**Title:** Sandoval vs. Court of Appeals and Tan, Jr.

**Facts:**

1. The disputed property is a parcel of land with a five-door apartment at No. 88 Halcon Street, Quezon City, originally owned by Lorenzo L. Tan, Jr., and Carolina Mangampo Tan under TCT No. 196518.

2. In October 1984, Tan, Jr. was informed about an adverse claim on his property title. He realized his original TCT was missing, and learned it had been mortgaged by an impostor, also posing as Lorenzo L. Tan, Jr., to Godofredo Valmeo for P70,000.

3. On December 6, 1984, Tan filed a complaint to cancel the mortgage annotation and claim damages against Almeda and Valmeo at the Quezon City Regional Trial Court, Branch 96.

4. Juan C. Sandoval encountered Tan in April 1985, revealing he had purchased the property from Bienvenido Almeda, unaware of the legal disputes.

5. Investigation showed that a forged deed sold the property to Almeda in September 1984. A waiver in January 1985 led to the issuance of TCT No. 326781 in Almeda's name.

6. Almeda subsequently sold the property to Sandoval for P230,000. TCT No. 329487 was issued in Sandoval's name by April 1985.

7. Tan amended his complaint in August 1985 to include Sandoval, seeking nullification of the sale and cancellation of the TCTs due to Sandoval's alleged knowledge of the property's legal issues.

8. Sandoval argued he was an innocent purchaser for value, dealing via real estate brokers post advertisement in the Manila Bulletin.

**Procedural History:**

– The Quezon City Regional Trial Court ruled in favor of Tan, Jr., nullifying the mortgage, sale, waiver, and commanding Sandoval to revisit ownership.

– The Court awarded damages, ordered Almeda to reimburse Sandoval, and imposed costs on defendants.

– Sandoval appealed to the Court of Appeals, which upheld the trial court's decision but adjusted damages and attorney's fees.

– Sandoval filed a petition for review with the Supreme Court asserting due process violations and his status as an innocent purchaser for value.

**Issues:**

1. Whether Justice Luis Victor of the Court of Appeals should have recused himself due to

prior involvement in lower court proceedings.

2. Whether Sandoval was a purchaser in good faith.

**Court's Decision:**

1. **Recusal of Justice Victor:** The Supreme Court found no legal obligation for Justice Victor to recuse himself, as his involvement did not extend to the ruling being reviewed. However, prudence would dictate he abstain to preserve judicial impartiality appearance.

2. **Purchaser in Good Faith:** The Supreme Court confirmed Sandoval lacked good faith. Irregularities were apparent, including usage of two TCTs, inconsistency in testimony about meetings with Almeda, and addressing the property falsely as un-tenanted. Thus, Sandoval should have been aware of the title's defects.

**Doctrine:**

– A forged deed can under specific instances result in a valid title if sold to an innocent purchaser while relying on a certificate of title.
– A purchaser is not considered in good faith if aware of defects or abnormalities in the vendor's title. Actual or constructive notice obliges further inquiry.

**Class Notes:**

– **Purchaser in Good Faith:** Requires no knowledge of defect before or during purchase for valuable consideration; inquiry is necessitated by suspicious circumstances.
– **Rule 137, Sec. 1 (Revised Rules of Court):** Judges should not preside over cases if prior lower court decisions are reviewed unless all parties consent.
– **Presidential Decree No. 1529, Sec. 44** emphasizes registered owners hold titles free from unrecorded encumbrances unless exception applies.

**Historical Background:**

The Philippines' land ownership issues have historical origins partly from the Spanish land grant system (encomienda) resulting in systemic fraud and land title manipulations that continue today. The case reflects ongoing challenges with land registration integrity due to fake titles and the vulnerability of the Torrens system.