

SECOND DIVISION

[G.R. No. 106657, August 01, 1996]

**JUAN C. SANDOVAL, NOW DECEASED, REPRESENTED BY HIS
SURVIVING SPOUSE, ADELAIDA M. SANDOVAL, PETITIONER, VS.
HON. COURT OF APPEALS AND LORENZO L. TAN, JR.,
RESPONDENTS.**

D E C I S I O N

ROMERO, J.:

Another dispute over land ownership rivets the attention of this Court even as it still grapples with similar issues involving fantastically vast tracts of land considered prime real estate in Metro Manila.

That unscrupulous elements have been sparing neither energy nor resources to divert coveted properties from their actual owners through craft and cabal with land officials concerned has not been lost on this Court and has, in fact, made its task doubly difficult and complicated.

In recognition of these developments that have placed under a cloud the integrity of the once unassailable Torrens Title, spawned the proliferation of fake land titles and encouraged the mushrooming of land grabbers and squatters on legitimately-titled lands, Chief Justice Andres R. Narvasa issued on July 15, this year, Administrative Circular No. 7-96 addressed to all judges of all court levels and their Clerks of Court enjoining the strict observance of Land Registration Authority (LRA) circulars on reconstitution and land registration cases.

As an agrarian country with a substantial percentage of its population engaged in agriculture and allied occupations, the Philippines is understandably concerned over the fate of large and small landholders. Since pre-Spanish times, land has been recognized as the source of economic and political power. At the time the Spaniards took over the sovereignty of the Philippines, it rewarded its loyal subjects with grants of large encomiendas whose metes and bounds were only circumscribed by the endurance of a horse running from sunup to sundown. Conversely, some of those who did not show loyalty to the Church and the Crown were persecuted and divested of their lands, most notable example being the family of the national hero, Dr. Jose Rizal.

In a mystical sense, the Filipinos draw strength and power from the soil. Not only is this attitude peculiar to the Philippines but in Greek mythology, Antaeus, son of the sea god Poseidon and the Earth goddess Gaea renewed his strength in combat with Heracles by continually touching the earth. When his opponent discovered the source of his strength, the former lifted the latter up from earth and crushed him to death.^[1]

In the case at bar, it appears that an impostor succeeded in selling property lawfully titled in another's name by misrepresenting himself as the latter.

The petition before us involves two issues: whether or not petitioner Juan Sandoval is a purchaser in good faith and whether or not the Justice who penned the assailed decision in the Court of Appeals should have inhibited himself from taking part in the case.

The property subject of the present controversy is a parcel of land on which a five-door apartment building stands. It is covered by Transfer Certificate of Title (TCT) No. 196518 in the name of "Lorenzo L. Tan, Jr. married to Carolina Mangampo" and located at No. 88 Halcon Street, Quezon City.

Sometime in October 1984, private respondent Lorenzo L. Tan, Jr. was notified of the need to present his owner's copy of the TCT to the Registry of Deeds, Quezon City in connection with an adverse claim. Upon reaching the Office of the Register of Deeds, he explained that he was still looking for his copy of the TCT.^[2] In November 1984, he discovered that the adverse claim of one Godofredo Valmeo had been annotated on his title in the Registry of Deeds. A Lorenzo L. Tan, Jr., obviously an impostor, had mortgaged the property to Valmeo on October 9, 1984 to secure a P70,000.00 obligation.

On December 6, 1984, the real Lorenzo L. Tan, Jr. herein private respondent, filed a complaint for cancellation of the annotation of mortgage and damages against Bienvenido Almeda and Godofredo Valmeo before the Regional Trial Court of Quezon City, Branch 96.^[3]

Sometime in April 1985, private respondent met petitioner Juan C. Sandoval who claimed to be the new owner at the site of the property. He informed the latter of the case against Bienvenido Almeda and Godofredo Valmeo. Upon further investigation, petitioner discovered that as early as September 13, 1984, someone purporting to be Lorenzo L. Tan, Jr. sold the property to Bienvenido Almeda in a Deed of Sale of Registered Land with Pacto de Retro.

