



Republic of the Philippines
 Supreme Court
 Manila

THIRD DIVISION

ALFREDO SULIT, JULITA G.R. No. 230599
 SULIT, and the heirs of ARSENIO
 SULIT, represented by ALFREDO Present:
 SULIT,

Petitioners,

LEONEN, J., Chairperson,
 HERNANDO,
 INTING,
 DELOS SANTOS, and
 ROSARIO,* JJ.

- versus -

SPOUSES EUGENIO and
 ZENAIDA ALFONSO, SPOUSES
 EFREN and EUGENIA SULIT,
 SPOUSES REYNALDO and
 NORMA DIZON, SPOUSES
 MANOLITO and JULIANA
 ESGUERRA, SPOUSES
 GUILLERMO and ERLINDA
 MANALILI, LEONILO DANILO
 DISOR, EISELLE S. ALFONSO,
 ELITA S. ALFONSO, EDWIN S.
 ALFONSO, CRISANTA
 MAGTALAS and the REGISTER
 OF DEEDS OF BULACAN,

Promulgated:

January 20, 2021

Respondents.

MisDOCBat

x-----x

DECISION

INTING, J.:

Before the Court is a Petition¹ for Review on *Certiorari* filed pursuant to Rule 45 of the Rules of Court assailing the Decision² dated

* On official leave.

¹ *Rollo*, pp. 10-25.

² *Id.* at 113-124; penned by Associate Justice Jane Aurora C. Lantion with Associate Justices Fernanda Lampas Peralta and Nina G. Antonio-Valenzuela, concurring.

December 28, 2016 and the Resolution³ dated March 16, 2017 of the Court of Appeals (CA) in CA-G.R. CV No. 103462. The assailed Decision and Resolution affirmed the Decision⁴ dated May 19, 2014 of Branch 11, Regional Trial Court (RTC), Malolos City, Bulacan in Civil Case No. 486-M-2005 which dismissed the complaint for lack of merit.⁵

The Antecedents

The present controversy stemmed from a 4,086-square meter (sq.m.) property situated in Inaon, Pulilan, Bulacan (subject property) owned by the Spouses Arsenio and Julita Sulit (Julita) (collectively, Spouses Sulit).⁶ Arsenio is now deceased.

Spouses Sulit begot six children namely: Alfredo, Rufino, Rodolfo, Juan, Efren, married to Eugenia (Spouses Efren Sulit), and Zenaida, married to Eugenio Alfonso (Spouses Alfonso).

Alfredo, Rufino, Rodolfo, and Juan (collectively, heirs of Arsenio) are herein petitioners;⁷ whereas Spouses Efren Sulit and Spouses Alfonso are among the herein private respondents.⁸

On October 15, 1979, a Deed of Absolute Sale⁹ was executed by Spouses Sulit which conveyed their 4,086-sq.m. property in favor of their two children: Efren and Zenaida for a consideration of ₱3,000.00. Upon registration of the sale, Transfer Certificate of Title (TCT) No. T-257536 was issued to Spouses Efren Sulit and Spouses Alfonso.¹⁰

Two months later, or on December 6, 1979, a counter Deed of Sale¹¹ was executed by Spouses Efren Sulit and Spouses Alfonso which reconveyed the subject property to their parents, Spouses Sulit.¹²

³ *Id.* at 138-139.

⁴ *Id.* at 45-55; penned by Judge Basilio R. Gabo, Jr.

⁵ *Id.* at 55.

⁶ See Deed of Absolute Sale dated October 15, 1979, records, p. 11.

⁷ *Rollo*, p. 114.

⁸ *Id.* at 114-115.

⁹ Records, p. 11.

¹⁰ *Id.* at 12-14.

¹¹ *Id.* at 10.

¹² *Id.*

Despite the foregoing, Spouses Efren Sulit and Spouses Alfonso caused the subdivision of the subject property and sold portions thereof to the following:

(a) Private respondents Spouses Reynaldo P. Dizon and Norma Reyes (Spouses Dizon) which consisted of 2,043 sq.m. with TCT No. T-15277¹³ issued in their favor. This was then subdivided to Lots 1 to 6. An annotation as an entry in TCT No. T-15277 was a conveyance of "Lot 2" in favor of private respondent Crisanta A. Magtalas (Magtalas).¹⁴ Spouses Dizon then sold back portions¹⁵ thereof to Spouses Alfonso who in turn sold different portions of the subject property to their children, as follows: (1) Lot 4 to private respondent Elita S. Alfonso (Elita),¹⁶ (2) Lot 3 to private respondent Edwin Alfonso (Edwin);¹⁷ and (3) Lot 5 to private respondent Eiselle Alfonso (Eiselle).¹⁸ Further, Lot 6 was sold to Elaine Alfonso.¹⁹

(b) Private respondents Spouses Manolito S. Esguerra and Juliana G. Esguerra (Spouses Esguerra) which comprised of 325 sq.m. with TCT No. T-15275²⁰ issued in their favor; and

c) Private respondents Spouses Guillermo Manalili and Erlinda Manalili (Spouses Manalili) which consisted of 1,000 sq.m. with TCT No. T-15274²¹ issued in their favor.

