

**LUCIA EMBRADO AND ORESTE TORREGIANI, PETITIONERS, VS.
COURT OF APPEALS, PACIFICO CIMAFRANCA, MARCOS
SALIMBAGAT, EDA JIMENEZ AND SANTIAGO JIMENEZ,
RESPONDENTS.**

G.R. No. 51457. June 27, 1994

Ponente: BELLOSILLO, J.

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BELLOSILLO, J.:

LUCIA EMBRADO and ORESTE TORREGIANI, spouses, filed this petition for review on certiorari from the decision of respondent Court of Appeals[1] upholding the validity of the Deed of Sale over Lot No. 564 executed by petitioner Lucia Embrado in favor of private respondent Eda Jimenez.

Lot No. 564 is a 366-square meter lot situated in Dipolog City originally owned by Juan, Pastor and Matias Carpitano. On 2 July 1946, a Venta Definitiva, a notarized document written entirely in Spanish, was executed by the Carpitano where they sold Lot No. 564 to “Srta. LUCIA C. EMBRADO x x x soltera, con residencia y direccion postal Municipio de Dipolog, Provincia de Zamboanga.”[2] The document provided that even though the deed was prepared and signed on 2 July 1946, the effects of the document would retroact to the 15th day of April 1941, the date the lot and its improvements were actually sold to Lucia C. Embrado.

The sale was registered and Transfer Certificate of Title No. T-99[3] was issued on 13 February 1948 in the name of Lucia Embrado alone, who was by then already married to petitioner Oreste Torregiani since 1943. However, by virtue of a court order in Misc. Sp. Proc. No. 2330 of the then Court of First Instance of Zamboanga del Norte, the word “single” appearing in TCT No. T-99 was canceled and replaced on 19 October 1970 by the phrase “married to Oreste Torregiani.” The Torregianis then made their conjugal abode on the lot and in 1958 constructed a residential/commercial building thereon.[4]

As appearing from a document entitled Absolute Deed of Sale dated 1 May 1971[5], Lucia Embrado Torregiani sold Lot No. 564, described as her “own paraphernal property,” to her adopted daughter, herein private respondent Eda Jimenez, for the sum of P1,000.00. Transfer Certificate of Title No. T-99 was canceled to give way to TCT No. T-17103[6] in the name of Eda Jimenez, married to Santiago Jimenez.

On 6 March 1972, Eda Jimenez sold sixty-five (65) square meters of Lot 564 to Marcos Salimbagat[7] for P6,500.00, and on 1 August 1972, conveyed 301 square meters of the same lot to Pacifico Cimafranca[8] for P30,000. Both sales were duly annotated on TCT No. T--17103.

On 25 September 1972, the Torregianis instituted in the Court of First Instance, now Regional Trial Court, of Zamboanga del Norte an action for declaration of nullity of contract, annulment of sales, reconveyance and damages[9] against the spouses Santiago and Eda Jimenez, Marcos Salimbagat and Pacifico Cimafranca alleging that the sale of Lot 564 by Lucia Embrado to Eda Jimenez was void not only for lack of consideration but also because Oreste Torregiani did not consent to the sale, which consent was necessary because Lot 564 was conjugal

property. In addition, the petitioners claim that Lucia was misled into signing the deed of sale marked as Exh. "D" on the belief that Lot 564 was merely intended as security for a loan that the Jimenez spouses were then negotiating with the First Insular Bank of Cebu. Since the Jimenez spouses did not acquire valid title to the land, the subsequent sales in favor of Salimbagat and Cimafranca were without legal effect.

The Torregianis were sustained by the CFI of Zamboanga del Norte[10] which held that the sale of Lot 564 to Eda Jimenez and its subsequent transfers to Marcos Salimbagat and Pacifico Cimafranca, who were declared buyers in bad faith, were void and of no effect. More specifically, the judgment (a) declared Exhs. "D," "G" and "H" as well as TCT No. 17103 null and void and of no force and effect; (b) ordered defendants jointly and severally to pay plaintiffs the sum of P2,000.00 as actual damages and P1,500.00 for attorney's fees; (c) ordered the Register of Deeds of Dipolog City to cancel TCT No. 17103 in the name of Eda Jimenez and issue another one in favor of plaintiff Lucia Embrado, married to Oreste Torregiani, and to cancel all the annotations thereon emanating from the void transfers in favor of Marcos Salimbagat and Pacifico Cimafranca; (d) ordered defendants Eda and Santiago Jimenez to return to defendant Pacifico Cimafranca the sum of P30,000.00 paid by him for the 301 square meters and the house in question, and to defendant Marcos Salimbagat the P6,500.00 paid by him for the 65 square meters occupied by Comendador Clinic with legal interest of six percent (6%) until fully paid; and, (e) ordered defendant Cimafranca to pay plaintiffs all the rents he has been collecting from the lessees of the first floor of the house with legal interest thereon from the time he started collecting them until fully paid, with costs against defendants.[11]

