

## FIRST DIVISION

[ G.R. No. 154409, June 21, 2004 ]

**SPOUSES NOEL AND JULIE ABRIGO, PETITIONERS, VS. ROMANA DE VERA, RESPONDENT.**

### DECISION

**PANGANIBAN, J.:**

Between two buyers of the same immovable property registered under the Torrens system, the law gives ownership priority to (1) the first registrant in good faith; (2) then, the first possessor in good faith; and (3) finally, the buyer who in good faith presents the oldest title. This provision, however, does not apply if the property is not registered under the Torrens system.

#### The Case

Before us is a Petition for Review<sup>[1]</sup> under Rule 45 of the Rules of Court, seeking to set aside the March 21, 2002 Amended Decision<sup>[2]</sup> and the July 22, 2002 Resolution<sup>[3]</sup> of the Court of Appeals (CA) in CA-GR CV No. 62391. The Amended Decision disposed as follows:

“**WHEREFORE**, the dispositive part of the original DECISION of this case, promulgated on November 19, 2001, is **SET ASIDE** and another one is entered **AFFIRMING** in part and **REVERSING** in part the judgment appealed from, as follows:

- “1. Declaring [Respondent] Romana de Vera the rightful owner and with better right to possess the property in question, being an innocent purchaser for value therefor;
- “2. Declaring Gloria Villafania [liable] to pay the following to [Respondent] Romana de Vera and to [Petitioner-]Spouses [Noel and Julie] Abrigo, to wit:

As to [Respondent] Romana de Vera:

1. P300,000.00 plus 6% per annum as actual damages;
2. P50,000.00 as moral damages;
3. P50,000.00 as exemplary damages;
4. P30,000.00 as attorney’s fees; and
5. Cost of suit.

As to [Petitioner-]Spouses [Noel and Julie] Abrigo:

1. P50,000.00 as moral damages;
2. P50,000.00 as exemplary damages;

3. P30,000.00 as attorney's fees;
4. Cost of suit."<sup>[4]</sup>

The assailed Resolution denied reconsideration.

### **The Facts**

Quoting the trial court, the CA narrated the facts as follows:

"As culled from the records, the following are the pertinent antecedents amply summarized by the trial court:

'On May 27, 1993, Gloria Villafania sold a house and lot located at Banaoang, Mangaldan, Pangasinan and covered by Tax Declaration No. 1406 to Rosenda Tigno-Salazar and Rosita Cave-Go. The said sale became a subject of a suit for annulment of documents between the vendor and the vendees.

'On December 7, 1993, the Regional Trial Court, Branch 40 of Dagupan City rendered judgment approving the Compromise Agreement submitted by the parties. In the said Decision, Gloria Villafania was given one year from the date of the Compromise Agreement to buy back the house and lot, and failure to do so would mean that the previous sale in favor of Rosenda Tigno-Salazar and Rosita Cave-Go shall remain valid and binding and the plaintiff shall voluntarily vacate the premises without need of any demand. Gloria Villafania failed to buy back the house and lot, so the [vendees] declared the lot in their name.

'Unknown, however to Rosenda Tigno-Salazar and Rosita Cave-Go, Gloria Villafania obtained a free patent over the parcel of land involved [on March 15, 1988 as evidenced by OCT No. P-30522]. The said free patent was later on cancelled by TCT No. 212598 on April 11, 1996.

'On October 16, 1997, Rosenda Tigno-Salazar and Rosita Cave-Go, sold the house and lot to the herein [Petitioner-Spouses Noel and Julie Abrigo].

'On October 23, 1997, Gloria Villafania sold the same house and lot to Romana de Vera x x x. Romana de Vera registered the sale and as a consequence, TCT No. 22515 was issued in her name.

'On November 12, 1997, Romana de Vera filed an action for Forcible Entry and Damages against [Spouses Noel and Julie Abrigo] before the Municipal Trial Court of Mangaldan, Pangasinan docketed as Civil Case No. 1452. On February 25, 1998, the parties therein submitted a Motion for Dismissal in view of their agreement in the instant case that neither of

them can physically take possession of the property in question until the instant case is terminated. Hence the ejectment case was dismissed.<sup>[5]</sup>

“Thus, on November 21, 1997, [petitioners] filed the instant case [with the Regional Trial Court of Dagupan City] for the annulment of documents, injunction, preliminary injunction, restraining order and damages [against respondent and Gloria Villafania].

“After the trial on the merits, the lower court rendered the assailed Decision dated January 4, 1999, awarding the properties to [petitioners] as well as damages. Moreover, x x x Gloria Villafania was ordered to pay [petitioners and private respondent] damages and attorney’s fees.

“Not contented with the assailed Decision, both parties [appealed to the CA].”<sup>[6]</sup>

### ***Ruling of the Court of Appeals***

In its original Decision promulgated on November 19, 2001, the CA held that a void title could not give rise to a valid one and hence dismissed the appeal of Private Respondent Romana de Vera.<sup>[7]</sup> Since Gloria Villafania had already transferred ownership to Rosenda Tigno-Salazar and Rosita Cave-Go, the subsequent sale to De Vera was deemed void.

