

794 Phil. 340

## SECOND DIVISION

[ G.R. No. 195975. September 05, 2016 ]

**TAINA MANIGQUE-STONE, PETITIONER, VS. CATTLEYA LAND, INC., AND SPOUSES TROADIO B. TECSON AND ASUNCION ORTALIZ-TECSON, RESPONDENTS.**

## DECISION

### **DEL CASTILLO, J.:**

*The sale of Philippine land to an alien or foreigner, even if titled in the name of his Filipino spouse, violates the Constitution and is thus, void.*

Assailed in this Petition for Review on *Certiorari*<sup>[1]</sup> are the August 16, 2010 Decision<sup>[2]</sup> of the Court of Appeals (CA) which dismissed the appeal by Taina Manigque-Stone (Taina) in CA-G.R. CV No. 02352, and its February 22, 2011 Resolution,<sup>[3]</sup> which denied Taina's motion for reconsideration<sup>[4]</sup> thereon.

### ***Factual Antecedents***

Sometime in July 1992, Cattleya Land, Inc. (Cattleya) sent its legal counsel, Atty. Federico C. Cabilao, Jr. (Atty. Cabilao, Jr.), to Tagbilaran City to investigate at the Office of the Register of Deeds in that city the status of the properties of spouses Col. Troadio B. Tecson (Col. Tecson) and Asuncion Tecson (collectively, Tecson spouses), which Cattleya wanted to purchase. One of these properties, an 8,805-square meter parcel of land located at Doljo, Panglao, Bohol, is registered in the name of the Tecson spouses, and covered by Transfer Certificate of Title (TCT) No. 17655 (henceforth, the subject property). Atty. Cabilao, Jr. found that no encumbrances or liens on the subject property had been annotated on the TCT thereof, except for an attachment issued in connection with Civil Case No. 3399 entitled "*Tantrade Corporation vs. Bohol Resort Hotel, Inc., et al.*"<sup>[5]</sup>

On November 6, 1992, Cattleya entered into a Contract of Conditional Sale with the Tecson spouses covering nine parcels of land, including the subject property. In this transaction the

Tecson spouses were represented by Atty. Salvador S. Pizarras (Atty. Pizarras). The Contract of Conditional Sale was entered in the Primary Book of the Office of the Register of Deeds of Bohol that same day, per Entry No. 83422. On August 30, 1993, the parties executed a Deed of Absolute Sale covering the subject property. This Deed of Absolute Sale was also entered in the Primary Book on October 4, 1993, per Entry No. 87549. However, neither the Contract of Conditional Sale nor the Deed of Absolute Sale could be annotated on the certificate of title covering the subject property because the then Register of Deeds of Bohol, Atty. Narciso S. De la Serna (Atty. De la Serna) refused to annotate both deeds. According to Atty. De la Serna it was improper to do so because of the writ of attachment that was annotated on the certificate of title of the subject property, in connection with the said Civil Case No. 3399.<sup>[6]</sup>

On December 1, 1993, Atty. Cabilao, Jr. and Atty. Pizarras, in representation of their respective clients, again requested Atty. De la Serna to annotate the Deed of Absolute Sale and all other pertinent documents on the original certificate of title covering the subject property. But Atty. De la Serna refused anew - this time saying that he would accede to the request only if he was presented with a court order to that effect. Atty. De la Serna still refused the request to annotate, even after Atty. Cabilao, Jr. had told him that all that he (Atty. Cabilao, Jr.) was asking was for the Deed of Absolute Sale to be annotated on the original certificate of title, and not for Atty. De la Serna to issue a new transfer of title to the subject property.<sup>[7]</sup>

The writ of attachment on the certificate of title to the subject property was, however, lifted, after the parties in Civil Case No. 3399 reached an amicable settlement or compromise agreement. Even then, however, Cattleya did not still succeed in having the aforementioned Deed of Absolute Sale registered, and in having title to the subject property transferred to its name, because it could not surrender the owner's copy of TCT No. 17655, which was in possession of the Tecson spouses. According to Cattleya, the Tecson spouses could not deliver TCT No. 17655 to it, because according to the Tecson spouses this certificate of title had been destroyed in a fire which broke out in Sierra Bullones, Bohol.<sup>[8]</sup>

This claim by the Tecson spouses turned out to be false, however, because Atty. Cabilao, Jr. came to know, while following up the registration of the August 30, 1993 Deed of Absolute Sale at the Office of the Register of Deeds of Bohol, that the owner's copy of TCT No. 17655 had in fact been presented by Taina at the Office of the Register of Deeds of Bohol, along with the Deed of Sale that was executed by the Tecson spouses, in favor of Taina covering the subject property.<sup>[9]</sup>

