

### Title: Radiowealth Finance Company vs. Manuelito S. Palileo

### Facts:

The core of this dispute revolves around a parcel of unregistered coconut land located in Surigao del Norte, Philippines. On April 13, 1970, Enrique Castro and Herminia R. Castro sold the land to Manuelito Palileo, evidenced by a notarized Deed of Absolute Sale. However, this deed was not registered in the Registry for Unregistered Lands. Following the sale, Palileo, through his mother acting as administratrix, took possession of the land and consistently paid the real estate taxes.

In a separate matter, on November 29, 1976, a judgment in Civil Case No. 0103145 was rendered against Enrique Castro to pay Radiowealth Finance Company a sum of money. Upon the finality of this judgment, a writ of execution was issued leading to the levy and eventual public auction sale of the previously sold land to Radiowealth Finance Company, the sole bidder. Following the expiration of the redemption period, a final sale deed was executed and registered with the Registry of Deeds.

Palileo, upon discovering these transactions, filed an action for quieting of title. The trial court ruled in his favor, a decision affirmed by the Court of Appeals, thus leading Radiowealth Finance Company to elevate the matter to the Supreme Court on several grounds, including the authenticity of the prior sale and their acquired rights through the execution sale registration.

### Issues:

1. The authenticity of the Deed of Absolute Sale between Castro and Palileo.
2. Determination of Palileo's status as mere administrator versus owner of the disputed property.
3. The prioritization of ownership rights between the first unrecorded buyer and the second buyer who acquired the land through a registered execution sale.

### Court's Decision:

The Supreme Court upheld the decision of the Court of Appeals, dismissing the claims of Radiowealth Finance Company. It held the findings of the lower court, affirming the sale to Palileo as factual and beyond the scope of review. The execution sale resulting in Radiowealth's registration of the land was deemed ineffective due to the prior unregistered sale to Palileo. The Court iterated that registration of instruments affecting unregistered land does not bestow any right if the seller was no longer the owner at the time of the

subsequent sale, even if said subsequent sale was recorded.

### Doctrine:

This case reaffirms the principle that, in the context of unregistered land, registration under Act No. 3344 does not advantage a later buyer unless the seller owned the land at time of sale. Article 1544 of the Civil Code, dictating the sequence of priority in cases of double sale, does not apply to unregistered land. The rule under Act No. 3344 prioritizes right over registration, stating registration of instruments concerning unregistered lands is “without prejudice to a third party with a better right.”

### Class Notes:

- Double Sale: Ownership prioritization in double sale scenarios differs between registered and unregistered land.
- Good Faith: Crucial in determining priority in both registered and unregistered land scenarios, but paramount importance in registered land transactions.
- Land Registration: Operates distinctly under two regimes - the Torrens system for registered lands, providing conclusive ownership evidence, and Act No. 3344 for unregistered lands, where registration does not prejudice a third party with a better right.
- Execution Sale: Purchasers at execution sales acquire only the rights of the judgment debtor as of the time of levy, especially significant in transactions involving unregistered land.

### Historical Background:

This case highlights the complexities and distinctions between registered and unregistered land transactions in the Philippines. It underscores the importance of the Torrens system in providing stability and predictability in land ownership and transactions. Additionally, it illustrates the challenges in disputes over unregistered land, where good faith and prior rights play a pivotal role in determining ownership.