

FIRST DIVISION

[G.R. No. 195825, February 27, 2013]

**SPOUSES ALFONSO AND MARIA ANGELES CUSI, PETITIONERS,
VS. LILIA V. DOMINGO, RESPONDENT.**

[G.R. NO. 195871]

**RAMONA LIZA L. DE VERA, PETITIONER, VS. LILIA V. DOMINGO
AND SPOUSES RADELIA AND ALFRED SY, RESPONDENTS.**

D E C I S I O N

BERSAMIN, J.:

Under the Torrens system of land registration, the registered owner of realty cannot be deprived of her property through fraud, unless a transferee acquires the property as an innocent purchaser for value. A transferee who acquires the property covered by a reissued owner's copy of the certificate of title without taking the ordinary precautions of honest persons in doing business and examining the records of the proper Registry of Deeds, or who fails to pay the full market value of the property is not considered an innocent purchaser for value.

Under review in these consolidated appeals is the Decision promulgated on July 16, 2010,^[1] whereby the Court of Appeals (CA) in CA-G.R. CV No. 90452 affirmed the revised decision rendered on March 1, 2007 by the Regional Trial Court in Quezon City (RTC) against the petitioners and their seller.^[2]

Antecedents

The property in dispute was a vacant unfenced lot situated in White Plains, Quezon City and covered by Transfer Certificate of Title (TCT) No. N-165606 issued in the name of respondent Lilia V. Domingo by the Registry of Deeds of Quezon City. It had an area of 658 square meters.^[3] In July 1999, Domingo learned that construction activities were being undertaken on her property without her consent. She soon unearthed the series of anomalous transactions affecting her property.

On July 18, 1997, one Radelia Sy (Sy),^[4] representing herself as the owner of the property, petitioned the RTC for the issuance of a new owner's copy of Domingo's TCT No. N-165606, appending to her petition a deed of absolute sale dated July 14, 1997 purportedly executed in her favor by Domingo;^[5] and an affidavit of loss dated July 17, 1997,^[6] whereby she claimed that her bag containing the owner's copy of TCT No. N-165606 had been snatched from her on July 13, 1997 while she was at the SM City in North EDSA, Quezon City. The RTC granted Sy's petition on August 26, 1997.^[7] The Registry of Deeds of Quezon City then issued a new owner's duplicate copy of TCT No. N-165606, which was later cancelled by virtue of the deed

of absolute sale dated July 14, 1997, and in its stead the Registry of Deeds of Quezon City issued TCT No. 186142 in Sy's name.^[8]

Sy subsequently subdivided the property into two, and sold each half by way of contract to sell to Spouses Edgardo and Ramona Liza De Vera and to Spouses Alfonso and Maria Angeles Cusi. The existence of the individual contracts to sell was annotated on the dorsal portion of Sy's TCT No. 186142 as Entry No. PE-8907/N-186142,^[9] stating that the consideration of the sale was P1,000,000.00 for each set of buyers, or for a total of P2,000,000.00 for the entire property that had an actual worth of not less than P14,000,000.00. TCT No. 186142 in the name of Sy was then cancelled by virtue of the deeds of sale executed between Sy and Spouses De Vera, and between Sy and Spouses Cusi, to whom were respectively issued TCT No. 189568^[10] and TCT No. 189569.^[11] All the while, the transactions between Sy and the De Veras, and between Sy and the Cusis were unknown to Domingo, whose TCT No. N-165606 remained in her undisturbed possession.^[12]

It turned out that the construction activities taking place on the property that Domingo learned about were upon the initiative of the De Veras in the exercise of their dominical and possessory rights.

