

LA PAZ HOUSING AND DEVELOPMENT CORPORATION, PETITIONER, VS. BANK OF COMMERCE, RESPONDENT.

G.R. No. 255978, June 16, 2026

Ponente: INTING, J.

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INTING, J.:

Before the Court is a Petition for Review on Certiorari[2] (Petition) filed under Rule 45 of the Rules of Court, assailing the Decision[3] dated June 30, 2020, and the Resolution[4] dated February 26, 2021, of the Court of Appeals (CA) in CA-G.R. CV No. 109578, which affirmed the Decision[5] dated December 15, 2016, of Branch 31, Regional Trial Court (RTC), City of San Pedro, Laguna in Civil Case No. SPL-0978.

The Antecedents

The present controversy revolves around four real properties (subject properties) located in San Pedro, Laguna, registered in the name of petitioner La Paz Housing and Development Corporation (La Paz Housing) under Transfer Certificate of Title (TCT) Nos. T-104325,[6] T-104376,[7] T-120845,[8] and T-120846[9] (collectively, La Paz Housing Titles).[10] Previously, the subject properties were registered in the name of La Paz Investment and Realty Corporation (La Paz Investment) under TCT Nos. T-56905,[11] T-61774,[12] T-62266,[13] and T-62267 (collectively, La Paz Investment Titles).[14]

Proceedings in Civil Case No. 0891-P before the RTC Pasay City

The case originated from a collection suit instituted by Traders Royal Bank (TRB) against La Paz Investment, among others, docketed as Civil Case No. 0891-P[15] before Branch 112, RTC, Pasay City (RTC Pasay City).[16] On January 21, 1983,[17] the RTC Pasay City issued a Writ of Preliminary Attachment in favor of TRB. On January 24, 1983,[18] a Notice of Levy on Attachment was uniformly annotated as Entry No. 129501 on the La Paz Investment Titles.[19]

La Paz Investment subsequently moved to discharge the attachment of the subject properties which the RTC Pasay City initially granted in the Order dated July 12, 1983. However, TRB filed a Motion for Reconsideration dated August 4, 1983.[20]

Pending resolution of TRB's Motion for Reconsideration, the Notice of Levy on Attachment under Entry No. 129501 was cancelled. The cancellation was uniformly annotated on the La Paz Investment Titles on September 21, 1983, under Entry No. 139963.[21]

During this period, La Paz Investment conveyed the subject properties through two distinct transfer routes before ultimately being registered in the name of La Paz Housing.[22]

Particularly, on September 21, 1983, the same day as the cancellation of the Notice of Levy on Attachment, La Paz Investment sold the property covered by TCT No. T-56905 to La Paz Housing.[23]

Two days later, or on September 23, 1983, La Paz Investment transferred the property covered by TCT No.

T-61774 to La Paz Housing.[24]

On the same date, La Paz Investment transferred the remaining properties covered by TCT Nos. T-62266 and T-62267 to Federico O. Campos (Federico), Nelly P. Campos, Augusto O. Campos, Noel O. Campos (Noel), Jose C. Estrella III, Victorico L. Chaves, Ma. Catalina Chaves, Teresita C. Martelino, Romeo A. Sison, A.C. Development Corporation, and Isabela Foundation, Inc. (collectively, Campos et al.).[25] Consequently, TCT Nos. T-62266 and T-62267 in the name of La Paz Investment were cancelled and in lieu thereof, TCT Nos. T-104377[26] and T-104378[27] were issued to Campos et al.[28]

Subsequently, in December 1984, La Paz Housing acquired the afore-mentioned properties from Campos et al. As a result, TCT Nos. T-104377 and T-104378 were cancelled, and TCT Nos. T-120845 and T-120846 were issued in the name of La Paz Housing.[29]

The transfers may be summarized as follows:

Original La Paz
Investment Titles

September 1983
Transferee

December 1984
Transferee

Resulting La Paz
Housing Titles

T-56905

La Paz Housing

-

T-104325

T-61774

La Paz Housing

-

T-104376

T-62266

Campos et al.

La Paz Housing

T-120845

T-62267

Campos et al.

La Paz Housing

T-120846[30]

Meanwhile, in the Order dated September 26, 1983, the RTC Pasay City granted TRB's Motion for Reconsideration and reinstated the writ of attachment previously issued. The reinstatement was later affirmed with finality by the then Intermediate Appellate Court (IAC).[31]

Accordingly, on April 5, 1989, the Notice of Levy on Attachment was reinstated and annotated on the La Paz Housing Titles under Entry No. 223706.[32]

Eventually, the RTC Pasay City rendered the Decision[33] dated March 5, 1998, in favor of TRB, holding the defendants therein jointly and severally liable in the amount of PHP 14,703,145.09, with interest. To enforce the judgment, the RTC Pasay City issued a Writ of Execution in Civil Case No. 0891-P, and on November 16, 2001, the Sheriff of the RTC Pasay City issued a Notice of Sheriff's Sale,[34] setting the subject properties for public auction.

La Paz Housing, as a third-party claimant in Civil Case No. 0891-P, filed a Motion to Set Aside and Cancel Notice of Sheriffs Sale and Scheduled Public Auction (Motion for Cancellation of Notice of Sheriffs Sale),[35] but the RTC Pasay City denied the motion in the Order[36] dated March 4, 2002. The RTC Pasay City ruled that the subject properties could be sold through public auction to satisfy the judgment debt in favor of TRB, considering that the Writ of Preliminary Attachment and the Notice of Levy on Attachment were eventually reinstated and carried over to the La Paz Housing Titles. La Paz Housing did not file any further opposition against the public auction sale of the subject properties in Civil CaBe No. 0891-P.[37]

Thereafter, on April 15, 2002, the subject properties were sold at a public auction to TRB, as the highest bidder, in the amount of PHP 30,650,287.34.[38] A Certificate of Sale[39] was then issued in its favor. The properties were not redeemed within the prescribed redemption period.[40]

Proceedings in Civil Case No. SPL-0978 before the RTC San Pedro, Laguna

On October 16, 2003, La Paz Housing filed a Complaint[41] for Declaration of Nullity of Auction Sale and Damages (Complaint) before the RTC, City of San Pedro, Laguna (RTC San Pedro) against herein respondents TRB; Arsenio De Guzman, in his capacity as Sheriff of the RTC Pasay City; and the Register of Deeds of Laguna, docketed as Civil Case No. SPL-0978.

In its Complaint, La Paz Housing pointed out that it was not among the judgment debtors in Civil Case No. 0891-P and was thus a stranger to the suit. It asserted that it had a personality separate and distinct from La Paz Investment, arguing that the judgment debt in Civil Case No. 0891-P could not be satisfied through the public auction sale of the subject properties already transferred to it.[42]

In its Answer,[43] TRB raised the following defenses: (1) La Paz Housing was guilty of forum shopping, having previously filed a Motion for Cancellation of Notice of Sheriffs Sale in Civil Case No. 0891-P without disclosing the same in the Certificate of Non-Forum Shopping attached to the Complaint; and (2) the auction sale was valid, as its effect retroacted to the date of the levy on attachment annotated on the La Paz Investment Titles on January 24, 1983.[44]

TRB later merged with respondent Bank of Commerce, which became the surviving entity and was

consequently substituted as the defendant in Civil Case No. SPL-0978.[45]

The Ruling of the RTC San Pedro

In the Decision dated December 15, 2016, the RTC San Pedro dismissed the Complaint for lack of merit, viz.:

WHEREFORE, premises considered, the complaint is hereby DISMISSED for lack of merit.

No costs.

