

**ALFREDO SAJONAS AND CONCHITA SAJONAS, PETITIONERS, VS.
THE COURT OF APPEALS, DOMINGO A. PILARES, SHERIFF ROBERTO
GARCIA OF QUEZON CITY AND REGISTER OF DEEDS OF MARIKINA,
RESPOND...**

G.R. No. 102377. July 05, 1996

Ponente: TORRES, JR., J.

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TORRES, JR., J.:

A word or group of words conveys intentions. When used truncatedly, its meaning disappears and breeds conflict. Thus, it is written - "By thy words shalt thou be justified, and by thy words shalt thou be condemned." (Matthew, 12:37)

Construing the new words of a statute separately is the *raison d'être* of this appeal.

Essentially, the case before us is for cancellation of the inscription of a Notice of Levy on Execution from a certificate of Title covering a parcel of real property. The inscription was caused to be made by the private respondent on Transfer Certificate of Title No. N-79073 of the Register of Deeds of Marikina, issued in the name of the spouses Ernesto B. Uychochde and Lucita Jarin, and was later carried over to and annotated on Transfer Certificate of Title No. N-109417 of the same registry, issued in the name of the spouses Alfredo Sajonas and Conchita R. Sajonas, who purchased the parcel of land from the Uychochdes, and are now the petitioners in this case.

The facts are not disputed, and are hereby reproduced as follows:

"On September 22, 1983, the spouses Ernesto Uychochde and Lucita Jarin agreed to sell a parcel of residential land located in Antipolo, Rizal to the spouses Alfredo Sajonas and Conchita R. Sajonas on installment basis as evidenced by a Contract to Sell dated September 22, 1983. The property was registered in the names of the Uychochde spouses under TCT No. N-79073 of the Register of Deeds of Marikina, Rizal. On August 27, 1984, the Sajonas couple caused the annotation of an adverse claim based on the said Contract to Sell on the title of the subject property, which was inscribed as Entry No. 116017. Upon full payment of the purchase price, the Uychochdes executed a Deed of Sale involving the property in question in favor of the Sajonas couple on September 4, 1984. The deed of absolute sale was registered almost a year after, or on August 28, 1985.

Meanwhile, it appears that Domingo Pilares (defendant-appellant) filed Civil Case No. Q-28850 for collection of sum of money against Ernesto Uychochde. On June 25, 1980, a Compromise Agreement was entered into by the parties in the said case under which Ernesto Uychochde acknowledged his monetary obligation to Domingo Pilares amounting to P27,800 and agreed to pay the same in two years from June 25, 1980. When Uychochde failed to comply with his undertaking in the compromise agreement, defendant-appellant Pilares moved for the issuance of a writ of execution to enforce the decision based on the compromise agreement, which the court granted in its order dated August 3, 1982. Accordingly, a writ of execution was issued on August 12, 1982 by the CFI of Quezon City where the civil case was pending. Pursuant to the order of execution dated August 3, 1982, a notice of levy on execution was issued on February 12, 1985. On February 12, 1985, defendant sheriff

Roberto Garcia of Quezon City presented said notice of levy on execution before the Register of Deeds of Marikina and the same was annotated at the back of TCT No. 79073 as Entry No. 123283.

When the deed of absolute sale dated September 4 1984 was registered on August 28, 1985, TCT No. N-79073 was cancelled and in lieu thereof, TCT No. N-109417 was issued in the name of the Sajonas couple. The notice of levy on execution annotated by defendant sheriff was carried over to the new title. On October 21, 1985, the Sajonas couple filed a Third Party Claim with the sheriff of Quezon City, hence the auction sale of the subject property did not push through as scheduled.

