

GERONIMO PANIZALES, ELIAS PANIZALES AND VICENTE PANIZALES, PLAINTIFFS-APPELLEES, VS. VALERIO PALMARES, VALENTIN ESPINO, JOSE DINEROS, IN HIS CAPACITY AS PROVINCIAL SHERIFF, DEFE...

G.R. No. L-32143. October 31, 1972

Ponente: FERNANDO, J.

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FERNANDO, J.:

The controversy in this appeal from a lower court decision is between plaintiff, now appellee, Geronimo Panizales, who would base his claim to the disputed lot as purchaser in a private sale on March 19, 1958 and defendant Valerio Palmares, the sole appellant, who bought the same at the public auction sale on March 16, 1961 by virtue of a writ of execution issued at the instance of defendant Valentin Espino, the judgment creditor who was the prevailing party in a suit against the original owner thereof, a certain Amado Panizales.[1] The lower court decision, now on appeal, was in favor of the plaintiff Geronimo Panizales, by virtue of the private sale antedating the amicable settlement on December 3, 1958 on which the decision, thereafter resulting in an order of execution, was based. There is insistence in this appeal on the validity of such levy, even in the face of a previous sale of the lot in question, this in the absence of any attempt on the part of appellant Palmares to impugn the good faith of such transaction. The difficulty of thus reversing the judgment of the lower court is made apparent. Its affirmance is indicated.

In the complaint filed on May 3, 1963 the annulment of the deed of sale executed by defendant Jose Dineros as Provincial Sheriff in favor of defendant Valerio Palmares was sought.[2] Defendant Valerio Palmares, Valentin Espino and Jose Dineros filed their respective answers respectively, dated August 20 and August 22, 1963 and September 12 of the same year, in all of which pleadings, the dismissal of the complaint for the annulment of such sale by the Provincial Sheriff, was sought.[3]

At a pre-trial conference held on November 6, 1964, it was stipulated by the parties: "1. That the land in question is only one-fourth 1/4 of Lot No. 1777 of the Cadastral Survey of Passi, Province of Iloilo, pertaining to the share, right, title and participation of Amado Panizales. The entire Lot 1777 was originally registered under Original Certificate of Title No. 26223 of the Office of the Registry of Deeds of the Province of Iloilo in the name of Amado Panizales, married to Estrella Castromayor, 1/4 share; Elias Panizales, 1/4 share; Juan Panizales, married to Epifania Tupaz, 1/4 share; and Lucia Panizales, 1/4 share. The land is presently registered in the name of Geronimo Panizales, 1/2 share; Elias Panizales, 1/4 share and Lucia Panizales, 1/4 share as evidenced by Transfer Certificate of Title No. T-34387 * * *. 2. That on March 4, 1958, Amado Panizales, assisted by his wife, Estrella Castromayor, in a notarial deed, sold all his rights, shares, title, interest and participation of Lot No. 1777, Cadastral Survey of Passi, in favor of Juan Panizales which was registered in the Registry of Deeds for the Province of Iloilo on September 20, 1961, under entry No. 89923 * * *. 3. That on March 19, 1958, by means of notarial deed, Juan Panizales sold his share, right and participation of Lot No. 1777 to Geronimo Panizales * * * which was duly registered in the Registry of Deeds for the Province of Iloilo on September 20, 1961 under entry

