Supreme Court E-Library

Heirs of Francisco to repudiate the clear and unequivocal finding of the CA that the Motion for Reconsideration was filed only on December 6, 2013.

Hence, with the Rules of Court stating that if no appeal or motion for new trial or reconsideration is filed within the time provided in these Rules, the judgment or final order shall forthwith be entered by the clerk in the book of entries of judgments,[23] the CA merely followed the letter of law in issuing the assailed Entry of Judgment.

WHEREFORE, premises considered, the instant appeal is hereby **DENIED**. The Resolution dated August 20, 2014 issued by the Court of Appeals, Cagayan de Oro City, Special Former Twenty-Second Division in CA-G.R. CV No. 02277-MIN is **AFFIRMED**.

SO ORDERED.

Carpio (Chairperson), *A. Reyes, Jr.,* and *J. Reyes, Jr.,*[*] *JJ.,* concur.

Perlas-Bernabe, J., on wellness leave

SECOND DIVISION

[G.R. No. 218343. November 28, 2018]

JUN MIRANDA, *petitioner, vs.* **SPS. ENGR. ERNESTO AND AIDA MALLARI AND SPS. DOMICIANO C. REYES AND CARMELITA PANGAN,** *respondents.*

---

[23] RULES OF COURT, Rule 36, Sec. 2.

[*] Designated additional Member per Special Order No. 2587 dated August 28, 2018.

Supreme Court E-Library

SYLLABUS

1. **REMEDIAL LAW; SPECIAL CIVIL ACTIONS; FORCIBLE ENTRY AND UNLAWFUL DETAINER; *ACCION PUBLICIANA*; NATURE; THE ISSUE IN AN *ACCION PUBLICIANA* IS THE "BETTER RIGHT OF POSSESSION" OF REAL PROPERTY WHICH MAY OR MAY NOT PROCEED FROM A TORRENS TITLE.—** *Accion publiciana* is a plenary action to recover the better right of possession (possession *de jure*), which should be brought in the proper inferior court or Regional Trial Court (depending upon the value of the property) when the dispossession has lasted for more than one year (or for less than a year in cases other than those mentioned in Rule 70 of the Rules). The issue in an *accion publiciana* is the "better right of possession" of real property independently of title. This "better right possession" may or may not proceed from a Torrens title. Thus, a lessee, by virtue of a registered lease contract or an unregistered lease contract with a term longer than one year may file, as against the owner or usurper, an *accion publiciana* if he has been dispossessed for more than one year. In the same manner, a registered owner or one with a Torrens title can likewise file an *accion publiciana* to recover possession if the one-year prescriptive period for forcible entry and unlawful detainer has already lapsed.

2. **ID.; ID.; ID.; THE COURT HEARING AN *ACCION PUBLICIANA* HAS THE POWER TO RULE PROVISIONALLY ON THE ISSUE OF OWNERSHIP, ONLY TO DETERMINE WHO BETWEEN THE PARTIES HAS THE RIGHT TO POSSESS THE PROPERTY; THUS, THE DEFENSE OF OWNERSHIP RAISED BY THE DEFENDANT WILL NOT TRIGGER A COLLATERAL ATTACK ON THE PLAINTIFF'S CERTIFICATE OF TITLE.—** Unlike forcible entry and unlawful detainer where there is an express grant for the provisional determination of the issue of ownership for the sole purpose of determining the issue of possession pursuant to Sections 16 and 18 of Rule 70, there is no express grant in the Rules that the court hearing an *accion publiciana* can provisionally resolve the issue of ownership. Despite the lack of an express Rule, however, there is ample jurisprudential support for upholding the power of a

Supreme Court E-Library

court hearing an *accion publiciana* to also rule provisionally on the issue of ownership. In *Supapo v. Sps. De Jesus (Supapo)* the Court stated x x x. This Court has held that the objective of the plaintiffs in *accion publiciana* is to recover possession only, not ownership. However, where the parties raise the issue of ownership, the courts may pass upon the issue to determine who between the parties has the right to possess the property. This adjudication is not a final determination of the issue of ownership, it is only for the purpose of resolving the issue of possession, where the issue of ownership is inseparably linked to the issue of possession. The adjudication of the issue of ownership, being provisional, is not a bar to an action between the same parties involving title to the property. The adjudication, in short, is not conclusive on the issue of ownership. x x x. Since the resolution of the issue of ownership in *accion publiciana*, like forcible entry and unlawful detainer, is passed upon only to determine the issue of possession, the defense of ownership raised by the defendant (*i.e.*, that he, and not the plaintiff, is the rightful owner) will **not** trigger a collateral attack on the plaintiff's certificate of title.

3. CIVIL LAW; THE CIVIL CODE; SALES; NATURE OF CONTRACT OF SALE; OWNERSHIP OF THE THING SOLD SHALL BE TRANSFERRED TO THE VENDEE UPON THE ACTUAL OR CONSTRUCTIVE DELIVERY THEREOF.— Article 1458 of the Civil Code provides that by the contract of sale one of the contracting parties obligates himself to transfer ownership and to deliver a determinate thing, and the other to pay a price certain in money or equivalent. Pursuant to Article 1475 of the Civil Code, a contract of sale is a consensual one because it is perfected at the moment there is a meeting of minds upon the thing which is the object of the contract and upon the price. As to transfer of ownership, Article 1477 of the Civil Code provides that the **ownership** of the thing sold shall be **transferred** to the vendee **upon the actual or constructive delivery** thereof. Under Article 712 of the same Code, ownership and other real rights over property are acquired and transmitted in consequence of certain contracts, by **tradition**. However, the parties may stipulate that ownership in the thing shall not pass to the purchaser until he has fully paid the price under Article 1478. The Deed of Absolute Sale between Spouses Reyes, the then registered owners of the subject property, and

Supreme Court E-Library

Miranda was executed in March 1996 and possession was alredy transferred to Miranda, through constructive delivery when the Deed of Absolute Sale, a public instrument, was executed conformably to Article 1498 of the Civil Code, and through real delivery when actual possession was turned over to Miranda pursuant to Article 1497 of the Civil Code. Pursuant to the applicable provisions of the Civil Code on the contract of sale and modes of acquiring ownership, Miranda acquired ownership of the subject property when he took actual physical, or at least constructive, possession thereof.

