AFP MUTUAL BENEFIT ASSOCIATION, INC., PETITIONER, VS. COURT OF APPEALS, SOLID HOMES, INC., INVESTCO, INC., AND REGISTER OF DEEDS OF MARIKINA, RESPONDENTS.

G.R. No. 104769. September 10, 2001

Ponente: PARDO, J.

Read online (full-text search, related cases, audio case brief): https://batas.org/library/g-r-no-104769/

PARDO, J.:

What is before the Court is Solid Homes, Inc.'s motion for reconsideration of the decision promulgated on March 3, 2000, reversing the decision of the Court of Appeals and ordering the Register of Deeds to cancel the notice of lis pendens on the titles issued to petitioner AFP Mutual Benefit Association, Inc. (AFPMBAI), declaring it as buyer in good faith and for value.

We have defined a purchaser in good faith and for value as one who buys the 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 claim or interest of some other person in the property.[1]

Solid Homes, Inc.'s motion for reconsideration is based on the following grounds: (1) that the Court erred in ruling that petitioner was a purchaser in good faith and for value; (2) that the Court erred in failing to appreciate Solid Homes, Inc.'s cause of action (in Civil Case No. 52999); and (3) that the Court erred in denying Solid Homes, Inc.'s petition (in G. R. No. 135016) to set aside the trial court's order denying its motion to execute the decision in Civil Case No. 40615.

We find the motion without merit.

1. Solid Homes, Inc.'s position is anchored on the preposition that a notice of lis pendens was duly annotated on the vendor's title that must be deemed carried over to the titles issued to AFPMBAI, subjecting it to the final result of the litigation[2] as a transferee pendente lite.

However, the law is clear.[3] The Revised Rules of Court[4] allows the annotation of a notice of lis pendens in actions affecting the title or right of possession of real property,[5] or an interest in such real property.[6] We further declared that the rule of lis pendens applied to suits brought "to establish an equitable estate, interest, or right in specific real property or to enforce any lien, charge, or encumbrance against it x x x."[7]

Pencil markings, which even Solid Homes, Inc. admits to be provisional,[8] are not an accepted form of annotating a notice of lis pendens. The Court cannot accept the argument that such pencil annotation can be considered as a valid annotation of notice of lis pendens, and thus an effective notice to the whole world as to the status of the title to the land. The law requires proper annotation, not "provisional" annotation of a notice of lis pendens.

If we allow provisional annotations as a valid form of annotation of notice of lis pendens, we would be eroding the very value of the indefeasibility of the torrens system. If there were a valid annotation of notice of lis pendens, the same would have been carried over to the titles issued to AFPMBAI. As it is, the transfer certificates of titles

of the vendor Investco, Inc. conveyed to AFPMBAI were clean and without any encumbrance.

In the present case, there could be no valid annotation on the titles issued to AFPMBAI because the case used as basis of the annotation pending with the trial court was an action for collection of a sum of money and did not involve the titles to, possession or ownership of the subject property or an interest therein. This Court, in its final decision on the case categorized the action initiated by Investco, Inc. against Solid Homes, Inc. (Civil Case No. 40615 of the Regional Trial Court, Pasig, Metro Manila) as:

> "An action for collection of sums of money, damages and attorney's fees was filed with the Regional Trial Court (Civil Case No. 40615) of Pasig by private respondents Investco, Angela Perez Staley and Antonio Perez, Jr. against petitioner Solid Homes, Inc."[9]

Unquestionably, such action did not directly involve titles to, ownership or possession of the subject property, and, therefore, was not a proper subject of a notice of lis pendens.

"The Torrens System was adopted in this country because it was believed to be the most effective measure to guarantee the integrity of land titles and to protect their indefeasibility once the claim of ownership is established and recognized. If a person purchases a piece of land on the assurance that the seller's title thereto is valid, he should not run the risk of being told later that his acquisition was ineffectual after all. This would not only be unfair to him. What is worse is that if this were permitted, public confidence in the system would be eroded and land transactions would be attended by complicated and not necessarily conclusive investigations and proof of ownership. The further consequence would be that land conflicts could be even more numerous and complex than they are now and possibly also more abrasive, if not even violent."[10]

Prevailing jurisprudence recognizes that "All persons dealing with property covered by the torrens certificate of title are not required to go beyond what appears on the face of the title."[11] "The buyer is not even obligated to look beyond the certificate to investigate the titles of the seller appearing on the face of the certificate."[12] Hence, we ruled that AFPMBAI is a buyer in good faith and for value.

Consequently, we reject movant Solid Homes, Inc.'s contention that AFPMBAI is a transferee pendente lite of Investco, Inc.

