

SECOND DIVISION

[G.R. No. 176043, January 15, 2014]

**SPOUSES BERNADETTE AND RODULFO VILBAR, PETITIONERS,
VS. ANGELITO L. OPINION, RESPONDENT.**

DECISION

DEL CASTILLO, J.:

"[R]egistration is the operative act which gives validity to the transfer or creates a lien upon the land."^[1]

Before this Court is a Petition for Review on *Certiorari*^[2] of the May 26, 2006 Decision^[3] of the Court of Appeals (CA) in CA-G.R. CV No. 84409 which affirmed the January 31, 2005 Decision^[4] of the Regional Trial Court (RTC), Branch 255, Las Piñas City in Civil Case No. 98-0302, an *accion reivindicatoria* case filed by respondent Angelito L. Opinion (Opinion) against petitioner-spouses Bernadette and Rodulfo Vilbar (spouses Vilbar) and others.

Also assailed is the CA's December 22, 2006 Resolution^[5] which denied spouses Vilbar's Motion for Reconsideration.^[6]

Factual Antecedents

Spouses Vilbar claimed that on July 10, 1979, they and Dulos Realty and Development Corporation (Dulos Realty), entered into a Contract to Sell^[7] involving a 108-square meter lot designated as Lot 20-B located in Airmen's Village, Las Piñas City and covered by Transfer Certificate of Title (TCT) No. S-39849 for P19,440.00. Lot 20-A which is also covered and embraced by the same certificate of title is the subject of another Contract to Sell between Elena Guingon (Elena) and Dulos Realty. Sometime in August 1979, spouses Vilbar took possession of Lot 20-B in the concept of owners and exercised acts of ownership thereon with the permission of Dulos Realty after making some advance payment.^[8]

Upon full payment of the purchase price for Lot 20, or on June 1, 1981, Dulos Realty executed a duly notarized Deed of Absolute Sale^[9] in favor of spouses Vilbar and their co-purchaser Elena. Dulos Realty also surrendered and delivered the owner's duplicate copy of TCT No. S-39849 covering Lot 20 to the buyers and new owners of the property. However, spouses Vilbar and Elena were not able to register and transfer the title in their names because Dulos Realty allegedly failed to have the lot formally subdivided despite its commitment to do so, until its President, Juan B. Dulos (Juan), died without the subdivision being accomplished.^[10]

Spouses Vilbar and Dulos Realty also executed a Contract to Sell^[11] dated July 10, 1979 covering Lot 21, Block 4 of Airmen's Village, with an area of 216 square meters and covered by TCT No. S-39850 amounting to P128,880.00. To pay for the

balance of the purchase price amounting to P99,216.00, spouses Vilbar obtained a housing loan from the Development Bank of the Philippines (DBP) secured by a real estate mortgage^[12] over the said lot. Dulos Realty facilitated the approval of the loan, the proceeds of which were immediately paid to it as full payment of the purchase price.^[13]

In 1991, the spouses Vilbar were able to pay the loan in full and DBP issued the requisite Cancellation of Mortgage^[14] on March 25, 1991. Thereafter, DBP surrendered TCT No. 36777 / T-17725-A issued by the Registry of Deeds of Pasay City in the name of Bernadette Vilbar to the spouses Vilbar.^[15] The spouses Vilbar have been in actual, open and peaceful possession of Lot 21 and occupy the same as absolute owners since 1981.

