

EAGLE REALTY CORPORATION, PETITIONER, VS. REPUBLIC OF THE PHILIPPINES REPRESENTED BY THE ADMINISTRATOR OF THE LAND REGISTRATION AUTHORITY, NATIONAL TREASURER OF THE PHILIPPINES,...

G.R. NO. 151424. July 31, 2009

Ponente: NACHURA, J.

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NACHURA, J.:

Petitioner Eagle Realty Corporation seeks the reconsideration of this Court's Decision dated July 4, 2008, which affirmed the Court of Appeals Decision dated January 22, 2001 and Resolution dated January 8, 2002, and upheld the cancellation of petitioner's certificate of title based on a finding that it is not a purchaser in good faith and for value.

In the assailed decision, the Court held that "a corporation engaged in the buying and selling of real estate is expected to exercise a higher standard of care and diligence in ascertaining the status and condition of the property subject of its business transaction." Citing *Sunshine Finance and Investment Corporation v. Intermediate Appellate Court*,^[1] the Court declared that, similar to investment and financing corporations, such corporation "cannot simply rely on an examination of a Torrens certificate to determine what the subject property looks like as its condition is not apparent in the document."

Petitioner's Motion for Reconsideration centers on the application of *Sunshine Finance* to the present case. Petitioner argues therein that the ruling in *Sunshine Finance* is a recent innovation, established long after the subject property was transferred in petitioner's name in 1984, hence, should not be applied to the case. Prior jurisprudence that protected banks, investment corporations and realty companies, without imposing any additional burden of going beyond the face of the title, should be applied instead. Petitioner points out that it purchased the subject property in 1984, when prevailing jurisprudence did not, as yet, impose upon realty companies the obligation to look beyond the certificate of title for it to qualify as an innocent purchaser for value. To charge petitioner with such additional obligation is to burden it with a then non-existent obligation which thus violates its right to due process.^[2]

In its Comment, the Office of the Solicitor General (OSG) averred that the ruling in *Sunshine Finance* is not in the nature of a statute that cannot be retroactively applied; it is jurisprudence that merely restates the definition of an innocent purchaser for value.^[3]

We agree with the OSG and, consequently, deny the motion for reconsideration.

Judicial interpretation of a statute constitutes part of the law as of the date it was originally passed, since the Court's construction merely establishes the contemporaneous legislative intent that the interpreted law carried into effect. Such judicial doctrine does not amount to the passage of a new law, but consists merely of a construction or interpretation of a pre-existing one,^[4] as is the situation in this case. The assailed decision merely defines an

"innocent purchaser for value" with respect to entities engaged in the real estate business.

In *Sunshine Finance*, the Court required, for the first time, investment and financing corporations to take the necessary precautions to ascertain if there were any flaws in the certificate of title and examine the condition of the property they were dealing with. Although the property involved was mortgaged to and, subsequently, purchased by therein petitioner several years before the said decision was promulgated, we note that the rule was immediately applied to that case.

Our herein assailed ruling expands the ruling in *Sunshine Finance* to cover realty corporations, which, because of the nature of their business, are, likewise, expected to exercise a higher standard of diligence in ascertaining the status of the property, not merely rely on what appears on the face of a certificate of title. In like manner, our ruling should be applied to the present case; otherwise, it would be reduced to "a mere academic exercise with the result that the doctrine laid down would be no more than a dictum, and would deprive the holding in the case of any force." [5]

The other arguments advanced by petitioner are a mere rehash of the arguments in its previous pleadings, which had already been passed upon adequately by the Court in the assailed decision.

IN LIGHT OF THE FOREGOING, the Motion for Reconsideration is DENIED WITH FINALITY for lack of merit.

SO ORDERED.

Ynares-Santiago, (Chairperson), Carpio Morales, Chico-Nazario, and Leonardo De Castro, JJ., concur.

[*] Designated member per raffle dated March 18, 2009.

[**] Designated additional member per Special Order No. 669 dated July 15, 2009.

[1] G.R. Nos. 74070-71, October 28, 1991, 203 SCRA 210.

[2] *Rollo*, pp. 1523-1525.

[3] *Id.* at pp. 1734-1735.

[4] *Senarillos v. Hermosisima*, 101 Phil. 561 (1956).

[5] *Serrano v. National Labor Relations Commission*, 387 Phil. 345, 357 (2000).

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