¹³ *Id.* at 15-16.

¹⁴ *Id.* at 15 (dorsal portion).

¹⁵ Entry No. 29783 of TCT No. T-15277, *id.* at 15 (dorsal portion).

¹⁶ TCT No. T-47282 consisting of 402 square meters in the name of Elita Alfonso, *id.* at 22.

¹⁷ TCT No. T-47281 consisting of 402 square meters in the name of Edwin Alfonso, *id.* at 23.

¹⁸ Entry No. 29781 of TCT No. T-15277, *id.* at 16. See also TCT No. T-47283, *id.* at 21.

¹⁹ Entry No. 29782 of TCT No. T-15277, *id.* at 16.

²⁰ *Id.* at 17.

²¹ *Id.* at 18.

The conveyances prompted the filing of a Complaint²² for Annulment of Sale and/or Declaration of Nullity of Title, Reconveyance and Damages with Prayer for the Issuance of a Writ of Preliminary Injunction and/or Temporary Restraining Order by petitioners against the following herein private respondents: (1) Spouses Efren Sulit and Spouses Alfonso; and (2) Spouses Dizon, Magtalas, Elita, Edwin, Eiselle, Spouses Esguerra, Spouses Manalili, and Leonilo Danilo Disor (Disor) (collectively, private respondents-purchasers). Petitioners likewise impleaded public respondent Register of Deeds of Bulacan as defendant. Aside from the aforementioned conveyances, petitioners added that Spouses Efren Sulit and Spouses Alfonso likewise sold 718 sq.m. to Spouses Maximo S. Dinong and Priscilla S. Dinong (Spouses Dinong), who in turn, sold it to Disor.²³

Petitioners argued that Spouses Efren Sulit and Spouses Alfonso had no authority to convey the subject property as they were merely holding them in trust for Spouses Sulit.²⁴ While petitioners admitted the execution of the Deed of Sale, they posited that Spouses Sulit, during their lifetime, entrusted the subject property and merely accommodated the request of their children, Efren and Zenaida, for capital for a business transaction.²⁵ In addition, petitioners alluded that Spouses Sulit never divested themselves of ownership over the subject property due to the execution of a counter Deed of Sale to protect their interests.²⁶

In response, private respondents moved for the dismissal of the action²⁷ for the following grounds: (a) failure to comply with a condition precedent as to the requirement of earnest efforts towards a compromise because the suit involved family members; (b) defect in the certification against forum shopping for lack of signature by one of the plaintiffs; and (c) prescription. Petitioners opposed²⁸ the motion for dismissal. The RTC acted favorably on petitioner's opposition in an Order²⁹ dated February 17, 2006.

²² *Id.* at 3-9. In the first Amended Complaint (*id.* at 87-94), the Register of Deeds was additionally impleaded as defendant, whereas in the second Amended Complaint (*id.* at 112-120), the other children of Arsenio and Julita Sulit, namely: Rufino, Juan and Rodolfo were included as plaintiffs.

²³ *Rollo*, p. 46

²⁴ Records, pp. 115-116.

²⁵ *Id.* at 114.

²⁶ *Id.*

²⁷ See Motion to Dismiss Second Amended Complaint dated September 1, 2005, *id.* at 121-127.

²⁸ See Comment and/or Opposition dated September 8, 2005, *id.* at 137-142.

²⁹ *Id.* at 171.

Private respondents then filed their Answer with Counterclaim³⁰ wherein they countered that Spouses Sulit intended to donate the subject property to Spouses Efren Sulit and Spouses Alfonso with a condition for its return in case the sellers needed financial assistance.³¹ They alluded that they resorted to executing a Deed of Sale for the purpose of convenience in registration.³² Private respondents also admitted that the counter Deed of Sale dated December 6, 1979 was executed without monetary consideration, or otherwise; thus, they asserted that the subsequent conveyances of the subject property by Spouses Efren Sulit and Spouses Alfonso were a valid exercise of their ownership rights which were made in good faith and for value.³³ With respect to the sale in favor of Spouses Dizon, private respondents contended that a subdivision and consolidation were effected that included the other property of the Spouses Alfonso registered as TCT No. RT-14285 (T-296270)³⁴ consisting of 1,161 sq.m. before the sale of a portion thereof to Magtalas.³⁵ Lastly, private respondents supported their claim of ownership with a prior ruling of the Municipal Trial Court (MTC), Pulilan, Bulacan in Civil Case No. 790 in an unlawful detainer case which ordered Spouses Sulit to vacate a portion of the subject property now owned by Eiselle.³⁶

