

**CONSOLIDATED RURAL BANK (CAGAYAN VALLEY), INC.,
PETITIONER, VS. THE HONORABLE COURT OF APPEALS AND HEIRS
OF TEODORO DELA CRUZ, RESPONDENTS.**

G.R. NO. 132161. January 17, 2005

Ponente: TINGA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-132161/>

TINGA, J.:

Petitioner Consolidated Rural Bank, Inc. of Cagayan Valley filed the instant Petition for Certiorari[1] under Rule 45 of the Revised Rules of Court, seeking the review of the Decision[2] of the Court of Appeals Twelfth Division in CA-G.R. CV No. 33662, promulgated on 27 May 1997, which reversed the judgment[3] of the lower court in favor of petitioner; and the Resolution[4] of the Court of Appeals, promulgated on 5 January 1998, which reiterated its Decision insofar as respondents Heirs of Teodoro dela Cruz (the Heirs) are concerned.

From the record, the following are the established facts:

Rizal, Anselmo, Gregorio, Filomeno and Domingo, all surnamed Madrid (hereafter the Madrid brothers), were the registered owners of Lot No. 7036-A of plan Psd-10188, Cadastral Survey 211, situated in San Mateo, Isabela per Transfer Certificate of Title (TCT) No. T-8121 issued by the Register of Deeds of Isabela in September 1956.[5]

On 23 and 24 October 1956, Lot No. 7036-A was subdivided into several lots under subdivision plan Psd- 50390. One of the resulting subdivision lots was Lot No. 7036-A-7 with an area of Five Thousand Nine Hundred Fifty-Eight (5,958) square meters.[6]

On 15 August 1957, Rizal Madrid sold part of his share identified as Lot No. 7036-A-7, to Aleja Gamiao (hereafter Gamiao) and Felisa Dayag (hereafter, Dayag) by virtue of a Deed of Sale,[7] to which his brothers Anselmo, Gregorio, Filomeno and Domingo offered no objection as evidenced by their Joint Affidavit dated 14 August 1957.[8] The deed of sale was not registered with the Office of the Register of Deeds of Isabela. However, Gamiao and Dayag declared the property for taxation purposes in their names on March 1964 under Tax Declaration No. 7981.[9]

On 28 May 1964, Gamiao and Dayag sold the southern half of Lot No. 7036-A-7, denominated as Lot No. 7036-A-7-B, to Teodoro dela Cruz,[10] and the northern half, identified as Lot No. 7036-A-7-A,[11] to Restituto Hernandez.[12] Thereupon, Teodoro dela Cruz and Restituto Hernandez took possession of and cultivated the portions of the property respectively sold to them.[13]

Later, on 28 December 1986, Restituto Hernandez donated the northern half to his daughter, Evangeline Hernandez-del Rosario.[14] The children of Teodoro dela Cruz continued possession of the southern half after their father's death on 7 June 1970.

In a Deed of Sale[15] dated 15 June 1976, the Madrid brothers conveyed all their rights and interests over Lot No. 7036-A-7 to Pacifico Marquez (hereafter, Marquez), which the former confirmed[16] on 28 February 1983.[17] The deed of sale was registered with the Office of the Register of Deeds of Isabela on 2 March 1982.[18]

Subsequently, Marquez subdivided Lot No. 7036-A-7 into eight (8) lots, namely: Lot Nos. 7036-A-7-A to 7036-A-7-H, for which TCT Nos. T-149375 to T-149382 were issued to him on 29 March 1984.[19] On the same date, Marquez and his spouse, Mercedita Mariana, mortgaged Lots Nos. 7036-A-7-A to 7036-A-7-D to the Consolidated Rural Bank, Inc. of Cagayan Valley (hereafter, CRB) to secure a loan of One Hundred Thousand Pesos (P100,000.00).[20] These deeds of real estate mortgage were registered with the Office of the Register of Deeds on 2 April 1984.