4. ID.; ID.; ID.; THE NON-REGISTRATION OF THE DEED OF ABSOLUTE SALE WITH THE REGISTRY OF DEEDS WILL NOT AFFECT THE VALIDITY AND EFFECTIVITY OF THE SALE. — The non-registration of the Deed of Absolute Sale with the Registry of Deeds for the Province of Nueva Ecija did not affect the sale's validity and effectivity. In the 1958 case of *Sapto v. Fabiana (Sapto)* penned by Justice J.B.L. Reyes, the Court stated: x x x. In a long line of cases already decided by this Court, we have consistently interpreted sec. 50 of the Land Registration Act providing that "no deed x x x 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 clerk or register of deeds to make registration" in the sense that as between the parties to a sale registration is not necessary to make it valid and effective, for actual notice is equivalent to registration x x x. x x x . And in the recent case of Casica *vs*. Villaseca. G.R. No. L-9590, April 30, 1957, we reiterated that "the purpose of registration is merely to notify and protect the interests of strangers to a give transaction, who may be ignorant thereof, and the non-registration of the deed evidencing said transaction does not relieve the parties thereto of their obligations thereunder."

5. REMEDIAL LAW; CIVIL PROCEDURE; JUDGMENTS; EXECUTION AND SATISFACTION OF JUDGMENTS; IF THE JUDGMENT OBLIGOR NO LONGER HAS ANY RIGHT, TITLE OR INTEREST IN THE PROPERTY LEVIED UPON, THEN THERE CAN BE NO LIEN THAT MAY BE CREATED IN FAVOR OF THE JUDGMENT OBLIGEE BY REASON OF THE LEVY, AS ONLY PROPERTY INCONTROVERTIBLY OR UNQUESTIONABLY BELONGING TO THE JUDGMENT

Supreme Court E-Library

OBLIGOR MAY BE SUBJECT OF A LEVY ON EXECUTION.— Since ownership of the subject property had been transferred to Miranda in 1996, it ceased to be owned by Spouses Reyes as early as then. Not being owned by Spouses Reyes, the subject property could not therefore be made answerable for any judgment rendered against them. Section 9(b), Rule 39 of the Rules, which authorizes a "levy upon the properties of the judgment obligor of every kind and nature whatsoever which may be disposed of for value and not otherwise exempt from execution" presupposes that the property to be levied belongs to and is owned by the judgment debtor. Also, according to Section 12, Rule 39, the effect of levy on execution as to third persons is to create a lien in favor of the judgment obligee over the right, title and interest of the judgment obligor in such property at the time of the levy, subject to liens and encumbrances then existing. **If the judgment obligor no longer has any right, title or interest in the property levied upon, then there can be no lien that may be created in favor of the judgment obligee by reason of the levy.** Based on Section 9(b), Rule 39 of the Rules, the purpose of a levy on execution is to subject real and personal properties of the judgment debtor and make them answerable to the obligation in favor of the judgment obligee in case the former is not able to pay the judgment debt in cash, certified check, or similar means; and only property **incontrovertibly** or **unquestionably belonging to the judgment obligor** may be subject of a levy on execution.

6. ID.; ID.; ID.; ID.; A JUDGMENT CREDITOR OR PURCHASER AT AN EXECUTION SALE ACQUIRES ONLY WHATEVER RIGHTS THAT THE JUDGMENT OBLIGOR MAY HAVE OVER THE PROPERTY AT THE TIME OF LEVY; THUS, IF THE JUDGMENT OBLIGOR HAS NO RIGHT, TITLE OR INTEREST OVER THE LEVIED PROPERTY THERE IS NOTHING FOR HIM TO TRANSFER.— It is well-settled pursuant to *Balbuena v. Sabay (Balbuena)* that a judgment debtor can only transfer property in which he has interest to the purchaser at a public execution sale **and the principle of *caveat emptor* applies even to such sale**: x x x. x x x, [A]s held by the Court in *Panizales v. Palmares,* cited in *Balbuena,* the purchaser acquires absolutely nothing if at the execution sale the judgment debtor no longer has any right to or interest in the property purportedly belonging

Supreme Court E-Library

to him: x x x. **Based on the above rulings, a judgment creditor or purchaser at an execution sale acquires only whatever rights that the judgment obligor may have over the property at the time of levy. Thus, if the judgment obligor has no right, title or interest over the levied property — as in this case — there is nothing for him to transfer.** Applied to this, the levy made on the subject property could not have created any lien in favor of Spouses Mallari because their judgment debtors, Spouses Reyes, had no more right, title or interest thereto or therein at the time of the levy. To recall, they had sold the property in question to Miranda a whole seven years earlier. Needless to add, there was nothing that was sold and transferred to Spouses Mallari at the time of the execution.