On January 10, 1986, the Sajonas spouses demanded the cancellation of the notice of levy on execution upon defendant-appellant Pilares, through a letter to their lawyer, Atty. Melchor Flores. Despite said demand, defendant-appellant Pilares refused to cause the cancellation of said annotation. In view thereof, plaintiffs-appellees filed this complaint dated January 11, 1986 on February 5, 1986."^[1]

The Sajonases filed their complaint^[2] in the Regional Trial Court of Rizal, Branch 71, against Domingo Pilares, the judgment creditor of the Uychocdes. The relevant portion of the complaint alleges:

"7. That at the time the notice of levy was annotated by the defendant, the Uychocde spouses, debtors of the defendant, have already transferred, conveyed and assigned all their title, rights and interests to the plaintiffs and there was no more title, rights or interests therein which the defendant could levy upon;

8. That the annotation of the levy on execution which was carried over to the title of said plaintiffs is illegal and invalid and was made in utter bad faith, in view of the existence of the Adverse Claim annotated by the plaintiffs on the corresponding title of the Uychocde spouses;

9. That a demand was made by the plaintiffs upon the defendant Domingo A. Pilares, to cause the cancellation of the said notice of levy but the latter, without justifiable reason and with the sole purpose of harassing and embarrassing the plaintiffs ignored and refused plaintiffs' demand;

10. That in view of the neglect, failure and refusal of the defendant to cause the cancellation of the notice of levy on execution, the plaintiffs were compelled to litigate and engage the services of the undersigned counsel, to protect their rights and interests, for which they agreed to pay attorney's fees in the amount of P10,000 and appearance fees of P500 per day in court."^[3]

Pilares filed his answer with compulsory counterclaim^[4] on March 8, 1986, raising special and affirmative defenses, the relevant portions of which are as follows:

"10. Plaintiff has no cause of action against herein defendants;

11. Assuming, without however admitting that they filed an adverse claim against the property covered by TCT No. 79073 registered under the name of spouses Ernesto Uychocde on August 27, 1984, the same ceases to have any legal force and effect (30) days thereafter pursuant to Section 70 of P.D. 1529;

12. The Notice of Levy annotated at the back of TCT No. 79073 being effected pursuant to the Writ of Execution dated August 31, 1982, duly issued by the CFI (now RTC) of Quezon City proceeding from a decision rendered in Civil Case No. 28859 in favor of herein defendant against Ernesto Uychocde, is undoubtedly proper and appropriate because the property is registered in the name of the judgment debtor and is not among those exempted from execution;

13. Assuming without admitting that the property subject matter of this case was in fact sold by the registered owner in favor of the herein plaintiffs, the sale is the null and void (sic) and without any legal force and effect because it was done in fraud of a judgment creditor, the defendant Pilares."^[5]

Pilares likewise sought moral and exemplary damages in a counterclaim against the Sajonas spouses. The parties

appeared at pre-trial proceedings on January 21, 1987,[6] after which, trial on the merits ensued.

The trial court rendered its decision on February 15, 1989.[7] It found in favor of the Sajonas couple, and ordered the cancellation of the Notice of Levy from Transfer Certificate of Title No. N-109417.

The court a quo stated, thus:

"After going over the evidence presented by the parties, the court finds that although the title of the subject matter of the Notice of Levy on Execution was still in the name of the Spouses Uychocde when the same was annotated on the said title, an earlier Affidavit of Adverse Claim was annotated on the same title by the plaintiffs who earlier bought said property from the Uychocdes.

It is a well settled rule in this jurisdiction (*Guidote vs. Maravilla*, 48 Phil. 442) that actual notice of an adverse claim is equivalent to registration and the subsequent registration of the Notice of Levy could not have any legal effect in any respect on account of prior inscription of the adverse claim annotated on the title of the Uychocdes.

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On the issue of whether or not plaintiffs are buyers in good faith of the property of the spouses Uychocde even notwithstanding the claim of the defendant that said sale executed by the spouses was made in fraud of creditors, the Court finds that the evidence in this instance is bare of any indication that said plaintiffs as purchasers had notice beforehand of the claim of the defendant over said property or that the same is involved in a litigation between said spouses and the defendant. Good faith is the opposite of fraud and bad faith, and the existence of any bad faith must be established by competent proof.[8] (*Cai vs. Henson*, 51 Phil 606)

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In view of the foregoing, the Court renders judgment in favor of the plaintiffs and against the defendant Pilares, as follows:

1. Ordering the cancellation of the Notice of Levy on Execution annotated on Transfer Certificate of Title No. N-109417.
2. Ordering said defendant to pay the amount of P5,000 as attorney's fees.
3. Dismissing the Counterclaim interposed by said defendant.