On 6 February 1985, Marquez mortgaged Lot No. 7036-A-7-E likewise to the Rural Bank of Cauayan (RBC) to secure a loan of Ten Thousand Pesos (P10,000.00).[21]

As Marquez defaulted in the payment of his loan, CRB caused the foreclosure of the mortgages in its favor and the lots were sold to it as the highest bidder on 25 April 1986.[22]

On 31 October 1985, Marquez sold Lot No. 7036-A-7-G to Romeo Calixto (Calixto).[23]

Claiming to be null and void the issuance of TCT Nos. T-149375 to T-149382; the foreclosure sale of Lot Nos. 7036-A-7-A to 7036-A-7-D; the mortgage to RBC; and the sale to Calixto, the Heirs-now respondents herein-represented by Edronel dela Cruz, filed a case[24] for reconveyance and damages the southern portion of Lot No. 7036-A (hereafter, the subject property) against Marquez, Calixto, RBC and CRB in December 1986.

Evangeline del Rosario, the successor-in-interest of Restituto Hernandez, filed with leave of court a Complaint in Intervention[25] wherein she claimed the northern portion of Lot No. 7036-A-7.

In the Answer to the Amended Complaint,[26] Marquez, as defendant, alleged that apart from being the first registrant, he was a buyer in good faith and for value. He also argued that the sale executed by Rizal Madrid to Gamiao and Dayag was not binding upon him, it being unregistered. For his part, Calixto manifested that he had no interest in the subject property as he ceased to be the owner thereof, the same having been reacquired by defendant Marquez.[27]

CRB, as defendant, and co-defendant RBC insisted that they were mortgagees in good faith and that they had the right to rely on the titles of Marquez which were free from any lien or encumbrance.[28]

After trial, the Regional Trial Court, Branch 19 of Cauayan, Isabela (hereafter, RTC) handed down a decision in favor of the defendants, disposing as follows:

WHEREFORE, in view of the foregoing considerations, judgment is hereby rendered:

1. Dismissing the amended complaint and the complaint in intervention;
2. Declaring Pacifico V. Marquez the lawful owner of Lots 7036-A-7 now Lots 7036-A-7-A to 7036-A-7-H, inclusive, covered by TCT Nos. T-149375 to T-149382, inclusive;
3. Declaring the mortgage of Lots 7036-A-7-A, 7036-A-7-B, 7036-A-7-C and 7036-A-7-D in favor of the defendant Consolidated Rural Bank (Cagayan Valley) and of Lot 7036-A-7-E in favor of defendant Rural Bank of Cauayan by Pacifico V. Marquez valid;
4. Dismissing the counterclaim of Pacifico V. Marquez; and
5. Declaring the Heirs of Teodoro dela Cruz the lawful owners of the lots covered by TCT Nos. T-33119, T-33220 and T-7583.

No pronouncement as to costs.

SO ORDERED.[29]

In support of its decision, the RTC made the following findings:

With respect to issues numbers 1-3, the Court therefore holds that the sale of Lot 7036-A-7 made by Rizal Madrid to Aleja Gamiao and Felisa Dayag and the subsequent conveyances to the plaintiffs and intervenors are all valid and the Madrid brothers are bound by said contracts by virtue of the confirmation made by them on August 14, 1957 (Exh. B).

Are the defendants Pacifico V. Marquez and Romeo B. Calixto buyers in good faith and for value of Lot 7036-A-7?

It must be borne in mind that good faith is always presumed and he who imputes bad faith has the burden of proving the same (Art. 527, Civil Code). The Court has carefully scrutinized the evidence presented but finds nothing to show that Marquez was aware of the plaintiffs' and intervenors' claim of ownership over this lot. TCT No. T-8121 covering said property, before the issuance of Marquez' title, reveals nothing about the plaintiffs' and intervenors' right thereto for it is an admitted fact that the conveyances in their favor are not registered.

The Court is therefore confronted with two sales over the same property. Article 1544 of the Civil Code provides:

"ART. 1544. 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 movable property.

Should it be immovable property, the ownership shall belong to the person acquiring it who in good faith first recorded it in the Registry of Property. x x x " (Underscoring supplied).

