

HEIRS OF MARIANO V. TAJONERA, PETITIONERS, VS. COURT OF APPEALS AND AMANDA TRIGAL, MANUEL T. PAZ, ROSARIO SANTOS VIRAY, MANUEL VIRAY, GLORIA SANTOS CARLOS, GIL CARLOS, FELICITAC...*G.R. No. L-26677. March 27, 1981*Read online (full-text search, related cases, audio case brief): <https://batas.org/library/889191d54165/>**TEEHANKEE, J.:****

The Court reverses the decision of the Court of Appeals which declared as null and void the public auction sale in 1941 conducted by the City Treasurer of Manila of the two subject parcels of land as well as the subsequent sales of the same to Juanita David and Mariano Tajonera, successively (in 1943 and 1944), and ordered the latter to execute a deed of conveyance of said properties in favor of herein pri-vate respondents. While under the ruling of Velayo vs. Ordoveza, et al[1] (on which the appellate court wholly relied) the "city assessor and collector" (not the city treasurer of Manila) is the official empower-ed to sell at public auction tax-delinquent real estate and "accordingly, (the) notice, sale, certificate and deed [executed in 1949 by the city treasurer] are insufficient to divest [the owners] of their title to the property, " it is well settled in this jurisdiction upon authority of doc-trinal jurisprudence applying sections 38 and 39 of Act No. 496, as amended,[2] that where a person acquires property by purchase with-out knowledge of any defect in the title appearing on its face, he is pre-sumed to be a purchaser in good faith and as such he and the title ac-quired by him are entitled to protection under the law.

The following facts are not in dispute:

In his lifetime, Fermin Paz was the registered owner of two parcels of land in Tondo, Manila with a total area of 541.27 square meters covered by Transfer Certificate of Title No. 23783 of the Re-gister of Deeds of Manila. Both lots were declared for taxation pur-poses under one tax declaration with an assessed value of P1, 516.00.

Fermin Paz died on April 23, 1931, and his wife, Amanda Trigal, died on January 11, 1957. Surviving them are their children and grandchildren who are the private respondents in this petition. Since the death of the couple, Manuel Paz administered the property and paid the taxes thereon such that all communications concerning the same were supposed to be addressed to him. It is claimed, however, that neither he nor his co-heirs ever received any notice of sale of the property or notice to surrender the owner's duplicate certificate cover-ing it, but this was not established to the trial court's satisfaction.

On November 24, 1941, the City Treasurer of Manila sold the said property in favor of Dr. Aurelio Reyes for delinquent taxes from 1939 to 1941. After the lapse of one year, or on January 16, 1943, during the Japanese occupation of the country, to be exact, the said City Treasurer executed a final deed of sale thereof for P93.43 in favor of the said Dr. Aurelio Reyes as the purchaser. Upon petition of the latter which was ordered published in a newspaper of general circulation once a week for three consecutive weeks[3] and thereafter there being no opposition filed, the land registration court issued an or-der cancelling the owner's certificate of title in the name of Fermin Paz, the registration of the final deed of sale, and the issuance of a new certificate of title in his (Reyes) favor.

Subsequently, on September 3, 1943, the said purchaser, Dr. Aurelio Reyes, sold the said lots for P4, 250.00 to Juanita David for which Transfer Certificate of Title No. 67979 was issued in her name. Still later, or on January 25, 1944, Juanita David sold the same lots to Mariano Tajonera for the amount of P15,000.00 for which Transfer Certificate of Title No. 72862 was issued in his name. Tajonera even-tually sold a small portion of the lot to the City of Manila for the widen-ing of a street. Consequently, Transfer Certificate of Title No. 72862 was cancelled and replaced by Transfer Certificate of Title No. 43845.

On December 21, 1948, Amanda Trigal and her co-heirs to the deceased owner Fermin Paz filed suit against the estate of Aurelio Reyes and Tajonera and the city treasurer (to the exclusion of Juanita David) with the Court of First Instance of Manila to annul the public auction sale of the lots in question in favor of Dr. Reyes and all sub-sequent transfers thereof, the last being in favor of Mariano Tajonera, on the ground that the public auction sale conducted by the Chief of the Department of Finance and City Treasurer of Manila was done without notice to Fermin Paz, the registered owner of the said property, or to any of his heirs upon his death.

