

SPOUSES JOSE CHUA AND MARGARITA CHUA, PETITIONERS, VS. THE HONORABLE PEDRO GUTIERREZ, IN HIS CAPACITY AS PRESIDING JUDGE OF BRANCH 119, REGIONAL TRIAL COURT, PASAY CITY, PEDRO A...

G.R. No. 172316. December 08, 2010

Ponente: PERALTA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-172316/>

PERALTA, J.:

Before this Court is a petition for review on certiorari,[1] under Rule 45 of the Rules of Court, seeking to set aside the February 7, 2006 Decision[2] and April 17, 2006 Resolution[3] of the Court of Appeals (CA), in CA-G.R. SP No. 81382.

The facts of the case are as follows:

The dispute involves Townhouse Unit 320, located at Roxas Sea Front Garden, Roxas Boulevard, Pasay City, which was previously covered by Transfer Certificate of Title (TCT) No. 127330 in the name of Benito Chua (Benito). Petitioners, spouses Jose and Margarita Chua, claim that Benito sold the property to them on July 20, 1994 for P2,800,000.00. Said sale, however, was only registered on January 5, 1995.

Meanwhile, on November 11, 1994, respondent Tan Tek Sing filed with the Regional Trial Court (RTC) of Pasay City, a suit for collection, docketed as Civil Case No. 94-1160, against Benito, among others, with a prayer for the issuance of a writ of attachment. On November 15, 1994, a writ of preliminary attachment was issued by the trial court prompting the Sheriff to levy on Townhouse Unit 320. On November 18, 1994, entry number 94-3278/T-127330, a notice of levy on attachment, was inscribed in TCT No. 127330 by the Register of Deeds of Pasay City. At the time of said inscription, TCT No. 127330 was still in the name of Benito.

On December 5, 1994, petitioners filed with the RTC of Pasay City a Motion to Exclude and Remove Writ of Attachment from Townhouse Unit 320 on the ground that the subject property was already owned by them by virtue of an unregistered Deed of Absolute Sale[4] executed in their favor by Benito on July 20, 1994.

On January 5, 1995, petitioners registered the Deed of Absolute Sale with the Register of Deeds of Pasay City. As a result, TCT No. 127330 was cancelled and TCT No. 134590 was issued in petitioners' name. The notice of levy on attachment, however, was carried over in the new title.

On April 26, 1995, the RTC rendered a Decision[5] finding Benito liable to respondent. It, however, excluded Townhouse Unit 320 from attachment. The pertinent portions of the Decision read:

WHEREFORE, judgment is hereby rendered in favor of plaintiff and against the defendants BENITO NG CHUA, HENRY A. CHENG and MASTER FOOTWEAR SALES, INC., ordering the said defendants to pay the plaintiff the sum of P2.6 million, with legal interest thereon from September 3, 1994 until the amount shall have been fully paid; x x x.

x x x x

As prayed for by movants PHILAM, Jose Chua and Chua Tiu Ning Ning, the Unit 320 of the Townhouse within Roxas Seaport Garden Compound, Aurora III Road, Roxas Boulevard, Pasay City, is hereby excluded from the attachment enforced by the Sheriff of this Court on November 18, 1994.

SO ORDERED.[6]

Respondent partially appealed the RTC Decision to the CA in so far as it excluded Townhouse Unit 320 from attachment. The appeal was docketed as CA-G.R. CV No. 49959. On February 18, 1999, the CA rendered a Decision,[7] granting respondent's appeal, the dispositive portion of which reads:

IN LIGHT OF ALL THE FOREGOING, the herein assailed decision is hereby AFFIRMED, but MODIFIED in that:

1. The subject Townhouse Unit 320 covered by TCT No. 134590, which is located within the Roxas Seafront Garden Compound, Aurora III Road, Roxas Boulevard corner Russel Avenue, Pasay City, is hereby made subject to the writ of attachment enforced by the Sheriff of the court a quo on November 18, 1994; x x x.

x x x x

SO ORDERED.[8]

Aggrieved, petitioners filed a motion for reconsideration, but the same was denied by the CA in a Resolution[9] dated March 1, 2001.

Petitioners then appealed the CA Decision to this Court, where it was docketed as G.R. No. 147339. On June 20, 2001, this Court issued a Resolution dismissing the same for failure to (a) submit a certification against forum shopping duly executed by petitioners themselves, and (2) properly verify the petition.

