



Republic of the Philippines  
Supreme Court  
Manila

SECOND DIVISION

**PAXTON DEVELOPMENT G.R. No. 243066  
CORPORATION,**

*Petitioner, Present:*

PERLAS-BERNABE,\* S.A.J.,  
*Chairperson,*  
HERNANDO, *Acting Chairperson,*  
INTING,

- versus -

**ANTENOR VIRATA, PILAR GAERLAN, and  
DEVELOPMENT DIMAAMPAO, JJ.  
CORPORATION and the  
REGISTRY OF DEEDS OF Promulgated:  
CAVITE,**

*Respondents.* NOV 17 2021

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**DECISION**

**INTING, J.:**

Before the Court is a Petition for Review on *Certiorari*<sup>1</sup> assailing the Decision<sup>2</sup> dated February 20, 2019 and the Resolution<sup>3</sup> dated June 27, 2019 of the Court of Appeals (CA) in CA-G.R. CV No. 103896 that reversed the Decision<sup>4</sup> dated April 11, 2014 of Branch 21, Regional Trial Court (RTC), Imus, Cavite in the consolidated cases of Civil Case Nos. 1133-95 and 1187-95.

*The Antecedents*

*The Paxton Case*

On July 6, 1995, Paxton Development Corporation (Paxton) filed

\* On official leave.

<sup>1</sup> *Rollo*, pp. 12-32.

<sup>2</sup> *Id.* at 37-56; penned by Associate Justice Mariflor P. Punzalar Castillo with Associate Justices Danton Q. Bueser and Rafael Antonio M. Santos, concurring.

<sup>3</sup> *Id.* at 68-70.

<sup>4</sup> *Id.* at 561-577; penned by Executive Judge Norberto J. Quisumbing, Jr.

a Complaint<sup>5</sup> for Quieting of Title with Damages, docketed as Civil Case No. 1133-95, before the RTC, against Antenor Virata (Virata) and the Registry of Deeds (RD) of the Province of Cavite. The Complaint was later amended to include Pilar Development Corporation (Pilar).<sup>6</sup>

According to Paxton, Serapio Cuenca (Serapio) purchased in 1940 Lot No. 5762 of the Imus Friar Land Estates in Cavite, covered by Original Certificate of Title (OCT) No. 1002, described as:

A parcel of land (Lot No. 5762 of the Imus Friar Land Estate, G.L.R.O. Rec. No. 8843), situated in the Municipality of Dasmariñas, Province of Cavite, Island of Luzon. Bounded on the North, by Lot No. 5779; on the East, by Creek; on the South, by Lot No. 5766; and on the West, by Lot No. 5764. Containing an area of THREE HUNDRED THIRTY THOUSAND AND NINETY (330,090), SQUARE METERS, more or less.<sup>7</sup>

The purchase of Serapio was covered by a sale certificate issued by the Friar Lands Division.<sup>8</sup>

From 1940, Serapio was in possession of the subject land until his death in 1988.<sup>9</sup> Thereafter, his children, represented by Francisco Cuenca (Francisco), took possession and had the land registered in Serapio's name in 1995. Thus, Transfer Certificate of Title (TCT) No. T-541993<sup>10</sup> was issued in Serapio's name. That same year, Francisco, for and on behalf of his siblings, sold Lot No. 5762 to Paxton. TCT No. T-541993 was cancelled and TCT No. T-557273<sup>11</sup> was issued on May 9, 1995 in Paxton's name.<sup>12</sup>

Paxton alleged that it discovered, also in 1995, that Lot No. 5762 was declared for tax purposes in the name of Virata. In the tax declaration, Virata stated that he owned the subject lot, covered by TCT No. (T-11907) RT-6348.<sup>13</sup> Paxton also learned that Virata was able to sell

<sup>5</sup> *Id.* at 71-A-75.

<sup>6</sup> See Amended Complaint dated January 18, 1996, *id.* at 83-90.

<sup>7</sup> *Id.* at 115.

<sup>8</sup> *Id.* at 41.

<sup>9</sup> *Id.* at 631.

<sup>10</sup> *Id.* at 115.