It appears that when Taina's then common-law husband, Michael (Mike) Stone, visited Bohol sometime in December 1985, he fell in love with the place and decided to buy a portion of the beach lot in Doljo, Panglao, Bohol. They met with Col. Tecson, and the latter agreed to sell them a portion of the beach lot for US\$8,805.00. Mike and Taina made an initial downpayment of US\$1,750.00 (or equivalent P35,000.00 at that time) for a portion of a beach lot, but did not ask for a receipt for this initial downpayment. On June 1, 1987, a Deed of Absolute Sale covering the subject portion was executed by Col. Tecson in Taina's favor. Subsequent payments were made by Mike totalling P40,000.00, as of August 29, 1986, although another payment of P5,000.00 was made sometime in August 1987. The last payment in the amount of P32,000.00, was made in September 1987.<sup>[10]</sup> In 1990, Troadio Tecson, Jr., the son of Col. Tecson and Taina's brother-in-law, delivered to Taina the owner's copy of TCT No. 17655.<sup>[11]</sup>

In the meantime, in October 1986, Taina and Mike got married.

On April 25, 1994, Taina filed a Notice of Adverse Claim covering the subject portion, after she learned that Col. Tecson and his lawyer had filed a petition for the issuance of a second owner's copy over TCT No. 17655.<sup>[12]</sup>

On February 8, 1995, Taina sought to have her Deed of Absolute Sale registered with the Office of the Register of Deeds of Bohol, and on that occasion presented the owner's copy of TCT No. 17655. Taina also caused a Memorandum of Encumbrance to be annotated on this certificate of title. The result was that on February 10, 1995, a new certificate of title, TCT No. 21771, was issued in the name of Taina, in lieu of TCT No. 17655, in the name of the Tecson spouses.<sup>[13]</sup> The subject property is described in TCT No. 21771 as follows:

A parcel of Land (Lot 5 of the consolidation-subdivision plan Pcs-07-000907, being a portion of lots I-A and I-B, Psd-07-02-12550, LRC. Rec. No. \_\_\_), situated in the Barrio of Doljo, Municipality of Panglao, Province of Bohol, Island of Bohol. Bounded on the North, along lines 15-16-1 by Bohol Strait; on the East and Southeast, along line 1-2 by Lot 4 of the consolidation-subdivision plan; along line 3-4 by Primitivo Hora; and along line 4-5 by Lot 6 of the consolidation-subdivision plan; on the South and Southwest, along line 5-6-7-8 by Andres Guimalan; along line 8-9 by [Bienvenido] Biosino; along lines 9-10-11-12-13-14 by Angel Hora; and on the West, along lines 14-15 by Lot 7 of the consolidation-subdivision plan. Beginning at a point marked "1" on plan, being S. 83 deg. 08'E.,

1045.79 m. from triangulation point TIP, USCGS, 1908, Doljo, Panglao, Bohol; containing an area of EIGHT THOUSAND EIGHT HUNDRED AND FIVE (8,805) SQUARE METERS, more or less.<sup>[14]</sup>

Whereupon, Cattleya instituted against Taina a civil action for quieting of title and/or recovery of ownership and cancellation of title with damages.<sup>[15]</sup> Docketed as Civil Case No. 5782 of the Regional Trial Court (RTC) of Bohol at Tagbilaran City, Cattleya therein initially impleaded Atty. De la Serna as party defendant; but as the latter had already retired as Register of Deeds of Bohol, both parties agreed to drop his name from the case.<sup>[16]</sup>

Taina likewise filed a motion for leave to admit a third-party complaint against the Tecson spouses; this motion was granted by the RTC.<sup>[17]</sup>

After due proceedings, the RTC of Bohol gave judgment<sup>[18]</sup> for Cattleya, thus:

WHEREFORE, in view of all the foregoing, judgment is hereby rendered in favor of the plaintiff and against the defendant in the main case as follows:

1. Quieting the title or ownership of the plaintiff in Lot 5 by declaring the sale in its favor as valid and enforceable by virtue of a prior registration of the sale in accordance with the provisions of Presidential Decree No. 1529 otherwise known as the Property Registration Decree;
2. Ordering the cancellation of Transfer Certificate of Title No. 21771 in the name of defendant TAINA MANIGQUE-STONE and the issuance of a new title in favor of the plaintiff after payment of the required fees; and
3. Ordering the defendant to desist from claiming ownership and possession thereof. Without pronouncement as to costs.

