



REPUBLIC OF THE PHILIPPINES
SUPREME COURT
Manila

SECOND DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, Second Division, issued a Resolution dated **02 December 2020** which reads as follows:*

“G.R. No. 225191 (*Jovita San Juan Librea v. Soltemar Lending Investor Co., Inc., represented by Atty. Romulo B. Lopez, in his capacity as Director*). – This is an appeal by Jovita San Juan Librea (*petitioner*) against the April 8, 2016 Decision¹ and June 23, 2016 Resolution² of the Court of Appeals (*CA*) in CA-G.R. CV. No. 104488, which affirmed the January 5, 2015 Decision³ of the Regional Trial Court (*RTC*) of Morong, Rizal, Branch 80 (*Branch 80*) in LRC Case No. 11-1487-M.

Antecedents

Soltemar Lending Investor Co., Inc. (*respondent*) was awarded a sum of money in Civil Case No. 01-1304-M before the RTC of Morong, Rizal, Branch 78 (*Branch 78*), against a certain Lily Rio (*Rio*). Respondent filed a Notice of Levy on Execution on a parcel of land covered by *Katibayan ng Orihinal naTitulo Blg. M-6846 (OCT No. M-6846)* in the name of Rio. Said property was then sold in a public auction where respondent was the highest bidder. A Certificate of Sale was issued to respondent and annotated on the OCT No. M-6846 on May 13, 2003. Since no redemption was made, a Final Certificate of Sale was issued on July 7, 2004, and annotated on the title on January 9, 2008.⁴

¹ *Rollo*, pp. 39-52; penned by Associate Justice Jane Aurora C. Lantion with Associate Justices Fernanda Lampas Peralta and Marie Christine Azcarraga-Jacob, concurring.

² *Id.* at 62-64.

³ *Id.* at 139-148; penned by Presiding Judge Sheila Marie G. Alaan-Ignacio.

⁴ *Id.* at 40-41.

On March 6, 2008, petitioner executed an Affidavit of Adverse Claim over the subject property, which was annotated on OCT No. M-6846 on even date. Petitioner had sought to intervene in Civil Case No. 01-1304-M, but was eventually denied by the trial court. However, the Registry of Deeds of Rizal cancelled OCT No. M-6846 and issued a new title over the property, Transfer Certificate of Title (*TCT*) No. M-147061, issued in petitioner's name. The annotations regarding the Notice of Levy on Execution, Certificate of Sale, and Final Certificate of Sale, were all carried over and annotated on TCT No. M-147061.⁵

Proceedings in LRC Case No. 11-1487-M

Respondent filed an action against petitioner to surrender or cancel TCT No. M-147061 before the RTC of Morong, Rizal, docketed as LRC Case No. 11-1487-M. It was initially raffled to RTC Branch 78, but after the presiding judge thereof inhibited from trying the case, the matter was re-raffled to RTC Branch 80.⁶

Respondent maintained that it had priority over the subject property as its claims were duly annotated on OCT No. M-6846. Petitioner, on the other hand, averred that Rio had already sold the property to the group of Benilda Canlas (*Canlas*) and Hanie Osman Talatine (*Talatine*) as early as August 1, 2001, which group in turn sold the same to petitioner on April 18, 2005. Petitioner however executed a Deed of Absolute Sale directly with Rio because she admits that the sale in 2001 was not registered with the Registry of Deeds.⁷

In its Decision, RTC Branch 80 ruled against petitioner and ordered the Registry of Deeds of Rizal to issue a new title in favor of respondent, reasoning thus:

In this case, the unregistered sale of [petitioner] was executed subsequent to the levy on attachment or execution, the more reason then that her right to the property is inferior to that of the plaintiff.

It can be reasonably concluded also that [petitioner] is not a buyer in good faith because she was not prudent enough to check with the Registry of Deeds of Morong, Rizal whether there were encumbrances prior to the sale of property to her.

⁵ Id. at 41.

⁶ Id. at 252-253.

⁷ Id. at 41-42.

x x x x

As she is not a buyer in good faith, [petitioner] acquired no right on the subject property, hence, her surrender of the subject property is reasonable and just under the circumstances.⁸

Undaunted, petitioner elevated the case to the CA. Mainly, she maintained that she had better right to the property against respondent, and that RTC Branch 80 should have dismissed respondent's petition before the lower court due to procedural defects.⁹

Ruling of the CA

On the procedural aspect, petitioner claimed that the RTC erred in admitting an amended petition from respondent, and that her counsel was not furnished a copy of the court order admitting said amended petition. Further, the RTC should have dismissed the amended petition as it did not contain a verification and certification against non-forum shopping.¹⁰

The CA, ruling against petitioner, pointed out that the amended petition was admitted on August 4, 2011, before petitioner served her responsive pleading on respondent on August 18, 2011. Thus, the amendment was allowed as a matter of right under Section 2, Rule 10 of the Rules of Court. As to the delay in the filing of the verification and certificate of non-forum shopping, the CA held that rules may be construed liberally to meet and advance the cause of substantial justice. The RTC was justified in relaxing the strict application of the rules since respondent's original petition contained a verification and certificate of forum shopping, and in any case, respondent subsequently complied with such requirements.¹¹

On the question of who has a better right over the subject property, petitioner argues that by the time respondent levied the property, Rio was no longer the owner thereof. Neither could petitioner be forced to surrender the subject property since she has no obligation to respondent.¹²

The CA agreed with RTC Branch 80 in finding that respondent has a better right over the subject property. A person dealing with registered land is not required to go beyond the registry to determine the condition of the property. A purchaser in good faith acquires a good title as against all other

⁸ Id. at 146.

