

THIRD DIVISION

[G.R. No. 157002, July 29, 2005]

**JOSE T. ABAD PETITIONER, VS. SPOUSES CEASAR AND VIVIAN
GUIMBA, RESPONDENTS.**

DECISION

PANGANIBAN, J.:

Only questions of law may be brought before and ruled upon by the Supreme Court in petitions for review under Rule 45 of the Rules of Court. This principle holds true, particularly for regional trial court decisions brought directly to this Court. If a review of factual questions is sought, the petition should be elevated to the Court of Appeals. For failing to observe this basic doctrine, herein petitioner should not expect this Court to pass upon the question of whether he was a mortgagee in good faith and for value. This factual question was already ruled upon by the trial court, whose findings are thus deemed conclusive and binding on the present proceedings.

The Case

Before us is a Petition for Review^[1] under Rule 45 of the Rules of Court, assailing the November 19, 2002 Decision^[2] of the Regional Trial Court (RTC) of Pasig City (Branch 167) in Civil Case No. 67131, as well as its January 24, 2003 Resolution^[3] denying petitioner's Motion for Reconsideration. The assailed Decision disposed thus:

"**WHEREFORE**, judgment is hereby rendered in favor of the [respondents] and against [Petitioner] Jose T. Abad as follows:

- 'a) Declaring as null and void and of no legal force and effect the 'Deed of Mortgage of Real Properties', Exhibit 'B' and '5', respectively, registered and annotated on Transfer Certificate of Title No. PT-80617 of the Register of Deeds for Pasig City as Entry No. PT-9633/PT-80617 inscribed on 10 June 1997;
- 'b) Ordering the Register of Deeds of Pasig City to cancel entry No. PT-9633/PT-80617 annotated on Transfer Certificate of Title No. PT-80617;
- 'c) Ordering the [Petitioner] Jose T. Abad to return to [respondents] Transfer Certificate of Title No. PT-80617 of the Registry of Deeds of Pasig City;
- 'd) Ordering the [Petitioner] Jose T. Abad to pay [respondent] the amount of Php 20,000.00, as and for reasonable attorney's fees; and

'e) To pay the costs.'

"For lack of sufficient factual and legal basis, the counterclaim of [Petitioner] Jose T. Abad against the [respondent] as well as his cross-claim against the defaulting defendant[s] Gemma Dela Cruz are, as they should be, DENIED."^[4]

The Facts

Respondent-Spouses Ceasar and Vivian Guimba are the registered owners of a parcel of land covered by Transfer Certificate of Title (TCT) No. PT- 80617.

On March 7, 1997, Vivian entrusted her copy of the Owner's Duplicate Certificate of Title to Gemma de la Cruz to serve as collateral for Vivian's application for a loan that was to be released in four days. Afterwards, Gemma received a phone call from Vivian, who informed her that she had changed her mind, was no longer interested in obtaining the loan, and therefore wanted her TCT back. Told that the Certificate had been deposited in the vault of the Bank of South East Asia, Vivian inquired at the bank, but was advised that the TCT was not there.^[5]

In November 1997, Vivian received a telegram from Petitioner Abad, a stranger, reminding her of the impending maturity of her mortgage. It was the first time respondents learned of any actual mortgage involving their property.^[6] After seeking legal advice,^[7] they filed an adverse claim on their own title^[8] and for the first time met with petitioner to settle the matter.^[9] While he insisted that they settle the mortgage,^[10] they manifested their intention to sue.^[11]

Accordingly, respondents filed with the Regional Trial Court of Pasig City (assigned to Branch 167) on November 18, 1998, a Complaint^[12] against petitioner and Gemma de la Cruz for annulment and cancellation of mortgage. They likewise filed with the Metropolitan Trial Court of Pasig City (assigned to Branch 71) a criminal case against her for falsification of public document.^[13]

In his Answer, petitioner countered that respondents had connived with De la Cruz to swindle him of his hard-earned savings.^[14] He testified that he had met her and a couple posing as the Guimba spouses ("Guimbas") for the first time in March 1997.^[15] The Guimbas allegedly asked him for a loan and presented their duplicate copy of TCT No. PT-80617 as collateral. He claimed that he accepted the mortgage only after verifying the authenticity of the Certificate with the Register of Deeds.^[16]

During the trial, petitioner admitted that the couple to whom he had given the loan of P335,000 were not herein respondents, whom he met only in December 1997 to discuss the matter of the telegram.^[17]

The principal issue presented before the trial court was whether Abad was a mortgagee for value and in good faith. The RTC opined that this question was determinative of the validity of the Deed of Mortgage.

Ruling of the Regional Trial Court

Assessing the evidence, the trial court found the testimonies offered by petitioner to be conflicting and concocted. It determined that he had never met a couple posing as respondent spouses. Rather, he had dealt solely with De la Cruz over a property that manifestly belonged to the Guimba spouses.^[18] By entering into the mortgage without making the necessary inquiries as to the identity and the authority of the person he was dealing with, he could not be considered a mortgagee in good faith and for value.^[19]

Having determined that respondents, as registered owners, had never executed the Deed of Mortgage in favor of petitioner, the trial court held that the instrument was a forgery and, hence, an absolute nullity. Consequently, it ordered the cancellation of the annotation on the TCT of respondents.

