

SECOND DIVISION

[G.R. No. 156318, September 05, 2011]

**SPOUSES ANSELMO^[1] AND PRISCILLA BULAONG, PETITIONERS,
VS. VERONICA GONZALES, RESPONDENT.**

D E C I S I O N

BRION, J.:

Petitioners Anselmo Bulaong and Priscilla Bulaong - collectively referred to as the *Bulaongs* - seek, through their petition for review on *certiorari*, the reversal of the decision^[2] of the Court of Appeals (CA) dated July 31, 2002 in CA-G.R. SP No. 55423 and the subsequent resolution of November 27, 2002^[3] reiterating this decision. These CA rulings reversed and set aside the decision^[4] of the Regional Trial Court (RTC) of Malolos, Bulacan, Branch 12, that ordered the cancellation of Transfer Certificate of Title (TCT) No. T-62002 and TCT No. T-62003.

FACTUAL ANTECEDENTS

This case traces its roots to the conflicting claims of two sets of parties over two parcels of land. The first parcel of land, with an area of 237 square meters and covered by TCT No. T-249639,^[5] was originally registered in the name of Fortunato E. Limpo, married to Bertha Limpo.^[6] The other parcel of land, with an area of 86 square meters and covered by TCT No. T-249641,^[7] was originally registered in the names of Pacifica E. Limpo, married to Nicanor C. Sincionco, and Fortunato E. Limpo, married to Bertha Limpo.^[8]

These parcels of land were mortgaged by the daughter of Fortunato and Bertha Limpo, Regina Christi Limpo, upon the authority of her father,^[9] to the Bulaongs, to secure a loan in the amount of P4,300,000.00. The mortgage was evidenced by a Deed of Mortgage dated January 13, 1993.^[10]

The Bulaongs alleged that before they executed the mortgage, Regina gave them the *owner's duplicates of title* of the two properties. In early January 1993 (the exact date is unknown but prior to the execution of the mortgage), Anselmo Bulaong, together with his counsel, Atty. Roberto Dionisio, allegedly went to the Office of the Register of Deeds of Bulacan to check the titles of the properties to be mortgaged. **According to the Bulaongs, the Register of Deeds, Atty. Elenita Corpus, assured them that TCT Nos. T-249639 and T-249641 were completely clear of any liens or encumbrances from any party.** Relying on this assurance, Anselmo Bulaong agreed to the execution of the mortgage over the two properties.^[11]

After the execution of the mortgage, the Bulaongs once again went to the Office of

the Register of Deeds of Bulacan to register and annotate the mortgage on the titles. They learned then that the Register of Deed's copies of the two titles were among the records that were burned in the fire that destroyed the entire office of the Register of Deeds of Bulacan on March 7, 1987. Atty. Elenita Corpus convinced them to cause the reconstitution of the originals of the titles, and further assured them that the mortgage over the properties would be protected since a copy of the Deed of Mortgage had already been given to her office for annotation.^[12]

On February 4, 1993, the newly reconstituted titles were issued - TCT No. RT-29488 replaced TCT No. T-249639, and TCT No. RT-22489 replaced TCT No. T-249641, still in the names of Fortunato Limpo, and of Pacifica Limpo and Fortunato Limpo, respectively.

Thereafter, on February 24, 1993, new titles were again issued upon the *extrajudicial settlement of the estate of Regina's parents*. Thus, TCT No. RT-29488 was cancelled and TCT No. T-30395 was issued in its place, with Regina replacing her parents as the registered owner; similarly, TCT No. RT-22489 was cancelled and TCT No. T-30396 was issued in the names of Pacifica Limpo and Regina Limpo, as her parents' heir.^[13]

To the Bulaongs' astonishment, the new titles in Regina's name now contained the following entries:

TCT No. T-30395

Entry No. 5306; Kind: Condition: The property herein described is subject to the prov. of sec. 4, rule 74 of the rules of court. date of instrument: 1-13-93; date of inscription: 2-24-93 at 10:42 a.m.

