

BACOLOD-MURCIA MILLING CO., INC., PLAINTIFF AND APPELLANT VS. CONCEPCION DE LA KAMA DE VLLLARUZ AND JOSE MIRAFLORES, DEFENDANTS AND APPELLEES.

G. R. No. L-4526. September 29, 1951

Ponente: BAUTISTA ANGELO, J.

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BAUTISTA ANGELO, J.:

This is an appeal from a decision of the Court of First Instance of Negros Occidental absolving Jose Miraflores from the complaint and ordering Concepcion de la Rama de Villaruz to execute the necessary deed of sale over lot No. 426-A of the cadastre of the City of Bacolod in favor of the plaintiff within 30 days from the date she receives copy of the decision.

On February 24, 1949, plaintiff filed a complaint alleging that in 1924, one Maria Maning was the owner of lot No. 426 of the cadastre of the City of Bacolod with an area of 14,276 square meters, which she inherited from her sister Procesa Maning, and that on October 13, 1924, Maria Maning, in consideration of the sum of P2,000, sold to the plaintiff lot No. 426-A, with an area of 7,544 square meters, being a subdivision of lot No. 426; that after Maria Maning had sold to the plaintiff said lot and received the sum of P2,000, she promised to execute the necessary deed of sale in order that the property may be registered and the corresponding title issued in the name of the plaintiff, but that Maria Maning died without having executed the required deed of sale; that after the verbal contract of sale had been made, plaintiff took possession of the property and had it -enclosed with a wire fence and part occupied by its railroad track, and since then plaintiff had been in possession and enjoyment of the property; that after the demise of Maria Maning, her heirs effected the partition of her estate and lot No. 426 was adjudicated to Concepcion de la Rama and certificate of title No. 170-R (1.770) issued in her name; that after the estate had been partitioned plaintiff demanded that Concepcion de la Rama execute the deed of sale which her mother had promised over lot No. 426-A, which she acknowledged to be true and promised in turn to carry out, but notwithstanding said acknowledgment and promise, she has so far failed to do so; and that on January 20, 1949, Concepcion de la Rama, with intent to defraud the plaintiff, sold the aforesaid lot No. 426 with option to repurchase to Jose Miraflores, who registered the sale in the office of the Register of Deeds.

On May 24, 1949, the defendants, through their counsel, submitted a "provisional answer" denying generally the allegations of the complaint but with a reservation to file an amended answer. As defendants submitted their amended answer after a lapse of more than one year, the same was objected to, and the objection was sustained. Then plaintiff asked for judgment on the pleadings in view of defendants' failure to traverse the allegations of the complaint, and finding the motion well taken, the court rendered judgment in the sense indicated in the early part of this decision.

The only issue to be determined is whether the lower court erred in not holding that Jose Miraflores did not act in good faith when he bought the property in question from Concepcion de la Rama de Villaruz in the light of the averments of the complaints; or stated in another way, whether or not, under said averments, Miraflores may be

considered as a "bona fide purchaser for value without notice."

Appellant contends that, having failed to deny specifically the allegations of the complaint, Miraflores is deemed to have admitted such allegations, one of them being that for 25 years, since 1924, plaintiff had been in possession, use, and enjoyment of the land in question, which was enclosed by a wire fence and part of it occupied by the railroad track of the plaintiff, and that, with such visible structures on the land Miraflores should have taken the necessary precaution to guard himself against the possibility of the existence of an adverse claim to, or interest in, the property. Those visible signs, appellant contends, are enough to place him on the look out and make the necessary inquiry into the nature of the apparent encumbrance of the property, and that, having failed to do so, he must be deemed to have acted with negligence and must suffer the consequences.

This contention is untenable. Granting that Miraflores is deemed to have admitted that the property in question had been for 25 years in the possession of the plaintiff and was enclosed with a wire fence and was partly occupied by the railroad track of the plaintiff, such admission alone cannot serve as basis to impute bad faith to Miraflores as there is nothing in the complaint which may in any way indicate that he knew such possession and encumbrance when he bought the property from its owner. It is a mere statement regarding the possession of the land by the plaintiff but not an admission that Miraflores knew it when the property was bought by him. Bad faith should be established by competent proof to overcome the presumption of good faith of a purchaser for value without notice. Unless this proof is presented, a purchaser shall be presumed to have acted in good faith (*Cui and Joven vs. Henson*, 51 Phil., 606, 612). Moreover, it appears that plaintiff bought the property from Maria Maning almost 25 years ago and had been in possession thereof during that long interregnum, but had done nothing to protect its interest for so long a time until the property was sold to Miraflores. It merely relied on a promise which was never fulfilled. "The law serves those who are vigilant and diligent and not those who sleep when the law requires them to act" (*Cui and Joven vs. Henson*, supra).

"Action to Recover Property; Land Registration; Fraud; Good Faith; Presumption.—He who seeks to recover a land from another who has registered it as his through fraud, and from a third person who has bought it subsequently from said person who appeared as the registered owner, must show that this purchaser acted fraudulently, in order that a judgment may be rendered against him, for he will be presumed to have acted, in good faith until the contrary is proven" (*Jacinto vs. Arellano*, 48 Phil., 570).

Another reason that should not be overlooked is the fact that the property in question is registered under the Torrens System. Jose Miraflores bought the property relying entirely upon the certificate of title registered in the name of the vendor, which was free from any claim or encumbrance. A Torrens title is a notice to all the world (*Legarda vs. Saleeby*, 31 Phil., 590, 595). "A person dealing with registered land is not required to go behind the register to determine the condition of the property. He is only charged with notice of the burdens on the property which are noted on the face of the register or certificate of title. To require him to do more is to defeat one of the primary objects of the Torrens System" (*William H. Anderson & Co. vs. Garcia*, 64 Phil., 506). Miraflores cannot, therefore, be deemed as a purchaser in bad faith for lack of personal knowledge.

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

Paras, C.J., Feria, Bengzon, Padilla, Tuason, Reyes and Jugo, JJ., concur.

DISIDENTE

PABLO, M.,

En mi concepto, Miraflores no puede considerarse como comprador de buena fe, si sabia que por 25 anos el terreno estaba en posesion de la demandante, que estaba cercado por alambre espiho y ocupado por la lfnea ferroviaria de la Central. Esos son datos suficientes para que un comprador—que no desea atropellar derechos ajenos—investigue si hay algun reclamante que no sea el vendedor. La falta de inscription a favor de la demandante en el titulo del terreno no es suficiente razon de buena fe. El camino de hierro en el terreno es aviso elocuente para cualquier comprador.

En Ramirez contra el Sheriff Provincial de Pampanga y otros (42 Off. Gaz., 462), este Tribunal dijo:

"Solamente se puede invocar con exito la falta de inseripcion al dorso del eertificado de titulo como pfueba de buena fe, cuando el comprador no se entera de ningun dato que indique que el terreno ya es de la propiedad de otro."

Voto por la revocacion de la sentencia.

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