<sup>11</sup> *Id.* at 76-77.

<sup>12</sup> *Id.* at 41-42.

<sup>13</sup> *Id.* at 100-103.

the land to Pilar using TCT No. (T-11907) RT-6348. By reason of the sale, TCT No. (T-11907) RT-6348 was cancelled and TCT No. T-71113<sup>14</sup> was issued in Pilar's name.<sup>15</sup>

Paxton further alleged that Virata's tax declaration and Pilar's title created a cloud on its title which should be removed as Paxton is the sole and absolute owner of the land.<sup>16</sup>

### *The Pilar Case*

Pilar also filed on September 27, 1995 a Complaint<sup>17</sup> for Quieting of Title against Francisco, Leonardo Cuenca, Leticia Cuenca, Laureano Cuenca, Fidela Sarapdon y Cuenca, Rosita Jarin y Cuenca,<sup>18</sup> Isidra Abdon y Cuenca and Marianita Borja y Cuenca before the RTC.<sup>19</sup> The Complaint, docketed as Civil Case No. 1187-95, alleged that Pilar acquired its title to the property on December 28, 1973 through purchase from Virata, whose previous ownership was duly registered with the RD as TCT No. (T-11907) RT-6348.<sup>20</sup>

According to Pilar, Serapio and Virata came to an agreement pertaining to the sale of Lot No. 5762 sometime in 1957. Prior to the execution of a deed of conveyance, Epifanio Victa (Victa), liaison officer of Antenor Virata Enterprises, verified with the RD if Serapio was the owner of Lot No. 5762. Victa learned that while Lot No. 5762 was sold to Serapio by the government, Serapio's title was yet to be issued as the records were damaged by the war in 1944.<sup>21</sup>

Still, Virata and Serapio proceeded with the sale, and on November 28, 1957, Virata paid Serapio ₱1,000.00 as earnest money and another ₱500.00 on January 8, 1958. In the meantime, Victa worked towards securing Serapio's title to Lot No. 5762. Eventually, TCT No. T-11890 was issued in Serapio's name. On March 11, 1958, Serapio and

<sup>14</sup> *Id.* at 111-114.

<sup>15</sup> *Id.* at 38.

<sup>16</sup> *Id.* at 38-39.

<sup>17</sup> *Id.* at 105-110.

<sup>18</sup> In the Court of Appeals Decision dated February 20, 2019, Rosita Jarin y Cuenca was not included as one of the respondents in the Complaint for Quieting of Title filed by Pilar Development Corporation, *id.* at 37.

<sup>19</sup> *Id.* at 105.

<sup>20</sup> *Id.* at 14, 39.

<sup>21</sup> *Id.* at 42.

Virata executed a Deed of Sale, and on March 12, 1958, TCT No. T-11907 was originally<sup>22</sup> issued in favor of Virata. Starting 1959, Virata declared the property in his name for taxation purposes.<sup>23</sup>

On June 7, 1959, a fire gutted the records of the RD of Cavite. Virata then sought the reconstitution of TCT No. T-11907 and was issued TCT No. (T-11907) RT-6348.<sup>24</sup>

In 1973, the Estate of Virata sold Lot No. 5762 to Pilar.<sup>25</sup>

Pilar alleged that in 1995, it discovered the existence of TCT No. T-541993 issued on March 30, 1995, registered in the name of Serapio Cuenca married to Bercelisa Ordonez covering the same property.<sup>26</sup>

Pilar averred that TCT No. T-541993 was forged, fictitious, and invalid and that TCT No. T-541993 was a direct transfer from OCT No. 1002, which was also the mother title of Pilar's title. It argued that OCT No. 1002 was already cancelled in 1958 and could not have been the title of origin of TCT No. T-541993.<sup>27</sup>

Pilar stressed that its title was registered in 1974 while Paxton's predecessors-in-interest registered theirs only in 1995.<sup>28</sup>

The two cases were tried jointly.<sup>29</sup>

#### *Ruling of the RTC*

On April 11, 2014, the RTC rendered its Decision<sup>30</sup> in favor of Paxton which states:

<sup>22</sup> Transfer Certificate Title (TCT) No. T-11907 was originally issued by the Register of Deeds (RD) of the Province of Cavite in favor of Antenor Virata and after a fire incident, TCT No. (T-11907) RT-6348 was issued as a reconstituted title.