The foregoing judgment was reversed by the Court of Appeals which held that since Lucia Embrado actually agreed with Juan, Pastor and Matias Carpitanos, the original owners, to the purchase of Lot 564 on 15 April 1941[12] when she was not yet married, then the lot was her paraphernal property since a sale is considered perfected the moment the parties agree on the object and cause of the contract. In addition, the respondent court declared Salimbagat and Cimafranca buyers in good faith since the contrary was not proved. Consequently, the complaint in the trial court was ordered dismissed by respondent Court of Appeals.

Three (3) issues are herein involved: (a) whether Lot 564 was paraphernal property of Lucia Embrado or conjugal with her husband Oreste Torregiani; (b) whether the sale in favor of Eda Jimenez was valid; and, (c) whether vendees Marcos Salimbagat and Pacifico Cimafranca were buyers in good faith so that the sale to them was valid, hence, would bar reconveyance.

We sustain petitioners. While we agree with respondent court that Lot 564 was originally the paraphernal property of Lucia, we cannot adopt its conclusion that because Lucia and the original owners agreed in 1941 for its purchase and sale, ownership was already acquired by Lucia at that moment. Under Art. 1496 of the Civil Code, "ownership of the thing sold is acquired by the vendee from the moment it is delivered to him in any of the ways specified in articles 1497 to 1501, or in any other manner signifying an agreement that the possession is transferred from the vendor to the vendee," and under Art. 1498, "(w)hen the sale is made through a public instrument, the execution thereof shall be equivalent to the delivery of the thing which is the object of the contract, if from the deed the contrary does not appear or cannot clearly be inferred."

In the case at bar, the Venta Definitiva over Lot 564 in favor of Lucia Embrado was executed by the Carpitanoses on 2 July 1946 when her marriage to petitioner Oreste Torregiani was already subsisting. Although ownership was acquired during the marriage and hence presumed conjugal, the presumption of conjugality[13] was successfully overcome by the terms of the Venta Definitiva which contains a positive assertion of exclusive ownership, which was duly supported by the testimony of Matias Carpitanos, one of the original sellers of the lot.[14]

However, a decisive fact appears which prevents us from ultimately affirming the validity of her sale of Lot 564 to private respondent Eda Jimenez. The trial court found as a fact the construction in 1958 of a residential/commercial building^[15] on said lot a part of which was leased to third persons and another part serving as the Torregianis' conjugal dwelling.

Although no evidence was presented on the source of funds used in the construction to determine whether the same was conjugal or paraphernal, other than the testimony of Torregiani,^[16] petitioners nevertheless enjoy in their favor the presumption that the funds used were conjugal.^[17]

The second paragraph of Art. 158 of the Civil Code provides that "[b]uildings constructed, at the expense of the partnership, during the marriage on land belonging to one of the spouses, also pertain to the partnership, but the value of the land shall be reimbursed to the spouse who owns the same." Under this article, the land becomes conjugal upon the construction of the building without awaiting reimbursement before or at the liquidation of the partnership upon the concurrence of two conditions, to wit: (a) the construction of the building at the expense of the partnership; and, (b) the ownership of the land by one of the spouses.^[18] The conditions have been fully met in the case at bench. Thus, even if Lot 564 was originally the paraphernal property of Lucia as evident from the "Venta Definitiva", the same became conjugal upon the construction of the residential/commercial building in 1958.

Lucia claims that she was misled by her daughter and son-in-law into signing a deed of absolute sale in their favor thinking that she would be helping them obtain a loan from a bank if they could mortgage the property as security for their loan; that although she signed the deed of sale, she did not consent to the sale nor did she intend to convey or transfer her title to Eda Jimenez; and, that she never received the alleged amount of P1,000.00 as consideration for the sale of the property.

