

**SPOUSES FLORENDO DAUZ AND HELEN DAUZ AND THE SPOUSES
IGNACIO REAMBONANZA AND FRANCISCA REAMBONANZA,
PETITIONERS, VS. SPOUSES ELIGIO AND LORENZA ECHAVEZ AND
THE COURT OF APPEALS,...**

G.R. NO. 152407. September 21, 2007

Ponente: SANDOVAL-GUTIERREZ, J.

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SANDOVAL-GUTIERREZ, J.:

For our resolution is the instant Petition for Review on Certiorari[1] seeking to reverse the Decision[2] and Resolution of the Court of Appeals dated November 6, 2001 and February 8, 2002, respectively, in CA-G.R. CV No. 51728.

The facts are:

Spouses Albert Oguis, Sr. and Florencia Refuerzo Oguis were the owners of a parcel of land with an area of 10,000 square meters, more or less, located at Barangay Irisan, Tuba, Benguet, covered by Transfer Certificate of Title (TCT) No. T-13728 of the Registry of Deeds, same province.

On January 12, 1982, spouses Oguis sold a portion of the land, consisting of 1,295 square meters, to spouses Eligio and Lorenza Echavez, respondents. On April 1, 1982, they had the sale registered in the Registry of Deeds of Benguet.

Sometime in July 1982, spouses Oguis, being in need of money for their travel to the United States, sold the remaining portion of the land to the same respondents. This sale was not registered upon request of Albert Oguis, Sr. as he and his wife intended to repurchase the property upon their return from abroad.

When spouses Oguis returned to the Philippines sometime in May 1987, they informed respondents that they are no longer interested in buying back the property. Hence, respondents paid the real property taxes for the entire property corresponding to the period from 1983 to 1987.

Sometime in September 1987, Florencia Refuerzo Oguis died. On May 28, 1988, Albert Oguis, Sr. and his two children,[3] Albert Oguis, Jr. and Helen Oguis Valerio, executed a Deed of Extrajudicial Settlement of Estate. On the same date, they sold to spouses Florendo and Helen Dauz, petitioners, a portion of the land consisting of 7,616 square meters for P65,000.00 as shown by a Deed of Absolute Sale. Albert Oguis, Sr. informed petitioners that he had sold only 1,295 square meters to respondents, as shown by the annotation of the sale at the back of TCT No. T-13728. Albert Oguis, Sr. gave a xerox copy of this title to spouses Dauz, claiming that he lost the owner's copy.

In August 1988, Albert Oguis, Sr. died. Forthwith, petitioners filed with the Regional Trial Court (RTC) of Baguio and Benguet a Petition for the Issuance of a New Duplicate Copy of TCT No. T-13728, docketed as LRC Adm. Case No. 56-R.

On January 25, 1989, respondents had the sale to them of the remaining 7,616 square meters portion of the land registered in the same Registry of Deeds. Consequently, TCT No. T-13728 (in the names of spouses Oguis) was cancelled and in lieu thereof, TCT No. T-24630 was issued in respondents' names. This new title covers the entire property previously owned by spouses Oguis.

Meanwhile, petitioners sold to spouses Ignacio and Francisca Reambonanza, also petitioners, 1,000 square meters of the 7,616-square meter portion sold to them by Albert Oguis, Sr. and his two children. The selling price was P80,000.00.

On February 2, 1989, petitioners (spouses Dauz and spouses Reambonanza) filed with the RTC, Branch 5, Baguio City a complaint^[4] for declaration of ownership. On April 14, 1989, the case was transferred to the RTC, La Trinidad, Benguet and raffled off to Branch 8, docketed therein as Civil Case No. 89-CV-0350 (1694-R).

On October 14, 1994, the trial court rendered a Decision dismissing petitioners' complaint, thus:

WHEREFORE, judgment is hereby rendered dismissing the plaintiffs' complaint and directing said plaintiffs to vacate the land in question and to surrender the same to the defendants, and jointly and severally, to pay the defendants damages in the amount of P20, 000.00 for attorney's fee and litigation expenses, and to pay the costs.

