

**LAND AUTHORITY AND ALEJANDRO DIÑO,
PLAINTIFFS-APPELLANTS, VS. ROSENDO DE LEON AND REGISTER OF
DEEDS OF MANILA, DEFENDANTS-APPELLEES.**

G.R. No. L-29428. January 27, 1983

Ponente: RELOVA, J.

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RELOVA, J.:

Plaintiffs-appellants seek to annul the Deed of Sale executed on October 30, 1963 by plaintiff Land Authority in favor of defendant-appellee Rosendo de Leon and to cancel the Transfer Certificate of Title No. 73369 of the Office of the Register of Deeds of Manila issued in the name of said defendant Rosendo de Leon, covering a parcel of land containing an area of ninety-eight (98) square meters.

Upon the filing of defendants' answer with counterclaim, the parties submitted the following stipulation of facts:

"1. That, on August 4, 1960, Felicio Cadenas applied with the defunct Land Tenure Administration to purchase the following described parcel of land:

'A parcel of land (Lot 10-B of the subdivision plan Psd-54798, being a portion of Lot 10, Block 3 described on plan Psd-48633, LRC Record No._____, situated in the district of Paco, City of Manila . . . containing an area of NINETY EIGHT (98) square meters.'

a copy of which application is hereto attached and made integral part hereof as Exh. 'A', which is the standard application form signed by all applicants.

"2. That the investigation required by the rules and regulations on the matter having been conducted and the investigation report, a copy of which being hereto attached and made integral part hereof as Exhibit 'B', having been submitted, December 28, 1960, Agreement to Sell No. 5,539 covering the lot applied for, a copy of which being hereto attached and made integral part hereof as Exh. 'C', was executed by the defunct Land Tenure Administration in favor of the said Felicio Cadenas;

"3. That, under date of January 3, 1961, the said Felicio Cadenas executed in favor of the plaintiff Alejandro Diño a Deed of Transfer, a copy of which being hereto attached and made integral part hereof as Exh. 'D', whereby the former ceded, transferred and conveyed unto the latter all his rights, interest and participation in the lot in question;

"4. That, the defunct Land Tenure Administration withheld the approval of the aforesaid Deed of Transfer, Exh. 'D' hereof pending payment of the full amount of the purchase;

"5. That, under date of February 11, 1963, the defunct Land Tenure Administration, through its Acting Chairman-Administrator Jose G. Espino, issued an order captioned 'IN RE: Application to Purchase of Bonifacio Magat', a copy of which being hereto attached and made integral part hereof as Exh. '1', declaring that it refers to a 'non-contested application to purchase the lot' in question; that 'pursuant to existing rules and regulations, the

application was processed and investigation was conducted, and the sketch of the lot showing its area, accordingly prepared, noting the improvements found thereto as well as the concrete monuments to indicate the metes and bounds thereof; that the applicant was qualified to purchase the lot applied for and directing the execution of the corresponding deed of sale or agreement to sell, as the case may be, upon payment of the amounts required by the existing rules and regulations on the matter;

"6. That, under date of February 11, 1963, the defunct Land Tenure Administration, acting through its Chairman-Administrator Jose G. Espino executed Agreement to Sell No. 7,710, a copy of which is hereto attached and made integral part hereof as Exh. '2', whereby it bound itself to sell the lot in question to Bonifacio Magat subject to the terms and conditions therein set forth;

"7. That, on September 2, 1963, and in the City of Manila, Bonifacio Magat executed in favor of the herein defendant Rosendo de Leon a Deed of Transfer of Rights, a copy of which being hereto attached and made integral part hereof as Exh. '3' whereby the former ceded, transferred and conveyed unto the latter all his rights, interest and participation in the lot in question;

"8. That, the defendant Rosendo de Leon filed the prescribed application for the purchase of the lot in question, a photostatic copy of which application being hereto attached and made integral part hereof as Exh. '3-a'; that the prescribed information sheet of the defendant Rosendo de Leon, a copy of which being likewise hereto attached and made integral part hereof as Exh. '3-b', was filed and the plaintiff Land Authority issued a report of the investigation on the transfer of rights effected by Bonifacio Magat in favor of the defendant Rosendo de Leon a photostatic copy of which being hereto attached and made integral part hereof as Exh. '3-c';

"9. That, on September 18, 1963, the herein defendant Rosendo de Leon paid unto the Land Authority (successor of the defunct Land Tenure Administration) the full amount of the purchase price, including all the required fees of the lot in question, as evidenced by Official Receipt No. 7705250 of the Republic of the Philippines, dated September 18, 1963, a copy of which being hereto attached and made integral part hereof as Exh. '4'; and that, upon such payment being made, the Land Authority acting through its Officer-in-Charge, LTA-Narra Operations, Atila Balgos, approved the Deed of Transfer of Rights, Exh. '3' hereof, executed by Bonifacio Magat in favor of the herein defendant Rosendo de Leon, as shown by its letter of September 18, 1963, a copy of which being hereto attached and made integral part hereof as Exh. '5';

