

Title: Spouses Mario Ong and Maria Carmelita Ong, and Demetrio Verzano v. Spouses Ergelia Olasiman and Leonardo Olasiman

Facts:

The case began with a Deed of Sale on June 1, 1992, where Paula Verzano sold an unregistered plot of land to her niece, Bernandita Verzano-Matugas. After Paula's death in November 1992, Demetrio Verzano, her brother, executed an "Extrajudicial Settlement by Sole Heir and Sale" in November 1995, claiming sole ownership of a portion of the land (Lot 4080) and sold it to Carmelita Ong, who subsequently transferred the tax declaration into her name. In February 1996, Bernandita, in turn, sold the same lot to the Olasimans. Upon learning of the Ongs' claim and disturbance of their possession in 1996, the Olasimans sought legal action against the Ongs and Verzano to annul the extrajudicial settlement, claim quieting of title, and seek damages in the Regional Trial Court (RTC) of Dumaguete City.

The RTC, applying Article 1544 of the Civil Code, favored the Ongs, asserting their good faith and prior possession. The Court of Appeals (CA), however, reversed this decision, holding the extrajudicial settlement void for numerous reasons, including the fact that Paula had already sold the lot to Bernandita before her death and therefore could not have passed it to Verzano through inheritance. Consequently, Verzano had no rightful ownership to convey to the Ongs.

Issues:

1. The applicability of Article 1544 of the Civil Code concerning double sales.
2. The validity of the "Extrajudicial Settlement by Sole Heir and Sale."
3. The relevance of good faith in transactions involving unregistered land.

Court's Decision:

The Supreme Court upheld the Court of Appeals' decision, finding the "Extrajudicial Settlement by Sole Heir and Sale" void and reinforcing that Demetrio Verzano had no right to sell the property to the Ongs. The Court clarified that Article 1544 does not apply since the overlapping sales involved different vendors. It stressed that the issue of good faith is not pertinent in the case of unregistered land where buyers are expected to exercise higher diligence.

Doctrine:

- Article 1544 of the Civil Code on double sales applies only when the same item is sold by

the same vendor to different vendees.

- In the sale of unregistered land, the claim of good faith by subsequent buyers does not protect them if the seller lacked ownership at the time of the sale.

Class Notes:

- In cases of double sales as per Article 1544 of the Civil Code, priority is given based on registration, possession, and in the absence of these, the oldest title, provided there is good faith.

- For unregistered land, a buyer must practice due diligence far beyond examining the seller's claims of ownership, as good faith does not necessarily protect against defects in the seller's title.

- The principle of "nemo dat quod non habet" ("no one can give what one does not have") underscores all transactions of property rights transfer, emphasizing the need for verification of the seller's right to sell.

Historical Background:

This case underscores the complexities and potential conflicts in transactions involving unregistered land, which are common in the Philippines due to the historical context of land ownership and registration systems. The Philippine legal framework on land ownership and registration is influenced by Spanish and American legal traditions, making cases involving land disputes, especially those concerning unregistered lands, both complex and prevalent. This decision reflects the Supreme Court's careful approach to ensuring rightful ownership and the diligent facilitation of land transactions to mitigate potential conflicts.