

Title:

Garcia vs. Court of Appeals and Others: A Case on Ownership, Possession, and Validity of Mortgage

Facts:

Atty. Pedro V. Garcia, registered owner of a parcel of land in Bel Air II Village, Makati, sells it to his daughter, Ma. Luisa Magpayo, and her husband, Luisito Magpayo (the Magpayos), with his wife Remedios T. Garcia's consent. The Magpayos mortgage the land to Philippine Bank of Communications (PBCom) on March 5, 1981, to secure a loan, with discrepancies over the loan amount between parties. Transfer Certificate of Title (TCT) No. S-108412/545 was issued in the Magpayos' name on March 9, 1981, post-mortgage agreement.

The Magpayos default on the loan, leading to a foreclosure and PBCom's acquisition of the property after the redemption period lapsed. On October 4, 1985, the Magpayos filed a complaint to nullify the foreclosure, which was dismissed for failure to prosecute. Subsequently, PBCom secured a writ of possession, which Jose Ma. T. Garcia contested, claiming he inherited the land from his mother. The trial court issued a summary judgment in Garcia's favor, finding the mortgage void as the Magpayos weren't the property's owners at the time of mortgage execution. However, the Court of Appeals reversed this decision, citing flaws in the lower court's findings.

Issues:

1. Whether the Court of Appeals erred in addressing issues of "ownership" and "possession" not raised by PBCom in its brief.
2. Whether the Court of Appeals erred by disregarding alleged factual admissions by the litigants in deciding the appeal.
3. Whether the Court of Appeals contradicted itself regarding the propriety of the Summary Judgment.

Court's Decision:

The Supreme Court found no merit in the petitioner's arguments.

1. The Court clarified that PBCom addressed "ownership" and "possession" in its appellate brief, refuting the petitioner's claim of error.
2. As to factual admissions, the Court indicated that these were petitioner's paraphrased interpretations, not direct admissions from the parties.

3. On the summary judgment issue, the Court explained both parties requested summary judgments, allowing the appellate court to issue such a judgment.

The Supreme Court emphasized the distinction between possession and ownership, noting that registration of land does not confer ownership but merely confirms it. Consequently, the Court upheld the validity of the mortgage made by the Magpayos to PBCom despite the timing of the TCT issuance and affirmed the appellate court's decision.

Doctrine:

1. Ownership vs. Possession: Ownership and possession are distinct concepts. Ownership confers rights including dispossession, while possession pertains to the physical holding or enjoyment of a thing.
2. Validity of Mortgage Prior to Title Issuance: A mortgage can be valid even if the transfer certificate of title is issued after the mortgage agreement, as registration does not confer but merely confirms ownership.

Class Notes:

- ****Ownership vs. Possession****: Understand that ownership confers the right to dispose, use, and exclude others from a thing owned. Possession, on the other hand, is the physical holding or enjoyment of a thing, which may or may not coincide with ownership rights.
- ****Role of Title Registration****: Registration of property under the Torrens system confirms and registers ownership but is not the origin of ownership rights. Ownership is transferred through valid transactions such as sales, not merely by registration.
- ****Mortgage Validity****: A mortgage executed by parties holding ownership rights at the time of the mortgage, even if the title is issued later, is valid. Essential requirements include the mortgagor being the absolute owner (Civil Code, Art. 2085).

Historical Background:

The case illustrates the evolving interpretation of property rights, ownership, and mortgage law in the Philippines. It underscores the importance of distinguishing between ownership and possession in property transactions and clarifies the effect of property registration and mortgage validity within the context of the Philippine legal system.