As to defendant's third[-]party complaint against spouses x x x Tecson[, ] x x x judgment is hereby rendered as follows:

1. Ordering the return of the total amount of Seventy-seven Thousand (P77,000.00) Pesos to the third[-]party plaintiff with legal rate of interest from the time of the filing of the third[-]party complaint on June 28, 2004 until the time the same shall have been fully satisfied; and

2. Ordering the payment of P50,000.00 by way of moral and exemplary damages and x x x of attorney's fees in the amount of P30,000.00 and to pay the costs.

SO ORDERED.<sup>[19]</sup>

In finding for Cattleya, the RTC held that the sale entered by the Tecson spouses with Cattleya and with Taina involving one and the same property was a double sale, and that Cattleya had a superior right to the lot covered thereby, because Cattleya was the first to register the sale in its favor in good faith; that although at the time of the sale the TCT covering the subject property could not yet be issued, and the deed of sale could not be annotated thereon due to a pending case between the vendors-spouses (Tecson spouses) and Tantrade, Inc., the evidence convincingly showed nonetheless that it was Cattleya that was the first to register the sale in its favor with the Office of the Provincial Registry of Deeds of Bohol on October 4, [1993] as shown in Entry No. 87549.<sup>[20]</sup> Furthermore, the RTC found that Cattleya had no notice, nor was it aware, of Taina's claim to the subject property, and that the only impediment it (Cattleya) was aware of was the pending case (Civil Case No. 3399) between Tantrade Corporation and Bohol Resort Hotel, Inc.<sup>[21]</sup>

On the other hand, the RTC found Taina's position untenable because: *First*, the June 1, 1987 sale between Col. Tecson and Mike, Taina's then common-law husband, was a patent nullity, an absolutely null and void sale, because under the Philippine Constitution a foreigner or alien cannot acquire real property in the Philippines. *Second*, at the time of the sale, Taina was only Mike's dummy, and their subsequent marriage did not validate or legitimize the constitutionally proscribed sale earlier made in Mike's favor. And *third*, no less than Taina herself admitted that at the time she caused the sale to be registered and title thereto issued to her, she knew or was otherwise aware that the very same lot had already been sold to Cattleya, or at least claimed by the latter - and this is a state of affairs constitutive of bad faith on her part.<sup>[22]</sup>

The RTC likewise held that neither parties in the main case was entitled to damages, because they failed to substantiate their respective claims thereto.<sup>[23]</sup>

As regards Taina's third-party complaint against the Tecson spouses, the RTC ordered the return or restitution to her of the sum of P77,000.00, plus legal interest. Likewise awarded by the RTC in Taina's favor were moral and exemplary damages in the amount of P50,000.00 and attorney's fees in the amount of P30,000.00 plus costs.<sup>[24]</sup>

Dissatisfied with this judgment, Taina appealed to the CA.

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

On August 16, 2010, the CA handed down the assailed Decision,<sup>[25]</sup> which contained the following decretal portion:

WHEREFORE, the challenged Decision of the Regional Trial Court dated [August 10, 2007] is hereby AFFIRMED with MODIFICATIONS; to wit:

1. Quieting the title of ownership of the plaintiff-appellee, CATTLEYA LAND, INC. in the above-described property by declaring the sale in its favor as valid and enforceable;
2. Ordering the cancellation of Transfer Certificate of Title No. 21771 in the name of defendant-appellant TAINA MANIGQUE-STONE;
3. Ordering the registration of the Deed of Absolute Sale involving the subject property executed in favor of CATTLEYA LAND, INC. and the issuance x x x of a new title in favor of the plaintiff-appellee CATTLEYA LAND, INC. ate payment of the required fees; and
4. Ordering the defendant-appellant, TAINA MANIGQUE-STONE to desist from claiming ownership and possession thereof. Without pronouncement as to cost.

As to the third-party defendants-appellees, the spouses Troadio B. Tecson and Asuncion Ortaliz Tecson, judgment is hereby rendered as follows:

1. Ordering third-party defendants-appellees, spouses TROADIO B. TECSON and ASUNCION ORTALIZ TECSON, [to] return x x x the total amount of Seventy-seven Thousand (P77,000.00) Pesos to the defendant-appellant, TAINA MANIGQUE-STONE, with legal rate of interest from the time of filing of the third[-]party complaint on June 28, 2004 until the time the same shall have been fully satisfied; and
2. Ordering third-party defendants-appellees, spouses TROADIO B. TECSON and ASUNCION ORTALIZ TECSON [to pay] P50,000.00 to the defendant-appellant, TAINA MANIGQUE-STONE by way of moral and exemplary damages and [to pay]

attorney's fees in the amount of P30,000.00 x x x.

