

SECOND DIVISION

[G.R. No. 179751, August 05, 2015]

**HERMINIA L. MENDOZA, IN HER CAPACITY AS OIC OF THE
REGISTER OF DEEDS OF LUCENA CITY, PETITIONER, VS.
SPOUSES ARMANDO AND ANGELA GARANA AND FAR EAST BANK
& TRUST CO., INC., RESPONDENTS.**

DECISION

BRION, J.:

We resolve in this petition for review on certiorari^[1] the challenge to the February 14, 2007 decision^[2] and the September 11, 2007 resolution^[3] of the Court of Appeals (CA) in CA-G.R. CV No. 70027. These assailed CA rulings annulled the October 10, 2000 order^[4] of the Regional Trial Court of Lucena City, Br. 58 (*trial court*), which ordered the annotation of a notice of *lis pendens* on Transfer Certificate Title (TCT) No. T-77739, registered under the names of respondent-spouses Armando and Angela Garana (*Spouses Garana*).

Factual Antecedents

On October 6, 1993, the heirs of Manuel Uy Ek Liong (*heirs of Manuel Uy*), represented by Belen Uy, sought the registration of a notice of *lis pendens* with the Register of Deeds of Lucena City (*RD Lucena*). This notice of *lis pendens* intended to bind the properties covered by the following titles: TCT Nos. T-72027, T-72028, T-72029, T-72030, T-72031, T-72032, and T-72033,^[5] which were the subject of an action for specific performance with damages (Civil Case No. 93-176) that the heirs of Manuel Uy filed, to compel the owners^[6] to sell these properties to them.^[7]

At 1:30 pm of the same date, after paying the required fees, the notice of *lis pendens* for all these titles was entered as **Entry No. 56142 in Volume VI, page 241** of RD Lucena's primary entry book or day book.^[8] Atty. Alberto P. Marquez (*Atty. Marquez*), then registrar of RD Lucena, also wrote a letter to the properties' respective owners, asking them to surrender their owner's duplicate copies of the titles so the annotation of the notice of *lis pendens* could be made.^[9] Among those notified was Leovina Jalbuena (*Jalbuena*), the registered owner of TCT No. T-72029, who did not surrender her duplicate copy for annotation.

Even before the notice of *lis pendens* was sought, Belen Uy already caused the annotation of an adverse claim on all the titles on August 16, 1993. However, this annotation was subsequently cancelled on October 4, 1994, upon the filing of an affidavit with RD Lucena by one Bienaflor C. Umali.

Meanwhile, RD Lucena annotated the notice of *lis pendens* on all the affected titles except for TCT No. T-72029 (*subject land*), whose original at that time was missing

from RD Lucena's vault.^[10] Added to this was Jalbuena's failure to surrender her owner's duplicate copy for annotation.^[11]

As it turned out, the original of TCT No. T-72029 was in the custody of one Carmelina Rodriguez (*Rodriguez*),^[12] a clerk at RD Lucena. She processed another transaction involving this title but, after this transaction, totally forgot the annotation on TCT No. T-72029 of the notice of *lis pendens* of the heirs of Manuel Uy.

Sometime in 1994, the Spouses Garana started inquiries about Jalbuena's land for a possible purchase. They found out that it was then the subject of Belen Uy's adverse claim annotated on August 16, 1993. When they subsequently learned that this annotation had been cancelled by Bienaflor C. Umali on October 4, 1994, the Spouses Garana immediately proceeded to buy^[13] the land from Jalbuena on November 7, 1994.^[14]

In accordance with the sale, RD Lucena cancelled TCT No. T-72029, and issued TCT No. T-77739 under the names of the Spouses Garana. Since the October 6, 1993 notice of *lis pendens* of the heirs of Manuel Uy did not appear in the cancelled title, it was also not reflected in the new title of the Spouses Garana.