During the proceedings, the parties admitted that on September 17, 1999, Spouses Efren Sulit and Spouses Alfonso filed a complaint against their own parents, Spouses Sulit, for the declaration of nullity of the counter Deed of Sale dated December 6, 1979, but this was dismissed by Branch 8, RTC, Malolos City, Bulacan in its Order dated August 5, 2002 in Civil Case No. 948-M-99;³⁷ it ruled that both Deeds of Sale dated October 15, 1979 and December 6, 1979 were invalid for lack of consideration.³⁸ The Decision was affirmed by the CA in its Decision dated April 30, 2004 docketed as CA-G.R. CV No. 77496 which already attained finality.³⁹

³⁰ *Id.* at 185-192.

³¹ *Id.* at 186.

³² *Id.*

³³ *Id.* at 186-188.

³⁴ *Id.* at 19-20.

³⁵ *Id.* at 187.

³⁶ *Id.*

³⁷ See Decision dated April 30, 2004 of the Court of Appeals in CA-G.R. CV No. 77496 as penned by Associate Justice Rodrigo V. Cosico with Associate Justices Amelita G. Tolentino and Vicente S.E. Veloso, concurring, *id.* at 300.

³⁸ *Rollo*, p. 116.

³⁹ *Id.*

On this ground, petitioners moved for summary judgment.⁴⁰ However, the RTC denied it in an Order⁴¹ dated June 5, 2007 as it found genuine factual issues that can be resolved only after the parties have presented their respective evidence.

Ruling of the RTC

On May 19, 2014, the RTC rendered a Decision⁴² dismissing the complaint for lack of merit. The RTC ruled that the action for reconveyance and annulment of title has already prescribed because the original complaint was filed on July 7, 2005 which was more than 10 years from the execution of the questioned sale transactions and their subsequent registration that caused the issuance of certificates of title on the subject property.⁴³ Further, it noted the Order dated August 5, 2002 of Branch 8, RTC, Malolos City, Bulacan in Civil Case No. 948-M-99 as well as the CA Decision⁴⁴ dated April 30, 2004 in CA-G.R. CV No. 77496 which already nullified the first Deed of Sale dated October 15, 1979.⁴⁵

The RTC also concluded that, assuming an implied trust was created by operation of law based on the allegation of fraud in the acquisition of the subject property, prescription already barred the filing of the action.⁴⁶ In any case, the RTC observed that pursuant to the Torrens system, private respondents-purchasers had no duty to go beyond what the Torrens title indicated.⁴⁷ The alleged trust was neither annotated in the title of the subject property nor was the private respondents-purchasers' knowledge thereof proven.⁴⁸ Thus, the RTC concluded that in the absence of an allegation of bad faith on the part of private respondents-purchasers, the presumption that the latter were buyers in good faith must prevail.⁴⁹

⁴⁰ See Motion for Summary Judgment dated February 23, 2007, Records, pp. 276-278.

⁴¹ *Id.* at 310.

⁴² *Rollo*, pp. 45-55.

⁴³ *Id.* at 53-54.

⁴⁴ Records, pp. 300-306.

⁴⁵ *Rollo*, pp. 46, 54.

⁴⁶ *Id.* at 54.

⁴⁷ *Id.*

⁴⁸ *Id.*

⁴⁹ *Id.*

Petitioners filed a motion for reconsideration, However, the RTC denied it in an Order⁵⁰ dated July 21, 2014. Petitioners went to the CA to question the RTC Decision.

Ruling of the CA

In its Decision⁵¹ dated December 28, 2016, the CA denied the appeal and affirmed the dismissal of the complaint by the RTC, but ruled against the prescription of the action.

