



REPUBLIC OF THE PHILIPPINES
SUPREME COURT
Manila

SECOND DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, Second Division, issued a Resolution dated **August 10, 2022** which reads as follows:*

“**G.R. No. 222994 (Heirs of Petra Francia, represented by Amos Francia, Jr. v. Reynaldo Banag, MCXMOTOR Phils. Inc., and the Register of Deeds of Meycauayan, Bulacan)**. — This Court resolves a Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court filed by petitioners heirs of Petra Francia represented by Amos Francia, Jr. against respondents Reynaldo Banag (*Reynaldo*), MCXMOTOR Phils. Inc. (*MCXMOTOR*), and the Register of Deeds of Meycauayan, Bulacan assailing the Decision² dated July 16, 2015 and the Resolution³ dated February 10, 2016 rendered by the Court of Appeals (*CA*) in CA-G.R. CV No. 102542.

The Antecedents

This case involves Lot 3257 (*subject property*), a parcel of land consisting of 22,202 square meters, more or less, located at No. 17 Calle Fabreca, Malhacan, Meycauayan City, Bulacan, declared for taxation purposes by Petra M. Francia (*Petra*) in Tax Declaration No. 02603.⁴

Since 1978, Laureano Hermoso (*Laureano*) and Miguel Banag (*Miguel*) had been occupying and cultivating Lot 3415 and the subject property, respectively, as tenants thereof. They filed a petition before the Department of Agrarian Reform (*DAR*) praying that both parcels of land be placed under the coverage of the Operation Land Transfer (*OLT*) under Presidential Decree (*P.D.*) No. 27, and that an emancipation patent be issued in their favor.⁵

¹ *Rollo* (Vol. 1), pp. 74-146.

² Penned by Associate Justice Normandie B. Pizarro, with Associate Justices Samuel H. Gaerlan (now a member of this Court) and Ma. Luisa C. Quijano-Padilla, concurring; *id.* at 45-57.

³ *Id.* at 59-65.

⁴ *Id.* at 179; Records (Vol. 1), p. 403.

⁵ *Rollo* (Vol. 1), pp. 11, 185; See *Hermoso v. Court of Appeals*, 604 Phil. 420 (2009).

On April 7, 1978, while the petition for coverage under P.D. No. 27 was pending, Petra died intestate and without issue. She was survived by her siblings Amos Francia, Sr. (*Amos Sr.*), and Mercedes Francia Villarica (*Mercedes*).⁶ When both siblings died, they were survived by their respective children, namely, Cecilia, Amos Jr., and Benilda, all surnamed Francia; and Francisco, Danilo, Ernesto, Rodrigo, Jesus, and Melchor, all surnamed Villarica (collectively referred to as *the heirs of Petra*).⁷

On July 4, 1995, the DAR Regional Director issued an Order⁸ placing the two parcels of land, including the subject property, under the coverage of P.D. No. 27. The dispositive portion of the Order states:

WHEREFORE, foregoing facts and jurisprudence considered, Order is hereby issued:

1. PLACING the subject two (2) parcels of land being tenanted by petitioners Laureano Hermoso and Miguel Banag situated at Malhacan, Meycauayan, Bulacan owned by Amos Francia, et al. under the coverage of Operation Land Transfer pursuant to P.D. 27; and
2. DIRECTING the DAR personnel concerned to process the issuance of emancipation patents in favor of said Laureano Hermoso and Miguel Banag after a parcellary mapping have been undertaken by the Bureau of Lands over the subject landholdings.

SO ORDERED.⁹

The heirs of Petra filed a motion for reconsideration and for reinvestigation. Thus, on December 19, 1995, the DAR Regional Director issued an Order¹⁰ holding in abeyance the issuance of an emancipation patent in favor of Miguel until the issue of tenancy relationship is resolved.¹¹

Incidentally, on January 20, 1997, Miguel filed before the DAR, an Urgent *Ex-Parte* Motion for the Issuance of an Emancipation Patent. After hearing the issue on Miguel's tenancy, on March 13, 1997, the DAR Regional Director issued an Order¹² directing the issuance of an emancipation patent in favor of Miguel.¹³ Thus, Original Certificate of Title (*OCT*) No. T-045-EP (M) and Emancipation Patent No. 189534 were issued in the name of Miguel.¹⁴

⁶ *Rollo* (Vol. I), pp. 11, 181, 266, 270.

⁷ *Id.*

⁸ *Id.* at 185-187.

⁹ *Id.* at 187, 207.

¹⁰ *Id.* at 188-189.

¹¹ *Id.* at 189, 208.

¹² *Id.* at 190-191.

¹³ *Id.* at 191, 203.

¹⁴ *Id.* at 197-198.