SO ORDERED.^[5]

Petitioners interposed an appeal to the Court of Appeals, docketed as CA-G.R. CV No. 51728.

In its Decision^[6] dated November 6, 2001, the Court of Appeals affirmed in toto the trial court's Decision.

Petitioners filed a motion for reconsideration but it was denied by the appellate court in its Resolution^[7] dated February 8, 2002.

Hence, this petition.

Petitioners contend that the courts below should not have applied Article 1544 of the Civil Code since respondents caused the registration of the sale to them of 7,616 square meters of the subject property only after learning that they (petitioners) filed with the RTC a petition for declaration of ownership. Such conduct constitutes bad faith.

For their part, respondents maintain that the petition lacks merit, hence, should be denied.

Here, the subject property was sold twice, first, by spouses Oguis to respondents; and second, by Albert Oguis, Sr. and his two children to petitioners (spouses Dauz).

Article 1544 of the Civil Code is relevant, thus:

Article 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.

In April 1982, respondents caused the registration of the sale of the 1,295-square meter portion of the land; and on January 25, 1989, the sale of the remaining 7,616 square meters in the Registry of the Deeds. Petitioners (spouses Dauz), on the other hand, failed to cause the registration of the sale to them in the Registry of Deeds. Where both

parties claim to have purchased the same property, as in this case, Article 1544 cited above provides that as between two purchasers, the one who registered the sale in his favor has a preferred right over the other who has not registered his title, even if the latter is in actual possession of the immovable property.[8]

Petitioners, however, impute bad faith on the part of respondents since they caused the registration of the sale dated January 25, 1989 only after learning that petitioners, spouses Dauz, filed with the RTC a petition for the issuance of a new duplicate copy of TCT No. T-13728.

Both the trial court and the Court of Appeals found that respondents' registration of the sale was made in good faith. Inasmuch as the finding of good faith on the part of respondents is a question of fact, we decline to pass upon it.

Nonetheless, we still perused the records and found that there is no evidence showing that respondents acted in bad faith. In *China Airlines, Ltd. v. Court of Appeals*, [9] we held that bad faith does not simply connote bad judgment or negligence. It imports a dishonest purpose or some moral obliquity and conscious doing of a wrong. It means breach of a known duty through some motive, interest or ill will that partakes of the nature of fraud. These incidents or circumstances are not present here. Respondents did not immediately register the sale because they waited for spouses Oguis to repurchase the property. In fact, it was Albert Oguis, Sr. himself who requested them not to cause the registration of the sale.

Considering that respondents registered the sale in good faith, we rule that they are the owners of the entire property now covered by TCT No. T-24630 in their names.

WHEREFORE, we DENY the petition. The assailed Decision and Resolution of the Court of Appeals in CA-G.R. CV No. 51728 are AFFIRMED. Costs against petitioners.

SO ORDERED.

Puno, C.J., (Chairperson), Corona, Azcuna, and Garcia, JJ., concur.

[1] Filed under Rule 45, 1997 Rules of Civil Procedure, as amended.

[2] Penned by Associate Justice Eliezer R. De Los Santos and concurred in by Associate Justice Eubulo G. Verzola (both deceased) and Associate Justice Rodrigo V. Cosico.

[3] The third child, Virginia Oguis Pre, did not participate in the settlement as she voluntarily waived her right to any inheritance.

[4] Annex "B" of the petition, Rollo, pp. 31-39.

[5] Annex "C," *id.*, pp. 40-44.

[6] Annex "A," *id.*, pp. 20-27.

[7] Annex "A-1," *id.*, pp. 28-30.

[8] *Liao v. Court of Appeals*, G.R. Nos. 102961-62, January 27, 2000, 323 SCRA 430, 443, citing *Tanedo v. Court of Appeals*, 252 SCRA 80, 88 (1996).

[9] G.R. No. 129988, July 14, 2003, 406 SCRA 113, 126, citing *Ford Philippines, Inc. v. Court of Appeals*, 267 SCRA 320 (1997).

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