

Title: Spouses Emmanuel (Deceased) and Edna Chua and Spouses Manuel and Maria Chua vs. Msgr. Virgilio Soriano, substituted by Sister Mary Virgilia Celestino Soriano

Facts: Msgr. Virgilio Soriano owned a 1,600 sq. meter parcel of land in Barangay Banlat, Quezon City, covered by TCT No. 363471. His cousin, Emmanuel C. Celestino, Sr., requested to use the title as loan security, to which Soriano consented, executing a SPA on March 29, 1988. Following a fire on June 11, 1988, the original title was destroyed. Soriano authorized Celestino and Carlito Castro for a reconstitution, resulting in TCT No. RT-3611 (363471) PR 1686 on April 17, 1990. During the reconstitution, Soriano discovered TCT No. 363471 was canceled, replaced by TCT No. 14514 in the Chuas' name. This was via a Deed of Sale dated July 4, 1989, based on a forged March 9, 1989 SPA. Soriano sued Celestino and the Chuas on August 20, 1990, for annulment, cancellation of title, reconveyance with damages, alleging the forgery of his signature. The RTC ruled in his favor, declaring the SPA and Deed of Sale void, canceled the Chuas' title and ordered a reconveyance. After Soriano's death, his sister substituted him. Celestino and the Chuas appealed to the CA, which modified the RTC decision, ordering the reinstatement of Soriano's reconstituted title. The Chuas petitioned the Supreme Court, arguing good faith purchase based on the annotated SPA and duplicate title.

Issues: Whether the Chuas are purchasers in good faith.

Court's Decision: The Supreme Court reversed the CA decision, ruling in favor of the Chuas.

Issue: Were the Chuas purchasers in good faith? The Court confirmed the Chuas as purchasers in good faith:

- The SPA was notarized, regular on face, creating a presumption of authenticity.
- The Chuas relied on the SPA's notarial acknowledgment and registration with the Registry of Deeds.
- Good faith requires the belief that the seller had the authority to convey ownership, indicated by the presented documents.

Doctrine: A buyer dealing with an agent must exercise inquiry into the agent's authority. However, if a notarized document indicates a seller's authority and is regular on its face, the buyer in good faith is entitled to rely on it.

Class Notes:

- ****Good Faith Purchase:**** Implies lack of knowledge of any other claims, with reliance on the title's face.

- **SPA (Special Power of Attorney):** Must indicate actual authority; notarization adds presumption of regularity.
- **Notarization Legal Effect:** Provides prima facie evidence of execution; reliance is granted on apparent authority.
- **Doctrine:** Purchasers may rely on registered land titles unless dealing with someone who is not the registered owner, in which higher inquiry is required.

Historical Background: This case emphasizes the integrity of land title registration under the Torrens system in the Philippines. It reflects on property rights and protection offered by law to innocent third-party buyers. The judicial interpretation aimed to balance procedural integrity with reliance interests of buyers in transactions involving registered land.