After hearing, the court a quo dismissed the complaint, support-ing its conclusion, to wit -

"Although there is no evidence showing that the notice of said sale was published in newspapers of general circulation in the City of Manila or the posting thereof in conspicuous places of the said city and in the City Hall, because all the records were either lost or destroyed during the battle for the liberation of the City of Manila, yet there appears in the final deed of sale, exhibit J executed by the Manila City Treasurer, the following statement -

'AND WHEREAS, the City Treasurer of Manila did, upon warrant of a certified copy of the record of such delinquency, advertise for sale said real estate, or so much thereof, as might be necessary to satisfy all public taxes upon real estate, penalties, and costs of sale, for a period of thirty days prior to the date of sale by keeping a notice posted at the main entrance of the City Hall and other conspicuous places in the City of Manila, and by publication for said notice of said sale once a week for three weeks in the 'HERALD', 'EL DEBATE' and 'MABUHAY' newspapers of wide circulation in the City of Manila, Philippines.'

"The above statement made in a public document by a public officer cannot be considered as whimsical or capricious for the purpose of deceiving or prejudic-ing any person or persons such as the plaintiffs in the instant case; rather it contains all the facts that trans-pired when the parcels of land in question were sold at a public auction on November 24, 1941. Stated in other words, the regularity of an official act is presumed, there being no evidence to the contrary.

"In a sale to satisfy delinquent taxes, it is not necessary that the delinquent taxpayer or any one holding or owning delinquent property be personally notified of the sale; it is sufficient that the notice of sale be advertised by publishing the same in a newspaper and by posting the same in conspicuous places of Manila and in the City Hall of said city. This requirement has been accomplished.

"We notice, on the other hand, that Juanita David, who bought the same properties from Aurelio Reyes, was not included in the action, so that if a decision be rendered in favor of the plaintiffs, grant-ing the reliefs prayed for in their amended complaint, the said Juanita David would be deprived of her property without due process of law. Moreover, Juanita David and Mariano V. Tajonera, being purchasers in good faith and for value, their title to the disputed properties could not be disturbed any longer."

Upon appeal of the decision to the Court of Appeals, the said court reversed the same by declaring null and void the sale of the property to Dr. Reyes as well as the subsequent sales to Juanita David and Mariano Tajonera. Respondent appellate court further ordered Tajonera as the present registered owner to execute a deed of convey-ance of the said property in question in favor of herein private respon-dents. All these for the reason that the City Treasurer of Manila lacked the authority to sell the property on the authority of *Velayo vs. Ordoveza*, as

already stated in the first paragraph hereof.

The petitioner, in seeking a review of the decision, assigns the following errors of the Court of Appeals:

"1. x x x in holding that because the sale by the City Treasurer to the Vendee Aurelio Reyes at public auction was null and void the subsequent sales by Aurelio Reyes to Juanita David and by Juanita David to Mariano Tajonera were similarly void;

"2. x x x in not holding that the title of Mariano Tajonera, an innocent purchaser for value, is indefeasible even if the sale by the City Treasurer to Aurelio Reyes was null and void."

The appeal is well taken.

The presumption is that Mariano Tajonera (now deceased), the predecessor-in-interest of herein petitioners, his heirs, and in whose name the land in question is now titled under the Torrens system was not aware of any defect in the title when he purchased the property. No allegation to the contrary was made in the complaint below; much less was evidence submitted to that effect. Thus, it is conclusive that Tajonera derived his title clear of any encumbrances and recorded rights of third parties, from Juanita David, who in turn had bought it from Aurelio Reyes, the direct purchaser of the property in the tax delinquency sale way back in 1941 from the City Treasurer of Manila.

The fact that the power to sell at public auction real estate delinquent in the payment of taxes devolved upon the City Assessor and not upon the Treasurer of the City of Manila according to the ruling in *Velazco vs. Ordoveza*, et al., 102 Phil. 395, may no longer be invoked to recover the property from petitioners. To grant the relief prayed for -that is the annulment of the sale and reconveyance of the property to respondents - would be to impair public confidence in the certificate of title, for everyone dealing with property would have to inquire in every instance as to whether the title has been regularly or irregularly issued by the court and this is contrary to the evident purpose of the law.[4] This is particularly true where the treasurer's deed of sale was accorded full credit and validity by the land registration court and the Register of Deeds who on the strength thereof ordered the cancellation of the title in the name of Fermin Paz and the issuance of a new Torrens Title in the name of Reyes as the buyer at the tax sale and in the names of the subsequent buyers of the property in question. (Whether the said ruling of *Velazco* may be considered to be still in force, considering that all such tax sales of delinquent real estate have generally now been effected by the city treasurer, as in *Paguio vs. Ruiz*, cited hereinbelow, is an open question, which however is not necessary to discuss or resolve now in the light of the ratio decidendi of this case upholding the rights of intervening purchasers in good faith, aside from its not having been put in issue.)

