

DELFIN R. VOLUNTAD AND HEIRS OF LUZ VOLUNTAD, NAMELY, RAMIL, JESUS, MELCHOR, JOSEPH AND ERWIN, ALL SURNAMED VOLUNTAD, PETITIONERS, VS. SPOUSES MAGTANGGOL AND CORAZON DIZON, AND ...

G.R. No. 132294. August 26, 1999

Ponente: BELLOSILLO, J.

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BELLOSILLO, J.:

This is a petition for review on certiorari of the Decision of the Court of Appeals which affirmed the denial by the trial court of a motion for a second alias writ of execution against respondent-spouses Eugenio Reyes and Vicenta Reyes.

On 15 February 1993 petitioners filed a petition for mandamus with the Regional Trial Court of Malolos, Bulacan, docketed as Civil Case No. 142-M-93, to direct respondent-spouses Magtanggol Dizon and Corazon Dizon to render a true and correct accounting of the financial obligation of petitioners. It appears that on 12 July 1980 petitioners obtained a loan from the Rural Bank of Pandi secured by a mortgage over one-half of a parcel of land formerly owned by petitioners and covered by TCT No. 25073 (T-7456-M) of the Registry of Deeds of Bulacan. For failure of petitioners to pay the loan, the Rural Bank of Pandi foreclosed the mortgage and the property was sold at public auction with the Bank becoming the highest bidder. More than three (3) months after the certificates of sheriff's sale were registered, the mortgagee-vendee Bank, without the knowledge of petitioners, assigned its rights over the property to respondent-spouses Magtanggol and Corazon Dizon. In their petition with the trial court, petitioners prayed to be allowed to exercise their right of redemption over the subject property for the amount of P124,762.04 with legal rate of interest from 17 December 1982 up to its legal redemption.

On 16 February 1993 petitioners caused the annotation of a notice of lis pendens on the subject property then under the name of Carmen Voluntad and Maria Voluntad, predecessors-in-interest of petitioners. Upon partition into two (2) of the property covered by TCT No. 25073 (T-7456-M) the notice of lis pendens was carried over to TCT No. T-166332-M in the name of respondent-spouses Dizon. The Dizons then filed an omnibus motion to dismiss the petition and to strike out the notice of lis pendens.

On 20 May 1993 the trial court issued an order dismissing the case on the ground of res judicata and granting the motion to strike out the notice of lis pendens "there is no longer need for such annotation on the title of the subject property with the dismissal of the case." Pursuant to this order, the Registry of Deeds of Meycauayan on 24 May 1993 cancelled the notice of lis pendens.

Upon denial of the motion for reconsideration, petitioners went to the Court of Appeals questioning the order of the trial court cancelling the lis pendens and dismissing the petition. On 31 August 1994 the appellate court in CA-G.R. No. SP-33454 rendered a decision setting aside the order of the trial court which dismissed the complaint and remanded the case to the court a quo for further proceedings.

On 8 December 1995 the trial court rendered a decision in favor of petitioners directing respondent-spouses Dizon (a) to render a true and correct accounting of the financial obligation of petitioners to the Rural Bank of Pandi, Inc., in Bulacan as assigned to respondent Dizons; (b) to allow petitioners to exercise their right of redemption over the one-half undivided portion of the parcel of land covered by TCT No. 25073 (T-7456-M) for the amount of P124,762.04 with legal rate of interest from 17 December 1982 up to the date of legal redemption; and, (c) to pay petitioners attorney's fees of P30,000.00.

After the judgment had become final and executory, the trial court issued an order directing the issuance of a writ of execution. On 21 February 1995 a writ of execution was issued which was however returned unsatisfied for the reason that the property was already sold to respondent-spouses Eugenio and Vicenta Reyes. Hence, petitioners filed another motion for the issuance of an alias writ of execution. The motion was granted by the trial court. Unfortunately, the sheriff's return dated 4 November 1996 showed that the alias writ was unsatisfied because the subject property was already transferred and sold by respondent-spouses Dizons to another person, referring to respondent-spouses Eugenio and Vicenta Reyes.[1] As a result of the transfer, TCT No. 166332-M in the name of Magtanggol and Corazon Dizon was cancelled and TCT No. T-178105-M was issued in the name of the spouses Eugenio and Vicenta Reyes.[2]

Petitioners filed a Motion for Second Alias Writ of Execution claiming, inter alia, that a notice of lis pendens had been annotated in the title with the filing of Civil Case No. 142-M-93 and the order directing the cancellation of the notice of lis pendens had been set aside by the Court of Appeals in its decision in CA-G.R. SP No. 33454, and respondents Vicenta and Eugenio Reyes were transferees pendente lite when respondent-spouses Dizon sold and transferred to them the property subject of a pending litigation.

