

MARIANO GRANADOS, PETITIONER, VS. CELEDONIO MONTON, RESPONDENT.*G.R. No. L-1698. April 08, 1950*

Ponente: TORRES, J.

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This is a petition for certiorari for the review of a decision of the Court of Appeals, the dispositive part of which reads as follows:

"With the modification that the amount of palay due to plaintiff, Celedonio Monton, for the year 1945 shall be 5 5/8, instead of 35, cavanese; that the plaintiff shall be entitled to 11 1/4 cavanese of palay per year, from 1946 up to such time as defendant Mariano Granados shall have placed the land at his disposal; and that the price of the palay due to the plaintiff shall, beginning from the year 1946, be computed at the rate of P12 a cavan, and without prejudice to such rights as said defendant may have by reason of the warranty arising from his contract of purchase and sale with Angela Trias, the decision appealed from is, therefore, hereby affirmed in all other respects, with costs against the defendant."

From our perusal of its decision, it appears that according to the findings of the Court of Appeals, in June, 1943, Angela Trias, who had inherited from Tomasa Trias, Lot No. 1956 of the San Francisco de Malabon Estate, located in the municipality of General Trias, province of Cavite, for the sum of P1,300 which she received from Mariano Granados, she turned over to him the said lot. On March 29, 1944, Angela Trias filed a suit against Granados (Case No. 157 of the Court of First Instance of Cavite), to recover from him the possession of said lot and to compel Granados to receive the above-stated amount, which she had deposited with the clerk of court. Angela Trias contended that Granados delivered that sum to her as a loan secured by mortgage on the property, but Granados refused to accept that amount tendered by her (Exhibits 3 and 3-E).

On the other hand, Granados, in his defense, alleged that the sum of P1,300 was received by Angela Trias in full payment of the purchase price of the lot in question; that pending the issuance in her name of the corresponding certificate of title, the formal deed of transfer of ownership had not been executed, and therefore, he prayed that judgment be rendered against her, ordering her to convey to him the property in question (Exhibit 3-A). On September 29, 1944, judgment was rendered in favor of Granados (Exhibit 3-F). Angela Trias appealed, and, on March 31, 1947, the Second Division of the Court of Appeals affirmed the judgment of the Court of First Instance of Cavite, and that decision (CA-G. R. No. 48-R) has now become final and executory.

In the meanwhile, and pursuant to a deed of extra-judicial partition executed on April 8, 1944, Transfer Certificate of Title No. A-1462 of the Office of the Register of Deeds of Cavite, and marked Exhibit 1, covering said Lot No. 1956 was, on May 10, 1944, issued in the name of Angela Trias. On August 8, 1944, she sold that lot, for the sum of P20,000 to Esteban Santiago (Exhibit 2-A) who, two days later, or on August 10, 1944, upon cancellation of Exhibit 1, secured the issuance in his name of Certificate of Title No. A-1858 (Exhibit 2).

On the other hand, by virtue of a document dated November 26, 1944, (Exhibit 1-A), acknowledged before a

notary public on December 8, 1944, and filed with the office of the register of deeds of Cavite on December 11, 1944, Esteban Santiago sold said Lot No. 1956 for P45,000 to Celedonio Monton. The cancellation on December 11, 1944 of Exhibit 2 (Transfer Certificate of Title No. A-1858) became necessary for the issuance of Transfer Certificate of Title No. 2164 in the name of Celedonio Monton.

On September 29, 1945, on the ground that he is the owner of Lot No. 1956, Monton filed with the Court of First Instance of Cavite, an action (Case No. 4110) to compel Mariano Granados to put him in possession of said lot, which has been withheld from him by the latter, who had also seized the products thereof. Granados answered with a general denial and specifically alleged by way of special defense, that he is the owner of Lot No. 1956, which he purchased from Angela Trias, and that whatever subsequent conveyance she may have made thereof is fictitious and made in bad faith.

After proper proceedings, the Court of First Instance of Cavite rendered judgment, declaring that Celedonio Monton is the absolute owner of Lot No. 1956 of the Hacienda San Francisco de Malabon Estate, province of Cavite; that said lot is registered in the name of said plaintiff under Transfer Certificate of Title No. A-2164 and, therefore, ordered defendant Mariano Granados to deliver to said plaintiff the ownership and possession of that lot, and to pay or deliver to him 70 cavans of good palay, or the value thereof, at the rate of P3 per cavan, corresponding to the years 1945-1946, after deducting therefrom 2 cavans or its value for the seedlings of those two harvest years.

