

THIRD DIVISION

[G.R. No. 199180, July 27, 2016]

**THELMA RODRIGUEZ, JOINED BY HER HUSBAND, PETITIONERS,
VS. SPOUSES JAIME SIOSON AND ARMI SIOSON, ET AL.,
RESPONDENTS.**

DECISION

REYES, J.:

Before the Court is a petition for review^[1] under Rule 45 of the Rules of Court assailing the Decision^[2] dated May 26, 2011 and Resolution^[3] dated October 21, 2011 of the Court of Appeals (CA) in CA-G.R. CV No. 94867, which nullified the Joint Decision^[4] dated August 13, 2009 of the Regional Trial Court (RTC) of Bataan, Branch 3.

The Facts

This petition is the aftermath of a series of sales transactions entered into by Neri delos Reyes (Neri) over a portion of a property formerly identified as Lot 398, with an area of 22,398 square meters, covered by Transfer Certificate of Title (TCT) No. T-86275 and registered in the name of "*Neri delos Reyes, married to Violeta Lacuata*."^[5]

Sometime in 1997, the Municipality of Orani, Bataan (Municipality) purchased from Neri an area of about 1.7 hectare of Lot 398, to be used for the extension of the Municipality's public market. Among other things, it was agreed that upon full payment of the purchase price, Neri will surrender the mother title to the Municipality for subdivision of the property on the condition that Neri will equitably share in the expense thereof.^[6]

Lot 398 was subsequently subdivided into 5 lots: Lot 398-A, Lot 398-B, Lot 398-C, Lot 398-D, and Lot 398-E. Lots 398-C and 398-D pertain to the portions that were sold to the Municipality, while Lot 398-E is a road lot. Consequently, only Lots 398-A and 398-B were left as the remaining portions over which Neri retained absolute title. TCT Nos. T-209894 and T-209895 were then respectively issued over Lots 398-A and 398-B and were both registered in the name of "*Neri delos Reyes, married to Violeta Lacuata*." The owner's duplicate copies of TCT Nos. T-209894 and T-209895, however, were retained by the Municipality pending Neri's payment of his share in the expenses incurred for the subdivision of Lot 398. These were placed under the custody of the Municipal Treasurer, where they continue to remain.^[7]

Neri, however, alleged that then Municipal Mayor Mario Zuñiga suggested that he sell Lot 398-A to his aunt, petitioner Thelma Rodriguez (Thelma). The Municipality would then expropriate the same from Thelma. Neri agreed to the suggestion.^[8]

After agreeing to the amount of P1,243,000.00 as the selling price, Thelma, on March 20, 1997, issued a check for said amount payable to Neri. When it fell due, no sufficient funds were available to cover the check. Consequently, it was agreed that Thelma would pay the purchase price in installments from March 20, 1997 to September 4, 1997. Thelma, however, was only able to pay P442,293.50.^[9]

On November 12, 2001, Thelma caused the annotation of an adverse claim on TCT No. T-209894.^[10] At about the same time, Thelma saw an announcement that a new Orani Common Terminal would be built on Lot 398-A. As she has not yet entered into any agreement regarding the utilization of said lot, Thelma filed a *Complaint for Injunction* docketed as **Civil Case No. 7394** against then incumbent mayor Efren Pascual, Jr. (Mayor Pascual), and the Municipality under claim of ownership. To support her claim, Thelma incorporated in her complaint a copy of an **undated and unnotarized** deed of absolute sale allegedly executed by Neri in her favor.^[11]

In their joint verified answer, Mayor Pascual and the Municipality acknowledged that Thelma became the owner of Lot 398-A by way of purchase from Neri.^[12]

In 2002, Neri executed an affidavit claiming that the owner's copies of TCT No. T-209894 (covering Lot 398-A) and TCT No. T-209895 (covering Lot 398-B) were lost, which was annotated on the original copy of TCT No. T-209894 on May 8, 2002.^[13] Two days after, or on May 10, 2002, Neri caused the cancellation of Thelma's adverse claim.^[14] Neri also caused the reconstitution of new owner's copies of TCT Nos. T-209894 and T-209895.^[15] Thereafter, new copies of TCT Nos. T-209894 and T-209895 were issued, and Neri then sold Lot 398-A to Spouses Jaime and Armi Sioson, Spouses Joan and Joseph Camacho, and Agnes Samonte (respondents) - in a deed of sale dated November 27, 2002. A special power of attorney was executed by Violeta delos Reyes (Violeta) in favor of Neri for the purpose. Consequently, TCT No. T-209894 was cancelled, and TCT No. T-226775 was thus issued in the respondents' names.^[16]

