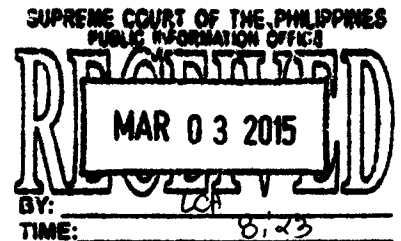




Republic of the Philippines  
Supreme Court  
Manila

FIRST DIVISION

NOTICE



Sirs/Mesdames:

*Please take notice that the Court, First Division, issued a Resolution dated **January 21, 2015** which reads as follows:*

**“G.R. No. 156651 – TIMOTEO AGUILAR, MERCEDES AGUILAR, ROBERTO AGUILAR, LINDA AGUILAR, TERESITA AGUILAR, NENA AGUILAR, SIMPLICIO AGUILAR, AND THE MINORS, NAMELY: JESUS AGUILAR, JOSE AGUILAR, MARILOU AGUILAR and SUSAN AGUILAR, REPRESENTED BY THEIR MOTHER AND GUARDIAN AD LITEM NIEVES U. VDA. DE AGUILAR, Petitioners, v. CARLOS BELAONG, ROMEO P. BARCELONA, PAZ VDA. DE URDANETA and JOSE HILADO, IN HIS CAPACITY AS REGISTER OF DEEDS FOR BACOLOD CITY, Respondents.**

Under review is the decision promulgated on February 18, 2002 in CA-G.R. CV No. 31814,<sup>1</sup> an action for annulment of title and reconveyance docketed as Civil Case No. 10226 filed by the petitioners against the respondents on March 14, 1972 in the Court of First Instance (CFI) of Negros Occidental, now the Regional Trial Court (RTC) in Bacolod City, Negros Occidental. At issue is Lot 33 covered by Transfer Certificate of Title No. T-753 of the Register of Deeds of Negros Occidental in the name of Magdalena Aguilar Belaong, married to Macario Belaong.

- over – eleven (11) pages .....

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<sup>1</sup> *Rollo*, pp. 43-55; penned by Associate Justice Sergio L. Pestaño (retired/deceased), with the concurrence of Associate Justice Conchita Carpio Morales (later a Member of the Court, but already retired) and Associate Justice Martin S. Villarama, Jr. (presently a Member of the Court).

### Antecedents

On September 5, 1970, Magdalena died intestate. The petitioners claimed that Magdalena and Macario did not have a child of their own. In contrast, respondent Carlos Belaong insisted that he was their son and was the sole heir of Lot 33. On October 23, 1970, one Liceria M. Roque filed in the CFI a petition for guardianship of the person and estate of Carlos Belaong, then a minor of 19 years in age.<sup>2</sup> Petitioners Mercedes Aguilar and Roberto Aguilar filed a motion dated October 28, 1970 in the guardianship case alleging that Carlos Belaong was not a true child of Magdalena; and that the statement in the petition to the effect that Carlos Belaong was the child of Magdalena and Macario should, accordingly, be deleted.<sup>3</sup> However, Mercedes and Roberto subsequently withdrew the motion.<sup>4</sup>

On November 5, 1970, the CFI granted the petition for guardianship,<sup>5</sup> and consequently issued letters of guardianship to Roque. On November 6, 1970, Carlos Belaong, assisted by Roque as his legal guardian, executed an *Extra-Judicial Settlement of the Intestate Estate of the late Macario E. Belaong and his deceased wife Magdalena G. Vda. De Belaong*, whereby he adjudicated the ownership of Lot 33 solely to himself. He then succeeded in causing the issuance under his name of TCT No. T-56706 covering Lot 33.<sup>6</sup>

On November 16, 1970, the petitioners and Carlos Belaong executed their *Extra-Judicial Settlement of the Estate of the late Magdalena Aguilar-Belaong* whereby they agreed that 3/4 of the estate would be allocated to the petitioners, and the remaining 1/4 to Carlos Belaong.<sup>7</sup>

On February 15, 1972, Carlos Belaong sold Lot 33 to Romeo Barcelona.<sup>8</sup> TCT No. T-56802 was then issued in the name of Barcelona.<sup>9</sup>

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<sup>2</sup> Id. at 177-178.

<sup>3</sup> Id. at 151.

<sup>4</sup> Id.