"10. That the Land Authority, acting through its Officer-in-Charge, LTA-Narra Operations, Atila Balgos, executed a Deed of Sale, dated October 30, 1963, a copy of which being hereto attached and made integral part hereof as Exh. '6', whereby it sold, transferred and conveyed unto the herein defendant Rosendo de Leon the lot in question for the consideration therein set forth;

"11. That, on December 3, 1963, the herein defendant Rosendo de Leon presented the Deed of Sale of October 30, 1963, Exh. '6', hereof executed in his favor by the plaintiff Land Authority, for registration with Office of the Register of Deeds for the City of Manila, and, whereupon, the latter issued Transfer Certificate of Title No. 73369, a copy of which being hereto attached and made integral part hereof as Exh. '7', in the name of the herein defendant Rosendo de Leon and covering the lot in question;

"12. That, thereafter, the herein defendant Rosendo de Leon applied for a loan with the Social Security System for the purpose of constructing his house on the lot in question and on January 23, 1964, he sent a letter to the then Acting Governor of the Land Authority, a copy of which letter being hereto attached and made integral part hereof as Exh. '8', requesting for permission to mortgage the lot in question to the Social Security System to secure the payment of his aforesaid loan;

"13. That, under date of January 12, 1961, the herein plaintiff Alejandro Diño filed his application to purchase the lot in question, a copy of which application being hereto attached and made integral part hereof as Exh. 'E';

"14. That, on February 28, 1964, the herein plaintiff Alejandro Diño paid the sum of P814.99 to the Land Authority, as shown by the Official Receipt of the Republic of the Philippines which is hereto attached and made integral part hereof as Exh. 'F', which amount represented the purchase price of the lot in question, and that thereafter, or on April 13, 1964, the Deed of Transfer, Exh. 'D' hereof, executed by Felicio Cadenas in favor of the herein plaintiff Alejandro Diño was approved by the herein plaintiff Land Authority, a copy of which approval is hereto attached and made integral part hereof as Exh. 'G', but that, before the plaintiff Land Authority could execute the corresponding Deed of Sale, it discovered its previous sale of the lot in question to the herein defendant Rosendo de Leon;

"15. That, meanwhile, his request for permission to mortgage the lot in question to the Social Security System having been approved by the plaintiff Land Authority and his loan with the Social Security System, having been granted, the herein defendant Rosendo de Leon proceeded to construct his house on the lot in question with the proceeds of the loan, but the herein plaintiff Alejandro Diño, in a letter dated May 6, 1964, a copy of which being hereto attached and made integral part hereof as Exh. 'H', directed the defendant Rosendo de Leon to stop the construction of his house, and the latter, on May 12, 1964, answered the plaintiff Alejandro Diño in writing, a copy of such reply being hereto attached and made integral part hereof as Exh. '9';

"16. That, on May 8, 1964, the herein plaintiff Alejandro Diño lodged with the herein plaintiff Land Authority, a letter complaint, a copy of which being hereto attached and made integral part hereof as Exh. 'I', and the herein defendant Rosendo de Leon filed his answer thereto, a copy of which being likewise hereto attached and made integral part hereof as Exh. '10' and Exh. 'J';

"17. That, a copy of the transcript of the stenographic notes taken during the investigation before the Land Authority is hereto attached and made integral part hereof as Exhs. 'K', 'K-1', 'K-2', 'K-3' and 'K-4';

"18. That, after a formal investigation was conducted by the herein plaintiff Land Authority, a decision, dated May 12, 1967, a copy of which being hereto attached and made integral part hereof as Exh. 'L' was rendered; and a copy of the said decision was served through registered mail upon Atty. Ricardo Garcia, on May 18, 1967, as shown by the return receipt which is hereto attached and made integral part hereof as Exh. 'L-1';

"19. That, the amount of damages and attorney's fees to which the successful and rightful party is entitled to recover in the above-entitled case is hereby left by the parties to the sound discretion and determination by the Honorable Court.

"WHEREFORE, it is most respectfully prayed that judgment be rendered by the Honorable Court on the basis of the foregoing complete stipulation of facts.

"Manila, Philippines, March 26, 1968.

LAND AUTHORITY

Judicial Cases Division

(Plaintiff)

By:

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(Sgd.) ROMEO P. PINEDA

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CONFORME:

(Sgd.) ALEJANDRO DIÑO

(Plaintiff)

(Sgd.) ROSENDO DE LEON

(Defendant)"

From the foregoing stipulation of facts, it appears that one Felicio Cadenas applied with the Land Tenure Administration (now Land Authority) for the purchase of a parcel of land identified as Lot No. 10, Block 3 of the Fabie Estate, in Paco, Manila. The application was approved and an agreement to sell was issued on December 28, 1960.