No. 89924. 4. Geronimo Panizales declared for taxation purposes the land denominated as Lot No. 1777, Passi Cadastre, * * * under Tax Dec. No. 5287 for the year 1963 * * *. It was formerly declared under the same owner on December 6, 1961 with the assessed value of P600.00 * * *. He paid the land taxes for the years 1963 and 1964 * * *. 5. That on August 2, 1956, Valentin Espino and Dolores A. Gustilo filed Civil Case No. 4044 before this Court against Amado Panizales, Estrella Castromayor and Rehabilitation Finance Corporation. The parties in said case entered into an amicable settlement on December 3, 1958 * * * which was approved by this Court on the same date and embodied in its decision * * *. 6. That by virtue of the amicable settlement * * * and the decision * * * in Civil Case No. 4044, Valentin Espino, in behalf of Amado Panizales, paid to the Development Bank of the Philippines (for the Rehabilitation Finance Corporation) on January 27, 1959 the sum of P300.00 under Official Receipt No. 22414 * * *. 7. That the defendants Amado Panizales and Estrella Castromayor in Civil Case No. 4044 failed to comply with the terms and conditions embodied in Exhs. 'F' and 'G', so on November 3, 1960 plaintiff Valentin Espino filed a motion for the issuance of the writ of execution * * * and on December 3, 1960, this Court presided by Judge Arsenio Nañawa issued an order granting the writ * * *, by virtue of which on December 5, 1960, a writ of execution was issued * * *, which was returned by the Senior Deputy Sheriff on December 22, 1960 unsatisfied. * * * 8. That on February 1, 1961, the plaintiff in said Civil Case No. 4044 petitioned the Court for the issuance of an alias writ of execution * * * which was granted by the Court on February 4, 1961 * * * by virtue of which the share of Amado Panizales in Lot No. 1777, Passi Cadastre, was levied upon by the Provincial Sheriff * * * which was registered in the Office of the Register of Deeds on February 9, 1961 * * * and notice of sale of all the rights, interests, title, share and participation of Amado Panizales, over Lot 1777 and 7945 was issued on February 14, 1961 by Mr. Jose S. Dineros, Chief Deputy Provincial Sheriff * * * and was published in the 'Guardian' * * *. All the rights, interests, actions and participation of Amado Panizales over Lot 1777, Passi Cadastre and Lot No. 7945 were sold at public auction on March 16, 1961, by defendant Jose S. Dineros for P1,535.00 in favor of Valerio Palmares, married to Soledad Paclibar * * *. On March 22, 1962, i.e. after the lapse of one (1) year from the sale at public auction, defendant Jose S. Dineros, Senior Deputy Sheriff, executed a definite deed of sale in favor of Valerio Palmares, married to Soledad Paclibar * * *. 9. On June 29, 1962, Deputy Sheriff Benjamin Carreon, made a return to the effect that the property sold to Valerio Palmares was delivered by him to Valerio Palmares on June 29, 1962. 10. That the plaintiffs possessed about three fourth (3/4) of Lot No. 1777 pertaining to the co-owners of Amado Panizales, while the defendant Valerio Palmares possessed about one-fourth (1/4), more or less, of said lot. 11. That the property subject of the complaint in Civil Case No. 4044 of this Court which was subject of settlement * * * and decision * * * involved Lot No. 4780 of the Passi Cadastre, containing an area of 258,739 square meters, more or less."[4]

On the basis of such stipulation of facts, a decision was promulgated by the lower court on November 23, 1964. Mention was made therein of this circumstance: "Insofar as Amado Panizales and Estrella Castromayor, are concerned, all their rights, title, interests, share and participation in Lot 1777, Passi Cadastre, were transferred to Juan Panizales on March 4, 1958 * * * which was later transferred to Geronimo Panizales on March 19, 1958 * * *. So after the execution of Exh. 'C' on March 4, 1958 Amado Panizales and Estrella Castromayor had no more right, interest, title, share or participation in Lot No. 1777. In other words, as among Amado Panizales, Estrella Castromayor, Juan Panizales and Geronimo Panizales are concerned, Geronimo Panizales was already the owner of all the rights, interests, title, share and participation of Amado Panizales and Estrella Castromayor in Lot 1777 as of March 19, 1958." [5] Then note was taken of the fact that the sale in favor of Valerio Palmares was not registered until March 23, 1961 while the notice of the levy of execution was recorded on February 9 of that year. Nonetheless, it found that the levy was illegal on the following consideration: "The Court holds that when Amado Panizales, and Estrella Castromayor admit and recognize their obligation to pay the amount of P800.00, to deliver the possession of Lot No. 4718 of the Cadastral Survey of Passi, * * * as provided for in the judgment of Feb. 24,