Said defendant is likewise ordered to pay the costs.

Dissatisfied, Pilares appealed to the Court of Appeals[9], assigning errors on the part of the lower court. The appellate court reversed the lower court's decision, and upheld the annotation of the levy on execution on the certificate of title, thus:

"WHEREFORE, the decision of the lower court dated February 15, 1989 is reversed and set aside and this complaint is dismissed.

Costs against the plaintiffs-appellees."[10]

The Sajonas couple are now before us, on a Petition for Review on Certiorari[11], praying inter alia to set aside the Court of Appeals' decision, and to reinstate that of the Regional Trial Court.

Private respondent filed his Comment[12] on March 5, 1992, after which, the parties were ordered to file their respective Memoranda. Private respondent complied thereto on April 27, 1994[13], while petitioners were able to submit their Memorandum on September 29, 1992.[14]

Petitioner assigns the following as errors of the appellate court, to wit:

I

THE LOWER COURT ERRED IN HOLDING THAT THE RULE ON THE 30-DAY PERIOD FOR ADVERSE CLAIM UNDER SECTION 70 OF P.D. NO. 1529 IS ABSOLUTE INASMUCH AS IT FAILED TO READ OR CONSTRUE THE PROVISION IN ITS ENTIRETY AND TO RECONCILE THE APPARENT INCONSISTENCY WITHIN THE PROVISION IN ORDER TO GIVE EFFECT TO IT AS A WHOLE.

II

THE LOWER COURT ERRED IN INTERPRETING SECTION 70 OF P.D. NO. 1529 IN SUCH WISE ON THE GROUND THAT IT VIOLATES PETITIONERS' SUBSTANTIAL RIGHT TO DUE PROCESS.

Primarily, we are being asked to ascertain who among the parties in suit has a better right over the property in question. The petitioners derive their claim from the right of ownership arising from a perfected contract of absolute sale between them and the registered owners of the property, such right being attested to by the notice of adverse claim^[15] annotated on TCT No. N-79073 as early as August 27, 1984. Private respondent on the other hand, claims the right to levy on the property, and have it sold on execution to satisfy his judgment credit, arising from Civil Case No. Q-28850^[16] against the Uychocdes, from whose title, petitioners derived their own.

Concededly, annotation of an adverse claim is a measure designed to protect the interest of a person over a piece of real property where the registration of such interest or right is not otherwise provided for by the Land Registration Act or Act 496 (now P.D. 1529 or the Property Registration Decree), and serves a warning to third parties dealing with said property that someone is claiming an interest on the same or a better right than that of the registered owner thereof. Such notice is registered by filing a sworn statement with the Register of Deeds of the province where the property is located, setting forth the basis of the claimed right together with other dates pertinent thereto.^[17]

The registration of an adverse claim is expressly recognized under Section 70 of P.D. No. 1529.^[*]

Noting the changes made in the terminology of the provisions of the law, private respondent interpreted this to mean that a Notice of Adverse Claim remains effective only for a period of 30 days from its annotation, and does not automatically lose its force afterwards. Private respondent further maintains that the notice of adverse claim was annotated on August 27, 1984, hence, it will be effective only up to September 26, 1984, after which it will no longer have any binding force and effect pursuant to Section 70 of P.D. No. 1529. Thus, the sale in favor of the petitioners by the Uychocdes was made in order to defraud their creditor (Pilares), as the same was executed subsequent to their having defaulted in the payment of their obligation based on a compromise agreement.^[18]

The respondent appellate court upheld private respondents' theory when it ruled:

"The above stated conclusion of the lower court is based on the premise that the adverse claim filed by plaintiffs-appellees is still effective despite the lapse of 30 days from the date of registration. However, under the provisions of Section 70 of P.D. 1529, an adverse claim shall be effective only for a period of 30 days from the date of its registration. The provision of this Decree is clear and specific.