From the foregoing provisions and in the absence of proof that Marquez has actual or constructive knowledge of plaintiffs' and intervenors' claim, the Court has to rule that as the vendee who first registered his sale, Marquez' ownership over Lot 7036-A-7 must be upheld.[30]

The Heirs interposed an appeal with the Court of Appeals. In their Appellant's Brief,[31] they ascribed the following errors to the RTC: (1) it erred in finding that Marquez was a buyer in good faith; (2) it erred in validating the mortgage of the properties to RBC and CRB; and (3) it erred in not reconveying Lot No. 7036-A-7-B to them.[32]

Intervenor Evangeline del Rosario filed a separate appeal with the Court of Appeals. It was, however, dismissed in a Resolution dated 20 September 1993 for her failure to pay docket fees. Thus, she lost her standing as an appellant.[33]

On 27 May 1997, the Court of Appeals rendered its assailed Decision[34] reversing the RTC's judgment. The dispositive portion reads:

WHEREFORE, the decision appealed from is hereby REVERSED and SET ASIDE. Accordingly, judgment is hereby rendered as follows:

1. Declaring the heirs of Teodoro dela Cruz the lawful owners of the southern half portion and Evangeline Hernandez-del Rosario the northern half portion of Lot No. 7036-A-7, now covered by TCT Nos. T-149375 to T-149382, inclusive;
2. Declaring null and void the deed of sale dated June 15, 1976 between Pacifico V. Marquez and the Madrid brothers covering said Lot 7036-A-7;
3. Declaring null and void the mortgage made by defendant Pacifico V. Marquez of Lot Nos. 7036-A-7-A, 7036-A-7-B, 7036-A-7-C and 7036-A-7-D in favor of the defendant Consolidated Rural Bank and of Lot 7036-A-7-E in favor of defendant Rural Bank of Cauayan; and

4. Ordering Pacifico V. Marquez to reconvey Lot 7036-A-7 to the heirs of Teodoro dela Cruz and Evangeline Hernandez-del Rosario.

No pronouncement as to costs.

SO ORDERED.[35]

In upholding the claim of the Heirs, the Court of Appeals held that Marquez failed to prove that he was a purchaser in good faith and for value. It noted that while Marquez was the first registrant, there was no showing that the registration of the deed of sale in his favor was coupled with good faith. Marquez admitted having knowledge that the subject property was “being taken” by the Heirs at the time of the sale.[36] The Heirs were also in possession of the land at the time. According to the Decision, these circumstances along with the subject property’s attractive location—it was situated along the National Highway and was across a gasoline station—should have put Marquez on inquiry as to its status. Instead, Marquez closed his eyes to these matters and failed to exercise the ordinary care expected of a buyer of real estate.[37]

Anent the mortgagees RBC and CRB, the Court of Appeals found that they merely relied on the certificates of title of the mortgaged properties. They did not ascertain the status and condition thereof according to standard banking practice. For failure to observe the ordinary banking procedure, the Court of Appeals considered them to have acted in bad faith and on that basis declared null and void the mortgages made by Marquez in their favor.[38]

Dissatisfied, CRB filed a Motion for Reconsideration[39] pointing out, among others, that the Decision promulgated on 27 May 1997 failed to establish good faith on the part of the Heirs. Absent proof of possession in good faith, CRB avers, the Heirs cannot claim ownership over the subject property.

In a Resolution[40] dated 5 January 1998, the Court of Appeals stressed its disbelief in CRB’s allegation that it did not merely rely on the certificates of title of the properties and that it conducted credit investigation and standard ocular inspection. But recalling that intervenor Evangeline del Rosario had lost her standing as an appellant, the Court of Appeals accordingly modified its previous Decision, as follows:

WHEREFORE, the decision dated May 27, 1997, is hereby MODIFIED to read as follows:

WHEREFORE, the decision appealed from is hereby REVERSED and SET ASIDE insofar as plaintiffs-appellants are concerned. Accordingly, judgment is hereby rendered as follows:

1. Declaring the Heirs of Teodoro dela Cruz the lawful owners of the southern half portion of Lot No. 7036-A-7;
2. Declaring null and void the deed of sale dated June 15, 1976 between Pacifico V. Marquez and the Madrid brothers insofar as the southern half portion of Lot NO. (sic) 7036-A-7 is concerned;
3. Declaring the mortgage made by defendant Pacifico V. Marquez in favor of defendant Consolidated Rural Bank (Cagayan Valley) and defendant Rural Bank of Cauayan as null and void insofar as the southern half portion of Lot No. 7036-A-7 is concerned;
4. Ordering defendant Pacifico V. Marquez to reconvey the southern portion of Lot No. 7036-A-7 to the Heirs of Teodoro dela Cruz.