<sup>23</sup> *Rollo*, p. 42.

<sup>24</sup> *Id.*

<sup>25</sup> See Deed of Absolute Sale, *id.* at 265-267.

<sup>26</sup> *Id.* at 39.

<sup>27</sup> *Id.*

<sup>28</sup> *Id.* at 40.

<sup>29</sup> *Id.* at 41.

<sup>30</sup> *Id.* at 561-577.

WHEREFORE, in view of the foregoing, judgment is hereby rendered ordering the following:

1. Declaring TCT No. T-71113 registered in the name of Pilar Development Corporation to be null and void and ordering the latter to surrender to the Register of Deeds for the Province of Cavite the owner's duplicate copy of TCT No. T-71113 for cancellation;
2. Ordering the Register of Deeds for the Province of Cavite to cancel TCT No. T-71113; and
3. Declaring TCT No. T-557273 issued to and registered under the name of Paxton Development Corporation to be the true and legal title covering the Subject Property.

All the other claims of the plaintiff as against the other defendants and defendants' claims against plaintiff are dismissed for lack of proper substantiation.

SO ORDERED.<sup>31</sup>

The RTC found Paxton's evidence sufficient to support its claim that Serapio owned the property until his death and that his children were able to validly sell it to Paxton. It also found that Pilar's evidence raised more doubts as to the validity of its title rather than support its position.<sup>32</sup>

#### *Ruling of the CA*

Pilar elevated the case to the CA which rendered its ruling on February 20, 2019 reversing the RTC:

WHEREFORE, premises considered, the instant appeal is GRANTED. The Decision of the Regional Trial Court of Imus, Cavite, Branch 21, dated 11 April 2014 is REVERSED as follows:

“WHEREFORE, in view of the foregoing, judgment is hereby rendered ordering the following:

1. Declaring TCT No. T-557273 registered in the name

<sup>31</sup> *Id.* at 576-577.

<sup>32</sup> *Id.* at 573.

of Paxton Development Corporation to be null and void and ordering the latter to surrender to the Register of Deeds for the Province of Cavite the owner's duplicate copy of TCT No. T-557273 for cancellation;

2. Ordering the Register of Deeds for the Province of Cavite to cancel TCT No. T-557273; and

3. Declaring TCT No. T-71113 issued to and registered under the name of Pilar Development Corporation to be the true and legal title covering the Subject Property.

x x x.”

SO ORDERED.<sup>33</sup>

The CA ruled that where two certificates of title purport to include the same land, the one earlier in date prevails. In successive registrations, where more than one certificate is issued with respect to a particular estate or interest in land, the person claiming under the prior certificate is entitled to the estate or interest, and the person is deemed to hold under the prior certificate who is the holder of, or whose claim is derived directly or indirectly from the person who was the holder of the earliest certificates issued in respect thereof.<sup>34</sup>

It held that considering that both titles were derived from a common original certificate of title, the transfer certificate issued on an earlier date along the line must prevail, absent any anomaly or irregularity tainting the process of registration. Here, Pilar derived its title from a transfer certificate of title that was registered ahead of Paxton's. On such basis alone, Pilar's title to the property should prevail.<sup>35</sup>

With the denial of its Motion for Reconsideration,<sup>36</sup> Paxton filed the present petition raising the following issues:

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<sup>33</sup> *Id.* at 55.

<sup>34</sup> *Id.* at 48.

<sup>35</sup> *Id.* at 48-49.

<sup>36</sup> *Id.* at 57-A-65.

