

SECOND DIVISION

[G.R. No. 149654, July 11, 2002]

**MANUEL N. TORMES, PETITIONER, VS. ALFREDO L. LLANES,
RESPONDENT.**

D E C I S I O N

BELLOSILLO, J.:

This Petition for Review on *Certiorari* under Rule 45 filed by Manuel N. Tormes assails the 31 October 2000 Decision^[1] of the Court of Appeals in CA-G.R. CV No. 57190 affirming the 24 July 1996 Joint Decision^[2] of the RTC-Br. 32, Pili, Camarines Sur, in Crim. Case No. P-1766 and Civil Case No. P-1588 insofar as it ordered him to surrender to respondent Alfredo L. Llanes TCT No. 11349 within fifteen (15) days from the finality of the decision to allow the latter to have his mortgage annotated thereon before the Register of Deeds of Camarines Sur.

Salvador Motos was the registered owner of a parcel of land located in Pili, Camarines Sur, covered by Transfer Certificate of Title (TCT) No. 3381 (21879). On 10 May 1984, he mortgaged the property in favor of the Development Bank of the Philippines (DBP), Naga, to secure an indebtedness of ₱23,695.25. On 10 May 1984, respondent Alfredo L. Llanes loaned Motos an amount equivalent to that he owed DBP, secured by a real estate mortgage over the same parcel of land covered by TCT No. 3381, payable on or before 30 July 1984. The loan was intended to discharge Motos from his mortgage indebtedness to DBP, Naga, and conditioned upon respondent Llanes' use of the land as collateral for the loan which he in turn obtained from the Republic Planter's Bank. It was likewise agreed by the parties that Llanes would pay the taxes on the land so long as he was using it as security, subject to reimbursement by Motos. Thereafter, title over the land was delivered to Llanes.

On 30 July 1984 the indebtedness of Motos to Llanes became due and has since remained unpaid. On the pretext of helping Llanes collect the payment for the loan from Motos, Gaudioso M. Borja, a deputy sheriff of the Regional Trial Court of Naga City, induced Llanes to part with TCT No. 3381 and returned the same to Motos without the knowledge of Llanes.

On 21 May 1986, upon failure of Deputy Sheriff Borja to return the title, respondent Llanes caused the annotation of his adverse claim in the Register of Deeds. On 26 May 1986 he filed a petition for extrajudicial foreclosure of real estate mortgage. On 8 September 1986 the land was foreclosed and sold at public auction to Llanes for ₱47,000.00. However, the Provisional Certificate of Sale could not be registered because the mortgage, subject of the foreclosure, was not registered. Moreover, TCT No. RT-3381 had been cancelled by virtue of the registration of a Deed of Absolute Sale executed by Motos in favor of petitioner Manuel N. Tormes annotated on 21 July 1986 and replaced by TCT No. 11349.

Aggrieved, Llanes filed a criminal complaint for estafa against Motos^[3] and a separate civil case for sum of money, damages and reconveyance against Motos, Borja and Tormes.^[4] These two (2) cases were consolidated.

On 24 July 1996 the trial court rendered a joint decision in favor of respondent Alfredo L. Llanes finding his testimony deserving of full faith and credit, and his acts - from his complaint in the local papers to his complaint in the Supreme Court indicative of an ordinary honest man's outrage at being conned and taken advantage of. The trial court was unconvinced that Salvador Motos had already paid respondent Llanes the amount due the latter as there was no proof of payment presented; nor did it believe Borja's claim that he did not receive the title over the parcel of land as it was a mere denial that pales in the face of Llanes' positive testimony. Lastly, the trial court discredited Tormes' claim that he was a buyer in good faith and for value since at the time that he registered the deed of sale in his favor on 21 July 1986 he already had notice of the adverse claim of Llanes which had been duly annotated as of 21 May 1986.

On the basis of the evidence, the trial court in Crim. Case No. P-1766 found Motos, the accused therein, guilty of swindling and sentenced him to suffer imprisonment of two (2) months of *arresto mayor*, and to pay a fine of P2,000.00 for the reasonable value of the deprivation of the possession of the title over the subject parcel of land and the damage incurred by Llanes by reason of Motos' failure to produce the title for registration. In Civil Case No. 1588, the trial court ordered Motos, defendant therein, to pay Llanes the sum of P23,695.25 plus liquidated damages of P3,500.00 for attorney's fees with interest at the legal rate from 31 May 1986 until fully paid. His co-defendant Manuel N. Tormes was ordered to surrender TCT No. 11349 to Llanes within fifteen (15) days from the finality of the decision for the purpose of having the mortgage annotated in the Registry of Deeds of Camarines Sur. Lastly, both defendants Motos and Borja were ordered to solidarily pay Llanes the sum of P20,000.00 as moral damages.

The defendants separately appealed, with Motos and Borja jointly raising the issue of Llanes' credibility and Tormes assailing the court *a quo*'s finding of bad faith on his part and its consequent order for him to surrender to Llanes TCT No. 11349 for the purpose of having the mortgage annotated in the Registry of Deeds.

On 31 October 2000 the Court of Appeals found the appeals of Motos and Borja to be unmeritorious and affirmed the ruling of the trial court. Insofar as Tormes was concerned, it affirmed that he was not a buyer in good faith as there was an adverse claim annotated at the back of the title at the time he had the sale registered thereon and held that since Tormes bought the property during the pendency of a case which was subsequently decided against the seller, he merely became a successor-in-interest of the seller, hence, bound by the court's final judgment thereon.

On 29 November 2000 a motion for reconsideration was filed by Tormes on his own behalf but his motion was denied by the appellate court on 27 July 2000.

Petitioner Tormes now argues that the appellate court erred in affirming the trial court. He claims that when he caused the annotation of the deed of sale in his favor on 21 July 1986 the adverse claim filed by Llanes had already been cancelled in view of the petition to cancel the same which Llanes filed on 10 July 1986. As such, the title was already clear from any prior right or vested claim that any party may have on it at the time of his purchase of the land. He further asserts that there is no purpose to be served by his surrendering TCT No. 11349 to Llanes since the annotation of the