As for petitioner's defense of laches, the lower court ruled that Vivian Guimba could not be belabored for negligence, considering that she had taken the necessary steps to recover her title from De la Cruz.^[20]

Unsubstantiated by evidence, petitioner's claim of connivance and conspiracy between respondents and De la Cruz was dismissed by the RTC.^[21]

Denying the Motion for Reconsideration filed by petitioner, the trial court ruled that although the Certificate was admittedly clean on its face, he was not a mortgagee in good faith, because he had not made the necessary inquiries about the true identity of the persons introduced as owners of the subject property. Moreover, he had not presented convincing proof of the negotiation and execution of the mortgage Contract.^[22]

Skipping the Court of Appeals, petitioner lodged his Petition for Review directly with this Court.^[23]

Issues

Petitioner raises the following issues in his Memorandum:

- "1. Given the state of facts in the above-entitled case, will the PROPERTY REGISTRATION DECREE, (P.D. 1529) particularly Chapter V, Sections 52 and 53 thereof be totally ignored and overlooked, considering the fact that the [p]etitioner, who was an innocent third person and holder for value relied on the strength of the a (sic) CLEAN title prior to the execution of the Real Estate Mortgage Contract?
- "2. Will not an innocent holder for value of an original Owner's Duplicate Copy of a Transfer Certificate of Title who caused the registration of the Real Estate Mortgage Contract SIX MONTHS prior to the recording or registration of an Affidavit of Adverse Claim executed by the registered owner of a parcel of land be not protected by P.D. 1529?
- "3. WILL (sic) LACHES not apply in the case at bar against the [r]espondents considering their inaction for more than NINE

MONTHS prior to the execution and recording of an Affidavit of Adverse Claim over their title, which has unfortunately found its way to an innocent third person and holder for value?"^[24]

The Court's Ruling

The Petition has no merit.

First and Second Issues: **Applicability of PD 1529**

Petitioner insists on the application of Sections 52^[25] and 53^[26] of PD 1529 to protect his interest as an *innocent* holder for value. Whether he is, indeed, is at the outset the most crucial question to be resolved in this case.

Only Questions of **Law Raised in a** **Rule 45 Petition**

Preliminarily, we should stress that the remedy of appeal by certiorari under Rule 45 of the Rules of Court contemplates only questions of law, not of fact.^[27] Therefore, a party who files a Rule 45 petition waives the opportunity to inquire into the findings of fact of the lower court.

A question of law exists when there is doubt or controversy as to what the law is on a certain state of facts. There is a question of fact when doubt arises as to the truth or falsity of the statement of facts.^[28] The resolution of a question of fact necessarily involves a calibration of the evidence, the credibility of the witnesses, the existence and the relevance of surrounding circumstances, and the probability of specific situations. It is for this reason that this Court defers to the factual findings of a trial judge, who has had the distinct advantage of directly observing the witnesses on the stand and determining from their demeanor whether they were speaking or distorting the truth.^[29]

Coming to the present case, the paramount question regarding the good faith of petitioner is obviously one of fact^[30] on which the RTC already had the following findings:

"All told, as mortgagee of a real property, [Petitioner] Abad *neglected* to make the necessary inquiries and closed his eyes to facts which should put a reasonable man on guard as to the value of the property being presented as collateral and of any flaw in the title of the mortgagor and of the identity of persons being introduced to him as the owners of the property being mortgaged. By merely relying on his belief that there was no defect in the title of the property being presented as collateral and on the identity of the prospective mortgagors being introduced to him without undertaking further investigation, [Petitioner] Abad *cannot* be considered a mortgagee in good faith and for value."^[31] [Emphasis supplied]

If petitioner wanted to assail the correctness of these findings of fact, he should have brought his appeal before the Court of Appeals. He shot himself in the foot, so to speak, by resorting to the wrong remedy and filing his petition in the wrong forum. By his error, or by his deliberate choice of remedy and forum, he must now accept the consequences: the conclusiveness of the factual finding of the trial court that he was a mortgagee in bad faith.

**A Mortgagee in Bad
Faith Not Protected
by PD 1529**

The main purpose of land registration, covered by PD 1529, is to facilitate transactions relative to real estate by giving the public the right to rely upon the face of the Torrens certificate of title.^[32] Therefore, as a rule, the purchaser is not required to explore further than what the Certificate indicates on its face. This rule, however, applies *only to* innocent purchasers for value and in good faith; it excludes a purchaser who has knowledge of a defect in the title of the vendor, or of facts sufficient to induce a reasonably prudent man to inquire into the status of the property.^[33] Under Section 32 of PD 1529,^[34] an innocent purchaser for value is deemed to include an innocent mortgagee for value.

By insisting on the application of PD 1529 in his favor, petitioner begs the question. He invokes Sections 52 and 53 of the law, which protects *innocent* mortgagees for value, but which the RTC has already determined he was *not*. As already discussed, such factual determination by the trial court is conclusive, because he did not question it in the proper forum. The logical consequence, therefore, is the inapplicability of the said law to his factual situation.

To be sure, there are exceptions to the rule.^[35] Petitioner, however, has not given us adequate reasons to apply any of these exceptions; verily, we find no ground to reverse or modify the factual findings of the RTC.

**RTC Decision
Consistent With
Jurisprudence**

Upon the other hand, the RTC's legal conclusions are in accordance with jurisprudence. A person who deals with registered land through someone who is *not* the registered owner is expected to look behind the certificate of title and examine *all* factual circumstances, in order to determine if the mortgagor/vendee has the capacity to transfer any interest in the land.^[36] One has the duty to ascertain the identity of the person with whom one is dealing, as well as the latter's legal authority to convey.

The law "requires a higher degree of prudence from one who buys from a person who is not the registered owner, although the land object of the transaction is registered. While one who buys from the registered owner does not need to look behind the certificate of title, one who buys from one who is *not* the registered owner is expected to examine not only the certificate of title but *all* factual circumstances necessary for [one] to determine if there are any flaws in the title of the transferor, or in [the] capacity to transfer the land."^[37] Although the instant