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It should be noted that the adverse claim provision in Section 110 of the Land Registration Act (Act 496) does not provide for a period of effectivity of the annotation of an adverse claim. P.D. No. 1529, however, now specifically provides for only 30 days. If the intention of the law was for the adverse claim to remain effective until cancelled by petition of the interested party, then the aforecited provision in P.D. No. 1529 stating the

period of effectivity would not have been inserted in the law.

Since the adverse claim was annotated On August 27, 1984, it was effective only until September 26, 1984. Hence, when the defendant sheriff annotated the notice of levy on execution on February 12, 1985, said adverse claim was already ineffective. It cannot be said that actual or prior knowledge of the existence of the adverse claim on the Uychocdes' title is equivalent to registration inasmuch as the adverse claim was already ineffective when the notice of levy on execution was annotated. Thus, the act of defendant sheriff in annotating the notice of levy on execution was proper and justified."

The appellate court relied on the rule of statutory construction that Section 70 is specific and unambiguous and hence, needs no interpretation nor construction.[19] Perforce, the appellate court stated, the provision was clear enough to warrant immediate enforcement, and no interpretation was needed to give it force and effect. A fortiori, an adverse claim shall be effective only for a period of thirty (30) days from the date of its registration, after which it shall be without force and effect. Continuing, the court further stated;

". . . clearly, the issue now has been reduced to one of preference- which should be preferred between the notice of levy on execution and the deed of absolute sale. The Deed of Absolute Sale was executed on September 4, 1984, but was registered only on August 28, 1985, while the notice of levy on execution was annotated six (6) months prior to the registration of the sale on February 12, 1985.

In the case of *Landig vs. U.S. Commercial Co.*, 89 Phil 638 it was held that where a sale is recorded later than an attachment, although the former is of an earlier date, the sale must give way to the attachment on the ground that the act of registration is the operative act to affect the land. A similar ruling was restated in *Campillo vs. Court of Appeals* (129 SCRA 513).

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The reason for these rulings may be found in Section 51 of P.D. 1529, otherwise known as the Property Registration Decree, which provides as follows:

Section 51. Conveyance and other dealings by the registered owner.- An owner of registered land may convey, mortgage, lease, charge, or otherwise deal with the same in accordance with existing laws. He may use such forms of deeds, mortgages, leases or other voluntary instruments as are sufficient in law. But no deed, mortgage, lease or other voluntary instrument, except a will purporting to convey or affect registered land shall take effect as a conveyance or bind the land, but shall operate only as a contract between the parties and as evidence of authority to the Register of Deeds to make registration.

The act of registration shall be the operative act to convey or affect the land in so far as third persons are concerned, and in all cases under the Decree, the registration shall be made in the office of the Register of Deeds for the province or city where the land lies." (Italics supplied by the lower court.)

Under the Torrens system, registration is the operative act which gives validity to the transfer or creates a lien upon the land. A person dealing with registered land is not required to go behind the register to determine the condition of the property. He is only charged with notice of the burdens on the property which are noted on the face of the register or certificate of title.[20]

Although we have relied on the foregoing rule, in many cases coming before us, the same, however, does not fit in the case at bar. While it is the act of registration which is the operative act which conveys or affects the land insofar as third persons are concerned, it is likewise true, that the subsequent sale of property covered by a Certificate of Title cannot prevail over an adverse claim, duly sworn to and annotated on the certificate of title previous to the sale.[21] While it is true that under the provisions of the Property Registration Decree, deeds of conveyance of property registered under the system, or any interest therein only take effect as a conveyance to

bind the land upon its registration, and that a purchaser is not required to explore further than what the Torrens title, upon its face, indicates in quest for any hidden defect or inchoate right that may subsequently defeat his right thereto, nonetheless, this rule is not absolute. Thus, one who buys from the registered owner need not have to look behind the certificate of title, he is, nevertheless, bound by the liens and encumbrances annotated thereon. One who buys without checking the vendor's title takes all the risks and losses consequent to such failure.[22]