Contrary to the RTC, the CA ruled against prescription and explained that the prior ruling of the RTC, Malolos City, Bulacan in Civil Case No. 948-M-99 which declared the Deeds of Sale dated October 15, 1979 and December 6, 1979 as null and void made the subject action for reconveyance based on a void contract imprescriptible.⁵² However, the CA held that the conveyance of the subject property in favor of innocent purchasers for value and in good faith precluded an action for reconveyance.⁵³ For the CA, private respondents-purchasers were not required to make any further investigation on the title of the subject property and their reliance upon what appears on the face of the certificate of title is protected under the principle of indefeasibility and incontrovertibility of a title under the Torrens system.⁵⁴ The CA applied the same principle to Eiselle, Elita, and Edwin, who are children of Spouses Alfonso, in the absence of proof that they were not of age, and thus, with no capacity to contract during the time of sale.⁵⁵ Lastly, although the CA called upon petitioners to respect the Torrens title of private respondents-purchasers, it opined that petitioners may still seek damages against Spouses Efren Sulit and Spouses Alfonso.⁵⁶

The dispositive portion of the assailed CA Decision reads:

⁵⁰ Records, p. 609.

⁵¹ *Rollo*, pp. 113-124.

⁵² *Id.* at 118.

⁵³ *Id.*

⁵⁴ *Id.* at 121-122.

⁵⁵ *Id.* at 122.

⁵⁶ *Id.* at 123.

WHEREFORE, the instant Appeal is DENIED. The Decision of the Regional Trial Court of Malolos City, Branch 11, in *Civil Case No. 486-M-2005* is hereby AFFIRMED, based on the ground that the subject property have passed to the hands of innocent purchasers, for value and in good faith. Plaintiffs-appellants are barred under the said principle from recovering the lots now owned by defendant-appellee spouses Reynaldo and Norma Dizon, defendant-appellee spouses Manolito and Juliana Esguerra, defendant-appellee spouses Guillermo and Erlinda Manalili, defendant-appellee Leonilo Danilo Disor defendant-appellee Crisanta Magtalas, Defendant-appellee Eiselle Alfonso, defendant-appellee Elita Alfonso and defendant-appellee Edwin Alfonso.

SO ORDERED.⁵⁷

Aggrieved, petitioners elevated the CA Decision to the Court *via* a petition for review on *certiorari*.

The main issues for resolution in this case are whether the CA committed reversible error in: (1) ruling that petitioners are barred from recovering the subject property on the ground that private respondents-purchasers were innocent purchasers for value and in good faith; and (2) not awarding damages in favor of petitioners, who had already impleaded Spouses Efren Sulit and Spouses Alfonso as parties in the case below.

Petitioners reiterate that they have been in continuous occupation and possession of the subject property, with a rest house constructed therein, that should have put private respondents-purchasers on guard to prompt a conduct of a meticulous investigation in determining the nature of possession of Spouses Sulit.⁵⁸ Otherwise stated, petitioners would want to convince the Court that private respondents-purchasers were not innocent purchasers under the circumstances of the case making the subsequent transfers and issuance of certificates of title in the latter's favor as equally null and void.⁵⁹

Petitioners likewise insinuate that the CA's reliance on the lone affidavit of Juliana Esguerra (Juliana) was self-serving and insufficient

⁵⁷ *Id.* at 123.

⁵⁸ *Id.* at 17-19.

⁵⁹ *Id.* at 18.

to prove that all private respondents-purchasers herein were buyers in good faith.⁶⁰

Petitioners further opine that the transfers to third parties were a strategy to further deprive them of their ownership of portions of the subject property and place it beyond their reach, particularly the conveyances in favor of Eiselle, Elita, and Edwin, who even lacked the capacity to contract, being then teenagers, with no capacity to buy portions of the subject property.⁶¹

Lastly, petitioners emphasize that it would be the height of injustice to require them, who are already of advanced age, to file a separate action for damages against Spouses Efren Sulit and Spouses Alfonso when the latter were already duly impleaded and proven liable herein.⁶²

In their Comment,⁶³ private respondents-purchasers recount that petitioners failed to present evidence to show that they were not purchasers for value and in good faith for their knowledge of the alleged flaw in the title of Spouses Efren Sulit and Spouses Alfonso at the time of purchase.⁶⁴ They further refute the existence of the trust which was not annotated on the certificates of title that would bolster knowledge of the flaw or defect in the ownership of Spouses Efren Sulit and Spouses Alfonso.⁶⁵ For private respondents, the nipa hut constructed on the subject property cannot also be considered notice to third persons of petitioners' ownership thereof in the absence of evidence that it was registered in the name of Spouses Sulit.⁶⁶ They furthermore argue that the issuance of certificates of title to Spouses Dizon, Spouses Esguerra, and Spouses Manalili on October 24, 1991, to Spouses Alfonso on August 26, 1985, and to Eiselle, Elita, and Edwin on March 11, 1994 were before the Court rendered the October 15, 1979 Deed of Sale as null and void; thus, it cannot be said that Spouses Efren Sulit and Spouses Alfonso had knowledge that the conveyance was a nullity.⁶⁷

⁶⁰ *Id.* at 20.