The heirs of Petra then filed a motion for reconsideration. On March 10, 1998, the DAR Secretary issued an Order¹⁵ affirming the ruling of the DAR Regional Director.¹⁶

Thereafter, the case was elevated to the Office of the President (*OP*). In a Decision¹⁷ dated April 21, 2003, the *OP* affirmed *in toto* the ruling of the DAR Secretary.¹⁸

Aggrieved, the heirs of Petra filed a Petition for Review under Rule 43 of the Rules of Court before the CA docketed as CA-G.R. SP No. 77546. On October 15, 2004, the CA rendered its Decision,¹⁹ the dispositive portion of which states:

WHEREFORE, the instant petition is hereby GRANTED. Accordingly, the assailed decision of the Office of the President is hereby REVERSED and SET ASIDE. A new decision is hereby rendered dismissing the Petition for Coverage under P.D. No. 27 filed by respondents.

SO ORDERED.²⁰

The CA ruled that the two parcels of land are not within the ambit of P.D. No. 27 because they are classified as residential area by the Secretary of DAR, the Housing and Land Use Regulatory Board (*HLURB*), and the Deputized Zoning Administrator of the Municipality of Meycauayan, Bulacan.²¹ The CA held that Miguel and Laureano cannot ask that the parcels of land be transferred in their favor under P.D. No. 27 since these are not available for agrarian reform.²²

In a Resolution²³ dated January 19, 2005, the CA denied the motion for reconsideration of Miguel for lack of merit.²⁴ He then elevated the case to this Court *via* a petition for review on *certiorari* docketed as UDK-13477. Laureano filed a separate petition for review on *certiorari* docketed as G.R. No. 166748.

On March 7, 2005, this Court issued a Resolution²⁵ in the case docketed as UDK-13477 denying the petition of Miguel due to procedural

¹⁵ Id. at 192-196.

¹⁶ Id. at 195.

¹⁷ Penned by Deputy Executive Secretary Arthur P. Autca; id. at 201-204.

¹⁸ Id.

¹⁹ Penned by Associate Justice Mariano C. Del Castillo, with Associate Justices Regalado E. Maambong and Magdangal M. De Leon, concurring; id. at 205-223.

²⁰ Id. at 223.

²¹ Id. at 215.

²² Id. at 217.

²³ Id. at 225.

²⁴ Id.

²⁵ Id. at 226.

infirmities such as: (1) lack of affidavit and proof of service of copies thereof on the CA and the heirs of Petra; (2) lack of duplicate original, or a certified true copy of the assailed decision; (3) lack of verified statement as to the dates of receipt by counsel of Miguel of a copy of the assailed decision and of the filing of the motion for reconsideration; and (4) failure to submit the original copy of the proof of authority to sign verification and certification against forum shopping for and in behalf of Miguel.²⁶ Miguel filed a motion for reconsideration, which was denied in a Resolution²⁷ dated July 11, 2005.²⁸

An Entry of Judgment was issued, certifying that the Resolution of this Court dated March 7, 2005 became final and executory on August 25, 2005.²⁹

Meanwhile, in G.R. No. 166748, this Court rendered its Decision, denying the separate petition Laureano filed, and affirmed the ruling of the CA in CA-G.R. SP No. 77546. The case was remanded to the Provincial Agrarian Reform Adjudicator of Bulacan for the proper computation of the disturbance compensation of Laureano.³⁰

On June 20, 2007, Miguel executed a Deed of Donation³¹ in favor of his son, Reynaldo. On July 18, 2007, OCT No. T-045-EP (M) was cancelled and Transfer Certificate of Title (TCT) No. T-65032 P(M) was registered in the name of Reynaldo.³²

On July 23, 2007, Reynaldo sold the subject property to MCXMOTOR as evidenced by a Deed of Absolute Sale.³³ At the time of the sale, Reynaldo was the actual possessor with his family.³⁴ As a result, TCT No. T-65032 P(M) was cancelled and TCT No. T-65534 P (M) was issued in the name of MCXMOTOR.³⁵

Thereafter, the heirs of Petra instituted a Complaint for annulment and cancellation of TCT Nos. T-65032 P(M) and T-65534 P (M) against Reynaldo and MCXMOTOR, claiming that the sale of the subject property was in bad faith.³⁶

²⁶ Id.
²⁷ Id. at 227.
²⁸ Id.
²⁹ Id. at 228.
³⁰ See *Hermoso v. Court of Appeals*, 604 Phil. 420 (2009).
³¹ *Rollo* (Vol. 1), pp. 232-233.
³² Id. at 230-231.
³³ Id. at 234-235.
³⁴ Records (Vol. 2), p. 243.
³⁵ *Rollo* (Vol. 1), pp. 238-239.
³⁶ Records (Vol. 1), pp. 1-19.

