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(6) One-half of ₱7,801.94 or ₱3,900.97 representing Meralco power expenses;

(7) One-half of ₱356,400.00 or ₱178,200.00 representing expenses for food and maintenance;

(8) ₱50,000.00 for moral damages;

(9) ₱10,000.00 as exemplary damages; and

(10) ₱200,000 representing attorney's fees.

With costs.

SO ORDERED.

Puno (Chairman), Callejo, Sr., and *Chico-Nazario, JJ.,* concur.

Austria-Martinez, J., took no part.

SECOND DIVISION

[G.R. No. 133303. February 17, 2005]

BERNARDO VALDEVIESO, *petitioner, vs.* **CANDELARIO DAMALERIO AND AUREA C. DAMALERIO,** *respondents.*

SYLLABUS

1. CIVIL LAW; LAND TITLES; CONVEYANCE AND OTHER DEALINGS BY REGISTERED OWNER; REGISTRATION SHALL BE THE OPERATIVE ACT TO AFFECT THE LAND INSOFAR AS THIRD PERSONS ARE CONCERNED. — The law applicable to the facts of this case is Section 51 of P.D. No. 1529. Said Section provides: Sec. 51. *Conveyance and other dealings by registered owner.* — An owner of registered land may convey, mortgage, lease, charge, or otherwise deal with the same in accordance with existing laws. He may use such forms of deeds, mortgages, leases

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or other voluntary instruments as are sufficient in law. But no deed, mortgage, lease, or other voluntary instrument, except a will purporting to convey or affect registered land, shall take effect as a conveyance or bind the land, but shall operate only as a contract between the parties and as evidence of authority to the Register of Deeds to make registration. The act of registration shall be the operative act to convey or affect the land insofar as third persons are concerned, and in all cases under this Decree, the registration shall be made in the office of the Register of Deeds for the province or city where the land lies.

2. ID.; ID.; LEVY ON DULY REGISTERED ATTACHMENT TAKES PREFERENCE OVER THE PRIOR UNREGISTERED SALE. — The settled rule is that levy on attachment, duly registered, takes preference over a prior unregistered sale. This result is a necessary consequence of the fact that the property involved was duly covered by the Torrens system which works under the fundamental principle that registration is the operative act which gives validity to the transfer or creates a lien upon the land. The preference created by the levy on attachment is not diminished even by the subsequent registration of the prior sale. This is so because an attachment is a proceeding *in rem*. It is against the particular property, enforceable against the whole world. The attaching creditor acquires a specific lien on the attached property which nothing can subsequently destroy except the very dissolution of the attachment or levy itself. Such a proceeding, in effect, means that the property attached is an indebted thing and a virtual condemnation of it to pay the owner's debt. The lien continues until the debt is paid, or sale is had under execution issued on the judgment, or until the judgment is satisfied, or the attachment discharged or vacated in some manner provided by law. Thus, in the registry, the attachment in favor of respondents appeared in the nature of a real lien when petitioner had his purchase recorded. The effect of the notation of said lien was to subject and subordinate the right of petitioner, as purchaser, to the lien. Petitioner acquired ownership of the land only from the date of the recording of his title in the register, and the right of ownership which he inscribed was not absolute but a limited right, subject to a prior registered lien of respondents, a right which is preferred and superior to that of petitioner.

3. REMEDIAL LAW; CIVIL PROCEDURE; EQUITY; NOT PROPER IN THE PRESENCE OF LAW CLEARLY APPLICABLE TO

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THE CASE. — As to petitioner's invocation of equity, we cannot, at this instance, yield to such principle in the presence of a law clearly applicable to the case. We reiterate that this Court, while aware of its equity jurisdiction, is first and foremost, a court of law. While equity might tilt on the side of one party, the same cannot be enforced so as to overrule positive provisions of law in favor of the other. Equity cannot supplant or contravene the law. The rule must stand no matter how harsh it may seem. *Dura lex sed lex.*

APPEARANCES OF COUNSEL

Goc-ong & Associates for petitioner.

Ruben E. Agpalo and *Garcia Jacobo & Besinga Law Office* for respondents.