⁶¹ *Id.* at 21.

⁶² *Id.* at 22-23.

⁶³ *Id.* at 144-154.

⁶⁴ *Id.* at 146-147.

⁶⁵ *Id.* at 147.

⁶⁶ *Id.*

⁶⁷ *Id.* at 148.

Our Ruling

The petition is impressed with merit.

Preliminarily, private respondents raise the procedural issue of whether the instant petition for review on *certiorari* should be dismissed as the verification and certification against forum shopping were signed by Alfredo, as one of the petitioners, without any showing that he was authorized to represent his co-petitioners.

The Court resolves in the negative.

In a number of cases,⁶⁸ the Court found substantial compliance with the rules on verification and certification against forum shopping when a petitioner signatory is a relative of the other co-petitioners sharing a common interest in a disputed property invoking a common cause of action or defense. In light of the common interests shared by Alfredo—one of the children of Arsenio, with his mother Julita and the other children/heirs of Arsenio, namely, Rufino, Rodolfo and Juan, the rules on the matter are deemed substantially complied with by the verification and certification against forum shopping signed by Alfredo.

On the merits of the case.

The Court recognizes that the issue of whether one is an innocent purchaser for value is a question of fact which, as a rule, is beyond the ambit of the Court.⁶⁹ Nevertheless, when the findings of the CA are contrary to that of the RTC, an inquiry into the facts of the case is imperative as in this case where the RTC did not dwell into the merits and dismissed the complaint on the ground of prescription which the CA found inapplicable in view of the possession of petitioners.

⁶⁸ See *Tolentino, et al. v. Spouses Latagan, et al.*, 761 Phil. 108 (2015); citing *Traveño, et al. v. Bobongon Banana Growers Multi-Purpose Cooperative, et al.*, 614 Phil. 222 (2009); *Ateneo de Naga University v. Manalo*, 497 Phil. 635 (2005); *Iglesia Ni Cristo v. Judge Ponferrada*, 536 Phil. 705 (2006).

⁶⁹ See *Orquiola v. Court of Appeals*, 435 Phil. 323, 331 (2002).

This case involves another unfortunate property dispute among blood relatives. It is important to note that the earlier controversy concerning the validity of the Deed of Sale dated October 5, 1979 between Spouses Sulit, on the one hand, and Spouses Efren Sulit and Spouses Alfonso on the other, had already been resolved with finality by the CA in CA-G.R. CV No. 77496⁷⁰ wherein it declared the Deed of Sale in favor of Spouses Efren Sulit and Spouses Alfonso as well as the counter Deed of Sale as void for lack of consideration. Hence, pursuant to the well-settled principle that no one can give what one does not have, *nemo dat quod non habet*, Spouses Efren Sulit and Spouses Alfonso acquired no right over the subject property which they could have validly conveyed to private respondent-purchasers.⁷¹ All the transactions subsequent to the void sale among Spouses Sulit, Spouses Efren Sulit, and Spouses Alfonso are likewise void, including the subject sale made by Spouses Efren Sulit and Spouses Alfonso to private respondents-purchasers.⁷² *Quod nullum est, nullum producit effectum*.⁷³ Needless to state, all subsequent certificates of title, including private respondents-purchasers' titles, are also void because of the legal truism that the spring cannot rise higher than its source.⁷⁴

The foregoing notwithstanding, it is well-settled that even if the procurement of a certificate of title was tainted with fraud and misrepresentation, a title may be the source of a completely legal and valid title in the hands of an innocent purchaser for value.⁷⁵ Where innocent third persons, relying on the correctness of the certificate of title thus issued, acquire rights over the property, the Court cannot disregard these rights and order the total cancellation of the certificate.⁷⁶ This doctrine emphasizes that a person who deals with registered property in good faith could acquire good title even from a forger or a fraud and be absolutely protected by a Torrens title.⁷⁷

As a general rule, a prospective buyer is not required by law to inquire further than what appears on the face of the prospective seller's

⁷⁰ Records, pp. 300-306; Decision dated April 30, 2004 penned by Justice Rodrigo V. Cosico, with the concurrence of Justice Amelita G. Tolentino and Justice Vicente S.E. Veloso.

⁷¹ See *Rufloe, et al. v. Burgos, et al.*, 597 Phil. 261, 270 (2009).

⁷² *Id.*

⁷³ "That which is null produces no effect." See *Embrado v. Court of Appeals*, 303 Phil. 344, 353 (1994).