In contrast, Opinion claimed that he legally acquired Lots 20 and 21 through extra-judicial foreclosure of mortgage constituted over the said properties by Otilio Gorospe, Sr. and Otilio "Lito" Gorospe, Jr. (Gorospes) in his favor. Opinion alleged that on January 12, 1995, the Gorospes borrowed P440,000.00 and, to secure the loan, executed a Deed of Real Estate Mortgage^[16] over the subject lots covered by TCT Nos. T-44796 (Lot 21)^[17] and T-44797 (Lot 20).^[18] The Gorospes defaulted, prompting Opinion to file a Petition for Extra-Judicial Foreclosure of Real Estate Mortgage^[19] dated October 17, 1995 with the Office of the Notary Public of Las Piñas City. Subsequently, the subject properties were sold at a public auction where Opinion emerged as the highest bidder. A Certificate of Sale^[20] was issued in his favor on December 18, 1995 and subsequently annotated on the TCTs of the properties. The Gorospes failed to redeem the properties within the reglementary period resulting in the eventual cancellation of their titles. Thus, TCT No. T-59010 (Lot 21)^[21] and TCT No. T-59011 (Lot 20)^[22] in the name of Opinion were issued on January 22, 1997 by the Registry of Deeds of Las Piñas City.

On February 13, 1997, Opinion filed a Petition for Issuance of a Writ of Possession^[23] against the Gorospes with the RTC of Las Piñas City, Branch 253, docketed as LRC Case No. LP-162. Branch 253 initially issued a Writ of Possession and spouses Vilbar and Elena were served with a notice to vacate the premises. However, the writ was quashed when spouses Vilbar filed an urgent motion for the quashal of the writ and presented their title to Lot 21, while Elena presented the Deed of Absolute Sale executed by Dulos Realty covering Lot 20. Consequently, Opinion filed a Complaint for *Accion Rein vindicatoria* with Damages^[24] docketed as Civil Case No. 98-0302 and raffled to Branch 255 of the RTC of Las Piñas City for him to be declared as the lawful owner and possessor of the subject properties and for his titles to be declared as authentic. He likewise prayed for the cancellation of the titles of spouses Vilbar and Elena.^[25]

During trial, spouses Vilbar presented the Absolute Deed of Sale^[26] executed by Dulos Realty in their favor and the owner's duplicate copy of TCT No. S-39849^[27] covering Lot 20. With respect to Lot 21, spouses Vilbar presented the real estate mortgage^[28] they executed in favor of DBP; the official receipts^[29] issued by DBP showing that they had paid the amortizations for the housing loan; the Cancellation of Mortgage^[30] issued by DBP as proof that they have fully paid the loan; tax declarations^[31] and receipts^[32] to show that the property's tax declaration under the name of Dulos Realty had been cancelled and a new one had been issued in

their name in 1987 and that they have been paying the real property taxes on the property since 1980. The spouses Vilbar also presented TCT No. 36777/T-17725-A^[33] issued by the Registry of Deeds of Pasay City on May 22, 1981, as proof of their ownership of Lot 21.

Opinion, on the other hand, justified the legality of his claim over the properties by tacking his rights on the rights passed on to him by the Gorospes. He traced his rights over the properties by claiming that Gorospe, Sr. was the former chairman of the Board of Directors and Chief Executive Officer (CEO) of Dulos Realty. He was offered substantial benefits and privileges by Dulos Realty as compensation for the positions he held, including a residential house and lot in Airmen's Village, Las Piñas City valued at P180,000.00 and various allowances. However, Dulos Realty was not able to give to Gorospe, Sr. the promised allowances despite repeated demands. Thus, Gorospe, Sr. was constrained to file a Complaint for Sum of Money, Specific Performance and Damages^[34] dated May 12, 1981 with the then Court of First Instance (CFI) of Manila. Subsequently, Juan signed a compromise agreement and based thereon the trial court rendered a Decision^[35] dated April 1, 1982 ordering Dulos Realty to pay Gorospe, Sr. the total amount of P578,000.00. A Writ of Execution and *Alias* Writ of Execution were issued by the trial court in its Orders^[36] dated May 7, 1982 and September 30, 1983, respectively. Dulos Realty filed several cases challenging the validity of the compromise agreement and seeking to nullify the writs of execution, as well as the consequent levy and public auction sale of its properties.^[37] One of the cases it filed was Civil Case No. 88-2800^[38] seeking the nullification, cancellation and reconveyance of title on the ground, among others, that during the auction sale its properties were undervalued. All of its efforts, however, proved futile. Meanwhile, real properties of Dulos Realty were levied on October 31, 1984, which included Lots 20 and 21 covered by TCT Nos. S-39849 and S-39850, respectively.^[39] The disputed properties were eventually sold at public auction on June 24, 1985 where Gorospe, Sr. emerged as the highest bidder.^[40] On June 2, 1987, the Registry of Deeds of Pasay City issued TCT Nos. 117331 (Lot 20)^[41] and 117330 (Lot 21)^[42] in the name of Gorospe, Sr. and his wife. Upon the death of Gorospe, Sr.'s wife, the Gorospes transferred the titles in their names resulting in the issuance of TCT Nos. T-44797 (Lot 20)^[43] and T-44796 (Lot 21)^[44] by the Registry of Deeds of Las Piñas City.

