

****Title:**** Rosaroso et al. v. Soria et al.

****Facts:****

- Spouses Luis Rosaroso and Honorata Duazo acquired several real properties in Daan Bantayan, Cebu City, including the subject properties. They had nine children. Upon Honorata's death, Luis remarried Lourdes Pastor Rosaroso.
- On January 16, 1995, a complaint for Declaration of Nullity of Documents with Damages was filed by Luis against his daughter Lucila R. Soria, Lucila's daughter Laila S. Solutan, her husband Ham Solutan, and Meridian Realty Corporation. Luis died, and an amended complaint included his second wife, Lourdes.
- Petitioners alleged that Luis, with Lourdes' consent, sold the properties to them via a Deed of Absolute Sale on November 4, 1991. Despite this sale, Laila, conspiring with Lucila, obtained an SPA from Luis, authorizing her to sell certain lots which had been previously sold. Additionally, on August 23, 1994, a second sale transpired where Luis conveyed three parcels of residential land to Meridian for P960,500.00.
- Petitioners argued that the SPAs and the deed of sale in favor of Meridian are null and void ab initio due to the previous sale in their favor.
- Respondents contested the first sale's validity and maintained the subsequent transactions' validity. The RTC ruled in favor of the petitioners, finding that the properties had been effectively sold to them before the challenged transactions took place.

The CA reversed the RTC's decision, ruling the first deed of sale void due to lack of consideration and upholding the validity of the second sale and transactions following it, holding that they were done in good faith.

****Issues:****

1. Was the first sale of properties by Luis Rosaroso to his children from the first marriage valid despite the alleged lack of consideration?
2. Were the subsequent Special Powers of Attorney (SPAs) and the second sale of the properties to Meridian Realty Corporation valid?
3. Was Meridian Realty Corporation a buyer in good faith?
4. Did the Court of Appeals err in its reversal of the RTC's findings?

****Court's Decision:****

1. ****Validity of the First Sale:**** The Supreme Court held that the first sale was valid,

rejecting the CA's ruling for relying heavily on a testimony, deemed as self-serving and insufficient to dispute the presumption of a valid contract.

2. **Subsequent SPAs and Second Sale:** The Court ruled that since the first sale was valid, Luis Rosaroso no longer had the right to execute the subsequent sales and transactions, rendering them invalid.

3. **Meridian Realty Corporation as a Buyer in Good Faith:** The Court concluded that Meridian was not a buyer in good faith. It failed to investigate the status and rights of the actual possessors of the properties, which a prudent purchaser would have done.

4. **Court of Appeals' Error:** The Supreme Court found that the CA erred in its decision to reverse the RTC's findings, highlighting that the CA disregarded established presumptions and rules regarding the burden of proof.

Doctrine:

- **On Validity of Sale and Subsequent Transactions:** A sale is presumed valid if not rebutted by clear and convincing evidence. Subsequent transactions on properties already sold are null and void if the original sale was valid.

- **On Good Faith in Purchases:** A purchaser must conduct due diligence before acquiring properties, especially if they are in the possession of third parties. Failure to do so disqualifies the purchaser from being considered a buyer in good faith.

Class Notes:

1. **Presumption of Validity:** Private transactions are presumed fair and regular, and a contract is presumed to have sufficient consideration unless proven otherwise (Section 3, Rule 131, Rules of Court).

2. **Article 1191, New Civil Code:** The remedy for non-delivery of consideration is rescission of the contract.

3. **Article 1544, Civil Code on Double Sale:** Ownership in case of double sale depends on recording in the Registry of Property in good faith and possession in good faith.

4. **Duty to Investigate:** Actual possession of a property by third parties obliges a potential buyer to investigate their rights, underlining the importance of due diligence in

property transactions.

****Historical Background:****

This case highlights the intricate family dynamics and property disputes in the Philippines, where matrimony, succession, and property rights often intersect complexly, reflecting broader societal values around kinship, inheritance, and legal literacy. The dispute also underscores the challenges faced in ensuring fairness and legality in property transactions amidst familial conflicts, showcasing the evolving legal standards around sales, ownership, and good faith in the Philippine legal context.