⁷⁴ *Heirs of Arao v. Heirs of Eclipse*, G.R. No. 211425, November 19, 2018, 886 SCRA 30, 41, citing *Calalang v. Register of Deeds of Quezon City*, 301 Phil. 91, 108 (1994).

⁷⁵ *The Heirs of Victorino Sarili v. Lagrosa*, 724 Phil. 608, 617 (2014).

⁷⁶ *Id.*

⁷⁷ *Tolentino, et al. v. Spouses Latagan, et al.*, *supra* note 68 at 133.

Torrens certificate of title on file with the Register of Deeds when dealing with registered land.⁷⁸ In the case at hand, because the sale was made pursuant to the alleged ownership of Spouses Alfonso and Spouses Efren Sulit as supported by the Torrens title registered in their names, it becomes crucial for the Court to determine whether Spouses Dizon, Spouses Esguerra, Spouses Manalili, Disor, Eiselle, Elita, Edwin, and Magtalas were purchasers in good faith and for value who are entitled to protection under our Torrens system of registration.

A purchaser in good faith and for value is one who buys the property of another without notice that some other person has a right to or interest in that same property and who pays a full and fair price at the time of the purchase or before receiving any notice of another person's claim. Purchasers cannot close their eyes to known facts that should put a reasonable person on guard and subsequently claim to have acted in good faith in the belief that there was no defect in the vendor's certificate of title.⁷⁹ Their mere refusal to face up to that possibility will not make them innocent purchasers for value if it later becomes apparent that the title was indeed defective and that they would have discovered the fact had they acted with the measure of precaution required of a prudent person in a similar situation.⁸⁰

Initially, the burden of proving the status of a purchaser in good faith lies upon one who asserts that status and this *onus probandi* cannot be discharged by mere invocation of the legal presumption of good faith.⁸¹ Although private respondents theorize that there is no allegation in the Second Amended Complaint⁸² that the subject property was purchased in bad faith,⁸³ their Answer with Counterclaim⁸⁴ evinced otherwise when they asserted that private respondents-purchasers were transferees/buyers in good faith.⁸⁵ Private respondents would do well to remember that in civil cases, the specific rule as to the burden of proof is that the plaintiffs have the burden of proving the material allegations of the complaint which are denied by the answer, and defendants have the

⁷⁸ *Rufloe, et al. v. Burgos, et al.*, *supra* note 71.

⁷⁹ *Spouses Domingo v. Reed*, 513 Phil. 339, 353 (2005).

⁸⁰ *Id.* at 353-354, citing *Sps. Uy v. Court of Appeals*, 411 Phil. 788, 799 (2001).

⁸¹ *Sigaya v. Mayuga*, 504 Phil. 600, 613 (2005), citing *Potenciano v. Reynoso*, 449 Phil. 396, 410 (2003) and *Sps. Uy v. Court of Appeals*, *id.* at 801.

⁸² Records, pp. 87-102, 112-120.

⁸³ *Rollo*, p. 147.

⁸⁴ Records, pp. 185-192.

⁸⁵ *Id.* at 187-188.

burden of proving the material allegations in their answer which sets up a new matter as a defense.⁸⁶ It should be mentioned that this rule does not involve a shifting of the burden of proof but merely that each party must establish his/her own case.⁸⁷

Despite private respondents' assertion that private respondents-purchasers were innocent purchasers for value, they only presented Juliana, wife of Manolito Esguerra, who testified on the basis of a Judicial Affidavit.⁸⁸ Guillermo Manalili likewise executed a Judicial Affidavit,⁸⁹ but nothing in the records indicated that he personally testified in open court, or that his Judicial Affidavit was offered in evidence. Section 6 of the Judicial Affidavit Rule⁹⁰ under "Offer of and Objections to Testimony in Judicial Affidavit" states that, *[t]he party presenting the judicial affidavit of his witness in place of direct testimony shall state the purpose of such testimony at the start of the presentation of the witness.* Without the presentation of the person who executed the Judicial Affidavit, which in this case was Guillermo Manalili, his Judicial Affidavit cannot be considered by the Court.

From the foregoing, private respondents are left with the lone testimony of Juliana to establish that all of the private respondent-purchasers are innocent purchasers for value. It is worth stressing that good faith, or the lack of it is a question of intention which could be ascertained only from the acts of one claiming its presence, for it is a condition of the mind which can be judged by actual or fancied token or signs.⁹¹ It is not a visible, tangible fact that can be seen or touched, but rather a state or condition of mind manifested by the acts of the individual concerned.⁹² Good faith being a state of mind, only private respondents-purchasers themselves could personally attest as to how they observed the required diligence in the purchase of real property. Juliana's testimony alone is insufficient to establish that all the private respondents-purchasers herein were equally purchasers in good faith. As

⁸⁶ *VSD Realty & Dev't. Corp. v. Uniwide Sales, Inc., et al.*, 698 Phil. 62, 75 (2012), citing R.J. Francisco, *Evidence*, Rules 128-134, 1993 edition, pp. 384-385.

