

MONS. CARLOS INQUIMBOY, PLAINTIFF AND APPELLANT, VS. MARU CONCEPCION PAEZ VDA. DE CRUZ, DEFENDANT AND APPELLEE.*G.R. No. L-13953. July 26, 1960*

Ponente: GUTIERREZ DAVID, J.

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This appeal brings up for review a decision of the Court of First Instance of Nueva Ecija dismissing plaintiff's complaint.

The facts are: Plaintiff Carlos Inquimboy was the registered owner of the disputed land located in Bongabon, Nueva Ecija, as per T.C.T. No. 15600, Register of Deeds of Nueva Ecija (Annex B). On October 31, 1941, he sold the land, together with another parcel described in T.C.T. No. 15599, for the sum of P4,000.00 to Cenon Albea, who after making a down payment, promised to pay the balance in two installments, that is, P2,500.00 on November 15, 1941 and P500.00 in May, 1942 (Annex C). On December 20, 1943, Albea sold the land, together with two other registered parcels, to Pedro Cruz (Annex D). This deed of sale was presented for registration on January 3, 1944. As to the two other pieces of land, registration was duly had, but with respect to the disputed land, registration was refused because the land was still in Inquimboy's name, Albea not having registered his deed of sale. On February 18, 1944, the sale in Albea's favor was registered, Inquimboy's title was cancelled and in lieu thereof T.C.T. No. 20142 was issued to Albea (Annex E).

On February 23, 1944, Inquimboy filed against Albea in the Court of First Instance of Nueva Ecija a complaint alleging, inter alia, that Albea failed to pay him on November 15, 1941, the sum of P2,500.00 and in May, 1942, the sum of P500.00 stipulated in the contract between them and therefore prayed that the contract of sale be rescinded, and that Albea be ordered to return to him T.C.T. Nos. 15599 and 15600 (Civil Case No. 93-J).

On May 26, 1944, T.C.T. No. 20142 in Albea's name was cancelled and in lieu thereof T.C.T. No. 20584 was issued to Pedro Cruz.

The civil case which Inquimboy had filed against Albea was passed upon by the lower court, then by the Court of Appeals and finally by this Court, which is rendered on May 29, 1950 (89 Phil., 1601; 47 Off. Gaz. [12] 131) ordered Albea to reconvey and deliver to Inquimboy the properties litigated therein (one of which is that now in litigation), unless within thirty days after final judgment he should pay the balance of the purchase price and P500.00 as liquidated damages and attorney's fees (Annex A).

On October 11, 1957, Inquimboy instituted in the Court of First Instance of Nueva Ecija the present action against Maria Concepcion Paez Vda. de Cruz, surviving spouse of the now deceased Pedro Cruz, seeking annulment of T.C.T. No. 20584 and issuance of a new one in his name. The parties submitted the case on a stipulation of facts, which, together with the annexes thereto, discloses, the above-narrated facts. The lower court dismissed the complaint.

Reversal of the lower court's decision is sought by plaintiff on three grounds, namely, (1) Pedro Cruz was not a

buyer in good faith; (2) Cruz was bound by this Court's decision in G. R. No. L-1601; and (3) appellant is not guilty of laches in asserting his right.

Contrary to appellant's principal contention, Pedro Cruz was a buyer in good faith.

It is true that we have several decisions wherein we enunciated, the general rule that one who buys from a person who is not the registered owner is not a purchaser in good faith (*Veloso and Rosales vs. La Urbana and Del Mar*, 58 Phil., 681; *Mari vs. Bonilla*, 83 Phil., 137; 46 Off. Gaz., 4258; *Mirasol vs. Gerochi*, 93 Phil., 480; *De Lara and De Guzman vs. Ayroso*, 95 Phil., 185; 50 Off. Gaz., [10] 4838; *Revilla and Fajardo vs. Galindez*, 107 Phil., 480). But in deciding the question of good faith, the legal environment of each case must be considered. In all the instances where the above rule was followed, it should be noted that the buyer never dealt with the registered owner, yet the certificate of title was transferred from the registered owner directly to the buyer—a fact which should have made the buyer investigate the right of his transferor to sell the property. In each case, the transferor was not and never became the registered owner of the litigated land. Herein, the sale in favor of Cruz was executed by Albea on December 20, 1943, when the land was still registered in appellant's name. However, on February 18, 1944, appellant's certificate of title was cancelled and another issued to Albea. And on May 26, 1944, Albea's title was cancelled and in lieu thereof T.C.T. No. 20584 was issued to Cruz. Hence, while Albea may not have been the registered owner at the time he executed the deed of sale in favor of Cruz, he nevertheless subsequently acquired valid title in his own name which title he later transferred to Cruz. When a person who is not the owner of a thing sells and delivers it, and later the seller acquires title thereto, such title passes by operation of law to the buyer (Article 1434, New Civil Code).

A purchaser in good faith is one who buys property of another without notice that some other person has a right to, or interest in such property and pays a full and fair price for the same, at the time of such purchase, or before he has notice of the claim or interest of some other person in the property (*Cui and Joven vs. Henson*, 51 Phil., 612). This definition fits Pedro Cruz. At the time he bought the property from Albea, he did not have knowledge, actual or imputable, of the right of another person on the property. His transferor, Albea, had in his possession the proper deed of conveyance executed by appellant in his favor, as well as appellant's certificate of title. So as between appellant and Albea, the land already belonged to the latter (Section 50, Act 496). And the registration of the land in Albea's name effectively operated to convey it to him. Albea's title was clean—there was no lien or encumbrance annotated thereon. This was the title that Cruz acquired from him. Of course, Albea's title was cancelled and another issued to Cruz only on May 26, 1944, while as early as February 23, 1944, appellant had already instituted a suit against Albea for recovery of the land. But since appellant never filed a notice of lis pendens, Cruz could not have known of the pending action, and consequently cannot be bound by the result thereof (Section 79, Act 496).

Having found that Cruz' purchase of the land was characterized by good faith, we deem it unnecessary to take up the other points raised by appellant.

Wherefore, the appealed decision is hereby affirmed with costs against appellant.

Paras, C. J., Bengzon, Montemayor, Bautista Angelo, Labrador, Concepcion, Reyes, J. B. L., Endencia, and Barrera, J., concur.

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