SO ORDERED.[46]

The RTC San Pedro held that the subject properties were validly sold at a public auction to satisfy the judgment debt in Civil Case No. 0891-P. It emphasized that as early as January 24, 1983, the subject properties had already been levied on attachment. The trial court further noted that the Notice of Levy on Attachment uniformly annotated on the La Paz Investment Titles was carried over to the La Paz Housing Titles, in accordance with Section 59[47] of Presidential Decree No. 1529.[48]

Aggrieved, La Paz Housing appealed to the CA.[49] It argued that (1) the RTC San Pedro improperly relied on the machine copies of the La Paz Investment Titles presented by the Bank of Commerce; and (2) the auction sale of the subject properties on April 15, 2002, was void because at that time, La Paz Housing—a non-party in Civil Case No. 0891-P—was the registered owner of the subject properties.

The Ruling of the CA

In the Decision dated June 30, 2020, the CA affirmed the RTC Decision, viz.:

WHEREFORE, premises considered, the appeal is DENIED. The Decision dated 15 December 2016 of the Regional Trial Court, Fourth Judicial Region, Branch 31, City of San Pedro, Laguna in Civil Case No. SPL-0978 is AFFIRMED.

SO ORDERED.[50]

The CA ruled that the RTC San Pedro properly considered the documentary evidence of Bank of Commerce, finding that the latter had, in fact, presented certified true copies of the La Paz Investment Titles. As such, the documents were admissible pursuant to Rule 130, Section 7[51] of the 1997 Rules of Court.[52]

On the merits of the case, the CA agreed with the RTC that the auction sale of the subject properties was valid. It explained that a registered writ of attachment is a superior lien; thus, when the attached properties were sold to satisfy the judgment debt, the effect of the sale retroacts to the date of levy.

The CA noted that prior to the transfer of the subject properties to La Paz Housing, the Notice of Levy on Attachment had already been annotated on the La Paz Investment Titles and was subsequently carried over to the La Paz Housing Titles. The CA thus concluded that the auction sale of the subject properties validly retroacted to the date of levy, thereby preserving TRB's rights as the superior lien holder.

La Paz Housing filed a motion for reconsideration[53] of the CA Decision, but the CA denied it in the Resolution dated February 26, 2021.

Thus, the present Petition.[54]

Arguments of La Paz Housing

In seeking the reversal of the CA rulings and the annulment of the auction sale of the subject properties, La Paz Housing advances the following arguments:

First, at the time when La Paz Housing acquired the properties covered by TCT No. T-56905 and TCT No. T-61774 on September 21, 1983, and September 23, 1983, respectively, the Notice of Levy on Attachment under Entry No. 129501 had already been cancelled by Entry No. 139963, which was annotated on the said titles on September 21, 1983. Given the situation, the judgment debt in Civil Case No. 0891-P cannot be satisfied through the sale of the properties covered by TCT No. T-56905 and TCT No. T-61774.[55]

As to the properties originally covered by TCT Nos. T-62266 and T-62267, La Paz Housing explains that when Campos et al. acquired them on September 23, 1983, the Notices of Levy on Attachment had already been cancelled by Entry No. 139963 on September 21, 1983. Consequently, TCT Nos. T-104377 and T-104378 issued to Campos et al. in lieu of TCT Nos. T-62266 and T-62267 did not contain any annotation concerning the said attachment levy. Accordingly, La Paz Housing could not have known that these properties were encumbered by a prior lien on attachment in favor of TRB.[56]

Second, the CA erred in relying on the alleged admission of La Paz Housing's witness on the existence of the Notice of Levy on Attachment in the La Paz Housing Titles. The statements of the witness pertained only to the annotation of the auction sale in 2002, and not to the earlier Notice of Levy on Attachment.[57]

Third, the CA failed to consider that Bank of Commerce should have been excluded from the proceedings because it failed to prove its status as the successor-in-interest of TRB.[58]

Fourth, in its Reply,[59] La Paz Housing further contends that the Order dated March 4, 2002, of the RTC Pasay City in Civil Case No. 0891-P does not constitute *res judicata* because the parties therein are different from those in the present case. Hence, La Paz Housing was not precluded from filing the Complaint before the RTC San Pedro.[60]

Fifth, La Paz Housing disputes any imputation of knowledge arising from the alleged interlocking directors between it and La Paz Investment. It argues that the existence of interlocking directors does not, by itself, create a legal duty to disclose information or impute knowledge from one corporation to the other, particularly when doing so would violate the director's fiduciary duties of loyalty and confidentiality. It likewise contends that knowledge possessed by a common director of two corporations does not automatically bind or impute such knowledge to either corporation. La Paz Investment's knowledge of the pendency of Civil Case No. 0891-P cannot bind La Paz Housing, given their separate and distinct juridical personalities.[61]

Finally, La Paz Housing asserts that the mere fact of reinstatement of the Notice of Levy on Attachment on its titles 13 years prior to the auction sale does not bestow any real right in favor of TRB. It emphasizes that title over registered land cannot be acquired by prescription.[62]

Arguments of Bank of Commerce

In its Comment,[63] Bank of Commerce prays for the denial of the present Petition, advancing the following arguments:

First, the issue on the validity of the auction sale in question is already barred by *res judicata*. The controversy was already adjudged by the RTC Pasay City in Civil Case No. 0891-P through the Order[64] dated March 4, 2002, wherein it upheld the validity of the public auction of the subject properties to satisfy the judgment debt in TRB's favor. La Paz Housing did not assail the RTC Pasay City's Order through the proper remedies and is therefore bound by it.[65]

Second, La Paz Housing cannot feign ignorance of the pending litigation involving the cancellation and reinstatement of the Notice of Levy on Attachment because it had interlocking directors with La Paz

Investment—specifically, Federico and Noel, with Federico likewise serving as President and Chairperson of La Paz Housing.[66]

Further, La Paz Investment, La Paz Housing, and Campos et al. acted in concert to evade satisfaction of the judgment debt in Civil Case No. 0891-P. This is demonstrated by the timing of the transfers which were effected on the same day and within two days from the cancellation of the Notice of Levy on Attachment despite the pendency of TRB's motion for reconsideration seeking the reinstatement of the attachment.[67]

Third, La Paz Housing is estopped from assailing the validity of the reinstatement of the Notice of Levy on Attachment on its titles. The reinstatement was already annotated on the La Paz Housing Titles as early as April 5, 1989, or more than 13 years prior to the auction sale on April 15, 2002.[68]

Finally, Bank of Commerce validly acquired an interest over the subject properties as TRB's successor-in-interest following their merger. Hence, it is entitled to enforce the lien on attachment over the subject properties.[69]

The Issues

The issues before the Court are:

- Whether Bank of Commerce has the legal personality to enforce the levy on attachment over the subject properties as the successor-in-interest of TRB;
- Whether the present Petition is barred by res judicata; and
- Whether the auction sale of the subject properties to satisfy the judgment debt in Civil Case No. 0891-P is valid, particularly, whether La Paz Housing may be bound by the Notice of Levy on Attachment despite having acquired the subject properties during the interval between the cancellation of the levy and its subsequent reinstatement.

The Ruling of the Court

The Petition is denied for lack of merit.

Preliminarily, the Court cannot take cognizance of the question of whether Bank of Commerce has the legal personality to enforce the levy on attachment of the subject properties as this issue was not raised as an assigned error before the CA.

In its Appellant's Brief[70] before the CA, La Paz Housing limited its assigned errors to the following: (1) the admission of the evidence presented by Bank of Commerce; (2) the finding that the properties were owned by La Paz Investment; and (3) the validity of the auction sale.[71] While La Paz Housing questioned the personality of Bank of Commerce in its Motion for Reconsideration[72] before the RTC San Pedro,[73] it failed to raise it on appeal before the CA. Consequently, the CA made no ruling on this matter.

