

****Title:** Odrada vs. Lazaro and Aseniero, Supreme Court of the Philippines, G.R. No. 96154******

****Facts:****

Noel M. Odrada (petitioners) purchased a black Range Rover for P1.2 million from Roberto S. Basa. On December 4, 2003, Odrada arranged for an exchange with Alfonso De Leon who took the Range Rover for a test drive. Personnel of the Philippine National Police Eastern Police District (PNP-EPD) shot the vehicle after George Aseniero (respondents) reported it as stolen. Due to the incident, Odrada discovered 16 bullet holes in the Range Rover and lost anticipated income from the failed transaction with De Leon. He subsequently filed a complaint for damages against Aseniero and Virgilio Lazaro, head of the PNP-EPD-ANCAR who issued the flash alarm.

According to Aseniero, he bought the Range Rover from Transmix Builders and Construction, Inc. (Transmix) through Jose Pueo, manager of Kotse Pilipinas. The vehicle was supposedly taken by Pueo under false pretenses and used as collateral for a loan from Oscar Tan. Aseniero, after failing to reach Pueo, found the vehicle registered under Odrada's name and executed a Deed of Confirmation of Sale with Transmix confirming the sale to him. Transmix denied selling the vehicle to Basa and attested that it was originally sold to Aseniero.

****Procedural Posture:****

1. RTC Decision (April 24, 2009): The RTC ruled in favor of respondents, stating that Aseniero had proven ownership and that Odrada acquired the vehicle through transactions originating from Pueo's improper taking.
2. Odrada appealed to the CA.
3. CA Decision (July 25, 2012): The CA affirmed RTC's decision but reduced the awarded damages.
4. Odrada's motion for reconsideration was denied by CA on January 21, 2013.
5. Odrada petitioned for review on certiorari.

****Issues:****

1. Whether Odrada is the lawful owner of the black Range Rover.
2. Whether respondents are entitled to moral and exemplary damages.

****Court's Decision:****

1. Ownership of the Range Rover: The Supreme Court held that Odrada, while having a Certificate of Registration (CR), did not present convincing evidence to confirm the

legitimacy of the preceding sales involving Transmix and Basa. Conversely, Aseniero had submitted notarized agreements and testified evidence proving the lineage of ownership from Transmix. Thus, the Court ruled that the appellees' evidence outweighed the appellant's documentation under the presumption of regularity accorded to notarized documents and ownership by the first possessor in good faith.

2. Moral and Exemplary Damages: The Court deleted the award for moral and exemplary damages against Odrada. It reasoned that filing an unmeritorious case does not automatically warrant moral damages unless malicious prosecution is clearly evident. The lower courts' conclusions were based on presumptions rather than concrete evidence of Odrada's bad faith or ill intent in filing the complaint.

****Doctrine:****

The decision establishes/reiterates that:

1. ****Ownership Proving Norm****: The Certificate of Registration does not conclusively establish ownership and can be rebutted by stronger contra-evidence.
2. ****Double Sale Rule****: Under Article 1544 of the Civil Code, in a double sale of movable property, ownership is transferred to the first possessor in good faith.
3. ****Moral and Exemplary Damages****: Moral and exemplary damages are not automatically granted due to losing a case or filing a complaint; malicious intent, bad faith, or fraud must be evident.

****Class Notes:****

- ****Ownership Proving Norm****: Certificate of Registration, while implying ownership, can be overcome by stronger, contrary notarized documents and testimonies.
- ****Double Sale Rule (Article 1544)****: Ownership of movable property in double sales goes to the first possessor in good faith.
- ****Moral and Exemplary Damages****: Require actual evidence of malice, bad faith or oppressive acts. Good faith is presumed unless proven by strong evidence to the contrary.

****Historical Background:****

The case reflects issues tied to the illegal trading of second-hand vehicles that were common in the early 2000s in the Philippines, involving dubious transactions and multiple claims of ownership. This stressed the need for stringent verification and due diligence in property transactions, showcasing systemic challenges in vehicle registration and sales verification processes. The shooting incident added to the controversial practices by some law enforcement officials in dealing with reported stolen vehicles during that period.