

PACIFICO GARCIA, PETITIONER-APPELLANT, VS. COURT OF APPEALS, CAROLINA LAPUZ-GOZON, ASSISTED BY HER HUSBAND BENJAMIN M. GOZON, TECLA GUTIERREZ, ROSARIO FELIX, PAULINO D. BUENAVEN...

G.R. No. L-48971. January 22, 1980

Ponente: AQUINO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/3a21f204c922/>

AQUINO, J.:

This case is about the issuance of two or more transfer certificates of title to different persons for the same lots, or subdivisions thereof, due to the fact that the original title was allegedly not cancelled when the first transfer certificates of title were issued to replace the original title. The factual background is as follows:

1. On August 9, 1918, a deed of sale for two parcels of land, E and G (with a total area of more than seven hectares) of the Hacienda Maysilo, located in Malabon, Rizal and covered by Original Certificate of Title No. 983, was executed in favor of Ismael Lopus, a bona fide occupant thereof. The deed was executed pursuant to an order of the Court of First Instance of Rizal in Civil Case No. 391, *Negao vs. Vidal*, a partition proceeding involving the said hacienda (See *Bustamante vs. Tuason*, 47 Phil. 433, 434).
2. The deed of sale was presented for registration at two-twenty-five in the afternoon of January 15, 1920 and was recorded as Primary Entry No. 7710. That deed of sale itself contains the following entries showing that it was annotated on the back of OCT No. 983:

"Presentado en este Registro a las 2:25 de la tarde del dia de hoy segun el Asiento No. 7710 de Tomo 10 del Libro Diario, Pasig, Rizal, Enero 15, 1920.

Register of Deeds" (Exh. B-12)

"Inscrito el documento que precede al dorso del Certificado de Titulo Original No. 983 del Tomo A-9, de inscriptor en las paginas 113 y 114 ambos del Libro T-25 de Registro como certificados de Titulo Nos. 4910 y 4911, y archivado en el Legajo T-#4910, Pasig, Rizal, Enero 15, 1920."

Register of Deeds" (Exh. B-1).

However, it seemed that, contrary to the foregoing entry and the official routine or standard operating procedure, the deed of sale was not annotated on OCT No. 983 and that, consequently, that title was apparently not cancelled. Why that annotation did not appear in OCT No. 983 and why there was no notation of the cancellation of that title, as it appeared in 1962, is a mystifying circumstance in this case.

3. As a result of the registration of that deed of sale, Transfer Certificate of Title No. 4910 was issued to Lopus for the two parcels of land, E and G, and Transfer Certificate of Title No. 4911 was issued for the remaining five lots covered by OCT No. 983 (which embrace an area of more than two hundred fifty-eight hectares registered in the names of more than twenty-six co-owners). TCT Nos. 4910 and 4911 contain the following entries: "Transfer

from No. 983. Originally registered on the 29th day of January, in the year 1917 in Book No. A-9, page 215, of the said Province of Rizal, pursuant to a decree entered in Case No. 3850."

4. Lapus on different occasions mortgaged the two parcels of land to secure his obligations to the Philippine National Bank, the Government and the Philippine Trust Company. He died in 1951. The two parcels of land were inherited by his daughter, Carolina Lapuz-Gozon. She became the registered owner of the two lots. She subdivided them into fifty-five lots. She sold some of the subdivision lots to her co-respondents-appellees herein. Lapus and his successors-in-interest have been in possession of the two parcels even before 1910 or for more than seventy years.

5. Meanwhile, in 1962, certain alleged heirs (collectively known as the Riveras) of the late Maria de la Concepcion Vidal filed a motion in Land Registration Cases Nos. 4429 and 4496 of the Court of First Instance of Rizal, alleging that they were deprived of their participation in the Hacienda Maysilo covered by OCT No. 983 and four other titles and that, since only OCT No. 983 was supposedly unencumbered, all the land covered by that title should be adjudicated to them. The court granted the motion. It should be stressed that OCT No. 983 appears to have remained uncanceled notwithstanding the sale to Lapus of two parcels covered by it and the fact that it had been replaced by TCT Nos. 4910 and 4911.