No pronouncement as to cost.

SO ORDERED.<sup>[26]</sup>

In support of its Decision, the CA ratiocinated —

Article 1498 of the Civil Code provides that, as a rule, the execution of a notarized deed of sale is equivalent to the delivery of a thing sold. In this case, the notarization of the deed of sale of TAINA is defective. TAINA testified that the deed of sale was executed and signed by Col. Troadio Tecson in Bohol but was notarized in Manila without the vendors appearing personally before the notary public.

Additionally, Article 1477 of the Civil Code provides that the ownership of the thing sold is transferred upon the actual or constructive delivery thereof; however, the delivery of the owner's copy of TCT 17655 to TAINA is dubious. It was not the owner, Col. Troadio Tecson, himself who delivered the same but his son who also happens to be TAINA's brother-in-law. Hence, the foregoing circumstances negate the fact that there was indeed an absolute delivery or transfer of ownership.

Anent the issue on validity of the sale to Taina Manigque-Stone, the fundamental law is perspicuous in its prohibition against aliens from holding title or acquiring private lands, except only by way of legal succession or if the acquisition was made by a former natural-born citizen.

A scrutiny of the records would show that the trial court aptly held that the defendant-appellant was only a dummy for Mike Stone who is a foreigner. Even if the Deed of Absolute Sale is in the name of Taina Manigque-Stone that does not change the fact that the real buyer was Mike Stone, a foreigner. The appellant herself had admitted in court that the buyer was Mike Stone and at the time of the negotiation she was not yet legally married to Mike Stone. They cannot do indirectly what is prohibited directly by the law.

To further militate against her stand, the appellant herself testified during the

cross examination:

Q: Now, the Deed of Sale states that the buyer is Taina Manigque-Stone?

A: Yes.

Q: And not Mike Stone who according to you was the one who paid the entire consideration and was the one who negotiated with Colonel Tecson. Will you kindly tell the Court how come it was your name who placed [sic] in the Deed of Sale?

A: Because an American, foreign national cannot buy land here.

Q: Yes because an American national, foreigner cannot own land here.

A: Yes.

Q: And so the Deed of Sale was placed in your name, correct?

A: Yes.

The above testimony is a clear admission against interest. An admission against interest is the best evidence which affords the greatest certainty of the facts in dispute. The rationale for the rule is based on the presumption that no man would declare anything against himself unless such declaration is true. Accordingly, it is rational to presume that the testimony corresponds with the truth, and she bears the burden if it does not.

Moreover, TAINA asserts in the *brief* that 'ownership of the lot covered by TCT 21771 is held by her, a Filipino. As long as the lot is registered in the name of a Filipino, the trial court is barred from inquiring [into] its legality.' Such assertion is bereft of merit.

The Honorable Supreme Court, in identifying the true ownership of a property registered in the name of a Filipina who was married to a foreign national, pronounced in *Borromeo vs. Descallar* that:

'It is settled that registration is not a mode of acquiring ownership. It is only a means of confirming the fact of its existence with notice to the world at large. Certificates of title are not a source of right. *The*



*mere possession of a title does not make one the true owner of the property. Thus, the mere fact that respondent has the titles of the disputed properties in her name does not necessarily, conclusively and absolutely make her the owner [thereof].* The rule on indefeasibility of title likewise does not apply to respondent. A certificate of title implies that the title is quiet, and that it is perfect, absolute and indefeasible. However, there are well-defined exceptions to this rule, as when the transferee is not a holder in good faith and did not acquire the subject properties for a valuable consideration. This is the situation in the instant case. Respondent did not contribute a single centavo in the acquisition of the properties. She had no income of her own at that time, nor did she have any savings. x x x'<sup>[27]</sup>

Taina moved for reconsideration<sup>[28]</sup> of the CA's Decision, but the CA thumbed down this motion in its February 22, 2011 Resolution.<sup>[29]</sup> Hence, the present Petition.