It is a well-settled rule that "an error not raised in the lower courts cannot be raised for the first time on appeal to the Supreme Court." [74] Hence, when the appellant fails to assign a specific finding of the RTC as an error on appeal with the CA, the appellant is estopped from questioning the same finding in a Rule 45 petition for review before the Court.[75] Considering that the alleged lack of personality of Bank of Commerce was not raised as an error on appeal before the CA, La Paz Housing can no longer assail the same in the present Petition.

On Res Judicata

The Court, however, rules in favor of La Paz Housing on the issue of res judicata over the validity of the auction sale of the subject properties.

To be sure, La Paz Housing was not impleaded as a party in Civil Case No. 0891-P. Thus, Rule 39, Section 16

and Rule 57, Section 14 of the Rules of Court find application in the case, to wit:

[Rule 39,] Section 16. Proceedings where property claimed by third person. — If the property levied on is claimed by any person other than the judgment obligor or his agent, and such person makes an affidavit of his title thereto or right to the possession thereof, stating the grounds of such right or title, and serves the same upon the officer making the levy and copy thereof, stating the grounds of such right or title, and serves the same upon the officer making the levy and a copy thereof upon the judgment obligee, the officer shall not be bound to keep the property, unless such judgment obligee, on demand of the officer, files a bond approved by the court to indemnify the third-party claimant in a sum not less than the value of the property levied on. In case of disagreement as to such value, the same shall be determined by the court issuing the writ of execution. No claim for damages for the taking or keeping of the property may be enforced against the bond unless the action therefor is filed within one hundred twenty (120) days from the date of the filing of the bond.

The officer shall not be liable for damages for the taking or keeping of the property, to any third-party claimant if such bond is filed. Nothing herein contained shall prevent such claimant or any third person from vindicating his claim to the property in a separate action, or prevent the judgment obligee from claiming damages in the same or a separate action against a third-party claimant who filed a frivolous or plainly spurious claim. (*Italics supplied*)

....

[Rule 57,] Section 14. Proceedings where property claimed by third person. — If the property attached is claimed by any person other than the party against whom attachment had been issued or his agent, and such person makes an affidavit of his title thereto, or right to the possession thereof, stating the grounds of such right or title, and serves such affidavit upon the sheriff while the latter has possession of the attached property, and a copy thereof upon the attaching party, the sheriff shall not be bound to keep the property under attachment, unless the attaching party or his agent, on demand of the sheriff: shall. file a bond approved by the court to indemnify the third-party claimant in a sum not less than the value of the property levied upon. In case of disagreement as to such value, the same shall be decided by the court issuing the writ of attachment. No claim for damages for the taking or keeping of the property may be enforced against the bond unless the action therefor is filed within one hundred twenty (120) days from the date of the filing of the bond.

The sheriff shall not be liable for damages for the taking or keeping of such property to any such third-party claimant, if such bond shall be filed. Nothing herein contained shall prevent such claimant or any third person from vindicating his claim to the property, or prevent the attaching party from claiming damages against a third-party claimant who filed a frivolous or plainly spurious claim, in the same or a separate action. (*Italics supplied*)

Under the foregoing rules of procedure, the identical^[76] remedies of a third-party claimant, whose properties were attached or became the subject of a writ of execution, delivery,^[77] or possession^[78] in a case where it was not included as a party, are as follows: (1) it may avail of "terceria" by serving on the levying officer making the levy an affidavit of its title, and serving also a copy to the judgment creditor; (2) it may file a case for damages against the bond issued by the judgment debtor within 120 days from the date of the filing of the bond; and (3) it may file "any proper action" to vindicate its claim to the property.^[79]

Because Rule 39, Section 16 and Rule 57, Section 14 of the Rules of Court expressly state that nothing therein shall prevent the third-party claimant or any third person from vindicating their claim to the property in a separate action, the Court has repeatedly held that the afore-mentioned remedies are cumulative and not alternative or exclusive.^[80]

Thus, in several cases,^[81] the Court held that a third-party claimant was not barred from instituting a separate action against the attachment of its property despite the earlier denial or dismissal of its third-party claim before

the court where the attachment or execution proceedings were pending. The rule applies even if the third-party claimant did not appeal the order denying its third-party claim because strictly speaking, the third-party claimant is not a party in the proceedings and cannot therefore appeal or institute certiorari proceedings against the denial or dismissal order.[82] In such a case, the third-party claimant's remedy is to institute a separate independent action to vindicate its right over the property in question, which is not barred by *res judicata*, as explained in *Traders Royal Bank v. Intermediate Appellate Court*,[83] to wit:

It is further argued that since private respondent La Tondeña, Inc., had voluntarily submitted itself to the jurisdiction of the Pasay Court by filing a motion to intervene in Civil Case No. 9894-P, the denial or dismissal thereof constitutes a bar to the present action filed before the Bulacan Court.

We cannot sustain the petitioner's view. Suffice it to state that intervention as a means of protecting the third party[-]claimant[s] cumulative right in an attachment proceeding is not exclusive but cumulative and suppletory to the right to bring an independent suit. The denial or dismissal of a third-party claim to property levied upon cannot operate to bar a subsequent independent action by the claimant to establish his right to the property even if he failed to appeal from the order denying his original third-party claim.[84] (Emphasis supplied)

In the present case, La Paz Housing opted to file a Motion for Cancellation of Notice of Sheriff's Sale in Civil Case No. 0891-P. However, its Motion was denied by the RTC Pasay City through the Order dated March 4, 2002. La Paz Housing cannot be expected to appeal the order because it is not a party in Civil Case No. 0891-P. Hence, in accordance with Rule 39, Section 16 and Rule 57, Section 14 of the Rules of Court, as well as prevailing jurisprudence, La Paz Housing is not barred from instituting a separate independent action before the RTC San Pedro for the annulment of the auction sale in issue.

On the Validity of the Auction Sale

Nonetheless, the Petition ultimately fails on the merits.

There is no question that the Notice of Levy on Attachment that was originally annotated on the La Paz Investment Titles on January 24, 1983, was reinstated and carried over to the La Paz Housing Titles under Entry No. 223706 on April 5, 1989. Nonetheless, La Paz Housing disputes the propriety of the auction sale of the subject properties on April 15, 2002. It primarily anchors its case on the fact that when the subject properties were sold to it, the Notice of Levy on Attachment annotated on the La Paz Investment Titles had already been cancelled; hence, it had no notice of and cannot be bound by the attachment lien in favor of TRB.

The issue, therefore, is whether La Paz Housing may still be bound by the Notice of Levy on Attachment if it acquired the subject properties after the Notice was cancelled upon order of the RTC Pasay City and before it was reinstated on April 5, 1989.

After a careful review of the records, the Court finds that La Paz Housing is bound by the Notice of Levy on Attachment that was ordered reinstated by the RTC Pasay City and the IAC. As explained below, the cancellation entry was facially deficient. There were also circumstances that should have alerted any person dealing with the subject properties that they were involved in litigation, that TRB's attachment lien was not dissolved with finality, and that the conveyance of the subject properties was voidable or presumed fraudulent under the relevant laws. Inquiry beyond the certificates of title covering the subject properties was therefore necessary for La Paz Housing to be considered an innocent purchaser for value without notice of the attachment lien in TRB's favor, yet it failed to establish the same.

