

FIRST DIVISION

[G.R. NO. 152407, September 21, 2007]

**SPOUSES FLORENDO DAUZ AND HELEN DAUZ AND THE SPOUSES
IGNACIO REAMBONANZA AND FRANCISCA REAMBONANZA,
PETITIONERS, VS. SPOUSES ELIGIO AND LORENZA ECHAVEZ
AND THE COURT OF APPEALS, RESPONDENTS.**

D E C I S I O N

SANDOVAL-GUTIERREZ, J.:

For our resolution is the instant Petition for Review on *Certiorari*^[1] seeking to reverse the Decision^[2] and Resolution of the Court of Appeals dated November 6, 2001 and February 8, 2002, respectively, in CA-G.R. CV No. 51728.

The facts are:

Spouses Albert Oguis, Sr. and Florencia Refuerzo Oguis were the owners of a parcel of land with an area of 10,000 square meters, more or less, located at Barangay Irisan, Tuba, Benguet, covered by Transfer Certificate of Title (TCT) No. T-13728 of the Registry of Deeds, same province.

On January 12, 1982, spouses Oguis sold a portion of the land, consisting of 1,295 square meters, to spouses Eligio and Lorenza Echavez, respondents. On April 1, 1982, they had the sale registered in the Registry of Deeds of Benguet.

Sometime in July 1982, spouses Oguis, being in need of money for their travel to the United States, sold the remaining portion of the land to the same respondents.

This sale was not registered upon request of Albert Oguis, Sr. as he and his wife intended to repurchase the property upon their return from abroad.

When spouses Oguis returned to the Philippines sometime in May 1987, they informed respondents that they are no longer interested in buying back the property. Hence, respondents paid the real property taxes for the entire property corresponding to the period from 1983 to 1987.

Sometime in September 1987, Florencia Refuerzo Oguis died. On May 28, 1988, Albert Oguis, Sr. and his two children,^[3] Albert Oguis, Jr. and Helen Oguis Valerio, executed a Deed of Extrajudicial Settlement of Estate. On the same date, they sold to spouses Florendo and Helen Dauz, petitioners, a portion of the land consisting of 7,616 square meters for ₱65,000.00 as shown by a Deed of Absolute Sale. Albert Oguis, Sr. informed petitioners that he had sold only 1,295 square meters to respondents, as shown by the annotation of the sale at the back of TCT No. T-13728. Albert Oguis, Sr. gave a xerox copy of this title to spouses Dauz, claiming that he lost the owner's copy.

In August 1988, Albert Oguis, Sr. died. Forthwith, petitioners filed with the Regional Trial Court (RTC) of Baguio and Benguet a Petition for the Issuance of a New Duplicate Copy of TCT No. T-13728, docketed as LRC Adm. Case No. 56-R.

On January 25, 1989, respondents had the sale to them of the remaining 7,616 square meters portion of the land registered in the same Registry of Deeds. Consequently, TCT No. T-13728 (in the names of spouses Oguis) was cancelled and in lieu thereof, TCT No. T-24630 was issued in respondents' names. This new title covers the **entire property** previously owned by spouses Oguis.

Meanwhile, petitioners sold to spouses Ignacio and Francisca Reambonanza, also petitioners, 1,000 square meters of the 7,616-square meter portion sold to them by Albert Oguis, Sr. and his two children. The selling price was ₱80,000.00.

On February 2, 1989, petitioners (spouses Dauz and spouses Reambonanza) filed with the RTC, Branch 5, Baguio City a complaint^[4] for declaration of ownership. On April 14, 1989, the case was transferred to the RTC, La Trinidad, Benguet and raffled off to Branch 8, docketed therein as Civil Case No. 89-CV-0350 (1694-R).

On October 14, 1994, the trial court rendered a Decision dismissing petitioners' complaint, thus:

WHEREFORE, judgment is hereby rendered dismissing the plaintiffs' complaint and directing said plaintiffs to vacate the land in question and to surrender the same to the defendants, and jointly and severally, to pay the defendants damages in the amount of ₱20, 000.00 for attorney's fee and litigation expenses, and to pay the costs.

SO ORDERED.^[5]

Petitioners interposed an appeal to the Court of Appeals, docketed as CA-G.R. CV No. 51728.

In its Decision^[6] dated November 6, 2001, the Court of Appeals affirmed *in toto* the trial court's Decision.

Petitioners filed a motion for reconsideration but it was denied by the appellate court in its Resolution^[7] dated February 8, 2002.

Hence, this petition.

Petitioners contend that the courts below should not have applied Article 1544 of the Civil Code since respondents caused the registration of the sale to them of 7,616 square meters of the subject property only after learning that they (petitioners) filed with the RTC a petition for declaration of ownership. Such conduct constitutes bad faith.

For their part, respondents maintain that the petition lacks merit, hence, should be denied.

Here, the subject property was sold twice, *first*, by spouses Oguis to respondents; and *second*, by Albert Oguis, Sr. and his two children to petitioners (spouses Dauz).