After the denial of petitioners' appeal by this Court, respondent then moved for execution against Townhouse Unit 320. The RTC granted respondent's motion. Notwithstanding, the finality of the CA Decision in CA-G.R. CV No. 49959, petitioners, however, moved to quash the writ of execution and notice of levy on the grounds that they are not the judgment debtors and the property levied upon was already sold to them prior to the institution of the suit.

On August 5, 2003, the RTC issued an Order[10] denying petitioners' motion, the dispositive portion of which reads:

WHEREFORE, the movant's motion to quash writ of execution and notice of levy and motion to issue temporary restraining order and/or injunction is hereby denied for lack of merit.[11]

Aggrieved, petitioners filed a Motion for Reconsideration,[12] which was, however, denied by the RTC in its Order[13] dated December 3, 2003.

Adamant in excluding Townhouse Unit 320 from execution, petitioners then filed a petition for certiorari[14] with the CA assailing the August 5, 2003 and December 3, 2003 Orders of the RTC. On February 7,

2006, the CA issued a Decision denying petitioners' petition, the dispositive portion of which reads:

WHEREFORE, the petition is DENIED DUE COURSE and DISMISSED.

SO ORDERED.[15]

The CA ruled that a prior registration of a lien creates a preference and that whatever right over the property petitioners acquired became subordinate and subject to the duly recorded and annotated attachment and levy.

Petitioners filed a motion for reconsideration, which was, however denied by the CA in a Resolution dated April 17, 2006.

Hence, herein petition, with petitioners raising a lone issue for this Court's resolution, to wit:

THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN NOT CONSIDERING THAT THE POWER OF THE COURT IN [THE] EXECUTION OF JUDGMENT EXTENDS ONLY TO PROPERTIES UNQUESTIONABLY BELONGING TO THE JUDGMENT DEBTOR.[16]

The petition is not meritorious.

The main issue in this case is whether or not a registered writ of attachment is a superior lien over that of an unregistered deed of sale. The same is not novel.

Petitioners argue that at the time the property was levied, the same was already in their names. Petitioners thus posit that, since they are not the judgment debtors, their property should not be the subject of execution.

Petitioners' arguments deserve scant consideration.

Since the subject property is covered by a Torrens Title, the law applicable is Section 51[17] of Presidential Decree (PD) No. 1529. Said provision provides:

SEC. 51. Conveyance and other dealings by registered owner. - An owner of registered land may convey, mortgage, lease, charge or otherwise deal with the same in accordance with existing laws. He may use such forms of deeds, mortgages, leases or other voluntary instruments as are sufficient in law. But no deed, mortgage, lease, or other voluntary instrument, except a will purporting to convey or affect registered land shall take effect as a conveyance or bind the land, but shall operate only as a contract between the parties and as evidence of authority to the Registry of Deeds to make registration.

The act of registration shall be the operative act to convey or affect the land insofar as third persons are concerned, and in all cases under this Decree, the registration shall be made in the office of the Register of Deeds for the province or the city where the land lies.[18]

The preference given to a duly registered levy on attachment or execution over a prior unregistered sale is well settled in our jurisdiction. This is because registration is the operative act that binds or affects the land insofar as third persons are concerned.[19] It is upon registration that there is notice to the whole world.[20]

Petitioners cannot escape the fact that when they registered the Deed of Absolute Sale on January 5, 1995, a writ of attachment was already inscribed on TCT No. 127330 as early as November 18, 1994. Accordingly, when TCT No. 127330 was cancelled and TCT No. 134590 was issued in petitioners' name, the notice of levy on attachment was carried over in the new title. It bears stressing that at the time of the inscription of the writ of attachment, Townhouse Unit 320 was still in the name of Benito.

In *Valdevieso v. Damalerio*,[21] this Court explained that an attachment is a proceeding in rem and that the right of ownership of an individual over a sale registered after such attachment is limited and subject to the prior registered lien, to wit:

The preference created by the levy on attachment is not diminished even by the subsequent registration of the prior sale. This is so because an attachment is a proceeding in rem. It is against the particular property, enforceable against the whole world. The attaching creditor acquires a specific lien on the attached property which nothing can subsequently destroy except the very dissolution of the attachment or levy itself. Such a proceeding, in effect, means that the property attached is an indebted thing and a virtual condemnation of it to pay the owner's debt. The lien continues until the debt is paid, or sale is had under execution issued on the judgment, or until the judgment is satisfied, or the attachment discharged or vacated in some manner provided

by law.

