

THIRD DIVISION

G.R. No. 254046 – SPOUSES ORENCIO S. MANALESE and ELOISA B. MANALESE, ARIES B. MANALESE, Petitioners, v. THE ESTATE OF THE LATE SPOUSES NARCISO and OFELIA FERRERAS, represented by its Special Administrator, DANILO S. FERRERAS, Respondent.

Promulgated:

November 25, 2024

~~Misoboot~~

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INTING, J.:

Separate Concurring Opinion

I concur in the result that the Petition should be denied for lack of merit.

Indeed, Spouses Orencio S. Manalese and Eloisa B. Manalese and Aries B. Manalese (petitioners) are not innocent purchasers in good faith and for value of the subject properties considering the red flags that should have prompted them to inquire further into Carina Pinpin's (Pinpin) capacity to convey title thereto despite the seemingly clean transfer certificates of title (TCTs) in her name:

First, Pinpin's TCTs emanated from *second* owner's duplicate TCTs, which notably bore no annotations pertaining to the loss of the 'original' owner's duplicate TCTs that, in turn, caused the issuance thereof.¹

And *second*, in September 2010, petitioners and Pinpin agreed upon the purchase price of PHP 3,300,000.00 for the subject properties, even though the latter allegedly bought the same properties from Spouses Narciso and Ofelia Ferreras for only PHP 250,000.00 in May 2009, or just a little over a year prior.²

Moreover, petitioners and Pinpin also *undervalued* the purchase price of the subject properties from PHP 3,300,000.00 to PHP 750,000.00 in the deed of sale in order to avoid tax payments,³ which is another circumstance that militates against a finding of good faith in favor of petitioners.⁴

¹ Ponencia, p. 23.

² *Id.* at 24.

³ *Id.* at 25–26.

⁴ See *Spouses Cusi v. Domingo*, 705 Phil. 255, 272–273 (2013).

For these reasons, petitioners can hardly be considered as innocent purchasers in good faith and for value of the subject properties based on the parameters laid down in the recent case of *Duenas v. Metropolitan Bank and Trust Co.*⁵

To recall, in *Duenas*, the Court *En Banc* ruled that to be considered an innocent purchaser in good faith and for value of registered land, “[t]he buyer must purchase the property and register the deed of conveyance without notice that some other person has a right to, or interest in, such property and pay a full and fair price of the same, at the time of such purchase, or before he or she has notice of the claim or interest of some other persons in the property.”⁶ In other words, the buyer must purchase the property *for consideration*, and he or she must have *no knowledge or notice of an adverse claim or interest thereon until the registration of the conveyance.*⁷

Duenas further explained that under the *mirror doctrine*, “every person dealing with a registered land may safely rely on the correctness of the certificate of title issued therefor and is not obliged to go beyond the certificate to determine the condition of the property.”⁸ This rule, however, is subject to the following *exceptions*: *one*, when the buyer has actual knowledge of facts and circumstances that would prompt a reasonably cautious person to inquire further into the title of the seller; *two*, when the buyer is aware of a defect or lack of title in the seller; and *three*, when the buyer/mortgagee is a banking institution, which is enjoined to exert a higher degree of diligence, care, and prudence than individuals in handling real estate transactions.⁹

In the case, the lower courts aptly discussed the red flags that should have placed petitioners on notice and obliged them to look beyond the Pinpin’s purportedly clean TCTs to determine whether Pinpin had the title and capacity to transfer any interest in the subject properties. Verily, petitioners’ failure to do so, coupled with the gross undervaluation of the purchase price of the subject properties for taxation purposes, certainly negates any finding that they are innocent purchasers in good faith and for value of the properties in dispute.

That being said, I express my reservations regarding the new approach that the *ponencia* has taken to reach this same conclusion.

⁵ G.R. No. 209463, November 29, 2022.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

Particularly, the *ponencia* categorically states as follows:

A person dealing with registered property can safely rely on both the register and the certificate of title as reflecting all the registrations made affecting that certificate of title; and the property and the certificate of title are only burdened by such registrations, save statutory liens pursuant to Section 44 of PD 1529.

These registrations are considered intrinsic to the register and the certificate of title; and, by virtue of the constructive notice rule, bind everyone. In the resolution of the issue regarding good faith, *it is postulated that the presentation of any registration showing a defect or the lack of title or right in the person offering the registered property, e.g. the vendor or mortgagor, or some other person having a purported right to or interest therein, will irrebuttably show bad faith on the person dealing therewith.* It is with respect to this intrinsic information that the constructive notice rule applies.¹⁰ (Emphasis in the original; italics and underscoring supplied)

In other words, the *ponencia* now requires all buyers of registered land to refrain from relying solely on the seller's clean certificate of title and to inquire into the register, *even if* he or she does not have actual knowledge of facts and/or circumstances that should prompt him or her to inquire further into the seller's title and capacity to transfer any rights over the property. Consequently, *if* the buyer fails to inquire into the register and it turns out that there is a registered encumbrance or lien on the property that does not appear on the clean title of the seller, then the buyer would be deemed "irrebuttably" in bad faith.

Not only does the *ponencia* enjoin ordinary individuals to exercise extraordinary diligence — the same degree of diligence, care, and prudence as banking institutions — when dealing with registered land, but also, it effectively renders certificates of title practically unreliable as a buyer must always check the register to verify the seller's capacity to convey title to the registered property *without exception*.

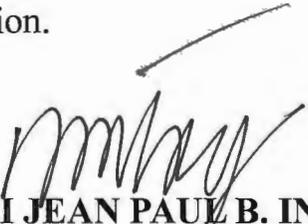
This is a clear deviation from the mirror doctrine as explained in *Duenas* and other similar jurisprudence. As it currently stands, a buyer need not go beyond the certificate of title and determine the condition of the property when dealing with a registered land, save for the exceptional instances listed above.

To be clear, I do not discount the need to expand our jurisprudence on this matter to keep pace with the changing times, given the digitization of records and the emergence of electronic titles. However, it is imperative that the reliability of such technological advancements be first determined,

¹⁰ *Ponencia*, p. 45.

doctrines are abandoned or modified in view thereof.

Accordingly, I vote to **DENY** the Petition.



HENRI JEAN PAUL B. INTING
Associate Justice