The Return of Service³⁷ stated that the sheriff caused the service upon Reynaldo on November 26, 2007 and November 28, 2007 but failed to personally serve the summons as he was not around. Thus, the sheriff left a copy of the summons and the complaint to Miguel who received the documents but refused to sign the original copy of the summons.³⁸

In its Answer,³⁹ MCXMOTOR denied the allegations against it and asserted that it is a buyer in good faith. It maintained that it relied on the certificate of title covering the subject property that contained no encumbrances.⁴⁰ It added that it performed overt acts to confirm the ownership of Reynaldo and the actual occupants of the subject property.⁴¹

On February 27, 2014, the Regional Trial Court (RTC), Branch 83 of Malolos, Bulacan, rendered its Decision,⁴² the dispositive portion of which states:

WHEREFORE, in view of the foregoing judgment is hereby rendered as follows:

1. Dismissing the Complaint for Cancellation of TCT No. 65534 P (M) in the name MCXMOTOR PHILS, INC and Recovery of Possession thereof against defendant MCXMOTORS for being a buyer in good faith and for value;
2. Ordering Defendant Reynaldo Banag to pay the present value of the subject property in favor of the plaintiffs as heirs of Petra Francia;
3. All claims for damages are likewise **DISMISSED** for lack of merit.

No pronouncement as to costs.

Let copies of this order be furnished the parties and counsel by registered mail.

SO ORDERED.⁴³ (Emphasis in the original)

In ruling that MCXMOTOR is an innocent purchaser for value, the RTC explained that while MCXMOTOR only needed to examine the certificate of title of Reynaldo, it went beyond the title by ordering its lawyer to check on the title of Miguel, OCT No. T-045-EP (M), together with the cancelled annotation of *lis pendens* pursuant to an Order of Finality dated September 29, 2003. To confirm the ownership of Reynaldo, the RTC noted that MCXMOTOR also verified the authenticity of the tax declarations and investigated the physical condition of the property to validate that Reynaldo

³⁷ Id. at 90.

³⁸ Id.

³⁹ Id. at 98-105.

⁴⁰ Id. at 100-103.

⁴¹ Id. at 103-105.

⁴² Penned by Judge Guillermo P. Agloro; *rollo* (Vol. I), pp. 170-178.

⁴³ Id. at 178.

and his family are the actual occupants of the property.⁴⁴

The RTC observed that the heirs of Petra have not caused any annotation on the title of either Miguel or Reynaldo in the decision of this Court dismissing the petition of Miguel for the coverage of the subject property under P.D. No. 27.⁴⁵ The RTC opined that had they caused the annotation, it would have put on notice any innocent third party interested in the subject property.⁴⁶ The RTC also pointed out that Miguel had been in possession of the property since 1975, yet the heirs of Petra failed to show that they have initiated any legal action to contest his possession or to evict Miguel or his heirs. Neither was there any action to cancel the tax declarations issued to Miguel and Reynaldo.⁴⁷ The RTC also stressed that MCXMOTOR was never a party to the case wherein Miguel's petition for coverage under P.D. No. 27 was dismissed. Thus, for the RTC, the decision of this Court cannot bind MCXMOTOR.⁴⁸

Nevertheless, the RTC held that Reynaldo should be made liable to pay the present value of the subject property, since he had previous knowledge of the pending case, having lived with Miguel during the pendency of the case. The RTC concluded that Reynaldo acted in bad faith in selling the subject property to MCXMOTOR.⁴⁹

On July 16, 2015, the CA rendered its Decision,⁵⁰ the dispositive portion of which states:

WHEREFORE, the appeal is **DENIED**. Nonetheless, the assailed disposition is **AFFIRMED** with the **MODIFICATION** insofar as it held Reynaldo Banag liable to the Heirs of Petra Francia. Accordingly, the portion stating as follows: 2. *Ordering Defendant Reynaldo Banag to pay the present value of the subject property in favor of the plaintiffs as heirs of Petra Francia* is **DELETED**. With costs.

SO ORDERED.⁵¹ (Emphasis and italics in the original)

The CA held that since MCXMOTOR was not a party to the petition for coverage under P.D. No. 27 that reached this Court, it is not bound by the judgment rendered therein. The CA reasoned that to permit otherwise would be contrary to due process.⁵²

⁴⁴ Id. at 173-174, 177.

⁴⁵ Id. at 174.

⁴⁶ Id. at 175.

⁴⁷ Id.

⁴⁸ Id.

⁴⁹ Id. at 177.

⁵⁰ Id. at 45-57.

⁵¹ Id. at 57.

⁵² Id. at 52-53.

The CA declared that MCXMOTOR was a buyer in good faith and that it should not be blamed for relying on Reynaldo's certificate of title that did not bear any adverse claim. The CA stressed that a person dealing with a registered parcel of land need not go beyond the face of the title as they are considered notified only of such burdens and claims annotated on the title.⁵³ The CA noted that MCXMOTOR even conducted an ocular inspection on the subject lot and made inquiries from the Registry of Deeds and the Assessor's Office before purchasing the lot from Reynaldo. Thus, there was no circumstance that would have made MCXMOTOR suspicious of the nature of Reynaldo's ownership over the subject property.⁵⁴

The CA also ruled that the RTC cannot hold Reynaldo liable to the heirs of Petra for the value of the subject property because the trial court did not acquire jurisdiction over his person. The CA found that the records are bereft of any showing that Reynaldo was duly served with summons.⁵⁵ Thus, the CA deleted this directive in the Decision of the RTC.⁵⁶