⁹ Id. at 9-33.

¹⁰ Id. at 49.

¹¹ Id. at 50-51.

¹² Id. at 45.

transferees thereof whose rights are not recorded in the Registry of Deeds at the time of the sale. The CA considered respondent a purchaser in good faith because, at the time, the Notice of Levy on Execution and Certificate of Sale were annotated on OCT No. M-6846; there was no annotation on the title as regards the alleged sale between Rio, Canlas and Talatine.¹³

Petitioner, on the other hand, admitted that she bought the property from Canlas and Talatine, whose purchase from Rio was not registered. Such circumstance should have cautioned petitioner and made her check the contents of OCT No. M-6846 before she purchased the property, which she failed to do. Her failure constitutes gross negligence, amounting to bad faith.¹⁴

The CA held that RTC Branch 80 was correct to require the surrender of TCT No. M-147061 and to order the Registry of Deeds of Rizal to issue a new title in favor of respondent, as respondent is entitled to such remedies under Sections 75 and 107 of Presidential Decree (*P.D.*) No. 1529.¹⁵

On May 6, 2016, petitioner filed a Motion for Reconsideration which indicated that petitioner received the CA Decision on April 18, 2016. Therefore, the CA treated the motion as having been filed beyond the reglementary 15-day period and denied the same. Petitioner thus seeks recourse by way of this instant Petition for Review on *Certiorari*.

ISSUE

The paramount issue before this Court is the determination of whom among the parties has a better right to the subject property.

The Court's Ruling

As a preliminary matter, petitioner bewails the CA's denial of her Motion for Reconsideration for having been filed out of time. According to Sec. 1, Rule 52 of the Rules of Court, a party may file a motion for reconsideration within 15 days from notice of a judgment or final resolution of the CA. Petitioner alleges that while the date of notice of the disputed CA Decision was written as April 18, 2016 in her motion, it was actually received only on April 26, 2016. Therefore, she claims her motion was timely filed on May 6, 2016.

¹³ *Id.* at 45-47.

¹⁴ *Id.* at 48.

¹⁵ *Id.* at 48-49.

Unfortunately, petitioner did not have the opportunity to offer such explanation to the CA before the matter was elevated to this Court. And while respondent maintains that the Motion for Reconsideration was belatedly filed, it did not dispute petitioner's explanation.

The logical consequence of ruling for petitioner in this regard would result in the remand of the case to the CA for resolution of her Motion for Reconsideration. However, in order to expedite proceedings, the Court finds that it is more apt to resolve the substantive matters of the case. "It is an accepted precept of procedural law that the Court may resolve the dispute in a single proceeding, instead of remanding the case to the lower court for further proceedings if, based on the records, pleadings, and other evidence, the matter can readily be ruled upon."¹⁶ Since both parties were able to flesh out their respective arguments regarding the substantive matters of the case, the more judicious action would be for the Court to resolve the same, if only to put an end to the dispute.

Entitlement to the Subject Property

Respondent purchased the subject property from an auction sale pursuant to the notice of levy on execution in Civil Case No. 01-1304-M. Petitioner insists that Rio had already sold the land to Canlas and Talatine prior to the levy having been registered by respondent. However, petitioner also admits that the supposed prior sale was not registered with the Registry of Deeds. As the subject property is covered by a Torrens Title, Sec. 51 of P.D. No. 1529 finds application:

SEC. 51. *Conveyance and other dealings by registered owner.* — An owner of registered land may convey, mortgage, lease, charge or otherwise deal with the same in accordance with existing laws. He may use such forms of deeds, mortgages, leases or other voluntary instruments as are sufficient in law. But no deed, mortgage, lease, or other voluntary instrument, except a will purporting to convey or affect registered land shall take effect as a conveyance or bind the land, but shall operate only as a contract between the parties and as evidence of authority to the Registry of Deeds to make registration.

The act of registration shall be the operative act to convey or affect the land insofar as third persons are concerned, and in all cases under this Decree, the registration shall be made in the office of the Register of Deeds for the province or the city where the land lies.

¹⁶ *Medline Management, Inc. v. Roslinda*, 645 Phil. 34, 50 (2010).