On 26 November 1996 the trial court issued an order denying petitioners' motion for second alias writ of execution. On 7 February 1997 petitioner's motion for reconsideration was also denied.

Consequently, petitioners filed with the Court of Appeals a special civil action of certiorari and mandamus alleging grave abuse of discretion amounting to lack of or excess of jurisdiction on the part of the trial court and praying that it be directed to issue an alias writ of execution against the transferees of the property, herein respondent-spouses Reyes. However on 22 October 1997 the Court of Appeals dismissed the petition.

Hence, petitioners came to this Court alleging that the Court of Appeals erred: (a) in not ordering the Regional Trial Court to issue an alias writ of execution against respondents Eugenio and Vicenta Reyes as successors-in-interest and transferees pendente lite of respondents Magtanggol and Corazon Dizon; and, (b) in concluding that respondent-spouses Reyes are buyers in good faith despite existence of circumstances that should have alerted them to investigate beyond the face of the certificate of title but did not.

On 1 March 1999 we gave due course to the petition but only insofar as respondent-spouses Reyes were concerned, but denied the petition as against respondent-spouses Dizon for failure of petitioners to give the correct and present address of said respondents.

We find the petition meritorious. Based on the records and the pleadings of the parties with this Court, the following facts are undisputed: that during the pendency of Civil Case No. 142-M-93 with the trial court, petitioners caused the annotation of a notice of lis pendens on TCT No. T-166332-M covering the subject property; that pursuant to the order of the trial court of 20 May 1993, the Register of Deeds cancelled the previous annotation of lis pendens. The following inscriptions appear in TCT No. T-166332-M:

Entry No. 74364(M): Lis Pendens in favor of Delfin R. Voluntad - An action has been commenced and is now pending in RTC of Bulacan Branch, Malolos in Sp. Civil Case No. 142-M-93 (For: Mandamus with Damages) entitled Delfin R. Voluntad and heirs of Luz Voluntad Ramil, Jesus, Melchor, Joseph and Erwin all surnamed

Voluntad, Plaintiffs vs. Spouses Magtanggol Dizon and Corazon Dizon affecting the one-half (1/2) undivided portion of the land described herein; Date of Instrument: Feb. 16, 1993; Date of Inscription: Feb. 16, 1993 at 2:00 p.m.

x x x x

Entry No. 85179 (M): ORDER issued by RTC Br. 16, Malolos, Bulacan; By virtue of an order, Lis Pendens annotated under Entry No. 74364(M) is hereby dismissed and cancelled; Date of the Instrument May 20, 1993; Date of Inscription May 24, 1993 at 10:50 a.m.;[3]

that petitioners timely appealed to the Court of Appeals which reversed the dismissal by the trial court and remanded the case for further proceedings; that, meanwhile, on 30 August 1993 respondent-spouses Dizon sold the property to respondent- spouses Reyes; and, that the trial court later rendered judgment declaring that petitioners had the right to repurchase the property from the Dizons, which became final and executory.

From the attendant circumstances, it is crystal clear that an examination of the certificate of title and the annotations therein would disclose that a civil action was filed with the trial court involving the property described in the title. The annotation in the title that the property was involved in a suit should have prompted the prudent purchaser to inquire and verify if the suit was finally terminated and the property freed from any legal infirmity or judicial inquiry. Although the notice of lis pendens was cancelled pursuant to the order of the trial court dismissing the civil action, the cancellation effected after barely four (4) days was premature because the court order was not yet final, as petitioners still had the remaining period of eleven (11) days to appeal the order. In fact, a mere inquiry with the trial court which issued the order of dismissal and the cancellation of the lis pendens would reveal that petitioners timely appealed the dismissal to the Court of Appeals.