7. **ID.; ID.; ID.; ID.; THE RULE THAT PREFERENCE IS TO BE GIVEN TO A DULY REGISTERED LEVY ON ATTACHMENT OR EXECUTION OVER A PRIOR UNREGISTERED SALE APPLIES IN CASE OWNERSHIP HAS NOT VESTED IN FAVOR OF THE BUYER IN THE PRIOR UNREGISTERED SALE BEFORE THE REGISTERED LEVY ON ATTACHMENT OR EXECUTION, WHILE THE RULE THAT A JUDGMENT DEBTOR CAN ONLY TRANSFER PROPERTY IN WHICH HE HAS INTEREST TO THE PURCHASER AT A PUBLIC EXECUTION SALE APPLIES WHEN, BEFORE THE LEVY, OWNERSHIP OF THE SUBJECT PROPERTY HAS ALREADY BEEN VESTED IN FAVOR OF THE BUYER IN THE PRIOR UNREGISTERED SALE.—** The jurisprudential rule that preference is to be given to a duly registered levy on attachment or execution over a prior unregistered sale, which the CA adverted to in ruling that the right of Spouses Mallari prevails over that of Miranda, is to be circumscribed within another well-settled rule — that a judgment debtor can only transfer property in which he has interest to the purchaser at a public execution sale. Thus, the former rule applies in case ownership has not vested in favor of the buyer in the prior unregistered sale before the registered levy on attachment or execution, and the latter applies when, before the levy, ownership of the subject property has already been vested in favor of the buyer in the prior unregistered sale. In conclusion, the Court holds that Miranda has a better right of possession over the subject property having acquired ownership

Supreme Court E-Library

thereof prior to the levy on execution that Spouses Mallari had caused to be made upon the subject property.

APPEARANCES OF COUNSEL

Joel V. Garma for petitioner.
Edwin Alaestante for respondents Sps. Mallari.
Domiciano Reyes for respondents Reyes and Pangan.

D E C I S I O N

CAGUIOA, *J.*:

Before the Court is a petition for review on *certiorari*[1] (Petition) under Rule 45 of the Rules of Court (Rules) assailing the Decision[2] dated September 26, 2014 and the Resolution[3] dated May 19, 2015 of the Court of Appeals[4] in CA-G.R. CV No. 97437. The CA Decision denied the appeal filed by petitioner Jun Miranda (Miranda) and affirmed the Decision[5] dated June 3, 2010 of the Regional Trial Court of Gapan City, Nueva Ecija, Branch 87 (RTC) in Civil Case No. 2773, ordering Miranda to surrender possession of the 7.3 hectares lot (subject property) located at Barangay Papaya, San Antonio, Nueva Ecija and embraced in Transfer Certificate of Title No. (TCT) NT-226485 of the Register of Deeds for the Province of Nueva Ecija, and dismissing the third-party complaint by Miranda against Spouses Domiciano Reyes and Carmelita Pangan (Spouses Reyes). The CA Resolution denied Miranda's motion for reconsideration.

The Facts and Antecedent Proceedings

The antecedents as narrated in the CA Decision follow:

---

[1] *Rollo*, pp. 3-23, excluding Annexes.

[2] *Id*. at 24-36. Penned by Associate Justice Normandie B. Pizarro, with Associate Justices Manuel M. Barrios and Pedro B. Corales concurring.

[3] *Id*. at 48-50.

[4] Seventeenth Division and Former Seventeenth Division, respectively.

[5] *Rollo*, pp. 72-81. Penned by Presiding Judge Wilfredo L. Maynigo.

Supreme Court E-Library

On January 24, 2000, a *Decision* was rendered by the RTC of Balanga City granting the complaint for damages docketed therein as Civil Case No. 6701, entitled Spouses Ernesto and Aida Mallari (Spouses Mallari) versus Japhil Construction Corp. and its owners, the Spouses Domiciano and Carmelita Reyes (Spouses Reyes). The decretal portion of the disposition reads as follows:

> *WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiffs and against the defendants ordering the latter to jointly and severally pray* (sic);
>
> *1. Plaintiffs Spouses Engr. Ernesto S. Mallari and Aida P. Mallari the sum of ₱1,200,000.00 Philippine Currency, plus interest at the rate of 6% per annum counted from the date of the filing of this case until the said amount is paid in full;*
>
> *2. ₱50,000.00 for moral damages;*
>
> *3. ₱25,000.00 for exemplary damages;*
>
> *4. ₱25,000.00 for Attorney's fees;*
>
> *5. The cost of the suit.*
>
> *SO ORDERED.*

The Spouses Reyes appealed the foregoing disposition, but the same was dismissed by [the CA], through the former Special Second Division, on January 30, 2002. The RTC's disposition [was] declared final and executory on February 20, 2002 and was annotated in Transfer Certificate of Title (TCT) No. NT-266485 as Entry No. 2195 on February 10, 2003.

On March 10, 2003, a Writ of Execution was then issued by the RTC of Balanga. Pursuant thereto, a Notice of Levy, dated April 2, 2003, was issued covering the parcel of land, located at San Antonio, Nueva Ecija, registered under TCT No. NT-266485 (subject property) in the names of therein judgment debtors, Spouses Reyes. The date of the inscription of the notice in TCT No. NT-266485 was indicated as *April 3, 2002*, when the same should have been April 3, 2003.

On September 12, 2003 and after due notice, a public auction was held whereby the subject property was sold to the Spouses Mallari, as highest bidder[s], who came out with a bid of One Million Six Hundred Forty-Five Thousand Pesos (PhP 1,645,000.00). On September 16, 2003, a Certificate of Sale was then issued to the said

Supreme Court E-Library

spouses who, in turn, caused the same to be annotated in TCT No. NT-266485 as Entry No. 11122 on September 17, 2003.