2. It should be emphasized that the contractual relation between Investco, Inc. and Solid Homes, Inc., is based on an agreement executed in 1976 as a contract to sell and to buy. AFPMBAI never figured in this contract. The relationship between AFPMBAI and Investco, Inc. arose out of a contract of absolute sale after Solid Homes, Inc. reneged or defaulted on its contract to sell, and Investco, Inc. rescinded extra-legally such contact to sell with Solid Homes, Inc. AFPMBAI did not acquire from Solid Homes, Inc. its rights or interest over the property in question; Investco, Inc. sold the property itself which AFPMBAI paid for in full, thus causing the transfer of titles in the name of AFPMBAI.

When the contract was entered into between Solid Homes, Inc. and Investco, Inc. in September 1976, the titles to the Quezon City and Marikina property had not been transferred in the name of Investco, Inc. as assignee of the owners. Hence, Investco, Inc. merely agreed to sell, and Solid Homes, Inc. to buy, the former's "rights and interest" in the subject property which at the time was still registered in the names of Angela Perez Staley and Antonio Perez, Investco, Inc.'s predecessors-in-interest.

Under the contract to sell and buy, the vendors bound themselves to cause the titles to the land to be transferred in the name of Investco, Inc. after which, should Solid Homes, Inc. complete the installment payments, Investco, Inc. would execute a "Deed of Absolute Sale" in favor of Solid Homes, Inc. and the latter would execute a first preferred mortgage in favor of Investco, Inc. The deed of absolute sale would replace the contract to sell. Only

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

then would Solid Homes, Inc. be entitled to take possession of the Quezon City and Marikina parcels of land and introduce improvements thereon.

On or about March 21, 1979, the titles to the Marikina property were issued in the name of Investco, Inc. However, Investco, Inc. did not execute a deed of absolute sale in favor of Solid Homes, Inc. because Solid Homes, Inc. never paid in full its stipulated obligation payable in installments. In fact, Solid Homes, Inc. did not even bother to register its contract to sell with the Register of Deeds pursuant to Presidential Decree 1529, also known as the "Property Registration Decree."

3. We find untenable Solid Homes, Inc.'s contention that the transaction between AFPMBAI, Investco, Inc. and Solid Homes, Inc. is in the nature of a double sale. The transaction between Investco, Inc. and Solid Homes, Inc. was a contract to sell and to buy that was not fully paid because Solid Homes, Inc. defaulted on its payments. On the other hand, the contract between Investco, Inc. and AFPMBAI was an absolute sale that culminated in the registration of the deeds and the issuance of certificate of titles in favor of AFPMBAI.

In Salazar v. Court of Appeals,[13] we explained the distinction between a contract to sell and a contract of sale:

> "In a contract of sale, the title to the property passes to the vendee upon the delivery of the thing sold; in a contract to sell, ownership is, by agreement, reserved in the vendor and is not to pass to the vendee until full payment of the purchase price. Otherwise stated, in a contract of sale, the vendor loses ownership over the property and cannot recover it until and unless the contract is resolved or rescinded; whereas in a contract to sell, title is retained by the vendor until full payment of the price. In the latter contract, payment of the price is a positive suspensive condition, failure of which is not a breach but an event that prevents the obligation of the vendor to convey title from becoming effective."[14]

Upon Solid Homes, Inc.'s failure to comply with its obligation thereunder, there was no need to judicially rescind the contract to sell. Failure by one of the parties to abide by the conditions in a contract to sell resulted in the rescission of the contract.[15] Unquestionably, Solid Homes, Inc. reneged on its obligation to pay the installments for the purchase of the Quezon City and Marikina property of Investco, Inc. on the dates specified in the contract to sell.

4. Movant Solid Homes, Inc. finally contends that when the decision in Civil Case No. 40615 became final, there was no one to move for execution of the decision since Investco, Inc. had absconded, and had in fact re-sold the property in question to AFPMBAI. We find the contention without merit. Investco, Inc. was the prevailing party which had the right to demand execution.[16] "Once a judgment becomes final and executory, the prevailing party can have it executed as a matter of right, and the issuance of a writ of execution becomes a ministerial duty of the court."[17] In fact, the prevailing party is the one really entitled to file a motion for the issuance of a writ of execution. Yet, in this case, it was Solid Homes, Inc. that filed on June 19, 1996, a motion for execution of judgment in the court of origin (RTC Pasig, Branch 157). The trial court denied the motion. Hence, on September 11, 1998, Solid Homes, Inc. filed a petition for certiorari with this Court.[18]

Assuming that AFPMBAI was bound by the judgment in Civil Case No. 40615, and be substituted for Investco, Inc., it is clear that Investco, Inc. prevailed in the case. It was the winning party.[19] It is the prevailing party which is entitled as a matter of right to a writ of execution in its favor.[20] It is not an option of the losing party to file a motion for execution of judgment to compel the winning party to take the judgment. As the losing party in Civil Case No. 40615, Solid Homes, Inc. can not now insist on the performance of the very contract on which it defaulted for more than fourteen (14) years. Hence, Solid Homes, Inc. has no personality to move for execution of the final judgment in Civil Case No. 40615. The trial court correctly denied its motion for execution.