Thus, in the registry, the attachment in favor of respondents appeared in the nature of a real lien when petitioner had his purchase recorded. The effect of the notation of said lien was to subject and subordinate the right of petitioner, as purchaser, to the lien. Petitioner acquired ownership of the land only from the date of the recording of his title in the register, and the right of ownership which he inscribed was not absolute but a limited right, subject to a prior registered lien of respondents, a right which is preferred and superior to that of petitioner.[22]

It is doctrinal that a levy on attachment, duly registered, has preference over a prior unregistered sale and, even if the prior unregistered sale is subsequently registered before the sale on execution but after the levy is made, the validity of the execution sale should be upheld because it retroacts to the date of levy. The priority enjoyed by the levy on attachment extends, with full force and effect, to the buyer at the auction sale conducted by virtue of such levy.[23]

The sale between petitioners and Benito was undoubtedly a valid transaction between them. However, in view of the prior levy on attachment on the same property, petitioners took the property subject to the attachment. Petitioners, in buying registered land, stood exactly in the shoes of their vendor, Benito, and their title ipso facto became subject to the incidents or results of the pending litigation[24] between Benito and respondent.

Petitioners may have been in good faith when they bought the property from Benito. So also, petitioners may not have known about the case filed by respondent against Benito and the resulting grant of a writ of attachment over Townhouse Unit 320. Be that as it may, this Court is concerned not with actual or personal knowledge, but constructive notice through registration in the Register of Deeds. Otherwise stated, what this Court should follow is the annotation (or lack thereof) on the original title on file with the Register of Deeds, not on the duplicate title in the hands of private parties.[25] Furthermore, when a conveyance has been properly recorded, such record is constructive notice of its contents and all interests, legal and equitable, included therein. Under the rule on notice, it is presumed that the purchaser has examined every instrument on record affecting the title. Such presumption is irrefutable and cannot be overcome by any claim of innocence or good faith.[26]

There is, however, a known exception to the above-mentioned rules, that is, when a party has knowledge of a prior existing interest which is unregistered at that time he acquired a right to the same land, his knowledge of that prior unregistered interest has the effect of registration as to him.[27] Knowledge of an unregistered sale is equivalent to registration.[28] Thus, if it can be proven that respondent, at the time of the institution of the proceedings before the RTC, had knowledge of the sale between petitioners and Benito, the same would be considered equivalent to registration as to him. As far as petitioners are concerned, however, other than their bare allegation that respondent was aware of the sale of the subject property to them by Benito, the records of the case show no evidentiary proof that respondent had knowledge of such transaction prior to the institution of the proceedings before the RTC.

This Court is mindful of one of the arguments raised by petitioners in the proceedings below which was that they derived their right over the property from Philippine American Life Insurance (PHILAM). Petitioners argue that prior to the annotation of the attachment lien in favor of respondent, the subject property was already mortgaged to PHILAM. Thus, petitioners theorize that the mortgage lien in favor of PHILAM is superior to the attachment lien in favor of respondent.[29]

The same is without merit.

Petitioners claim in their narration of facts that after the execution of the Deed of Absolute Sale on July 27, 1994, they notified PHILAM and coordinated with it for the release of the mortgage upon the full payment of Benito's

debt. PHILAM allegedly required petitioners to first secure a mortgage, but because of the tedious process, PHILAM finally decided to forego the said plan. Instead, PHILAM allowed petitioners to pay of the mortgage debt of Benito. It was only on January 3, 1995 when petitioners finally settled Benito's obligation. Two days after, a Release of Real Estate Mortgage[30] was executed by PHILAM.[31]

In *Biñan Steel Corporation v. Court of Appeals*,[32] this Court ruled that the approval of the mortgagee is essential for the perfection of a sale with assumption of mortgage, to wit:

The Garcias claim they acquired the subject property by means of a deed of sale with assumption of mortgage dated June 29, 1998, meaning they purchased the property ahead of the inscription of the levy on attachment thereon on July 27, 1994. But, even if consensual, not all contracts of sale become automatically and immediately effective. In *Ramos vs. Court of Appeals* we held:

In sales with assumption of mortgage, the assumption of mortgage is a condition precedent to the seller's consent and, therefore, without approval of the mortgagee, the sale is not perfected.[33]

Applied to the case at bar, it is undisputed that the release of the mortgage only occurred on January 5, 1995, when a Release of Real Estate Mortgage was issued by PHILAM. In addition, notwithstanding PHILAM's approval of the sale and the assumption of mortgage entered into by petitioners and Benito, there was still another step petitioners had to take and it was the registration of the sale from Benito to them. To stress, as provided for in Section 51 of PD No. 1529, the act of registration shall be the operative act to convey or affect the land insofar as third persons are concerned. Thus, as far as respondent is concerned, his attachment lien, inscribed on November 18, 1994, is superior to whatever right petitioners had by virtue of the Deed of Sale which was only duly registered on January 5, 1995.