### **Issues**

Before this Court, petitioner puts forward the following questions of law for resolution:

1. Whether the assailed Decision is legally correct in holding that petitioner is a mere dummy of Mike.
2. Whether the assailed Decision is legally correct in considering that the verbal contract of sale between spouses Tecson and Mike transferred ownership to a foreigner, which falls within the constitutional ban on sales of land to foreigners.
3. Whether the assailed Decision is legally correct in not considering that, assuming that the sale of land to Mike violated the Constitution, the same has been cured by the subsequent marriage of petitioner to Mike and by the registration of the land in the name of petitioner, a Filipino citizen.
4. Whether the assailed Decision is legally correct in not applying the rules on double sale, which clearly favor petitioner Taina.<sup>[30]</sup>

In amplification thereof, petitioner advances these arguments:

I

The trial court and the Court of Appeals departed from the clear provisions of the law and established jurisprudence when it failed to consider that the Filipino wife of Mike Stone, petitioner Taina Manigque-Stone[,] has the legal capacity and the conjugal partnership interests to enter into a contract of deed of absolute sale with respondent Sps. Troadio B. Tecson and Asuncion Ortaliz Tecson.

II

The trial court and the Court of Appeals departed from the provisions of the law and established jurisprudence when it failed to consider that the verbal contract of sale of land to Mike Stone was unenforceable and did not transfer ownership to him, to fall within the constitutional ban on foreigners owning lands in the Philippines.

III

The trial court and the Court of Appeals departed from established jurisprudence, when it failed to consider that, assuming *arguendo* that the sale of land to Mike Stone violated the Constitutional ban on foreign ownership of lands, the same has been cured by the subsequent marriage of petitioner and Mike Stone, and [the subsequent issuance of title] in the name of petitioner.

IV

The Court of Appeals gravely erred and departed from established rules of evidence when it ruled that the delivery of the owner's copy of TCT 17655 to petitioner Taina is dubious.

V

The trial court and the Court of Appeals gravely erred when it departed from provisions of the law and established jurisprudence when it did not apply the rules on double sale which clearly favor petitioner Taina.<sup>[31]</sup>

The fundamental issue for resolution in the case at bench is whether the sale of land by the Tecson spouses to Michael Stone a.k.a. Mike, a foreigner or alien, although ostensibly made

in Taina's name, was valid, despite the constitutional prohibition against the sale of lands in the Philippines to foreigners or aliens. A collateral or secondary issue is whether Article 1544 of the Civil Code, the article which governs double sales, controls this case.

### ***Petitioner's Arguments***

In praying that the CA Decision be overturned Taina posits that while Mike's legal capacity (to own or acquire real property in the Philippines) was not entirely unassailable, there was nevertheless no actual violation of the constitutional prohibition against the acquisition or purchase by aliens or foreigners of lands in the Philippines, because in this case no real transfer of ownership had been effected in favor of Mike, from Col. Tecson;<sup>[32]</sup> that all payments made by Mike to Col. Tecson must be presumed to have come from the community property he had with Taina, because Mike had been her (Taina's) common-law-husband from 1982 up to the day they were married, in 1986; hence, in this context, she (Taina) was not exactly Mike's dummy at all, but his active partner;<sup>[33]</sup> that it is of no consequence that she (Taina) had knowledge that Cattleya had likewise purchased or acquired the subject lot because the deed of sale in favor of Cattleya was executed subsequent to the deed of sale that she and Mike had entered into with the Tecson spouses, thus, she was the first to acquire ownership of the subject lot in good faith;<sup>[34]</sup> that assuming for argument's sake that neither she nor Cattleya was a purchaser in good faith, still she was the first one to acquire constructive possession of the subject lot pursuant to Article 1544 3<sup>rd</sup> paragraph of the Civil Code, and for this reason she had acquired lawful title thereto.<sup>[35]</sup>

### ***Respondent Cattleya Land's arguments***

Cattleya counters that there could not have been a double sale in the instant case because the earlier sale between Col. Tecson and Mike was absolutely null and void, as this was a flagrant violation of the constitutional provision barring or prohibiting aliens or foreigners from acquiring or purchasing land in the Philippines; hence, there was only one valid sale in this case, and that was the sale between Col. Tecson and Cattleya.<sup>[36]</sup>

