

**EPITACIO R. TONGOCHAN, PETITIONER, VS. COURT OF APPEALS,
HON. ALEJANDRO A. MARQUEZ, UCPB-SAVINGS BANK, INC., ROMEO
GEROY, MARCIANO P. BRION III, LAMBERTO C. LACONICO, JULIUS
SALG...**

G.R. No. 123852. December 21, 2004

Ponente: CARPIO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-123852/>

CARPIO, J.:

The Case

This is a petition for review on certiorari[1] to reverse the Decision[2] dated 26 October 1995 of the court of Appeals (“appellate court”) in CA-G.R. SP No. 35396. The appellate court affirmed the Resolution[3] dated 14 October 1993 issued by Branch 80 of the Regional Trial Court of Tanay, Rizal (“trial court”). The trial court ruled that the cancellation of the lis pendens on the titles in the names of the heirs of Pio Valencia (“Valencia heirs”) has no effect on Eпитacio Tongohan’s (“petitioner”) money claims.

The Facts

On 26 October 1977, Pio Valencia (“Valencia”) mortgaged 289,158 square meters of land (“Lot”) located at Sitio Balidbiran, Barangay Tandang Kutyo, Tanay, Rizal to UCPB Savings Bank, Tanay Branch (“bank”). The bank subsequently foreclosed the mortgaged Lot due to Valencia’s failure to pay the loan within the agreed period. Although the period of redemption expired, the bank did not consolidate the title to the Lot in its name.

Petitioner alleged that Mr. Julius Salgado (“Mr. Salgado”), the bank’s branch manager, verbally offered to sell the Lot to him. Petitioner agreed to buy the Lot from the bank for P1,000,000.[4] Petitioner claimed that Mr. Salgado even allowed him to secure a mining permit for the Lot. Petitioner claimed that Mr. Salgado informed him that the bank had approved his offer to buy the Lot. On 19 July 1991, petitioner issued an authorization for the bank to debit an initial amount of P250,000 from his account. Later, however, the bank informed petitioner that it was no longer interested in selling the Lot to him.

Petitioner filed a complaint for specific performance against the bank in the Regional trial Court of Morong, Rizal on 6 April 1992. The case was docketed as Civil Case No. 405-M and raffled to Branch 78. The Bank moved to dismiss the complaint on the ground that petitioner had no cause of action against it. The complaint did not allege the existence of a contract between the bank and petitioner for the sale of the Lot. On 27 July 1992, Judge Arturo A. Marave dismissed the complaint. The dismissal stated that:

It is evident that all of the above actions of the plaintiff were motivated by the offer to sell made by Mr. Julius Salgado, Branch Manager of UCPB Tanay, to which this Court firmly believes that he has no authority whatsoever on the sale of [the] bank’s acquired assets.

The law is settled that contracts between a Corporation and third persons must be made by or under the authority of the board of directors. Section 23 of the New Corporation Code is clear and it reads:

x x x

Consequently, the acts and/or contract entered into by the Branch Manager cannot bind UCPB.

In view of the foregoing consideration, this Court believes that there is merit on the ground relied upon by defendant UCPB.

WHEREFORE, the Motion to Dismiss filed by defendant is hereby GRANTED and the complaint is ordered DISMISSED.[5]

On 23 June 1992, the bank's president, Mr. Romeo Z. Geroy, approved the Valencia heirs' offer of redemption. The Valencia heirs then executed an extrajudicial settlement and divided the property among them. After registration of the deed of extrajudicial settlement, the Valencia heirs secured new certificates of title to the Lot in their name.

On 14 October 1992, petitioner filed another complaint against the bank for "Damages, Annulment/Setting Aside of the Deed of Redemption & Reconveyance." This time, petitioner impleaded the Valencia heirs in his complaint. The case was docketed as Civil Case No. 323-T and raffled to Branch 80.[6] Petitioner prayed that:

[A]fter trial and hearing, judgment be rendered in favor of the [petitioner] and against the defendants, ordering the defendants to pay [petitioner] jointly and severally the following amounts:

- the amount of P250,000 representing expenses incurred in removing all the claims and squatter on the subject land, the problem of the CARP and in securing mining permit to bring about the re-classification of the subject land;
- the amount of P500,000 representing the expenses and interest incurred by the [petitioner] in making ready the amount of P2.5 million for the purchase of subject land;
- the amount of P250,000 representing moral damages;
- the amount of P250,000 representing exemplary damages;
- P150,000 representing expenses for the cost of the suit and its prosecution;
- 25% contingent honorarium of counsel based on 28.9158 hectares; and
- issue an order declaring the nullity of the certificate of redemption and deed of adjudication and setting aside the same and ordering the defendant Bank, the defendant Bank Officers and the defendants [Valencia heirs] to execute a document of sale in favor of [petitioner] over the subject land.[7]