In a Resolution⁵⁷ dated February 10, 2016, the CA denied the motion for inhibition and reconsideration of the heirs of Petra.⁵⁸ The CA pointed out that the inhibition did not comply with the requirement that it be under oath. The CA emphasized the rule that no motion for inhibition shall be granted after a decision on the merits has been rendered.⁵⁹ The CA also added that the speed by which the case was decided was not unusual. Instead, it is the norm at the office of the *ponente*.⁶⁰

The CA reiterated that there was no valid service of summons on Reynaldo because the Return of Service failed to indicate the impossibility of prompt service, or that efforts were made to find Reynaldo.⁶¹ While the issue of whether summons was validly served on Reynaldo was not raised, the CA said that this may be looked into and resolved by this Court.⁶²

Hence, the instant Petition.

In the present petition,⁶³ the heirs of Petra argue that the Decision of this Court in the case docketed as UDK-13477 is binding against Reynaldo because a petition for coverage under P.D. No. 27 is an action

⁵³ Id. at 55

⁵⁴ Id. at 56.

⁵⁵ Id.

⁵⁶ Id. at 57.

⁵⁷ Id. at 59-65.

⁵⁸ Id. at 65.

⁵⁹ Id. at 60.

⁶⁰ Id. at 60-61.

⁶¹ Id. at 62-63.

⁶² Id. at 63.

⁶³ Id. at 74-146.

in rem.⁶⁴ They also maintain that under Section 19, Rule 3 of the Rules of Court,⁶⁵ and Section 12.2 of Rule XX, 2003 Department of Agrarian Reform Adjudication Board (*DARAB*) Rules of Procedure,⁶⁶ which were in effect at the time of trial, the transferee, or the successor-in-interest need not be impleaded in case there is a transfer of a party's interest.⁶⁷ They insist that the judgment in UDK-13477 is conclusive on MCXMOTOR, as the successor-in-interest of Miguel.⁶⁸ For them, no valid title could have been transmitted by Miguel to Reynaldo through a donation.⁶⁹ They opine that the doctrine of buyer in good faith does not apply when the subsequent title is derived from a title that is void because there was nothing to be transferred.⁷⁰

Assuming *arguendo* that Miguel had a valid title over the property, the heirs of Petra posit that the subsequent transfer to MCXMOTOR is still void because the deed of donation he executed in favor of Reynaldo was not made in a public instrument. They point out that based on the records of the Malolos RTC, the document entered as No. 204 in page 42 of Book No. 40, Series of 2007 is not a deed of donation. Instead, what was allegedly turned over to the clerk of court is an affidavit of damage.⁷¹

The heirs of Petra likewise highlight that even if Miguel has a valid title, the conveyance of the subject property to Reynaldo is in violation of Section 27, Republic Act No. 6657, as amended, which prohibits the transfer of awarded parcels of land for 10 years from the issuance and registration of the emancipation patent, except through hereditary succession.⁷²

The heirs of Petra also question the conclusion of the CA that MCXMOTOR exercised the necessary diligence before it purchased the subject property. They contend that only a few hours had passed from the moment Reynaldo offered the subject property to MCXMOTOR up to the time it decided to buy the subject property.⁷³ They claim that MCXMOTOR turned a blind eye to the defect in Reynaldo's title, particularly, the ten-year

⁶⁴ Id. at 109-112.

⁶⁵ SECTION 19. *Transfer of interest*. - In case of any transfer of interest, the action may be continued by or against the original party, unless the court upon motion directs the person to who the interest is transferred to be substituted in the action or joined with the original party.

⁶⁶ SECTION 12. *Effect of Judgment or Final Order*. — The effect of a judgment or final order rendered by the Board or Adjudicator having jurisdiction to pronounce the judgment or order, may be as follows:

X X X X

12.2 In other cases, the judgment or order is, with respect to the matter directly adjudged or as to any other matter that could have been raised in relation thereto, conclusive between the parties and their successors in interest by title subsequent to the commencement of the action, litigating for the same thing and under the same title and in the same capacity.

⁶⁷ *Rollo* (Vol. I), pp. 112-113.

⁶⁸ Id. at 113.

⁶⁹ Id. at 115.

⁷⁰ Id. at 117.

⁷¹ Id. at 120-121, 304.

⁷² Id. at 121-127.