6. On June 7, 1963, OCT No. 983 was definitely cancelled and in lieu thereof Transfer Certificate of Title No. 112235 was issued to the Riveras. Later, Lots 5 and 7 of the said title (corresponding to parcels E and G which were sold to Ismael Lapus in 1918 as stated earlier) were assigned by Bartolome Rivera to Sergio Cruz and Pacifico Garcia and TCT Nos. 112743 and 112742 were issued to Cruz and Garcia, respectively. Thus, two sets of transfer certificates of title for Lots E and G or 5 and 7, originally covered by OCT No. 983, were issued, one to the heir of Ismael Lapus and another set to the successors-in-interest of the Riveras.

7. On October 22, 1964, Garcia subdivided Lot 7 (G) into Lots A and B. Garcia retained Lot A and obtained TCT No. 134958 for it. He assigned Lot B to Antonio Muñoz on November 5, 1964. As a consequence of the assignment, TCT No. 112742 was cancelled and TCT No. 134957 was issued to Muñoz. In 1965, he mortgaged Lot B to the Associated Banking Corporation to secure a loan of P200,000.

8. On the other hand, on July 17, 1964 Cruz sold to Santiago Go Lot 5 (E) covered by TCT No. 112743. TCT No. 131329 was issued to Go on August 25, 1964. On December 23, 1964, Go mortgaged Lot 5 to the Philippine National Bank (PNB) to secure a loan of P50,000 which was later increased to P60,000.

9. Muñoz and Go did not pay their mortgage debts. The two banks foreclosed the mortgages. The PNB bought the mortgaged lot at the auction sale held on May 4, 1967. The sheriff issued to it a certificate of sale dated May 19, 1967 but at that time there was already a notice of lis pendens annotated on the title of the mortgaged lot. TCT Nos. 212153 and 236881 for the mortgaged lots were issued to the Associated Banking Corporation and the Philippine National Bank, respectively.

10. The Riveras and their successors-in-interest have never set foot on the disputed lots.

11. Mrs. Gozon later learned that the Riveras and their successors-in-interest had acquired the land (more than two hundred fifty-eight hectares) covered by OCT No. 983. Her lawyer and a surveyor informed her that parcels E and G, which she inherited from her father, were identical to Lots 5 and 7 which were conveyed to Cruz and Garcia. She registered adverse claims on the titles covering Lots 5 and 7. On December 27, 1965 she and the persons to whom she had transferred portions of parcels E and G filed with the Court of First Instance of Rizal at Caloocan City against the Riveras, Cruz, Muñoz, Garcia, Associated Banking Corporation, PNB and others an action to quiet title and for damages.

12. A notice of lis pendens was annotated on January 25, 1966 on the titles of Garcia, Muñoz and Go. The notice of lis pendens was annotated on the title of the PNB when the sale in its favor was registered on December 13, 1969.

13. The trial court in its decision of July 30, 1975 declared valid TCT Nos. 141802 to 141855 and 143512 issued to Mrs. Gozon and her co-plaintiffs. It voided TCT No. 112235 issued to the Riveras and all titles and transactions emanating therefrom insofar as those titles covered the lots embraced in plaintiffs' titles. The Riveras were ordered to pay the plaintiffs twenty thousand pesos as attorney's fees.

14. The trial court also ordered Muñoz to pay the Associated Banking Corporation, in the event that the bank would be evicted from the lot covered by TCT No. 212153, two hundred sixty-five thousand seventy-two pesos and fifteen centavos with twelve percent interest per annum from the date of the eviction plus ten thousand pesos as attorney's fees.

15. Santiago Go was ordered to pay the PNB, should it be evicted from the lot covered by TCT No. 236881, the sum of sixty thousand pesos plus nine percent interest per annum from the date of the eviction and six thousand pesos as attorney's fees.

16. That judgment of the trial court was affirmed by the Court of Appeals in its decision of May 25, 1978. Garcia and the PNB appealed from that decision. The Associated Banking Corporation, now the Associated Citizens Bank, tried to appeal but it was not able to file its petition for review (L-49010).

Garcia contends that the Court of Appeals erred in not holding that his title is valid and that the titles of Ismael Lapus and his daughter, Mrs. Gozon, are void because the sale to Lapus was not annotated on OCT No. 983.