⁸⁷ *Id.*

⁸⁸ Records, pp. 534-536.

⁸⁹ *Id.* at 531-533.

⁹⁰ A.M. No. 12-8-8-SC, September 4, 2012.

⁹¹ *Expresscredit Financing Corp. v. Sps. Velasco*, 510 Phil. 342, 350 (2005), citing *Leung Yee v. F. L. Strong Machinery Co. and Williamson*, 37 Phil. 644, 652 (1918).

⁹² *Balatbat v. CA*, 329 Phil. 858, 874 (1996), citing *Bautista v. Court of Appeals*, 300 Phil. 470, 480 (1994).

a matter of fact, even the offer of Juliana's testimony merely covered her own alleged status as a purchaser in good faith and for value.⁹³ Without evidence to establish good faith, the Court finds that Spouses Dizon, Spouses Manalili, Disor, Eiselle, Elita, Edwin, and Magtalas have failed to discharge the burden of proving that they were innocent purchasers for value.

Concomitantly, as to Juliana's status as an innocent purchaser for value of a registered and titled land, she need only show that she, together with her husband, Manolito, relied on the face of the title to the property of their seller without further inquiry beyond the four corners thereof. Nevertheless, this degree of proof of good faith is only sufficient when the following conditions concur: *first*, the seller is the registered owner of the land; *second*, the seller is in possession thereof; and *third*, at the time of the sale, the buyer was not aware of any claim or interest of some other person in the property, or of any defect or restriction in the title of the seller or in his capacity to convey title to the property.⁹⁴

In the case at bench, the totality of evidence preponderates in favor of petitioners. Records of the case would reveal that Alfredo testified that he knew private respondents-purchasers and identified Spouses Esguerra and Spouses Manalili as his townmates,⁹⁵ while Magtalas was his neighbor.⁹⁶ Even more telling is the fact that Spouses Alfonso sold portions of the subject property to their own children, Eiselle, Elita, and Edwin. Although Eiselle, Elita, and Edwin were not privy to the arrangement between their parents and their own grandparents as regards the subject property, their relationship had involuntarily placed them in a position of advantage to readily obtain information on the actual ownership of the subject property. There can be no doubt that with the status of Eiselle, Elita, and Edwin as children of Spouses Alfonso and grandchildren of Julita, and of the private respondents-purchasers as townmates and neighbors, they were made aware or were in the position to be aware of the factual background of the subject property and the personal circumstances of the real owners thereof. It would have been usual and part of ordinary human nature for them to inquire about the subject property considering that the families

⁹³ TSN, May 27, 2013, p. 3.

⁹⁴ *Sps. Bautista v. Silva*, 533 Phil. 627, 639 (2006). Citations omitted.

⁹⁵ TSN, February 22, 2010, p. 4.

⁹⁶ *Id.* at 5.

of Spouses Efren Sulit and Spouses Alfonso are not total strangers to them. Without any proof to establish their good faith in the acquisition of respective portions of the subject property, the Court must yield to the evidence adduced.

Equally significant, the statements made by Juliana in her Judicial Affidavit were also unconvincing, if not, contrary to the theory espoused by private respondents. Despite Juliana's claim that she was familiar with the subject property which is located in the same place where she is also a resident, she testified that there were no structures in the entire subject property and even described it as a vacant lot⁹⁷—glaringly inconsistent with what appears on the records of the case. Although private respondents downplayed the structure as a mere nipa hut, their allegation that it was not sufficient notice to third persons in the absence of its registration in the name of Julita is specious.⁹⁸ Assuming *arguendo* that the structure does not belong to Spouses Sulit, nothing prevented private respondents to show proof that it belonged and was constructed by Spouses Efren Sulit and Spouses Alfonso which would even buttress their claim of ownership and buyer in good faith status.

When a person proposes to buy or deal with realty, it is his/her duty to read the public manuscript, that is, to look and see who is there upon it and what his/her rights are.⁹⁹ A want of caution and diligence which an honest person of ordinary prudence is accustomed to exercise in making purchases, is in contemplation of law, a want of good faith. A buyer who has failed to know or discover that the land sold to him/her is in adverse possession of another is a buyer in bad faith.¹⁰⁰ As a purchaser, Juliana cannot simply close her eyes to facts which should put a reasonable man on his/her guard and then claim that she acted in good faith under the belief that there was no defect in the title of her vendor. She would have noticed the defect had she acted with that measure of precaution which may reasonably be required of a prudent man in a similar situation.