*Present Petition*

- i. Whether or not the [CA] correctly interpreted and applied the provisions of P.D. 1529 in this case;
- ii. Whether or not the [CA] correctly interpreted and applied the provisions of the Civil Code in this case; [and]
- iii. Whether or not the [CA] committed serious error when it reversed the decision of the trial court.<sup>37</sup>

Paxton argues that the CA erred in disregarding the findings of facts of the RTC based merely on conjectures and assumptions.<sup>38</sup> The principle of *prior est in tempore, potior est in jure*, or he who is first in time is first in right, does not apply in the case. Here, the issue is not the priority of registration or annotation of claims before the RD but which between the conflicting titles of Paxton and Pilar should be upheld.<sup>39</sup>

Paxton similarly avers that the CA arrived at the wrong conclusion when it traced back the titles of Paxton and Pilar. Without TCT No. 11890, the traceback of Pilar's title could not be completed, and the CA engaged in mere assumptions when it, nevertheless, upheld Pilar's title.<sup>40</sup>

According to Paxton, the CA erred in stating that even if Virata fraudulently obtained his title, Pilar acquired the same in the concept of an innocent purchaser for value. Because Virata obtained his title through fraud, his title is void *ab initio*. In such a scenario, Pilar's recourse is against Virata, not Serapio or Paxton.<sup>41</sup>

On October 2, 2019, the Court issued a Resolution<sup>42</sup> denying the petition for failure to show any reversible error on the part of the CA in issuing its Decision and Resolution. Paxton filed a Motion for Reconsideration<sup>43</sup> dated December 20, 2019. On June 17, 2020, the Court reinstated the petition and accordingly, ordered Pilar to file its Comment thereon.<sup>44</sup>

<sup>37</sup> *Id.* at 20.

<sup>38</sup> *Id.* at 21.

<sup>39</sup> *Id.* at 23.

<sup>40</sup> *Id.* at 23-24.

<sup>41</sup> *Id.* at 27-28.

<sup>42</sup> *Id.* at 658.

<sup>43</sup> *Id.* at 670-685.

<sup>44</sup> See Court Resolution dated June 17, 2020, *id.* at 690.

Pilar, in its Comment/Opposition,<sup>45</sup> maintains that the CA did not err in reversing the RTC Decision. Pilar's title, TCT No. T-71113, was registered on January 31, 1974 while Paxton's title, TCT No. T-557273, was registered on May 9, 1995. It was able to establish that it was an innocent purchaser for value as the CA recognized that Virata's certificate of title was clean and had no adverse claims. The alleged discrepancy in the technical descriptions was resolved by the CA, which found that the description in TCT No. T-71113 is a more detailed description of the property's boundaries.<sup>46</sup>

### *Issue*

Which between Paxton and Pilar has the better right over the disputed property?

### *Our Ruling*

The Court finds for petitioner.

It is settled that the Court is not a trier of facts. The function of the Court in petitions for review on *certiorari* under Rule 45 of the Rules of Court is limited to reviewing errors of law that may have been committed by the lower courts. Thus, as a matter of sound practice and procedure, the Court defers and accords finality to the factual findings of trial courts. To do otherwise would defeat the very essence of Rule 45 and convert the Court into a trier of facts.<sup>47</sup>

Petitions for review under Rule 45 should only cover questions of law since questions of fact are generally not reviewable. A question of law is said to exist when the doubt centers on what the law is on a certain set of facts while a question of fact results when the issue revolves around the truth or falsity of the alleged facts.<sup>48</sup> For a question to be one of law, the question must not involve an examination of the probative value of the evidence presented by any of the litigants. The resolution of the issue must solely depend on what the law provides

<sup>45</sup> *Id.* at 691-695.

<sup>46</sup> *Id.* at 692-693.

<sup>47</sup> *Heirs of Teresita Villanueva v. Heirs of Petronila Syquia Mendoza*, 810 Phil. 172, 177-178 (2017).

<sup>48</sup> *Id.* at 178, citing *Uyhoco v. People*, 749 Phil. 987, 992 (2014).



under the given set of circumstances. Once it becomes apparent that the issue invites a review of the evidence presented, the question posed is one of fact. It is only in exceptional circumstances that the Court admits and reviews questions of fact.<sup>49</sup>

In the present case, the RTC held that:

After reviewing the records of the case, the [evidence] presented and the applicable laws on the matter, this Court resolves in favor of Paxton Development Corporation. It was able to present the greater weight of credible evidence to prove its title over the property in question than of Pilar Development Corporation.