In *PNB vs. Court of Appeals*, we held that "the subsequent sale of the property to the De Castro spouses cannot prevail over the adverse claim of Perez, which was inscribed on the bank's certificate of title on October 6, 1958. That should have put said spouses on notice, and they can claim no better legal right over and above that of Perez. The TCT issued in the spouses' names on July, 1959 also carried the said annotation of adverse claim. Consequently, they are not entitled to any interest on the price they paid for the property." [23]

Then again, in *Gardner vs. Court of Appeals*, we said that "the statement of respondent court in its resolution of reversal that 'until the validity of an adverse claim is determined judicially, it cannot be considered a flaw in the vendor's title' contradicts the very object of adverse claims. As stated earlier, the annotation of an adverse claim is a measure designed to protect the interest of a person over a piece of real property, and serves as a notice and warning to third parties dealing with said property that someone is claiming an interest on the same or has a better right than the registered owner thereof. A subsequent sale cannot prevail over the adverse claim which was previously annotated in the certificate of title over the property." [24]

The question may be posed, was the adverse claim inscribed in the Transfer Certificate of Title No. N-109417 still in force when private respondent caused the notice of levy on execution to be registered and annotated in the said title, considering that more than thirty days had already lapsed since it was annotated? This is a decisive factor in the resolution of this instant case.

If the adverse claim was still in effect, then respondents are charged with knowledge of pre-existing interest over the subject property, and thus, petitioners are entitled to the cancellation of the notice of levy attached to the certificate of title.

For a definitive answer to this query, we refer to the law itself. Section 110 of Act 496 or the Land Registration Act reads:

"Sec. 110. Whoever claims any part or interest in registered lands adverse to the registered owner, arising subsequent to the date of the original registration, may, if no other provision is made in this Act for registering the same, make a statement in writing setting forth fully his alleged right or interest, and how or under whom acquired, and a reference to the volume and page of the certificate of title of the registered owner, and a description of the land in which the right or interest is claimed.

The statement shall be signed and sworn to, and shall state the adverse claimant's residence, and designate a place at which all notices may be served upon him. The statement shall be entitled to registration as an adverse claim, and the court, upon a petition of any party in interest, shall grant a speedy hearing upon the question of the validity of such adverse claim and shall enter such decree therein as justice and equity may require. If the claim is adjudged to be invalid, the registration shall be cancelled. If in any case, the court after notice and hearing shall find that a claim thus registered was frivolous or vexatious, it may tax the adverse claimant double or treble the costs in its discretion."

The validity of the above-mentioned rules on adverse claims has to be reexamined in the light of the changes introduced by P.D. 1529, which provides:

"Sec. 70 Adverse Claim- Whoever claims any part or interest in registered land adverse to the registered owner, arising subsequent to the date of the original registration, may, if no other provision is made in this

decree for registering the same, make a statement in writing setting forth fully his alleged right or interest, and how or under whom acquired, a reference to the number of certificate of title of the registered owner, the name of the registered owner, and a description of the land in which the right or interest is claimed.

The statement shall be signed and sworn to, and shall state the adverse claimant's residence, and a place at which all notices may be served upon him. This statement shall be entitled to registration as an adverse claim on the certificate of title. The adverse claim shall be effective for a period of thirty days from the date of registration. After the lapse of said period, the annotation of adverse claim may be cancelled upon filing of a verified petition therefor by the party in interest: Provided, however, that after cancellation, no second adverse claim based on the same ground shall be registered by the same claimant.