Lastly, this Court notes of the finality of the CA Decision in CA-G.R. CV No. 49959, granting respondent's partial appeal to have Townhouse Unit 320 subject to attachment. The finality of said decision is a necessary consequence of this Court's denial of petitioners' appeal in G.R. No. 147339. This Court may have disposed of petitioners' appeal via a minute resolution, but it is settled that when a minute resolution denies or dismisses a petition for failure to comply with formal and substantive requirements, the challenged decision, together with its findings of fact and legal conclusions, are deemed sustained.[34] Petitioners once came to this Court asking for the

exclusion of the subject property from attachment, it would certainly be iniquitous to allow them to raise the same issue all over again a second time.

Withal, while this Court sympathizes with petitioners' plight, law and jurisprudence support respondent's case. It bears to stress that a levy on attachment, duly registered, has preference over a prior unregistered sale and, even if the prior unregistered sale is subsequently registered before the sale on execution but after the levy is made, the validity of the execution sale should be upheld because it retroacts to the date of levy. At any rate, petitioners, however, are not without recourse, as they may seek reimbursement from Benito.

WHEREFORE, premises considered, the petition is DENIED. The February 7, 2006 Decision and April 17, 2006 Resolution of the Court of Appeals, in CA-G.R. SP No. 81382, are AFFIRMED.

SO ORDERED.

Carpio, (Chairperson), Nachura, Abad, and Mendoza, JJ., concur.

[1] Rollo, pp. 14-19.

- [2] Penned by Associate Justice Roberto A. Barrios, with Associate Justices Mario L. Guariña III and Santiago Javier Ranada concurring; id. at 94-100.
- [3] Id. at 106-108.
- [4] Rollo, pp. 63-64.
- [5] Id. at 72-75.
- [6] Id. at 74-75. (Emphasis supplied).
- [7] Penned by Associate Justice Candido V. Rivera, with Associate Justices Quirino D. Abad Santos, Jr. and Bernardo Ll. Salas, concurring; id. at 77-85.
- [8] Id. at 85. (Emphasis supplied).
- [9] Rollo, p. 87.
- [10] Id. at 43-48.
- [11] Id. at 48.
- [12] Id. at 54-59.
- [13] Id. at 49-53.
- [14] Id. at 20-41.
- [15] Id. at 99.
- [16] Id. at 16.
- [17] The Property Registration Decree.
- [18][] (Emphasis supplied).
- [19] Egao v. Court of Appeals, G.R. No. 79787, June 29, 1989, 174 SCRA 484, 493.
- [20] Calalang v. Register of Deeds, G.R. No. 76265, April 22, 1992, 208 SCRA 215, 228.
- [21] 492 Phil. 51 (2005).
- [22] Id. at 58.
- [23] First Integrated Bonding & Insurance Co., Inc. v. Court of Appeals, 329 Phil. 950, 970-971 (1996).
- [24][] Voluntad v. Spouses Dizon, 372 Phil. 82, 92 (1999).
- [25][] See Biñan Steel Corporation v. Court of Appeals, 439 Phil. 688, 701-702 (2002).
- [26][] Id. at 702.
- [27] Ruiz, Sr. v. Court of Appeals, 414 Phil. 311, 323 (2001).
- [28] Winkleman v. Veluz, 43 Phil. 604, 608 (1922).
- [29] Rollo, p. 34.
- [30] Id. at 67.

[31] Id. at 24.

[32] Supra note 25.

[33] Id. at 700. (Emphasis supplied).

[34] Complaint of Mr. Aurelio Indencia Arrienda against SC Justices Puno, Kapunan, Pardo, Ynares-Santiago, et al., A.M. No. 03-11-30-SC, June 9, 2005, 460 SCRA 1, 14, citing *Tan v. Nitafan*, 231 SCRA 129 (1994).

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.