



REPUBLIC OF THE PHILIPPINES  
SUPREME COURT  
Manila

SECOND DIVISION

**NOTICE**

Sirs/Mesdames:

*Please take notice that the Court, Second Division, issued a Resolution dated **14 September 2020** which reads as follows:*

**“G.R. No. 235057 (Benjamin Malihan, substituted by his wife, Leonora Batacan Vda. de Malihan; Marianito Ramilo [intervenor-petitioner] v. Pedro Gonzales, substituted by his heirs, Marita L. Gonzales, Rowena G. Oculito, et al.).** – Respondent Pedro Gonzales (Gonzales) is the registered owner of a parcel of land situated in Barangay Maitim, Bay, Laguna covered by Transfer Certificate of Title (TCT) No. T-401798 which he obtained by virtue of a Decision rendered by the Regional Trial Court (RTC) of San Pedro, Laguna, Branch 31 in Criminal Case No. 4915-B entitled *“People of the Philippines v. Mauro Mercado, Luzviminda Mercado and Concepcion Dimasuay (Dimasuay).”* The accused in the said criminal case failed to pay their civil liability which prompted the court to sell the subject property owned by Dimasuay in a public auction.

On February 6, 1992, a certificate of sale was issued to Gonzales as the highest bidder during the auction sale. Sometime in 1998, Gonzales learned of petitioner Benjamin Malihan’s (Malihan’s) possession of the subject property, cultivating the same without his knowledge and consent.

Subsequently, a demand letter was sent to Malihan asking him to pay reasonable rental and to vacate the said property. Despite the lapse of two years, however, Malihan still refused to surrender to Gonzales the possession of the subject land.

On the other hand, intervenor-petitioner Marianito Ramilo (Ramilo) averred that he is the owner of the subject property by virtue of an absolute deed of sale. In his complaint-in-intervention, he stated that he purchased the subject land from Dimasuay on May 31, 1990 under TCT No. 108110. According to Ramilo, he has not affected the transfer of the title to his name because Dimasuay has taken back the title with the promise to return the same as soon as possible. Ramilo further stated that he entered into an

agreement with Malihan under Republic Act No. 1199 or the Agricultural Tenancy Act of the Philippines, as amended. According to him, he had been receiving his share from Malihan until the latter defaulted in his remittance due to the claim of ownership by Gonzales.

On July 13, 2000, Gonzales filed a complaint for recovery of possession before the RTC, Branch 37, Calamba, Laguna and docketed as Civil Case No. 2981-2000-C.<sup>1</sup> Ramilo then filed a complaint-in-intervention<sup>2</sup> which was admitted by the RTC. Pre-trial and trial thereafter ensued.

### RTC Ruling

In resolving the issue on who has a better right of possession, the RTC held that the unregistered deed of sale of intervenor Ramilo over Gonzales' TCT cannot bestow a superior right to possess. It ruled that being the holder of a Transfer Certificate of Title under TCT No. T-401798, Gonzales is entitled to all the attributes of ownership of the subject property, including possession. The RTC further pointed out that the Certificate of Title under the name of Gonzales cannot be the subject of a collateral attack, but must be attacked directly.

On November 12, 2014, the RTC rendered its Decision, the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered in favor of the plaintiff and against defendant and intervenor, as follows:

1. Ordering the defendant to deliver possession of the parcel of land described under TCT No. T-401798 to the plaintiff;
2. Ordering the defendant and intervenor to jointly and severally pay the plaintiff Attorney's fees in the amount of Php50,000.00;
3. Ordering the defendant and intervenor to pay the sum of Php50,000.00 as moral damages;
4. Ordering the defendant and intervenor to pay the cost of this suit.

SO ORDERED.<sup>3</sup>

Aggrieved, defendant and intervenor, now petitioners Malihan and Ramilo, appealed to the CA.

During the pendency of the appeal, or on October 20, 2015 respondent Gonzales passed away. He was then substituted as party plaintiff-appellee by his heirs, wife Marita L. Gonzales, and children Rowena, Rommel, Ronnel and Roselle, all surnamed Gonzales.<sup>4</sup>

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<sup>1</sup> *Rollo*, pp. 108-112.

<sup>2</sup> *Id.* at 117-120.

<sup>3</sup> *Id.* at 215.

<sup>4</sup> *Id.* at 77.

### CA Ruling

In the assailed Decision dated October 13, 2017, the CA affirmed with modifications the Decision of the RTC, deleting the award of attorney's fees and moral damages.