Upon the issuance of TCT No. T-226775, the respondents declared Lot 398-A for tax purposes and paid them accordingly. They sought to take actual possession thereof by filling it; however, after they filled said lot with about 40 truckloads of soil/fillings, Thelma sent two armed blue guards who entered the premises and set up a tent therein. The respondents brought the matter to the attention of barangay authorities who referred them to the municipal mayor. As the municipal mayor did not take any action, the respondents filed a forcible entry case against Thelma before the Municipal Circuit Trial Court of Orani-Samal, Bataan, docketed as Civil Case No. 843. The said ejectment case is still pending.^[17]

After Thelma learned of the second sale of Lot 398-A, she filed against the respondents a complaint for the Declaration of Nullity of the Second Sale and TCT No. T-226775 on February 11, 2003, docketed as **Civil Case No. 7664**. In support of her claim, Thelma once again presented a deed of absolute sale executed by Neri in her favor. This time, the deed of sale she presented was **duly signed by her and Neri, witnessed, notarized and dated April 10, 1997**.^[18]

The respondents countered that they are innocent purchasers for value having bought Lot 398-A at the time when Thelma's adverse claim was already cancelled. While they admit Thelma's possession of the subject property, they, however, qualify that possession is being contested in a separate action for forcible entry.^[19]

The respondents also filed a verified *answer-in-intervention* in Civil Case No. 7394 (injunction case) contending that they are the present registered owners of Lot 398-A, and as such, Thelma is not entitled to any relief.^[20]

Ruling of the RTC

The RTC jointly heard Civil Case No. 7394 and Civil Case No. 7664 and after trial, rendered judgment in favor of Thelma. The dispositive portion of the Joint Decision^[21] dated August 13, 2009 reads:

WHEREFORE, judgment is hereby rendered declaring that:

- 1) [Thelma] is entitled to the relief of permanent injunction prayed for in Civil Case No. 7394 against the respondents. Insofar as defendants [Mayor Pascual] and the [Municipality] are concerned, not only did they acknowledge expressly the ownership of [Thelma] of Lot 398-A, they have disowned the commission of any act in derogation of [Thelma's] right of ownership of the lot and did not contest anymore the action of [Thelma] in said case;
- 2) Insofar as Civil Case No. 7664 is concerned, the second deed of sale entered into by [Neri] with the [respondents] is hereby declared null and void, and [TCT] No. T-226775 of the Registry of Deeds of Bataan which was issued by defendant Register of Deeds pursuant to said second deed of sale is likewise declared null and void, and accordingly, the Register of Deeds for the Province of Bataan is ordered to cancel said certificate of title and to reinstate [TCT] No. T-209894 in the name of [Neri], married to [Violeta];
- 3) The new owner's copy of [TCT] No. T-209894 is hereby declared null and void as the original owner's copy is not lost but actually exists and is presently in the custody of the Municipal Treasurer of Orani, Bataan. In consequence, defendant Register of Deeds of Bataan is directed to cancel said new owner's copy of [TCT] No. T-209894; and
- 4) [The respondents] are hereby ordered to jointly and severally pay to [Thelma] attorney's fees in the amount of Twenty[-]Five Thousand Pesos (P25,000.00).

All counterclaims of [the respondents] are denied for lack of basis in fact and in law.

No pronouncement as to costs.

SO ORDERED.^[22]

The RTC concluded that by Neri's admission that he sold the subject lot to Thelma for a consideration of P1,243,000.00, and his acknowledgement receipt of P442,293.50 as partial payment from the latter, the transaction between Thelma and Neri should be regarded as an executed contract of sale. Hence, Lot 398-A was subjected to a double sale when Neri sold the same property to the respondents.^[23] The RTC further ruled that the contract of sale between Neri and the respondents is null and void because it was transacted and executed at the time when Neri was no longer the owner of Lot 398-A. It was legally inexistent for lack of object certain. Thereupon, the fact that the respondents were able to register their acquisition first is of no moment. Registration does not legitimize a void contract and thus, TCT No. T-226775 should be cancelled.^[24]

The respondents moved for reconsideration but it was denied by the RTC per Order^[25] dated January 13, 2010. Hence, they elevated their case to the CA.