<sup>5</sup> Id. at 144.

<sup>6</sup> Id. at 177-178.

<sup>7</sup> Id. at 179-180.

<sup>8</sup> Id. at 184.

<sup>9</sup> Id.

On March 14, 1972, the petitioners commenced this action for annulment of title and reconveyance of property.<sup>10</sup>

### Judgment of the RTC

On July 21, 1989, the RTC rendered judgment dismissing the complaint for annulment of title and reconveyance and the counterclaim,<sup>11</sup> ruling that the order granting the petition for guardianship, being a “*final judgment*” within the purview of Article 265 of the *Civil Code* (later Article 172, Section 1 of the *Family Code*), to wit: “*The filiation of legitimate children is proven by the record of birth appearing in the Civil Register or a final judgment,*” had established Carlos Belaong’s legitimate filiation by holding that Carlos Belaong was the child of Macario and Magdalena; hence, the sale of Lot 33 by him to Barcelona was valid.<sup>12</sup>

### Decision of the CA

On appeal, the petitioners argued that Carlos Belaong was not the son of Macario and Magdalena; and that Romeo Barcelona was not an innocent purchaser for value.<sup>13</sup>

On February 18, 2002, the CA promulgated its assailed decision,<sup>14</sup> disposing as follows:

**WHEREFORE**, in light of the foregoing considerations, the Decision of the Regional Trial Court, Branch 44, Bacolod City, Negros Occidental, dismissing the complaint is **REVERSED** and **SET ASIDE**, and judgment is hereby rendered as follows:

1. Finding that defendant-appellee Carlos Belaong is only a ward and not a child of the spouses Macario and Magdalena Belaong.

2. The plaintiffs-appellants are declared as the lawful heirs of Magdalena Aguilar- Belaong, but in view of the Extra-Judicial Settlement (Exhibit “A”) executed by the parties on November 16, 1970, the same must be respected.

3. Likewise, defendant-appellee Romeo Barcelona is declared an innocent purchaser for value of the property in question.

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<sup>10</sup> Id. at 45.

<sup>11</sup> Id. at 142-146.

<sup>12</sup> Id. at 184.

<sup>13</sup> Id. at 44.

<sup>14</sup> Supra note 1.

4. As reconveyance is no longer legally possible, defendant-appellee Carlos Belaong shall pay to plaintiffs-appellants the amount equivalent to the fair market value of the three-fourths (¾) of the property with legal interest of six percent (6%) per annum computed from the time of the filing of the complaint in the trial court until the same is fully paid.

Costs against defendant-appellee Carlos Belaong.

**SO ORDERED.**

On December 5, 2002, the CA denied the motions for reconsideration of both the petitioners and the respondents.<sup>15</sup>

**Issues**

In this appeal, the petitioners raise the following issues, namely: (1) whether or not Romeo Barcelona was a buyer in good faith; (2) whether or not reconveyance of the subject property was still legally possible; (3) whether or not Carlos Belaong was legally entitled to one-fourth of Lot 33; and (4) whether or not the petitioners were entitled to damages.

**Ruling**

The appeal is partly meritorious.


Anent the first issue, both the RTC and the CA upheld the sale of Lot 33 to Barcelona on the basis of his being a buyer in good faith. In so ruling, the CA observed:

The evidence on record is not sufficient to prove that defendant-appellee Romeo Barcelona was a buyer in bad faith. The only evidence presented to prove bad faith was an adverse claim annotated on the title a day prior to the sale. A cursory examination of the transfer certificates of title would show that when Barcelona bought the property from Carlos Belaong on February 15, 1972, a Notice of Adverse Claim dated February 14, 1972 (Exh. K-2", Folder of Exhibits of Plaintiffs, p. 21) was already filed by one Nemia Aguilar Benares. On February 16, 1972, however, she caused the annotation of an affidavit (Exhibit "7", Folder of Exhibits of Plaintiffs, p. 21) withdrawing the said claim, such that

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<sup>15</sup> *Rollo*, p. 57-58.



when the property was transferred to Barcelona it already had a clean title. Further, the notice is just an adverse claim that could not forestall an impending sale. It is different from a notice of a previous sale wherein the second buyer would become a buyer in bad faith having sufficient notice of the first sale. Well settled in our jurisdiction is the doctrine that one who deals with property registered under the Torrens System need not go beyond the title, but only has to rely on it. He is charged with notice only if such burdens and claims are annotated on the title (*Legarda vs. Court of Appeals*, 280 SCRA 64). In the case at bar, as the adverse claim had already been cancelled the title was clean. Thus, Barcelona cannot be said to have been in bad faith when he bought the property.<sup>16</sup>