D E C I S I O N

CHICO-NAZARIO, *J.*:

Before this Court is a Petition for Review under Rule 45 of the Rules of Court, seeking to set aside the 25 September 1997 Decision and the 10 February 1998 Resolution of the Court of Appeals in CA-G.R. SP No. 43082 entitled, "*Candelario Damalerio and Aurea Damalerio v. Honorable Antonio S. Alano, et al.*"[1]

There is no dispute as to the following facts:

On 05 December 1995, Bernardo Valdevieso (petitioner) bought from spouses Lorenzo and Elenita Uy a parcel of land consisting of 10,000 square meters, more or less, located at Bo. Tambler, General Santos City, and covered by Transfer Certificate of Title (TCT) No. T-30586.[2]

The deed of sale was not registered, nor was the title of the land transferred to petitioner.[3]

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[1] Penned by Associate Justice Eduardo G. Montenegro with Associate Justices Arturo B. Buena and Romeo A. Brawner, concurring.

[2] *Rollo*, p. 29.

[3] *Rollo*, p. 21.

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On 07 December 1995, the said property was immediately declared by petitioner for taxation purposes as Tax Declaration No. 16205 with the City Assessor's Office.[4]

It came to pass that on 19 April 1996, spouses Candelario and Aurea Damalerio (respondents) filed with the Regional Trial Court (RTC) of General Santos City, a complaint for a sum of money against spouses Lorenzo and Elenita Uy docketed as Civil Case No. 5748 with application for the issuance of a Writ of Preliminary Attachment.[5]

On 23 April 1996, the trial court issued a Writ of Preliminary Attachment by virtue of which the property, then still in the name of Lorenzo Uy but which had already been sold to petitioner, was levied. The levy was duly recorded in the Register of Deeds of General Santos City and annotated upon TCT No. T-30586.[6]

On 06 June 1996, TCT No. T-30586 in the name of Lorenzo Uy was cancelled and, in lieu thereof, TCT No. T-74439 was issued in the name of petitioner.[7] This new TCT carried with it the attachment in favor of respondents.

On 14 August 1996, petitioner filed a third-party claim in Civil Case No. 5748 to discharge or annul the attachment levied on the property covered by TCT No. T-74439 on the ground that the said property belongs to him and no longer to Lorenzo and Elenita Uy.[8]

In a resolution dated 21 October 1996, the trial court ruled for the petitioner.[9] Citing *Manliguez v. Court of Appeals*[10] and *Santos v. Bayhon*,[11] it held that the levy of the property by virtue of attachment is lawful only when the levied property indubitably belongs to the defendant. Applying the rulings in the cited cases, it opined that although defendant Lorenzo Uy remained

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[4] *Rollo*, p. 29.

[5] *Rollo*, p. 42.

[6] *Rollo*, p. 29.

[7] *Rollo*, p. 29.

[8] *Rollo*, p. 99.

[9] *Rollo*, pp. 36-37.

[10] G.R. No. 92598, 20 May 1994, 232 SCRA 427.

[11] G.R. No. 88643, 23 July 1991, 199 SCRA 525.

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the registered owner of the property attached, yet the fact was that he was no longer the owner thereof as it was already sold earlier to petitioner, hence, the writ of attachment was unlawful.

Respondents sought reconsideration thereof which was denied by the trial court in a resolution dated 03 January 1997.[12]

From the unfavorable resolution of the trial court in the third-party claim, respondents appealed to the Court of Appeals. The appellate court reversed the resolution and by judgment promulgated on 25 September 1997, it declared that an attachment or levy of execution, though posterior to the sale, but if registered before the sale is registered, takes precedence over the sale.[13] The writ of attachment in favor of the respondents, being recorded ahead of the sale to petitioner, will therefore take precedence.

Petitioner moved for reconsideration but this was denied by the Court of Appeals in its Resolution of 10 February 1998.[14]

Hence, this Petition for Review on *Certiorari*.

The sole issue in this case is whether or not a registered writ of attachment on the land is a superior lien over that of an earlier unregistered deed of sale.

Petitioner maintains that he has a superior right over the questioned property because when the same was attached on 23 April 1996, this property was no longer owned by spouses Uy against whom attachment was issued as it was already sold to petitioner on 05 December 1995. The ownership thereof was already transferred to petitioner pursuant to Article 1477[15] in relation to Article 1498[16] of the Civil Code.

