

**CONSTANCIO JOAQUIN, PETITIONER, VS. ABUNDIO MADRID, ET AL.,
RESPONDENTS.***G.R. No. 13551. January 30, 1960*

Ponente: LABRADOR, J.

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This is a petition to review the decision of the Court of Appeals against petitioner and in favor of respondents. The facts found in the appellate court below are as follows:

"The spouses Abundio Madrid and Rosalinda Yu are the owners of a residential lot at 148 Provincial Road, corner Sto. Sacramento, Makati, Rizal, covered by Transfer Certificate of Title No. 31379 (for Rizal). Planning to build a house thereon, the said spouses sought a loan from the Rehabilitation Finance Corporation, RFC for short, in November, 1953. One Carmencita de Jesus, godmother of Rosalinda, offered to work for the shortening of the usually long process before a loan could be granted and the spouses, accepting the preferred assistance, delivered to her the Transfer Certificate of Title covering the lot in January, 1954, to be surrendered to the RFC. Later, the spouses were able to secure a loan of P4,000.00 from their parents for the construction of their house and they decided to withdraw the application for a loan they had filed with the RFC. They so informed Carmencita de Jesus and asked her to retrieve the Transfer Certificate of Title and return it to them. Shortly thereafter, Carmencita told them, however, that the RFC employee in charge of keeping the Transfer Certificate of Title was out on leave. On August, 1954, one Florentino Calayag showed up in the house of the spouses and asked for Abundio Madrid and Rosalinda Yu. Rosalinda answered that she was Rosalinda Yu and Abundio, that he was Abundio Madrid. Calayag would not believe them. He said that he was looking for Abundio Madrid and Rosalinda Yu who had executed a deed of mortgage on the lot where the house they were in then stood, and that the term of the mortgage had already expired, he added. Abundio and Rosalinda then retorted that they had not mortgaged their land to anyone. The spouses immediately went to consult with a lawyer who accompanied them to the Office of the Register of Deeds of Rizal. They found out then that the land had been mortgaged to Constancio Joaquin on January 21, 1954 (Exh. B). Thus runs the evidence of the plaintiffs-appellees.

The appellant admits that Abundio Madrid and Rosalinda Yu, the registered owners of the mortgaged property, were not those persons who had signed the deed of mortgage. His version of the case is as follows: In the month of January, 1954 Carmencita de Jesus saw Florentino Calayag and asked the latter to find a moneylender who could grant a loan on a security of real property, showing, at the same time, a Transfer Certificate of Title in the name of the spouses Abundio Madrid and Rosalinda Yu. Calayag approached Constancio Joaquin who having funds to spare for the purpose, visited the land and, finding it well situated, told Calayag to show to him the prospective borrowers. On the following day, Calayag brought two women to the law office of Atty. M. S. Calayag and presented them to Constancio Joaquin as Rosalinda Yu and Carmencita de Jesus. The alleged Rosalinda Yu claimed to be the owner of the lot with her husband Abundio Madrid who authorized her to secure a loan on their property, she assured him, and that Abundio would come when the contract therefor was ready to sign it with her. Thus, the deed of mortgage Exhibit I was signed by the persons who posed themselves as Abundio Madrid and Rosalinda Yu on the following day. The whole amount of the loan was delivered to the supposed Rosalinda Yu immediately after the registration of the

document of mortgage in the Office of the Register of Deeds of Rizal, according¹ to Florentino Calayag." (Dec. off the Court of Appeals, CA-G. R. No. 16717-R, prom. Nov. 29, 1957).

The appellate court below further found that the petitioner "visited the property proposed for mortgage to find out at the same time who was the real owner thereof. But he contented himself with the information given to him by the person living then on the land that the owner was a woman known as "Taba". There ended his inquiry about the identity of the prospective mortgagors". (Dec. of the Court of Appeals, p. 8). The lower court based its decision on the case of *Lara, et al., vs. Ayroso*, 95 Phil., 185, 50 Off. Gaz., (10), 4838, in which we held that as the land mortgaged was still in the name of the real owner when mortgaged to the mortgagees by an impostor, the mortgagees were defrauded not because they relied upon what appeared in a Torrens certificate of title, but because they believed the words of the impostor; that it was the duty of the mortgagees to ascertain the identity of the man with whom they were dealing—which circumstances differentiate the case from the previous cases of *De la Cruz vs. Fabie*, 35, Phil., 144 and *Blondeau, et al., vs. Nano and Vallejo*, 61 Phil., 625.

In the first assignment of error it is argued that since par. 2 of Sec. 55 of the Land Registration Act expressly provides that "in all cases of registration by fraud the owner may pursue all his legal and equitable remedies against the parties to the fraud, without prejudice to the rights of any innocent holder for value of a certificate of title", the second proviso in the same section "that a registration procured by the presentation of a forged deed shall be null and void" should be overlooked. There is no merit in this argument, which would have the effect of deleting the last proviso. This last proviso is a limitation of the first part of par. 2 in the sense that in order that the holder of a certificate for value issued by virtue of the registration of a voluntary instrument may be considered a holder in good faith for value, the instrument registered should not be forged. When the instrument presented is forged, even if accompanied by the owner's duplicate certificate of title, the registered owner does not thereby lose his title, and neither does the assignee in the forged deed acquire any right or title to the property.

In the second assignment of error it is further argued that as the petitioner is an innocent purchaser for value, he should be protected as against the registered owner because the latter can secure reparation from the assurance fund. The fact is, however, that petitioner herein is not the innocent purchaser for value protected by law. The innocent purchaser for value protected by law is one who purchases a titled land by virtue of a deed executed by the registered owner himself, not by a forged deed, as the law expressly states. Such is not the situation of the petitioner, who has been the victim of impostors pretending to be the registered owners but who are not said owners.

The next assignment of errors are predicated on the assumption that both the petitioner and the respondents are guilty of negligence. The giving of the certificate of title to Carmencita de Jesus is in itself no act of negligence on the part of respondents; it was perfectly a legitimate act. Delay in demanding the certificate of title is no act of neglect either, as respondents have not executed any deed or document authorizing Carmencita de Jesus to execute deeds for and on their behalf. It was petitioner who was negligent, as he did not take enough care to see to it that the persons who executed the deed of mortgage are the real registered owners of the property. The argument raised by petitioner's counsel that in case of negligence on the part of both the one who committed a breach of faith is responsible, is not applicable. Petitioner alone is guilty of neglect, so he must suffer from it.

Finding no error in the decision of the Court of Appeals, we hereby affirm it with costs against petitioner. So ordered.

Bautista Angelo, Concepcion, Reyes, J. B. L., Endencia, and Gutierrez David, JJ., concur.

Padilla, J., concurs in the result.

Bengzon, J., took no part.

Barrera, J., reserves his vote.

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