The CA also dismissed the appeal of Petitioner-Spouses Abrigo and found no sufficient basis to award them moral and exemplary damages and attorney’s fees.

On reconsideration, the CA issued its March 21, 2002 Amended Decision, finding Respondent De Vera to be a purchaser in good faith and for value. The appellate court ruled that she had relied in good faith on the Torrens title of her vendor and must thus be protected.<sup>[8]</sup>

Hence, this Petition.<sup>[9]</sup>

### **Issues**

Petitioners raise for our consideration the issues below:

- “1. Whether or not the deed of sale executed by Gloria Villafania in favor of [R]espondent Romana de Vera is valid.
- “2. Whether or not the [R]espondent Romana de Vera is a purchaser for value in good faith.
- “3. Who between the petitioners and respondent has a better title over the property in question.”<sup>[10]</sup>

In the main, the issues boil down to who between petitioner-spouses and respondent has a better right to the property.

### **The Court’s Ruling**

The Petition is bereft of merit.

**Main Issue:**  
**Better Right over the Property**

Petitioners contend that Gloria Villafania could not have transferred the property to Respondent De Vera because it no longer belonged to her.<sup>[11]</sup> They further claim that the sale could not be validated, since respondent was not a purchaser in good faith and for value.<sup>[12]</sup>

**Law on Double Sale**

The present case involves what in legal contemplation was a double sale. On May 27, 1993, Gloria Villafania first sold the disputed property to Rosenda Tigno-Salazar and Rosita Cave-Go, from whom petitioners, in turn, derived their right. Subsequently, on October 23, 1997, a second sale was executed by Villafania with Respondent Romana de Vera.

Article 1544 of the Civil Code states the law on double sale thus:

“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.”

Otherwise stated, the law provides that a double sale of immovables transfers ownership to (1) the first registrant in good faith; (2) then, the first possessor in good faith; and (3) finally, the buyer who in good faith presents the oldest title.<sup>[13]</sup> There is no ambiguity in the application of this law with respect to lands registered under the Torrens system.

This principle is in full accord with Section 51 of PD 1529<sup>[14]</sup> which provides that 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 until its registration.<sup>[15]</sup> Thus, if the sale is not registered, it is binding only between the seller and the buyer but it does not affect innocent third persons.<sup>[16]</sup>

In the instant case, both Petitioners Abrigo and respondent registered the sale of the property. Since neither petitioners nor their predecessors (Tigno-Salazar and Cave-Go) knew that the property was covered by the Torrens system, they registered their respective sales under Act 3344.<sup>[17]</sup> For her part, respondent registered the transaction under the Torrens system<sup>[18]</sup> because, during the sale,

Villafania had presented the transfer certificate of title (TCT) covering the property.  
[19]

Respondent De Vera contends that her registration under the Torrens system should prevail over that of petitioners who recorded theirs under Act 3344. De Vera relies on the following insight of Justice Edgardo L. Paras:

“x x x If the land is registered under the Land Registration Act (and has therefore a Torrens Title), and it is sold but the subsequent sale is registered not under the Land Registration Act but under Act 3344, as amended, such sale is not considered REGISTERED, as the term is used under Art. 1544 x x x.”[20]

We agree with respondent. It is undisputed that Villafania had been issued a free patent registered as Original Certificate of Title (OCT) No. P-30522.[21] The OCT was later cancelled by Transfer Certificate of Title (TCT) No. 212598, also in Villafania’s name.[22] As a consequence of the sale, TCT No. 212598 was subsequently cancelled and TCT No. 22515 thereafter issued to respondent.

*Soriano v. Heirs of Magali*[23] held that registration must be done in the proper registry in order to bind the land. Since the property in dispute in the present case was already registered under the Torrens system, petitioners’ registration of the sale under Act 3344 was not effective for purposes of Article 1544 of the Civil Code.

More recently, in *Naawan Community Rural Bank v. Court of Appeals*, [24] the Court upheld the right of a party who had registered the sale of land under the Property Registration Decree, as opposed to another who had registered a deed of final conveyance under Act 3344. In that case, the “priority in time” principle was not applied, because the land was already covered by the Torrens system at the time the conveyance was registered under Act 3344. For the same reason, inasmuch as the registration of the sale to Respondent De Vera under the Torrens system was done in good faith, this sale must be upheld over the sale registered under Act 3344 to Petitioner-Spouses Abrigo.

*Radiowealth Finance Co. v. Palileo*[25] explained the difference in the rules of registration under Act 3344 and those under the Torrens system in this wise:

“Under Act No. 3344, registration of instruments affecting unregistered lands is ‘without prejudice to a third party with a better right.’ The aforementioned phrase has been held by this Court to mean that the mere registration of a sale in one’s favor does not give him any right over the land if the vendor was not anymore the owner of the land having previously sold the same to somebody else even if the earlier sale was unrecorded.

“The case of *Carumba vs. Court of Appeals*[26] is a case in point. It was held therein that Article 1544 of the Civil Code has no application to land not registered under Act No. 496. Like in the case at bar, Carumba dealt with a double sale of the same unregistered land. The first sale was made by the original owners and was unrecorded while the second was an execution sale that resulted from a complaint for a sum of money filed