We disagree with the CA. In so ruling, the CA obviously overlooked the fact that both TCT No. T-56802 and TCT No. T-56706 had carried the annotation made pursuant to Section 4, Rule 74 of the *Rules of Court*, viz:

Section 4. *Liability of distributees and estate.* - If it shall appear at any time within two (2) years after the settlement and distribution of an estate in accordance with the provisions of either of the first two sections of this rule, that an heir or other person has been unduly deprived of his lawful participation in the estate, such heir or such other person may compel the settlement of the estate in the courts in the manner hereinafter provided for the purpose of satisfying such lawful participation. And if within the same time of two (2) years, it shall appear that there are debts outstanding against the estate which have not been paid, or that an heir or other person has been unduly deprived of his lawful participation payable in money, the court having jurisdiction of the estate may, by order for that purpose, after hearing, settle the amount of such debts or lawful participation and order how much and in what manner each distributee shall contribute in the payment thereof, and may issue execution, if circumstances require, against the bond provided in the preceding section or against the real estate belonging to the deceased, or both. Such bond and such real estate shall remain charged with a liability to creditors, heirs, or other persons for the full period of two (2) years after such distribution, notwithstanding any transfers of real estate that may have been made.

We stress that any buyer of real property the certificate of title of which bore the annotation made pursuant to Rule 74, Section 4 of the *Rules of Court* cannot be regarded an innocent purchaser for value.<sup>17</sup> In *Tan v. Benolirao*,<sup>18</sup> the Court held:

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<sup>16</sup> *Rollo*, p. 53.

<sup>17</sup> *Domingo v. Rocas*, G.R. No. 147468, April 9, 2003, 401 SCRA 197, 204.

<sup>18</sup> G.R. No. 153820, October 16, 2009, 604 SCRA 36, 50.

The annotation placed on TCT No. 27335, the new title issued to reflect the extrajudicial partition of Lamberto Benolirao's estate among his heirs, states:

x x x any liability to creditors (sic), excluded heirs and other persons having right to the property, for a period of two (2) years, **with respect only to the share of Erlinda, Andrew, Romano and Dion, all surnamed Benolirao**[Emphasis supplied.]

This annotation was placed on the title pursuant to Section 4, Rule 74 of the Rules, which reads:

Sec. 4. Liability of distributees and estate. -If it shall appear at any time within two (2) years after the settlement and distribution of an estate in accordance with the provisions of either of the first two sections of this rule, that an heir or other person has been unduly deprived of his lawful participation in the estate, such heir or such other person may compel the settlement of the estate in the courts in the manner hereinafter provided for the purpose of satisfying such lawful participation. **And if within the same time of two (2) years, it shall appear that there are debts outstanding against the estate which have not been paid, or that an heir or other person has been unduly deprived of his lawful participation payable in money, the court having jurisdiction of the estate may, by order for that purpose, after hearing, settle the amount of such debts or lawful participation and order how much and in what manner each distributee shall contribute in the payment thereof, and may issue execution, if circumstances require, against the bond provided in the preceding section or against the real estate belonging to the deceased, or both. Such bond and such real estate shall remain charged with a liability to creditors, heirs, or other persons for the full period of two (2) years after such distribution, notwithstanding any transfers of real estate that may have been made. [Emphasis supplied.]**

Senator Vicente Francisco discusses this provision in his book *The Revised Rules of Court in the Philippines*, where he states:

The provision of Section 4, Rule 74 prescribes the procedure to be followed if within two years after an extrajudicial partition or summary distribution is made, an heir or other person appears to have been deprived of his lawful participation in the estate, or some outstanding debts which have not been paid are discovered. **When the lawful participation of the heir is not payable in money, because, for instance, he is entitled to a part of the real property that has been partitioned, there can be no other procedure**

**than to cancel the partition so made and make a new division, unless, of course, the heir agrees to be paid the value of his participation with interest.** But in case the lawful participation of the heir consists in his share in personal property of money left by the decedent, or in case unpaid debts are discovered within the said period of two years, the procedure is not to cancel the partition, nor to appoint an administrator to re-assemble the assets, as was allowed under the old Code, but the court, after hearing, shall fix the amount of such debts or lawful participation in proportion to or to the extent of the assets they have respectively received and, if circumstances require, it may issue execution against the real estate belonging to the decedent, or both. The present procedure is more expedient and less expensive in that it dispenses with the appointment of an administrator and does not disturb the possession enjoyed by the distributees. [Emphasis supplied.]

