

WILSON P. YU, PETITIONER, VS. COURT OF APPEALS, ROSARIO T. ALZUL, AND THE REGISTER OF DEEDS FOR METRO MANILA, DISTRICT III, RESPONDENTS.*G.R. No. 109078. December 26, 1995*

Ponente: PANGANIBAN, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-109078/>**PANGANIBAN, J.:**

On February 10, 1975, private respondent Rosario Alzul purchased on installment per Contract to Sell No. 867 from B.E. San Diego, Inc. four lots located in Aurora Subdivision, in Maysilo, Malabon, Rizal (now Metro Manila) with an aggregate area of 1,275 sq. m., more or less, at P100.00 per sq. m. with a downpayment of P12,750.00 and monthly installments of P1,249.50 with interest at 12% per annum until fully paid, or a total price of P237,660.00.

Said private respondent assigned her rights in her Contract to Sell to petitioner under a "Conditional Deed of Assignment and Transfer of Rights" dated July 25, 1977. In consequence of this assignment, B.E. San Diego, Inc. cancelled the contract to sell of private respondent and issued a new one, also denominated as "Contract to Sell No. 867" in favor of petitioner covering the same lots.

On August 25, 1980, private respondent Alzul filed suit against petitioner for rescission of said conditional deed dated July 25, 1977 on the ground that the latter failed/refused to pay the balance of the consideration stated in said deed. The trial court rendered judgment in favor of private respondent which was affirmed by the Court of Appeals, and which became final and executory, the petition for review having been dismissed by the Supreme Court on May 8, 1989. During the pendency of the case, on September 30, 1985, private respondent caused the annotation of a Notice of Lis Pendens upon the original copy of the certificate of title covering the four lots on file with the Register of Deeds.

On February 17, 1989, B.E. San Diego, Inc. notified petitioner that Contract to Sell No. 867 was "declared rescinded and cancelled" and thereafter, on April 28, 1989, sold said lots by way of a Deed of Absolute Sale to private respondent-spouses Carlos and Sandra Ventura, who were allegedly surprised when they received their owner's duplicate copies of the Transfer Certificates of Title bearing the lis pendens annotation.

On May 8, 1990, private respondent-spouses filed an action before the Regional Trial Court of Malabon, "for Quieting of Title with Prayer for Cancellation of Annotation and Damages." The trial court ruled in favor of said spouses but, on appeal, the respondent Court of Appeals (10th Division, J. Nicolas Lapena, Jr., ponente, concurred in by JJ. Reynato S. Puno and Ma. Alicia Austria-Martinez) reversed the lower court, declaring as "null and void" the titles issued in the name of said spouses, and reinstating title "in the name of B.E. San Diego, Inc., with the corresponding notices of lis pendens therein annotated in favor of defendant-appellant until such time that ownership of the subject parcels of land is transferred to herein defendant-appellant Rosario Alzul."

Now, petitioner — after denial of his motion for reconsideration — brought this petition to nullify the Decision of the respondent appellate court and to affirm in toto the decision of the trial court. The parties, in their petition,

comment, reply and rejoinder, raised several questions which were all discussed in the assailed Decision but all of which really boil down to the issue of the efficacy and binding force of the notice of lis pendens. Petitioner and private respondent-spouses claim that the notice of lis pendens was not annotated on the owner's duplicate copy of the certificates of title but only on the original on file with the Register of Deeds. This being the case, they argued, it could not bind them as they had no actual notice thereof, being buyers in good faith. Also, it is claimed that B.E. San Diego, Inc., not being a party to the rescission suit, is not bound by the decision therein and hence was not barred from selling the four lots.

The annotation of a notice of lis pendens at the back of the original copy of the certificate of title on file with the Register of Deeds is sufficient to constitute constructive notice to purchasers or other persons subsequently dealing with the same property (cf. *Jamora vs. Duran, et al.*, 69 Phil. 3 [1939]). It is not required that said annotation be also inscribed upon the owner's copy because such copy is usually unavailable to the registrant; it is normally in the hands of the adverse party, or as in this case, in the hands of a stranger to the suit. As this Court held in *Rivera vs. Tirona*[1]:

"x x x This notice of lis pendens is an involuntary transaction and its entry in the Day Book of the Register of Deeds is a sufficient notice to defendants Lapuz and Kerr who are subsequent purchasers. As held in the cases (sic) of *Levin vs. Bass, et al.*, 91 Phil 419; 49 Off. Gaz. [4] 1444. "In involuntary registration, such as an attachment, levy on execution, lis pendens and the like, entry thereof in the Day Book is a sufficient notice to all persons of such adverse claim." It is not necessary that the notice of lis pendens be annotated at the back of the owner's certificate of title. Such annotation is only necessary in voluntary transactions. (*Phil. National Bank vs. Javellana*, 92 Phil., 525; 49 Off. Gaz. [1] 124; *Francisco's Provisional Remedies*, 1956 Ed., p. 85.) The notice should, of course, be annotated on the back of the corresponding original certificate of title, but this is an official duty of the register of deeds which may be presumed to have been regularly performed."

Once annotated upon the original copy, the notice of lis pendens is "an announcement to the whole world that a particular real property is in litigation, serving as a warning that one who acquires an interest over said property does so at his own risk, or that he gambles on the result of the litigation over said property" (*Tanchoco, et al. vs. Hon. Aquino, et al.*, G.R. No. 30670, September 15, 1987, 154 SCRA 1; see also *J.P. Pellicer & Co., Inc. vs. Philippine Realty Corp.*, 87 Phil. 302 [1950]). And one who deals with property subject of a notice of lis pendens cannot invoke the right of a purchaser in good faith; neither can he have acquired better rights than those of his predecessor in interest (*Constantino v. Espiritu*, 45 SCRA 557 [1972], cited in *Tanchoco vs. Hon. Aquino, supra.*). A transferee pendente lite stands exactly in the shoes of the transferor and is bound by any judgment or decree which may be rendered for or against the transferor; his title is subject to the incidents and results of the pending litigation, and his transfer certificate of title will, in that respect, afford him no special protection (*Tuazon vs. Reyes and Siochi*, 48 Phil. 844 [1926]; *Demontaño vs. Court of Appeals*, 81 SCRA 287 [1978]; *Rivera vs. Moran*, 48 Phil. 386 [1926]; *Director of Lands vs. Martin*, 84 Phil 140 [1949].)

Third persons like the respondent-spouses should not be satisfied with merely examining the owner's copy of the certificate of title. They should examine the original on file with the Register of Deeds for they are all constructively notified of pending litigations involving real property through notices of lis pendens annotated therein.

B.E. San Diego, Inc. is bound by the results of the suit not only because of its constructive knowledge of the notice of lis pendens but also because it had actual knowledge of the transaction between petitioner and private respondent Alzul. Ineluctably, both respondent-spouses and B.E. San Diego, Inc. — even if the latter is not a party to this suit — are bound by such notice.

The other matters raised by the parties are traversed in the Decision of the respondent Court and we find no sufficient ground to disturb its findings. In fact, this Court is surprised, not to say suspicious, at the forcefulness with which petitioner argues for the reversal of the respondent Court, when for all intents and purposes he has no more interest in the four lots in question as his rights therein have already been finally disposed of in the rescission case (Civil Case 8598, RTC, Malabon).

At any rate and for the foregoing considerations, this Court finds no reversible error in the actions of the Court of Appeals and Resolves to DENY the petition of lack of merit, with costs against petitioner.

SO ORDERED.

Romero, (Acting Chairperson), Melo, and Vitug, JJ., concur.

[1] 109 Phil. 505 (1960).

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