⁷³ Id. at 129.

prohibition.⁷⁴

In its Comment,⁷⁵ MCXMOTOR insists that the petition should not be entertained as it raises only factual issues that have long been passed upon by the lower courts.⁷⁶ It also claims that the personality of the heirs of Petra to sue was not sufficiently established as they only have self-serving declarations as proof of their relation to Petra.⁷⁷ MCXMOTOR clarifies that the petition for coverage under P.D. No. 27 and the present case involve different actions and cannot be considered identical. Regardless of the nature of the former action, MCXMOTOR insists that it does not bind Miguel and does not invalidate his and his successors-in-interest's title.⁷⁸ It also iterates that it performed overt acts of good faith before purchasing the property.⁷⁹ It adds that it had no reason to doubt the validity of the transaction because the corporation dealt with the actual occupants of the property.⁸⁰ For MCXMOTOR, the heirs of Petra failed to present convincing proof to defeat the indefeasible character of the title issued to it.⁸¹ Assuming that there was fraud in Miguel's acquisition of the subject property, MCXMOTOR argues that the action for reconveyance cannot prosper because the property already passed to the hands of an innocent purchaser for value.⁸²

The heirs of Petra filed their Reply,⁸³ asserting that factual issues may be resolved by this Court because the case falls under the exceptions to the general rule that this Court is not a trier of facts.⁸⁴ They also claim that they have the legal personality to sue and that this has been established through the testimony of Amos Jr., the ruling of this Court in G.R. No. 166748 and UDK-13477, and even the estate tax return indicating that the civil status of Petra at the time of her death is "single."⁸⁵ They also insist that the ruling of this Court declaring that the subject property could not have been a proper subject of coverage under P.D. No. 27 is binding against Reynaldo and MCXMOTOR.⁸⁶ They also reiterate that MCXMOTOR is not a buyer in good faith as it did not exercise the degree of diligence required and disregarded the hints showing the defects in the title of Reynaldo.⁸⁷

⁷⁴ Id. at 133-134, 139-140.
⁷⁵ *Rollo* (Vol. II), pp. 531-549.
⁷⁶ Id. at 533.
⁷⁷ Id. at 534.
⁷⁸ Id. at 535.
⁷⁹ Id. at 535-537.
⁸⁰ Id. at 537-538.
⁸¹ Id. at 538-543.
⁸² Id. at 543-544.
⁸³ Id. at 572-595.
⁸⁴ Id. at 573-576.
⁸⁵ Id. at 579.
⁸⁶ Id. at 581-585.
⁸⁷ Id. at 584-591.

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Meanwhile, after several notices from this Court, the Registry of Deeds of Meycauayan, Bulacan filed its Comment⁸⁸ confirming that there exists an annotation at the back of TCT No. T-65534 P (M) of a Notice of *Lis Pendens* inscribed on November 16, 2007 under Entry No. 835350 relative to the case entitled “Heirs of Petra Francia, *et al.* v. Reynaldo Banag, MCX Motor Phils., Inc. *et al.*”⁸⁹ The Registry of Deeds also acknowledges that it has no file on record of the Order from the OP dated August 20, 2003, Order of Finality dated September 29, 2003, Deed of Donation, and Deed of Absolute Sale, though these documents have been entered in the Primary Entry Book.⁹⁰

Issues

I.

Whether the issues the heirs of Petra raised warrant a review of the facts by this Court;

II.

Whether the heirs of Petra have standing to sue; and

III.

Whether MCXMOTOR is a buyer in good faith.

Our Ruling

The Petition must be denied.

Before delving into the substantive issues of this case, this Court must first address the preliminary matters the petitioners raised.

The issues raised in the petition for review on certiorari filed under Rule 45 do not warrant a review of the facts.

As a rule, issues dealing with the sufficiency of evidence and the relative weight accorded by the lower court cannot be raised in a petition for review on *certiorari* under Rule 45 of the Rules of Court as this mode of appeal is limited only to questions of law. It is not the function of this Court to analyze or weigh all over again evidence already considered in the proceedings below.⁹¹ The question of whether respondent MCXMOTOR is a buyer in good faith is a factual one that is generally outside the ambit of

⁸⁸ Id. at 624-627.

⁸⁹ Id. at 626.

⁹⁰ Id. at 626-627.

⁹¹ *Heirs of Racaza v. Spouses Abay-abay*, 687 Phil. 584, 590 (2012).

this Court's authority to ascertain in a petition for review on *certiorari*. While there are exceptions to this rule, none of the exceptions exist in this case. This Court finds no error in the uniform factual findings and legal conclusions of the RTC and the CA to warrant their reversal or modification.

In any case, even if the evidence is weighed all over again, the conclusion of this Court remains the same.

The petitioners have legal standing to institute the present civil case.

An ordinary civil action refers to one by which a party sues another for the enforcement or protection of a right, or the prevention or redress of a wrong.⁹² Meanwhile, a special proceeding is defined as a remedy by which a party seeks to establish a status, a right, or a particular fact.⁹³

A plaintiffs' right to institute an ordinary civil action should be based on their own right to the relief sought.⁹⁴ Except when authorized by law, or the Rules of Court, every action must be prosecuted, or defended in the name of the real party in interest who stands to be benefited, or injured by the judgment in the suit, or the party entitled to the avails of the suit.⁹⁵ This interest must be present and substantial, and not a mere expectancy, or a future, contingent, subordinate, or consequential interest.⁹⁶

In the present case, although the complaint which the petitioners filed in the RTC stated that it is "For: Annulment and Cancellation of TCT Nos. T-65032 P(M) and T-65534 P (M) with Recovery of Possession and Damages," a careful scrutiny of its allegations reveals that their claim of ownership over the subject property is anchored on their assertion that they are the heirs of Petra. This is apparent from the following statements:

x x x x

6. On 07 April 1978, Petra Francia died single and without issue. A copy of her Death Certificate is attached as Annex "D" and made an integral part of this Complaint.