Subsequently, the Spouses Garana mortgaged the subject property with respondent Far East Bank and Trust Company (now Bank of the Philippine Islands or *BPI*) as security for their loan.^[15]

Meanwhile, the heirs of Manuel Uy learned that Jalbuena had sold the subject land to the Spouses Garana and that a new title had been issued in their favor without indicating their notice of *lis pendens*. Thus, they notified RD Lucena of this procedural lapse and asked for the annotation of the notice of *lis pendens* on the Spouses Garana's new title.^[16]

To remedy its oversight, RD Lucena through Atty. Marquez, now substituted by petitioner Herminia Mendoza or *petitioner*, filed a petition with the trial court to allow RD Lucena to annotate the notice of *lis pendens* on the Spouses Garana's new title.^[17]

The Spouses Garana and BPI opposed this petition and argued that the annotation was too late and would prejudice them. The Spouses Garana argued that their reliance on the clean title of TCT No. T-72029 should not diminish their status as innocent purchasers for value. For its part, BPI submitted that when the land was mortgaged to them, there was no indication that it was the subject of a pending litigation.^[18]

The trial court ruled in favor of RD Lucena and ordered the annotation of the notice of *lis pendens* on the Spouses Garana's new title. This prompted the Spouses Garana and BPI to file an appeal with the CA.^[19]

The CA's Ruling

The CA granted the Spouses Garana's and BPI's appeal.

The CA noted that the subject land is registered under the Torrens System. On this basis, any person dealing with it must be able to safely rely on the correctness of the certificate of title that the RD Lucena issued. Thus, the Spouses Garana should not be obliged to go beyond the certificate of title to determine the property's condition. To allow provisional annotations such as the trial court's order would erode the value of the indefeasibility of titles registered under the Torrens System.

[20]

Guided by this doctrine, the CA ruled that the Spouses Garana were innocent purchasers for value. They relied on the clean title of Jalbuena when they bought from her the subject land. Since the notice of *lis pendens* was not annotated on this title, the Spouses Garana had no way of knowing the pending litigation involving the claims of the heirs of Manuel Uy. The recording of the notice of *lis pendens* in RD Lucena's primary entry book did not operate as notice to third persons who dealt with the subject land.[21]

The Petition

The petitioner admits its own omission to annotate the notice of *lis pendens* and its oversight in allowing the cancellation of TCT No. T-72029, and in the issuance of a new one, without reflecting the notice of *lis pendens* registered by the heirs of Manuel Uy.

However, the petitioner submits that despite this omission, the entry of the notice of *lis pendens* in RD Lucena's primary entry book already amounted to a valid registration.[22] Their office's failure to annotate should not prejudice the heirs of Manuel Uy who had validly undertaken all the necessary steps, e.g., the filing with RD Lucena and the payment of the registration fees, in submitting their notice of *lis pendens* for registration.

To support its argument, the petitioner invokes the case of *Levin v. Bass*,[23] where the Court ruled that **in cases of involuntary registration such as an attachment, levy, execution, and a notice of *lis pendens*, entry in the primary book or day book is already sufficient notice to all persons of such adverse claim.**[24]

Under these circumstances, even without the annotation on the physical title of TCT No. T-72029, the notice of *lis pendens* remains. The existence of a record in their primary entry book amounted to notice to the whole world and should bind all persons dealing with the subject land, including the Spouses Garana and BPI. Hence, they should not be exempt from the effects of the pending litigation that the petitioner recorded.

Lastly, the petitioner submits that the Spouses Garana were not innocent purchasers for value. Before buying the land, the Spouses Garana already knew of Belen Uy's first annotation of an adverse claim on TCT No. T-72029. They only waited for its cancellation on October 4, 1994. Thus, shortly after this, on November 7, 1994, they bought the subject land from Jalbuena. This indicated that the Spouses Garana knew all along of the claim of the heirs of Manuel Uy on the subject land.

The Issue

The main issue before us is whether the entry of a notice of *lis pendens* in the primary entry book or day book of the Register of Deeds serves as notice to third persons of the existence of such claim against a registered land. Thus, even in the absence of an annotation **on** the title, the notice of *lis pendens* is still binding on all persons dealing with the land.

The Court's Ruling

We **GRANT** the petition.

The facts of this case are not new. In the past, the Court has already addressed the issue of the recognition of an encumbrance not annotated on the certificate of title but recorded in the Register of Deeds' primary entry book or day book.