Then Monton moved the court that said judgment be modified, in the sense that the value of the palay be at the rate of P30 per cavan, instead of P3, during the harvest corresponding to the years 1945-1946.

Although according to the decision of the Court of Appeals, said motion was granted on July 1, 1946, the same, for reasons which do not appear in the record, was heard again and the lower court, then presided over by another judge, denied the same.

Plaintiff and defendant appealed from the judgment of the lower court. The former, as stated, in so far as it awards him 70 cavans of palay only for the years 1945-1946, estimates the value of palay per cavan at P3 and fails to grant the relief sought in the motion for reconsideration; while the defendant sought the reversal of the judgment of the Court of First Instance of Cavite, because (a) in declaring the sale of Lot No. 1956 of the San Francisco de Malabon Estate Subdivision by Angela Trias in favor of Esteban Santiago, and by the latter in favor of Celedonio G. Monton, valid and in good faith; (b) in ignoring the decision rendered by the said court in Case No. 157, entitled *Angela Trias vs. Mariano Granados*; and (c) in sentencing the defendant-appellant to deliver the possession and ownership of Lot No. 1956 and 70 cavans of palay to plaintiff-appellee.

The Court of Appeals, after an exhaustive consideration of the facts of the case and the law applicable thereto, came to the conclusion that Esteban Santiago, being a purchaser for value in good faith, "plaintiff Celedonio Monton had acquired from him a good title, free from the equities which defendant Mariano Granados may have had against Angela Trias, irrespective of whether or not Monton had notice of the transaction between them." In relation, therefore, to the main issue—whether or not Esteban Santiago acted in bad faith when he purchased from Angela Trias the lot in question, even if he had known of the previous sale made by Angela Trias to Mariano Granados—the Court of Appeals held that, viewed from the strictly legal angle, the appeal taken by Granados is untenable.

In this instance, petitioner Mariano Granados is assailing the correctness of the decision of the Court of Appeals, on the ground that it erred—

"(1) "in not rescinding the sale of Lot No. 1956 of the San Francisco de Malabon Estate executed by Angela Trias in favor of Esteban Santiago and that made by the latter in favor of Celedonio G. Monton although said

property was the subject of litigation in Civil Case No. 157 of the Court of First Instance of Cavite between Angela Trias and Mariano Granados when the aforesaid sales were allegedly executed.

"(2) In not declaring Celedonio G. Monton a purchaser in bad faith although said court had found and declared that when Monton bought said Lot No. 1956 he was aware and had notice of the adverse claim of Mariano Granados on said lot.

"(3) In ignoring the decision rendered by the Second Division of the said court, in case CA-G. R. No. 48-R."

From Our careful consideration of the points raised by petitioner in this controversy, it seems to be that the main issue herein, is whether or not respondent Celedonio Monton, who had purchased from Esteban Santiago, Lot No. 1956 of the San Francisco de Malabon Estate, and in whose favor, Transfer Certificate of Title No. 2164 was issued (Exhibit A), acted in good faith when he filed with the Office of the Register of Deeds of Cavite, the deed of sale (Exhibit 1-A) executed in his favor by Esteban Santiago, who in turn purchased said property from Angela Trias (Exhibit 2-A) and in whose name, Transfer Certificate of Title No. A-1858 (Exhibit 2) was issued upon cancellation of Exhibit 1, which is Transfer Certificate of Title No. 1462 issued in the name of Angela Trias. Article 1473 of the Civil Code provides that—

"If the same thing should have been sold to different vendees, the ownership shall be transferred to the person who may have first taken possession thereof in good faith, if it should be personal property.

"Should it be real property, it shall belong to the purchaser who first recorded it in the Registry of Deeds.

"Should it not be recorded, the property shall belong to the person who first took possession of it in good faith; or, in default of possession, to the person who presents the oldest title, provided there is good faith."

On December 11, 1944, Monton submitted to the Office of the Register of Deeds of Cavite, the deed of sale of the land in question, and, upon cancellation of Transfer Certificate of Title No. A-1858, Transfer Certificate of Title No. 2164 (Exhibit A) was issued in his name.

