

THIRD DIVISION

[G.R. No. 22530, October 16, 2019]

MR. AND MRS. ERNESTO MANLAN, PETITIONERS, VS. MR. AND MRS. RICARDO BELTRAN, RESPONDENTS.

DECISION

INTING, J.:

Before this Court is a petition^[1] for review under Rule 45 of the Rules of Court assailing the Decision^[2] dated April 29, 2015 and Resolution^[3] dated December 4, 2015 of the Court of Appeals (CA) in CA-G.R. CV No. 01395 which affirmed *in toto* the Decision^[4] dated April 5, 2006 of Branch 40, Regional Trial Court (RTC), Dumaguete City.

The Antecedents

The present case involves the conflicting claims of two sets of buyers over a parcel of land. One group avers of having bought the property from one of its co-owners and building their house thereon in good faith. Meanwhile, the other group claims of having bought the same land from all the co-owners and registered it in good faith.

Specifically, the subject matter here is a 1,214 square meter (sq.m.) land situated in *Barangay* Calindagan, Dumaguete City forming part of Lot 1366-E and originally owned in common by Serbio, Anfiano, Engracia, Carmela, Manuel, Teresito, Corazon, Segundina, and Leonardo, all surnamed Orbeta (collectively referred as "the Orbetas").

On May 5, 1983, Spouses Ernesto and Rosita Manlan (petitioners) bought a 500 sq.m. portion of the subject property from Manuel Orbeta for P30,000.00. After receiving the advance payment of P15,000.00, Manuel Orbeta allowed petitioners to occupy it.^[5]

On October 21, 1986, the Orbetas (except for Manuel Orbeta who was already deceased; thus, represented by his wife Emiliana Villamil Orbeta) executed a Deed of Absolute Sale (DOAS) conveying the 714 sq.m. portion of the same property to Spouses Ricardo and Zosima Beltran (respondents). On November 20, 1990, respondents bought the remaining 500 sq.m. from the Orbetas,^[6] as evidenced by another DOAS.^[7] Consequently, on January 28, 1991, the subject property was registered in respondents' name under Transfer Certificate of Title (TCT) No. 20152.^[8]

Thereafter, respondents demanded from petitioners to vacate the property in dispute, but to no avail. Thus, they brought the matter to the *barangay lupon*. When conciliation failed, respondents filed an action for quieting of title and recovery of possession of the 500 sq.m. portion of the subject land.^[9]

In the Complaint,^[10] respondents claimed to be the absolute owners of the subject property having bought it from the Orbetas.

In their Answer,^[11] petitioners alleged that they bought the 500 sq.m. portion of the disputed land from Sergio and Manuel Orbeta in 1983.

As counterclaim, they contended that the DOAS dated November 20, 1990, executed by respondents and the Orbetas, was fictitious, having been procured by means of falsification and insidious scheme and machination because at the time it was notarized, one of the co-owners, Sergio, was already dead. Accordingly, the deed could not be a source of respondents' right over the contested land.

Ruling of the RTC

In its April 5, 2006, Decision,^[12] the RTC ruled that respondents had a better title over the subject property. The dispositive portion of its decision reads:

WHEREFORE, premises considered, judgment is hereby rendered as follows:

A. The plaintiffs are entitled to the possession of the 500[-]square meter portion of Lot 1366-E covered by Transfer Certificate of Title No. 2015[2];
^[13]

B. The defendants are declared to be builders or possessors in good faith entitled to reimbursement of all improvements and expenses, both necessary and useful, introduced into the 500[-]square meter portion of Lot 1366-E with right of retention as provided by Articles 448 and 546 of the Civil Code;

C. The defendants are ordered to vacate the 500[-]square meter portion of Lot 1366-E after reimbursement, as stated in paragraph B, by the plaintiffs;

No costs.

SO ORDERED.^[14]

Although the RTC found that the notarization of the DOAS dated November 20, 1990 was defective, it, nevertheless, ruled that the defect did not affect the legality of the conveyance from the Orbetas to respondents. Moreover, it ruled that petitioners could not collaterally attack the validity of respondents' title. Thus, it upheld the transfer of rights from the Orbetas to respondents.

Aggrieved, petitioners elevated the case to the CA.

Ruling of the CA

On April 29, 2015, the CA promulgated the assailed Decision^[15] affirming the RTC ruling, to wit:

WHEREFORE, all the foregoing proffered, the instant appeal is DENIED. The Decision dated April 5, 2006 of the RTC, Branch 40, Dumaguete City is hereby AFFIRMED.

SO ORDERED.^[16]

The CA held that the rule on double sales under Article 1544 of the New Civil Code does not apply here. It explained that there is double sale only when the same property is validly sold by one vendor to different vendees. It ruled that Lot 1366-E was not transferred by a single vendor to several purchasers considering that respondents bought the contested lot from the original co-owners, the Orbetas; while petitioners bought the same contested property from Manuel Orbeta.^[17]

Likewise, the CA affirmed the RTC ruling that respondents had a better right over the subject property as they proved their valid conveyance from all the co-owners of the property. It also upheld the RTC findings that the defect in the notarization of the deed of sale dated November 20, 1990 did not affect the transfer of rights from the Orbetas to respondents. It ruled that a defective notarization, simply means that the deed of sale should be treated as a private document, which could be proved by anyone who saw the document executed or written, or by evidence anent the genuineness of the signature or handwriting of the maker. Lastly, it found that respondents were able to prove the authenticity and due execution of the questioned deed of sale.^[18]

Petitioners moved for reconsideration, but the RTC denied it for lack of merit in the assailed Resolution^[19] dated December 4, 2015.

