



Republic of the Philippines  
**Supreme Court**  
Manila

SECOND DIVISION

**SPOUSES EROSTO SANTIAGO and  
NELSIE SANTIAGO,**

Petitioners,

- versus -

**MANCER VILLAMOR, CARLOS  
VILLAMOR, JOHN VILLAMOR and  
DOMINGO VILLAMOR, JR.,**

Respondents.

**G.R. No. 168499**

Present:

CARPIO, J.,  
Chairperson,  
BRION,  
PERALTA,\*  
DEL CASTILLO, and  
PEREZ, JJ.

Promulgated:

NOV 26 2012 *HM Cabalag Perfecto*

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**DECISION**

**BRION, J.:**

We resolve the petition for review on *certiorari*<sup>1</sup> filed by spouses Erosto Santiago and Nelsie Santiago (petitioners) to challenge the August 10, 2004 decision<sup>2</sup> and the June 8, 2005 resolution<sup>3</sup> of the Court of Appeals (CA) in CA-G.R. CV No. 59112. The CA decision set aside the May 28, 1997 decision<sup>4</sup> of the Regional Trial Court (RTC) of San Jacinto, Masbate, Branch 50, in Civil Case No. 201. The CA resolution denied the petitioners' subsequent motion for reconsideration.

\* Designated as Additional Member in lieu of Associate Justice Estela M. Perlas-Bernabe per Special Order No. 1377 dated November 22, 2012.

<sup>1</sup> Under Rule 45 of the Rules of Court; *rollo*, pp. 9-22.

<sup>2</sup> Penned by Associate Justice Rosalinda Asuncion-Vicente, and concurred in by Associate Justices Eugenio S. Labitoria and Bienvenido L. Reyes (now a member of this Court); *id.* at 26-34.

<sup>3</sup> *Id.* at 36-39.

<sup>4</sup> Penned by Judge Manuel S. Pecson; *id.* at 83-86.

### **THE FACTUAL ANTECEDENTS**

In January 1982,<sup>5</sup> the spouses Domingo Villamor, Sr. and Trinidad Gutierrez Villamor (*spouses Villamor, Sr.*), the parents of Mancer Villamor, Carlos Villamor and Domingo Villamor, Jr. (respondents) and the grandparents of respondent John Villamor, mortgaged their 4.5-hectare coconut land in Sta. Rosa, San Jacinto, Masbate, known as Lot No. 1814, to the Rural Bank of San Jacinto (Masbate), Inc. (*San Jacinto Bank*) as security for a ₱10,000.00 loan.

For non-payment of the loan, the San Jacinto Bank extrajudicially foreclosed the mortgage, and, as the highest bidder at the public auction, bought the land. When the spouses Villamor, Sr. failed to redeem the property within the prescribed period, the San Jacinto Bank obtained a final deed of sale in its favor sometime in 1991. The San Jacinto Bank then offered the land for sale to any interested buyer.<sup>6</sup>

#### **a. The Specific Performance Case**

Since the respondents had been in possession and cultivation of the land, they decided, together with their sister Catalina Villamor Sanchez, to acquire the land from the San Jacinto Bank. The San Jacinto Bank agreed with the respondents and Catalina to a ₱65,000.00 sale, payable in installments. The respondents and Catalina made four (4) installment payments of ₱28,000.00, ₱5,500.00, ₱7,000.00 and ₱24,500.00 on November 4, 1991, November 23, 1992, April 26, 1993 and June 8, 1994, respectively.<sup>7</sup>

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<sup>5</sup> *Id.* at 193. "January 1982" in other parts of the *rollo*; *id.* at 83, 110.

<sup>6</sup> *Id.* at 175.

<sup>7</sup> *Id.* at 136-137.

When the San Jacinto Bank refused to issue a deed of conveyance in their favor despite full payment, the respondents and Catalina filed a complaint against the San Jacinto Bank (docketed as Civil Case No. 200) with the RTC on October 11, 1994. The complaint was for specific performance with damages.

