

THIRD DIVISION

[G.R. No. 200173, April 15, 2013]

**SPS. ESMERALDO D. VALLIDO AND ARSENIA M. VALLIDO, REP.
BY ATTY. SERGIO C. SUMAYOD, PETITIONERS, VS. SPS. ELMER
PONO AND JULIET PONO, AND PURIFICACION CERNA-PONO
AND SPS. MARIANITO PONO AND ESPERANZA MERO-PONO,
RESPONDENTS.**

D E C I S I O N

MENDOZA, J.:

This is a petition for review on certiorari assailing the December 8, 2011 Decision of the Court of Appeals (CA) which reversed and set aside the July 20, 2004 Decision of the Regional Trial Court, Branch 12, Ormoc City (RTC), a case involving a double sale of a parcel of land.

It appears that Martino Dandan (*Martino*) was the registered owner of a parcel of land in Kananga, Leyte, with an area of 28,214 square meters, granted under Homestead Patent No. V-21513 on November 11, 1953 and covered by Original Certificate of Title (OCT) No. P-429.

On January 4, 1960, Martino, who was at that time living in Kananga, Leyte, sold a portion of the subject property equivalent to 18,214 square meters to respondent Purificacion Cerna (*Purificacion*). Upon execution of the Deed of Absolute Sale, Martino gave Purificacion the owner's copy of OCT No. P-429. The transfer, however, was not recorded in the Registry of Deeds.

On May 4, 1973, Purificacion sold her 18,214 square meter portion of the subject property to respondent Marianito Pono (*Marianito*) and also delivered OCT No. P-429 to him. Marianito registered the portion he bought for taxation purposes, paid its taxes, took possession, and allowed his son respondent Elmer Pono (*Elmer*) and daughter-in-law, Juliet Pono (*Juliet*), to construct a house thereon. Marianito kept OCT No. P-429. The transfer, however, was also not recorded in the Registry of Deeds.

Meanwhile, Martino left Kananga, Leyte, and went to San Rafael III, Noveleta, Cavite, and re-settled there. On June 14, 1990, he sold the whole subject property to his grandson, petitioner Esmeraldo Vallido (*Esmeraldo*), also a resident of Noveleta, Cavite. Considering that Martino had delivered OCT No. P-429 to Purificacion in 1960, he no longer had any certificate of title to hand over to Esmeraldo.

On May 7, 1997, Martino filed a petition seeking for the issuance of a new owner's duplicate copy of OCT No. P-429, which he claimed was lost. He stated that he could not recall having delivered the said owner's duplicate copy to anybody to secure

payment or performance of any legal obligation. On June 8, 1998, the petition was granted by the RTC, Branch 12 of Ormoc City. On September 17, 1999, Esmeraldo registered the deed of sale in the Registry of Deeds and Transfer Certificate of Title (TCT) No. TP-13294 was thereafter issued in the name of the petitioners.

Subsequently, the petitioners filed before the RTC a complaint for quieting of title, recovery of possession of real property and damages against the respondents. In their Answer, respondents Elmer and Juliet averred that their occupation of the property was upon permission of Marianito. They included a historical chronology of the transactions from that between Martino and Purificacion to that between Purificacion and Marianito.

On July 20, 2004, the RTC promulgated a decision^[1] favoring the petitioners. The RTC held that there was a double sale under Article 1544 of the Civil Code. The respondents were the first buyers while the petitioners were the second buyers. The RTC deemed the petitioners as buyers in good faith because during the sale on June 4, 1990, OCT No. P-429 was clean and free from all liens. The petitioners were also deemed registrants in good faith because at the time of the registration of the deed of sale, both OCT No. P-429 and TCT No. TP-13294 did not bear any annotation or mark of any lien or encumbrance. The RTC concluded that because the petitioners registered the sale in the Register of Deeds, they had a better right over the respondents.

Aggrieved, the respondents filed their Notice of Appeal on August 27, 2004.

In the assailed Decision,^[2] dated December 8, 2011, the CA ruled in favor of the respondents. The CA agreed that there was a double sale. It, however, held that the petitioners were neither buyers nor registrants in good faith. The respondents indisputably were occupying the subject land. It wrote that where the land sold was in the possession of a person other than the vendor, the purchaser must go beyond the certificate of title and make inquiries concerning the rights of the actual possessors. It further stated that mere registration of the sale was not enough as good faith must concur with the registration. Thus, it ruled that the petitioners failed to discharge the burden of proving that they were buyers and registrants in good faith. Accordingly, the CA concluded that because the sale to Purificacion took place in 1960, thirty (30) years prior to Esmeraldo's acquisition in 1990, the respondents had a better right to the property.

Hence, this petition.

The petitioners argue that the CA erred in ruling in favor of the respondents. Primarily, they contend that the Appellant's Brief was filed beyond the 30-day extension period granted by the CA and that the findings of fact of the RTC were no longer subject to review and should not have been disturbed on appeal.

They invoke that they are buyers and registrants in good faith. They claim that the title of the land was clean and free from any and all liens and encumbrances from the time of the sale up to the time of its registration. They also aver that they had no knowledge of the sale between Martino and Purificacion on July 4, 1960 as they have been residents of Noveleta, Cavite, which is very far from Brgy. Masarayao, Kananga, Leyte. When Esmeraldo confronted his grandfather, Martino, about the