7. Plaintiffs Cecilia P. Francia and Amos P. Francia, Jr. are the surviving heirs of Petra Francia, being the children of Petra Francia's brother, Amos Francia who died on 08 September 1990.

⁹² Section 3 (a), Rule 1, Rules of Court

⁹³ Section 3 (c), Rule 1, Rules of Court.

⁹⁴ *Reyes v. Enriquez*, 574 Phil. 245, 251 (2008), citing *Ibonilla v. Province of Cebu*, 285 Phil. 1034, 1038 (1992).

⁹⁵ Section 3, Rule 3, Rules of Court.

⁹⁶ *Gemina v. Eugenio*, 797 Phil. 763, 770-771 (2016).

8. Plaintiffs Benilda, Francisco, Danilo, Ernesto, Rodrigo, Jesus and Melchor, all surnamed Villarica are likewise surviving heirs of Petra Francia, being the children of Petra Francia's late sister, Mercedes Francia Villarica who died on 18 December 1986.⁹⁷

To resolve the issues of whether the cancellation of the certificate of title over the subject property is proper and whether possession over the same should be awarded to the petitioners, this Court must necessarily ascertain the successional rights of the petitioners. Impliedly, the petitioners seek to be recognized as the heirs of Petra so that this Court may grant the reliefs they are praying for in the present ordinary civil action.

In challenging the standing of the petitioners, respondent MCXMOTOR indirectly argues that a prior declaration of heirship must first be instituted before they may seek the cancellation of the title issued in favor of the respondent corporation. In resolving this issue, it is worthy to highlight the case of *Treyes v. Larlar (Treyes)*,⁹⁸ wherein this Court abandoned the rulings laid down in *Heirs of Ypon v. Ricaforte*,⁹⁹ *Heirs of Yaptinchay v. Hon. Del Rosario*,¹⁰⁰ *Portugal v. Portugal-Beltran*,¹⁰¹ *Reyes v. Enriquez*,¹⁰² and *Heirs of Gabatan v. Court of Appeals*¹⁰³ "requiring a prior determination of heirship in a separate special proceeding as a prerequisite before one can file an ordinary civil action to enforce ownership rights acquired by virtue of succession."¹⁰⁴ In *Treyes*, this Court clarified that:

x x x x

Unless there is a pending special proceeding for the settlement of the decedent's estate or for the determination of heirship, the compulsory or intestate heirs may commence an ordinary civil action to declare the nullity of a deed or instrument, and for recovery of property, or any other action in the enforcement of their ownership rights acquired by virtue of succession, without the necessity of a prior and separate judicial declaration of their status as such. The ruling of the trial court shall only be in relation to the cause of action of the ordinary civil action, *i.e.*, the nullification of a deed or instrument, and recovery or reconveyance of property, which ruling is binding only between and among the parties.¹⁰⁵ (Emphasis and underscoring supplied)

In *Treyes*, this Court categorically recognized that the compulsory, or intestate heirs of a decedent are considered parties in interest to an ordinary civil action arising from their respective successional rights without the need to file a separate special proceeding for declaration of heirship. It was

⁹⁷ Records (Vol. 1), p. 4.

⁹⁸ G.R. No. 232579, September 8, 2020.

⁹⁹ 713 Phil. 570 (2013).

¹⁰⁰ 363 Phil. 393 (1999).

¹⁰¹ 504 Phil. 456 (2005).

¹⁰² 574 Phil. 245 (2008).

¹⁰³ 600 Phil. 112 (2009).

¹⁰⁴ *Spouses Borlongan v. Alviar*, G.R. No. 240154 November 10, 2020.

¹⁰⁵ *Treyes v. Larlar*, *supra* note 98.

explained that:

[E]ven assuming *arguendo* that the Rules strictly provide that a separate judicial determination of heirship in a special proceeding is a precondition in an ordinary civil action wherein heirship is already established by compulsory succession or intestacy and is only sought to be enforced, which, as already discussed at length, is not the case, **the Rules must still yield to the specific provisions of the Civil Code that certain relatives of the decedent attain their status as either compulsory or intestate heirs and that their successional rights are transmitted and enforceable at the very moment of death without need of such separate judicial determination.**¹⁰⁶ (Emphasis supplied)

In the present case, the petitioners have standing to institute the civil case as their successional rights over the subject property as collateral relatives of Petra are transmitted and enforceable from the moment of her death without need of a separate judicial determination of heirship, as ruled in *Treyes*.

Respondent MCXMOTOR is a buyer in good faith.