No pronouncement as to costs.

SO ORDERED.[41]

Hence, the instant CRB petition. However, both Marquez and RBC elected not to challenge the Decision of the

appellate court.

Petitioner CRB, in essence, alleges that the Court of Appeals committed serious error of law in upholding the Heirs' ownership claim over the subject property considering that there was no finding that they acted in good faith in taking possession thereof nor was there proof that the first buyers, Gamiao and Dayag, ever took possession of the subject property. CRB also makes issue of the fact that the sale to Gamiao and Dayag was confirmed a day ahead of the actual sale, clearly evincing bad faith, it adds. Further, CRB asserts Marquez's right over the property being its registered owner.

The petition is devoid of merit. However, the dismissal of the petition is justified by reasons different from those employed by the Court of Appeals.

Like the lower court, the appellate court resolved the present controversy by applying the rule on double sale provided in Article 1544 of the Civil Code. They, however, arrived at different conclusions. The RTC made CRB and the other defendants win, while the Court of Appeals decided the case in favor of the Heirs.

Article 1544 of the Civil Code reads, thus:

ART. 1544. 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 movable property.

Should it be immovable property, the ownership shall belong to the person acquiring it who in good faith first recorded it in the Registry of Property.

Should there be no inscription, the ownership shall pertain to the person who in good faith was first in possession; and, in the absence thereof, to the person who presents the oldest title, provided there is good faith.

The provision is not applicable in the present case. It contemplates a case of double or multiple sales by a single vendor. More specifically, it covers a situation where a single vendor sold one and the same immovable property to two or more buyers.[42] According to a noted civil law author, it is necessary that the conveyance must have been made by a party who has an existing right in the thing and the power to dispose of it.[43] It cannot be invoked where the two different contracts of sale are made by two different persons, one of them not being the owner of the property sold.[44] And even if the sale was made by the same person, if the second sale was made when such person was no longer the owner of the property, because it had been acquired by the first purchaser in full dominion, the second purchaser cannot acquire any right.[45]

In the case at bar, the subject property was not transferred to several purchasers by a single vendor. In the first deed of sale, the vendors were Gamiao and Dayag whose right to the subject property originated from their acquisition thereof from Rizal Madrid with the conformity of all the other Madrid brothers in 1957, followed by their declaration of the property in its entirety for taxation purposes in their names. On the other hand, the vendors in the other or later deed were the Madrid brothers but at that time they were no longer the owners since they had long before disposed of the property in favor of Gamiao and Dayag.

Citing Manresa, the Court of Appeals in 1936 had occasion to explain the proper application of Article 1473 of the Old Civil Code (now Article 1544 of the New Civil Code) in the case of *Carpio v. Exevea*,[46] thus:

In order that tradition may be considered performed, it is necessary that the requisites which it implies must have been fulfilled, and one of the indispensable requisites, according to the most exact Roman concept, is that the conveyor had the right and the will to convey the thing. The intention to transfer is not sufficient; it only constitutes the will. It is, furthermore, necessary that the conveyor could juridically perform that act; that he had the right to do so, since a right which he did not possess could not be vested by him in the transferee.

This is what Article 1473 has failed to express: the necessity for the preexistence of the right on the part of the conveyor. But even if the article does not express it, it would be understood, in our opinion, that that circumstance constitutes one of the assumptions upon which the article is based.

This construction is not repugnant to the text of Article 1473, and not only is it not contrary to it, but it explains and justifies the same. (Vol. 10, 4th ed., p. 159)[47]

In that case, the property was transferred to the first purchaser in 1908 by its original owner, Juan Millante. Thereafter, it was sold to plaintiff Carpio in June 1929. Both conveyances were unregistered. On the same date that the property was sold to the plaintiff, Juan Millante sold the same to defendant Exevea. This time, the sale was registered in the Registry of Deeds. But despite the fact of registration in defendant's favor, the Court of Appeals found for the plaintiff and refused to apply the provisions of Art. 1473 of the Old Civil Code, reasoning that "on the date of the execution of the document, Exhibit 1, Juan Millante did not and could not have any right whatsoever to the parcel of land in question." [48]