The San Jacinto Bank claimed that it already issued a deed of repurchase in favor of the spouses Villamor, Sr.; the payments made by the respondents and Catalina were credited to the account of Domingo, Sr. since the real buyers of the land were the spouses Villamor, Sr.<sup>8</sup>

In a February 10, 2004 decision, the RTC dismissed the specific performance case. It found that the San Jacinto Bank acted in good faith when it executed a deed of “repurchase” in the spouses Villamor, Sr.’s names since Domingo, Sr., along with the respondents and Catalina, was the one who transacted with the San Jacinto Bank to redeem the land.<sup>9</sup>

The CA, on appeal, set aside the RTC’s decision.<sup>10</sup> The CA found that the respondents and Catalina made the installment payments on their own behalf and not as representatives of the spouses Villamor, Sr. The San Jacinto Bank mistakenly referred to the transaction as a “repurchase” when the redemption period had already lapsed and the title had been transferred to its name; the transaction of the respondents and Catalina was altogether alien to the spouses Villamor, Sr.’s loan with mortgage. Thus, it ordered the San Jacinto Bank to execute the necessary deed of sale in favor of the

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<sup>8</sup> *Id.* at 193.

<sup>9</sup> *Id.* at 51-57.

<sup>10</sup> Decision of December 20, 2005.

respondents and Catalina, and to pay ₱30,000.00 as attorney's fees.<sup>11</sup> **No appeal appears to have been taken from this decision.**

**b. The Present Quieting of Title Case**

On July 19, 1994 (or prior to the filing of the respondents and Catalina's complaint for specific performance, as narrated above), the San Jacinto Bank issued a deed of sale in favor of Domingo, Sr.<sup>12</sup> On July 21, 1994, the spouses Villamor, Sr. sold the land to the petitioners for ₱150,000.00.<sup>13</sup>

After the respondents and Catalina refused the petitioners' demand to vacate the land, the petitioners filed on October 20, 1994 a complaint for quieting of title and recovery of possession against the respondents.<sup>14</sup> **This is the case that is now before us.**

The respondents and Catalina assailed the San Jacinto Bank's execution of the deed of sale in favor of Domingo, Sr., claiming that the respondents and Catalina made the installment payments on their own behalf.<sup>15</sup>

In its May 28, 1997 decision,<sup>16</sup> the RTC declared the petitioners as the legal and absolute owners of the land, finding that the petitioners were purchasers in good faith; the spouses Villamor, Sr.'s execution of the July 21, 1994 notarized deed of sale in favor of the petitioners resulted in the constructive delivery of the land. Thus, it ordered the respondents to vacate

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<sup>11</sup> CA-G.R. CV No. 84279; *rollo*, pp. 192-199.

<sup>12</sup> *Id.* at 70.

<sup>13</sup> *Id.* at 71.

<sup>14</sup> *Id.* at 72-77.

<sup>15</sup> *Id.* at 78-82.

<sup>16</sup> At the joint pre-trial of the two cases, the RTC, upon motion of the petitioners' counsel for summary judgment in the quieting of title case, ordered the parties to submit their memoranda on whether

and to transfer possession of the land to the petitioners, and to pay ₱10,000.00 as moral damages.<sup>17</sup>

On appeal, the CA, in its August 10, 2004 decision, found that the petitioners' action to quiet title could not prosper because the petitioners failed to prove their legal or equitable title to the land. It noted that there was no real transfer of ownership since neither the spouses Villamor, Sr. nor the petitioners were placed in actual possession and control of the land after the execution of the deeds of sale. It also found that the petitioners failed to show that the respondents and Catalina's title or claim to the land was invalid or inoperative, noting the pendency of the specific performance case, at that time on appeal with the CA. Thus, it set aside the RTC decision and ordered the dismissal of the complaint, without prejudice to the outcome of the specific performance case.<sup>18</sup>

When the CA denied<sup>19</sup> the motion for reconsideration<sup>20</sup> that followed, the petitioners filed the present Rule 45 petition.

### **THE PETITION**

The petitioners argue that the spouses Villamor, Sr.'s execution of the July 21, 1994 deed of sale in the petitioners' favor was equivalent to delivery of the land under Article 1498 of the Civil Code; the petitioners are purchasers in good faith since they had no knowledge of the supposed transaction between the San Jacinto Bank and the respondents and Catalina; and the respondents and Catalina's possession of the land should not be

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the cases could be decided based on the pleadings under Rule 19 of the then Rules of Court. The RTC later rendered a summary judgment in the quieting of title case. *Id.* at 83, 172.