Domingo commenced this action against Sy and her spouse, the De Veras and the Cusis in the RTC, the complaint being docketed as Civil Case No. Q-99-39312 and entitled *Lilia V. Domingo v. Spouses Radelia and Alfred Sy, Spouses Alfonso G. and Maria Angeles S. Cusi, Spouses Edgardo M. and Ramona Liza L. De Vera, BPI Family Savings Bank and The Register of Deeds of Quezon City*, seeking the annulment or cancellation of titles, injunction and damages. Domingo applied for the issuance of a writ of preliminary prohibitory and mandatory injunction, and a temporary restraining order (TRO).^[13] The RTC granted Domingo's application for the TRO enjoining the defendants from proceeding with the construction activities on the property. The RTC later granted her application for the writ of preliminary injunction.

Ruling of the RTC

On September 30, 2003, the RTC rendered a decision,^[14] disposing:

WHEREFORE, in view of all the foregoing judgment is hereby rendered:

- (a) declaring the sale between Lilia V. Domingo and Radella Sy void and of (sic) effect;
- (b) declaring the Sps. Edgardo and Ramona Liza De Vera and Sps. Alfonso and Maria Angeles Cusi to be purchasers in good faith and for value;
- (c) lifting the writ of preliminary injunction;
- (d) finding defendant Radella Sy liable to the plaintiff Lilia Domingo liable (sic) for damages, as follows:

1. Fourteen Million Pesos (P14,000,000.00) representing the value of the property covered by TCT No. 165606 plus legal rate of interest until fully paid;
2. One Million Pesos (P1,000,000.00) representing moral damages;
3. Five Hundred Thousand Pesos (P500,000.00) representing exemplary damages;
4. Five Hundred Thousand Pesos (P500,000.00) representing attorney's fees;
5. Two Hundred Thousand Pesos (P200,000.00) representing litigation expenses; and
6. Costs of Suit.

IT IS SO ORDERED.

Acting on the motions for reconsideration separately filed by Sy and Domingo,^[15] the RTC reconsidered and set aside its September 30, 2003 decision, and allowed the presentation of rebuttal and sur-rebuttal evidence.

On March 1, 2007, the RTC rendered a new decision,^[16] ruling:

WHEREFORE, in view of the foregoing, Judgment is hereby rendered:

- (a) Declaring the sale between Lilia Domingo and Radelia Sy void and of no effect;
- (b) Declaring the Sps. Edgardo and Ramona Liza De Vera and Sps. Alfonso and Maria Angeles Cusi not purchasers in good faith and for value;
- (c) TCT Nos. 189568 and 189569 are hereby cancelled and declared Null and Void Ab Initio;
- (d) Directing the Register of Deeds of Quezon City to annotate this Order on TCT No. 189568 and 189569;
- (e) TCT No. 165606 in the name of Lilia Domingo is hereby revalidated; and,
- (f) Finding defendant Radelia Sy liable to the plaintiff Lilia V. Domingo liable (sic) for damages, as follows:

1. One Million Pesos (P1,000,000.00) representing moral damages;

2. Five Hundred Thousand Pesos (P500,000.00) representing exemplary damages;
3. Five Hundred Thousand Pesos (P500,000.00) representing attorney's fees;
4. Two Hundred Thousand Pesos (P200,000.00) representing litigation expenses; and,
5. Costs of suit.

This Decision is without prejudice to whatever civil action for recovery and damages, the defendants Sps. De Vera and Sps. Cusi may have against defendant Spouses Radelia and Alfred Sy.

SO ORDERED.

Ruling of the CA

On appeal, the assignment of errors each set of appellants made was as follows:

Spouses Cusi

- a) THE REGIONAL TRIAL COURT GRAVELY ERRED IN FINDING THAT DEFENDANTS SPOUSES ALFONSO AND MARIA ANGELES CUSI ARE NOT PURCHASERS IN GOOD FAITH AND FOR VALUE.
- b) THE REGIONAL TRIAL COURT GRAVELY ERRED IN FAILING TO RESOLVE THE ISSUE OF WHETHER OR NOT CO-DEFENDANTS SPOUSES RADELIA SY AND ALFRED SY ARE LIABLE FOR SPOUSES CUSI'S CROSS-CLAIM.
- c) THE REGIONAL TRIAL COURT ERRED IN FAILING TO AWARD DAMAGES AND ATTORNEY'S FEES TO DEFENDANTS SPOUSES CUSI.^[17]