The CA upheld Gonzales' superior right to possess the subject property being the holder of a Certificate of Title registered in his name over Ramilo's deed of absolute sale. The CA rejected petitioners' allegation of fraud in the issuance of Gonzales' Certificate of Title, such allegation being a collateral attack on the validity of Gonzales' title. Citing *Mactan-Cebu International Airport Authority v. Heirs of Estanislao Minoza*,<sup>5</sup> the CA held that an allegation of fraud is an independent controversy which cannot be injected into a suit by intervention. Lastly, the CA disallowed the RTC's award of attorney's fees for its failure to state the reason for such award. It also struck down the award of moral damages for lack of evidence to support such award. The CA disposed the case as follows:

**WHEREFORE**, premises considered, the Decision of the Regional Trial Court of Calamba City, Branch 37, dated November 12, 2014 is hereby **AFFIRMED**, with the following modifications:

1. ORDERING the appellants to deliver possession of the parcel of land described under TCT No. T-401798 to the plaintiffs-appellees;
2. DELETING the award of Attorney's fees;
3. DELETING the award of moral damages; and
4. ORDERING the appellants to pay the costs of suit.

**SO ORDERED.**<sup>6</sup>

Thus, the petitioners filed the present petition anchored on the following grounds:

I.

THE COURT *A QUO* ERRED IN CONSIDERING THAT THE COMPLAINT-IN-INTERVENTION IS A COLLATERAL ATTACK ON THE TITLE OF THE PLAINTIFF-RESPONDENT OVER THE PROPERTY.

II.

THE COURT *A QUO* ERRED IN NOT CONSIDERING THAT THE RESPONDENT'S ACQUISITION OF THE PROPERTY THROUGH SALE LACKS THE ESSENTIAL REQUISITE OF CONSIDERATION MAKING IT NULL AND VOID FROM THE VERY BEGINNING.<sup>7</sup>

<sup>5</sup> 656 Phil. 537, 548 (2011).

<sup>6</sup> *Rollo*, p. 106.

<sup>7</sup> *Id.* at 86.

### Issues

- 1) Whether or not the intervenor-petitioner's right of ownership, albeit unregistered, is superior to the registered rights of the respondent.
- 2) Whether or not the complaint-in-intervention is a collateral attack against the title of respondent Gonzales.

The petitioners argued that the case of *Dela Merced v. GSIS*<sup>8</sup> (*Dela Merced*) where the Supreme Court recognized the right of the intervenor praying for the annulment of the title of the defendants in a civil case originally filed for declaratory relief, injunction and damages, should be made applicable in this case. Applying the principle laid down in *Dela Merced*, the complaint in intervention of Ramilo, according to them, should not be considered a collateral attack, but rather a direct attack against the title of Gonzales. Petitioners further contended that in the *Dela Merced* case, the constructive knowledge of GSIS on the existence of the contract between spouses Zulueta and Dela Merced is equivalent to the personal knowledge of the infirmity of Gonzales' acquisition of the subject property.

In their Comment dated May 25, 2018,<sup>9</sup> respondents heirs of Gonzales pointed out that petitioners raised the same issues in the RTC and the CA. No new issue was further raised to merit the present petition. Thus, they are adopting their position on the said issues as discussed in their appellees' brief: (1) the plaintiffs/appellees (herein respondents) have better right to the subject property as against defendants/appellants; and (2) the Certificate of Title in the name of plaintiff/appellee Gonzales cannot be the subject of a collateral attack. Respondents maintain that the decision of the CA is supported by facts, evidence, law and jurisprudence.

### The Court's Ruling

The petition has no merit.

Notably, the issues raised in this petition are mere reiterations of the factual issues and arguments raised by petitioners in their appeal, which had already been fully discussed and passed upon by the CA. The issue of who has a better right to the subject property is a question of fact which is beyond the Court's jurisdiction under the present petition for review on *certiorari*. Questions of fact, which would require a re-evaluation of the evidence, are inappropriate under Rule 45 of the Rules of Court. The jurisdiction of the Court under Rule 45, Section 1 is limited only to errors of law as the Court is not a trier of facts.<sup>10</sup> Although there are recognized

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<sup>8</sup> G.R. No. 140398, September 11, 2011, 365 SCRA 1.

<sup>9</sup> *Rollo*, pp. 286-290.

<sup>10</sup> *Rogelia Gatan and the Heirs of Bernardino Gatan v. Jesusa Vinarao and Spouses Cabauatan*, G.R. No. 205912, October 18, 2017, 842 SCRA 602, 609.

exceptions<sup>11</sup> which allow the Court to review factual issues, none of which is availing in this case.

At any rate, the petition must fail. Both the RTC and the CA found that respondent Gonzales as the holder of a valid and subsisting title under TCT No. T-401798 has a better right to the subject property against petitioner Ramilo who possessed a notarized but unregistered deed of sale in support of his claim of ownership. Prevailing jurisprudence uniformly holds that findings of facts of the trial court, particularly when affirmed by the CA, are binding upon this Court.<sup>12</sup> The Court finds no cogent reason to depart from such findings.

