CAMPER REALTY CORP., PETITIONER, VS. MARIA NENA PAJO-REYES REPRESENTED BY HER ATTORNEY-IN-FACT ELISEO B. BALLAO, AUGUSTO P. BAJADO, RODOLFO PAJO AND GODOFREDO PAJO, JR., RESPOND...

G.R. No. 179543. October 06, 2010

Ponente: CARPIO MORALES, J.

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CARPIO MORALES, J.:

Rodolfo Pajo (Rodolfo) caused the notarization on March 27, 1974 by Atty. Camilo Naraval of a Special Power of Attorney (SPA) executed by him and purportedly by his four siblings Maria Nena Pajo Reyes (Nena), Godofredo, Jr. (Godofredo), Tito (Tito), and Isaias (Isaias). The SPA authorized Rodolfo to sell a parcel of land (the property) containing an area of 8,060 square meters, situated in Catalunan Pequeño, Davao City, and covered by Transfer Certificate of Title (TCT) No. T-41086 in the name of the siblings.

A day after the notarization of the SPA or on March 28, 1974, Rodolfo sold the property to Ligaya Vda. De Bajado (Ligaya) who thereafter caused the cancellation of the title thereto and the issuance on April 1, 1974 of TCT No. T-43326 in her name.

Two days after he notarized the SPA, Atty. Naraval observed that all the signatures therein, except that of Rodolfo, were forged, drawing him to write Rodolfo's co-owners respecting his cancellation of the SPA from his notarial register.

After Ligaya passed away, the property was bequeathed to her son- respondent Augusto Bajado (Augusto) via Partition Agreement dated June 14, 1985. Ligaya's title was thereafter cancelled and TCT No. T- 118270 was, in its stead, issued on July 16, 1986 in the name of Augusto.

In 1992, Augusto caused the division of the property into two. Before the completion of the technical survey of the property or on August 31, 1992, Augusto sold the bigger portion thereof consisting of 7,420 square meters, later covered by TCT No. 185958 issued on December 11, 1992 still in his name, to Camper Realty Corporation (petitioner). Augusto retained ownership of the remaining 640 square meters of the property (covered by TCT No. 185959 in his name.

By Augusto's claim, despite his sale of the 7,420 square meter lot to petitioner, petitioner acquiesced to the issuance of the title in his name since its representative, Jose Campo, was still out of the country and he would thus not be available to sign the pertinent documents to effect the transfer. TCT No. 195213 was finally issued in petitioner's name on May 5, 1993.

On April 2, 1993, 19 years after Rodolfo's co-owners of the property were notified two days after the notarization of SPA of the forged signatures, Nena, Rodolfo's sister-co-owner, filed a complaint against Augusto and her brothers Rodolfo and Godofredo, Jr. for "declaration of nullity and/or inexistence of contracts, cancellation of title, quieting of title and possession, damages and attorney's fees with prayer for writ of preliminary injunction

and a temporary restraining order,"[1] before the Regional Trial Court (RTC) of Davao City. Godofredo, Jr. was impleaded as defendant allegedly because he refused to be a co-plaintiff.

Nena alleged that only her brother Godofredo, Jr. remained as co-owner, her other brothers Rodolfo and Tito having ceded to her their respective shares in the property by a notarized Deed of Confirmation on May 5, 1976; and her brother Isaias had died without issue.

By Order of April 7, 1993, the RTC issued a Temporary Restraining Order restraining the "defendants Augusto P. Bajado, his privies and all persons working for him or under his control or order to cease and desist from committing acts of harassment against the plaintiff (Nena) . . . "[2]

On learning of Augusto's sale of part of his interest in the property to petitioner, Nena, by Amended Complaint dated April 20, 1993, impleaded petitioner as a necessary party. Nena contended that no right could have been transmitted to Ligaya and the subsequent transferees, the SPA being a forged document.

By Decision of September 5, 1997,[3] Branch 16 of the Davao RTC dismissed Nena's complaint, disposing as follows:

> PREMISES CONSIDERED, judgment, is hereby rendered:
>
> 1)
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> dismissing plaintiff's complaint against defendants Augusto Bajado and Camper Realty Corporation;
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> 2)
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> ordering defendant Rodolfo Pajo to pay plaintiff the sums of:
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> a)
>
> P50,000.00 as moral damages;
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> b)
>
> P10,000.00 as exemplary damages; and
>
> c)
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> P10,000.00 as attorney's fees; and
>
> 3)
>
> ordering the dismissal of defendants Augusto Bajado and Camper Realty Corporation counterclaims.
>
> SO ORDERED. (underscoring supplied)[4]

The trial court, albeit finding that Rodolfo's co-owners' signatures on the SPA were forged, held that Nena is guilty of laches and declared the validity of the transfer of the property to Augusto by way of judicial partition, and of the subsequent sale to petitioner in this wise:

> Titles to the property were already under the names of the transferors at the time of the transfer - From Ligaya Vda. de Bajado to Augusto Bajado thru succession/partition and from Augusto Majado to Camper Realty Corporation by Deed of Sale. On this basis, the Court cannot declare the nullity or inexistence of the succeeding contracts, to wit: Partition Agreement and the Deed of Sale executed by Augusto Bajado to Camper Realty Corporation, much more cancel the Certificate of Title which at present is under Camper's name for lot previously titled No. 185958 now 195213 and Augusto Bajado for the smaller lot under Title No. 185959. This aside, the Court also finds plaintiff Maria Nena Pajo-Reyes guilty of laches - defined as the failure or neglect to

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> do that which, by exercising due diligence could or should have been done earlier; x x x[5] (underscoring supplied)

On appeal, the Court of Appeals (CA), by the challenged Decision,[6] reversed the trial court's decision. It demurred to the trial court's finding that Nena is guilty of laches. It held that Augusto, as an heir of Ligaya, did not acquire a better right over the property, viz:

> x x x There was no valid transfer to Ligaya and, accordingly, her son (Augusto), the appellee, did not acquire any right over the subject lot since an heir merely steps into the shoes of the decedent and is merely the continuation of the personality of his predecessor-in-interest.
>
> Having thus declared that appellee acquired no right whatsoever over the property in question, it follows that the contract of sale he entered into with Camper was invalid and did not effectively transfer ownership over the property.[7] (underscoring supplied)

Thus the appellate court disposed:

> WHEREFORE, the appealed Decision is hereby REVERSED and SET ASIDE, and judgment rendered:
>
> - Declaring null and void and of no effect, the Deed of Absolute Sale dated March 28, 1974, and TCT No. T-43326;
>
> - Declaring null and void and of no effect, the Deed of Absolute Sale dated August 31, 1992 and TCT Nos. T-185959 and T-195213;
>
> - Ordering the Register of Deeds for Davao City to cancel TCT No. T-185959 in the name of Augusto P. Bajado and TCT No. T-195213 in the name of Camper Realty Corporation and to restore and/or reinstate TCT No. T-41086 of the Register of Deeds of Bataan (sic) to its full force and effect;
>
> - Ordering defendant Rodolfo Pajo to pay appellant the following sums:
>
> - P50,000.00 as moral damages;
>
> - P25,000.00 as attorney's fees; and
>
> - P20,000.00 as exemplary damages.
>
> - Ordering defendant-appellee Augusto Bajado to return the amount of the purchase price and/or consideration of sale of the disputed land he sold to his co-defendant Camper Realty Corporation within ten (10) days from the finality of this decision with legal interest thereon from date of the sale;
>
> - Ordering Rodolfo Pajo to return to the heirs of Ligaya Bajado the amount of the purchase price of the sale of the subject land within ten (10) days from the finality of this decision with legal interest from date of the sale.[8]

It appears that petitioner's counsel of record, Atty. Raul C. Nengasca, died during the pendency of the appeal, notice of which the appellate court was given. Petitioner, who opted not to retain the services of a new counsel, claims not to have received a copy of the decision and that it was only informed of it by Augusto's counsel, hence, its filing of a Motion for Reconsideration on March 8, 2007 of the appellate court's decision.

By Resolution of July 25, 2007, the Court of Appeals resolved to deny petitioner's motion for review for being filed out of time, it relying on the Postmaster's certification that a copy of its decision was actually received by petitioner on December 28, 2006.

Hence, the present petition for review on certiorari.

The records show that service via registered mail of the copy of the decision addressed to petitioner was made on December 28, 2006 on a certain Daisy Belleza (Daisy) who, petitioner avers, was not authorized to receive the copy, she being a mere househelper of petitioner's director Arturo F. Campo.

Although petitioner's principal office and Campo's residence are housed in the same building, Campo's househelper Daisy cannot be considered as a person- in-charge of petitioner's office to consider her receipt of copy of the decision on behalf of petitioner.[9] Neither can the househelper's receipt suffice as service to Campo, even if he is a member of petitioner's Board of Directors, absent a showing that he had been authorized by petitioner to accept service.

On to the merits of the petition.

In sales involving real property or any interest therein, a written authority in favor of the agent is necessary, otherwise the sale is void.[10] Since the property was subjected to ensuing transfers, it is necessary to establish the rights, if any, of the transferees vis-à-vis that of Nena's.

Respondent Augusto acquired the property as his share in his mother Ligaya's estate. As compulsory heir, he merely stepped into the shoes of Ligaya. Since Ligaya's title was derived from Rodolfo's sale to her on the basis of a forged SPA, Augusto's title must be cancelled. Nemo dat quod non habet. In fact, it appears that Augusto did not interpose an appeal from the appellate court's decision divesting him of his title, rendering it final and executory as to him.