Citing a portion of a judgment dated 24 November 1894 of the Supreme Court of Spain, the Court of Appeals elucidated further:

Article 1473 of the Civil Code presupposes the right of the vendor to dispose of the thing sold, and does not limit or alter in this respect the provisions of the Mortgage Law in force, which upholds the principle that registration does not validate acts or contracts which are void, and that although acts and contracts executed by persons who, in the Registry, appear to be entitled to do so are not invalidated once recorded, even if afterwards the right of such vendor is annulled or resolved by virtue of a previous unrecorded title, nevertheless this refers only to third parties.[49]

In a situation where not all the requisites are present which would warrant the application of Art. 1544, the principle of prior tempore, potior jure or simply "he who is first in time is preferred in right," [50] should apply.[51] The only essential requisite of this rule is priority in time; in other words, the only one who can invoke this is the first vendee. Undisputedly, he is a purchaser in good faith because at the time he bought the real property, there was still no sale to a second vendee.[52] In the instant case, the sale to the Heirs by Gamiao and Dayag, who first bought it from Rizal Madrid, was anterior to the sale by the Madrid brothers to Marquez. The Heirs also had possessed the subject property first in time. Thus, applying the principle, the Heirs, without a scintilla of doubt, have a superior right to the subject property.

Moreover, it is an established principle that no one can give what one does not have-nemo dat quod non habet. Accordingly, one can sell only what one owns or is authorized to sell, and the buyer can acquire no more than what the seller can transfer legally.[53] In this case, since the Madrid brothers were no longer the owners of the subject property at the time of the sale to Marquez, the latter did not acquire any right to it.

In any event, assuming arguendo that Article 1544 applies to the present case, the claim of Marquez still cannot prevail over the right of the Heirs since according to the evidence he was not a purchaser and registrant in good faith.

Following Article 1544, in the double sale of an immovable, the rules of preference are:

- (a) the first registrant in good faith;
- (b) should there be no entry, the first in possession in good faith; and
- (c) in the absence thereof, the buyer who presents the oldest title in good faith. [54]

Prior registration of the subject property does not by itself confer ownership or a better right over the property.

Article 1544 requires that before the second buyer can obtain priority over the first, he must show that he acted in good faith throughout (i.e., in ignorance of the first sale and of the first buyer's rights)³⁴from the time of acquisition until the title is transferred to him by registration or failing registration, by delivery of possession.[55]

In the instant case, the actions of Marquez have not satisfied the requirement of good faith from the time of the purchase of the subject property to the time of registration. Found by the Court of Appeals, Marquez knew at the time of the sale that the subject property was being claimed or "taken" by the Heirs. This was a detail which could indicate a defect in the vendor's title which he failed to inquire into. Marquez also admitted that he did not take possession of the property and at the time he testified he did not even know who was in possession. Thus, he testified on direct examination in the RTC as follows:

ATTY. CALIXTO –

Q Can you tell us the circumstances to your buying the land in question?

A In 1976 the Madrid brothers confessed to me their problems about their lots in San Mateo that they were being taken by Teodoro dela Cruz and Atty. Teofilo A. Leonin; that they have to pay the lawyer's fee of P10,000.00 otherwise Atty. Leonin will confiscate the land. So they begged me to buy their properties, some of it. So that on June 3, 1976, they came to Cabagan where I was and gave them P14,000.00, I think. We have talked that they will execute the deed of sale.

Q Why is it, doctor, that you have already this deed of sale, Exh. 14, why did you find it necessary to have this Deed of Confirmation of a Prior Sale, Exh. 15?

A Because as I said a while ago that the first deed of sale was submitted to the Register of Deeds by Romeo Badua so that I said that because when I became a Municipal Health Officer in San Mateo, Isabela, I heard so many rumors, so many things about the land and so I requested them to execute a deed of confirmation.[56]

...

ATTY. CALIXTO-

Q At present, who is in possession on the Riceland portion of the lot in question?

A I can not say because the people working on that are changing from time to time.

Q Why, have you not taken over the cultivation of the land in question?

