

**SPOUSES PASTOR VALDEZ AND VIRGINIA VALDEZ, PETITIONERS,
VS. HONORABLE COURT OF APPEALS AND FELICIDAD VIERNES,
FRANCISCO ANTE, AND ANTONIO ANTE, RESPONDENTS.**

G.R. No. 85082. February 25, 1991

Ponente: GANCAYCO, J.

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GANCAYCO, J.:

This is a case of double sale of real property where both vendees registered the sales with the Register of Deeds and each produced their respective owner's duplicate copy of the certificate of title to the property.

Spouses Francisco Ante and Manuela Ante were the registered owners of a parcel of land located at 20th Avenue, Murphy, Quezon City, with an area of approximately 625.70 square meters as evidenced by Transfer Certificate of Title (TCT) No. 141582 issued by the Register of Deeds of Quezon City. Said spouses executed a special power of attorney in favor of their son, Antonio Ante, a lawyer, authorizing him to execute any document conveying by way of mortgage or sale a portion or the whole of said property, to receive payment and dispose of the same as he may deem fit and proper under the premises.[1]

Antonio Ante offered to sell the lot to Eliseo Viernes, who was occupying the same with the permission of Ante. Viernes, however, turned down the offer as he did not have money. Antonio Ante then told Viernes that he will instead sell the property to Pastor Valdez and Virginia Valdez.[2]

Antonio Ante had the said lot subdivided into Lot A with an area of 280 square meters and Lot B with an area of 345.70 square meters, each lot having its corresponding technical description.

On June 15, 1980, Antonio Ante, as attorney in fact, executed a deed of sale of Lot A in favor of spouses Pastor Valdez and Virginia Valdez, for and in consideration of the amount of P112,000.00.[3]

On February 12, 1987, in the same capacity, Antonio Ante sold to said Valdez spouses, Lot B for the amount of P138,000.00.[4]

The Valdez spouses demanded from Antonio Ante the delivery of the owner's duplicate copy of TCT No. 141582 covering said two (2) lots. Ante promised them that he will deliver the title to them in a few days.

In the meanwhile petitioners started fencing the whole lot with cement hollow blocks in the presence of spouses Eliseo and Felicidad Viernes. Except for the gate, it took them two weeks to finish fencing the whole lot. On said occasion the Viernes spouses were informed by the Valdez spouses that they were fencing the same as they purchased the land from Antonio Ante.

As Ante failed to deliver the owner's duplicate certificate of title demanded by the Valdez spouses, the latter filed their affidavit of adverse claim over the subject lot with the Register of Deeds of Quezon City on September 6, 1982 as the vendees of the property.[5]

Upon inquiries made, the Valdez spouses learned that Antonio Ante had delivered the owner's duplicate

certificate of title as a collateral to one Dr. Camilo Garma of Purdue Street, Cubao, Quezon City to secure his rentals in arrears in the amount of P9,000.00. On September 13, 1983, upon the prodding of the Valdez spouses, Antonio Ante wrote to Dr. & Mrs. Garma to request them to entrust the owner's duplicate copy of the title of the questioned lot to the Valdez spouses with the assurance that Ante will pay his indebtedness to them.[6] The Garma spouses turned over to the Valdez spouses the said owner's duplicate certificate of title after said Valdez spouses paid for the obligation of Antonio Ante to the Garma spouses.

The Valdez spouses then proceeded to register the two deeds of sale dated June 15, 1980 and February 12, 1981[7] with the Register of Deeds of Quezon City by presenting the owner's duplicate copy of the title. They were, however, informed that the said owner's duplicate certificate of title had been declared null and void per order of Judge Tutaan dated November 10, 1982. They also found out that spouses Francisco and Manuela Ante earlier filed a petition for the issuance of a new owner's duplicate certificate of title and to declare null and void the lost owner's duplicate certificate of title.

The Valdez spouses also discovered that the Register of Deeds cancelled TCT. No. 141582 and in lieu thereof issued TCT No. 293889 in the name of Felicidad Viernes on the basis of a deed of assignment of the same property dated February 17, 1982 executed by Antonio Ante in her favor.

When Virginia Valdez inquired from Antonio Ante why he executed the said deed of assignment when he had previously sold the same lot to them, Ante replied that they could sue him in court.