Before the lapse of thirty days aforesaid, any party in interest may file a petition in the Court of First Instance where the land is situated for the cancellation of the adverse claim, and the court shall grant a speedy hearing upon the question of the validity of such adverse claim, and shall render judgment as may be just and equitable. If the adverse claim is adjudged to be invalid, the registration thereof shall be ordered cancelled. If, in any case, the court, after notice and hearing shall find that the adverse claim thus registered was frivolous, it may fine the claimant in an amount not less than one thousand pesos, nor more than five thousand pesos, in its discretion. Before the lapse of thirty days, the claimant may withdraw his adverse claim by filing with the Register of Deeds a sworn petition to that effect." (Italics ours)

In construing the law aforesaid, care should be taken that every part thereof be given effect and a construction that could render a provision inoperative should be avoided, and inconsistent provisions should be reconciled whenever possible as parts of a harmonious whole.[25] For taken in solitude, a word or phrase might easily convey a meaning quite different from the one actually intended and evident when a word or phrase is considered with those with which it is associated.[26] In ascertaining the period of effectivity of an inscription of adverse claim, we must read the law in its entirety. Sentence three, paragraph two of Section 70 of P.D. 1529 provides:

"The adverse claim shall be effective for a period of thirty days from the date of registration."

At first blush, the provision in question would seem to restrict the effectivity of the adverse claim to thirty days. But the above provision cannot and should not be treated separately, but should be read in relation to the sentence following, which reads:

"After the lapse of said period, the annotation of adverse claim may be cancelled upon filing of a verified petition therefor by the party in interest."

If the rationale of the law was for the adverse claim to ipso facto lose force and effect after the lapse of thirty days, then it would not have been necessary to include the foregoing caveat to clarify and complete the rule. For then, no adverse claim need be cancelled. If it has been automatically terminated by mere lapse of time, the law would not have required the party in interest to do a useless act.

A statute's clauses and phrases must not be taken separately, but in its relation to the statute's totality. Each statute must, in fact, be construed as to harmonize it with the pre-existing body of laws. Unless clearly repugnant, provisions of statutes must be reconciled. The printed pages of the published Act, its history, origin, and its purposes may be examined by the courts in their construction.[27] An eminent authority on the subject matter states the rule candidly:

"A statute is passed as a whole and not in parts or sections, and is animated by one general purpose and intent. Consequently, each part or section should be construed in connection with every other part or section so as to produce a harmonious whole. It is not proper to confine its intention to the one section construed. It is always an unsafe way of construing a statute or contract to divide it by a process of etymological dissection, into separate words, and then apply to each, thus separated from the context, some particular meaning to be

attached to any word or phrase usually to be ascertained from the context." [28]

Construing the provision as a whole would reconcile the apparent inconsistency between the portions of the law such that the provision on cancellation of adverse claim by verified petition would serve to qualify the provision on the effectivity period. The law, taken together, simply means that the cancellation of the adverse claim is still necessary to render it ineffective, otherwise, the inscription will remain annotated and shall continue as a lien upon the property. For if the adverse claim has already ceased to be effective upon the lapse of said period, its cancellation is no longer necessary and the process of cancellation would be a useless ceremony. [29]

It should be noted that the law employs the phrase "may be cancelled", which obviously indicates, as inherent in its decision making power, that the court may or may not order the cancellation of an adverse claim, notwithstanding such provision limiting the effectivity of an adverse claim for thirty days from the date of registration. The court cannot be bound by such period as it would be inconsistent with the very authority vested in it. A fortiori, the limitation on the period of effectivity is immaterial in determining the validity or invalidity of an adverse claim which is the principal issue to be decided in the court hearing. It will therefore depend upon the evidence at a proper hearing for the court to determine whether it will order the cancellation of the adverse claim or not. [30]

To interpret the effectivity period of the adverse claim as absolute and without qualification limited to thirty days defeats the very purpose for which the statute provides for the remedy of an inscription of adverse claim, as the annotation of an adverse claim is a measure designed to protect the interest of a person over a piece of real property where the registration of such interest or right is not otherwise provided for by the Land Registration Act or Act 496 (now P.D. 1529 or the Property Registration Decree), and serves as a warning to third parties dealing with said property that someone is claiming an interest or the same or a better right than the registered owner thereof. [31]

The reason why the law provides for a hearing where the validity of the adverse claim is to be threshed out is to afford the adverse claimant an opportunity to be heard, providing a venue where the propriety of his claimed interest can be established or revoked, all for the purpose of determining at last the existence of any encumbrance on the title arising from such adverse claim. This is in line with the provision immediately following:

"Provided, however, that after cancellation, no second adverse claim shall be registered by the same claimant."