Said person representing himself as Lorenzo L. Tan, Jr., with the marital consent of the alleged Carolina Mangampo Tan, also executed a Waiver in favor of Bienvenido Almeda on January 11, 1985. Consequently, TCT No. 196518 in the name of Lorenzo L. Tan, Jr. was cancelled and a new one, TCT No. 326781, was issued in the name of Bienvenido Almeda.

On March 29, 1985, Bienvenido Almeda sold the subject property to petitioner Juan C. Sandoval for P230,000.00. TCT No. 326781 was cancelled and TCT No. 329487 was issued in favor of Juan C. Sandoval on April 18, 1985.

Private respondent's original complaint was accordingly amended in August 1985 to implead petitioner Juan C. Sandoval and to add the following as causes of action: the nullification of the deed of sale with pacto de retro, the waiver and the cancellation of TCT Nos. 326781 and 329487 in the Quezon City Registry of Deeds. Private respondent alleged that petitioner had prior knowledge of legal flaws which

tainted Bienvenido Almeda's title.

It was only on January 16, 1986 that private respondent caused the annotation of a notice of lis pendens on TCT No. 329487.^[4]

Petitioner, as defendant below, countered that he was a purchaser in good faith and for valuable consideration. He bought the property through real estate brokers whom he contacted after seeing the property advertised in the March 3, 1985 issue of the Manila Bulletin. After guarantees were given by the brokers and his lawyer's go-signal to purchase the property, petitioner negotiated with Bienvenido Almeda. The price, reduced to P230,000, was paid in two installments. As earlier noted, Bienvenido Almeda executed a Deed of Sale in favor of petitioner and a new TCT was issued in the latter's name.

The trial court ruled in favor of private respondent Tan, Jr. The dispositive portion of the lower court's decision dated February 22, 1991 reads:

"WHEREFORE, judgment is hereby rendered:

1. Declaring plaintiffs Lorenzo L. Tan, Jr. and Carolina Mangampo Tan as the absolute and exclusive owners of the property known as and situated at No. 88 Halcon Street, Quezon City, Metro Manila, originally registered in their names under TCT No. 196518 of the Register of Deeds of Quezon City, together with its improvements;
2. Declaring as null and void and of no legal effect the deed of real estate mortgage (Exh. A) dated October 9, 1984 in favor of defendant Godofredo Valmeo; the deed of sale of registered land with pacto de retro (Exh. B) dated September 13, 1984 in favor of Bienvenido Almeda; and the waiver (Exh. C) dated January 11, 1985 in favor of Bienvenido Almeda;
3. Commanding defendant Juan C. Sandoval to reconvey to the plaintiffs the property described under TCT 329487 of the Register of Deeds of Quezon City and the improvements thereon within fifteen (15) days from finality of this decision;
4. Directing defendant Bienvenido Almeda to pay to defendant Juan C. Sandoval the amount of P230,000.00 plus interest of twelve percent (12%) per annum from the filing of the Crossclaim until full payment; and
5. Ordering the defendants to pay to the plaintiffs the sum of P50,000.00 as nominal damages, P15,000.00 as and for attorney's fees; and the costs of suit.

SO ORDERED."^[5]

Only Juan C. Sandoval, herein petitioner, appealed the aforequoted adverse decision. Respondent Court of Appeals reduced appellant's sixteen assignment of errors to two basic issues: the validity of the Deed of Real Estate Mortgage executed on October 9, 1984 in favor of Godofredo Valmeo and the Deed of Sale of Registered

Land with Pacto de Retro dated September 13, 1984 in favor of Bienvenido Almeda and whether or not Juan C. Sandoval is a purchaser in good faith.

The Court of Appeals, in its decision rendered on May 26, 1992,^[6] affirmed the trial court's findings modifying only the award for damages and attorney's fees.^[7] Respondent court confirmed the invalidity of the aforementioned documents and held that the circumstances outlined by the trial court should have so aroused petitioner's suspicion as to impel him to conduct further inquiry into his vendor's title.