In the instant petition, petitioners argue that: (1) the rules on double sale are applicable; (2) the CA erred in not considering that respondents were in bad faith in purchasing the subject property; (3) the DOAS dated November 20, 1990 is fraudulent as it was not validly notarized; and (4) the defective notarization in the deed of sale affected the validity of TCT No. 20152.

In a nutshell, petitioners raise the issue of whether the DOAS dated November 20, 1990 is valid.^[20]

Ruling of the Court

The petition is unmeritorious.

At the outset, it must be emphasized that this Court is not a trier of facts and only questions of law must be raised in a petition filed under Rule 45 of the Rules of Court.^[21] Moreover, this Court accords finality on the factual findings of the trial courts, especially when such findings are affirmed by the appellate court, as in the case at bench.^[22] Although said rule admits certain exceptions,^[23] none of which was proved here. Thus, this Court is *not* duty-bound to analyze and weigh all over again the evidence already considered in the proceedings before the trial court.

More particularly, petitioners proffer factual issues such as whether respondents were in bad faith when they bought the property from the Orbetas and whether respondents fraudulently executed the Deed of Sale dated November 20, 1990. These factual matters are not within the province of this Court to look into, save only in exceptional circumstances which are not present here. As such, this Court gives credence to the factual evaluation made by the trial court which was affirmed by the CA.

Based on the foregoing, the Court limits its discussion on the following questions of law: (1) whether the rules on double sale under Article 1544 of the New Civil Code are applicable; (2) whether the defective notarization affects the legality of sale; and (3) whether petitioners collaterally attacked the respondents' Torrens title.

On whether the rules on double sale are applicable.

Petitioners insist that this is a plain case of double sale. They argue that they bought in good faith the 500 sq.m. portion of Lot 1366-E in 1983, while respondents bought the subject property only in 1990. They stress that they have a better right over the property following the rules on double sale under Article 1544 of the New Civil Code.
[24]

We disagree.

Petitioners' reliance on Article 1544 of the New Civil Code is misplaced.

Article 1544 of the New Civil Code provides:

Art. 1544. If the same thing should have been sold to different vendees, the ownership shall be transferred to the person who may have first taken possession thereof in good faith, if it should be movable property.

Should it be immovable property, the ownership shall belong to the person acquiring it who in good faith first recorded it in the Registry of Property.

Should there be no inscription, the ownership shall pertain to the person who in good faith was first in the possession; and, in the absence thereof, to the person who presents the oldest title, provided there is good faith.

In *Cheng v. Genato*,^[25] the Court enumerated the requisites in order for Article 1544 to apply, viz.:

- (a) The two (or more) sales transactions in issue must pertain to exactly the same subject matter, and must be valid sales transactions.
- (b) The two (or more) buyers at odds over the rightful ownership of the subject matter must each represent conflicting interests; and
- (c) The two (or more) buyers at odds over the rightful ownership of the subject matter must each have bought from the very same seller.^[26]

In fine, there is double sale when the same thing is sold to different vendees by a single vendor.^[27] It only means that Article 1544 has no application in cases where the sales involved were initiated not just by one vendor but by several vendors.^[28]

Here, petitioners and respondents acquired the subject property from different transferors. The DOAS^[29] dated November 20, 1990 shows that all of the original

co-owners (except for Manuel and Serbio, who are already deceased) sold the subject lot to respondents. On the other hand, the Receipt and Promissory Note^[30] both dated May 5, 1983, reveal that only Manuel sold the lot to petitioners. As found by the RTC and the CA, nothing on the records shows that Manuel was duly authorized by the other co-owners to sell the subject property in 1983.

Evidently, there are two sets of vendors who sold the subject land to two different vendees. Thus, this Court upholds the findings of the trial court and the CA that the rule on double sale is not applicable in the instant case.

On whether the defective notarization affects the legality of the sale.

Petitioners maintain that the DOAS dated November 20, 1990 cannot be a source of rights for respondents because the notarization was defective. They contend that when the deed of sale was notarized, one of its signatories was already dead. In simple terms, petitioners assail the deed of sale as it was obtained by respondents through fraud.

Petitioners are mistaken.

Basic is the rule in civil law that the necessity of a public document for contracts which transmit or extinguish real rights over immovable property, as mandated by Article 1358^[31] of the Civil Code, is only for convenience. It is not essential for its validity or enforceability.^[32] In other words, the failure to follow the proper form prescribed by Article 1358 of the Civil Code does not render the acts or contracts invalid.^[33] Where a contract is not in the form prescribed by law, the parties can merely compel each other to observe that form, once the contract has been perfected.^[34]

In addition, it has been held, time and again, that a sale of a real property that is not consigned in a public instrument is, nevertheless, valid and binding among the parties.^[35] This is in accordance with the time-honored principle that even a verbal contract of sale of real estate produces legal effects between the parties.^[36] Contracts are obligatory, in whatever form they may have been entered into, provided all the essential requisites for their validity are present.^[37]

Following these principles, the defective notarization of the DOAS dated November 20, 1990 does not affect the validity of the transaction between the Orbetas and respondents. It has no effect on the transfer of rights over the subject property from the Orbetas to respondents.

A defective notarization will merely strip the document of its public character and reduce it to a private instrument.^[38] Consequently, when there is a defect in the notarization of a document, the clear and convincing evidentiary standard normally attached to a duly notarized document is dispensed with, and the measure to test the validity of such document is preponderance of evidence.^[39] The document with a defective notarization shall be treated as a private document and can be examined under the parameters of Section 20, Rule 132 of the Rules of Court which provides that, "*before any private document offered as authentic is received in evidence, its due execution and authenticity must be proved either: (a) by anyone who saw the*