The Present Controversy:

On March 3, 2004, the Spouses Mallari filed the suit [for recovery of possession] below against Jun Miranda (Miranda). Thereunder, they alleged that, sometime after causing the Certificate of Sale in their favor to be annotated in TCT No. NT-266485, they conducted an inspection of the subject property. At which time, they discovered that the same was in the possession of Miranda who claimed to be the owner thereof, having bought the property from the Spouses Reyes sometime in 1996. Claiming to be entitled to the ownership and possession of the property, they prayed that Miranda be ordered to vacate and to surrender the possession thereof to them.

In his Answer, Miranda denied all the material allegations in the Spouses Mallari's complaint. He averred that he is already, and continues to be, the owner of the subject property as he bought the same from the Spouses Reyes way back March 20, 1996[6] despite that he failed to cause the registration of the sale as he lost the owner's copy of TCT No. NT-266485. Asserting that the Spouses Reyes no longer have rights or interests over the subject property at the time of the levy, he maintained that the Spouses Mallari acquired no right over the same. Further, he insisted that the Spouses Mallari have no cause of action since the said spouses are mere claimants in an execution sale and no formal demand to vacate was made upon him. Claiming to be an innocent purchaser for value who cannot be deprived of possession over the subject property, he prayed that the complaint be dismissed, that he be declared the rightful owner of the subject property, and for an award of damages.

On July 12, 2004 and with leave of court, Miranda filed a Third-Party Complaint against the Spouses Reyes. In essence, he alleged that he would have immediately transferred the ownership of the subject property in his name had he known of the suit between the Spouses Reyes and the Spouses Mallari; and, that because of such lack of knowledge, he is now in extreme danger of losing his property. Maintaining that the Spouses Reyes, as sellers, impliedly warranted his protection against eviction, he, thus, prayed that the said spouses be held liable for any and all damages that he may incur should he be deprived of the subject property.

---

[6] According to the Petition, the date of the Deed of Absolute Sale (Exhibit "2") is March 21, 1996. *Id.* at 6.

Supreme Court E-Library

In his Answer, Domiciano Reyes admitted that he and his now deceased wife, Carmelita, sold the subject property to Miranda in 1996. He, however, claimed that he and his wife are no longer liable to Miranda should the latter be ordered to surrender the possession and ownership of the property to the Spouses Mallari. According to him, Miranda was grossly negligent in that he did not cause the registration of the property in his name or to annotate his interest over the property despite that, after the sale in 1996, he and his wife, as sellers, surrendered to Miranda all the documents pertinent to the subject property that would have enabled the latter to cause such registration. Further, he claimed that he could not be blamed as regards the levy since, prior thereto, he already informed the Spouses Mallari that the same was no longer his. Insisting that Miranda could not shift the blame on him and his wife, he prayed that the third-party complaint be dismissed for (*sic*) damages.

[Miranda executed an affidavit of adverse claim over the subject property and had it registered only on December 9, 2003.[7]]

The issues having been joined and for lack of an amicable settlement between the parties, a full-blown trial ensued.

On June 3, 2010, the RTC rendered the assailed *Decision* granting the Spouses Mallari's complaint and dismissing Miranda's third-party complaint. It pronounced that Miranda is estopped from claiming ownership over the subject property in view of his failure to annotate his interest thereto in TCT No. NT-266485; and, that the levy, execution, and sale of the subject property to the Spouses Mallari is valid because Miranda's claim of ownership, even if true, cannot prevail over the rights of the said spouses.

In dismissing the third-party complaint, the RTC ratiocinated that the warranty against eviction does not apply because, first, the Spouses Reyes, as vendors, had no participation in the execution sale and, second, it was Miranda who failed to safeguard his right over the property. The *fallo* of the disposition thus reads:

> ***WHEREFORE****, premises considered, judgment is hereby rendered in favor of the plaintiffs-spouses Ernesto and Aida Mallari and against defendant Jun Miranda in the following manner:*

---

[7] *Rollo*, p. 79.

Supreme Court E-Library

a) Ordering defendant Jun Miranda to peacefully surrender the material and actual possession of the 7.3 hectares lot located at Brgy. Papaya, San Antonio, Nueva Ecija, and embraced in TCT No. NT 226485 of the Register of Deeds for the Province of Nueva Ecija; and,

b) Dismissing the third-party complaint by defendant Jun Miranda against Sps. Domiciano Reyes and Carmelita Pangan for lack of merit.

SO ORDERED.

Dissatisfied, Miranda sought x x x recourse [to the CA].[8]

The CA Ruling

The CA in its Decision[9] dated September 26, 2014 denied Miranda's appeal and affirmed the RTC Decision.

The CA ruled that the right of Spouses Ernesto and Aida Mallari (Spouses Mallari) having been annotated on TCT NT-266485 through the Notice of Levy prevails over that of Miranda "in line with the jurisprudential rule that preference is given to a duly registered levy on attachment or execution over a prior unregistered sale."[10] The CA found Miranda's invocation that he is an innocent purchaser for value erroneous, and Spouses Mallari are the ones who can claim the right of being innocent purchasers for value.[11] On Miranda's third-party complaint against Spouses Reyes, the CA ruled that Miranda cannot anymore seek refuge under the Civil Code provisions on breach of warranty against eviction because almost eight years have lapsed from the execution of the deed of sale in 1996 up to the filing of the instant complaint on March 3, 2004.[12]

The dispositive portion of the CA Decision states:

---

[8] *Id*. at 25-30.

[9] *Id*. at 24-36.

[10] *Id*. at 32.

[11] *Id*. at 34.

[12] *Id*. at 35-36.