An annotation is placed on new certificates of title issued pursuant to the distribution and partition of a decedent's real properties to warn third persons on the possible interests of excluded heirs or unpaid creditors in these properties. **The annotation, therefore, creates a legal encumbrance or lien on the real property in favor of the excluded heirs or creditors. Where a buyer purchases the real property despite the annotation, he must be ready for the possibility that the title could be subject to the rights of excluded parties.** The cancellation of the sale would be the logical consequence where: (a) the annotation clearly appears on the title, warning all would-be buyers; (b) the sale unlawfully interferes with the rights of heirs; and (c) the rightful heirs bring an action to question the transfer within the two-year period provided by law.

As we held in *Vda. de Francisco v. Carreon*:

And Section 4, Rule 74 xxx expressly authorizes the court to give to every heir his lawful participation in the real estate "notwithstanding any transfers of such real estate" and to "issue execution" thereon. All this implies that, **when within the amendatory period the realty has been alienated, the court in re-dividing it among the heirs has the authority to direct cancellation of such alienation in the same estate proceedings, whenever it becomes necessary to do so.** To require the institution of a separate action for such annulment would run counter to the letter of the above rule and the spirit of these summary settlements. [Emphasis supplied.]

Similarly, in *Sps. Domingo v. Roces*, we said:

The foregoing rule clearly covers transfers of real property to any person, as long as the deprived heir or creditor vindicates his rights within two years from the date of the settlement and distribution of estate. Contrary to petitioners' contention, **the effects of this provision are not limited to the heirs or original distributees of the estate properties, but shall affect any transferee of the properties.** [Emphasis supplied.]

Indeed, in *David v. Malay*, although the title of the property had already been registered in the name of the third party buyers, we cancelled the sale and ordered the reconveyance of the property to the estate of the deceased for proper disposal among his rightful heirs.

Due to the annotation pursuant to Section 4, Rule 74 of the *Rules of Court* on TCT No. T-56706 at the time of his purchase of Lot 33, therefore, Romeo Barcelona was not an innocent purchaser for value.

As to the second issue, the Court holds that reconveyance of the subject property was still legally feasible.

An action for reconveyance is a legal and equitable remedy granted to the rightful or legal owner of land that has been wrongfully or erroneously registered in the name of another for the purpose of compelling the latter to transfer or reconvey the property, specifically the title thereof, to him. In *New Regent Sources, Inc. v. Tanjuatco, Jr.*,<sup>19</sup> we pronounced that in order to warrant a reconveyance, the following requisites must concur, namely: (1) the action must be brought in the name of a person claiming ownership or dominical right over the land registered in the name of the defendant; (2) the registration of the land in the name of the defendant was procured through fraud or other illegal means; (3) the property has not yet passed to an innocent purchaser for value; and (4) the action is filed after the certificate of title had already become final and incontrovertible but within four years from the discovery of the fraud, or not later than 10 years in the case of an implied trust. Pursuant to the third requisite, the CA declared that reconveyance was not anymore possible because of its finding that Romeo Barcelona was an innocent purchaser for value, holding thusly:

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<sup>19</sup> G.R. No. 168800, April 16, 2009, 585 SCRA 329, 336-337.



As the property was already sold to defendant-appellee Romeo Barcelona, whom this Court finds to be an innocent purchaser for value, then he and/or his successors in interest should not be disturbed in their possession of the property. The rule is that only for as long as the property is still in the name of the person who caused the wrongful registration and has not yet passed to an innocent purchaser for value will an action lie to compel him to reconvey the property to the real owner (*Castillo vs. Heirs of Vicente Madrigal*, 198 SCRA 556). It is a condition *sine qua non* for an action for reconveyance to prosper that the property should not have passed to the hands of an innocent purchaser for value (*Lucena vs. Court of Appeals*, 313 SCRA 47).<sup>20</sup>

Necessarily, given our conclusion that Romeo Barcelona was not a buyer in good faith, we reverse and undo the CA's ruling on the reconveyance not being feasible, and hold that the reconveyance of Lot 33 to its rightful owners should be ordered because all the requisites for reconveyance were present herein. This result is subject to the right of Romeo Barcelona to the one-fourth share of Carlos Belaong pursuant to the *Extra-Judicial Partition of the Estate of Magdalena Aguilar-Belaong*, which is hereunder clarified.