Under Section 44[85] of Presidential Decree No. 1529, every subsequent purchaser of registered land taking a certificate of title for value and in good faith, shall hold the same free from all encumbrances except those noted

in said certificate and other statutory liens. In relation thereto, a writ of preliminary attachment has been defined as "a provisional remedy issued upon order of the court where an action is pending to be levied upon the property or properties of the defendant therein, the same to be held thereafter by the sheriff as security for the satisfaction of whatever judgment that may be secured in the said action by the attaching creditor against the defendant." [86]

Evidently, a writ of preliminary attachment creates a real lien in favor of the attaching party. [87] Hence, Section 69 [88] of Presidential Decree No. 1529 provides that a writ of attachment issued by a court to create or preserve any lien, status, right, or attachment upon registered land must be annotated on the certificate of title covering the attached property.

Based on the foregoing provisions of law, the attachment of registered land, "once annotated, recorded, or registered in the office of the register of deeds, affects the realty to which it refers, and that from the moment it is inscribed, recorded or noted in the office of the register of deeds for the province or city in which the realty lies, it constitutes a lien on the property." [89] From the time of registration of the writ of preliminary attachment, it serves as notice to the whole world that if the attaching party prevails in the suit, the registered land in question may be sold to satisfy the judgment debt. [90]

Still, the law recognizes that a previously annotated notice of levy on attachment may be cancelled or dissolved in accordance with Sections 72 and 73 [91] of Presidential Decree No. 1529. Rule 57, Sections 12 and 13 [92] of the Rules of Court provide the specific grounds for the discharge or dissolution of attachment.

In the case, there is no dispute that a Notice of Levy on Attachment was uniformly annotated on the La Paz Investment Titles on January 24, 1983, under Entry No. 129501. However, before La Paz Housing acquired the subject properties, Entry No. 129501 had been cancelled through Entry No. 139963, which was annotated on the La Paz Investment Titles on September 21, 1983.

In this regard, it is well-established that as a general rule, the cancellation of an annotated lien or encumbrance on a certificate of land title results in the termination of notice of such encumbrance or lien. [93] This is because the annotations on a certificate of land title are entries in a public record made by a public officer, i.e., the Register of Deeds, and thus stand as prima facie evidence of the facts therein stated. [94]

By way of exception, a purchaser of registered land that is subject of a pending suit affecting title to the property cannot rely on the presumption of regularity in favor of the annotations appearing on a Torrens certificate of title if the defect in the entry is apparent on the face of the title. [95] In such a case, before entering into a transaction involving title to registered land, the purchaser or encumbrancer must prove that it exercised reasonable precaution by inquiring beyond the Torrens certificate to ascertain the validity of or any defect in the seller's title over the property in issue, and that no other person had a right or interest in the same property. [96]

The exception is illustrated in *Voluntad v. Spouses Dizon*, [97] where the cancellation of a notice of lis pendens was deemed facially deficient because it was made a mere four days after the issuance of the RTC order dismissing the case and before the lapse of the 15-day period to appeal. The Court explained that given the circumstances, the "annotation in the title that the property was involved in a suit should have prompted the prudent purchaser to inquire and verify if the suit was finally terminated and the property freed from any legal infirmity or judicial inquiry."

Similarly, the cancellation of a notice of lis pendens in *Heirs of Esquivel v. Clemente III* [98] was found to be patently defective. In the case, a notice of lis pendens was cancelled based on a Supreme Court order issued in an entirely separate case involving different parties. The Court explained that pursuant to the constructive notice rule under Section 52 [99] of Presidential Decree No. 1529, the third-party purchaser was deemed notified of the

contents of the order and was therefore put on notice that the cancellation of the notice of lis pendens was irregular as it was effected through a court order issued in an unrelated case separate and distinct from the pending suit annotated on the title.

Likewise, in *Spouses Dimaculangan v. Romasanta*,^[100] the third-party buyers were deemed to have knowledge of a pending litigation involving the registered land in question notwithstanding the fact that the annotated notice of lis pendens on the certificate of title had already been cancelled at the time of purchase. The Court ruled that the buyers should have been put on guard as to the possibility of the existence of a defect or flaw in the cancellation of the notice of lis pendens under the circumstances. Particularly, the cancellation was based on a certification purportedly originating from the trial court but it was manifestly irregular considering that: (1) the certification was issued only by a court interpreter and not by the proper court officer;^[101] and (2) while the certification stated that the case had been dismissed with finality, it does not mention that a judgment was entered in the book of entries as required by the Rules of Court.

Applying the foregoing, the Court finds that the cancellation of the Notice of Levy on Attachment on the La Paz Investment Titles was facially deficient.

First, the cancellation under Entry No. 139963 on September 21, 1983, was effected based on the RTC Pasay City's Order dated July 12, 1983. Clearly, the cancellation was not based on a final and executory ruling in Civil Case No. 0891-P. Rather, the RTC Order lifting or dissolving the writ of preliminary attachment was interlocutory in nature as it did not dispose of Civil Case No. 0891-P on the merits but simply resolved a case incident.^[102]

Being merely interlocutory, the Order dated July 12, 1983, was always under the control of the RTC Pasay City—the Order may be modified, rescinded, or reversed at any time before final judgment upon sufficient grounds shown.^[103] Certainly, the Order remained subject to the inherent power of the RTC Pasay City under Rule 135, Section 5(g)^[104] of the Rules of Court to amend and control its processes and orders so as to make them conformable to law and justice.^[105] A motion for reconsideration of the interlocutory order is not even subject to the limiting 15-day period of appeal prescribed for final decisions, judgments, or orders.^[106]

Given the circumstances, La Paz Housing should have made inquiries beyond the land titles in issue to ascertain whether Civil Case No. 0891-P had been finally terminated, and the subject properties freed from any legal infirmity or judicial inquiry. Verily, the fact that the order of cancellation of the Notice of Levy on Attachment was interlocutory in nature was sufficient to alert any person dealing with the subject properties that there was a pending litigation involving them; that a motion for reconsideration could be filed against the order even after more than 15 days had lapsed from its issuance; and that at any time before the final judgment in Civil Case No. 0891-P, the order dissolving or cancelling the previously issued writ of preliminary attachment could be reversed by the RTC Pasay City and the writ thereafter reinstated.

Second, pursuant to the constructive notice rule under Section 52 of Presidential Decree No. 1529, it is presumed that the purchaser has examined every instrument of record affecting title that has been registered and filed with the Register of Deeds. The purchaser is charged with notice of every fact shown by the record and is presumed to know every fact that an examination of the record would have disclosed. Such presumption is irrefutable and cannot be overcome with proof of innocence or good faith, viz.:

"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 of notice, it is presumed that the purchaser has examined every instrument of record affecting the title. Such presumption is irrefutable. He is charged with notice of every fact shown by the record and is presumed to know every fact which an examination of the record would have disclosed[.];"

As Justice Johnson says, "this presumption cannot be overcome by proof of innocence or good faith. Otherwise, the very purpose and object of the law requiring a record would be destroyed. Such presumption cannot be defeated by proof of want of knowledge of what the record contains any more than one may be permitted to show that he was ignorant of the provisions of the law. The rule that all persons must take notice of the facts which the public record contains is a rule of law. The rule must be absolute. Any variation would lead to endless confusion and useless litigation." [107] (Emphasis supplied; citations omitted)

As explained in *Heirs of Esquivel*, under the constructive notice rule in Section 52 of Presidential Decree No. 1529, "a person claiming to be a bona fide purchaser must examine the land title and read a copy of the entire instrument annotated therein." Stated otherwise, the rule on constructive notice extends not only to the encumbrance annotated on the certificate of title, but also to the contents of the instrument of such encumbrance that had been registered, filed, or entered in the office of the Register of Deeds. [108]

Accordingly, La Paz Housing must be deemed notified of the contents of the Order dated July 12, 1983, in Civil Case No. 0891-P. It is also conclusively presumed to know every fact which an examination of the Order would have disclosed. As such, La Paz Housing cannot claim ignorance of the interlocutory nature of the RTC Pasay City's Order dated July 12, 1983, or that it was not a final adjudication on the merits of Civil Case No. 0891-P. It is charged with knowledge that the interlocutory Order dated July 12, 1983, could be modified, reversed, or set aside by the RTC Pasay City at any time before final judgment.