⁹⁷ See Judicial Affidavit of Juliana G. Esguerra, records, p. 535.

⁹⁸ *Rollo*, p. 147.

⁹⁹ *Go, et al. v. The Estate of the Late Felisa Tamio de Buenaventura, et al.*, 764 Phil. 666, 681-682 (2015).

¹⁰⁰ *Id.*, citing *Rosaroso, et al. v. Soria, et al.*, 711 Phil. 644, 658-659 (2013).

While the subject property was registered to Spouses Efren Sulit and Spouses Alfonso, there were circumstances herein which would have impelled a reasonably cautious man to make an inquiry into the status of the title of the property in litigation. It was no longer sufficient for Juliana to merely show that she relied on the face of the title as she must also now substantiate that they exercised reasonable precaution by inquiring beyond the title. This circumstance alone demonstrated the lack of diligence of Spouses Esguerra in their dealings involving the subject property. Unfortunately, the Court cannot ascribe good faith to persons who have not shown any diligence in protecting their rights. The rest house or nipa hut is evidence of petitioners' exercise of possession over the subject property which obliges any buyer thereof to observe a higher degree of diligence by scrutinizing the certificate of title and examining all factual circumstances in order to determine the seller's title and capacity to transfer any interest in the property. Juliana's failure to exercise this degree of precaution precluded her status as an innocent purchaser for value nor as a purchaser in good faith;¹⁰¹ hence, she does not merit the protection of the law.

Veritably, the nullity of the conveyances as well as the Torrens title issued to private respondents rendered Spouses Sulit as the rightful owners of the subject property and the reconveyance thereof in their favor are but proper. In addition, the Register of Deeds of Bulacan should cause the cancellation of the certificates of title issued to herein private respondents-purchasers and, consequently, the reinstatement of the certificate of title in favor of the Spouses Sulit is in order. The pronouncement herein is, of course, without prejudice to any remedy which private respondents-purchasers may have against their co-private respondents, Spouses Efren Sulit and Spouses Alfonso, who sold portions of the subject property in their favor.

WHEREFORE, the petition is **GRANTED**. The Decision dated December 28, 2016 and the Resolution dated March 16, 2017 rendered by the Court of Appeals in CA-G.R. CV No. 103462 are hereby **REVERSED** and **SET ASIDE**. Accordingly, judgment is hereby rendered as follows:

- (a) the sale transactions of portions of the subject property by Spouses Efren and Eugenia Sulit

¹⁰¹ *Sps. Bautista v. Silva, supra* note 94.

and Spouses Eugenio and Zenaida Alfonso in favor of Spouses Reynaldo P. Dizon and Norma Reyes, Spouses Manolito S. Esguerra and Juliana G. Esguerra, Spouses Guillermo Manalili and Erlina Manalili, Crisanta A. Magtalas, Leonilo Danilo Disor, Elita S. Alfonso, Edwin Alfonso, and Eiselle Alfonso are declared null and void;

(b) the subject property shall be reconveyed to Spouses Arsenio and Julita Sulit;

(c) the Register of Deeds of Bulacan is ordered to cancel TCT No. T-257536 in the name of Efren Sulit, married to Eugenia, and Zenaida Alfonso married to Eugenio; and all the subsequent certificates of title issued thereafter covering the subject property, particularly TCT No. T-15277 in the name of Spouses Reynaldo P. Dizon and Norma Reyes; T-15275 in the name of Spouses Manolito S. Esguerra and Juliana G. Esguerra; TCT No. T-15274 in the name of Spouses Guillermo Manalili and Erlina Manalili; TCT No. T-47281 in the name of Edwin Alfonso; TCT No. T-47283 in the name of Eiselle Alfonso; TCT No. T-47282 in the name of Elita Alfonso; and the titles issued to Crisanta A. Magtalas and Leonilo Danilo Disor which covered portions of the subject property; as well as to reinstate the title in the name of Spouses Arsenio and Julita Sulit.

SO ORDERED.


HENRI JEAN PAUL B. INTING
Associate Justice

M

WE CONCUR:



MARVIC M.V.F. LEONEN
Associate Justice
Chairperson



RAMON PAUL L. HERNANDO
Associate Justice



EDGARDO L. DELOS SANTOS
Associate Justice

(On official leave)
RICARDO R. ROSARIO
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARVIC M.V.F. LEONEN
Associate Justice
Chairperson



CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



DIOSDADO M. PERALTA
Chief Justice