Our rulings trace their roots from the 1951 case of *Villasor v. Camon*,^[25] which was subsequently reiterated in the 1952 case of *Levin v. Bass*^[26]

In *Villasor*, the Court analyzed the provisions of Act No. 496 (or the early Land Registration Act) and had occasion to distinguish the registration requirements of a voluntary instrument from an involuntary instrument.

The Court noted that in the registration of a voluntary instrument such as a sale, a mortgage, or a lease, the owner's production of his duplicate certificate of title is necessary before registration. Since the instrument sought to be registered is the wilful act of the owner, he is expected to produce all the necessary documents that will facilitate its registration.^[27]

On the other hand, an involuntary instrument such as an attachment, a lien, **a notice of *lis pendens***, and the like, are adverse to the claims of the registered owner. Thus, he cannot be expected to provide all the necessary documents such as his owner's duplicate copy of the title.

For this reason, **the law does not require the presentation as well as the annotation of the involuntary instrument on the owner's duplicate title, or even on the original title. The mere recording of the involuntary instrument in the primary entry book or day book is sufficient to bind the registered land and affect third persons dealing with it.**^[28]

Following these pronouncements, the Court subsequently reiterated in *Levin*, that in involuntary registration, **the entry of the instrument in the primary entry book or day book already serves as adequate notice to all persons of another person's or entity's adverse claim over a registered land.**^[29]

Notably, *Villasor* and *Levin* were decided under Act No. 496, which contained the following relevant provisions:

Section 51. Every conveyance, mortgage, lease, lien, attachment, order, decree, instrument, or entry affecting registered land which

would under existing laws, or recorded, filed, or entered in the office of the register of deeds, affect the real estate to which it relates shall, **if registered, filed, or entered in the office of the register of deeds in the province or city where the real estate to which such instrument relates lies, be notice to all persons from the time of such registering, filing, or entering.**

Section 55. **No new certificate of title shall be entered, no memorandum shall be made** upon any certificate of title by the clerk, or by any register of deeds, **in pursuance of any deed or other voluntary instrument, unless the owner's duplicate certificate is presented for such indorsement,** except in cases expressly provided for in this Act, or upon the order of the court, for cause shown; and whenever such order is made, a memorandum thereof shall be entered upon the new certificate of title and upon the owner's duplicate, xxx

Section 56. Each register of deeds shall keep an entry book in which he shall enter in the order of their reception all deeds and other voluntary instruments, and all copies of writs and other process filed with him relating to registered land. **He shall note in such book the year month, day, hour, and minute of reception of all instruments, in the order in which they are received. They shall be regarded as registered from the time so noted,** and the memorandum of each instrument when made on the certificate of title to which it refers shall bear the same date. [Emphases supplied.]

From these provisions, one can conclude that an instrument, once noted or entered in the primary entry book or day book of the Register of Deeds, is already **deemed registered** from the date of such entry.^[30] Such registration, entry or filing already amounts to **notice to all persons dealing with the registered land from the time of registration, entry or filing.**^[31]

However, Section 55 of this law provides for an additional requirement in the registration of voluntary instruments. **In voluntary registration, mere entry in the primary book or day book is not enough.** The registered owner must present not only the instrument sought to be registered, but also his owner's duplicate copy for a complete registration to take place.^[32]

Sections 51, 55, and 56 of Act No. 496 were carried over into PD No. 1529 or the Property Registration Decree. These provisions now correspond to Sections 52,^[33] 53,^[34] and 56^[35] of PD No. 1529, the current law governing land registration.

In these lights, the Court's pronouncements in *Villasor* and *Levin* continue to be the governing rulings under our present land registration system (PD No. 1529). The invocation of the Court's ruling in these earlier cases, and their reiteration in the more recent cases of *Caviles v. Bautista*,^[36] *Armed Forces and Police Mutual Benefit Association v. Santiago*,^[37] and *Saberon v. Ventanilla*,^[38] remain to be valid.

In all these subsequent cases, the Court was confronted with the issue of recognizing an involuntary instrument that was not annotated on the certificate of