Thus, the Valdezes filed their adverse claim over the lot covered by TCT No. 293889 in the name of Felicidad Viernes. They filed the complaint in Barangay office of San Roque, Quezon City against Felicidad Viernes but as no amicable settlement was reached, the Valdezes filed a complaint in the Regional Trial Court of Quezon City seeking among others, that the order dated November 10, 1982 of the Court of First Instance of Quezon City authorizing the issuance of a new owner's duplicate certificate of title in the name of Francisca Ante be declared null and void; that the deed of assignment dated February 17, 1982 executed by Antonio Ante in favor of Felicidad Viernes be cancelled and revoked; that TCT No. 293889 in the name of Felicidad Viernes in the Register of Deed of Quezon City be cancelled and declared null and void; that the Register of Deeds of Quezon City be ordered to reinstate, revalidate and give full force and effect to the owner's duplicate copy of TCT No. 141582 in the name of spouses Francisco and Manuela Ante and declare petitioners as the true and lawful owners of the property; ordering respondents Viernes and all persons claiming right under them to vacate the property, and to pay damages and costs to petitioners.

After trial on the merits before which the Antes were declared in default, a decision was rendered by the trial court on April 9, 1986, the dispositive part of which reads as follows:

"WHEREFORE, the complaint is dismissed as against defendants Viernes, and defendants Antes are hereby ordered to pay to plaintiff, as prayed for in their complaint as follows:

Defendant Antes are hereby ordered to pay actual damages in the amount of P250,000.00 to plaintiffs.

Defendants Antes are hereby ordered to pay moral and exemplary damages in the amount of P15,000.00 and exemplary damages in the amount of P5,000.00.

Defendants Antes, are hereby ordered to pay P5,000.00 for attorney's fees.

SO ORDERED."[8]

Not satisfied therewith the Valdezes interposed an appeal therefrom to the Court of Appeals wherein in due course a decision was rendered on September 12, 1988, affirming in toto the appealed decision, with costs against

the appellants.

Hence this petition for review on certiorari filed by the Valdezes wherein the following issues are raised:

- "1. Whether the Order dated November 10, 1983 declaring as null and void the Owner's copy of Transfer Certificate of Title No. 141582 and ordering the issuance of a new Owner's copy of said title should be set aside having been secured fraudulently and in bad faith by Francisco Ante and Antonio Ante who had already sold the property to the spouses Pastor and Virginia Valdez and who knew fully well that the said Owner's copy of said title has never been lost.
2. As between plaintiff-spouses Pastor and Virginia Valdez, petitioners in this case and defendant Felicidad Viernes, one of the private respondents, who is entitled to the subject lot?
3. Who is entitled to damages?"[9]

The petition is impressed with merit.

Article 1544 of the Civil Code provides as follows:

"Art. 1544. If the same thing should have been sold to different vendees, the ownership shall be transferred to the person who may have first taken possession thereof in good faith, if it should be movable property.

Should it be immovable property, the ownership shall belong to the person acquiring it who in good faith first recorded it in the Registry of Property.

Should there be no inscription, the ownership, shall pertain to the person who in good faith was first in the possession; and, in the absence thereof, to the person who presents the oldest title provided there is good faith."

From the aforesaid provision of the law, it is clear that if movable property is sold to different vendees, the ownership shall be transferred to the person who may have first taken possession thereof in good faith. However, should the subject of the sale be immovable property, the ownership shall vest in the person acquiring it who in good faith first recorded it in the registry of property. Should none of the vendees inscribe the sale in the Registry of Property, then the ownership of the subject real property shall pertain to the person who in good faith was first in possession; and, in the absence thereof, to the person who presents the oldest title, provided there is good faith.

In this case, Lot A of the subject property was sold to the petitioners by Antonio Ante, as attorney-in-fact, on June 15, 1980 while Lot B was sold by the same attorney-in-fact to petitioners on February 12, 1981.[10] Since the owner's copy of TCT No. 141582 was not delivered in due time to the petitioners by Antonio Ante despite his promise to deliver the same in a few days, petitioners registered their notice of adverse claim over the said property on September 6, 1982 with the Register of Deeds of Quezon City wherein it was duly annotated as follows:

"PE-3004/T-141582 - Affidavit of Adverse Claim -

Filed under sworn statement of Pastor Valdez & Virginia C. Valdez claiming that they are the vendees of the property described herein, but the title was not delivered (Doc. 253, Page 51, Bk. I of the Not. Pub. of Q. City, Prudencio W. Valido)

Date of Instrument - August 19, 1982

Date of Inscription - Sept. 6, 1982"[11]

However, earlier, that is on February 17, 1982, a Deed of Assignment of the same property was executed by Antonio Ante in favor of respondent Felicidad Viernes.[12] Ante filed a petition for the issuance of another owner's duplicate copy of TCT No. 141582 with the then Court of First Instance of Quezon City on the ground

that the owner's duplicate copy had been lost. The petition was granted in an order dated November 10, 1983 declaring null and void the lost owner's duplicate copy of the title and ordering the issuance of a new owner's duplicate copy of the title in favor of the Antes. Said owner's duplicate copy was delivered by Ante to respondent Viernes who thereafter together with the Deed of Assignment presented the same to the Register of Deeds of Quezon City for registration on November 11, 1982. Thus, on the basis thereof, TCT No. 141582 was cancelled and TCT No. 293889 was issued in the name of respondent Felicidad Viernes.