The Court is aware that under Rule 57, Sections 12 and 13 of the Rules of Court, the discharge or dissolution of a writ of preliminary attachment is not solely based on a final and executory judgment but may be anchored on case incidents that are necessarily interlocutory. [109] Section 72 of Presidential Decree No. 1529 likewise allows the discharge or dissolution of attachment "by any method sufficient in law."

Still, it is elementary that an innocent purchaser for value must not have notice that some other person had an existing right or interest in the property before the conveyance in issue. [110] Deliberate and willful ignorance of the possibility of the existence of a defect in the vendor's title will not make him or her an innocent purchaser for value. [111] The rule applies with greater force against realty corporations that are engaged in the business of buying and selling of real properties, such as La Paz Housing, [112] because such businesses are expected to exercise a higher standard of care and diligence in ascertaining the status and condition of the property subject of its business transaction and cannot merely rely on what appears on the face of a certificate of title. [113]

Undoubtedly, when registered land is the subject of litigation and the cancellation of a notice of encumbrance annotated on the land title is based only on an interlocutory order and not a final judgment, there remains a possibility that the cancellation could be reversed or set aside in the same case by the trial court at any time before final judgment, or by a higher court on certiorari. Thus, in *Voluntad* and similar cases [114] where the cancellation was simply based on a trial court order despite further appeal therefrom, a purchaser was deemed to have notice of facts that should have alerted it that the property could still be under litigation and that the prevailing party in the suit had a better right or claim over the property.

To the mind of the Court, the cancellation of the Notice of Levy on Attachment in the present case based only on an interlocutory order, which could be modified by the RTC at any time or set aside by a higher court before final judgment, is sufficient to put La Paz Housing on notice that the cancellation was deficient. La Paz Housing cannot willfully ignore the possibility that the attachment lien in favor of TRB could be revived or reinstated either by the RTC Pasay City or by a higher court, more so because La Paz Housing is engaged in the real estate business and is therefore expected to exercise a higher degree of diligence in buying land.

Apart from the apparent defect or irregularity in the cancellation of the Notice of Levy on Attachment, several

other circumstances should have alerted La Paz Housing as to the flaw in the vendor's title over the subject properties.

For one, under Article 1387[115] of the Civil Code, alienations of a property by onerous title are presumed fraudulent when made by some persons against whom a writ of attachment had been issued.

Here, when La Paz Housing purchased from La Paz Investment the properties covered by TCT Nos. T-56905 and T-61774, the Notice of Levy on Attachment had already been annotated on the said land titles. La Paz Housing therefore knew that a writ of preliminary attachment had been previously issued against La Paz Investment. Consequently, La Paz Housing is deemed notified that the sale of the properties by La Paz Investment is presumed fraudulent under the relevant laws that should have alerted it to the defect in the vendor's title. The cancellation of the Notice of Levy on Attachment on the La Paz Investment Titles is not even material because under Article 1387 of the Civil Code, the presumption of fraud applies even if the property alienated was not the one that was attached.

As to TCT Nos. T-62266 and T-62267, La Paz Housing cannot feign ignorance of the annotated Notice of Levy on Attachment simply because by the time that it acquired the properties covered thereby, the said titles had already been cancelled and in lieu thereof, TCT Nos. T-104377 and T-104378 were issued in the names of Campos et al. without any annotation on the levy on attachment in issue.

The records show that the properties covered by TCT Nos. T-62266 and T-62267 were sold to several interlocking directors of La Paz Investment and La Paz Housing, specifically, to Federico and Noel.[116] In this regard, Section 23[117] in relation to Section 36(7)[118] of the Corporation Code grants to the board of directors the authority to exercise the corporation's power to control and sell its properties.[119] Necessarily, then, a corporate director is charged with knowledge of the corporation's properties, especially when the director is the counter-party to the properties' conveyance. Consequently, Federico and Noel Campos, as the directors of La Paz Investment, must be deemed notified of the fact that the properties owned by the corporation under TCT Nos. T-62266 and T-62267, which were sold to them by the corporation, were previously attached in favor of TRB in Civil Case No. 0891-P.

Being also the directors of La Paz Housing, Federico's and Noel's knowledge of the attachment in favor of TRB is deemed notice to La Paz Housing, in accordance with the rule that notice to the agent is notice to the principal.[120] Certainly, the rule is that a corporate director's knowledge of such facts acquired or possessed by them in the course of their duties and in relation to matters within the scope of their authority is notice to the corporation, whether they communicate such knowledge or not.[121] The principle applies to the case because corporate properties are involved and they are precisely under the control of the board of directors.

For another, Section 32[122] of the Corporation Code[123] expressly states that as a rule, a contract of the corporation with one or more of its directors or officers is voidable, at the option of the corporation, unless the contract has been ratified by the stockholders and it is fair and reasonable under the circumstances. The provision recognizes the principle that corporate directors occupy a fiduciary relation with the corporation and are entrusted with the management of the corporation's affairs. As such, they are generally prohibited from contracting with the corporation, "directly or indirectly, or to sell property to it, or purchase property from it, where they act both for the corporation and for themselves." [124]

The sale of the properties covered by TCT Nos. T-62266 and T-62267 to La Paz Investment's corporate directors is therefore voidable, at the option of the corporation, under Section 32 of the Corporation Code. Given the situation where La Paz Housing and La Paz Investment had interlocking directors, La Paz Housing cannot disclaim notice of this defect in Campos et al.'s title over the said properties. Again, knowledge of the foregoing

transactions acquired by Federico and Noel Campos, as the interlocking corporate directors of both La Paz Housing and La Paz Investment, is notice to the corporations, whether they communicated such knowledge or not. Under the circumstances, La Paz Housing should have conducted further inquiries regarding Campos et al.'s title and cannot simply rely on the Torrens certificates issued to the latter.

In fine, there were several circumstances that should have alerted La Paz Housing to TRB's lien or interest in the subject properties and to the defect in the vendors' title over the properties, to wit: (1) the cancellation of the Notice of Levy on Attachment was facially deficient as it was based only on an interlocutory order of the RTC Pasay City that could at any time be reversed or set aside; (2) under Article 1387 of the Civil Code, the sale of the subject properties after a writ of attachment had already been issued against La Paz Investment in Civil Case No. 0891-P is presumed fraudulent; and (3) the sale of the properties covered by TCT Nos. T-62266 and T-62267 to the directors of La Paz Investment was voidable under Section 32 of the Corporation Code.

With the foregoing, it becomes incumbent upon La Paz Housing to prove that it had no notice of the attachment lien, and that it acted in good faith by showing that it "exercised reasonable precaution by inquiring beyond the title."^[125] As explained in *Voluntad*, if circumstances exist that require a prudent person to investigate and they do not, they are deemed to have acted in *mala fide* or in bad faith.^[126]

Here, in asserting innocence, La Paz Housing simply invoked the cancellation of the Notice of Levy on Attachment and its separate personality from La Paz Investment. However, as discussed earlier, a corporation such as La Paz Housing that is engaged in the business of buying and selling real properties is expected to exercise a higher degree of diligence in ascertaining the status and condition of the property subject of its business transaction; it cannot just rely on what appears on the face of a certificate of title.^[127] Nothing in the records demonstrate that La Paz Housing exercised reasonable precaution by inquiring beyond the certificates of title of La Paz Investment and of Campos et al.