In the case of *Spouses Bautista v. Silva*,¹⁰⁷ this Court enumerated the requisites for a buyer to be considered in good faith, *viz*:

A buyer for value in good faith is one who buys property of another, without notice that some other person has a right to, or interest in, such property and pays full and fair price for the same, at the time of such purchase, or before [they] has notice of the claim or interest of some other persons in the property. ***[They] buys the property with the well-founded belief that the person from whom [they] receives the thing had title to the property and capacity to convey it.***

To prove good faith, a buyer of registered and titled land need only show that [they] relied on the face of the title to the property. [They] need not prove that [they] made further inquiry for [they] are not obliged to explore beyond the four corners of the title. Such degree of proof of good faith, however, is sufficient only when the following conditions concur: first, the seller is the registered owner of the land; second, the latter is in possession thereof; and third, at the time of the sale, the buyer was not aware of any claim or interest of some other person in the property, or of any defect or restriction in the title of the seller or in [their] capacity to convey title to the property. Absent one or two of the foregoing conditions, then the law itself puts the buyer on notice and obliges the latter to exercise a higher degree of diligence by scrutinizing the certificate of title and examining all factual circumstances in order to determine the seller's title and capacity to transfer any interest in the property. Under such circumstance, it was no longer sufficient for said buyer to merely show that [they] had relied on the face of the title; [they] must now also

¹⁰⁶

Id.

¹⁰⁷

533 Phil. 627 (2006).

show that [they] had exercised reasonable precaution by inquiring beyond the title. Failure to exercise such degree of precaution makes [them] a buyer in bad faith.¹⁰⁸ (Emphasis and italics in the original)

In *Nobleza v. Nueva*,¹⁰⁹ this Court explained the diligence expected from one who claims to be a buyer in good faith:

The prudence required of a buyer in good faith is “not that of a person with training in law, but rather that of an average man who ‘weighs facts and circumstances without resorting to the calibration of our technical rules of evidence of which his knowledge is nil.’” A buyer in good faith does his homework and verifies that the particulars are in order such as the title, the parties, the mode of transfer and the provisions in the deed/contract of sale, to name a few. To be more specific, **such prudence can be shown by making an ocular inspection of the property, checking the title/ownership with the proper Register of Deeds alongside the payment of taxes therefor, or inquiring into the minutiae such as the parameters or lot area, the type of ownership, and the capacity of the seller to dispose of the property**, which capacity necessarily includes an inquiry into the civil status of the seller to ensure that if married, marital consent is secured when necessary. In fine, for a purchaser of a property in the possession of another to be in good faith, he must exercise due diligence, conduct an investigation, and weigh the surrounding facts and circumstances like what any prudent man in a similar situation would do.¹¹⁰ (Citation omitted, emphasis supplied)

Here, as aptly determined by the CA, respondent MCXMOTOR was a buyer in good faith. There is no proof that respondent MCXMOTOR was aware of any circumstance that would have prompted it to further investigate the ownership of respondent Reynaldo. An examination of the mother title, OCT No. T-045-EP (M), would lead a reasonably cautious person to believe that the title of respondent Reynaldo, as the successor-in-interest of Miguel, is clean.

Noticeably, with the admission of OCT No. T-045-EP (M) as a common exhibit of the parties, the petitioners impliedly admitted its contents, including the following entries in the memorandum of encumbrances portion:

Entry No. 532305 (M); Lis Pendens I executed by Wilfredo Arceo. An action has been commenced and is now pending x x x of Office of the President of the Phils. vs. Antonio Francia, et al. affecting the land herein described. Date of Instrument: 3-11-02; Date of inscription 3-12-02 2:40pm.

x x x x

¹⁰⁸ Id. at 638-340.

¹⁰⁹ 755 Phil. 656 (2015).

¹¹⁰ Id.

Entry No. 805154 (M); KIND: CANCELLATION OF LIS PENDENS ORDER issued by the Office of the President in O.P. Case No. 00-K-9301 dated August 20, 2003, Conditions: By order of the Office of the President under Entry No. 532305 (M) is hereby cancelled.

Date of Instrument: 8-20-03

Date of Inscription: 5-29-07 at 1:20 pm

x x x x

Entry No. 805155 (M); KIND: ORDER FINALITY dated 9-29-03 has become final & executory. Date of Inscription: 5-29-07 at 1:20 am.

x x x x

Entry No. 813834 (M); Kind: DEED OF DONATION exec. in favor of REYNALDO C. BANAG Cond.: for the love and affection of the Donor to the Donee, the parcel of land herein described was transferred, cede and conveyed by way of donation. Doc. 204; Page: 42; Book: 40; S. of 2007; N.P. Sinfronio A. Barranco; Date of Instrument: June 20, 2007, Date of Inscription: July 18, 2007; 11:30 am x x x¹¹¹

Based on the foregoing, it is clear that no circumstance existed that would have raised the suspicion or put respondent MCXMOTOR on guard as to the nature of respondent Reynaldo's ownership over the subject property. No negligence can be attributed to respondent MCXMOTOR when it purchased the subject property. Admittedly, the decision of this Court dismissing the petition for coverage Miguel filed became final and executory on August 25, 2005. However, no encumbrance was annotated on the certificate of title that would prevent the subsequent registration in the name of Reynaldo and raise any suspicion as to the status of the ownership of Miguel and respondent Reynaldo. Likewise, the petitioners have not shown that they actually took positive measures to cause the immediate cancellation of OCT No. T-045-EP (M) and Emancipation Patent No. 189534 after the decision in UDK-13477 became final and executory. Thus, respondent MCXMOTOR cannot be faulted for relying on respondent Reynaldo's certificate of title that was derived from OCT No. T-045-EP (M) because it did not bear any annotation pertaining to any existing adverse claim.