The PNB contends that the Court of Appeals erred in not holding that its title is valid, that it is a mortgagee and buyer in good faith and for value and that Lapus and his successors-in-interest lost their right to the disputed lots due to their negligence or inaction.

The issue is whether the 1920 title issued to Lapus and the titles derived therefrom should prevail over the 1963 title issued to the Riveras and the subsequent titles derived from it. Should Lapus' title prevail even if it was not annotated by the register of deeds on the anterior or parent title which was not cancelled before 1963? It was that noncancellation which led to the issuance of the duplicative title to the Riveras and eventually to the execution of the controversial mortgages and foreclosure sales to the two banks.

We hold that the two appeals have no merit. The title of Lapus and the titles derived therefrom should be given effect. The title of the Riveras and the titles springing from it are void.

There can be no doubt that Lapus was an innocent purchaser for value. He validly transmitted to his successors-in-interest his indefeasible title or ownership over the disputed lots or parcels of land. That title could not be nullified or defeated by the issuance forty-three years later to other persons of another title over the same lots due to the failure of the register of deeds to cancel the title preceding the title issued to Lapus. This must be so considering that Lapus and his successors-in-interest remained in possession of the disputed lots and the rival claimants never possessed the same.

"The general rule is that in the case of two certificates of title, purporting to include the same land, the earlier in date prevails, whether the land comprised in the latter certificate be wholly, or only in part, comprised in the earlier certificate" (Hogg, Australian Torrens System 823, citing cases and cited in Legarda and Prieto vs. Saleeby, 31 Phil. 590, 595).

"Where two certificates (of title) purport to include the same land, the earlier in date prevails. x x x. In successive

registrations, where more than one certificate is issued in respect of a particular estate or interest in land, the person claiming under the prior certificate is entitled to the estate or interest; and that person is deemed to hold under the prior certificate, who is the holder of, or whose claim is derived directly or indirectly from the person who was the holder of the earliest certificate issued in respect thereof" (Niblack, Analysis of the Torrens System, page 237, cited in Legarda and Prieto vs. Saleeby, supra, pages 595-6).

And the rule that in case of double registration the owner of the earlier certificate is the owner of the land applies to the successive vendees of the owners of such certificates. "The vendee of the earlier certificate would be the owner as against the vendee of the owner of the later certificate" (Legarda and Prieto vs. Saleeby, supra, pages 597-9).

It is settled that in this jurisdiction the maxim prior est in tempore, potior est in jure (he who is first in time is preferred in right) is followed in land registration matters (La Urbana vs. Bernardo, 62 Phil. 790, 806).

Appellant Garcia invokes the ruling that the mere entry of a document in the day or entry book without noting it on the certificate of title is not a sufficient registration (Bass vs. De la Rama, 73 Phil. 682, 685).

That ruling was superseded by the holding in the later six cases of Levin vs. Bass, 91 Phil. 420, where a distinction was made between voluntary and involuntary registration, such as the registration of an attachment, levy upon execution, notice of lis pendens, and the like. In cases of involuntary registration, an entry thereof in the day book is a sufficient notice to all persons even if the owner's duplicate certificate of title is not presented to the register of deeds.

On the other hand, according to the said cases of Levin vs. Bass, in case of voluntary registration of documents an innocent purchaser for value of registered land becomes the registered owner, and, in contemplation of law the holder of a certificate of title, the moment he presents and files a duly notarized and valid deed of sale and the same is entered in the day book and at the same time he surrenders or presents the owner's duplicate certificate of title covering the land sold and pays the registration fees, because what remains to be done lies not within his power to perform. The register of deeds is duty bound to perform it. (See Potenciano vs. Dineros, 97 Phil. 196.)

The instant case is not identical to the Bass cases. Here the deed of sale in favor of Lapus, which was judicially authorized, was entered in the entry book and a new title was issued to him. As already stated, and this point should be underscored, the deed of sale in favor of Lapus contains the notation that it was annotated on the back of OCT No. 983 (presumably, the original and owner's duplicate thereof).

