

**\*\*Title:** Jun Miranda v. Spouses Ernesto and Aida Mallari and Spouses Domiciano C. Reyes and Carmelita Pangan**\*\***

**\*\*Facts:\*\***

The case revolves around a 7.3-hectare lot located in Barangay Papaya, San Antonio, Nueva Ecija, originally under the ownership of Spouses Domiciano Reyes and Carmelita Pangan (Spouses Reyes), as evidenced by Transfer Certificate of Title No. NT-226485. Jun Miranda bought this property from Spouses Reyes in 1996, but failed to have the sale registered. A separate case (Civil Case No. 6701) led to Spouses Ernesto and Aida Mallari (Spouses Mallari) winning damages against Spouses Reyes. To satisfy the judgment, a writ of execution was issued, and the disputed property was levied upon and eventually sold at public auction to Spouses Mallari in 2003. The sale and subsequent transfer were registered, unlike Miranda's earlier unregistered purchase.

Upon discovering Miranda's possession of the property, Spouses Mallari filed a suit for recovery of possession against him. Miranda, asserting ownership based on the earlier unregistered sale, contested the Mallaris' claim and filed a third-party complaint against Spouses Reyes, arguing that he should be protected against eviction and compensated for damages should he lose the property.

The Regional Trial Court (RTC) ruled in favor of Spouses Mallari, ordering Miranda to surrender possession of the property to them and dismissing his third-party complaint. Miranda appealed to the Court of Appeals (CA), which affirmed the RTC's decision. Miranda then elevated the matter to the Supreme Court on a petition for review on certiorari.

**\*\*Issues:\*\***

1. Whether preference should be given to a registered levy on execution over a prior unregistered sale.
2. Whether Spouses Mallari, as the highest bidders and subsequent registrants of the execution sale, had a better right of possession over the subject property than Jun Miranda.
3. Whether the third-party complaint against Spouses Reyes was correctly dismissed.
4. Whether the non-registration of the prior sale to Miranda affected his claim of ownership.

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

The Supreme Court partly granted Miranda's petition, reversing the CA's decision, and ruled that Miranda had a better right of possession over the subject property. The Court explained that, as between the parties to an unregistered sale, registration is not necessary

for the sale to be valid and effective, and actual notice is equivalent to registration. It was established that the ownership and the right of possession had transferred to Miranda upon the execution of the unregistered sale and actual delivery of the property to him in 1996. The subsequent levy and sale to Spouses Mallari could not prevail because the property did not belong to Spouses Reyes at the time those actions were undertaken. This made the levy and sale invalid relative to Miranda's rights as the true owner.

**\*\*Doctrine:\*\***

The decision reiterated the principle that as between parties to a sale, registration of the sale is not necessary for such sale to be valid and effective, for actual notice is equivalent to registration. Additionally, it established that a judgment debtor can only transfer property in which he has interest to the purchaser at a public execution sale, and that if the judgment debtor had already transferred his interest prior to the levy, the purchaser acquires no interest in the property.

**\*\*Class Notes:\*\***

- Unregistered Sale: A sale of property that is not registered may still be valid and effective between the parties involved.
- Registration: The act of registering a sale does not confer ownership but merely records a transaction and provides a notice to the world.
- Levy on Execution: Refers to the legal process by which a court orders the seizure or attachment of property of a judgment debtor to satisfy a judgment.
- Accion Publiciana: A plenary action to recover better right of possession, applicable when dispossession has lasted for more than one year.
- Ownership vs. Possession: Ownership confers a right to the property itself, while possession refers only to the holding or occupation of the property.

**\*\*Historical Background:\*\***

The case highlights a significant issue in Philippine land ownership and registration laws, particularly the doctrine concerning the priority of registration over actual ownership, and the principle of "first in time, better in right" unless a prior unregistered transaction is proven to have occurred. The decision underscores the critical importance of the principle that registration of property is primarily intended to protect innocent third parties and that an unregistered sale between parties is valid and effective as between them.