It is fundamental that a Certificate of Title serves as evidence of an indefeasible and incontrovertible title to the property in favor of the person whose name appears therein. The titleholder is entitled to all the attributes of ownership of the property, including possession. Thus, the Court must uphold the age-old rule that the person who has a Torrens title over a land is entitled to its possession.<sup>13</sup> In this case, Gonzales is indisputably the holder of a Certificate of Title against which the petitioners' unregistered deed of absolute sale cannot prevail. As aptly concluded by the CA, Gonzales as the registered titleholder is entitled to possession of the subject property.

In assailing Gonzales' right over the subject property, the petitioners ascribed fraud or material representation in the issuance of his Certificate of Title having been issued despite lack of consideration at the time of the auction sale. The argument apparently amounts to a collateral attack against the Torrens title of Gonzales. Certainly, this cannot be allowed. As properly concluded by the RTC and the CA, the attack on the validity of Gonzales' title by claiming that fraud and irregularity attended its issuance is a collateral attack on the title which is not permitted under the principle of indefeasibility of title.

Section 48 of Presidential Decree No. 1529 or the Property Registration Decree proscribes a collateral attack to a Certificate of Title and allows only a direct attack thereof.<sup>14</sup> A Torrens title cannot be altered,

<sup>11</sup> (1) When the conclusion is a finding grounded entirely on speculation, surmises or conjectures; (2) When the inference made is manifestly mistaken, absurd or impossible; (3) Where there is a grave abuse of discretion; (4) When the judgment is based on a misapprehension of facts; (5) When the findings of fact are conflicting; (6) When the Court of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee; (7) The findings of the Court of Appeals are contrary to those of the trial court; (8) When the findings of fact are conclusions without citation of specific evidence on which they are based; (9) When the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondents; and (10) The finding of fact of the Court of Appeals is premised on the supposed absence of evidence and is contradicted by the evidence on record. [*Spouses Miano v. Manila Electric Company*, 800 Phil. 118, 123 (2016); *Remedos Pascual v. Benito Burgos*, 776 Phil. 167, 182-183 (2016); both citing *Medina v. Mayor Asistio, Jr.*, 269 Phil. 225 (1990)].

<sup>12</sup> *Melecio Domingo v. Spouses Molina*, 791 Phil. 47, 62 (2016), citing *Tan v. Andrade*, G.R. No. 171904, August 7, 2013, 703 SCRA 198, 204-205.

<sup>13</sup> *Spouses Orenca v. Crus Vda. De Ranin*, 792 Phil. 697, 706 (2016), citing *Manila Electric Co. v. Heirs of Spouses Deloy*, 710 Phil. 427, 443 (2013).

<sup>14</sup> *Berhoso v. Cabral*, 813 Phil. 405, 421 (2017), citing *Firaza, Sr. v. Spouses Ugay*, 708 Phil. 24, 29 (2013).

modified or cancelled except in a direct proceeding in accordance with law. When the Court says direct attack, it means that the object of an action is to annul or set aside such judgment, or enjoin its enforcement. On the other hand, the attack is indirect or collateral when, in an action to obtain a different relief, an attack on the judgment or proceeding is nevertheless made as an incident thereof.<sup>15</sup>

Moreover, the RTC found that the evidence on record is insufficient to prove that fraud or irregularity was committed in the issuance of Gonzales' Certificate of Title.

Petitioners relied heavily in the *Dela Merced* case. Such reliance, however, is misplaced. *Dela Merced* involved a clash between an unrecorded contract to sell and a registered mortgage contract. The contract to sell between the mortgagors (Spouses Zulueta) and the buyer (Francisco Dela Merced) was executed before Spouses Zulueta's constitution of the mortgage in favor of GSIS. As the Zuluetas defaulted on their loans, the mortgage was foreclosed, and the properties were sold at public auction to GSIS as the highest bidder. The titles were consolidated after the Zuluetas' failure to redeem the properties within the one-year redemption period. GSIS later sold the contested lot to Elizabeth D. Manlongat and Ma. Therese D. Manlongat. *Dela Merced*, however, was able to fully pay the purchase price to Spouses Zulueta, who executed a Deed of Absolute Sale in his favor prior to the foreclosure sale.<sup>16</sup>

A perusal of the said case reveals that therein petitioners' rights of ownership over the properties in dispute, albeit unregistered, were found superior to the registered mortgage rights of GSIS over the same.