1958 of Judge Jose R. Querubin and the Court 'enjoining the parties to comply with their respective obligations as set forth in said amicable settlement and waiver' * * * the decision does not carry any authority for the Sheriff to levy on execution on 'all the rights, interests, actions and participations' of Amado Panizales and Estrella Castromayor over Lot 1777, Passi Cadastre. The writ of execution is invalid in so far as it does not conform to the judgment to be executed." [6]

The dispositive portion of such decision held "that the levy * * * the notice of sale * * *, the sale at public auction * * * and the 'Definite Deed of Sale' * * * are illegal and without effect, * * *." [7] It likewise declared "Geronimo Panizales and Concepcion Cabanes the owners of all the rights, interests, title, share and participation of Amado Panizales and Estrella Castromayor in Lot 1777, Passi Cadastre, and entitled to possess the same, and ordered defendant Valerio Palmares to vacate immediately the portion of Lot 1777, Passi Cadastre, possessed by him and deliver its possession to the plaintiffs." [8]

An appeal was duly taken on December 11, 1964 to the Court of Appeals. The brief for defendants as appellees was filed on November 3, 1966. The principal error assigned would stress that the lower court ought to have considered the defendant in Civil Case No. 4044 as still the owner of Lot No. 1777 notwithstanding the acquisition thereof in a private sale by Geronimo Panizales. The other alleged principal error would stress that the writ of execution could not be declared invalid for the reason of its conformity with the judgment to be executed in Civil Case No. 4044. The brief for appellants was rather sketchy, only seven printed pages being devoted to the discussion of the above assigned errors. Then came on February 3, 1967 the brief for appellees maintaining, as was to be expected, that the lower court acted according to law. Subsequently, by resolution of May 21, 1970, the Court of Appeals, after stating that the judgment appealed from was rendered solely upon the stipulation of facts, certified the appeal to us as the question involved is one of law, which according to the Judiciary Act, is within our exclusive competence. As noted at the outset, the decision of the lower court must be affirmed not for the reason relied upon by it, namely, that the levy of execution was in accordance with the decision in Civil Case No. 4044, but under the well-settled principle that a purchaser of property at an execution sale, in accordance with the specific provision of the Rules of Court then in force, [9] "shall be substituted to and acquire all the right, title, interest and claim of the judgment debtor."

1. Deference to authoritative pronouncements of this Tribunal as to what property may be levied on in execution calls for the affirmance of the appealed decision. From the stipulation of facts, it is undisputed that as far back as March 19, 1958, the lot in question had been disposed of. It ceased therefore as of that date to form part of the property of the judgment debtor. There is a strong intimation in the brief of appellant that such a sale could be objected to as having been made in fraud of creditors. If such indeed were the case, defendants ought to have introduced evidence to that effect. Good faith is presumed. After the express admission that such a transaction did take place, although there was no categorical proof that the judgment creditor was aware of such a sale, it was not unreasonable for the lower court to consider that the property, now the object of the suit, could not be levied upon. It could not close its eyes to what was so stipulated. Since only questions of law may appropriately be raised before us, there would seem to be an obstacle to the reversal sought.

The ruling in *Potenciano vs. Dinero*, [10] the opinion being penned by Justice Alex Reyes is illuminating. Thus: "The Rules of Court provide that a purchaser of real property at an execution sale 'shall be substituted to and acquire all the right, title, interest, and claim of the judgment debtor thereto.' (Rule 39, section 24.) In other words, the purchaser acquires only such right or interest as the judgment debtor had on the property at the time of the sale. * * * It follows that if at that time the judgment debtor had no more right to or interest in the property because he had already sold it to another then the purchaser acquires nothing." [11] One of the cases cited in the above opinion, *Barrido vs. Barreto*, [12] speaks to this effect: "Este Tribunal, en varias decisiones ha sentado la