Hence, this petition for review where Juan C. Sandoval prays for the reversal of the Court of Appeals decision. Two issues are presented for resolution. First, petitioner contends that he was denied due process when the ponente of the decision in the Court of Appeals, Justice Luis Victor, did not inhibit himself from the case inasmuch as he was, for a time, the presiding judge in the court a quo trying the case. Second, petitioner maintains that he is an innocent purchaser for value who should not be held accountable for the fraud committed against private respondent Tan, Jr.

As regards the first issue on the inhibition of Justice Luis Victor, we examine the objective norms set forth by the Court.

Rule 137 of the Revised Rules of Court, Section 1 reads:

"SECTION 1. Disqualification of judges. - No judge or judicial officer shall sit in any case in which he, or his wife or child, is pecuniarily interested as heir, legatee, creditor or otherwise, or in which he is related to either party within the sixth degree of consanguinity or affinity, or to counsel within the fourth degree, computed according to the rules of the civil law, or in which he has been executor, administrator, guardian, trustee or counsel, or in which he has presided in any inferior court when his ruling or decision is the subject of review, without the written consent of all parties in interest, signed by them and entered upon the record.

A judge may, in the exercise of his sound discretion, disqualify himself from sitting in a case, for just or valid reasons other than those mentioned above." (Italics supplied.)

The Code of Judicial Conduct, which was promulgated on September 5, 1989 and made effective October 20, 1989, spells out in Rule 3.12 the disqualifications of a judge:

"Rule 3.12. - A judge should take no part in a proceeding where the judge's impartiality might reasonably be questioned. These cases include, among others, proceedings where:

(a) the judge has personal knowledge of disputed evidentiary facts concerning the proceeding;

(b) the judge served as executor, administrator, guardian, trustee or lawyer in the case or matters in controversy, or a former associate of the judge served as counsel during their association, or the judge or lawyer was a material witness therein;

(c) the judge's ruling in a lower court is the subject of review;

(d) the judge is related by consanguinity or affinity to a party litigant within the sixth degree or to counsel within the fourth degree;

(e) the judge knows that the judge's spouse or child has a financial interest, as heir, legatee, creditor, fiduciary or otherwise, in the subject matter in controversy or in a party to the proceeding, or any other interest that could be substantially affected by the outcome of the proceeding.

In every instance the judge shall indicate the legal reason for inhibition."

The Canons of Judicial Ethics^[8] provides us with more general guidelines:

"3. Avoidance of appearance of impropriety

A judge's official conduct should be free from the appearance of impropriety, and his personal behavior, not only upon the bench and in the performance of judicial duties, but also in his every day life, should be beyond reproach.

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31. A summary of judicial obligations

A judge's conduct should be above reproach and in the discharge of his judicial duties he should be conscientious, studious, thorough, courteous, patient, punctual, just, impartial, fearless of public clamour, and regardless of private influence should administer justice according to law and should deal with the patronage of the position as a public trust; and he should not allow outside matters or his private interests to interfere with the prompt and proper performance of his office."

From the foregoing legal principles, we find no basis for Justice Victor to inhibit himself from deciding the case. To be sure, as trial court judge, he presided partly over the case below, heard part of plaintiff's evidence and ruled on motions.^[9] The decision itself, however, was penned by another judge, the Honorable Lucas Bersamin, who took over as presiding judge when then Judge Luis Victor was promoted. Upon elevation to the Court of Appeals, the case was assigned to Justice Victor as ponente.

The principle that approximates the situation obtaining herein is the disqualification of a judge from deciding a case where his "ruling in a lower court is the subject of review" or "in which he has presided in any inferior court when his ruling or decision is the subject of review." Granted that Justice Victor presided partly over the case in the court a quo, his was not the pen that finally rendered the decision therein. Hence, he cannot be said to have been placed in a position where he had to review his own decision as judge in the trial court. Accordingly, he was not legally bound to inhibit himself from the case.