Furthermore, as confirmed through the due diligence conducted by the lawyer of respondent MCXMOTOR, it dealt with the registered owner and actual occupant of the subject property. Respondent Reynaldo's possession over the subject property was reflected in the Affidavit of Non-Tenancy.¹¹² Respondent MCXMOTOR even went beyond the face of the title to ascertain the status of the subject property. It conducted an ocular inspection and made inquiries to the Registry of Deeds and the Assessor's Office before purchasing it. Since respondent MCXMOTOR is a buyer in good faith, the certificate of title issued in its favor cannot be canceled.

¹¹¹ Records (Vol. 2), pp. 423-424.

¹¹² Id. at 243.

Assuming that the title of respondent Reynaldo was marred with fraud and misrepresentation, respondent MCXMOTOR may still obtain a valid title. Speaking through the *ponencia* of then Associate Justice Marvic M.V.F. Leonen, now Senior Associate Justice, this Court stressed in *Leong v. See*¹¹³ (*Leong*) that:

[E]ven if the procurement of title was tainted with fraud and misrepresentation, such defective title may be the source of a completely legal and valid title in the hands of an innocent purchaser for value.¹¹⁴

In *Leong*, this Court declared that an innocent purchaser for value has a better right to the property even assuming that the procurement of title was tainted with fraud and misrepresentation.¹¹⁵

Similarly, in *Calma v. Lachica*,¹¹⁶ this Court held that despite the defect in the seller's title due to the presence of bad faith in the acquisition of the property, this should not affect the rights of an innocent purchaser for value.

Hence, the purported irregularities in respondent Reynaldo's title does not render the title respondent MCXMOTOR obtained as an innocent purchaser for value invalid.

It is settled that reconveyance is always available as long as the property has not passed to an innocent third person for value.¹¹⁷ A Torrens certificate of title is indefeasible and binding upon the whole world. In relying on the correctness of the certificate of title, an innocent purchaser for value is protected from any claim other persons may have over the property.¹¹⁸ As emphasized by this Court:

[t]he right of the innocent purchaser for value must be respected and protected, even if the seller obtained his title through fraud. The remedy of the person prejudiced is to bring an action for damages against those who caused or employed the fraud, and if the latter are insolvent, an action against the Treasurer of the Philippines may be filed for recovery of damages against the Assurance Fund.¹¹⁹

¹¹³ G.R. No. 194077, December 3, 2014.

¹¹⁴ *Id.*, citing *Philippine National Bank v. Heirs of Militar*, 526 Phil. 788, 794 (2006); *Cabuhat v. Court of Appeals*, 418 Phil. 451, 456 (2001).

¹¹⁵ *Id.*

¹¹⁶ 821 Phil. 607 (2017).

¹¹⁷ *Sps. Aboitiz v. Sps. Po*, 810 Phil. 123, 156 (2017), citing *Hortizuela v. Tagufa*, 754 Phil. 499, 508 (2015).

¹¹⁸ *Tenio-Obsequio v. Court of Appeals*, 300 Phil. 588, 597 (1994).

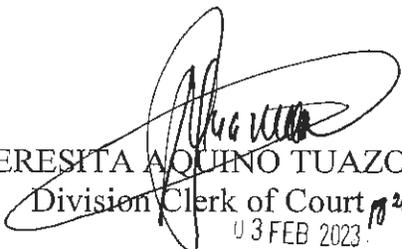
¹¹⁹ *Id.* at 601-602, citing *Blanco v. Esquierdo*, 110 Phil. 494, 498 (1960); *Philippine National Bank v. Court of Appeals*, 265 Phil. 703, 709-710 (1990).

Taking into consideration this Court's finding that respondent MCXMOTOR was a purchaser in good faith, the present action for reconveyance cannot prosper.

FOR THESE REASONS, the instant petition is **DENIED**. The Decision dated July 16, 2015 and the Resolution dated February 10, 2016 of the Court of Appeals in CA-G.R. CV No. 102542 are **AFFIRMED**.

SO ORDERED." (Lopez, M., J., on official leave)

By authority of the Court:


TERESITA AQUINO TUAZON
Division Clerk of Court #245
U 3 FEB 2023

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HON. PRESIDING JUDGE (reg)
Regional Trial Court, Branch 83
Malolos, Bulacan
(Civil Case No. 641-M-2007)

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