

DEVELOPMENT BANK OF THE PHILIPPINES, PLAINTIFF AND APPELLANT, VS. LAZARO MANGAWANG, ET AL., DEFENDANTS AND APPELLEES.

G.R. No. 18861. June 30, 1964

Ponente: BAUTISTA ANGELO, J.

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BAUTISTA ANGELO, J.:

This is an appeal from a decision of the Court of First Instance of Bataan declaring the Mangawang brothers owners of Lot No. 1633 of the Balanga cadastre.

It appears that Gavino Amposta applied with the Director of Lands for the issuance of a homestead patent over a parcel of land situated at Balanga, Bataan. Pending action on his application, cadastral proceedings were instituted by the government in said municipality wherein Amposta filed an answer praying for the adjudication of the same land in his favor which was designated therein as Lot No. 1633. On March 8, 1920, the cadastral court rendered decision awarding the land to Amposta. Since Lands or to the Governor General, the latter on November 2, 1920, issued in favor of Amposta Homestead Patent No. 2388 covering the same land, and on November 29, 1920, Original Certificate of Title No. 100 was issued to him by the Governor General.

On December 20, 1922, the cadastral court issued a decree of registration of the land in favor of Amposta pursuant to the decision rendered in the cadastral case, and on July 5, 1924, Original Certificate of Title No. 2668 was issued to him covering the same property.

On November 24, 1941, Amposta sold the land to Santos Camacho surrendering to him Original Certificate of Title No. 100, and because of this transfer said title was cancelled and Transfer Certificate of Title No. 5506 was issued in the name of Camacho. On November 18, 1946, Santos Camacho sold the land to Bonifacio Camacho as a result of which Transfer Certificate of Title No. 218 was issued to the latter. On April 28, 1948, Bonifacio Camacho mortgaged the land to the Rehabilitation Finance Corporation (now Development Bank of the Philippines), and having failed to pay the loan as agreed upon the land was sold at public auction to said bank as the highest bidder. The period of redemption having elapsed without Camacho being able to redeem the property, a final deed of sale was executed in favor of the bank, and Transfer Certificate of Title No. 6961 was issued in its name on June 29, 1957.

Meanwhile, or on June 11, 1947, Gavino Amposta again sold the same property to Lazaro and Arsenio Mangawang for the sum of P2,500.00, the vendees executing a mortgage on the land to secure the payment of the balance. On March 17, 1948, the vendees paid the balance of the purchase price, and an absolute deed of sale was executed in their favor. In connection with this transaction, Amposta surrendered to the vendees the title that was issued to him in the cadastral case, which was later substituted by Transfer Certificate of Title No. 1098 issued in the name of the vendees.

As a consequence of their purchase of the land, the Mangawang brothers took possession thereof, and upon learning of this transfer, the Development Bank of the Philippines, which as already stated became the owner of

the property, commenced the present action against them in the Court of First Instance of Bataan to recover its possession and damages. In this case, the parties submitted a stipulation of facts, and on the strength thereof, the court a quo rendered decision awarding the land to the Mangawang brothers. Seasonably, this bank appealed to this Court.

Appellees contend that their right over the property in litigation should be respected because the certificate of title they are holding is derived from that issued pursuant to a decision rendered by a cadastral court, while the title being held by appellant was merely based on the title issued in an administrative proceeding, upon the theory that a judicial title is deemed preferred to one issued administratively. They further contend that since the decision which gave rise to their title was, rendered on March 8, 1920, which become final thirty days thereafter, their right over the land must be deemed vested on said date, whereas the title of appellant is merely a derivation of the one issued to Amposta on November 29, 1920, or seven months after the decision rendered in the cadastral case.

There is no doubt that if the two original certificates of title were issued on different occasions to two different persons, the contention of appellees would be correct it being in line with the several decisions rendered by this Court.[1] But the case at bar is different. Here two certificates of title were issued to Gavino Amposta over the same parcel of land, one under the Homestead Law and another under the Cadastral Act. Said titles were regularly issued and on their face both appear to be valid, and under such predicament it behooves Amposta to choose which of them he would prefer, as he could not validly make use of both of them. But this Amposta did not do. On the contrary, he took advantage of the situation by selling the land to two different persons surrendering to each purchaser the pertinent certificate of title. The question then that arises is: Who of the two buyers should be considered as the rightful owner of the land?

On this score, it is important to consider the facts that led to the sale of the land to the parties herein. Note that Amposta first sold the land to Santos Camacho on the same date. And seven years thereafter, or on March 17, 1918, Amposta again sold the land to the Mangawang brothers, who also registered it in their name on the same date. Since both purchasers apparently have acted in good faith, as there is nothing in the evidence to show that they did otherwise, We cannot but conclude that the sale made by Amposta to Santos Camacho is the valid one considering that when Amposta sold the same land to the Mangawang brothers he had nothing more to sell even if the title he surrendered to them is one issued covering the same property. In legal contemplation, therefore, Amposta sold a property he no longer owned, and hence the transaction is legally ineffective.

On the other hand, the case under consideration can also be viewed under a different angle. It can also be treated as one of double sale, where a person sells the same land to two different persons who are unaware of the flaw that lies in its title, and where the law adjudicates the property to the purchaser who first registers the transaction in his name in the registry of property.[2] And applying this principle, we cannot but conclude that the title should likewise be adjudicated to appellant whose predecessor-in-interest acquired and registered the property much ahead in point of time than the appellees. Verily, the title acquired by the latter is invalid and ineffective, contrary to the finding of the court a quo.

WHEREFORE, the decision appealed from is reversed. We hereby declare appellant owner of Lot No. 1633 of the Balanga cadastre and uphold the validity of Transfer Certificate of Title No. 6961 issued in its favor. Transfer Certificate of Title No. 1098 issued in the name of appellees is hereby ordered cancelled. No pronouncement as to costs.

Bengzon, C. J., Padilla, Concepcion, Reyes J. B. L., Paredes, Regala, and Makalintal, JJ., concur.

[1] Government of the Philippine Islands vs. Abural, 39 Phil. 996; De la Merced vs. Court of Appeals, G.R. No.

L-17737, May 30, 1962; Nieto vs. Quines, et. al., G.R. no. L-14643, September 29, 1962.

[2] Article 1473, old Civil Code, now Article 1544, new Civil Code; Granados vs. Monton, 47 O.G. 5607; Beatriz, et. al., vs. Cederia, et. al., G.R. No. L-17703, February 28, 1962; Soriano, et., al. vs. Heirs of Magali, et., al. G.R. No. L-15133, July 31, 1963.

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