A Well, the Dela Cruzes are prohibiting that we will occupy the place.

Q So, you do not have any possession?

A None, sir.[57]

One who purchases real property which is in actual possession of others should, at least, make some inquiry concerning the rights of those in possession. The actual possession by people other than the vendor should, at least, put the purchaser upon inquiry. He can scarcely, in the absence of such inquiry, be regarded as a bona fide purchaser as against such possessions.[58] The rule of caveat emptor requires the purchaser to be aware of the supposed title of the vendor and one who buys without checking the vendor's title takes all the risks and losses consequent to such failure.[59]

It is further perplexing that Marquez did not fight for the possession of the property if it were true that he had a better right to it. In our opinion, there were circumstances at the time of the sale, and even at the time of registration, which would reasonably require a purchaser of real property to investigate to determine whether

defects existed in his vendor's title. Instead, Marquez willfully closed his eyes to the possibility of the existence of these flaws. For failure to exercise the measure of precaution which may be required of a prudent man in a like situation, he cannot be called a purchaser in good faith.[60]

As this Court explained in the case of *Spouses Mathay v. Court of Appeals*:[61]

Although it is a recognized principle that a person dealing on a registered land need not go beyond its certificate of title, it is also a firmly settled rule that where there are circumstances which would put a party on guard and prompt him to investigate or inspect the property being sold to him, such as the presence of occupants/tenants thereon, it is, of course, expected from the purchaser of a valued piece of land to inquire first into the status or nature of possession of the occupants, i.e., whether or not the occupants possess the land en concepto de dueño, in concept of owner. As is the common practice in the real estate industry, an ocular inspection of the premises involved is a safeguard a cautious and prudent purchaser usually takes. Should he find out that the land he intends to buy is occupied by anybody else other than the seller who, as in this case, is not in actual possession, it would then be incumbent upon the purchaser to verify the extent of the occupant's possessory rights. The failure of a prospective buyer to take such precautionary steps would mean negligence on his part and would thereby preclude him from claiming or invoking the rights of a "purchaser in good faith." [62]

This rule equally applies to mortgagees of real property. In the case of *Crisostomo v. Court of Appeals*,[63] the Court held:

It is a well-settled rule that a purchaser or mortgagee cannot close his eyes to facts which should put a reasonable man upon his guard, and then claim that he acted in good faith under the belief that there was no defect in the title of the vendor or mortgagor. His mere refusal to believe that such defect exists, or his willful closing of his eyes to the possibility of the existence of a defect in the vendor's or mortgagor's title, will not make him an innocent purchaser or mortgagee for value, if it afterwards develops that the title was in fact defective, and it appears that he had such notice of the defects as would have led to its discovery had he acted with the measure of a prudent man in a like situation.[64]

Banks, their business being impressed with public interest, are expected to exercise more care and prudence than private individuals in their dealings, even those involving registered lands. Hence, for merely relying on the certificates of title and for its failure to ascertain the status of the mortgaged properties as is the standard procedure in its operations, we agree with the Court of Appeals that CRB is a mortgagee in bad faith.

In this connection, Marquez's obstention of title to the property and the subsequent transfer thereof to CRB cannot help the latter's cause. In a situation where a party has actual knowledge of the claimant's actual, open and notorious possession of the disputed property at the time of registration, as in this case, the actual notice and knowledge are equivalent to registration, because to hold otherwise would be to tolerate fraud and the Torrens system cannot be used to shield fraud. [65]

While certificates of title are indefeasible, unassailable and binding against the whole world, they merely confirm or record title already existing and vested. They cannot be used to protect a usurper from the true owner, nor can they be used for the perpetration of fraud; neither do they permit one to enrich himself at the expense of others.[66]

We also find that the Court of Appeals did not err in awarding the subject property to the Heirs absent proof of good faith in their possession of the subject property and without any showing of possession thereof by Gamiao and Dayag.

