

**SEVERINO CAÑGAS AND ADELA BASCO, PLAINTIFFS AND APPELLEES
VS. TAN CHUAN LEONG, ET AL., DEFENDANTS AND APPELLANT.***G.R. No. L-14594. November 29, 1960*

Ponente: LABRADOR, J.

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Plaintiffs-appellees instituted this action in the Court of First Instance of Quezon to recover title to a certain parcel of land in Unisan, Tayabas covered by Original Certificate of Title No. 4219 in the name of Juan Basco married to Rufina Juadilla, dated December 19, 1936. By virtue of a deed of sale executed by Juan Basco in favor of Modesto Alpay, said certificate of title was cancelled, and a transfer certificate of title issued in the name of the latter on August 5, 1943. The property was in turn sold by Modesto Alpay to defendant-appellant Tan Chuan Leong, a naturalized Filipino citizen on August 30, 1943, as a result of which, sale, the transfer certificate of title in the name of Alpay was cancelled and another one issued in the name of Tan Chuan Leong. From the judgment declaring the property in question to be one of undivided ownership, belonging to the plaintiffs on one hand and the defendant Tan Chuan Leong on the other, in undivided equal shares, Tan Chuan Leong has prosecuted the appeal directly to Us.

The record discloses that original certificate of title in the name of Juan Basco married to Rufina Juadilla, was issued on December 10 1936, in lieu of Homestead Patent No. 40634; that plaintiff Severino Cañas is the child of Rufina Juadilla by her first husband, while Adela Basco is her child by her second husband Juan Basco; that the property was acquired by Juan Basco during his marriage with Rufina Juadilla. In the amended complaint, it is alleged that the sale executed by Juan Basco in favor of Modesto Alpay affected only the undivided half belonging to Juan Basco but not the other half pertaining to Rufina Juadilla or to her heirs, so that when Alpay executed a deed of sale in favor of defendant Tan Chuan Leong on August 30, 1943, Alpay transmitted to Tan Chuan Leong only the undivided half pertaining originally to Juan Basco. There is no allegation, in the complaint that defendant Tan Chuan Leong had knowledge, in fact, that Juan Basco owned only an undivided one-half of the property. But the court below, nevertheless, decided that Modesto Alpay and Tan Chuan Leong may not be considered as purchasers in good faith because Juan Basco held the property merely as administrator and the purchasers should have known that the original certificate of title was in the name of Juan Basco married to Rufina Juadilla; that the purchasers were bound by the original certificate of title, insofar as it declares that the owner thereof is Juan Basco married to Rufina Juadilla.

Defendant Tan Chuan Leong in his answer alleges that he acquired the property by purchase from Modesto Alpay, in good faith and for valuable consideration, relying on the transfer certificate of the vendor, which did not contain any flaw or defect; that the person from whom he purchased the property also relied on the fact that the original certificate of title was in the name of Juan Basco, from which it was assumed that the phrase "married to Rufina Juadilla" was merely a description of the owner Juan Basco. The court states in its decision that Modesto Alpay testified in court that he and Tan Chuan Leong were purchasers in good faith, he having been assured at the time of the sale that the land belonged exclusively to Juan Basco. Witness for the defendants also testified that he

made inquiries before Tan Chuan Leong bought the property and that he found that the title thereof was free from any encumbrance.

Notwithstanding the above declarations, however, the court declared that the defense of good faith cannot be sustained for the reason that the purchasers should have taken notice of the fact that the original certificate of title states that Juan Basco was married to Rufina Juadilla.

The question before Us to decide, therefore, is whether or not the second purchaser, defendant-appellant Tan Chuan Leong, should have examined the original certificate of title from: which, he could have known that the property is held by the registered owner jointly with his wife Rufina Juadilla. We hold that the decision of the trial judge on this issue is incorrect. As we have already held, a person dealing with registered land is not required to go to the original registry to determine the condition of the property but is only charged with notice of the burdens on the property which are noted on the face of the register or the certificate of title.

"Whatever might have been generally or unqualifiedly stated in the case heretofore decided by this court, it is held that under the Torrens system registration is the operative act that gives validity to the transfer or creates a lien upon the land (Sees. 50 and 51, and Registration Act). A person dealing with registered land is required to go behind the register to determine the condition of the property. He is only charged with notice of the burdens on the party which are noted on the face of the register or the certificate of title. To require him to do more is to defeat one of the primary objects of the Torrens system. A bona fide purchaser for value of such property at an auction sale acquires good title as against a prior transferee of the same property if such transfer was unrecorded at the time of the auction sale. The existence or absence of good faith will, of course, have to be determined upon the facts and the legal environment of each particular case." (Anderson & Co., vs. Garcia, 64 Phil. 509) (See also Quimson vs. Suarez, 45 Phil. 906-907; Reynes, et al., vs. Barrera, et al., 68 Phil. 656-657; Del Castillo, etc. vs. Sian et al., 105 Phil., 622; 56 Off. Gaz., [26] 4328).

In accordance with our recent decisions, in order that a purchaser may be considered as a purchaser in good faith, it is enough that he examines the latest certificate of title which, in this case, is that issued in the name of Modesto Alpay. (Hernandez vs. Vda. de Salas, 69 Phil. 774; Flores, et al. vs. Plasma, et al., 94 Phil., 327; 50 Off. Gaz., [8] 1078; Revilla, et al., vs. Galindez, 107 Phil., 480). The purchaser is not bound by the original certificate of title but only by the certificate of title of the person from whom he purchased the property.

Good faith is presumed (Article 527, Civil Code). In the case at bar defendants-appellants specifically allege acquisition of the property in good faith. At the time of the trial witnesses testified for the defendants as to the absence of knowledge or notice that persons, other than the registered owner, are interested in the property.

Under the circumstances of the case, there being evidence that the defendant-appellant Tan Chuan Leong obtained the property in good faith, and none to the contrary, the court below should have found that defendant Tan Chuan Leong at least was a purchaser of the property in good faith and for value, and should have been protected from the claims of the heirs of the wife of the originally registered owner Juan Basco.

Wherefore, judgment is hereby rendered, reversing the decision appealed from and dismissing the complaint. Without costs.

Paras, C.J., Padilla, Bautista Angelo, Concepcion, Reyes, J.B.L., Barrera, Gutierrez David, Paredes and Dizon, JJ., concur.

Judgment reversed.

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