### ***Court's Resolution with respect to Respondents-Spouses Tecson***

This Court's Resolution dated June 20, 2012 noted, amongst others, the Manifestation filed by Cattleya, which *inter alia* stated: (1) that Col. Tecson died on December 7, 2004; (2) that Taina instituted a third-party complaint against the Tecson spouses; (3) that in this third-party complaint the Tecson spouses were declared in default by the trial court; (4) that this

default order was not appealed by the Tecson spouses; (5) that the present appeal by Taina from the CA Decision will in no way affect or prejudice the Tecson spouses, given the fact that these spouses did not appeal from the default order, and (6) that the instant Petition be submitted for resolution without the Comment of the Tecson spouses.<sup>[37]</sup> In the Resolution of February 26, 2014, this Court noted that since Asuncion Tecson had failed to submit to this Court the name of the legal representative of her deceased husband Col. Tecson within the period which expired on October 3, 2013, this Court was dispensing with the Comment of the Tecson spouses in the instant Petition.<sup>[38]</sup>

### **Our Ruling**

This Petition is bereft of merit.

Section 7, Article XII of the 1987 Constitution states that:

Save in cases of hereditary succession, no private lands shall be transferred or conveyed except to individuals, corporations, or associations qualified to acquire or hold lands of the public domain.

Given the plain and explicit language of this constitutional mandate, it has been held that “[a]liens, whether individuals or corporations, are **disqualified** from acquiring lands of the public domain. Hence, they are also **disqualified** from acquiring private lands. **The primary purpose of the constitutional provision is the conservation of the national patrimony.**”<sup>[39]</sup>

In the case at bench, Taina herself admitted that it was really Mike who paid with his own funds the subject lot; hence, Mike was its real purchaser or buyer. More than that, it bears stressing that if the deed of sale at all proclaimed that she (Taina) was the purchaser or buyer of the subject property and this subject property was placed under her name, it was simply because she and Mike wanted to skirt or circumvent the constitutional prohibition barring or outlawing foreigners or aliens from acquiring or purchasing lands in the Philippines. Indeed, both the CA and the RTC exposed and laid bare Taina’s posturing and pretense for what these really are: that in the transaction in question, she was a mere dummy, a spurious stand-in, for her erstwhile common-law husband, who was not a Filipino then, and never attempted to become a naturalized Filipino citizen thereafter. The CA put things in correct perspective, thus —

A scrutiny of the records would show that the trial court aptly held that the defendant-appellant was only a dummy for Mike Stone who is a foreigner. Even if the Deed of Absolute Sale is in the name of Taina Manigque-Stone that does **not** change the fact that the real buyer was Mike Stone, a **foreigner**. The appellant herself had admitted in court that the buyer was Mike Stone and at the time of the negotiation she was not yet legally married to Mike Stone. **They cannot do indirectly what is prohibited directly by the law.**<sup>[40]</sup> (Emphasis supplied)

Citing the RTC's proceedings of December 7, 2004, the CA adverted to the following testimony by the petitioner during her cross-examination thus -

(Atty. Monteclar)

Q: Now, the Deed of Sale states that the buyer is Taina Manigque-Stone?

A: Yes.

Q: And not Mike Stone who according to you was the one who paid the entire consideration and was the one who negotiated with Colonel Tecson. Will you kindly tell the Court how come it was your name who placed [sic] in the Deed of Sale?

A: Because an **American, foreign** national **cannot** buy land here.

Q: Yes because an American national, foreigner cannot own land here.

A: Yes.

Q: **And so the Deed of Sale was placed in your name, correct?**

A: **Yes.**<sup>[41]</sup> (Emphasis supplied)

It is axiomatic, of course, that this Court is not a trier of facts. Subject to well-known exceptions, none of which obtains in the instant case, this Court is bound by the factual findings of the CA, especially where such factual findings, as in this case, accorded in the main with the RTC's own findings.<sup>[42]</sup>

Given the fact that the sale by the Tecson spouses to Taina as Mike's dummy was **totally** abhorrent and repugnant to the Philippine Constitution, and is thus, void *ab initio*, it stands to reason that there can be no double sale to speak of here. In the case of *Fudot v. Cattleya Land, Inc.*,<sup>[43]</sup> which fortuitously also involved the Tecson spouses and Cattleya, we held thus

—

The petition is bereft of merit.

Petitioner's arguments, which rest on the assumption that there was a double sale, must fail.

In the first place, there is no double sale to speak of. Art. 1544 of the Civil Code, which provides the rule on double sale, applies only to a situation where the same property is **validly** sold to different vendees. In this case, there is only one sale to advert to, that between the spouses Tecson and respondent.