WHEREFORE, the appeal is **DENIED**. The assailed disposition is **AFFIRMED** *in toto*. No costs.

SO ORDERED.[13]

Miranda moved for reconsideration of the CA Decision, but the motion was denied in the CA Resolution[14] dated May 19, 2015.

Hence, Miranda filed the instant Petition. Spouses Mallari filed their Comment[15] dated September 3, 2015. Miranda filed a Reply[16] dated December 24, 2015.

Issues

The Petition raises the following issues:

Whether the CA erred when it upheld the supposed rights of Spouses Mallari as attaching creditors of the subject property despite their knowledge of the prior unregistered sale to Miranda;

Whether the CA erred when it did not award damages to Miranda;

Whether the CA erred when it dismissed the third-party complaint of Miranda against Spouses Reyes; and

Whether the CA erred in not reconsidering its Decision despite more than compelling reasons for its reversal.[17]

The Court's Ruling

The Petition is impressed with merit.

Before the Court delves into the substantive issues, the Court deems it proper to discuss a preliminary procedural matter.

---

[13] *Id*. at 36.

[14] *Id*. at 48-50.

[15] *Id*. at 65-71, excluding Annexes.

[16] *Id*. at 91-100.

[17] *Id*. at 9.

Supreme Court E-Library

The present Petition originated from a "verified complaint for Recovery of Possession with Damages."[18] The narration of facts both in the RTC Decision and the CA Decision reveals that recovery of possession was sought by Spouses Mallari from Miranda through an *accion publiciana* because there are no averments of facts that would support an action for either forcible entry or unlawful detainer. Besides, the complaint was filed before a Regional Trial Court, a third-party complaint was even allowed, and the proceedings were not summary as a full-blown trial was conducted.

Spouses Mallari's case against Miranda being an *accion publiciana*, a review of its nature and attributes is in order.

Accion publiciana is a plenary action to recover the better right of possession (possession *de jure*), which should be brought in the proper inferior court or Regional Trial Court (depending upon the value of the property)[19] when the dispossession has

---

[18] *Id*. at 72.

[19] Sections 19 and 33, Batas Pambansa Blg. No. 129 as amended by Republic Act No. 7691 (March 25, 1994) provide:

SEC. 19. *Jurisdiction in civil cases*. - Regional Trial Courts shall exercise exclusive original jurisdiction:

x x x x x x x x x

(2) In all civil actions which involve the *title to, or possession of, real property, or any interest therein*, where the **assessed value** of the property involved **exceeds Twenty thousand pesos (P20,000.00)** or, for civil actions **in Metro Manila**, where **such value exceeds Fifty thousand pesos (P50,000.00)** except actions for forcible entry into and unlawful detainer of lands or buildings, original jurisdiction over which is conferred upon the Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts[.]

x x x x x x x x x

SEC. 33. *Jurisdiction of Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts in Civil Cases*. – Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts shall exercise:

x x x x x x x x x

(3) Exclusive original jurisdiction in all civil actions which involve **title to, or possession of, real property, or any interest therein** where the

lasted for more than one year (or for less than a year in cases other than those mentioned in Rule 70 of the Rules).[20]

The issue in an *accion publiciana* is the "better right of possession" of real property independently of title. This "better right of possession" may or may not proceed from a Torrens title. Thus, a lessee, by virtue of a registered lease contract or an unregistered lease contract with a term longer than one year may file, as against the owner or usurper, an *accion publiciana* if he has been dispossessed for more than one year. In the same manner, a registered owner or one with a Torrens title can likewise file an *accion publiciana* to recover possession if the one-year prescriptive period for forcible entry and unlawful detainer has already lapsed.

Unlike forcible entry and unlawful detainer where there is an express grant for the provisional determination of the issue of ownership for the sole purpose of determining the issue of possession pursuant to Sections 16[21] and 18[22] of Rule 70, there

---

assessed value of the property or interest therein does **not exceed Twenty thousand pesos (P20,000.00)** or, in civil actions in **Metro Manila**, where such **assessed value does not exceed Fifty thousand pesos (P50,000.00) exclusive of interest, damages of whatever kind, attorney's fees, litigation expenses and costs:** *Provided*, That in cases of land not declared for taxation purposes, the value of such property shall be determined by the assessed value of the adjacent lots. (Emphasis supplied)

[20] See *Gumiran v. Gumiran*, 21 Phil. 174, 178-179 (1912), cases cited omitted. Rule 70 of the Rules of Court was formerly section 80 of the Code of Procedure in Civil Actions, as amended by Act No. 1778.

[21] Section 16, Rule 70, Rules of Court provides:

SEC. 16. Resolving defense of ownership. – When the defendant raises the defense of ownership in his pleadings and the question of possession cannot be resolved without deciding the issue of ownership, the issue of ownership shall be resolved only to determine the issue of possession.

[22] Section 18, Rule 70, Rules of Court provides:

SEC. 18. *Judgment conclusive only on possession; not conclusive in actions involving title or ownership.* – The judgment rendered in an action for forcible entry or detainer shall be conclusive with respect to the possession only and shall in no wise bind the title or affect the ownership of the land or building. Such judgment shall not bar an action between the same parties respecting title to the land or building.

Supreme Court E-Library

is no express grant in the Rules that the court hearing an *accion publiciana* can provisionally resolve the issue of ownership. Despite the lack of an express Rule, however, there is ample jurisprudential support for upholding the power of a court hearing an *accion publiciana* to also rule provisionally on the issue of ownership.