It would be the height of unfairness if Solid Homes, Inc. which has failed to pay anything since 1981 and

defaulted since 1982, would now get the property by performance of the very contract which it violated. With the passage of time, more than fourteen (14) years, and appreciation in the value of real estate, the property is now worth billions of pesos,[21] thus enriching Solid Homes, Inc. for its violation of the contract and default on its obligation.

IN VIEW WHEREOF, we DENY Solid Homes, Inc.'s motion for reconsideration, for lack of merit. The denial is final.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Puno, Kapunan, and Ynares-Santiago, JJ., concur.

---

[1] Diaz-Duarte v. Ong, 358 Phil. 876, 885 [1998].

[2] In Civil Case No. 40615, RTC Pasig. Solid Homes, Inc. v. Court of Appeals, 235 SCRA 299 [1994].

[3] P. D. No. 1529.

[4] Rule 13, Section 14, Revised Rules of Court; Po Lam v. Court of Appeals, G. R. No. 116220, December 6, 2000.

[5] Gochan v. Young, G. R. No. 131889, March 12, 2001; Villanueva v. Court of Appeals, 346 Phil. 289, 302 [1997].

[6] Alberto v. Court of Appeals, 334 SCRA 756, 772 [2000]. A notice of lis pendens is proper in the following cases:

a) An action to recover possession of real estate;

b) An action to quiet title thereto;

c) An action to remove clouds thereon;

d) An action for partition; and

e) Any other proceedings of any kind in Court directly affecting the title to the land or the use or occupation thereof or the buildings thereon. (Magdalena Homeowners Association, Inc. v. Court of Appeals, 184 SCRA 325, 329-330 [1990]).

[7] Viewmaster Construction Corporation v. Maulit, 326 SCRA 821, 829-830 [2000], citing Villanueva v. Court of Appeals, supra, Note 5.

[8] Motion for Reconsideration, Rollo, pp. 469-518, at p. 485.

[9] Solid Homes, Inc. v. Court of Appeals, 235 SCRA 299, 300 [1994].

[10] Traders Royal Bank v. Court of Appeals; and Capay v. Santos, 315 SCRA 190, 202 [1999], citing Tenio-Obsequio v. Court of Appeals, 230 SCRA 550 [1994].

[11] Vda. de Medina v. Cruz, 161 SCRA 36, 44 [1988].

[12] Tenio-Obsequio v. Court of Appeals, supra, Note 10; Republic v. Intermediate Appellate Court, 209 SCRA 90, 101-102 [1992].

[13] 327 Phil. 944, 955 [1996].

Turn this case into an audio lecture - facts, issues, ruling and doctrine - at batas.org

[14] Citing Luzon Brokerage Co., Inc. v. Maritime Building Co., Inc., 150-B Phil. 264 [1972]; Jacinto v. Kaparaz, 209 SCRA 246, 254 [1992]; Visayan Sawmill Co., Inc. v. Court of Appeals, 219 SCRA 378, 389 [1993]; Pingol v. Court of Appeals, 226 SCRA 118, 126 [1993]; Dawson v. Register of Deeds, 356 Phil. 1037, 1045 [1998].

[15] Luzon Brokerage Co., Inc. v. Maritime Building Co., Inc., supra, Note 14.

[16] Rule 39, Section 1, Revised Rules of Court.

[17] Buaya v. Stronghold Insurance Co., Inc., G. R. No. 139020, October 11, 2000, citing Rubio v. MTCC, Br. 3, Cagayan de Oro City, 322 Phil. 171, 193-194 [1996]; Soco v. Court of Appeals, 331 Phil. 753, 760 [1996].

[18] Docketed as G. R. No. 135016.

[19] See Solid Homes, Inc. v. Court of Appeals, 235 SCRA 299 [1994].

[20] Rule 39, Section 1, Revised Rules of Court; Carreon v. Buissan, 162 Phil. 77, 83 [1976].

[21] The land involved is a 35.53 hectare lot, located at the outskirts of Marikina City, adjacent to the Loyola Grand Villa Subdivision, Ayala Heights Subdivision and Capitol Golf and Country Club, Quezon City (Solid Homes, Inc. Memorandum, dated December 10, 2000, pp. 724-725) (Rollo, pp. 724-809).

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at https://batas.org

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.