It is undisputed that the subject property was sold by the government to Serapio Cuenca. The sale was evidenced by Sales Certificate No. 7268 (Exhs. A, A-1, A-2, B, B-1, Record of Civil [Case] Nos. 1133-95 and 1187-95, pp. 9-16) and Deed of Conveyance No. 45623 Exhs. C). When Serapio Cuenca died, his ownership and possession over the subject property were inherited by his heirs. The heirs of Cuenca worked for the issuance of the title over the subject property. This was delayed because of the fire which razed the records. So, on March 30, 1995, TCT No. T-541993 (Exh. D) was issued in the name of Serapio Cuenca.

Afterwards, the heirs of Cuenca executed a Deed of Absolute Sale (Exh. E) over the property in favor of Paxton Development Corporation. By reason of the sale, TCT No. T-541993 registered under the name of Serapio Cuenca was cancelled. In lieu thereof, TCT No. T-557273 (Exh. F) was issued to and registered under the name of Paxton Development.

Possession over the property was with Serapio Cuenca during the war and afterwards with the heirs of Serapio Cuenca and then with Paxton Development Corporation.

Insofar as defendant Pilar Development Corporation is concerned, it presented a number of witnesses and documentary exhibits. After reviewing them, the court feels that it raised more doubts to the validity of its title than to support its claim over the subject property x x x[.]<sup>50</sup>

The RTC found it doubtful that TCT No. T-11890 existed when the deed of sale was executed on March 11, 1958, in view of the

<sup>49</sup> *Id.*, citing *Century Iron Works, et al. v. Bañas*, 711 Phil. 576, 585-586 (2013).

<sup>50</sup> *Rollo*, p. 573.

certification issued by the RD of Cavite which stated that as of January 29, 1958, it had not issued any certificate of title covering the subject property. The RTC likewise noted that in the purported acknowledgment receipt of Serapio dated December 2, 1957 and the promissory note of Virata dated December 23, 1957, there was no mention of TCT No. T-11890. The testimony of Pilar's witness, Victa, also showed that the deed of conveyance issued in Serapio's favor was brought to the RD of Cavite only on March 7, 1958. This shows that Serapio was not issued any certificate over the property as of the said date.<sup>51</sup>

The RTC similarly found suspicious the fact that Pilar was not able to present TCT No. T-11890, allegedly for the reason that it was burned in the fire that razed the RD of Cavite in 1957, while Virata's title, which was issued just a day after, survived the fire.<sup>52</sup>

The RTC also noted that according to the complaint filed by Pilar, there had already been a series of transfers, prior to Virata's title, TCT No. (T-11907) RT-6348. For the RTC, this suggests that Virata did not acquire the subject property directly from Serapio.<sup>53</sup> It further found incredible that the deed of sale between Serapio and Virata was executed on March 11, 1958 and the title, TCT No. (T-11907) RT-6348 in the name of Virata was issued immediately the day after, on March 12, 1958.<sup>54</sup>

Finally, the RTC took cognizance, "by way of analogy and as law of the case and as an integral part of the same transactions affecting the parties,"<sup>55</sup> the Decision<sup>56</sup> of the same branch on March 13, 1998 in Civil Case No. 1124-95. The Decision held that Paxton's titles: (1) TCT No. T-557274, which covers and describes Lot No. 5763; and (2) TCT No. T-559147, which describes Lot No. 5765-New, were lawful and valid certificates of title evidencing the lawful ownership of Paxton over the lots and improvements thereon.<sup>57</sup> The ruling was affirmed by the CA in CA-G.R. No. CV No. 60656,<sup>58</sup> and by the Court in *Top Rate*

<sup>51</sup> *Id.* at 573-574.

<sup>52</sup> *Id.* at 574.

<sup>53</sup> *Id.*

<sup>54</sup> *Id.* at 575.

<sup>55</sup> *Id.* at 575-576.