The nullity of Augusto's title notwithstanding, the Court finds petitioner, who acquired the bigger portion of the property from Augusto, a purchaser in good faith. Cayana v. Court of Appeals reiterates a well-ensconced doctrine:

> . . . a person dealing with registered land has a right to rely on the Torrens certificate of title and to dispense with the need of inquiring further except 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 the lack of title in his vendor or status of the title of the property in litigation. The presence of anything which excites or arouses suspicion should then prompt the vendee to look beyond the certificate and investigate the title of the vendor appearing on the face of said certificate. One who falls within the exception can neither be denominated an innocent purchaser for value nor a purchaser in good faith; and hence does not merit the protection of the law.[11]

A forged deed can legally be the root of a valid title when an innocent purchaser for value intervenes.[12] For a prospective buyer of a property registered under the Torrens system need not go beyond the title, especially when he has no notice of any badge of fraud or defect that would place him on guard.[13] His rights are thus entitled to full protection, for the law considers him an innocent purchaser.

There was no duty on petitioner's part to go beyond the face of Augusto's title and conduct inquiries on its veracity. Nena did not present proof of any circumstance that could serve as caveat for petitioner to undertake a searching investigation respecting the title. Moreover, the property was registered in Ligaya's name in 1974 yet, and Augusto's in 1986, and no encumbrance or lien was annotated either on Ligaya's or Augusto's title. For 18 years or in 1992, there was no controversy or dispute hounding the property to caution petitioner about Augusto's title thereto.

Contrary to Nena's assertion that the sale to petitioner was a mere subterfuge by Augusto to validate his claim on the property, evidence shows that it was not. Augusto presented a certified true copy of a Certificate Authorizing Registration issued by the Bureau of Internal Revenue on September 3, 1992[14] to show that capital gains tax had been duly paid on the transfer. The Court takes judicial notice that said certificate is necessary for

presentation to the Register of Deeds to register the transfer.

AT ALL EVENTS, factual findings of the trial court are accorded great respect and shall not be disturbed on appeal, save for exceptional circumstances. It bears noting that despite the appellate court's reversal of the trial court's decision, it did not disturb the trial court's findings respecting petitioner's good faith.

In fine, the title in the name of Augusto is defeasible, he having acquired no better right from that of his predecessor-in-interest Ligaya. His title becomes conclusive and indefeasible, however, in the hands of petitioner, it being an innocent purchaser for value.

A word on the legal interest due on the reimbursement of the purchase price to Nena and her remaining co-owner Godofredo, Jr. In accordance with Eastern Shipping Lines v. Court of Appeals,[15] since the claim does not involve a loan or forbearance of money, imposition of interest rate of six percent (6%) per annum from date of filing of the complaint is in order.

WHEREFORE, the assailed Court of Appeals Decision in CA-G.R. CV. 59600 is SET ASIDE and another is rendered as follows:

1) The Deed of Absolute Sale dated March 28, 1974 executed by respondent Rodolfo Pajo in favor of Ligaya Vda. De Bajado is declared NULL and VOID.

2) Transfer Certificate of Title No. 195213 in the name of petitioner, Camper Realty Corporation, is declared VALID. The Register of Deeds of Davao City is accordingly ORDERED to RETAIN in the Registry said Transfer Certificate of Title.

3) Respondent Rodolfo Pajo is ORDERED to pay respondent Maria Nena Pajo-Reyes the amounts of P50,000.00 as moral damages, P25,000.00 as attorney's fees, and P20,000.00 as exemplary damages; and

4) Respondent Augusto Bajado is ORDERED to return the purchase price paid by petitioner for the land covered by Transfer Certificate of Title No. 195213 to respondents Maria Nena Pajo-Reyes and Godofredo Pajo, Jr., the amount to bear legal interest of 6% per annum from the date of filing of the complaint.

The Register of Deeds of Davao City is FURTHER ORDERED to cancel Transfer Certificate of Title No. T-185959 in the name of respondent Augusto Bajado and to issue in its stead a title in the names of respondents Maria Nena Pajo-Reyes and Godofredo Pajo, Jr.

SO ORDERED.

Brion, Bersamin, Villarama, Jr., and Sereno, JJ., concur.

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[1] Records, p. 1

[2] Id. at 37.

[3] Id. at 222-227.

[4] Id. at 227.

[5] Id. at 226.

[6] Decision of November 27, 2006, penned by Associate Justice Ricardo R. Rosario with the concurrence of Associate Justices Romulo V. Borja and Mario V. Lopez, rollo, pp. 57-65.

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[7] Id. at 62-63.

[8] Id. at 63-64.

[9] Vide Rubia v. Government Service Insurance System, G.R. No. 151439, June 21, 2004, 432 SCRA 529.

[10] Civil Code, Article 1874.

[11] G.R. No. 125607, March 18, 2004, 426 SCRA 10, 23, citing Sandoval v. Court of Appeals, 329 Phil. 48, 60-61, (1996).

[12] Tenio-Obsequio v. Court of Appeals, G.R. No. 107967, March 1, 1994, 230 SCRA 550

[13] Rufloe v. Burgos, G.R. No. 143573, January 30, 2009, 577 SCRA 264.

[14] Folder of Exhibits, Exhibit 12, p. 276.

[15] G.R. No. 97412, July 12, 1994, 234 SCRA 78.

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