While it is true that a notarized document is admissible in evidence without proof of its due execution and is conclusive as to the truthfulness of its contents, this rule is not absolute and may be rebutted by evidence to the contrary.^[19] In this case, it was clearly shown that Eda and Santiago Jimenez had no sufficient means of livelihood and that they were totally dependent on their mother Lucia for the support of their family. This fact strengthens the claim of Lucia that the price of the property was fictitious and that Eda Jimenez could not have paid the price of the property as she was financially incapable to do so. In fact, Eda Jimenez did not prove as to how she obtained the money to pay for the property she supposedly bought from Lucia. When the source of the purchase price is "intriguing" and is not convincingly shown to have been given by the "buyer" to the "seller," the claim of the latter that she signed the deed of sale without her consent may be upheld.^[20]

Even assuming in gratia argumenti that Lucia signed the document knowing that it was a deed of sale of the property, the sale thereof by Lucia to Eda Jimenez without her husband's conformity should be considered void ab initio being contrary to law.^[21] Since "(t)he wife cannot bind the conjugal partnership without the husband's consent, except in cases provided by law,"^[22] it follows that Lucia Embrado Torregiani could not, by herself, validly dispose of Lot 564 without her husband's consent. Consequently, Eda Jimenez likewise could not have acquired ownership over the land. The issuance of a certificate of title in favor of Eda Jimenez did not vest upon her ownership over the property. Neither did it validate the alleged purchase thereof which is null and void. Registration does not vest title. It is merely evidence of such title. Our land registration laws do not give the holder any better title than what he actually has.^[23] Being null and void, the sale to Eda Jimenez and the transfer of the property she made to Salimbagat and Cimafranca produced no legal effects whatsoever. Quod nullum est, nullum producit effectum. There being no valid title to the land that Eda Jimenez acquired from Lucia, it follows that no title to the same land could be conveyed by the former to Salimbagat and Cimafranca.^[24]

It is worthy to note that Salimbagat and Cimafranca, as buyers of Eda Jimenez, have not proved their status as purchasers in good faith and for value of the land which, in the first place, Eda Jimenez had no right to sell. The burden of proving the status of a purchaser in good faith and for value lies upon him who asserts that status. In discharging the burden, it is not enough to invoke the ordinary presumption of good faith, i.e., that everyone is presumed to act in good faith. The good faith that is here essential is integral with the very status which must be proved.[25]

We agree with the trial court when it found that Salimbagat and Cimafranca purchased the disputed lot from Eda and Santiago Jimenez with knowledge of facts and circumstances which should have put them upon such inquiry and investigation as might be necessary to acquaint them with the defects in the title of their vendor. A purchaser cannot close his eyes to facts which should put a reasonable man on his guard and then claim that he acted in good faith under the belief that there was no defect in the title of the vendor. His mere refusal to believe that such defect exists, or his willful closing of his eyes to the possibility of the existence of a defect in the vendor's title will not make him an innocent purchaser for value if afterwards it develops that the title is in fact defective, and it appears that he had such notice of the defect as would have led to its discovery had he acted with the measure of precaution which may reasonably be required of a prudent man in like situation.[26]

Cimafranca is a close relative of Santiago Jimenez and at the same time godfather to one of his children. As such, there can be no doubt that Cimafranca was aware of the personal circumstances and financial standing of the Jimenez spouses, including their financial ability to acquire any property. It would be impossible for Cimafranca not to know that Santiago Jimenez was only twenty-two years old, a working student earning six pesos per day[27] with a wife and three children to support.[28] With these facts, there is every reason for him to inquire further as to how Eda Jimenez came up with the sum of P1,000.00 to buy the property. When there is a clear showing that Eda Jimenez, being the transferee of a registered property, is not gainfully employed or did not have an independent source of income or is financially incapable of paying the price of the property she bought, this is sufficient to engender doubt as to whether Eda validly bought the property from Lucia.[29]