Petitioner also caused the annotation of a notice of lis pendens on the transfer certificates of title of the Valencia heirs.[8]

The Valencia heirs filed a motion to discharge the notice of lis pendens on their titles.[9] They asserted that res judicata applies to petitioner's second complaint since petitioner's first complaint, which sought the execution by the bank of a deed of sale in his favor, was resolved against him. The dismissal of petitioner's first complaint had already become final and executory. The Valencia heirs also maintained that "if the Certificate of Redemption is nullified, then the old title, O.C.T. No. (6026) M-225 in the name of Pio Valencia xxx is revived and the subject property remains mortgaged with the bank. No law, rule or jurisprudence could be invoked to justify reconveyance to [petitioner] who was neither an heir, vendee, a co-owner [n] or a creditor of the deceased owner, Pio Valencia." [10]

The Ruling of the Trial Court

On 14 October 1993, the trial court granted the motion of the Valencia heirs and cancelled the notice of lis pendens on the certificates of title. The trial court held:

Without delving into the merits and demerits of the case, the court resolved to grant the motion, because cancellation or discharge of the lis pendens on the certificate[s] of title in the name[s] of the [Valencia heirs] will neither affect nor prejudice the money claims of the [petitioner]; further those annotations have nothing to do with the validity or integrity of titles possessed by [the Valencia heirs].

WHEREFORE, premises considered, the annotation of lis pendens on

- TCT No. M-39419 in the name of Gregorio Valencia (Lot 1);
- TCT No. M-39420 in the name of Catalina Valencia (Lot 2);
- TCT No. M-39421 in the name of Jocelyn Valencia (Lot 3);
- TCT No. M-39422 in the name of Alarico Valencia (Lot 4);
- TCT No. M-39423 in the name of Clemente Valencia (Lot 5); and
- TCT No. M-39424 in the name of Gregorio Valencia, Jr. (Lot 6)

is hereby ordered cancelled and discharged. The Register of Deeds of Morong, Rizal is hereby directed to cause the cancellation of the annotation on the titles.

SO ORDERED.[11]

The trial court also denied petitioner's motion for reconsideration.[12]

The Ruling of the Appellate Court

Petitioner insisted that his causes of action are "Damages, Annulment and Setting Aside of the Deed of redemption, Adjudication and Reconveyance" and that the causes of action involve the issue of ownership. Since the causes of action are not mere money claims, petitioner asserted that it was error for the trial court to cancel the notice of lis pendens.[13]

The appellate court found the petition devoid of merit and thus dismissed it. The appellate court's decision reads:

[T]he allegations of the complaint do not justify the prayer for the execution by the Valencias of a document of sale in favor of the petitioner. Petitioner's claim all boils down to the premise that he has a vested right to the property subject of the foreclosure sale by virtue of an offer to sell made in his favor by the manager of UCPB Savings Bank, Tanay Branch. But petitioner has no right under the law which is superior to that of the heirs of Pio Valencia. He is a mere bidder to the property. Petitioner is not a creditor, co-owner, co-heir, or tenant of the late Pio Valencia. The validity of the title already issued in favor of the heirs of Valencia does not appear to be at issue. Therefore, respondent judge did not abuse his discretion in ordering the cancellation of the notice of lis pendens on the certificates of title of the heirs of Pio Valencia because "it was not necessary to protect the interest of the party (herein petitioner) who caused it to be recorded."

WHEREFORE, this petition is hereby DISMISSED.

SO ORDERED.[14]

The appellate court also denied petitioner's motion for reconsideration.[15]

Issues

Petitioner reiterates the same issues he raised in the courts below. Thus:

- Whether petitioner's causes of actions in the complaint, which are annulment of redemption, annulment of adjudication and reconveyance, are purely money claims; and
- Whether the cancellation of the lis pendens on the titles of the heirs of Pio Valencia is valid.

The Ruling of the Court

Although we commiserate with petitioner's financial losses, we cannot bring ourselves to agree with his arguments. Petitioner's entire case is based on the flawed understanding that a verbal offer to sell made by an unauthorized bank officer allows petitioner to compel the bank to sell the Lot only to him.

Notice of Lis Pendens

There is no basis for a notice of lis pendens on the titles to the Lot as prayed for by petitioner. Hence, the trial court correctly cancelled the notice of lis pendens.