doctrina de que un acreedor judicial, como lo era el aqui apelante solo adquiere en una venta en virtud de una ejecucion un derecho identico al del deudor judicial — en este caso, Francisco Cuenca — sobre los bienes que son objeto de la venta en subasta publica." [13] The Barrido decision in turn makes reference to Lanci vs. Yangco, [14] where Justice Street, speaking for this Court, stated: "It is established doctrine that a judgment creditor only acquires at an execution sale the identical interest possessed by the judgment debtor in the property which is the subject of the sale. He therefore takes the property subject to all existing equities to which the property would have been subject in the hands of the debtor. It results, therefore, that, if the deed of the judgment debtor Agcaoili created a right enforceable against himself, that right can be enforced against the judgment creditor Yangco, and Ansaldo who stands in Yangco's shoes. It is true that in section 50 of the Land Registration Law (Act No. 496) it is declared that the inscription is the act that gives validity to the transfer or creates a lien upon the land. But this is no obstacle to the giving due effect to anterior obligations, as between the parties and their successors other than bonafide purchasers for value." [15] As a matter of fact, in Laxamana vs. Carlos, [16] which was likewise cited in the Barrido opinion, this Court, through Justice Villareal, affirmed "that the fact that the judgment debtor is in possession of the land upon which he holds rights which are to be sold at public auction, and that the purchaser did not know that a third party had acquired ownership thereof, does not protect the purchaser, because he is not considered a third party, and the rule of caveatemptor is applicable to him." [17] The prevailing doctrine therefore, as set forth in Isidoro vs. Dagdag [18] through Justice Ozaeta, remains. As thus succinctly summarized: "Under the jurisprudence established by this Court a bona fide sale and transfer of real property, altho not recorded, is good and valid against a subsequent attempt to levy execution on the same property by a creditor of the vendor." [19] To repeat then, the right of plaintiff Geronimo Panizales to the disputed lot in question must be recognized. In thus ruling, the lower court committed no error.

2. It is of no moment, therefore, that the other principal error assigned to the effect that the lower court was mistaken in its holding that the writ of execution was invalid as it did not conform with the judgment to be executed in Civil Case No. 4044, has the impress of plausibility. The lower court certainly failed to appreciate that the money judgment for P800.00 in such a case having remained unsatisfied, whatever property still belonged to the judgment debtor, Amado Panizales, could have been levied on. In thus seeking a writ of execution the judgment creditor, appellant Valentin Espino, was well within his rights. What led to the frustration of his efforts, as shown on the foregoing, was that the disputed lot had been previously sold. It follows then that an affirmative response to this assignment of error would not help appellants at all. Under the circumstances, the last error assigned that the judgment should have not been in favor of plaintiff Geronimo Panizales is manifestly devoid of merit.

WHEREFORE, the lower court decision of November 23, 1964 is hereby affirmed. With costs against appellant.

Zaldivar, Ruiz Castro, Barredo, Makasiar, Antonio, and Esguerra, JJ., concur.

Concepcion, C.J., and Teehankee, J., took no part.

Makalintal, J., on official leave.

[1] Two other plaintiffs joined Geronimo Panizales, Elias Panizales and Vicente Panizales. The third defendant is Jose Dineros who was sued in his capacity as Provincial Sheriff.

[2] Cf. Record on Appeal, pp. 1-11.

[3] Cf. *ibid*, pp. 12-28.

[4] *Ibid*., pp. 29-34.

[5] Ibid., pp. 42-43.

[6] Ibid., p. 45.

[7] Ibid., pp. 45-46.

[8] Ibid., p. 47.

[9] According to Rule 39, Sec. 24 of the Rules of Court of 1940: "Upon a sale of real property, the purchaser shall be substituted to and acquire all the right, title, interest, and claim of the judgment debtor thereto, subject to the right of redemption as hereinafter provided."

[10] 97 Phil. 196 (1955).

[11] Ibid., pp. 198-199.

[12] 72 Phil. 187 (1941).

[13] Ibid., p. 190. The other case cited is Cruz vs. Sandoval, 69 Phil. 136 (1940).

[14] 52 Phil. 563 (1928).

[15] Ibid., p. 567.

[16] 57 Phil. 722 (1932).

[17] Ibid., p. 736.

[18] 74 Phil. 460 (1943).

[19] Ibid., p. 463.

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