and Adelaida, Neil did not bother to verify this information from the sellers themselves. He, being the brother of respondent Remedios Badar, is not a disinterested witness. His credibility is, thus, doubtful.

Secondly, glaring in the foregoing testimony is the admission that spouses Badar never dealt with the owners, Imelda and Adelaida. Rather, spouses Badar were allegedly dealing only with a certain Mr. Macaranas, whose first name was not even disclosed. The interest of Mr. Macaranas in the

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[90] TSN, July 24, 2013, pp. 12-14.

subject property is not also explained. Mr. Macaranas was not even armed with a special power of attorney, much less a letter of authority. As to why they were dealing with this Mr. Macaranas and not directly with the owners was not thoroughly explained. Neil did not testify that he even personally knew this Mr. Macaranas. Spouses Badar's Comment simply alleged: "Sometime in the year 2003, a certain Mr. Macaranas came to the house of respondents' [s]pouses Badar[,] introduced himself to Neil x x x, younger brother of herein respondent, Remedios T. Badar, as one referred by former Mayor Amadeo T. Perez, Jr. x x x [, and informed] Neil x x x of the purpose of his visit, that is, to offer for sale the subject lot unto respondents' [s]pouses Badar x x x."[91]

The circumstances that the sellers were acting through a certain Mr. Macaranas, whose exact identity, relationship with the sellers, and interest in the subject property were not disclosed and explained, that Mayor Amadeo T. Perez, Jr. (Mayor Perez) sent this Mr. Macaranas to make the offer of sale without explaining what interest, if any, Mayor Perez had in the sale of the subject property, and that spouses Badar dealt with this Mr. Macaranas and not directly with Imelda and Adelaida, without any explanation whatsoever, are all highly suspicious. These should at the very least have alerted spouses Badar to inquire into the identity, title and capacity of the sellers.

Thirdly, contrary to Neil's claim, the certificate of title of the sellers is far from "clean".

Aside from the Section 4, Rule 74 encumbrance mentioned above, a perusal of the annotations on the dorsal page (Exh. "I-1") of the photocopy of the original TCT 15296 (Exh. "I"[92]) on file with the Register of Deeds for the Province of Pangasinan reveals the following entries:

> Entry No. 1013512 – Affidavit of Loss – Executed by Imelda C. Solis, widow. That the owner's duplicate copy of this title is lost despite deligent (*sic*) effort to locate the same by virtue of the Affidavit of Loss subscribed and sworn to before Notary Public Restituto A. Dumlao Jr. 2nd. district Prov. Fiscal. Dec. 16, 2002-2003 Feb. 6, 2:00 P.M.
>
> x x x x
>
> Entry No. 1017665 – Certificate of Finality – Executed by Josephine T. Saballa – Legal Researcher OIC That the Decision dated Feb. 24, 2003 has become final and executory.
>
> Entry No. 1017666 – Decision – Imelda Solis – Petitioner – The Court hereby ordered the Register of Deeds to issue a new Second owner's duplicate copy of TCT No. 15296 entitle (*sic*) to like faith and credit as the original one by virtue of the Decision [issued] by Judge Meliton G. Emuslan. Feb. 24, 2003 – 2003 Apr. 4, 9:30 a.m. [f]iled to T-15296.
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> x x x x[93]

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91 *Rollo*, pp. 87-88, Comment/Opposition to the Petition for Review on Certiorari.

92 Records, p. 444.

93 Marked as Exhs. "I-2", "I-3" and "I-4", respectively. Id. at 444 (dorsal page).

The foregoing entries should have alerted spouses Badar to the case surrounding the issuance of a second owner's duplicate of TCT No. 15296 and the alleged loss of the original owner's duplicate. Given that the owner's duplicate certificate of title of their sellers emanated from a reconstituted second owner's duplicate certificate of title of the previous registered owners, they should have taken precautions in dealing with the subject property.

While it is admitted that spouses Badar bought the subject property after the petition for issuance of a second owner's duplicate certificate of title was decided by the court where it was filed, the validity of their sellers' title was dependent upon such decision. That such decision might be overturned by the appellate court or this Court was a risk which spouses Badar took.

Again, these facts attendant to the reconstitution of the owner's duplicate of TCT No. 15296 should have alerted them to inquire into the identity, title and capacity of the sellers. Yet, as adverted to above, spouses Badar never bothered to communicate with Imelda and Adelaida and inquire from them the circumstances surrounding the loss of said owner's duplicate and why was it supposedly in the possession of Imelda at the time of its purported loss, given that the registered owners of the subject property at that time were Hilario and Dorotea.

