

****Title:**** Erlinda Dela Cruz, et al. vs. Fortunato Dela Cruz, et al.: A Study on the Conveyance and Ownership of Property

****Facts:**** This case revolves around a dispute concerning a piece of land located in Lolomboy, Bocaue, Bulacan, owned originally by Paciencia Dela Cruz, who had six children. On September 25, 1980, Paciencia allegedly sold the property to her son, Fortunato Dela Cruz, for P21,000, as evidenced by a Deed of Sale and subsequently transferred under Fortunato's name (TCT No. T-34.723 (M)). Fortunato later mortgaged the property multiple times to Erlinda de Guzman due to financial difficulties.

On January 11, 1989, Fortunato sold the property to Clark and Divina Gutierrez for P600,000, albeit a "Kasulatan ng Bilihang Patuluyan" stated the consideration as P58,000. This transaction was promptly registered, resulting in a new title (TCT No. T-101011 (M)) under the Gutierrezes' names. They took possession of the property, made improvements, and started collecting rental income from the vendors operating there.

Paciencia initiated a lawsuit on January 20, 1989, against Fortunato and the spouses Claudio and Adoracion Gutierrez, claiming that the sale was fraudulent and that Fortunato failed to convey the proceeds to her. She argued that Fortunato only held the property in trust for her benefit. The complaint was subsequently amended to include Clark and Divina Gutierrez as defendants, after which Paciencia passed away and was substituted by her children as petitioners.

The trial court dismissed the complaint, affirming the Gutierrezes' ownership, a decision later upheld by the Court of Appeals. The petitioners then elevated the case to the Supreme Court, raising issues on the validity of the conveyance to Fortunato and the good faith of the Gutierrezes' purchase.

****Issues:****

1. Whether the Deed of Absolute Sale executed by Paciencia in favor of Fortunato was valid.
2. Whether Clark and Divina Gutierrez were bona fide purchasers for value.
3. Whether the evidence supports the appellate court's decision.

****Court's Decision:**** The Supreme Court denied the petition, affirming the decisions of the lower court and the Court of Appeals. The Court found no persuasive evidence that the Deed of Absolute Sale between Paciencia and Fortunato was simulated. Similarly, it held that the Gutierrezes were buyers in good faith, having relied on the face of the certificate of title and

taken necessary precautions, including legal consultation before purchasing the property.

****Doctrine:**** The case reiterates the doctrine that a notarized document enjoys the presumption of regularity and that a purchaser of property who relies on the clean certificate of title issued in the name of the seller is considered a buyer in good faith. It also underscores the principle that tax declarations and payment of realty taxes are strong indicators of ownership.

****Class Notes:****

- ****Notarized Documents:**** Presumed regular until proven otherwise.
- ****Bona Fide Purchaser for Value:**** One who buys property based on a clean title and without notice of any defect.
- ****Good Faith in Purchasing Property:**** Reliance on the current certificate of title and taking necessary precautions (including legal verification) are key indicators of good faith.
- ****Simulated Contracts:**** Distinguished by parties' lack of intention to be bound, rendering such agreements void.

****Historical Background:**** This landmark case offers insightful discourse on the intricacies of property law in the Philippines, emphasizing the sanctity of notarized agreements and the protective mantle the law extends to bona fide purchasers. It highlights the challenges surrounding familial property transactions and underscores the importance of legal diligence in property dealings. Through this case, the Supreme Court clarifies the legal framework governing property conveyance and the doctrine of good faith in real property acquisitions, reinforcing the balance between contractual freedom and statutory protections designed to foster equitable dealings in the real estate market.