But why in 1962 it appeared that no such annotation was found on the back of OCT No. 983, contrary to what was stated in the 1918 deed of sale, is a mystery that the trial court and the plaintiffs failed to unravel during the trial. Moreover, the title issued to Lapus contains the usual notation that it was a transfer from a previous title which in this case was OCT No. 983.

It should be further observed that the deed of sale in favor of Lapus and the titles issued to him and his successors-in-interest, together with his mortgage in 1929 of the disputed lots to the PNB itself, are all a matter of public record in the registry of deeds.

As stressed in Legarda and Prieto vs. Saleeby, 31 Phil. 590, 600, "the record is notice to all the world. All persons are charged with the knowledge of what it contains. All persons dealing with the land so recorded, or any portion of it, must be charged with notice of whatever it contains. The purchaser is charged with notice of every fact shown by the record and is presumed to know every fact which the record discloses."

"When a conveyance has been properly recorded, such record is constructive notice of its contents and all interests, legal and equitable, included therein." "Under the rule of notice, it is presumed that the purchaser has

examined every instrument of record affecting the title. Such presumption is irrefutable. He is charged with notice of every fact shown by the record and is presumed to know every fact which an examination of the record would have disclosed" (Legarda and Prieto vs. Saleeby, supra, page 600).

As Justice Johnson says, "this presumption cannot be overcome by proof of innocence or good faith. Otherwise, the very purpose and object of the law requiring a record would be destroyed. Such presumption cannot be defeated by proof of want of knowledge of what the record contains any more than one may be permitted to show that he was ignorant of the provisions of the law. The rule that all persons must take notice of the facts which the public record contains is a rule of law. The rule must be absolute. Any variation would lead to endless confusion and useless litigation" (Legarda and Prieto vs. Saleeby, supra, pp. 600-601).

As to the PNB's claim that it was a mortgagee and purchaser in good faith and for value, the Appellate Court held that the bank should have made an on-the-spot investigation of the lot mortgaged by Go to ascertain whether he was in possession of it or it was claimed by other persons. Its failure to do so precludes the bank from being considered as a mortgagee in good faith and for value (Gatioan vs. Gaffud, L-21953, March 28, 1969, 27 SCRA 706).

On the other hand, the trial court held that the PNB was not a buyer in good faith when it bought Go's lot at the auction sale because there was already a notice of lis pendens annotated on his title.

In the Gatioan case, it appears that in 1935 Rufina Permison secured a Torrens title for a parcel of land on the basis of a free patent. The land was sold to Encarnacion Gatioan and Transfer Certificate of Title No. T-1212 was issued to her. She mortgaged the land three times to the PNB.

In 1956, the spouses Sixto Gaffud and Villamora Logan were able to secure a Torrens title for the same lot also on the basis of a free patent. They mortgaged the land also to the PNB. The Secretary of Agriculture and Natural Resources, on discovering that two Torrens titles were issued for the same land, recommended the cancellation of the later title issued to the Gaffud spouses. As the PNB refused to cancel the mortgage executed by Gatioan, in spite of the fact that she had made full payment of the mortgage debt, she filed against the Gaffud spouses and the PNB an action to quiet title.

It was held that Gatioan's title should prevail over that of the Gaffud spouses and that the mortgage executed by them in favor of the PNB was void. The Gaffud spouses were ordered to pay damages to Gatioan.

Since the applicable rule in the instant case is that the earlier certificate of title should be recognized as superior and controlling, there is no justification for relying on the doctrine laid down by Justice Holmes in *Eliason vs. Wilborn*, 281 U. S. 457, that "as between two innocent persons, one of whom must suffer the consequence of a breach of trust, the one who made it possible by his act of confidence must bear the loss."

There was no breach of trust in this case. What is noteworthy in this case is that after it was recited in the registered deed of sale that that sale was annotated at the back of the title covering the lots sold, it turned out that the title did not contain such an annotation and that the title was not cancelled. For that anomaly, the purchaser, Ismael Lapus, the holder of the earlier title, was not culpable or blameworthy.

WHEREFORE, the judgment of the Court of Appeals, affirming the decision of the trial court, should stand. Costs against the appellants.

SO ORDERED.

Barredo, (Chairman), Antonio, Concepcion, Jr., and Santos, JJ., concur.
Abad Santos, J., took no part.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.