These illuminating pronouncements of the Court in *Spouses Occeña v. Esponilla*[94] are worth reiterating, *viz.*:

> x x x A **purchaser in good faith and for value** is one who buys property without notice that some other person has a right to or interest in such property and pays its fair price before he has notice of the adverse claims and interest of another person in the same property. So it is that the "honesty of intention" which constitutes good faith implies a **freedom from knowledge of circumstances which ought to put a person on inquiry**. x x x A purchaser cannot simply close his eyes to facts which should put a reasonable man on his guard and then claim that he acted in good faith under the belief that there was no defect in the title of his vendor. His mere refusal to believe that such defect exists or his willful closing of his eyes to the possibility of the existence of a defect in his vendor's title will not make him an innocent purchaser for value if it later develops that the title was in fact defective, and it appears that he would have notice of the defect had he acted with that measure of precaution which may reasonably be required of a prudent man in a similar situation.[95] (Emphasis supplied; italics omitted)

Echoing said pronouncements, spouses Badar simply closed their eyes to the highly suspicious circumstances above-mentioned which should have put a reasonable person on guard. This willful closing of their eyes to the possibility of the existence of defects in their vendors' title, *i.e.*, fraudulently reconstituted owner's duplicate certificate of title and right to only 1/2 *pro indiviso* portion of the subject property, will not make them IPVs or buyers in

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94 474 Phil. 880 (2004).

95 Id. at 890-891. Citations omitted.

good faith if it later develops, as it did, that their title was in fact defective, and it appears that they would have noticed of such defect had they acted with that measure of precaution which may reasonably be required of a prudent person in a similar situation.

In sum, spouses Badar have not discharged their burden to prove by clear and convincing evidence that they are IPVs. The mere invocation of the ordinary presumption of good faith, *i.e.*, that everyone is presumed to act in good faith, is insufficient.[96] The testimony of Neil, their representative, to prove their good faith is far from clear and convincing.

Consequently, the lower courts, in failing to take into consideration these suspicious circumstances in determining whether or not spouses Badar are buyers in good faith, misapprehended the facts and ignored pertinent jurisprudence when they concluded that spouses Badar are buyers in good faith. Thus, they grievously erred in their judgment which found that spouses Badar are IPVs.

**WHEREFORE**, the Petition is hereby **GRANTED**. The Court of Appeals' Decision dated August 2, 2017 and Resolution dated November 20, 2017 in CA-G.R. CV No. 105484 are **REVERSED** and **SET ASIDE**. Respondents-spouses Victor and Remedios T. Badar are **ORDERED** to **RECONVEY** one-half undivided portion of the subject property, with an area of 3,447 square meters, to petitioner Josefina C. Billote. Petitioner Josefina C. Billote and respondents-spouses Victor and Remedios Badar are **ORDERED** to surrender the original owner's duplicate of Transfer Certificate of Title No. 15296 registered in the names of spouses Hilario Solis and Dorotea Corla and the original owner's duplicate of Transfer Certificate of Title No. 274696 registered in the names of respondents-spouses Victor and Remedios Badar, respectively, to the Register of Deeds for the Province of Pangasinan, and the latter is **ORDERED** to **CANCEL** the original owner's duplicate of Transfer Certificate of Title No. 15296 and of Transfer Certificate of Title No. 274696, and **ISSUE**, in lieu of the latter, a new Transfer Certificate of Title in the names of petitioner Josefina C. Billote and respondents-spouses Victor and Remedios Badar, as *pro indiviso* co-owners in the proportion of one-half, with an area of 3,447 square meters, to petitioner Josefina C. Billote, and the other half, also with an area of 3,447 square meters, to respondents-spouses Victor and Remedios Badar. Respondents Imelda Solis and Adelaida Dalope are **ORDERED** to pay jointly and severally respondents-spouses Victor and Remedios Badar the amount of ₱1,500,000.00 with interest of 6% *per annum* after this Decision becomes final and executory until its full satisfaction.

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[96] See *Nobleza v. Nuega*, 755 Phil. 656, 663 (2015), citing *Potenciano v. Reynoso*, 449 Phil. 396, 410 (2003); see also *Baltazar v. Court of Appeals*, 250 Phil. 349, 366 (1988) and *Santos v. Court of Appeals*, 267 Phil. 578, 588 (1990).

**SO ORDERED.**

**ALFREDO BENJAMIN S. CAGUIOA**
Associate Justice

WE CONCUR:

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

**SAMUEL H. GAERLAN**
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 case was 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