(SGD.) ELENITA E. CORPUS
Register of Deeds

Entry No. 5484; Kind: Mortgage: Exec. In favor of: Sps. Anselmo Bulaong & Priscilla Bulaong; Condition: Covering the parcel of land herein described, for the sum of P4,300,000.00 subject to all the conditions stipulated in the deed of mortgage on file in this office. Doc. No. 428, Page 86, Book XXX, S. of 1993, N.P. - Roberto Dionisio of Mal. Bul. Date of Instrument: 1-13-93; date of inscription - 3-1-93 at 9:20 a.m.

(SGD.) ELENITA E. CORPUS
Register of Deeds

/5306

(NOTE: Proceed to Entry no. 5484)

Entry No. 7808: Kind: NOTICE OF LEVY ON EXECUTION: Conditions: Notice is hereby given that by virtue of the Writ of Execution, issued in Crim. Cases Nos. 9638 to 9646-M, entitled "People of the Philippines v. Reggie Christi Schaetchen Limpo and Maria Lourdes (Bong) Diaz y Gamir, et al., Accused" by the Regional Trial Court, Third Jud. Region, Branch 12, Malolos, Bulacan, under date of Dec. 29, 1992, and at the instance of the

private complainant Veronica R. Gonzales, thru counsel, levy on execution is hereby made upon all the rights, shares, interests and participations of accused Reggie Christi Schaetchen^[14] over the real properties described in T-249641 and T-249639, **by virtue of Deeds of Absolute Sale executed by former registered owners in favor of Reggie Christi Schaetchen dated November 5, 1991**, together with all the improvements existing thereon, was levied on execution preparatory to the sale of the same without prejudice to third persons having better right thereof and to any valid lien and encumbrances. Date of instrument - Jan. 4, 1993; Date of inscription - Jan. 4, 1993 at 11:50 a.m.

(SGD.) ELENITA E. CORPUS
Register of Deeds/negm^[15] (emphasis
ours)

TCT No. T-30396

Entry No. 5306; Kind: Condition: One-half (1/2) of the property herein described is subject to the prov. of sec. 4, rule 74 of the rules of court. date of instrument: 1-13-93; date of inscription: 2-24-93 at 10:42 a.m.

(SGD.) ELENITA E. CORPUS
Register of Deeds

Entry No. 5484; Kind: Mortgage: Exec. In favor of: Sps. Anselmo Bulaong & Priscilla Bulaong; Condition: Covering the parcel of land herein described, for the sum of P4,300,000.00 subject to all the conditions stipulated in the deed of mortgage on file in this office. Doc. No. 428, Page 86, Book XXX, S. of 1993, N.P. - Roberto Dionisio of Mal. Bul. Date of Instrument: 1-13-93; date of inscription - 3-1-93 at 9:20 a.m.

(SGD.) ELENITA E. CORPUS
Register of Deeds

/5306

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Reggie Christi Schaetchen dated Nov. 5, 1991, together with all the improvements existing thereon, was levied on execution preparatory to the sale of the same without prejudice to third persons having better right thereof and to any valid lien and encumbrances. Date of instrument - Jan. 4, 1993; Date of inscription - Jan. 4, 1993 at 11:50 a.m.

(SGD.) ELENITA E. CORPUS
Register of Deeds/negm^[16]
(emphasis ours)

It appears that a certain Veronica Gonzales had filed a criminal case for estafa against Regina with the RTC of Bulacan, Branch 12.^[17] On October 28, 1991, the RTC rendered a decision acquitting Regina, but at the same time ordering her to pay Veronica actual damages in the total amount of P275,000.00.^[18] By virtue of a writ of execution issued on December 29, 1992, the above-quoted notice of levy was recorded in the Primary Entry Book of the Registry of Bulacan on January 4, 1993. However, this was not annotated on the titles themselves because *at the time of the levy, the properties had not yet been transferred to Regina, but were still registered in the name of her parents.*^[19]

Based on the annotation referring to the notice of levy, the subject of the levy was Regina's interest in the properties which, in turn, was anchored on a Deed of Absolute Sale allegedly executed by her parents on November 5, 1991 to transfer their interest in both properties to her. Notably, ***Regina never registered this sale with the Register of Deeds.***