During the course of the trial, Opinion likewise stated under oath that prior to the execution of the real estate mortgage between him and the Gorospes, he was given copies of the titles to the properties which he verified with the Registry of Deeds to be authentic^[45] and that he inspected the subject properties and learned that there were occupants.^[46] Opinion stated that he was informed by the Gorospes that the occupants, spouses Vilbar and Elena, were mere tenants renting from them.^[47] Opinion admitted that he neither talked to the occupants nor made any inquiries as to the nature of their occupation over the subject properties;^[48] he did not inquire further to determine whether there was a pending controversy;^[49] and, that he merely relied on the statements of Gorospe, Sr. regarding the tenancy of the occupants without having been shown any contract of lease, proof of rental payments, or even an electric bill statement.^[50] It was only after his Writ of Possession was quashed when he learned that spouses Vilbar and Elena are also claiming ownership over the properties, prompting him to make a more thorough

investigation.^[51] Opinion stated that despite the discovery of the adverse claims over the properties mortgaged to him, he did not ask Gorospe, Sr. why there are other claimants to the subject properties.^[52] When asked about what he learned after investigating said claims, he declared that the titles of the spouses Vilbar are spurious because they contain discrepancies with the originals on file with the Registry of Deeds. According to Opinion, spouses Vilbar's titles do not have entries indicating the titles from which they were derived.^[53] To bolster his claim, Opinion also presented a 2nd Indorsement^[54] dated May 11, 1988 issued by the Registry of Deeds of Pasay City which states that TCT No. 36777 of the spouses Vilbar is presumed to be not validly issued.^[55] Upon clarification, however, Opinion admitted that he made no further follow-up with the Registry of Deeds to determine the final outcome of the investigation on the title of the spouses Vilbar.^[56]

Ruling of the Regional Trial Court

On January 31, 2005, the trial court rendered its Decision^[57] in favor of Opinion declaring that he lawfully acquired the disputed properties and that his titles are valid, the sources of which having been duly established.^[58] The dispositive portion of the Decision reads:

WHEREFORE, the foregoing considered, judgment is hereby rendered in favor of plaintiff Angelito L. Opinion, and against defendants Sps. Bernadette and Rodulfo Vilbar, including defendants Otilio Gorospe, Sr., Otilio Gorospe, Jr. and Elena Guingon, ordering the said defendants to immediately turn over possession of Lots 20 and 21, both of Block 4, located at Airmen's Village, Las Piñas City, to the herein plaintiff being the registered owner thereof per TCT Nos. T-59010 and T-59011 issued in his name.

Likewise, the above defendants are hereby directed to pay to the herein plaintiff the sum of P100,00.00 as and by way of attorney's fees, including the cost of suit.