Ruling of the CA

On May 26, 2011, the CA promulgated the assailed Decision,^[26] with the following dispositive portion:

WHEREFORE, the instant Appeal is **GRANTED**. The Joint Decision dated August 13, 2009 and the Order dated January 13, 2010 of the [RTC] of Bataan are hereby declared **NULL** and **VOID** insofar as it (1) granted permanent injunction in favor of [Thelma] in Civil Case No. 7394 against [the respondents]; (2) declared null and void the deed of sale between [Neri] and [the respondents] in Civil Case No. 7664; (3) declared null and void the [TCT] No. T-226775; (4) ordered the cancellation of [TCT] No. T-226775 and reinstatement of [TCT] No. T-209894 in the name of [Neri], married to [Violeta]; and (5) ordered the payment of attorney's fees.

Consequently, the following are hereby declared **VALID**: (1) the Deed of Sale between [Neri] and [the respondents]; and (2) the [TCT] No. T-226775 in the names of [the respondents].

This Decision is without prejudice to any right which [Thelma] may have against [Neri] for the refund of the amount of **Four Hundred Forty-Two Thousand Two Hundred Ninety-Three and 50/100 Pesos (P442,293.50)**.

The Complaints in Civil Cases Nos. 7394 and 7664 are hereby **DISMISSED**.

SO ORDERED.^[27] (Emphasis in the original)

Contrary to the findings of the RTC, the CA found that **the contract between Neri and Thelma was a mere contract to sell** and not a contract of sale; hence, there was no double sale of Lot 93 8-A. According to the CA, the question of whether or

not the respondents are buyers in good faith is unavailing since the concept of a "buyer in good faith" finds relevance only in cases of double sale. The CA further stated that even if it is assumed that the contract between Neri and Thelma was an absolute contract of sale, the same is nonetheless void for lack of consent of Neri's wife, Violeta, insofar as the object of the transaction is a conjugal property.

Thelma moved for reconsideration of the CA decision, which was denied for lack of merit in Resolution^[28] dated October 21, 2011.

Hence this petition.

Thelma argues that there was double sale and the CA erred in reversing the RTC decision: (1) by interpreting the sale between Thelma and Neri as a mere contract to sell; (2) by declaring the deed of sale in favor of Thelma as null and void due to lack of Violeta's consent or conformity; and (3) by declaring the respondents as buyers in good faith despite prior registration of Thelma's notice of adverse claim in TCT No. T-209894, and her actual possession of the subject property.^[29]

Ruling of the Court

The resolution of this case basically rests on the determination of whether the transaction between Neri and Thelma is a contract of sale or a contract to sell. The rule on double sale, as provided in Article 1544 of the Civil Code,^[30] does not apply to a case where there was a sale to one party of the land itself while the other contract was a mere promise to sell the land or at most an actual assignment of the right to repurchase the same land.^[31]

Both the RTC and the CA concur in the finding that Neri agreed to sell Lot 398-A to Thelma for an agreed price of P1,243,000.00. The RTC, however, concluded that by Neri's admission that he sold the subject lot to Thelma for a consideration of P1,243,000.00, and that he acknowledged receipt of P442,293.50 as partial payment from the latter, the transaction between Thelma and Neri should be regarded as an executed contract of sale, and not a merely executory one. The RTC likewise took into consideration Thelma's alleged possession of the property and Neri's failure to rescind the contract as indicative of the nature of their agreement as one of sale.^[32]

On the other hand, the CA ruled that "the contract between Thelma and Neri was a mere contract to sell, the transfer of ownership over Lot 398-A being conditioned on Thelma's full payment of the purchase price."^[33] As regards the existence of the two contracts of sale, the CA concluded that Thelma admitted on trial that the first deed of sale was only meant to be an acknowledgment receipt for the down payment she made on the subject lot, and the second deed of sale was allegedly executed after Thelma pays in full the purchase price of the lot.

A review of this case shows that the CA ruled in accord with existing jurisprudence.

"The real character of the contract is not the title given, but the intention of the parties."^[34] In this case, there exist two deeds of absolute sale. Though identically worded, the first contract was undated, not notarized, signed only by Neri, and was