To satisfy Regina's judgment debt, the two lots were sold at public auction on June 8, 1993 to Veronica, the only bidder, for P640,354.14.^[20] The Certificate of Sale was annotated on the titles on June 8, 1993 as Entry No. 2075. Upon the lapse of the one year redemption period on June 20, 1994, Veronica's titles over the properties were consolidated. A final deed of sale was issued in Veronica's name and annotated as Entry No. 40425 on TCT Nos. T-30395 and T-30396 on June 24, 1994.^[21]

On the other hand, the Bulaongs also had the mortgage extrajudicially foreclosed, with the sheriff conducting the auction sale on August 22, 1994. The Bulaongs were the highest bidders, buying the properties for the sum of P4,300,000.00. They also paid the corresponding capital gains tax of P215,000.00, plus P64,500.00 for the documentary stamp tax, which were required before the titles to the lots could be transferred in their names. The Certificate of Sale in their favor was inscribed on August 23, 1994 on TCT No. T-30395 and TCT No. T-30396 as Entry No. 46739.^[22]

Veronica thereafter filed a petition for the surrender to the Register of Deeds of the owner's copies of TCT Nos. T-30395 and T-30396 with the RTC of Malolos, docketed as LRC Case No. P-292. On December 16, 1994, the RTC granted the petition and ordered Regina to surrender her owner's copies of the titles; should Regina fail to comply, the RTC ordered the Register of Deeds to cancel these titles and issue new ones in Veronica's name. Complying with this order, the Register of Deeds cancelled TCT Nos. T-30395 and T-30396, and issued TCT No. T-62002 in Veronica's name, and TCT No. T-62003 in the name of Veronica and Pacifica Limpo. **These new titles**

were "clean" and did not contain any annotations, liens or encumbrances.

The Bulaongs thus filed a petition for mandamus with the RTC of Bulacan against Ramon Sampana, the incumbent Register of Deeds of Bulacan, and Veronica, praying that the court order Sampana to cancel TCT Nos. T-62002 and T-62003, and issue new titles in their names; and order the respondents therein to pay them moral and exemplary damages, and attorney's fees.

On July 30, 1999, the RTC ruled in favor of the Bulaongs. According to the RTC, allowing Veronica to levy on the properties worth at least P5,000,000.00 for a judgment of P275,000.00 would result in gross unjust enrichment. The RTC thus ordered the Register of Deeds of Bulacan to issue new titles in the name of the Bulaongs, but only after the Bulaongs had reimbursed the amount of P275,000.00 to Veronica, with interest. The RTC also ordered Veronica to pay the Bulaongs P50,000.00 as attorney's fees. The dispositive portion of the RTC decision reads:

WHEREFORE, conformably with all the foregoing, judgment is hereby rendered:

1. - Annulling and cancelling Transfer Certificates of Title Nos. T-62002 in the name of defendant Veronica Gonzales, and T-62003 in the name of defendant Veronica Gonzales and Pacifica E. Limpo married to Nicanor C. Sincioco;
2. - Ordering the Ex-Officio Sheriff of Bulacan to execute a final deed of sale in favor of petitioner spouses Anselmo Bulaong and Pr[i]scilla Bulaong on the basis of the registered Certificate of Sale executed by said court officer on August 23, 1994, in favor of said spouses-mortgagee, without the owner-mortgagors exercising the right of redemption since then;
3. - Ordering the Register of Deeds of Bulacan to issue new titles, in place of Transfer Certificate of Title Nos. T-62002 and T-62003, this time in the name of petitioner spouses Anselmo Bulaong and Pr[is]cilla Bulaong, as soon as the aforesaid final deed of sale in their favor is executed by the Ex-Officio Sheriff of Bulacan and only after said spouses shall have paid and/or reimbursed Veronica Gonzales' lien as judgment creditor in the amount of P275,000.00, plus interests at the legal rate computed from November 19, 1995, until fully paid and satisfied;
4. - Order[ing] herein defendants Veronica R. Gonzales and the Register of Deeds of Bulacan upon notice of this judgment, not to effect any transfer, encumbrance or any disposition whatsoever of the parcels of land covered by Transfer Certificates of Title Nos. 62002 and T-62003, or any part thereof, right or interest therein, either by sale or any form of conveyance, lien or encumbrance; and
5. - Ordering only defendant Veronica R. Gonzales to pay herein petitioners P50,000.00 as just and equitable attorney's fees, and