Petitioners again filed an adverse claim this time on the property covered by TCT No. 293889 in the name of respondent Viernes.

From the foregoing set of facts there can be no question that the sale of the subject lot to petitioners was made long before the execution of the Deed of Assignment of said lot to respondent Viernes and that petitioners annotated their adverse claim as vendees of the property as early as September 6, 1982 with the Register of Deeds of Quezon City. On the other hand the deed of Assignment in favor of Viernes of the said lot was registered with the Register of Deeds of Quezon City only on November 11, 1982 whereby a new title was issued in the name of Viernes as above stated.

The rule is clear that a prior right is accorded to the vendee who first recorded his right in good faith over an immovable property.[13] In this case, the petitioners acquired subject lot in good faith and for valuable consideration from the Antes and as such owners petitioners fenced the property taking possession thereof. Thus, when petitioners annotated their adverse claim in the Register of Deeds of Quezon City they thereby established a superior right to the property in question as against respondent Viernes.[14]

On the other hand, respondent Viernes cannot claim good faith in the purchase of the subject lot and the subsequent registration of the Deed of Assignment in her favor. Even before the petitioners purchased the lot from the Antes respondent Viernes' husband was first given the option to purchase the same by Antonio Ante but he declined because he had no money and so he was informed that it would be sold to petitioners. After petitioners purchased the lot they immediately fenced the same with the knowledge and without objection of respondent Viernes and her husband and they were informed by the petitioners about their purchase of the same. Moreover, when petitioners annotated their adverse claim as vendees of the property with the Register of Deeds of Quezon City, it was effectively a notice to the whole world including respondent Viernes.

Respondent Ante obviously in collusion with respondent Viernes sold the same property to Viernes which was earlier sold to petitioners, by virtue of a subsequent Deed of Assignment. It was fraudulently made to appear that the owner's duplicate copy of TCT No. 141582 was lost through a petition with the trial court to nullify the said owner's duplicate copy and for the issuance of another owner's duplicate copy.

Unfortunately, such fraud was unmasked as early as July 14, 1981 when respondent Francisco Ante, in Civil Case No. 29617, filed an urgent motion for the issuance of a subpoena and subpoena duces tecum to require Paz Garma of 8 Purdue Street, Cubao, Quezon City to produce before the court on July 16, 1981 at 2:00 o'clock p.m. at the scheduled pre-trial of the case, the owner's duplicate copy of TCT No. 141582 issued by the Register of Deed in the name of the Antes as the same was entrusted to Paz Garma as a realtor for the proposed sale of the property which did not materialize.[15] Respondent Viernes admitted in her answer dated January 7, 1984 that she knew of the filing in court of said urgent motion and that the branch clerk of court issued the corresponding subpoena.[16] Thus, respondent Ante, as well as respondent Viernes, knew that the owner's duplicate copy of certificate of title no. 141582 was never lost, consequently the filing of the petition in court for the issuance of a new one was attended with fraud and gross misrepresentation.

As a matter of fact, as hereinabove discussed, upon the urging of petitioners, respondent Antonio Ante wrote to

the Garma spouses to entrust the TCT to petitioners on September 30, 1983[17] and when petitioners paid the standing account of Ante to the Garmas said owner's duplicate copy was delivered by the Garmas to the petitioners. The bad faith of respondents Viernes and Ante is obvious.

Further, even while the notice of adverse claim of September 6, 1982 filed by the petitioners on TCT No. 141582 in the Register of Deeds was still existing and had not been cancelled, on November 11, 1982 the Register of Deeds nevertheless cancelled said TCT and issued a new title in favor of respondent Viernes. The annotation was not even carried over nor was it ordered cancelled under the new title issued to respondent Viernes. The Register of Deeds and/or his subordinates apparently yielded to the fraudulent design of respondents Viernes and Ante.

An examination of the decision of the trial court dated April 9, 1986 shows that there are no findings of facts to serve as a basis for its conclusions.[18] Section 14, Article VIII of the Constitution mandates as follows:

"No decision shall be rendered by any court without expressing therein clearly and distinctly the facts and the law on which it is based.

No petition for review or motion for reconsideration of a decision shall be refused due course or denied without stating the legal basis therefor." (Emphasis supplied.)