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[12] *Rollo*, p. 38.

[13] *Rollo*, pp. 28-34.

[14] *Rollo*, p. 35.

[15] The ownership of the thing sold shall be transferred to the vendee upon the actual or constructive delivery thereof.

[16] When the sale is made through a public instrument, the execution thereof 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.

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Dismissing the allegation that he slept on his rights by not immediately registering at least an adverse claim based on his deed of sale, petitioner avers that he promptly worked out for the transfer of registration in his name. The slight delay in the registration, he claims was not due to his fault but attributable to the process involved in the registration of property such as the issuance of the Department of Agrarian Reform clearance which was effected only after compliance with several requirements.

Considering the peculiar facts and circumstances obtaining in this case, petitioner submits it would be in accord with justice and equity to declare him as having a superior right to the disputed property than the respondents.

Respondents maintain the contrary view. They aver that registration of a deed of sale is the operative act which binds the land and creates a lien thereon. Before the registration of the deed, the property is not bound insofar as third persons are concerned. Since the writ of attachment in favor of respondents was registered earlier than the deed of sale to petitioner, respondents were of the belief that their registered writ of attachment on the subject property enjoys preference and priority over petitioner's earlier unregistered deed of sale over the same property. They also contend that Articles 1477 and 1498 of the Civil Code as cited by petitioner are not applicable to the case because said provisions apply only as between the parties to the deed of sale. These provisions do not apply to, nor bind, third parties, like respondents, because what affects or binds third parties is the registration of the instrument in the Register of Deeds. Furthermore, respondents argue that petitioner cannot invoke equity in his favor unless the following conditions are met: (a) the absence of specific provision of a law on the matter; and (b) if the person who invokes it is not guilty of delay. Both conditions have not been met, however, since there is a law on the subject matter, *i.e.,* Section 51 of Presidential Decree No. 1529, and that petitioner allegedly slept on his rights by not immediately registering an adverse claim based on his deed of sale.

We agree with the respondents.

The law applicable to the facts of this case is Section 51 of P.D. No. 1529. Said Section provides:

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Sec. 51. *Conveyance and other dealings by registered owner.* — An owner of registered land may convey, mortgage, lease, charge, or otherwise deal with the same in accordance with existing laws. He may use such forms of deeds, mortgages, leases or other voluntary instruments as are sufficient in law. But no deed, mortgage, lease, or other voluntary instrument, except a will purporting to convey or affect registered land, shall take effect as a conveyance or bind the land, but shall operate only as a contract between the parties and as evidence of authority to the Register of Deeds to make registration.

The act of registration shall be the operative act to convey or affect the land insofar as third persons are concerned, and in all cases under this Decree, the registration shall be made in the office of the Register of Deeds for the province or city where the land lies.

It is to be noted that though the subject land was deeded to petitioner as early as 05 December 1995, it was not until 06 June 1996 that the conveyance was registered, and, during that interregnum, the land was subjected to a levy on attachment. It should also be observed that, at the time of the attachment of the property on 23 April 1996, the spouses Uy were still the registered owners of said property. Under the cited law, the execution of the deed of sale in favor of petitioner was not enough as a succeeding step had to be taken, which was the registration of the sale from the spouses Uy to him. Insofar as third persons are concerned, what validly transfers or conveys a person's interest in real property is the registration of the deed. Thus, when petitioner bought the property on 05 December 1995, it was, at that point, no more than a private transaction between him and the spouses Uy. It needed to be registered before it could bind third parties, including respondents. When the registration finally took place on 06 June 1996, it was already too late because, by then, the levy in favor of respondents, pursuant to the preliminary attachment ordered by the General Santos City RTC, had already been annotated on the title.

The settled rule is that levy on attachment, duly registered, takes preference over a prior unregistered sale.[17] This result is a necessary

[17] *Luz Du v. Stronghold Insurance Co., Inc.*, G.R. No. 156580, 14 June 2004; *First Integrated Bonding & Insurance Co., Inc. v. Court of Appeals*, G.R. No. 119577, 28 August 1996, 261 SCRA 203; *Caviles, Jr. v. Bautista*, G.R. No. 102648, 24 November 1999, 319 SCRA 24; *Capistrano v. PNB*, 101 Phil. 1117; *Defensor v. Brillo,* 98 Phil. 427; *Gomez v. Levy Hermanos*, 67 Phil. 134.