In *Dela Merced*, the Court stated the general rule that the purchaser is not required to go beyond the Torrens title if there is nothing therein to indicate any cloud or vice in the ownership of the property or any encumbrance thereon. The case nonetheless provided an exception to the general rule. The exception arises when the purchaser or mortgagee has *knowledge* of a defect in the vendor's title or lack thereof, or is *aware* of sufficient facts to induce a reasonably prudent person to inquire into the status of the property under litigation. The Court applied the exception, taking into consideration the fact that GSIS, the mortgagee, was a **financing institution**.<sup>17</sup>

As GSIS had knowledge of the contract to sell, this knowledge was considered equivalent to the registration of the Contract to Sell. This registration in effect canceled out the subsequent registration of the mortgage. In other words, the buyer under the Contract to Sell became the

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<sup>15</sup> *Id.* at 421-422, citing *Hortizuela, represented by Javier Tagufa v. Tagufa*, 754 Phil. 499, 506 (2015).

<sup>16</sup> *Rollo*, pp. 102-103.

<sup>17</sup> See *Cahayag v. Commercial Credit Corporation*, 778 Phil. 8, 30-31 (2016).

first to register. Thus, the lot buyer Dela Merced was accorded preference or priority in right.<sup>18</sup>

In this case, unlike GSIS, Gonzales was not a financing institution and had no knowledge of any defect in the title nor was he aware of any facts that would require him to inquire on the status of the title of the subject property. As explicitly explained by the CA:

It must be stressed that in *Dela Merced*, the unregistered right of Francisco Dela Merced was considered superior to the registered right of GSIS not only because the contract to sell was executed prior to the mortgage but because it was shown that GSIS had constructive knowledge of the existence of the contract between the Spouses Zulueta and Francisco Dela Merced. Thus, the Supreme Court held that constructive knowledge of GSIS of the defect in the title of the subject property, or the lack of knowledge due to its negligence, takes the place of registration of the rights of petitioners. Moreover, the general rule that a purchaser or mortgagee of land is not required to look further than what appears on the face of the title does not apply to GSIS because it is a financing institution.

In the instant case, herein plaintiff-appellee Pedro Gonzales is not a financing institution. Neither was it shown that he had actual knowledge of facts and circumstances that would impel a reasonably cautious man to inquire into the status of the title of the property in litigation. As such, the ruling in *Dela Merced* finds no application in this case.<sup>19</sup>

Lastly, the CA was correct in deleting the award of attorney's fees. Based on established jurisprudence, the award of attorney's fees being an exception rather than the general rule, it is necessary for the court to make findings of facts and law that would bring the case within the exception and justify the grant of such award. Thus, the reason for the award of attorney's fees must be stated in the text of the court's decision; otherwise, if it is stated only in the dispositive portion of the decision, the same must be disallowed on appeal.<sup>20</sup> Here, the RTC Decision failed to substantiate the reason for the award of attorney's fees, and it merely stated such award in the dispositive.

Similarly, the CA acted properly when it struck down the award of moral damages there being no evidence presented to support such award. An award of moral damages calls for the presentation of 1) evidence of besmirched reputation or physical, mental or psychological suffering sustained by the claimant; 2) a culpable act or omission factually established; 3) proof that the wrongful act or omission of the defendant is the proximate cause of the damages sustained by the claimant; and 4) the proof that the act is predicated on any of the instances expressed or envisioned by Article 2219 and Article 2220 of the Civil Code.<sup>21</sup>

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<sup>18</sup> Id.

<sup>19</sup> *Rollo*, pp. 103-104.

<sup>20</sup> *Mendoza v. Spouses Gomez*, 736 Phil. 460, 484-485 (2014), citing *Spouses Agustin v. CA*, 264 Phil. 744, 752 (1990).

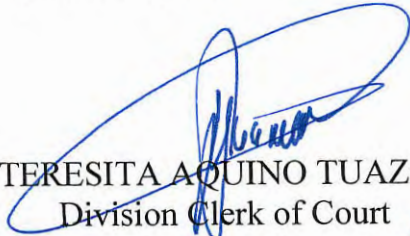
<sup>21</sup> Id. at 480, citing *Regala v. Carin*, 662 Phil. 782, 791 (2011).

In fine, the CA committed no error in deleting on appeal the award of attorney's fees and moral damages.

**WHEREFORE**, the petition is **DENIED** for lack of merit. The Decision dated October 13, 2017 of the Court of Appeals in CA-G.R. CV No. 104762 is hereby **AFFIRMED**.

**SO ORDERED.**" (*Inting, J., no part; Lazaro-Javier, J., designated Additional Member per Raffle dated September 9, 2020; Baltazar-Padilla, J., on leave.*)

By authority of the Court:

  
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 Division Clerk of Court p 10/20  
 21 OCT 2020

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 (Civil Case No. 2981-2000-C)

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