Section 1, Rule 36 of the Rules of Court also provides clearly as follows:

"SECTION 1. Rendition of judgments.-All judgments determining the merits of cases shall be in writing personally and directly prepared by the judge, stating clearly and distinctly the facts and the law on which it is based, signed by him, and filed with the clerk of the court." (Emphasis supplied.)

That is the reason why this Court, through Administrative Circular No. 1 dated January 28, 1988, reminded all judges "to make complete findings of facts in their decisions, and scrutinize closely the legal aspects of the case in the light of the evidence presented. They should avoid the tendency to generalize and form conclusions without detailing the facts from which such conclusions are deduced."

Of course, when a petition for review or motion for reconsideration of a decision of the court is denied due course, or is otherwise denied, it is not necessary that such findings of facts be made. However, the denial must state the legal basis thereof.

In the present case, the three-paged decision of the trial court contained in the first two pages a statement of the allegations of the pleadings of the parties and enumerates the witnesses presented and the exhibits marked during the trial. Thereafter, the trial court arrived at the following conclusion:

"After considering the evidence on record, this Court finds that plaintiffs have failed to prove their case as against defendant Felicidad Viernes, but proved their case against defaulted defendants Antes. The Court finds that there is no sufficient proof of knowledge or bad faith on the part of defendant Viernes, and on the basis of existing jurisprudence, a third person who in good faith purchases and registers a property cannot be deprived of his title as against plaintiff who had previously purchased same property but failed to register the same.[19]

This is not what is contemplated under the Constitution and the Rules as a clear and distinct statement of the facts on the basis of which the decision is rendered. The foregoing one-paragraph statement constitute a mere conclusion of facts and of law arrived at by the trial court without stating the facts which serve as the basis thereof. Indeed the conclusion of fact therein that petitioners had not registered the sale to them is traversed by the records which show on the contrary, petitioners earlier registered the sale to them. The curt statement in the decision that a party has proven his case while the other has not, is not the findings of facts contemplated by the

Constitution and the rules to be clearly and distinctly stated.

Unfortunately, the appellate court overlooked this fatal defect in the appealed decision. It merely adopted the alleged findings of facts of the trial court. Although it made some findings on how the deed of assignment in favor of respondent Viernes came about, it is far from complete and is hardly a substantial compliance with the mandate aforestated.

As it is now, this Court has before it a challenged decision that failed to state clearly and distinctly the facts on which it is predicated. This Court has said again and again that it is not a trier of facts and that it relies on the factual findings of the lower court and the appellate court which are conclusive. But as it is, in this case, the Court has to wade through the records and make its own findings of facts, rather than further delay the disposition of the case by remanding the records for further proceedings.

Hence, the appealed decision should be struck down.

WHEREFORE, the petition is GRANTED. The appealed decision of the appellate court dated September 12, 1988 is hereby SET ASIDE and another judgment is hereby rendered declaring the order of the trial court dated November 10, 1982 null and void and reinstating the owner's duplicate copy of TCT No. 141582 in the possession of the petitioners; declaring the petitioners to have the superior right to the property in question and to be the true and lawful owners of the same; directing the Register of Deeds of Quezon City to cancel TCT No. 293889 in the name of respondent Felicidad Viernes and to issue a new title in favor of petitioners spouses Pastor and Virginia Valdez upon the presentation of the owner's duplicate copy of TCT No. 141582; directing respondent Felicidad Viernes and other persons claiming rights under her residing in the premises of the land in question to vacate the same immediately and to remove whatever improvement she has placed in the premises; and ordering private respondents to jointly and severally pay the petitioners the amounts of P15,000.00 as moral damages, P5,000.00 exemplary damages, and P20,000.00 as attorney's fees. The docket fees for the amount of damages and attorney's fees awarded to the petitioners, if not yet duly paid, shall constitute a prior lien in favor of the government, before the satisfaction of the judgment in favor of the petitioners. Costs against private respondents. SO ORDERED.

Narvasa, (Chairman), Cruz, Griño-Aquino, and Medialdea, JJ., concur.

[1] Exhibit T.

[2] TSN, December 6, 1984, page 15.

[3] Exhibit F.

[4] Exhibit G.

[5] Exhibit B-1.

[6] Exhibit M.

[7] Exhibits F and G.

[8] page 68, rollo.

[9] Pages 15 to 16, rollo.

[10] Exhibits F and G.

[11] Exhibit B-1.

[12] Exhibit C.

[13] Carbonnel vs. Court of Appeals, 69 SCRA 99 (1976); Article 1544, Civil Code.

[14] Carbonnel vs. Court of Appeals *supra*, at 107 to 108.

[15] Exhibit K.

[16] Exhibit J.

[17] Exhibit N.

[18] Pages 66 to 68, rollo.

[19] Page 68, rollo.

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