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consequence of the fact that the property involved was duly covered by the Torrens system which works under the fundamental principle that registration is the operative act which gives validity to the transfer or creates a lien upon the land.[18]

The preference created by the levy on attachment is not diminished even by the subsequent registration of the prior sale. This is so because an attachment is a proceeding *in rem*.[19] It is against the particular property, enforceable against the whole world. The attaching creditor acquires a specific lien on the attached property which nothing can subsequently destroy except the very dissolution of the attachment or levy itself.[20] Such a proceeding, in effect, means that the property attached is an indebted thing and a virtual condemnation of it to pay the owner's debt.[21] The lien continues until the debt is paid, or sale is had under execution issued on the judgment, or until the judgment is satisfied, or the attachment discharged or vacated in some manner provided by law.

Thus, in the registry, the attachment in favor of respondents appeared in the nature of a real lien when petitioner had his purchase recorded. The effect of the notation of said lien was to subject and subordinate the right of petitioner, as purchaser, to the lien. Petitioner acquired ownership of the land only from the date of the recording of his title in the register, and the right of ownership which he inscribed was not absolute but a limited right, subject to a prior registered lien of respondents, a right which is preferred and superior to that of petitioner.[22]

Anent petitioner's reliance on the rulings laid down in *Manliguez v. Court of Appeals* and *Santos v. Bayhon*, we find the same to be misplaced. These cases did not deal at all with the dilemma at hand, *i.e.*, the question of whether or not a registered writ of attachment on

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[18] *Calalang v. Register of Deeds of Quezon City*, G.R. Nos. 76265 and 83280, 11 March 1994, 231 SCRA 88; *Villasor v. Camon*, 89 Phil. 404.

[19] *Tay Chun Suy v. Court of Appeals*, G.R. Nos. 91004-05, 20 August 1992, 212 SCRA 713; *BF Homes v. Court of Appeals*, G.R. Nos. 76879 and 77143, 03 October 1990, 190 SCRA 262.

[20] *Lavides v. Pre*, G.R. No. 127830, 17 October 2001, 367 SCRA 382.

[21] *Government, et al., v. Mercado*, 67 Phil. 409.

[22] *Gomez v. Levy Hermanos*, 67 Phil. 134.

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land is superior to that of an earlier unregistered deed of sale. In *Santos*, what was involved were machinery and pieces of equipment which were executed upon pursuant to the favorable ruling of the National Labor Relations Commission. A third party claimed that the machinery were already sold to her, but it does not appear in the facts of the case if such sale was ever registered. *Manliguez* is similar to *Santos*, except that the former involved buildings and improvements on a piece of land. To stress, in both cited cases, the registration of the sale, if any, of the subject properties was never in issue.

As to petitioner's invocation of equity, we cannot, at this instance, yield to such principle in the presence of a law clearly applicable to the case. We reiterate that this Court, while aware of its equity jurisdiction, is first and foremost, a court of law.[23] While equity might tilt on the side of one party, the same cannot be enforced so as to overrule positive provisions of law in favor of the other.[24] Equity cannot supplant or contravene the law.[25] The rule must stand no matter how harsh it may seem. *Dura lex sed lex.*

WHEREFORE, the appealed Decision of the Court of Appeals in CA-G.R. SP No. 43082 dated 25 September 1997, and its Resolution dated 10 February 1998, are hereby *AFFIRMED*. No costs.

SO ORDERED.

Puno (Chairman), Austria-Martinez, Callejo, Sr., and *Tinga, JJ.*, concur.

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[23] *National Housing Authority v. Grace Baptist Church*, G.R. No. 156437, 01 March 2004.

[24] *BPI Family Savings Bank v. Sps. Januario Antonio and Natividad Veloso, et al.*, G.R. No. 141974, 09 August 2004.

[25] *DBP v. COA*, G.R. No. 144516, 11 February 2004.