In *Remalante v. Tibe*, this Court ruled that the Civil Law provision on double sale is not applicable where there is only one valid sale, the previous sale having been found to be **fraudulent**. Likewise, in *Espiritu and Apostol v. Valerio*, where the same parcel of land was purportedly sold to two different parties, the Court held that despite the fact that one deed of sale was registered ahead of the other, Art. 1544 of the Civil Code will not apply where said deed is found to be a **forgery**, the result of this being that the right of the other vendee should prevail.

The trial court declared that the sale between the spouses Tecson and petitioner is invalid, as it bears the forged signature of Asuncion. x x x<sup>[44]</sup> (Citations omitted; emphasis supplied)

In view of the fact that the sale in the case at bench is worse off (because it is **constitutionally** infirm) than the sale in the *Fudot* case, which merely involves a violation of the pertinent provisions of the Civil Code, this Court must affirm, as it hereby affirms the CA's ruling that, "there is only one sale to reckon with, that is, the sale to Cattleya."<sup>[45]</sup>

Again, our holding in *Muller v. Muller*,<sup>[46]</sup> which is almost on all fours with the case at bench, can only strengthen and reinforce our present stance. In *Muller*, it appears that German national Helmut Muller (Helmut), alien or foreigner husband of the Filipina Elena Buenaventura Muller (Elena), bought with his capital funds a parcel of land in Antipolo City and also paid for the construction of a house thereon. This Antipolo property was registered under the name of Elena under TCT No. 219438. Subsequently, Helmut instituted a petition for separation of properties with the RTC of Quezon City. After due proceedings, the RTC of Quezon City rendered judgment terminating the regime of absolute community of property between Helmut and Elena. The RTC also decreed the separation of properties between the spouses. With respect to the Antipolo property, the RTC held that although it was acquired

with the use of Helmut's capital funds, nevertheless the latter could not recover his investment because the property was purchased in violation of Section 7, Article XII of the Constitution. Dissatisfied with the RTC's judgment, Helmut appealed to the CA which upheld his appeal. The CA ruled that: (1) Helmut merely prayed for reimbursement of the purchase price of the Antipolo property, and not that he be declared the owner thereof; (2) Elena's ownership over this property was considered as ownership-in-trust for Helmut; (3) there is nothing in the Constitution which prohibits Helmut from acquiring ownership of the house.

However, on a Petition for Review on *Certiorari*, this Court reversed the CA and reinstated the RTC's ruling. In sustaining the RTC, this Court once again stressed the **absolute** character of the constitutional prohibition against ownership of lands in this country by foreigners or aliens:

The Court of Appeals erred in holding that an implied trust was created and resulted by operation of law in view of petitioner's marriage to respondent. Save for the exception provided in cases of hereditary succession, respondent's disqualification from owning lands in the Philippines is **absolute**. Not even an ownership in trust is allowed. Besides, where the purchase is made in violation of an existing statute and in evasion of its express provision, no trust can result in favor of the party who is guilty of the fraud. **To hold otherwise would allow circumvention of the constitutional prohibition.**<sup>[47]</sup> (Citation omitted; emphasis supplied)

The same **absolute** constitutional proscription was reiterated anew in the comparatively recent case of *Matthews v. Taylor*,<sup>[48]</sup> erroneously invoked by Taina. Taina claims that this case supports her position in the case at bench allegedly because, like her case, the alien or foreigner husband in the *Matthews* case (Benjamin A. Taylor, a British subject) likewise provided the funds for the purchase of real property by his Filipino wife (Joselyn C. Taylor) and this Court allegedly sustained said wife's ownership over the property.<sup>[49]</sup> That Taina's claim is a clear misapprehension of the thrust and purport of the ruling enunciated in the *Matthews* case is put to rest by what this Court said there —

In light of the foregoing jurisprudence, we find and so hold that Benjamin has no right to nullify the Agreement of Lease between Joselyn and petitioner.

**Benjamin, being an alien, is absolutely prohibited from acquiring private and public lands in the Philippines.** Considering that Joselyn appeared to be the designated 'vendee' in the Deed of Sale of said property, she acquired **sole** ownership there[of]. **This is true even if we sustain Benjamin's claim that he provided the funds for such acquisition. By entering into such contract knowing that it was illegal, no implied trust was created in his favor; no reimbursement for his expenses can be allowed; and no declaration can be made that the subject property was part of the conjugal/community property of the spouses.** In any event, he had and has no capacity or personality to question the subsequent lease of the Boracay property by his wife on the theory that in so doing, he was merely exercising the prerogative of a husband in respect [to] conjugal property. **To sustain such a theory would countenance indirect controversion of the constitutional prohibition. If the property were to be declared conjugal, this would accord the alien husband a substantial interest and right over the land, as he would then have a decisive vote as to its transfer or disposition. This is a right that the Constitution does not permit him to have.** (Citation omitted; emphasis and underscoring supplied)<sup>[50]</sup>

The other points raised by petitioner in the present Petition for Review are collateral or side issues and need not detain this Court any further. Suffice it to say that the chief or main constitutional issue that has been addressed and resolved in the present Petition has effectively subsumed or relegated to inconsequence the other collateral or side issues raised herein.