On the third issue, the CA rightfully found that Carlos Belaong was not the child of Macario and Magdalena. Carlos Belaong presented only his baptismal certificate, school report cards and pictures to prove that he was their child, but such documents, being private and hearsay, were insufficient and unreliable proof of paternity and filiation.<sup>21</sup> On the other hand, the petitioners adduced credible and competent testimonial evidence showing that Magdalena never got pregnant during her lifetime. As between the credible and competent testimonial evidence and the insufficient and unreliable private documents of Carlos Belaong, the former was entitled to greater credence.

We state that it was also proper for the CA to review and revise the disposition by the RTC in the guardianship proceeding because such disposition was not the "final judgment" within the purview of Article 265 of the *Civil Code* (now Article 172 of the *Family Code*). The "final judgment" under said law must be a decision rendered in a direct action to establish filiation.

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<sup>20</sup> *Rollo*, p. 54

<sup>21</sup> *Heirs of Pedro Cabais v. Court of Appeals*, G.R. No. 106314-15, October 8, 1999, 316 SCRA 338, 343 citing *Canales v. Arrogante*, 91 Phil. 6 (1952) and *Malonda v. Malonda*, 81 Phil. 149 (1948) (A baptismal certificate is a private document which, being hearsay, is not a conclusive proof of filiation and does not have the same probative value as a record of birth, an official or public document). According to *United States v. Evangelista*, 29 Phil. 215, (1915) church registers of births, marriages, and deaths made subsequent to the promulgation of General Orders No. 68 and the passage of Act No. 190 (enacted August 7, 1901) could no longer be regarded as public writings, nor were they kept by duly authorized public officials.

His not being the child of Macario and Magdalena not having been established, was Carlos Belaong entitled to participate in Lot 3?

This query demands an affirmative answer. The petitioners and Carlos Belaong voluntarily entered into the *Extra-Judicial Partition of the Estate of Magdalena Aguilar-Belaong* that constituted the covenant among the parties on the sharing of Lot 33. Such covenant granted to Carlos Belaong the right to one-fourth of Lot 33. There is no question that parties in a contract were bound by its terms unless and until the contract is annulled or cancelled by the parties. There being no annulment or cancellation of the *Extra-Judicial Partition of the Estate of Magdalena Aguilar-Belaong*, its terms on granting one-fourth of Lot 33 as the share of Carlos Belaong and on the granting of the remaining three-fourths of Lot 33 to petitioners subsist.

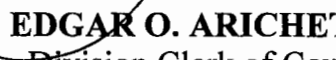
As to the fourth issue, the petitioners could not recover moral and exemplary damages. Although their complaint averred that they had suffered “worry, shock and mental anguish,”<sup>22</sup> and prayed for ₱20,000.00 each as moral damages and another ₱20,000.00 each as exemplary damages, they did not adduce proof of such averments. The mere allegation of their suffering was not itself proof thereof. Reliefs in the form of damages could not be granted unless they adduced proof to justify the awards. With their prayer for moral damages being denied, they could not be allowed exemplary damages, which are granted only in addition to moral, compensatory, temperate, or liquidated damages.

**WHEREFORE**, the Court **AFFIRMS** the decision promulgated on February 18, 2002 in all respects subject to the **MODIFICATION** that **ROMEO BARCELONA**, or his successor-in-interest, is **ORDERED TO RECONVEY** to the petitioners **THREE-FOURTHS (3/4)** of Lot 33 registered under Transfer Certificate of Title No. T-56706 and Transfer Certificate of Title No. T-56802 of the Register of Deeds of Negros Occidental.

The respondents shall pay the costs of suit.

**SO ORDERED.”**

Very truly yours,

  
**EDGAR O. ARICHETA**  
Division Clerk of Court # 2123

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<sup>22</sup> Rollo, p. 70.

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