In *Supapo v. Sps. de Jesus*,[23] (*Supapo*) the Court stated:

> In the present case, the Spouses Supapo filed an action for the recovery of possession of the subject lot but they based their better right of possession on a claim of ownership [based on TCT C-28441 registered and titled under the Spouses Supapo's names[24]].
>
> This Court has held that the objective of the plaintiffs in *accion publiciana* is to recover possession only, not ownership. However, where the parties raise the issue of ownership, the courts may pass upon the issue to determine who between the parties has the right to possess the property.
>
> This adjudication is not a final determination of the issue of ownership; it is only for the purpose of resolving the issue of possession, where the issue of ownership is inseparably linked to the issue of possession. The adjudication of the issue of ownership, being provisional, is not a bar to an action between the same parties involving title to the property. The adjudication, in short, is not conclusive on the issue of ownership.[25]

The Court, recognizing the nature of *accion publiciana* as enunciated above and without dwelling on whether the attack on Spouses Supapo's title was direct or collateral, simply, and rightly, proceeded to provisionally resolve the conflicting claims of ownership. The Court's pronouncement in *Supapo* upholding the indefeasibility and imprescriptibility of Spouses Supapo's

---

[23] 758 Phil. 444 (2015). It must be noted that while *accion publiciana* was the remedy sought by Spouses Supapo, the Court, through Justice Brion, ruled that their position that their cause of action was imprescriptible since the subject property was registered and titled under the Torrens system was legally correct. *Id.* at 460.

[24] *Id*. at 449-450.

[25] *Id*. at 456; citations omitted.

Supreme Court E-Library

title was, however, subject to a Final Note that emphasized that even this resolution on the question of ownership would not be a final and binding determination of ownership, but merely provisional:

Final Note

As a final note, we stress that our ruling in this case is limited only to the issue of determining who between the parties has a better right to possession. This adjudication is not a final and binding determination of the issue of ownership. As such, this is not a bar for the parties or even third persons to file an action for the determination of the issue of ownership.[26]

Since the resolution of the issue of ownership in an *accion publiciana*, like forcible entry and unlawful detainer, is passed upon only to determine the issue of possession, the defense of ownership raised by the defendant (*i.e.*, that he, and not the plaintiff, is the rightful owner) will **not** trigger a collateral attack on the plaintiff's certificate of title.

Given these procedural parameters, the Court now proceeds to determine who as between Spouses Mallari and Miranda has a better right of possession over the subject property.

Spouses Mallari anchor their right on their being the highest bidders in an execution sale of the subject property that was conducted on September 12, 2003[27] to enforce a judgment debt that they obtained against its registered owners, Spouses Reyes. The notice of levy on execution and certificate of sale were duly annotated on April 3, 2003[28] and September 17, 2003, respectively, on Spouses Reyes' title.[29] In short, Spouses Mallari claim that they are entitled to the possession of the subject property, being its rightful owners by virtue of a registered execution sale.

---

[26] *Id*. at 467.

[27] *Rollo*, p. 26.

[28] Indicated as April 3, 2002; *id*.

[29] *Rollo*, pp. 26 and 79.

Supreme Court E-Library

On the other hand, Miranda claims a superior right as an owner of the subject property by virtue of an unregistered Deed of Absolute Sale dated March 21, 1996 (Exhibit "2").[30] From then on, Miranda asserts that he occupied the subject property in the concept of an owner and is the actual tiller thereof.[31]

The RTC in its Decision, which is favorable to Spouses Mallari, made this finding:

> There is no dispute that the entire process of satisfaction of the judgment debt is in accordance with the procedure prescribed by law. Still, the defendant [(Miranda)] raised question concerning the ownership of the subject land. Defendant made self-serving assertion that at the time of levy, the subject land is no longer owned by third party defendant Domiciano Reyes. It is already transferred to and owned by the defendant through a deed of sale executed prior to levy. As such, the execution sale is no longer valid. The transfer of the land and its sale in favor of plaintiffs-spouses is likewise invalid. This bare assertion of the defendant cannot be countenanced by the court. It is baseless and unsupported by evidence. At the time of levy, the subject parcel of land is registered in the name of defendant Domiciano Reyes and embraced in TCT No. NT-226485 of the Register of Deeds for the Province of Nueva Ecija. It was a clean title which did not reflect the adversarial claim on the lot of any person including the defendant. As such, plaintiffs-spouses and the Court Sheriff correctly relied on it. They validly conducted the levy and execution sale. The reliance on the clean title is in accordance with the Supreme Court ruling[s] x x x that a Torrens title is generally a conclusive evidence of the ownership of the land referred to therein.
>
> x x x x x x x x x
>
> Also, the Court is aware of the superior right of plaintiffs-spouses who first registered the notice of levy and certificate of sale vis-a-vis the defendant who alleged a prior unregistered sale and late registration of adverse claim. x x x[32]

The CA, relying on Section 51 of Presidential Decree No. 1529, also known as the Property Registration Decree, which

---

[30] *Id*. at 6.

[31] *Id*.

[32] *Id*. at 78-80.

Supreme Court E-Library

provides that no deed, mortgage, lease or other voluntary instrument 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 Registry of Deeds to make a registration, and Section 52, which provides that every conveyance, mortgage, lease, lien, attachment, order, judgment, instrument or entry affecting registered land shall, if registered, filed or entered in the Office of the Register of Deeds for the province or city where the land to which it relates lies, be constructive notice to all persons from the time of such registering, filing or entering, ruled:

> At bench, the Spouses Reyes [and] Miranda both claim that a sale covering the subject property was made by the former to the latter in 1996. There is no dispute, however, that the purported sale was not registered. On the other hand, the Notice of Levy covering the subject property that was issued in favor of the Spouses Mallari was, without a doubt, annotated on TCT No. NT-266485. The right, therefore, of the Spouses Mallari prevails over that of Miranda's, in line with the jurisprudential rule that preference is given to a duly registered levy on attachment or execution over a prior unregistered sale. x x x[33]

Given the nature of *accion publiciana*, as explained above, the rulings of the RTC and the CA on the issue of ownership should be considered as merely provisional and not conclusive.