As correctly argued by the Heirs in their Comment,[67] the requirement of good faith in the possession of the property finds no application in cases where there is no second sale.[68] In the case at bar, Teodoro dela Cruz

took possession of the property in 1964 long before the sale to Marquez transpired in 1976 and a considerable length of time—eighteen (18) years in fact—before the Heirs had knowledge of the registration of said sale in 1982. As Article 526 of the Civil Code aptly provides, “(H)e is deemed a possessor in good faith who is not aware that there exists in his title or mode of acquisition any flaw which invalidates it.” Thus, there was no need for the appellate court to consider the issue of good faith or bad faith with regard to Teodoro dela Cruz’s possession of the subject property.

Likewise, we are of the opinion that it is not necessary that there should be any finding of possession by Gamiao and Dayag of the subject property. It should be recalled that the regularity of the sale to Gamiao and Dayag was never contested by Marquez.[69] In fact the RTC upheld the validity of this sale, holding that the Madrid brothers are bound by the sale by virtue of their confirmation thereof in the Joint Affidavit dated 14 August 1957. That this was executed a day ahead of the actual sale on 15 August 1957 does not diminish its integrity as it was made before there was even any shadow of controversy regarding the ownership of the subject property.

Moreover, as this Court declared in the case of Heirs of Simplicio Santiago v. Heirs of Mariano E. Santiago,[70] tax declarations “are good indicia of possession in the concept of an owner, for no one in his right mind would be paying taxes for a property that is not in his actual or constructive possession.”[71]

WHEREFORE, the Petition is DENIED. The dispositive portion of the Court of Appeals’ Decision, as modified by its Resolution dated 5 January 1998, is AFFIRMED. Costs against petitioner.

SO ORDERED.

Puno, (Chairman), Austria-Martinez, Callejo, Sr., and Chico-Nazario, JJ., concur.

[1] Dated 26 February 1998; Filed on 12 March 1998; Rollo, pp. 9-41 with annexes.

[2] Penned by Justice Artemio G. Tuquero, concurred in by Justices Artemon D. Luna and Hector L. Hofileña; Rollo, pp. 23-30.

[3] Dated 10 May 1991; Written by Honorable Artemio R. Alivia, Regional Trial Judge; Rollo, pp. 98-109.

[4] Penned by Justice Artemio G. Tuquero, concurred in by Justices Artemon D. Luna and Hector L. Hofileña; Rollo, pp. 33-34.

[5] Rollo, p. 23.

[6] Ibid.

[7] Exhibit A.

[8] Rollo, pp. 23 and 103; RTC Decision, p. 6; Exhibit B, RTC Records, p. 6; In this Joint Affidavit executed before Apolonio S. Padua, Justice of Peace, Anselmo, Gregorio, Filomeno and Domingo, all surnamed Madrid, under oath, declared that “... we have no objection of the alienation, as it is a part of the exclusive share of our brother the vendor still unsegregated; that as such we hereunto confirm the said sale in favor of Aleja Gamiao and Felisa Dayag.”

[9] Exhibit C; Rollo, p. 103; RTC Decision, p. 6.

[10] Rollo, p. 24; Exhibit I-2.

[11] Ibid; Exhibit I-1.

- [12] Exhibits D and E; Rollo, p. 103; RTC Decision, p. 6.
- [13] Rollo, pp. 24 and 103; RTC Decision, p. 6.
- [14] Ibid; Exhibit F.
- [15] Exhibit 14.
- [16] Exhibit 15.
- [17] Rollo, pp. 24 and 104.
- [18] Ibid.
- [19] Exhibits K, K-1 to K-7, Exhibits 6-13.
- [20] Rollo, pp. 24 and 105; CA Records, p. 54.
- [21] Rollo, pp. 24 and 105.
- [22] Ibid; CA Records, p. 55.
- [23] Rollo, p. 24.
- [24] Complaint dated 15 December 1986, RTC Records, pp. 1-8 with Annexes; Amended Complaint dated 24 December 1986, RTC Records, pp. 14-18.
- [25] Dated 24 January 1987; RTC Records, pp. 33-40 with annexes.
- [26] Dated 4 March 1987, Id. at 53-57.
- [27] Rollo, pp. 100-101; Id. at 3-4.
- [28] Id. at 100; Id. at 3.
- [29] Id. at 25 and 109; Id. at 12.
- [30] Id. at 106-107; Id. at 9-10.
- [31] CA Records, pp. 45-79.
- [32] Rollo, p. 26; Id. at 49-50.
- [33] Id. at 33.
- [34] Id. at 23-30.
- [35] Id. at 29-30.
- [36] Id. at 27; TSN, pp. 35-36, 21 September 1989.
- [37] Id. at 27-28.
- [38] Id. at 29.
- [39] Filed on 17 June 1997; See Rollo, p. 9.
- [40] Rollo, pp. 33-34.
- [41] Id. at 34.

