

****Title:**** *Sabitsana v. Muertegui: A Case on Double Sale and Professional Conduct*

****Facts:****

In 1981, Alberto Garcia sold an unregistered 7,500-square meter property on Dalutan Island, Leyte del Norte, Philippines, to Juanito Muertegui via an unnotarized deed of sale. Juanito's family took possession, planting trees and paying taxes on the property until 1998. In 1991, Garcia sold the same property to his family's lawyer, Atty. Clemencio Sabitsana Jr., through a notarized deed. Atty. Sabitsana, aware of the prior sale but finding no formal record, decided to proceed with his purchase and registered the sale, taking possession and making improvements on the property. This led to conflicting claims of ownership.

In 2000, Juanito, through his attorney-in-fact Domingo Jr., filed a case to quiet title against Atty. Sabitsana, asserting bad faith on the part of Sabitsana and questioning the validity of Garcia's sale to Sabitsana without his wife's consent. The Regional Trial Court (RTC) ruled in favor of Juanito, a decision upheld by the Court of Appeals (CA), citing bad faith on Sabitsana's part for using insider knowledge for personal gain, and questioning the validity of the Sabitsana purchase due to the prior sale to Muertegui.

****Issues:****

1. Jurisdiction of the RTC over a case involving property with a low assessed value.
2. Application of Art. 1544 of the Civil Code on a double sale involving unregistered land.
3. Whether the case was barred by prescription, laches, and estoppel.
4. The award of attorney's fees and litigation expenses.

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

The Supreme Court denied the petition, affirming the decisions of the lower courts. It clarified that an action for quieting of title falls under the jurisdiction of the RTC despite the property's low assessed value. The court held that Act No. 3344, not Art. 1544 of the Civil Code, applies to sales of unregistered land, and found that Muertegui had a better right due to the earlier sale. The court also rejected Sabitsana's defenses of prescription, laches, and estoppel and upheld the award of attorney's fees and litigation expenses, pointing out Sabitsana's bad faith and breach of professional conduct.

****Doctrine:****

The case reaffirms that registration of a sale does not confer ownership to the buyer if the seller had previously sold the property to another party, and that acts performed in bad faith by a legal professional, particularly exploiting confidential information for personal

gain, warrant disciplinary action and do not merit legal protection.

****Class Notes:****

- Jurisdiction of RTC in actions for quieting of title is not dependent on the assessed value of the property.
- Act No. 3344 governs the recording of transactions over unregistered real estate and prioritizes the rights of a party with a better claim over mere registration.
- Legal professionals owe undivided loyalty to their clients, and exploiting confidential information for personal gain constitutes bad faith.
- Article 2208 of the Civil Code allows for the recovery of attorney's fees in cases of bad faith.

****Historical Background:****

The case highlights the complexities of property transactions in the Philippines, especially concerning unregistered lands. It underscores the pivotal role of good faith in property transactions and the ethical responsibilities of legal professionals in representing their clients' interests.