Since both parties, Spouses Mallari and Miranda, claim exclusive ownership over the subject property, the right of ownership recognized in favor of one necessarily excludes the other of such right since this is not a case of co-ownership.

Article 1458 of the Civil Code provides that by the contract of sale one of the contracting parties obligates himself to transfer ownership and to deliver a determinate thing, and the other to pay a price certain in money or equivalent. Pursuant to Article 1475 of the Civil Code, a contract of sale is a consensual one because it is perfected at the moment there is a meeting of minds upon the thing which is the object of the contract and upon the price.

---

[33] *Id.* at 32.

Supreme Court E-Library

As to transfer of ownership, Article 1477 of the Civil Code provides that the **ownership** of the thing sold shall be **transferred** to the vendee **upon the actual or constructive delivery** thereof. Under Article 712 of the same Code, ownership and other real rights over property are acquired and transmitted in consequence of certain contracts, by tradition. However, the parties may stipulate that ownership in the thing shall not pass to the purchaser until he has fully paid the price under Article 1478.

The Deed of Absolute Sale between Spouses Reyes, the then registered owners of the subject property, and Miranda was executed in March 1996 and possession was already transferred to Miranda, through constructive delivery when the Deed of Absolute Sale, a public instrument, was executed conformably to Article 1498[34] of the Civil Code, and through real delivery when actual possession was turned over to Miranda pursuant to Article 1497[35] of the Civil Code.

Pursuant to the applicable provisions of the Civil Code on the contract of sale and modes of acquiring ownership, Miranda acquired ownership of the subject property when he took actual physical, or at least constructive, possession thereof.

The non-registration of the Deed of Absolute Sale with the Registry of Deeds for the Province of Nueva Ecija did not affect the sale's validity and effectivity. In the 1958 case of *Sapto v. Fabiana*[36] (*Sapto*) penned by Justice J. B. L. Reyes, the Court stated:

The issue is whether the deed of sale executed by appellants' predecessors in favor of the appellee over the land in question, although

---

[34] ART. 1498. 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 be clearly inferred

x x x x x x x x x

[35] ART. 1497. The thing sold shall be understood as delivered, when it is placed in the control and possession of the vendee.

[36] 103 Phil. 683 (1958).

never registered, is valid and binding on appellants and operated to convey title and ownership to the appellee.

The question is not new. In a long line of cases already decided by this Court, we have consistently interpreted sec. 50 of the Land Registration Act providing that "no deed x x x 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 clerk or register of deeds to make registration" in the sense that as between the parties to a sale registration is not necessary to make it valid and effective, for actual notice is equivalent to registration x x x. "The peculiar force of a title under Act No. 492", we said in Medina vs. Imaz and Warner Barnes & Co., 27 Phil., 314 (syllabus), "is exhibited only when the purchaser has sold to innocent third parties the land described in the conveyance. Generally speaking, as between vendor and vendee, the same rights and remedies exist in relation to land not so registered." In Galanza vs. Nuesa, 95 Phil., 713, we held that "registration is intended to protect the buyer against claims of third persons arising from subsequent alienations by the vendor, and is certainly not necessary to give effect as between the parties to their deed of sale." And in the recent case of Casica vs. Villaseca, G.R. No. L-9590, April 30, 1957, we reiterated that "the purpose of registration is merely to notify and protect the interests of strangers to a given transaction, who may be ignorant thereof, and the non-registration of the deed evidencing said transaction does not relieve the parties thereto of their obligations thereunder."[37]

Since ownership of the subject property had been transferred to Miranda in 1996, it ceased to be owned by Spouses Reyes as early as then. Not being owned by Spouses Reyes, the subject property could not therefore be made answerable for any judgment rendered against them.

Section 9(b), Rule 39 of the Rules, which authorizes a "levy upon the properties of the judgment obligor of every kind and nature whatsoever which may be disposed of for value and not otherwise exempt from execution" presupposes that the property to be levied belongs to and is owned by the judgment debtor. Also, according to Section 12, Rule 39, the effect of levy on execution as to third persons is to create a lien in favor of the

[37] *Id.* at 684-685.

Supreme Court E-Library

judgment obligee over the right, title and interest of the judgment obligor in such property at the time of the levy, subject to liens and encumbrances then existing. **If the judgment obligor no longer has any right, title or interest in the property levied upon, then there can be no lien that may be created in favor of the judgment obligee by reason of the levy**.

Based on Section 9(b), Rule 39 of the Rules, the purpose of a levy on execution is to subject real and personal properties of the judgment debtor and make them answerable to the obligation in favor of the judgment obligee in case the former is not able to pay the judgment debt in cash, certified check, or similar means; and only property **incontrovertibly** or **unquestionably belonging to the judgment obligor** may be subject of a levy on execution.