On the part of Salimbagat, he has been a resident of Dipolog for about thirty (30) years. He has a daughter renting a portion of the building with her husband for more than a year prior to the sale by Eda Jimenez to Salimbagat on 6 March 1972.[30] This means that the lease of the building by Salimbagat's daughter already commenced while Lucia Torregiani was still the registered owner and this was prior to the alleged sale by Lucia Torregiani of the property to Eda Jimenez on 1 May 1971. There can be no doubt that Salimbagat's daughter was aware of the factual background of the property and the personal circumstances of the owners thereof especially that they are all occupying the same building. During the time that Salimbagat was already interested in buying the property, it would have been usual and part of ordinary human nature for him to inquire about the property from his daughter who was living very near the supposed owners. Considering that the Torregiani and Jimenez families are not total strangers to Salimbagat, it is safe to conclude that Salimbagat had some knowledge of the financial status of the supposed vendors which should have put him on guard before buying the property. Moreover, the records show that this would not have escaped the notice of Salimbagat and Cimafranca that at the time of the sale to them petitioners were in actual possession of the property with Salimbagat's daughter renting a portion thereof. For that matter, at the time of the sale to Salimbagat and Cimafranca, petitioners had already been in continuous possession of the property for fourteen (14) years, or since 1958. Santiago Jimenez admitted that after his marriage he and his wife Eda lived and stayed with her parents, herein petitioners, and dependent on them for support.[31]

Before buying the property, Salimbagat and Cimafranca allegedly inquired from the office of the Register of Deeds concerning the genuineness of the certificate of title of Eda Jimenez, and from the Clerk of Court of the

Court of First Instance of Dipolog City as to whether the property was involved in any litigation.[32] However, they failed to inquire from petitioners as to why they were the ones in actual possession of the property.

The rule is settled that a buyer of real property which is in the possession of persons other than the seller must be wary and should investigate the rights of those in possession. Otherwise, without such inquiry, the buyer can hardly be regarded as a buyer in good faith.[33] When a man proposes to buy or deal with realty, his first duty is to read the public manuscript, i.e., to look and see who is there upon it, and what are his rights. A want of caution and diligence which an honest man of ordinary prudence is accustomed to exercise in making purchases is, in contemplation of law, a want of good faith. The buyer who has failed to know or discover that the land sold to him is in the adverse possession of another, is a buyer in bad faith.[34]

The fact that Lucia Embrado resides in the premises, coupled with the relatively young age and meager financial standing of the Jimenez spouses, should have been sufficient for Cimafranca to hesitate accepting Eda's transfer certificate of title at its face value. Cimafranca, after deliberately closing his eyes to such a vital information, is now claiming good faith. For obvious reasons, we cannot accept his contention. We thus declare him, together with Marcos Salimbagat, to be purchasers in bad faith hence not entitled to protection under the Torrens system of registration.

Lot 564 is now registered in the name of Eda Jimenez "married to Santiago Jimenez" under Transfer Certificate of Title No. T-17103 which was issued pursuant to the "Absolute Deed of Sale" executed in her favor by petitioner Lucia Embrado. We have already declared said deed of sale as null and void since its object, Lot 564, is conjugal property which was sold by Lucia Embrado without her husband's conformity. The present vendees, Marcos Salimbagat and Pacifico Cimafranca, who bought the property from Eda Jimenez have failed to persuade us that they acquired the property in good faith.

WHEREFORE, the decision of respondent Court of Appeals dated 26 April 1979 is REVERSED and SET ASIDE and the Decision of the then Court of First Instance (now Regional Trial Court) of Zamboanga del Norte dated 14 June 1976 is REINSTATED and ADOPTED herein as the decision in this case.

SO ORDERED.

Cruz, (Chairman), Davide, Jr., Quason, and Kapunan, JJ., concur.

[1] Decision penned by then Presiding Justice Andres Reyes, concurred in by Associate Justices Samuel F. Reyes and Carlos L. Sundiam, promulgated 26 April 1979, Rollo, pp. 37-45.

[2] Exh. "1," Folder of Exhibits, p. 33.

[3] Id., p. 3.

[4] TSN, 27 June 1973, p. 24.

[5] Folder of Exhibits, p. 7.

[6] Id., p. 23.

[7] See Exh. "G," Folder of Exhibits, p. 10.

[8] See Exh. "H," Folder of Exhibits, p. 11.

[9] Docketed as Civil Case No. 2314.

