

Title:

****Pahud vs. Court of Appeals (Spouses Belarmino), et al.****

Facts:

- ****Property Background****: Spouses Pedro San Agustin and Agatona Genil owned a 246-square meter parcel in Los Baños, Laguna covered by OCT No. O-(1655) 0-15. Agatona and Pedro died intestate in 1990 and 1991, respectively, leaving behind eight children: Eufemia, Raul, Ferdinand, Zenaida, Milagros, Minerva, Isabelita, and Virgilio.

- ****First Sale (1992)****: In 1992, Eufemia, Ferdinand, and Raul sold their shares to the petitioners (the Pahuds) for P525,000. Eufemia signed for the other co-heirs (Zenaida, Milagros, Minerva, Isabelita) without apparent authority. This sale was not notarized.

- ****Payments and Title Transfer****: The Pahuds paid P35,792.31 to redeem the mortgaged property and made additional payments bringing the total to P350,000. They appropriated the remaining P87,500 for taxes and transfer costs. Virgilio later refused to sign the extra-judicial settlement of estate.

- ****Partition Proceedings (1993)****: Virgilio's co-heirs sought judicial partition from the RTC of Calamba, Laguna in 1993. In 1994, a compromise was reached, but it was rejected by the RTC as the lawyer representing Eufemia's group didn't sign due to the prior sale to the Pahuds. Eufemia acknowledged receiving P700,000 from Virgilio, who then sold the property to the Belarminos, who began building on the land.

- ****RTC Decision****: The petitioners intervened, and the RTC declared the initial sale to the Pahuds valid for the 7/8 property share. Virgilio's sale to the Belarminos was declared void.

- ****CA Decision****: The respondents appealed, arguing the first sale was void as Eufemia lacked written authority for her co-heirs. The CA reversed the RTC, validating Virgilio's sale to the Belarminos and ordered petitioners' payment returns with interest.

Issues:

1. Whether the Deed of Sale executed by Eufemia for her co-heirs without written authority renders the first sale to petitioners void and inexistent.
2. Whether the second sale to the Belarminos is valid, considering Virgilio had only 1/8 interest.
3. Whether the Belarminos were buyers in good faith.

Court's Decision:

- **Sale's Validity of the 3/8 Portion (Eufemia's Authority)**: The SC upheld the validity of the sale of the 4/8 shares for Eufemia, Ferdinand, and Raul's undivided shares. The sale of 3/8 portion concerning the shares of Zenaida, Milagros, and Minerva was initially void as Eufemia lacked a special power of attorney as mandated by Art. 1874 and Art. 1878 of the Civil Code. However, the SC invoked the principle of estoppel, accepting the sale because the three co-heirs consistently failed to contest it.

- **Second Sale (Valid for 1/8)**: The SC affirmed the CA's decision that sale by Eufemia's group to the Pahuds was only valid for the 4/8 shares because the legal requirement of a written special power of attorney was missing. However, the sale by Virgilio to the Belarminos was valid only for his 1/8 undivided share due to the principle of Nemo dat quod non habet (one cannot give what one does not have). Virgilio could not sell what he no longer owned.

- **Bad Faith of the Belarminos**: The SC found the Belarminos were not buyers in good faith. They should have inquired about the status of the property since it was registered in names different from their vendor during ongoing partition proceedings, indicating potential issues with the property's title.

Doctrine:

- **Special Power of Attorney Requirement (Art. 1874 and 1878, Civil Code)**: A sale of land through an agent must have explicit written authorization; otherwise, the sale is void.

- **Estoppel (Art. 1431, Civil Code)**: A co-heir's continued silence and failure to contest a prior transaction upon which others rely create estoppel.

- **Nemo dat quod non habet**: One cannot transfer more rights to another than one possesses.

Class Notes:

- **Agency and Special Power of Attorney**:

- Essential for sale of real property through an agent.

- Absence results in void sale (Art. 1874, 1878 Civil Code).

- **Estoppel (Art. 1431)**:

- Prevents denying an earlier admission if others relied upon it.

- **Principle of Nemo dat quod non habet**:

- Validity-dependent on ownership at the transfer time.

Historical Background:

This case illustrates the complexities involved in property transactions, inheritance disputes, and judicial partition cases in the Philippines. The decision reiterates specific requisites of the Civil Code pertinent to the sale of immovable property and provides practical implications on the doctrines of agency, estoppel, and good faith purchaser.