What is apparent from the case is that La Paz Investment, La Paz Housing, and their directors and officers concerned acted in concert to evade payment of the judgment debt in Civil Case No. 0891-P by causing the transfer of the subject properties immediately after the RTC Pasay City issued the order directing the dissolution of the attachment of the subject properties, despite the fact that a motion for reconsideration of the very same order was still pending.

It is obvious that the parties to the foregoing transactions were aware of the developments in Civil Case No. 0891-P, not only because the two corporations had interlocking directors, but also because of the timing of the conveyances in question. Verily, if the said parties were acting independently and without notice of the incidents in Civil Case No. 0891-P, it is suspicious that La Paz Housing purchased the property covered by TCT No. T-56905 on the very same day of the cancellation of the Notice of Levy on Attachment annotated thereon, and just two days afterwards, La Paz Investment sold the property covered by TCT No. T-61774 to La Paz Housing, while the properties covered by TCT Nos. T-62266 and T-62267 were sold to Campos et al.

Even more, the annotations appearing on TCT Nos. T-62266 and T-62267, which were issued in the name of La Paz Investment, uniformly state that the Deed of Sale over the properties covered thereby was executed by "La Paz Housing & Dev. Corp." in favor of "Federico Campos et al." This transaction then resulted in the cancellation of TCT Nos. T-62266 and T-62267 and in lieu thereof, the issuance of TCT Nos. T-104377 and T-104378 to Campos et al. If La Paz Investment indeed had a personality separate and distinct from La Paz Housing, it is questionable that the properties registered in the name of La Paz Investment were sold through a Deed of Sale executed by La Paz Housing, which is not even the registered owner.^[128]

All told, the Court is not convinced that La Paz Housing lacked notice of TRB's attachment lien over the subject

properties. Accordingly, it is bound by the reinstated Notice of Levy on Attachment under Entry No. 223706 annotated on its land titles, i.e., TCT Nos. T-104325, T-104376, T-120845, and T-120846. The validity of the auction sale of the subject properties must therefore be upheld. It is precisely the function of an attachment lien to serve as security for the satisfaction of a judgment debt in favor of TRB as the attaching and prevailing party in Civil Case No. 0891-P.

ACCORDINGLY, the Petition for Review on Certiorari is DENIED. The Decision dated June 30, 2020, and the Resolution dated February 26, 2021, of the Court of Appeals in CA-G.R. CV No. 109578 are AFFIRMED.

SO ORDERED.

Caguioa (Chairperson), Gaerlan, Dimaampao, and Singh, JJ., concur.

[1] In the Resolution dated December 1, 2021 (rollo, pp. 400-401), the Court noted that Traders Royal Bank merged with Bank of Commerce, with the latter as the surviving entity. Thus, in the Resolution dated September 19, 2022 (id. at 445), the Court directed the substitution of Traders Royal Bank with Bank of Commerce as the respondent in the present case.

[2] Id. at 13-44.

[3] Id. at 47-63. Penned by Associate Justice Ronaldo Roberto B. Martin and concurred in by Associate Justices Manuel M. Barrios and Walter S. Ong of the Fifteenth Division, Court of Appeals, Manila.

[4] Id. at 65-65-A. Penned by Associate Justice Ronaldo Roberto B. Martin and concurred in by Associate Justices Manuel M. Barrios and Walter S. Ong of the Former Fifteenth Division, Court of Appeals, Manila.

[5] Id. at 236-240. Penned by Judge Sonia T. Yu-Casano.

[6] Id. at 77-80.

[7] Id. at 81-84.

[8] Id. at 69-72.

[9] Id. at 73-76.

[10] Id. at 408-409.

[11] Id. at 364-365.

[12] Id. at 366.

[13] Id. at 367-368.

[14] Id. at 369-370.

[15] Civil Case No. 0891-P was entitled, "Traders Royal Bank v. International Components Processing Corporation, La Paz Investment & Realty Development Corporation & Weisscredit Phils., Inc.," id. at 351.

[16] Id. at 24, 351 and 407.

[17] Id. at 27.

[18] Id.

[19] Id. at 407.

[20] Id. at 24-25 and 28.

[21] Id. at 407.

[22] Id.

[23] Id. at 28.

[24] Id. at 28 and 407.

[25] Id. at 26. TCT Nos. T-62266 and T-62267 uniformly contain an annotation dated September 23, 1983, which states that "La Paz Housing & Dev. Corp." executed a Deed of Sale in favor of "Federico Campos et al.," id. at 426-427.

[26] Id. at 356-359.

[27] Id. at 360-363.

[28] Id. at 26.

[29] Id. at 25.

[30] Id. at 25-26.

[31] Id. at 24-25 and 409.

[32] Id. at 409-410.

[33] Id. at 351-355. Penned by Judge Manuel P. Dumatol of Branch 112, RTC, Pasay City.

[34] Id. at 66-68.

[35] Id. at 113-117.

[36] Id. at 123-124.

[37] Id. at 412.

[38] Id. at 17.

[39] Id. at 85-87.

[40] Id. at 412.

[41] Id. at 88-94.

[42] Id. at 90.

[43] Id. at 105-111.

[44] Id. at 107-110.

[45] Id. at 148-152.

[46] Id. at 240.

[47] Section 59. Carry over of encumbrances. - If, at the time of any transfer, subsisting encumbrances or annotations appear in the registration book, they shall be carried over and stated in the new certificate or

certificates; except so far as they may be simultaneously released or discharged.

[48] Rollo, pp. 239-240.

[49] Id. at 276-293.

[50] Id. at 63.

[51] At the time when the RTC San Pedro rendered its Decision, the 1997 Rules of Court were still in effect and the 2019 Revised Rules on Evidence had not yet been promulgated. Under the 1997 Rules of Court, Rule 130, Section 7 states:

SECTION 7. Evidence admissible when original document is a public record. — When the original of document is in the custody of public officer or is recorded in a public office, its contents may be proved by a certified copy issued by the public officer in custody thereof.

[52] Rollo, p. 55.

[53] Id. at 65.

[54] Id. at 13-44.

[55] Id. at 30-32.

[56] Id. at 28 and 31-32.

[57] Id. at 32-34.

[58] Id. at 36-38.

[59] Id. at 469-482. Bank of Commerce filed a Motion to Strike Out the Reply, id. at 483-491, on the ground that it was filed out of time. However, for a full disposition of the case on the merits, the Court resolves to deny the Motion to Strike Out and admit the Reply.

[60] Id. at 472-473.

[61] Id. at 472.

[62] Id. at 473-474.

[63] Id. at 403-442.

[64] Id. at 123-124.

[65] Id. at 428-431.

[66] Id. at 420-425.

[67] Id. at 426-428.

[68] Id. at 432-433.

[69] Id. at 433-437.

[70] Id. at 276-293.

[71] Id. at 283.

[72] Id. at 241-250.

[73] *Id.* at 36-37.

[74] *Banson v. Court of Appeals*, 316 Phil. 73, 79 (1995) [Per J. Quiason, First Division].

[75] *Raymundo v. Lunaria*, 590 Phil. 546, 554 (2008) [Per J. Quisumbing, Second Division].

[76] *Florido v. Shemberg Marketing Corporation*, 510 Phil. 668, 674 (2005) [Per J. Corona, Third Division].

[77] *La Tondeña Distillers, Inc. v. Court of Appeals*, 285 Phil. 112, 128-129 (1992) [Per J. Narvasa, Second Division].