- [10] Decision penned by Presiding Judge Dimalanes B. Buissan of the then Court of First Instance of Zamboanga del Norte dated 14 June 1976, Rollo, pp. 22-36.
- [11] *Id.*, pp. 35-36.
- [12] Testimony of Matias Carpitanos, TSN, 9 October 1975, pp. 38-40.
- [13] Art. 160. All property of the marriage is presumed to belong to the conjugal partnership, unless it is proved that it pertains exclusively to the husband or to the wife.
- [14] TSN, 10 July 1975, pp. 38-39; 58-59.
- [15] Rollo, p. 23.
- [16] TSN, 8 August 1974, p. 16.
- [17] *Vitug v. Montemayor, et al.*, 91 Phil. 286, 290-291 (1952).
- [18] *Vda. de Padilla v. Paterno*, No. L-8748, 26 December 1961, 3 SCRA 678, 691; see also *Vitug, J. C.*, *Compendium of Civil Law and Jurisprudence*, 1993 ed., p. 67; *Tolentino, A.*, *Commentaries and Jurisprudence on the Civil Code of the Philippines*, Vol. I, 1983 ed., pp. 423-424.
- [19] *Mendezona v. Phil. Sugar Estate Dev. Co.*, 41 Phil. 475 (1921).
- [20] *Baranda v. Baranda*, G.R. No. 73275, 20 May 1987, 150 SCRA 59.
- [21] *Tolentino*, *Civil Code of the Philippines*, Vol. I, 1983 ed., p. 453; see also *La Urbana v. Villasor*, 59 Phil. 644 (1934); *Paras*, *Civil Code of the Philippines*, Vol. I, 1984 ed. p. 545.
- [22] Art. 172, *Civil Code of the Philippines*; see also *Tinitigan v. Tinitigan, Sr.*, No. L-45418, 30 October 1980, 100 SCRA 619, 636.
- [23] *De Guzman v. Court of Appeals*, No. L-46935, 21 December 1987, 156 SCRA 701; *Cruz v. Cabana*, G.R. No. 56232, 22 June 1984, 129 SCRA 656.
- [24] *Solid State Multi-Products Corporations v. Court of Appeals*, G.R. No. 83383, 6 May 1991, 196 SCRA 631.
- [25] *Baltazar v. Court of Appeals*, G.R. No. 78728, 8 December 1988, 168 SCRA 354.
- [26] *Francisco v. Court of Appeals*, G.R. 30162, 31 August 1987, 156 SCRA 330; *Cardente v. Intermediate Appellate Court*, G.R. No. 73651, 27 November 1987, 155 SCRA 685, 690-691; *J.M. Tuason & Co., Inc., v. Court of Appeals*, No. L-41233, 21 November 1979, 94 SCRA 413, 422-423; *Barrios v. Court of Appeals*, No. L-32531, 31 August 1977, 78 SCRA 427, 435; *Paylago v. Jarabe*, No. L-20046, 27 March 1968, 22 SCRA 1247, 1252; *Manacop, Jr. v. Cansino*, No. L-13971, 27 February 1961, 1 SCRA 572, 576; *Leung Yee v. Strong Machinery Company*, 37 Phil. 645, 651 (1918).
- [27] TSN, 9 October 1975, p. 81.
- [28] TSN, 27 June 1973, p. 21.
- [29] See Note 21.
- [30] TSN, 7 August 1975, p. 8.
- [31] TSN, 9 October 1975, pp. 78-79.
- [32] TSN, 10 July 1975 p. 21; 7 August 1975, pp. 11-12.

[33] Cardente v. Intermediate Appellate Court, G.R. No. 73651, 27 November 1987, 155 SCRA 685, 690-691; J.M. Tuason & Co., Inc., v. Court of Appeals, No. L-41233, 21 November 1979, 94 SCRA 413, 422-423; Barrios v. Court of Appeals, No. L-32531, 31 August 1977, 78 SCRA 427, 435; Paylago v. Jarabe, No. L-20046, 27 March 1968, 22 SCRA 1247, 1252; Manacop, Jr. v. Cansino, No. L-13971, 27 February 1961, 1 SCRA 572, 576; Leung Yee v. Strong Machinery Company, 37 Phil. 645, 651 (1918).

[34] J. M. Tuason & Co., Inc. v. Court of Appeals, No. L--41233, 21 November 1979, 94 SCRA 413, 422-423; see also Angelo v. Pacheco, 56 Phil. 70 (1931); Andaya v. Manansala, 107 Phil. 1151 (1960).

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