Should the adverse claimant fail to sustain his interest in the property, the adverse claimant will be precluded from registering a second adverse claim based on the same ground.

It was held that "validity or efficaciousness of the claim may only be determined by the Court upon petition by an interested party, in which event, the Court shall order the immediate hearing thereof and make the proper adjudication as justice and equity may warrant. And it is only when such claim is found unmeritorious that the registration of the adverse claim may be cancelled, thereby protecting the interest of the adverse claimant and giving notice and warning to third parties." [32]

In sum, the disputed inscription of adverse claim on the Transfer Certificate of Title No. N-79073 was still in effect on February 12, 1985 when Quezon City Sheriff Roberto Garcia annotated the notice of levy on execution thereto. Consequently, he is charged with knowledge that the property sought to be levied upon on execution was encumbered by an interest the same as or better than that of the registered owner thereof. Such notice of levy cannot prevail over the existing adverse claim inscribed on the certificate of title in favor of the petitioners. This can be deduced from the pertinent provision of the Rules of Court, to wit:

"Section 16. Effect of levy on execution as to third persons- The levy on execution shall create a lien in favor

of the judgment creditor over the right, title and interest of the judgment debtor in such property at the time of the levy, subject to liens or encumbrances then existing." (Italics supplied)

To hold otherwise would be to deprive petitioners of their property, who waited a long time to complete payments on their property, convinced that their interest was amply protected by the inscribed adverse claim.

As lucidly observed by the trial court in the challenged decision:

"True, the foregoing section provides that an adverse claim shall be effective for a period of thirty days from the date of registration. Does this mean however, that the plaintiffs thereby lost their right over the property in question? Stated in another, did the lapse of the thirty day period automatically nullify the contract to sell between the plaintiffs and the Uychocdes thereby depriving the former of their vested right over the property?

It is respectfully submitted that it did not."[33]

As to whether or not the petitioners are buyers in good faith of the subject property, the same should be made to rest on the findings of the trial court. As pointedly observed by the appellate court, "there is no question that plaintiffs-appellees were not aware of the pending case filed by Pilares against Uychocde at the time of the sale of the property by the latter in their favor. This was clearly elicited from the testimony of Conchita Sajonas, wife of plaintiff, during cross-examination on April 21, 1988".[34]

ATTY. REYES

Q - Madam Witness, when Engr. Uychocde and his wife offered to you and your husband the property subject matter of this case, they showed you the owner's transfer certificate, is it not?

A - Yes, sir.

Q - That was shown to you the very first time that this lot was offered to you for sale?

A - Yes.

Q - After you were shown a copy of the title and after you were informed that they are desirous in selling the same, did you and your husband decide to buy the same?

A - No, we did not decide right after seeing the title. Of course, we visited...

Q - No, you just answer my question. You did not immediately decide?

A - Yes.

Q - When did you finally decide to buy the same?

A - After seeing the site and after verifying from the Register of Deeds in Marikina that it is free from encumbrances, that was the time we decided.

Q - How soon after you were offered this lot did you verify the exact location and the genuineness of the title, as soon after this was offered to you?

A - I think it's one week after they were offered.[35]

A purchaser in good faith and for value is one who buys property of another without notice that some other person has a right to or interest in such property and pays a full and fair price for the same, at the time of such purchase, or before he has notice of the claims or interest of some other person in the property.[36] Good faith consists in an honest intention to abstain from taking any unconscientious advantage of another.[37] Thus, the claim of the private respondent that the sale executed by the spouses was made in fraud of creditors has no basis in fact, there

being no evidence that the petitioners had any knowledge or notice of the debt of the Uychocdes in favor of the private respondents, nor of any claim by the latter over the Uychocdes' properties or that the same was involved in any litigation between said spouses and the private respondent. While it may be stated that good faith is presumed, conversely, bad faith must be established by competent proof by the party alleging the same. Sans such proof, the petitioners are deemed to be purchasers in good faith, and their interest in the subject property must not be disturbed.