In *Gagoomal v. Spouses Villacorta*,[38] the Court held:

> **It is a basic principle of law that money judgments are enforceable only against property incontrovertibly belonging to the judgment debtor**, and if property belonging to any third person is mistakenly levied upon to answer for another man's indebtedness, such person has all the right to challenge the levy through any of the remedies provided for under the Rules of Court. x x x[39] (Emphasis supplied)

In *Bayer Philippines, Inc. v. Agana*[40] citing *Manila Herald Publishing Co., Inc. v. Ramos*,[41] the Court ruled that the court issuing a writ of execution and the sheriff making the levy act beyond the limits of their authority when the property levied upon does not unquestionably belong to the judgment debtor, but to a third party, like Miranda in this case, viz.:

> x x x **[T]he levy by the sheriff of a property by virtue of a writ of attachment may be considered as made under authority of**

---

[38] 679 Phil. 441 (2012).

[39] *Id*. at 451.

[40] 159 Phil. 953 (1975).

[41] 88 Phil. 94 (1951).

the court only when the property levied upon unquestionably belongs to the defendant. If he attach[es] properties other than those of the defendant, he acts beyond the limits of his authority. Otherwise stated, the court issuing a writ of execution is supposed to enforce its authority only over properties of the judgment-debtor, and should a third party appear to claim the property levied upon by the sheriff, the procedure laid down by the Rules is that such claim should be the subject of a separate and independent action.[42] (Emphasis and underscoring supplied)

It is well-settled pursuant to *Balbuena v. Sabay*[43] (*Balbuena*) that a judgment debtor can only transfer property in which he has interest to the purchaser at a public execution sale **and the principle of *caveat emptor* applies even to such sale**:

Nothing is more settled than that a judgment creditor (or more accurately, the purchaser at an auction sale) only acquires at an execution sale the identical interest possessed by the judgment debtor in the auctioned property; in other words, the purchaser takes the property subject to all existing equities applicable to the property in the hands of the debtor. The fact, too, that the judgment debtor is in possession of the land to be sold at public auction, and that the purchaser did not know that a third-party had acquired ownership thereof, does not protect the purchaser, because he is not considered a third-party, and the rule of *caveat emptor* applies to him. Thus, if it turns out that the judgment debtor has no interest in the property, the purchaser at an auction sale also acquires no interest therein.[44] (Emphasis and underscoring supplied)

Consequently, as held by the Court in *Panizales v. Palmares*,[45] cited in *Balbuena*, the purchaser acquires absolutely nothing if at the execution sale the judgment debtor no longer has any right to or interest in the property purportedly belonging to him:

---

[42] *Bayer Philippines, Inc. v. Agana*, *supra* note 40, at 965-966.

[43] 614 Phil. 402 (2009).

[44] *Id*. at 412.

[45] 150-C Phil. 164 (1972).

Supreme Court E-Library

x x x "The Rules of Court provide that a purchaser of real property at an execution sale 'shall be substituted to and acquire all the right, title, interest, and claim of the judgment debtor thereto.' (Rule 39, Section 24 [now Section 12].) In other words, the purchaser acquires only such right or interest as the judgment debtor had on the property at the time of the sale. x x x **It follows that if at that time the judgment debtor had no more right to or interest in the property because he had already sold it to another then the purchaser acquires nothing.**" x x x "Under the jurisprudence established by this Court **a bona fide sale and transfer of real property, although not recorded, is good and valid against a subsequent attempt to levy execution on the same property by a creditor of the vendor**." x x x[46] (Emphasis and underscoring supplied)

Based on the above rulings, a judgment creditor or purchaser at an execution sale acquires only whatever rights that the judgment obligor may have over the property at the time of levy. Thus, if the judgment obligor has no right, title or interest over the levied property — as in this case — there is nothing for him to transfer.

Applied to this, the levy made on the subject property could not have created any lien in favor of Spouses Mallari because their judgment debtors, Spouses Reyes, had no more right, title or interest thereto or therein at the time of the levy. To recall, they had sold the property in question to Miranda a whole seven years earlier. Needless to add, there was nothing that was sold and transferred to Spouses Mallari at the time of the execution.

The jurisprudential rule that preference is to be given to a duly registered levy on attachment or execution over a prior unregistered sale, which the CA adverted to in ruling that the right of Spouses Mallari prevails over that of Miranda, is to be circumscribed within another well-settled rule — that a judgment debtor can only transfer property in which he has interest to the purchaser at a public execution sale. Thus, the former rule applies in case ownership has not vested in favor of the buyer in the prior unregistered sale before the registered levy on attachment or execution, and the latter applies when, before

[46] *Id*. at 170-171.

Supreme Court E-Library

the levy, ownership of the subject property has already been vested in favor of the buyer in the prior unregistered sale.

In conclusion, the Court holds that Miranda has a better right of possession over the subject property having acquired ownership thereof prior to the levy on execution that Spouses Mallari had caused to be made upon the subject property.

That held, the Court also adopts the Final Note in *Supapo* that the ruling in this case, being one of *accion publiciana*, is limited only to the issue of determining who between the parties has a better right to possession — and this adjudication is not a final and binding determination of the issue of ownership. As such, this is not a bar for the parties or even third persons to file an action for the determination of the issue of ownership.

The resolution of the issues on the dismissal of the third-party complaint and the reconsideration of the CA Decision is rendered superfluous by the foregoing.

As to Miranda's claim for damages, the Petition has not alleged sufficient factual basis to justify their award.

WHEREFORE, the Petition is hereby **PARTLY GRANTED**. The Decision of the Court of Appeals dated September 26, 2014 and its Resolution dated May 19, 2015 in CA-G.R. CV No. 97437 are **REVERSED** and **SET ASIDE**.

SO ORDERED.

Carpio (Chairperson), *A. Reyes, Jr.*, and *J. Reyes, Jr.,*[*] *JJ.*, concur.

*Perlas-Bernab*e, *J.*, on wellness leave.

---

[*] Designated additional Member per Special Order No. 2587 dated August 28, 2018.