Section 14, Rule 13 of the 1997 Rules of Civil Procedure Provides:

SECTION 14. Notice of lis pendens.- In an action affecting the title or the right of possession of real property, the plaintiff and the defendant, when affirmative relief is claimed in his answer, may record in the office of the registry of deeds of the province in which the property is situated a notice of the pendency of the action. Said notice shall contain the names of the parties and the object of the action or defense, and a description of the property in that province affected thereby. Only from the time of filing such notice for record shall a purchaser, or encumbrancer of the property affected thereby, be deemed to have constructive notice of the pendency of the action, and only of its pendency against the parties designated by their real names.

The notice of lis pendens hereinabove mentioned may be cancelled only upon order of the court, after proper showing that the notice is for the purpose of molesting the adverse party, or that it is not necessary to protect the rights of the party who caused it to be recorded.

Section 76 of Presidential Decree No. 1529[16] states:

SECTION 76. Notice of lis pendens.- No action to recover possession of real estate, or to quiet title thereto, or to remove clouds upon the title thereof, or for partition or other proceedings of any kind in court directly affecting the title to land or the use or occupation thereof or the buildings thereon, and no judgment, and no proceeding to vacate or reverse any judgment, shall have any effect upon registered land as against persons other than the parties thereto, unless a memorandum or notice stating the institution of such action or proceeding and the court wherein the same is pending, as well as the date of the institution thereof, together with a reference to the number of the certificate of title, and an adequate description of the land affected and the registered owner thereof, shall have been filed and registered.

Magdalena Homeowners Association, Inc. v. Court of Appeals[17] enumerates the cases where a notice of lis pendens is appropriate:

[A] notice of lis pendens is proper in the following cases, viz:

- 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 occupations thereof or the buildings thereon.

Petitioner's complaint for "Damages, Annulment and Setting Aside of the deed of Redemption, Adjudication and Reconveyance" does not fall under any of these situations. A reading of the complaint shows that there is no legal tie between petitioner and the bank that justifies the continuance of the annotation of a notice of lis pendens. The complaint asks for the issuance of an order "declaring the nullity of the certificate of redemption and deed of adjudication and setting aside the same and ordering the defendant Bank, the defendant Bank Officers and the defendants Valencias to execute a document of sale in favor of plaintiff over the subject land." However, the complaint still involves the same parties and issues in the dismissed Civil Case No. 405-M, which dismissal is now final and executory. Moreover, as the appellate court aptly observed, petitioner is "a mere bidder to the property xxx not a creditor, co-owner, co-heir, or tenant of the late Pio Valencia." [18] Petitioner does not have a right superior to that of the Valencia heirs. Neither does he have a right to compel the bank to sell to him the Lot.

The doctrine of lis pendens has no application in the following cases:

- a) Preliminary attachments;
- b) Proceedings for the probate of wills;
- c) Levies on execution;
- d) Proceedings for administration of estate of deceased persons; and
- e) Proceedings in which the only object is the recovery of a money judgment.[19]

In the present case, we agree with the trial court's ruling that the notices of lis pendens will not affect petitioner's money claims, and that the annotations have nothing to do with the validity of the titles of the Valencia heirs. Finally, the cancellation of a notice of lis pendens is not contingent on the existence of a final judgment in the action, and ordinarily has no effect on the merits.[20]

WHEREFORE, we DISMISS the petition and AFFIRM the Decision of the Court of Appeals in CA-G.R. SP No. 35396.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Quisumbing, Ynares-Santiago, and Azcuna, JJ., concur.

[1] Under Rule 45 of the 1997 Rules of Civil Procedure.

[2] Penned by Associate Justice Salome A. Montoya, with Associate Justices Godardo A. Jacinto and Oswaldo D. Agcaoili concurring.

[3] Penned by Judge Alejandro A. Marquez.

[4] CA Rollo, p. 47.

[5] Rollo, pp. 41-42.

[6] See Rollo, p. 10.

[7] Records, p. 11.

[8] Rollo, pp. 69-70.

[9] Ibid., pp. 71-76.

[10] Ibid., p. 73.

[11] Ibid., pp. 79-80.

[12] Ibid., pp. 81-84.

[13] CA Rollo, pp. 2-15.

[14] Rollo, p. 28.

[15] Ibid., pp. 30-32, 94-98.

[16] Property registration Decree (1978).

[17] G.R.No 60323, 17 April 1990, 184 SCRA 325.

[18] Rollo, p. 28.

[19] AMADO D. AQUINO, LAND REGISTRATION AND RELATED PROCEEDINGS 301 (1994).

[20] Magdalena Homeowners Association, Inc. v. Court of Appeals, supra note 17.

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.