SO ORDERED.^[59]

The trial court, in ruling for Opinion, ratiocinated that there was no doubt that Opinion's predecessors-in-interest likewise acquired title to the properties through lawful means.^[60] Titles originally in the name of Dulos Realty were cancelled after implementation and execution of the April 1, 1982 Decision of the CFI in favor of Gorospe, Sr. and new titles were issued in his name.^[61] The trial court noted that when a new title for Lot 21 was issued in the name of Gorospe, Sr. on June 2, 1987, there was no indication that the title of Dulos Realty was already cancelled by Bernadette Vilbar's TCT No. 36777 purporting to have been issued on May 22, 1981.^[62] As to Lot 20, the trial court noted that the supposed Deed of Absolute Sale dated June 1, 1981 in favor of defendants Bernadette Vilbar and Guingon was not annotated on TCT No. 39849. Thus, when this was cancelled by the subsequent titles, the property was not subject to any lien or encumbrance whatsoever pertaining to said purported Deed of Absolute Sale.^[63] The trial court also opined that the efforts of Dulos Realty to question and annul the earlier rulings of the then Intermediate Appellate Court and Supreme Court did not prosper thereby strengthening the validity of the title of the Gorospes.^[64] Further, the trial court

found the mortgage in favor of Opinion, and the subsequent extrajudicial foreclosure thereof to be in order.^[65]

As to spouses Vilbars' evidence, the trial court found their title to Lot 21 questionable as there was no showing that it came from TCT No. 39850 issued in the name of Dulos Realty.^[66] The Contract to Sell of the spouses Vilbar can hardly serve as basis for the transfer of Lot 21 in their favor. Besides, the same was not even annotated on the title of Dulos Realty.^[67] The trial court also found the issuance of TCT No. 36777 questionable because there was no proof that the purchase price was already paid considering that only a Contract to Sell was available. As a result, spouses Vilbar only had an inchoate right over the property.^[68] The trial court went on to state:

Definitely, defendants Sps. Vilbar cannot readily claim that they acquired Lot 21 in good faith and for value. Based on the documents they presented, they cannot assert ignorance or allege that they were not aware that the purchase price for Lot 21, including any interest they may have in Lot 20, has not been duly settled at the time TCT No. 36777 for Lot 21 was issued in their favor or even when the Deed of Absolute Sale dated 01 June 1981 for Lot 20 was executed.

The payments supposedly made by the defendants Sps. Vilbar to the DBP only establishes the fact that they have not complied with what they obligated themselves with insofar as the above contracts to sell are concerned. More importantly, there is nothing in the records which would show that these contracts have been superseded by another deed to justify the transfer, among others, of TCT No. 39850 registered in the name of the defendant Dulos Realty to the defendants Sps. Vilbar, or the execution of a deed of sale involving Lot 20 covered by TCT No. 39849.

Needless to state, the fact that a mortgage contract was allegedly entered into by the defendants Sps. Vilbar with the DBP does not, by itself, result in a conclusive presumption that they have a valid title to Lot 21. Instead, this begs more questions than answers since the said mortgage was entered into on 21 May 1981, or a day after TCT No. 36777 was issued in favor of the defendants Sps. Vilbar. Added to this, the herein defendants failed to establish the basis for the issuance of their said title even when their contracts to sell indicate that the purchase price for Lot 21 would be paid on installments over a long period of time.

As to the tax declarations and real property tax payments made by the defendants Sps. Vilbar for Lot 21 the same are of no moment. It has been held that tax declarations are not conclusive proofs of ownership, let alone of the private character of the land – at best, they are merely 'indicia of a claim of ownership.' (Seville v. National Development Company, 351 SCRA 112) However, and with the plaintiff presenting convincing evidence of the basis and validity of his acquisition of the subject lots, such "indicia" in favor of the defendants Sps. Vilbar had been effectively impugned or refuted.

Moreso, the possession of the alleged original owner's copy of TCT No. 39849 for Lot 20 by the defendants Sps. Vilbar or the execution of a deed of sale in favor of defendants Bernadette Vilbar and Guingon over the