**WHEREFORE**, the Petition is **DENIED**. The Decision of the Court of Appeals dated August 16, 2010 and its Resolution dated February 22, 2011 in CA-G.R. CV No. 02352 being in conformity with the law and with this Court's jurisprudential teachings, are hereby **AFFIRMED in toto**.

**SO ORDERED.**

*Carpio, (Chairperson), Mendoza, and Leonen, JJ., concur.*  
*Brion, J., on leave.*



<sup>[1]</sup> *Rollo*, pp. 8-55.

<sup>[2]</sup> *Id.* at 57-72; penned by Associate Justice Egdardo L. Delos Santos and concurred in by Associate Justices Agnes Reyes-Carpio and Eduardo B. Peralta, Jr.

<sup>[3]</sup> *Id.* at 74-75.

<sup>[4]</sup> *CA rollo*, pp. 184-198.

<sup>[5]</sup> *Rollo*, pp. 58-59.

<sup>[6]</sup> *Id.* at 59.

<sup>[7]</sup> *Id.*

<sup>[8]</sup> *Id.*

<sup>[9]</sup> *Id.* at 60.

<sup>[10]</sup> *Id.* at 60-61.

<sup>[11]</sup> *Id.* at 61.

<sup>[12]</sup> *Id.*

<sup>[13]</sup> *Id.*

<sup>[14]</sup> *Id.* at 58.

<sup>[15]</sup> *Id.* at 61, 79-88, 254.

<sup>[16]</sup> *Id.* at 60.

<sup>[17]</sup> *Id.* at 62, 255.

<sup>[18]</sup> *Id.* at 254-259; penned by Presiding Judge Fernando G. Fuentes III.

<sup>[19]</sup> *Id.* at 258.

<sup>[20]</sup> *Id.* at 256.

[21] Id. at 257.

[22] Id. at 256-257.

[23] Id. at 257-258.

[24] Id. at 258.

[25] Id. at 57-72.

[26] Id. at 70-72.

[27] Id. at 67-70.

[28] Id. at 74; CA *rollo*, pp. 184-198.

[29] *Rollo*, pp. 74-75.

[30] Id. at 26-42.

[31] Id.

[32] Id. at 27.

[33] Id. at 29.

[34] Id. at 46.

[35] Id. at 48.

[36] Id. at 358.

[37] Id. at 392-393.

[38] Id. at 404-405.

[39] *Muller v. Muller*, 531 Phil. 460, 466 (2006). Emphasis supplied.

[40] *Rollo*, p. 68.

[41] Id. at 68-69 citing TSN, December 7, 2004, pp. 14-15.

<sup>[42]</sup> *Solid Homes, Inc. v. Court of Appeals*, 341 Phil. 261, 275 (1997) —

The exceptions are: “when the findings are grounded on speculation, surmises or conjectures; when the inference made is manifestly mistaken, absurd or impossible; when there is grave abuse of discretion in the appreciation of facts; when the factual findings of the trial and appellate courts are conflicting; when the Court of Appeals, in making its findings, has gone beyond the issues of the case and such findings are contrary to the admissions of both appellant and appellee; when the judgment of the appellate court is premised on a misapprehension of facts or when it has failed to notice certain relevant facts which, if properly considered, will justify a different [conclusion]; when the findings of fact are conclusions without citation of specific evidence upon which they are based; and when findings of fact of the Court of Appeals x x x are contradicted by the evidence on record.”

<sup>[43]</sup> 559 Phil. 756 (2007).

<sup>[44]</sup> *Id.* at 765.

<sup>[45]</sup> *Rollo*, p. 70.

<sup>[46]</sup> *Supra* note 39.

<sup>[47]</sup> *Id.* at 468.

<sup>[48]</sup> 608 Phil. 193 (2009).

<sup>[49]</sup> *Rollo*, p. 378.

<sup>[50]</sup> *Matthews v. Taylor*, *supra* note 48 at 204-205.