The general rule is that a person dealing with registered land has a right to rely on the Torrens Certificate of Title without the need of inquiring further. But this rule cannot apply when the party has actual knowledge of facts and circumstances that would impel a reasonably cautious man to make such inquiry or when the purchaser has knowledge of a defect or lack of title in his vendor or of sufficient facts to induce a reasonably prudent man to inquire into the status of the title of the property in litigation.[4] Hence, when there is something in the certificate of title to indicate any cloud or vice in the ownership of the property or any encumbrance thereon, the purchaser is required to explore further than what the Torrens title upon its face indicates in quest for any hidden defect or inchoate right which may subsequently defeat his right thereto.

As a purchaser, respondent-spouses Reyes should have examined the certificate of title and all factual circumstances necessary for them to determine whether or not flaws existed which might invalidate their title. It is a settled rule that a purchaser of real estate with knowledge of any defect or lack of title of the vendor cannot claim that he has acquired title thereto in good faith as against the true owner of the land or interest therein. The same rule applies to one with knowledge of facts which should have put him on inquiry and investigation as might be necessary to acquaint him with the defects in the title of his vendor.[5] If circumstances exist that require a prudent man to investigate and he does not, he is deemed to have acted in mala fide. A party's mere refusal to believe that a defect exists or his willful closing of his eyes to the possibility of the existence of a defect in his vendor's title will not make him an innocent purchaser for value if it afterwards develops that the title was in fact defective. Similarly, a buyer of registered land who fails to act with the diligence of a prudent man cannot be a purchaser in good faith.[6] Therefore, given the facts of this case which are clearly set forth in the records and established by the evidence, there is no need for petitioners to file a separate action to enforce their right to repurchase the property as against the new registered owners.

In *Lising v. Plan*,[7] this Court ruled that a writ of execution may be issued against a person not a party to the case where the latter's remedy which he did not avail of was to intervene in the case involving rights over the same

parcel of land of which he claims to be the vendee. The cancellation of the lis pendens on the title of respondent-spouses Dizon prior to the purchase by the respondent-spouses Reyes need not alter our conclusion as the cancellation was prematurely done while the appeal in the case between petitioners and respondent-spouses Dizon was still pending with the appellate court. Having purchased registered land with full notice of the fact that it is in litigation between the vendor and a third party, respondent-spouses Reyes stand in the place of their vendor and their title is subject to the incidents and results of the pending litigation. Ought to have been aware of the pendency of the case, respondent-spouses Reyes should have intervened in the suit for the protection of their alleged rights. Having failed to do so, they are bound by the results. 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.[8] Petitioners can legally enforce the final judgment of the trial court against respondent-spouses Eugenio and Vicenta Reyes with respect to the petitioners' right to repurchase the property from the Reyeses as transferees pendente lite of respondent-spouses Magtanggol and Corazon Dizon.

WHEREFORE, the petition is GRANTED. The Decision of the Court of Appeals affirming the order of the trial court which denied petitioners' motion for a second alias writ of execution against respondent-spouses Eugenio and Vicenta Reyes is REVERSED and SET ASIDE. Accordingly, the case is remanded to the trial court for the immediate issuance of a second alias writ of execution against respondents Eugenio and Vicenta Reyes for the enforcement of the final judgment of the Regional Trial Court of Malolos, Bulacan, in Civil Case 142-M-93, allowing petitioners Delfin R. Voluntad and the heirs of Luz Voluntad, namely, Ramil, Jesus, Melchor, Joseph and Erwin, all surnamed Voluntad, to exercise their right to repurchase the property covered by TCT No. T-178105 presently registered in the name of respondent-spouses Eugenio and Vicenta Reyes.

SO ORDERED.

Mendoza, Quisumbing, and Buena JJ., concur.

[1] Records, p. 28.

[2] Id., p. 66.

[3] Rollo, p. 44.

[4] Sandoval v. Court of Appeals, G.R. No. 106657, 1 August 1996, 260 SCRA 283, pp. 283, 294, 295.

[5] J.M. Tuason v. Court of Appeals, No. L-41233, 21 November 1979, 94 SCRA 413.

[6] Barrios v. Court of Appeals, No. L-32531, 31 August 1977, 78 SCRA 427.

[7] G.R. No. 50107, 14 November 1984, 133 SCRA 194.

[8] Yu v. Court of Appeals, G.R. No. 109078, 26 December 1995, 251 SCRA 509.

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