Section 39 of the Land Registration Act, as amended, is explicit that "every person receiving a certificate of title in pursuance of a decree of registration, and every subsequent purchaser of registered land who takes certificate of title for value in good faith shall hold the same free of all encumbrance except those noted on said certificate, x x x."

It has been held:

"Every person dealing with registered land may safely rely on the correctness of the certificate of title issue therefor and the law will in no way oblige him to go behind the certificate to determine the condition of the property."

Thus, in order that a purchaser may be considered a purchaser in good faith, it is enough that he examine the latest certificate of title.[5]

In line with this principle, all that Tajonera had to do was to examine his transferor's title which was then in the name of Juanita David. He did not have to go behind this title and scrutinize each and every title that preceded it.

Not being required under the law to check on the validity of the sale to the original buyer and being without knowledge of any defect in the title appearing on its face, Tajonera falls under the definition of a purchaser in good faith and entitled to protection under the Land Registration Act.

It is worth noting that the private respondents came to know of the sale at public auction of the properties in question in the year 1943;^[6] yet, they were first heard to complain about it only on December 21, 1948^[7] (five years after they had admittedly learned of the tax sale and seven years after the actual sale) when the property had already reached the hands of innocent purchasers like Juanita David (Tajonera's predecessor-in-interest) and her vendee, Tajonera.

It is on this score that the cited case of *Velayo vs. Ordoveza, et al.*,^[8] cited by the Court of Appeals, differs from, and loses its applicability to, the case at bar insofar as it would cancel petitioners' title. In said case, the annulment of the auction sale conducted by the City Treasurer of Manila and the confirmation of the rights of the original registered owner therein came at a time when the property sold at public auction for tax delinquency had not yet passed to the hands of an innocent purchaser for value, unlike in the case at bar.

While respondents' plight may merit some sympathy at the pain of losing their property for tax delinquency, it must be borne in mind that it was due primarily to their neglect and default in paying their just tax obligation and sleeping on their rights and long delay of five years before filing their action for recovery during which the rights of innocent purchasers for value intervened.

As the late Justice Pedro Tuason stressed for the Court in *Paguio vs. Ruiz*,^[9] in upholding the city treasurer's 1947 tax sale of the delinquent property (although the treasurer's notices of sale which were sent to the registered owner who was already deceased and at her recorded address in Intramuros where her home had been destroyed during the war were admittedly undelivered and returned to the treasurer), "(M)uch as we may sympathize with the appellee, this is one case where the courts have no option but to apply the law and give the petitioner the remedy she seeks. The law is positive and leaves us no choice. It is harsh and drastic, but it is a necessary means of insuring the prompt collection of taxes so essential to the life of the Government.

"Yet it was her gross negligence which brought about the appellee's predicament. Knowing her property to be subject to tax, she neglected to pay her obligation. Vigorous in her protest that she was not given opportunity to protect her rights, she at least neglected to put the Government in a position to allow her that opportunity. And this, notwithstanding the categorical mandate of section 2482 of the Revised Administrative Code, which she was presumed to know, and which makes it the duty of each person acquiring real estate in the city to make a new declaration thereof, with the advertence that failure to do so shall make the assessment in the name of the previous owner 'valid and binding on all persons interested, and for all purposes, as though the same had been assessed in the name of its actual owner.'"

ACCORDINGLY, the decision under review is re-verses and the complaint is hereby dismissed, without costs.

Makasiar, Fernandez, Guerrero, and Melencio-Herrera, JJ., concur.

* Second Division, composed at the time of JJ. Capistrano, Cañizares and Yatco, ponente.

** Chairman of the First Division.

[1] 102 Phil. 395 (1957). Contra, see *Paguio vs. Ruiz*, 93 Phil. 306, *infra* at page 6 hereof.

[2] *Anderson, et al. vs. Garcia*, 64 Phil. 506; *Flores, et al. vs. Plasina, et al.*, 94 Phil. 327; *Revilla, et al. vs. Galindez*, 107 Phil. 480, and others.

[3] See decision of the CFI, pp. 73-75, Record on Appeal.

[4] Section 39, Act 496.

[5] *Tiongco vs. de la Merced*, L-24426, July 25, 1974.

[6] Par. 31, Amended Complaint, Record on Appeal, p. 53.

[7] Record on Appeal, p. 51.

[8] *Supra*.

[9] 93 Phil. 306 (1953), citing another tax sale conducted by the city treasurer likewise upheld in *Valbuena vs. Reyes*, 84 Phil. 676 (1949).

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