- [42] C. Villanueva, *Philippine Law on Sales* 100 (1995).
- [43] A. TOLENTINO, *COMMENTARIES AND JURISPRUDENCE ON THE CIVIL CODE OF THE PHILIPPINES, VOLUME V* 96 (1999), citing 10 Manresa 170, 171.
- [44] *Id.*, citing *Olsen v. Yearsley*, 11 Phil. 178, *Carpio v. Exevea*, (C.A.) 38 Off. Gaz. 1356 and *Cruzado v. Bustos*, 34 Phil. 17.
- [45] *Id.*, citing *Bautista v. Sioson*, 39 Phil. 615; *Lichauco v. Berenger*, 39 Phil. 643; *Salvaro v. Cabana*, 129 SCRA 656.
- [46] No. 43354, (CA) 38 Off. Gaz. 1356 (1936). This case is cited in the following books to demonstrate that Art. 1544 (then Art. 1473 of the Old Civil Code) cannot be invoked if the sale is made by two different vendors: A. Padilla, *Civil Law, Civil Code Annotated* 878 (1953); E. Paras, *Civil Code of the Philippines Annotated Vol. V*, 12TH ED. 166-167 (1990); A. Tolentino, *Commentaries and Jurisprudence on the Civil Code of the Philippines*, Vol. V 96 (1999); C. Villanueva, *Philippine Law on Sales* 100 (1995).
- [47] *Id.* at 1357.
- [48] *Id.* at 1358.
- [49] *Supra* note 47.
- [50] *Black's Law Dictionary* 6th Ed. 1194 (1990).
- [51] *Supra* note 42.
- [52] D. Jurado, *Civil Law Reviewer* 19TH Ed. 879 (1999).
- [53] *Tangalin v. Court of Appeals*, 422 Phil. 358, 365 (2001).
- [54] A. Tolentino, *Commentaries and Jurisprudence on the Civil Code of the Philippines*, Vol. V 96 (1999); *Martinez v. Court of Appeals*, G.R. No. 123547, 21 May 2001, 358 SCRA 38, 50; *Bayoca v. Nogales*, G.R. No. 138201, 12 September 2000, 340 SCRA 154, 165-166, citing *J.C. Vitug, Compendium of Civil Law and Jurisprudence*, pp. 604-605; *Balatbat v. Court of Appeals*, 329 Phil. 858, 872 (1996). Citation omitted.
- [55] *Uraca v. CA*, 344 Phil. 253, 265 (1997).
- [56] TSN, pp. 34-35, 21 September 1989.
- [57] *Id.* at 38-39, 21 September 1989.
- [58] *Republic v. Hon. Court of Appeals*, No. L-42856, 27 January 1981, 102 SCRA 331, 344, citing *Conspecto v. Fruto*, 31 Phil. 144, 149.
- [59] *Caram, Jr. v. Laureta*, No. L-28740, 24 February 1981, 103 SCRA 7, 16.
- [60] *Voluntad v. Sps. Dizon*, 372 Phil. 82, 91 (1999).
- [61] 356 Phil. 870 (1998).
- [62] *Id.* at 892.
- [63] 274 Phil. 1134 (1991).
- [64] *Id.* at 1142-1143, citations omitted.

[65] *Lavides v. Pre*, 419 Phil. 665, 671-672 (2001).

[66] *Bayoca v. Nogales*, G.R. No. 138201, 12 September 2000, 340 SCRA 154, 169.

[67] *Rollo*, pp. 63-77.

[68] *Id.* at 71.

[69] *Id.* at 105.

[70] G.R. No. 151440, 17 June 2003, 404 SCRA 193.

[71] *Id.* at 199; See also *Larena v. Mapili*, G.R. No. 146341, 7 August 2003, 408 SCRA 484, 491.

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.