At any rate, the Land Registration Act (Property Registration Decree) guarantees to every purchaser of registered land in good faith that they can take and hold the same free from any and all prior claims, liens and encumbrances except those set forth on the Certificate of Title and those expressly mentioned in the ACT as having been preserved against it. Otherwise, the efficacy of the conclusiveness of the Certificate of Title which the Torrens system seeks to insure would be futile and nugatory.[38]

ACCORDINGLY, the assailed decision of the respondent Court of Appeals dated October 17, 1991 is hereby REVERSED and SET ASIDE. The decision of the Regional Trial Court dated February 15, 1989 finding for the cancellation of the notice of levy on execution from Transfer Certificate of Title No. N-109417 is hereby REINSTATED.

The inscription of the notice of levy on execution on TCT No. N-109417 is hereby CANCELLED.

Costs against private respondent.

SO ORDERED.

Regalado, (Chairman), Romero, Puno, and Mendoza, JJ., concur.

[1] Decision, pp. 38-50, Records (CA-G.R. CV. No. 24015).

[2] Volume 1, pp. 1-3, Record.

[3] Ibid., p. 3.

[4] Ibid., p. 19.

[5] Ibid., pp. 22-23.

[6] Ibid., p. 58.

[7] Ibid., p. 162.

[8] Ibid., p. 167.

[9] Appeal was assigned to the Special Tenth Division, Associate Justice Salome A. Montoya, ponente and concurred by Justices Eduardo Bengzon and Fortunato A. Vailoces.

[10] Decision, *supra*.

[11] Rollo, pp. 6-16.

[12] Ibid., p. 57.

[13] Ibid., p. 63.

[14] Ibid., p. 74.

[15] Vol. I, p. 6, Ibid.

[16] Vol. II, p. 5, Ibid.

[17] Paz Ty Sin Tei vs. Lee Dy Piao, 103 Phil. 858; Sanchez vs. CA, G.R. No. 40177, February 12, 1986, 69 SCRA 327.

[*] Idem.

[18] Comment, supra., pp. 57-61.

[19] Decision, p. 22, supra.

[20] Reynes vs. Barrera, 68 Phil. 656.

[21] Gardner vs. CA-G.R. No. L-59952, August 31, 1984, 131 SCRA 585; PNB vs. CA-G.R. Nos. L-30831 and L-31176, November 21, 1979, 94 SCRA 357.

[22] Noblejas and Noblejas, Registration of Land Titles and Deeds, 1986 ed., p. 180.

[23] Supra.

[24] Supra.

[25] JMM Promotions and Management, Inc. vs. NLRC, G.R. No. 109835, November 22, 1993, 228 SCRA 129.

[26] Aboitiz Shipping Corp. vs. City of Cebu, G.R. No. L-14526, March 31, 1965, 121 Phil. 425.

[27] Commissioner of Customs vs. ESSO Standard Eastern Inc., G.R. No. L-28329, August 7, 1975, 66 SCRA 113.

[28] Sutherland, Statutory Construction, 2d. Ed., 386, citing International Trust Co. vs. Am. L & L. Co., Minn. 501.

[29] IBP Journal, Vol. XI, No. 3, p. 103, by Raymundo Blanco.

[30] Ibid.

[31] Ty Sin Tei vs. Lee Dy Piao, Sanchez vs. CA, supra.

[32] Ibid.

[33] Decision of the Regional Trial Court, pp. 162-172, Volume I, Original Record.

[34] Decision, supra.

[35] TSN, Cross Examination of Conchita Sajonas, April 21, 1988, p. 21.

[36] De Santos vs. IAC, G.R. No. L-69591, January 25, 1988, 157 SCRA 295.

[37] Fule vs. Legare, G.R. No. L-17951, February 28, 1963, 7 SCRA 351.

[38] De Jesus vs. City of Manila, 29 Phil. 73; Fule, et al. vs. De Legare, supra.

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