[78] *Rural Bank of San Mateo Isabela, Inc. v. Spouses Ramales*, 966 Phil. 147 (2025) [Per J. Gaerlan, Third Division] at 5. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court Website.

[79] *Encarnacion v. Johnson*, 836 Phil. 76, 93 (2018) [Per J. Jardeleza, First Division].

[80] *Id.*

[81] *Power Sector Assets and Liabilities Management Corporation v. Maunlad Homes, Inc.*, 805 Phil. 544 (2017) [Per J. Peralta, Second Division]; *Traders Royal Bank v. The Hon. Intermediate Appellate Court*, 218 Phil. 143 (1984) [Per J. Escolin, Second Division]; *Potenciano v. Dineros*, 97 Phil. 196 (1955) [Per J. Reyes, A., En Banc]; *Queblar v. Garduño*, 67 Phil. 316 (1939) [Per J. Diaz, En Banc].

[82] *Power Sector Assets and Liabilities Management Corporation v. Maunlad Homes, Inc.*, *id.* at 558-561, citing *Solidum v. Court of Appeals*, 525 Phil. 348, 357 (2006) [Per J. Puno, Second Division], citing further *Serra v. Rodriguez*, 155 Phil. 509, 514 (1974) [Per J. Makasiar, First Division]; *Traders Royal Bank v. The Hon. Intermediate Appellate Court*, *id.* at 149; *Potenciano v. Dineros*, *id.* at 197.

[83] 218 Phil. 143 (1984) [Per J. Escolin, Second Division].

[84] *Id.* at 150-151.

[85] SECTION 44. Statutory Liens Affecting Title. - Every registered owner receiving a certificate of title in pursuance of a decree of registration, and every subsequent purchaser of registered land taking a certificate of title for value and in good faith, shall hold the same free from all encumbrances except those noted on said certificate and any of the following encumbrances which may be subsisting, namely:

....

[86] *Torres v. Satsatin*, 620 Phil. 468, 480 (2009) [Per J. Peralta, Third Division].

[87] *Spouses Chua v. Gutierrez*, 652 Phil. 84, 92 (2010) [Per J. Peralta, Second Division].

[88] SECTION 69. Attachments. — An attachment, or a copy of any writ, order or process issued by a court of record, intended to create or preserve any lien, status, right, or attachment upon registered land, shall be filed and registered in the Registry of Deeds for the province or city in which the land lies, and, in addition to the particulars required in such papers for registration, shall contain a reference to the number of the certificate of title to be affected and the registered owner or owners thereof, and also if the attachment, order, process or lien is not claimed on all the land in any certificate of title a description sufficiently accurate for identification of the land or interest intended to be affected. A restraining order, injunction or mandamus issued by the court shall be entered and registered on the certificate of title affected, free of charge.

[89] *Ghing Liu & Co. v. Mercauo*, 67 Phil. 409, 414 (1939) [Per J. Laurel, En Banc].

[90] See *Biñan Steel Corporation v. Court of Appeals*, 439 Phil. 688, 702-703 (2002) [Per J. Corona, Third

Division].

[91] SECTION 72. Dissolution, etc. of Attachments, etc. — Attachments and liens of every description upon registered land shall be continued, reduced, discharged and dissolved by any method sufficient in law, and to give effect to the continuance, reduction, discharge or dissolution thereof the certificate or other instrument for that purpose shall be registered with the Register of Deeds.

SECTION 73. Registration of Orders of Court, etc. — If an attachment is continued, reduced, dissolved, or otherwise affected by an order, decision or judgment of the court where the action or proceeding in which said attachment was made is pending or by an order of a court having jurisdiction thereof, a certificate of the entry of such order, decision or judgment from the clerk of court or the judge by which such decision, order or judgment has been rendered and under the seal of the court, shall be entitled to be registered upon presentation to the Register of Deeds.

[92] SECTION 12. Discharge of attachment upon giving counter-bond. — After a writ of attachment has been enforced, the party whose property has been attached, or the person appearing on his behalf, may move for the discharge of the attachment wholly or in part on the security given. The court shall, after due notice and hearing, order the discharge of the attachment if the movant makes a cash deposit, or files a counter-bond executed to the attaching party with the clerk of the court where the application is made, in an amount equal to that fixed by the court in the order of attachment, exclusive of costs. But if the attachment is sought to be discharged with respect to a particular property, the counter-bond shall be equal to the value of that property as determined by the court. In either case, the cash deposit or the counter-bond shall secure the payment of any judgment that the attaching party may recover in the action. A notice of the deposit shall forthwith be served on the attaching party. Upon the discharge of an attachment in accordance with the provisions of this section, the property attached, or the proceeds of any sale thereof, shall be delivered to the party making the deposit or giving the counter-bond, or to the person appearing on his behalf, the deposit or counter-bond aforesaid standing in place of the property so released. Should such counter-bond for any reason be found to be or become insufficient, and the party furnishing the same fail to file an additional counter-bond, the attaching party may apply for a new order of attachment.

SECTION 13. Discharge of attachment on other grounds. — The party whose property has been ordered attached may file a motion with the court in which [t]he action is pending, before or after levy or even after the release of the attached property, for an order to set aside or discharge the attachment on the ground that the same was improperly or irregularly issued or enforced, or that the bond is insufficient. If the attachment is excessive, the discharge shall be limited to the excess. If the motion be made on affidavits on the part of the movant but not otherwise, the attaching party may oppose the motion by counter-affidavits or other evidence in addition to that on which the attachment was made. After due notice and hearing, the court shall order the setting aside or the corresponding discharge of the attachment if it appears that it was improperly or irregularly issued or enforced, or that the bond is insufficient, or that the attachment is excessive, and the defect is not cured forthwith.

[93] See *Francisco Motors Corporation v. Court of Appeals*, 535 Phil. 736, 756 (2006) [Per J. Velasco, Jr., Third Division]; *Spouses Po Lam v. Court of Appeals*, 400 Phil. 858, 871 (2000) [Per J. Melo, Third Division].

[94] See *Abelgas, Jr. v. Comia*, 686 Phil. 6, 17 (2012) [Per J. Sereno, Second Division] and *Spouses Angeles v. Spouses Tan*, 482 Phil. 635, 646 (2004) [Per J. Carpio Morales, Third Division]. See also Rule 130, Section 46 of the 2019 Amendments to the Rules on Evidence, which states:

SECTION 46. Entries in Official Records. – Entries in official records made in the performance of his or her duty by a public officer of the Philippines, or by a person in the performance of a duty specially enjoined by law, are prima facie evidence of the facts therein stated.

[95] *Heirs of Esquivel v. Clemente III*, G.R. No. 260049, August 4, 2025 [Per J. Inting, Third Division], at 4. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

[96] See *Mazy's Capital, Inc. v. Republic*, 957 Phil. 37, 117 (2024) [Per J. Caguioa, Third Division].

[97] 372 Phil. 82 (1999) [Per J. Bellosillo, Second Division].

[98] G.R. No. 260049, August 4, 2025 [Per J. Inting, Third Division].

[99] SECTION 52. Constructive notice upon registration. - Every conveyance, mortgage, lease, lien, attachment, order, judgment, instrument or entry affecting registered land shall, if registered, filed or entered in the office of the Register of Deeds for the province or city where the land to which it relates lies, be constructive notice to all persons from the time of such registering, filing or entering.

[100] 468 Phil. 201 (2004) [Per J. Carpio Morales, Third Division].