Spouses Sy

- a) THE TRIAL COURT A QUO ERRED IN HOLDING THAT THE SALE BETWEEN LILIA DOMINGO AND RADELIA SY VOID AND OF NO EFFECT AND WAS PROCURED (sic) THROUGH FRAUDULENT MEANS.
- b) THAT THE HONORABLE COURT ERRED IN AWARDING ACTUAL MORAL DAMAGES, EXEMPLARY DAMAGES AND ATTORNEY'S FEES AND LITIGATION EXPENSES THE SAME BEING NULL AND VOID FOR BEING CONTRARY TO LAW.
- c) THAT THE SAID DECISION IS CONTRARY TO LAW AND JURISPRUDENCE AND IS NOT SUPPORTED BY EVIDENCE, AS THE SAME CONTAIN SERIOUS REVERSIBLE ERRORS WHEN THE COURT A QUO DECLARED THAT TCT NOS. 189568 AND 189569 CANCELLED AND DECLARED NULL AND VOID AB INITIO.
- d) THE INSTANT ASSAILED DECISION OF THE HONORABLE COURT HAVE (sic) DEPRIVED DEFENDANT[S] SPOUSES SY OF THEIR BASIC CONSTITUTIONAL RIGHT TO DUE PROCESS OF LAW.^[18]

Spouses De Vera

- a) THE LOWER COURT ERRED IN HOLDING THAT THE DE VERA SPOUSES ARE NOT PURCHASERS IN GOOD FAITH AND NOT ENTITLED TO THE POSSESSION OF THE PROPERTY COVERED BY TCT NO. N-189568.
- b) THE LOWER COURT ALSO ERRED IN NOT AWARDING DEFENDANT-APPELLANT DE VERA HER COUNTERCLAIMS AGAINST PLAINTIFF-APPELLEE.^[19]

As stated, the CA promulgated its decision on July 16, 2010, affirming the RTC with modification of the damages to be paid by the Sys to Domingo, viz:

WHEREFORE, premises considered, the instant appeal is **denied**. Accordingly, the Decision dated March 1, 2007 of the Regional Trial Court is hereby **AFFIRMED** with the modification on the award of damages to be paid by defendants-appellants Spouses Radelia and Alfred Sy in favor of the plaintiff-appellee Lilia V. Domingo, to wit;

1. P500,000.00 by way of moral damages;
2. P200,000.00 by way of exemplary damages;
3. P100,000.00 as attorney's fees and litigation expenses.

SO ORDERED.^[20]

The CA held that the sale of the property from Domingo to Sy was null and void and conveyed no title to the latter for being effected by forging the signature of Domingo; that Sy thereby acquired no right in the property that she could convey to the Cusis and De Veras as her buyers; that although acknowledging that a purchaser could rely on what appeared on the face of the certificate of title, the Cusis and De Veras did not have the status of purchasers in good faith and for value by reason of their being aware of Sy's TCT No. 186142 being a reconstituted owner's copy, thereby requiring them to conduct an inquiry or investigation into the status of the title of Sy in the property, and not simply rely on the face of Sy's TCT No. 186142; and that the Cusis and De Veras were also aware of other facts that should further put them on guard, particularly the several nearly simultaneous transactions respecting the property, and the undervaluation of the purchase price from P7,000,000.00/half to only P1,000,000.00/half to enable Sy to pay a lesser capital gains tax.

The CA later on denied the motions for reconsideration.^[21]

Issues

Hence, this appeal *via* petitions for review on *certiorari* by the Cusis (G.R. No. 195825) and Ramona Liza L. De Vera^[22] (G.R. No. 195871).

In G.R. No. 195825, the Cusis submit the following issues:^[23]