It is well-settled that a duly registered Levy on Attachment or Execution deserves preference over a prior unregistered sale.¹⁷ The purported sale by Rio in 2001 was not registered, and at best a valid contract only between the parties therein; it cannot work to prejudice respondent, who is a stranger to such sale. Further, the priority enjoyed by the Levy on Attachment extends, with full force and effect, to the buyer at the auction sale conducted by virtue of such levy.¹⁸ Thus, the CA correctly held that respondent was a purchaser in good faith. With regard to registered lands, a purchaser in good faith acquires good title as against other transferees whose rights are not recorded in the Registry of Deeds at the time of the sale.¹⁹

Conversely, petitioner's argument that she cannot be bound by the levy, as she was not a party to Civil Case No. 01-1304-M deserves scant consideration. Registration creates a constructive notice to the whole world and binds third persons.²⁰ To countenance petitioner's arguments would be to defeat the primary purpose of the Torrens System. In addition, the CA rightfully found that petitioner was grossly negligent in transacting with the subject property. The most basic diligence expected of one purchasing real property covered by a Torrens Title would be to check on the title with the Registry of Deeds. Petitioner's failure to check up on OCT No. M-6846 before executing a Deed of Sale with Rio renders her a buyer in bad faith.

Further, petitioner argues that LRC Case No. 11-1487-M constitutes an unallowable collateral attack on her title. This argument is clearly unmeritorious. Sec. 48 of P.D. No. 1529 provides that a certificate of title shall not be subject to collateral attack, and can only be altered, modified or cancelled in a direct proceeding. An attack is collateral when it incidentally questions the validity of the Transfer Certificate of Title in an action seeking a different relief, while a direct attack is an action that annuls the title itself.²¹ Here, in instituting LRC Case No. 11-1487-M, respondent specifically sought the cancellation of TCT No. M-147061. It is a permissible direct attack on petitioner's Torrens Title.

¹⁷ *Spouses Chua v. Gutierrez*, 652 Phil. 84, 91 (2010).

¹⁸ *Id.* at 93.

¹⁹ *Spouses Abrigo v. De Vera*, 476 Phil. 641, 654 (2004).

²⁰ *Spouses Tecklo v. Rural Bank of Pamplona, Inc.*, 635 Phil. 249, 259 (2010).

²¹ *Padillo v. Villanueva*, G.R. No. 209661, October 3, 2018, 882 SCRA 1, 13.

*Alleged Procedural Defects before
the Regional Trial Court*

Petitioner maintains that the RTC should have dismissed the amended petition before it for lack of verification and certification against forum shopping. On this point, We likewise uphold the CA in finding that the trial court was correct to relax the application of the rules.

The Court summarized the rules on verification and certification against forum shopping in *Altres v. Empleo*,²² the pertinent portions of which are:

x x x x

2) As to verification, noncompliance therewith or a defect therein does not necessarily render the pleading fatally defective. The court may order its submission or correction or act on the pleading if the attending circumstances are such that strict compliance with the Rule may be dispensed with in order that the ends of justice may be served thereby.

x x x x

4) As to certification against forum shopping, noncompliance therewith or a defect therein, unlike in verification, is generally not curable by its subsequent submission or correction thereof, unless there is a need to relax the Rule on the ground of “substantial compliance” or presence of “special circumstances or compelling reasons.”

x x x x²³

As aptly found by the CA, respondent’s original petition before the RTC already contained a verification and certification against forum shopping. Furthermore, it subsequently submitted the necessary verification and certification. These circumstances negate petitioner’s claim that respondent deliberately violated the rules, and sufficiently constitute substantial compliance to justify the relaxation of the rules.

In addition, it bears repeating that while it is desirable that the Rules of Court be faithfully and even meticulously observed, courts should not be so strict about procedural lapses that do not really impair the proper administration of justice. Thus, if the rules are intended to ensure the orderly conduct of litigation, it is because of the higher objective they seek, which is

²² 594 Phil. 246 (2008).

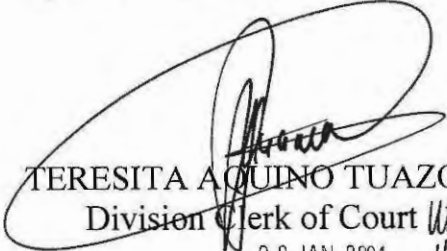
²³ Id. at 261-262; citations omitted.

the protection of substantive rights of the parties.²⁴ Considering the foregoing, finding for the higher objective of protecting substantive right, the relaxation of the rules is justified.

WHEREFORE, the petition is **DENIED**. The Decision and Resolution of the Court of Appeals in CA-G.R. CV. No. 104488, dated April 8, 2016 and June 23, 2016, respectively, are hereby **AFFIRMED**.

SO ORDERED. (Perlas-Bernabe, *J.*, on official leave; Rosario, *J.*, designated additional member per Special Order No. 2797 dated November 5, 2020)”

By authority of the Court:


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 08 JAN 2021 1/8

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 (LRC Case No. 11-1487-M)

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²⁴ *Orlina v. Ventura*, G.R. No. 227033, December 3, 2018, 887 SCRA 572, 582.