The above-quoted Article 1473 provides that the inscription in the registry of real property, the ownership of which is claimed by different parties, shall have the effect of transferring ownership thereof to the person who, in good faith, first recorded it in the Register of Deeds.

Did Celedonio Monton act in bad faith when he filed with the Register of Deeds of Cavite the deed of sale, Exhibit 1-A executed in his favor by Esteban Santiago, notwithstanding the fact that according to the record, when, on or before December 8, 1944, he visited the land in question, Valentin Cabrera, the tenant of Mariano Granados, informed him that the property was under litigation between Granados, on the one hand, and Angela Trias, on the other?

Article 433 of the Civil Code says that "one who is unaware of any flaw in his title, or mode of acquisition, by which it is invalidated, shall be deemed a possessor in good faith." But "One who is aware of such flaw is deemed a possessor in bad faith." Esteban Santiago, former owner of the land in question, testifying in this case, said that he bought Lot No. 1956 in good faith for value, relying upon the transfer certificate of title (Exhibit 1) issued in favor of Angela Trias, which did not have any annotation thereon relative to the previous sale made by her to Mariano Granados, and without knowledge of such transaction. Assuming, therefore, that said lot was sold to different vendees, pursuant to the provisions of the above-quoted Article 1473, the same became the property of Esteban Santiago. Under Section 39 of Act No. 496, as amended by Act No. 2011, "every person receiving a certificate of title in pursuance of a decree of a registration, and every subsequent purchaser of registered land who takes a certificate of title for value in good faith shall hold the same free of all encumbrances except those noted on said certificate, and any of the following encumbrances which may be subsisting, * * *."

Inasmuch as there was no "flaw" in the title of Esteban Santiago, it necessarily follows that, Celedonio Monton rightly believed that he could, and did, acquire a, likewise, flawless title from Santiago. As aptly remarked by Mr. Justice Concepcion who penned the decision for the Court of Appeals—

"* * * Indeed, as a result of the deed of conveyance (Exhibit 1-A) executed by the latter, Monton stepped into the shoes of Santiagos and became entitled to all the defenses available to him, including those arising from the acquisition of the property in good faith and for value. Viewed from the strictly legal angle, Monton can not be held, therefore, to have acted in bad faith, even if he had known of the previous sale made by Angela Trias to Mariano Granados."

In *Mendiola vs. Pacalda*, the Supreme Court, applying the provisions of Article 1473 of the Civil Code, held that "as the purchase made by Jose Muñoz is recorded in the registry, and that of the defendant is not, the former must prevail over the latter, and ownership of the property should be held to have been lawfully transferred, not to the defendant but to Jose Muñoz. Hence, the question must be resolved, as the court below has rightly decided it, in favor of plaintiff." (10 Phil., 705; see also *Gonzaga vs. Javellana*, 23 Phil., 125; *Veguillas vs. Jaucian*, 25 Phil., 315; *De la Cruz vs. Fabie*, 35 Phil., 144.) In *De la Cruz vs. Fable* (supra), wherein this Court clearly defined the indefeasibility of a certificate of title in the hands of a purchaser for value in good faith, it held that an innocent holder of a title for value, under Section 55 of Act No. 496 becomes the absolute owner of the land.

The decision of the Court of Appeals is further criticized by counsel for petitioner, on the ground that that court did not take into account the fact that the property in question was "the subject of litigation in Civil Case No. 157 of the Court of First Instance of Cavite, between Angela Trias and Mariano Granados, when the aforesaid sales were allegedly executed." But petitioner fails to take into account that neither Angela Trias is a party to the present case, nor Celedonio Monton, the herein respondent, is a party to the case of *Angela Trias vs. Granados*, and the result of the case No. 157 of the Court of First Instance of Cavite, does not, in any way, affect the title of Monton to the land in question, particularly so, in view of the absence of any annotation or memorandum on the back of the corresponding title regarding the existence of such lawsuit, and the decision rendered in that case (CA-G. R. No. 48-R), will not operate to divest the rights of a person who has not and has never been a party to that litigation, either as plaintiff or as defendant.

In view of all the foregoing, the herein petition for certiorari, being without merit, the same is hereby dismissed, with costs against the petitioner.

Morna, C. J., Pablo, Padilla, and Tuason, JJ., concur.

Ozaeta, J., concurs in the result.

Paras, Feria, Montemayor and Reyes, JJ., no part.

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