<sup>56</sup> The Decision in Civil Case No. 1124-95 was penned by Judge Roy S. del Rosario. As culled from the case of *Top Rate Construction & Gen. Services, Inc. v. Paxton Devt. Corp.*, 457 Phil. 740, 748-749 (2003).

<sup>57</sup> *Id.* at 749.

<sup>58</sup> *Id.* at 750; penned by Associate Justice Portia Aliño-Hormachuelos with Associate Justices Fermin

*Construction & Gen. Services, Inc. v. Paxton Devt. Corp.*, promulgated on September 11, 2003.<sup>59</sup>

Well-established is the principle that findings of fact made by trial courts are accorded the highest degree of respect by appellate tribunals, absent clear disregard of evidence before them that can otherwise affect the results of the case. The Court gives the highest respect to the trial court's evaluation of the testimony of witnesses, considering its unique position in directly observing the demeanor of witnesses on the stand. From their vantage point, trial courts are in the best position to determine the truthfulness of witnesses.<sup>60</sup>

As for the argument that Pilar is an innocent purchaser for value, such principle would apply only if the title is not null and void.

A forged deed is a nullity and conveys no title. All transactions subsequent to the alleged sale are likewise void. Even if parties have in their favor a certificate of title in their name, it has no beneficial effect on them and their title cannot be used to validate the forgery or cure the void sale. This is in view of the "legal truism that the spring cannot rise higher than its source."<sup>61</sup>

Because Pilar acquired no title over the subject property, it remained in the name of the original registered owner, Serapio. Francisco and his siblings, as heirs of Serapio, thus became co-owners of Lot No. 5762. As such, they may exercise all attributes of ownership over the property, including selling it to Paxton.

**WHEREFORE**, the petition is **GRANTED**. The Decision dated February 20, 2019 and the Resolution dated June 27, 2019 of the Court of Appeals in CA-G.R. CV No. 103896 are **REVERSED** and **SET ASIDE**. Accordingly, the Decision dated April 11, 2014 of Branch 21, Regional Trial Court, Imus, Cavite in the consolidated cases of Civil Case Nos. 1133-95 and 1187-95 is **REINSTATED**.

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A. Martin, Jr. and Mercedes Gozo-Dadole, concurring.

<sup>59</sup> *Id.* at 770; penned by Associate Justice Josue N. Bellosillo with Associate Justices Leonardo A. Quisumbing, Ma. Alicia Austria-Martinez, Romeo J. Callejo, Sr., and Dante O. Tinga, concurring.

<sup>60</sup> *Heirs of Teresita Villanueva v. Heirs of Petronila Syquia Mendoza*, *supra* note 47 at 184.

<sup>61</sup> *Heirs of Tomas Arao v. Heirs of Pedro Eclipse*, G.R. No. 211425, November 19, 2018, citing *Calalang v. Register of Deeds of Quezon City*, 301 Phil. 91, 108 (1994).

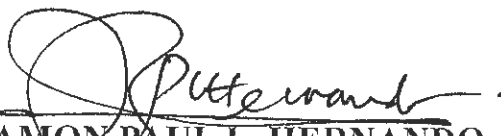
**SO ORDERED.**

  
**HENRI JEAN PAUL B. INTING**  
*Associate Justice*

WE CONCUR:

(On official leave)

**ESTELA M. PERLAS-BERNABE**  
*Senior Associate Justice*  
*Chairperson*


  
**RAMON PAUL L. HERNANDO**  
*Associate Justice*

  
**SAMUEL H. GAERLAN**  
*Associate Justice*

  
**JAPAR B. DIMAAMPAD**  
*Associate Justice*

**ATTESTATION**

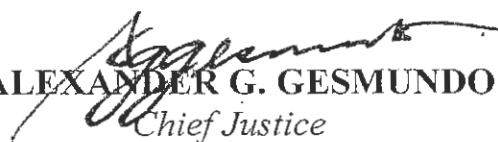
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

  
**RAMON PAUL L. HERNANDO**  
*Associate Justice*  
*Acting Chairperson*



**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution and the Division Acting 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.

  
**ALEXANDER G. GESMUNDO**  
*Chief Justice*