[101] Under the 2002 Revised Manual for Clerks of Court, it is the Branch Clerk of Court who acts as the custodian of the court's properties, as well as the General Docket, the Judgment Book, and the Execution Book. It is also the clerk of court who is authorized to: (1) issue certified true copies of a court's decisions, resolutions, and orders; (2) enter judgments and final orders in the Judgment Book; (3) sign the entry of judgment with a certificate that such judgment or final order has become final and executory; and (4) enter the satisfaction of judgment in the Execution Book.

[102] *Miranda v. Court of Appeals*, 258-A Phil. 487, 491 (1989) [Per J. Cruz, First Division]. See also *Spouses Olib v. Pastoral*, 266 Phil. 762, 767 (1990) [Per J. Cruz, First Division].

[103] *Philippine National Bank v. Daradar*, 905 Phil. 538, 543 (2021) [Per J. Hernando, Third Division]; *Morales v. Olondriz*, 780 Phil. 317, 325 (2016) [Per J. Brion, Second Division].

[104] Section 5. Inherent powers of court. — Every court shall have power:

....

(g) To amend and control its process and orders so as to make them conformable to law and justice[.]

[105] *Philippine Commercial International Bank v. Court of Appeals*, 454 Phil. 338, 368-369 (2003) [Per J. Callejo, Sr., Second Division].

[106] *Heirs of Dimaampao v. Alug*, 754 Phil. 236, 245 (2015) [Per J. Peralta, Third Division]; *Denso (Phils.), Inc. v. The Hon. Intermediate Appellate Court*, 232 Phil. 256, 265 (1987) [Per J. Narvasa, First Division].

[107] *Garcia v. Court of Appeals*, 184 Phil. 358, 367 (1980) [Per J. Aquino, Second Division].

[108] See *Sumaya v. Intermediate Appellate Court*, 278 Phil. 201, 210 (1991) [Per J. Medialdea, First Division].

[109] *Marphil Export Corporation v. Allied Banking Corporation*, 795 Phil. 703, 730 (2016) [Per J. Jardeleza, Third Division], enumerates the grounds for the dissolution of a writ of preliminary attachment, to wit: (1) the debtor has posted a counter-bond or has made the requisite cash deposit; (2) the attachment was improperly or irregularly issued as where there is no ground for attachment, or the affidavit and/or bond filed therefor are defective or insufficient; (3) the attachment is excessive, but the discharge shall be limited to the excess; or (4) the property attached is exempt from preliminary attachment.

[110] *Billote v. Spouses Badar*, 940 Phil. 833, 870 (2023) [Per J. Caguioa, Third Division]; *Valenzuela v. Spouses Pabilani*, 932 Phil. 52, 70 (2022) [Per C.J. Gesmundo, First Division]; *Duenas v. Metropolitan Bank and Trust*

Company, 931 Phil. 768, 793 (2022) [Per J. Hernando, En Banc].

[111] Id.

[112] La Paz Housing had been previously involved in cases before the Court, specifically, in: (1) Atty. Geromo v. La Paz Housing and Development Corporation, 803 Phil. 506 (2017) [Per J. Mendoza, Second Division], where it was identified as the owner/developer of a residential subdivision in San Pedro, Laguna; and (2) Spouses Layos v. Fil-Estate Golf and Development, Inc., 583 Phil. 72 (2008) [Per J. Chico-Nazario, Third Division], where it was identified as the joint venture partner of Fil-Estate Golf & Development, Inc. in a golf course and residential subdivision project.

[113] Eagle Realty Corporation v. Republic, 612 Phil. 72, 73 (2009) [Per J. Nachura, Special Third Division]; Eagle Realty Corporation v. Republic, 579 Phil. 355, 373-374 (2008) [Per J. Nachura, Third Division].

[114] Spouses Po Lam v. Court of Appeals, 375 Phil. 188, 200 (1999) [Per J. Purisima, Third Division]; Lising v. Plan, 218 Phil. 176, 183 (1984) [Per J. Melencio-Herrera, First Division].

[115] ARTICLE 1387. All contracts by virtue of which the debtor alienates property by gratuitous title are presumed to have been entered into in fraud of creditors, when the donor did not reserve sufficient property to pay all debts contracted before the donation.

Alienations by onerous title are also presumed fraudulent when made by persons against whom some judgment has been rendered in any instance or some writ of attachment has been issued. The decision or attachment need not refer to the property alienated, and need not have been obtained by the party seeking the rescission.

In addition to these presumptions, the design to defraud creditors may be proved in any other manner recognized by the law of evidence.

[116] Rollo, p. 409.

[117] SECTION 23. The board of directors or trustees. - Unless otherwise provided in this Code, the corporate powers of all corporations formed under this Code shall be exercised, all business conducted and all property of such corporations controlled and held by the board of directors or trustees to be elected from among the holders of stocks, or where there is no stock, from among the members of the corporation, who shall hold office for one (1) year until their successors are elected and qualified.

[118] SECTION 36. Corporate powers and capacity. - Every corporation incorporated under this Code has the power and capacity:

....

7. To purchase, receive, take or grant, hold, convey, sell, lease, pledge, mortgage and otherwise deal with such real and personal property, including securities and bonds of other corporations, as the transaction of the lawful business of the corporation may reasonably and necessarily require, subject to the limitations prescribed by law; and the Constitution[.]

[119] Riosa v. Tabaco La Suerte Corporation, 720 Phil. 586, 598-600 (2013) [Per J. Mendoza, Third Division], citing Spouses Firme v. Bukal Enterprises and Development Corporation, 460 Phil. 321, 336 (2003) [Per J. Carpio, First Division]; Raniel v. Jochico, 546 Phil. 54, 60 (2007) [Per J. Austria-Martinez, Third Division].

[120] Bank of the Philippine Islands v. Laingo, 783 Phil. 466, 475 (2016) [Per J. Carpio, Second Division].

[121] University of Mindanao, Inc. v. Bangko Sentral ng Pilipinas, 776 Phil. 401, 448 (2016) [Per J. Leonen,

Second Division].

[122] SECTION 32. Dealings of directors, trustees or officers with the corporation. - A contract of the corporation with one or more of its directors or trustees or officers is voidable, at the option of such corporation, unless all the following conditions are present:

- That the presence of such director or trustee in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting;
- That the vote of such director or trustee was not necessary for the approval of the contract;
- That the contract is fair and reasonable under the circumstances; and
- That in case of an officer, the contract has been previously authorized by the board of directors.

Where any of the first two conditions set forth in the preceding paragraph is absent, in the case of a contract with a director or trustee, such contract may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock or of at least two-thirds (2/3) of the members in a meeting called for the purpose: Provided, That full disclosure of the adverse interest of the directors or trustees involved is made at such meeting: Provided, however, That the contract is fair and reasonable under the circumstances.

[123] At the time material to the case, Republic Act No. 11232, which was signed into law on February 20, 2019, and which amended Batas Pambansa Blg. 68, had not yet taken effect.

[124] *Agdao Landless Residents Association, Inc. v. Maramion*, 797 Phil. 281, 318 (2016) [Per J. Jardeleza, Third Division].

[125] *Mazy's Capital, Inc. v. Republic*, 957 Phil. 37, 116-117 (2024) [Per J. Caguioa, Third Division].

[126] *Voluntad v. Spouses Dizon*, 372 Phil. 82, 91 (1999) [Per J. Bellosillo, Second Division].

[127] *Eagle Realty Corporation v. Republic*, supra note 113, at 73; *Eagle Realty Corporation v. Republic*, supra note 108, at 373-374.

[128] See *Esico v. Alphaland Corporation*, 915 Phil. 540 (2021) [Per J. Hernando, Second Division]. The case elucidates that a corporation may be considered only as an instrumentality of another corporation when they have common directors, or when one corporation uses the property of the other as its own, among other badges of fraud.

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