On January 3, 1961, Cadenas transferred his rights over the said parcel of land in favor of plaintiff Alejandro Diño. However, the Deed of Transfer in favor of Diño was not immediately approved by the Land Tenure Administration pending payment in full of the purchase price.

In the meantime, On February 11, 1963, one Bonifacio Magat applied to purchase the same property from the Land Tenure Administration. On even date, the Land Tenure Administration executed an agreement to sell the lot in favor of Bonifacio Magat.

On September 2, 1963, Magat transferred his rights in favor of herein defendant-appellee, Rosendo de Leon, who paid in full the purchase price.

On September 18, 1963, the Deed of Transfer in favor of de Leon was approved by the Land Tenure Administration.

On October 30, 1963, the Land Authority executed a deed of absolute sale of subject property in favor of Rosendo de Leon and, on December 3, 1963, the Register of Deeds of Manila issued Transfer Certificate of Title No. 73369 in his favor. Thereafter, de Leon applied for a loan from the Social Security System. As a security, he mortgaged the land in question after having secured the permission of the Land Authority.

On February 28, 1964, plaintiff-appellant Alejandro Diño paid in full the purchase price of the same lot but, when the Deed of Sale was about to be issued to him, the Land Authority came to know that the same had already been sold to Rosendo de Leon and to whom a Transfer Certificate of Title had already been issued.

Governor Conrado Estrella of the Land Authority ordered an investigation of the case, following which a decision was rendered, the dispositive portion of which reads:

"Wherefore, the Judicial Cases Division is hereby directed to file the necessary petition in court leading to the cancellation of the deed of sale issued on December (sic) 30, 1963, for the lot in question in favor of Rosendo de Leon and to the cancellation of the transfer certificate of title issued to said Mr. de Leon for the said lot." (pp. 60-61, Record on Appeal).

On May 21, 1968, the lower court rendered judgment, as follows:

"IN VIEW OF THE FOREGOING, the Court renders judgment absolving the defendants from the complaint. For lack of evidence, it not appearing that the plaintiff Alejandro Diño had filed this action maliciously, the counterclaim of the defendant Rosendo de Leon is dismissed. Without pronouncement as to costs." (p. 62, Record on Appeal).

Dissatisfied with the foregoing judgment, plaintiffs appealed to this Court on the following assignment of errors:

"I

"THE DECISION OF THE LOWER COURT IS CONTRARY TO LAW AND JUDICIAL PRECEDENTS.

"II

"THE LOWER COURT ERRED IN HOLDING THAT APPELLANT ALEJANDRO DIÑO DID NOT ACQUIRE ANY DOMINICAL RIGHT ON THE LOT IN QUESTION.

"III

"THE LOWER COURT FURTHER ERRED IN ADJUDGING THE APPELLANT LAND AUTHORITY HAS LOST CONTROL OF THE PROPERTY FROM THE EXECUTION OF THE DEED OF SALE AFORESTATED AND MORE SO AFTER ISSUANCE OF SAID TRANSFER CERTIFICATE OF TITLE IN THE NAME OF DEFENDANT-APPELLEE."

We agree with the finding of the lower court that "contrary to the statement contained in the decision of Governor Estrella that there was in this case a double sale, the Court finds no such double sale. On the date the lot was sold to Rosendo de Leon, there was no sale made to plaintiff Alejandro Diño, although the deed of transfer of rights from Cadenas to Diño was approved by the Land Authority. The records of this case fail to show any bad faith or false representation made by the defendant Rosendo de Leon. His application and deed of rights were approved by the Land Authority in the ordinary course of business; the deed of sale was executed in his favor at the time when the deed of transfer of rights executed by Cadenas in favor of plaintiff Diño was still pending approval by the Land Authority. When, therefore, the deed of sale was executed by the Land Authority in favor of Rosendo de Leon, plaintiff Alejandro Diño had not acquired any dominical right on the lot in question." (pp. 61-62, Record on Appeal).

It was on October 30, 1963 when the Land Authority executed a deed of sale in favor of defendant-appellee Rosendo de Leon. On December 3, 1963, the transfer certificate of title was issued in his favor. At that time, the deed of transfer of rights executed by Cadenas in favor of plaintiff Alejandro Diño was not yet approved by the Land Authority. It cannot be said, therefore, that plaintiff Diño was already the owner of the property. What he had then, if any, were only the rights of Felicio Cadenas, subject to the approval of the Land Authority.

Indeed, it cannot be said that this is one of double sale because after the Land Authority had sold the property to de Leon, it did not anymore execute one in favor of Diño.

WHEREFORE, the decision appealed from is hereby AFFIRMED, with the modification that the Land Authority is hereby ordered to refund the purchase price of P814.99 to plaintiff Alejandro Diño. Without costs.

SO ORDERED.

Teehankee (Chairman), Melencio-Herrera, Plana, Vasquez, and Gutierrez, Jr., JJ., concur.

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