<sup>17</sup> *Id.* at 83-86.

<sup>18</sup> *Supra* note 2.

<sup>19</sup> *Supra* note 3.

<sup>20</sup> *Rollo*, pp. 40-49.

construed against them (petitioners) since, by tradition and practice in San Jacinto, Masbate, the children use their parents' property.

### **THE CASE FOR THE RESPONDENTS**

The respondents and respondent John submit that they hold legal title to the land since they perfected the sale with the San Jacinto Bank as early as November 4, 1991, the first installment payment, and are in actual possession of the land; the petitioners are not purchasers in good faith since they failed to ascertain why the respondents were in possession of the land.

### **THE ISSUE**

The case presents to us the issue of whether the CA committed a reversible error when it set aside the RTC decision and dismissed the petitioners' complaint for quieting of title and recovery of possession.

### **OUR RULING**

***The petition lacks merit.***

Quieting of title is a common law remedy for the removal of any cloud, doubt or uncertainty affecting title to real property. The plaintiffs must show not only that there is a cloud or contrary interest over the subject real property,<sup>21</sup> but that they have a valid title to it.<sup>22</sup> Worth stressing, in civil

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<sup>21</sup> Civil Code, Article 476 provides: "Whenever there is a cloud on title to real property or any interest therein, by reason of any instrument, record, claim, encumbrance or proceeding which is apparently valid or effective but is in truth and in fact invalid, ineffective, voidable, or unenforceable, and may be prejudicial to said title, an action may be brought to remove such cloud or to quiet the title.

An action may also be brought to prevent a cloud from being cast upon title to real property or any interest therein."

<sup>22</sup> Civil Code, Article 477 provides: "The plaintiff must have legal or equitable title to, or interest in the real property which is the subject matter of the action. He need not be in possession of said property." See also *Top Management Programs Corporation v. Fajardo*, G.R. No. 150462, June 15, 2011, 652 SCRA 18, 33; and *Secuya v. De Selma*, 383 Phil. 126, 134 (2000).

cases, the plaintiff must establish his cause of action by preponderance of evidence; otherwise, his suit will not prosper.<sup>23</sup>

The petitioners anchor their claim over the disputed land on the July 21, 1994 notarized deed of sale executed in their favor by the spouses Villamor, Sr. who in turn obtained a July 19, 1994 notarized deed of sale from the San Jacinto Bank. On the other hand, the respondents and respondent John claim title by virtue of their installment payments to the San Jacinto Bank from November 4, 1991 to June 8, 1994 and their actual possession of the disputed land.

After considering the parties' evidence and arguments, we agree with the CA that the petitioners failed to prove that they have any legal or equitable title over the disputed land.

***Execution of the deed of sale only a prima facie presumption of delivery.***

Article 1477 of the Civil Code recognizes that the "ownership of the thing sold shall be transferred to the vendee upon the actual or constructive delivery thereof." Related to this article is Article 1497 which provides that "[t]he thing sold shall be understood as delivered, when it is placed in the control and possession of the vendee."

With respect to incorporeal property, Article 1498 of the Civil Code lays down the general rule: the execution of a public instrument "shall be equivalent to the delivery of the thing which is the object of the contract, if from the deed the contrary does not appear or cannot clearly be inferred." However, the execution of a public instrument gives rise only to a *prima*

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<sup>23</sup>

*Bontilao v. Gerona*, G.R. No. 176675, September 15, 2010, 630 SCRA 561, 572.

*facie* presumption of delivery, which is negated by the failure of the vendee to take actual possession of the land sold.<sup>24</sup> “[A] person who does not have actual possession of the thing sold cannot transfer constructive possession by the execution and delivery of a public instrument.”<sup>25</sup>

In this case, no constructive delivery of the land transpired upon the execution of the deed of sale since it was not the spouses Villamor, Sr. but the respondents who had actual possession of the land. The presumption of constructive delivery is inapplicable and must yield to the reality that the petitioners were not placed in possession and control of the land.

***The petitioners are not purchasers in good faith.***

The petitioners can hardly claim to be purchasers in good faith.

