

**MANUEL BUASON AND LOLITA M. REYES, PLAINTIFFS AND APPELLANTS, VS. MARIANO PANUYAS, DEFENDANT AND APPELLEE.***G.R. No.L-11415. May 25, 1959*

Ponente: PADILLA, J.

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This is an appeal from a judgment of the Court of First Instance of Nueva Ecija dismissing an action brought by the spouses Manuel Buason and Lolita M. Reyes for annulment of a deed of sale in favor of the defendant, cancellation of transfer certificate of title No. 8419 issued in the name of the defendant and his wife, declaration that the sale in their favor is valid, recovery of possession of the parcel of land described in the complaint from the defendant, damages, attorney's fees and costs. (Civil No. 2144.)

In their lifetime the spouses Buenaventura Dayao and Eugenia Vega acquired by homestead patent a parcel of land situated at barrio Gabaldon, municipality of Muñoz, province of Nueva Ecija, containing an area of 14.8413 hectares covered by original certificate of title No. 1187 (Exhibit C). On 29 October 1930 they executed a power of attorney authorizing Eustaquio Bayuga to engage the services of an attorney to prosecute their case against Leonardo Gambito for annulment of a contract of sale of the parcel of land (civil No. 5787 of the same court) and after the termination of the case in their favor to sell it, and from the proceeds of the sale to deduct whatever expenses he had incurred in the litigation (Exhibit B). On 14 March 1934 Buenaventura Dayao died leaving his wife Eugenia Vega and children Pablo, Teodoro, Fortunata and Juliana, all surnamed Dayao. On 21 March 1939 his four children executed a deed of sale conveying 12.8413 hectares of the parcel of land to the appellants, the spouses Manuel Buason and Lolita M. Reyes (Exhibit A). Their mother Eugenia Vega affixed her thumbmark to the deed of sale as witness (Exhibit A). The appellants took possession of the parcel of land through their tenants in 1939. On 18 July 1944 Eustaquio Bayuga sold 8 hectares of the same parcel of land to the spouses Mariano Panuyas (appellee herein) and Sotera B. Cruz (Exhibit D). Eustaquio Bayuga died on 25 March 1946 and Eugenia Vega in 1954.

The appellants and the appellee claim ownership to the same parcel of land. In their complaint the appellants prayed that the appellee be ordered to deliver possession of the part of the parcel of land held by him; that the deed of sale of that part of the parcel of land held by the appellee executed by Eustaquio Bayuga in his favor and of his wife (Exhibit D) be declared null and void and that transfer certificate of title No. 8419 issued in their name be cancelled; that the deed of sale of the parcel of land executed by the children and heirs of Buenaventura Dayao in their favor (Exhibit A) be declared valid; that the appellee be ordered to pay them damages and attorney's fees in the sum of P9,600; and that he be ordered to pay the costs of the suit. The appellee's affirmative defenses are that he and his wife were buyers in good faith and for valuable consideration; that appellants' causes of action are barred by the statute of limitations; that the complaint states no cause of action; that the claim on which their action is based is unenforceable under the statute of frauds; and that the appellants are guilty of laches. By way of counterclaim, he prayed that for bringing a clearly unfounded suit against him which depreciated the value of the land and injured his good reputation, the appellants be ordered to pay him the sums of P5,000 as actual damages

and P 10,000 as moral damages.

After trial on 20 August 1956 the Court rendered judgment holding that the appellants' action is barred by the statute of limitations and dismissing their complaint. Their motion for reconsideration filed on 23 August 1956 was denied on 28 August 1956. Hence this appeal upon questions of law.

It appears that the appellants did not register the sale of 12.8413 hectares of the parcel of land in question executed in their favor by the Dayao children on 21 March 1939 after the death of their father Buenaventura Dayao. On the other hand, the power of attorney executed by Buenaventura Dayao on 29 October 1930 authorizing Eustaquio Bayuga to sell the parcel of land (Exhibit B) was annotated or inscribed on the back of original certificate of title No. 1187 (Exhibit C) as Entry No. 16836/H-1187, and the sale executed by Eustaquio Bayuga in favor of the appellee Mariano Panuyas and his wife Sotera B. Cruz under the aforesaid power of attorney was annotated or inscribed on the back of the same original certificate of title (Exhibit C) as Entry No. 778/H-1187. It does not appear that the appellee and his wife had actual knowledge of the previous sale. In the absence of such knowledge, they had a right to rely on the face of the certificate of title of the registered owners and of the authority conferred by them upon the agent also recorded on the back of the certificate of title. As this is a case of double sale of land registered under the Land Registration Act, he who recorded the sale in the Registry of Deeds has a better right than he who did not.[1]

As to the appellants' contention that, as the death of the principal on 14 March 1934 ended the authority of the agent,[2] the sale of 8 hectares of the parcel of land by the agent to the appellee Mariano Panuyas and his wife Sotera B. Cruz was null and void, suffice it to state that it has not been shown that the agent knew of his principal's demise, and for that reason article 1738, old Civil Code or 1931, new Civil Code, which provides:

Anything done by the agent, without knowledge of the death of the principal or of any other cause which extinguishes the agency, is valid and shall be fully effective with respect to third persons who may have contracted with him in good faith. is the law applicable to the point raised by the appellants.

The judgment appealed from is affirmed, with costs against the appellants.

Paras, C. J., Bengzon, Montemayor, Reyes, A., Bautista Angelo, Labrador, Concepcion, and Endencia, JJ., concur.

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[1]Article 1473, old civil code; 1544, new civil code.

[2] Article 1732, old civil code; 1919, new civil code.

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