“A purchaser in good faith is one who buys property without notice that some other person has a right to or interest in such property and pays its fair price before he has notice of the adverse claims and interest of another person in the same property.”<sup>26</sup> However, where the land sold is in the possession of a person other than the vendor, the purchaser must be wary and must investigate the rights of the actual possessor; without such inquiry, the buyer cannot be said to be in good faith and cannot have any right over the property.<sup>27</sup>

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<sup>24</sup> *Beatingo v. Gasis*, G.R. No. 179641, February 9, 2011, 642 SCRA 539, 549; and *Ten Forty Realty and Dev’t. Corp. v. Cruz*, 457 Phil. 603, 615 (2003).

<sup>25</sup> *Estelita Villamar v. Balbino Mangaoil*, G.R. No. 188661, April 11, 2012; and *Asset Privatization Trust v. T.J. Enterprises*, G.R. No. 167195, May 8, 2009, 587 SCRA 481, 487.

<sup>26</sup> *Heirs of Romana Saves v. Heirs of Escolastico Saves*, G.R. No. 152866, October 6, 2010, 632 SCRA 236, 253; and *Chua v. Soriano*, G.R. No. 150066, April 13, 2007, 521 SCRA 68, 78.

<sup>27</sup> *Tio v. Abayata*, G.R. No. 160898, June 27, 2008, 556 SCRA 175, 188-189; and *PNB v. Heirs of Estanislao and Deogracias Militar*, 526 Phil. 788, 795 (2006).



In this case, the spouses Villamor, Sr. were not in possession of the land. The petitioners, as prospective vendees, carried the burden of investigating the rights of the respondents and respondent John who were then in actual possession of the land. The petitioners cannot take refuge behind the allegation that, by custom and tradition in San Jacinto, Masbate, the children use their parents' property, since they offered no proof supporting their bare allegation. The burden of proving the status of a purchaser in good faith lies upon the party asserting that status and cannot be discharged by reliance on the legal presumption of good faith.<sup>28</sup> The petitioners failed to discharge this burden.

Lastly, since the specific performance case already settled the respondents and respondent John's claim over the disputed land, the dispositive portion of the CA decision (dismissing the complaint without prejudice to the outcome of the specific performance case<sup>29</sup>) is modified to reflect this fact; we thus dismiss for lack of merit the complaint for quieting of title and recovery of possession.

**WHEREFORE**, we hereby **DENY** the petition and **ORDER** the **DISMISSAL** of Civil Case No. 201 before the Regional Trial Court of San Jacinto, Masbate, Branch 50.

Costs against the petitioners.

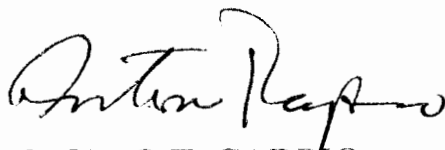
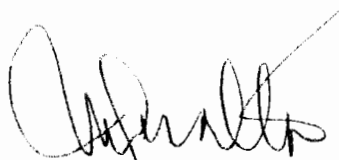
**SO ORDERED.**

  
**ARTURO D. BRION**  
Associate Justice

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<sup>28</sup> *Pudadera v. Magallanes*, G.R. No. 170073, October 18, 2010, 633 SCRA 332, 351; and *Rufloe v. Burgos*, G.R. No. 143573, January 30, 2009, 577 SCRA 264, 273.

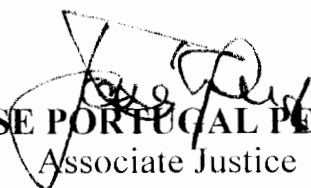
<sup>29</sup> *Rollo*, p. 43.

**WE CONCUR:****ANTONIO T. CARPIO**Associate Justice  
Chairperson**DIOSDADO M. PERALTA**

Associate Justice

**MARIANO C. DEL CASTILLO**

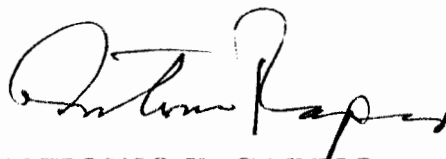
Associate Justice

**JOSE PORTUGAL PEREZ**

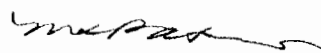
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**ATTESTATION**

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.

**ANTONIO T. CARPIO**Associate Justice  
Chairperson, Second Division**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.

**MARIA LOURDES P. A. SERENO**

Chief Justice