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WHEREFORE, the decision appealed from is AFFIRMED *in toto*. Costs against petitioner.

SO ORDERED.

Davide, Jr., Bellosillo, Kapunan, and *Hermosisima, Jr., JJ.*, concur.

THIRD DIVISION

[G.R. No. 110115. October 8, 1997]

RODOLFO TIGNO AND SPOUSES EDUALINO and EVELYN CASIPIT, *petitioners, vs.* **COURT OF APPEALS AND EDUARDO TIGNO,** *respondents.*

SYNOPSIS

In three deeds of sale, petitioner Tigno was indicated as vendee instead of private respondent who paid the purchase price to enable the former who was then jobless to have a source of income. Without the knowledge of private respondent, petitioner Tigno sold one of the fishponds to petitioner Casipit who knew that the fishponds were really owned by private respondent. When petitioners refused to annul the sale, private respondent filed an action for reconveyance, annulment of document, recovery of possession and damages against petitioner claiming violation of an implied trust. The trial court rendered judgment in favor of petitioner, which was, however, reversed on appeal.

An implied trust arises where a person purchases land with his own money and takes conveyance thereof in the name of another. In such a case, the property is held on resulting trust in favor of the one furnishing the consideration for the transfer, unless a different intention or understanding appears. Therefore, the trustee could not have transferred ownership of said lands,

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by way of sale, to his co-defendant-appellee spouses. As a matter of basic principle in the law on sales, a person cannot transfer ownership, by way of sale, of something over which he has no right to transfer.

SYLLABUS

1. **CIVIL LAW; OBLIGATIONS AND CONTRACTS; TRUST; IMPLIED TRUST; HOW CREATED.**— Implied trusts are those which are deducible by operation of law from the nature of the transaction as matters of equity, independently of the particular intention of the parties. An implied trust arises where a person purchases land with his own money and takes conveyance thereof in the name of another. In such a case, the property is held on resulting trust in favor of the one furnishing the consideration for the transfer, unless a different intention or understanding appears. The trust which results under such circumstances does not arise from a contract or an agreement of the parties, but from the facts and circumstances; that is to say, the trust results because of equity and it arises by implication or operation of law.

2. **REMEDIAL LAW; EVIDENCE; TAX DECLARATION, NOT CONCLUSIVE EVIDENCE OF OWNERSHIP.**— In the face of the credible and straightforward testimony of the two witnesses, Cruz and Manuel, the probative value, if any, of the tax declarations being in the name of Petitioner Rodolfo is utterly minimal to show ownership. Suffice it to say that these documents, by themselves, are not conclusive evidence of ownership.

3. **CIVIL LAW; OBLIGATIONS AND CONTRACTS; TRUST; IMPLIED TRUST; CASE AT BAR.**— Petitioners contend that there was no "fiduciary relationship" created between the brothers Tigno. Petitioners argue that Rodolfo Tigno "had exercised all the acts of dominion and ownership over the fishponds in question," as nobody "shared in the produce of the fishponds for the past nine (9) years." Therefore, Petitioner Rodolfo, "being the real purchaser" of the parcels of land, "could validly transfer the ownership of a portion" to Spouses Casipit. We firmly reject these contentions and need only to cite Respondent Court's incisive findings: "After a careful

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examination of the evidence on record, we hold that an implied trust was created in favor of the plaintiff [private respondent herein] within the meaning of Article 1448 of the Civil Code. An implied trust arises where a person purchases land with his own money and takes conveyance thereof in the name of another. In such case, the property is held on a resulting trust in favor of the one furnishing the consideration for the transfer, unless a different intention or understanding appears. (Lim *vs.* Court of Appeals, 65 SCRA 160). The record is replete with clear and convincing evidence to show that (1) plaintiff Eduardo Tigno is the real buyer and true owner of the lands in question and (2) defendant Rodolfo M. Tigno is merely a trustee constituted over said lands on behalf of plaintiff. It was established thru plaintiff's testimony that plaintiff paid ₱5,000.00 each, as first installment, to the three vendors for a total of ₱15,000.00, which was witnessed by Dominador Cruz and Atty. Manuel. Later, he gave a check to Dominador Cruz, the agent, in the amount of ₱26,000.00, representing the following: a) ₱15,000.00 as the balance for the three (3) parcels of land; b) ₱6,000.00 representing Cruz's commission as agent; c) ₱5,000.00 for capital gains tax, registration and other incidental expenses. When this check was encashed, Cruz paid the three vendors the balance due them. That plaintiff was able to pay these amounts is believable, because plaintiff had the financial means to pay said amounts. At the time of the sale in 1980, plaintiff was an executive of Meryll Lynch, Pierce, Fennon S. Smith Phil., Inc., where he received ₱311,700.79 in 1980 alone, as shown by his Certificate of Income Tax Withheld on Wages for said year (Exhibit G for plaintiff)." From the foregoing, it is ineludible that Article 1448 of the Civil Code finds application in this case. Although the deeds of sale were in the name of Petitioner Rodolfo, the purchase price was paid by private respondent who was the real owner of the property. Petitioner Rodolfo is the trustee, and private respondent is the beneficiary.

4. **ID.; ID.; ID.; ID.; MAY BE ESTABLISHED BY ORAL EVIDENCE.—** By express provision of the Civil Code, oral evidence is admissible to establish a trust relation between the Tigno brothers. Private respondent explained how this trust was created.

5. **REMEDIAL LAW; EVIDENCE; PRESUMPTIONS; EVIDENCE WILLFULLY SUPPRESSED WOULD BE**

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ADVERSE IF PRODUCED; APPLIED IN CASE AT BAR.— Petitioner Rodolfo, although in possession of the deeds of sale in his name, failed to present a single witness to corroborate his claim tha he bought the property partly with his own money and partly with the money he allegedly borrowed from a certain Jose Manaoat. His failure to present Manaoat gives rise to a presumption that the latter's testimony, if given, would have been unfavorable to the former.

6. **CIVIL LAW; OBLIGATIONS AND CONTRACTS; SALE; PURCHASER WITH KNOWLEDGE THAT PROPERTY BEING SOLD IS NOT OWNED BY SELLER, NOT IN GOOD FAITH; CASE AT BAR.**— Spouses Edualino and Evelyn Casipit contend that they "are purchasers in good faith" and for valuable consideration; thus, they cannot be deprived of the land they bought from Rodolfo Tigno. This posturing is unacceptable. *First,* unrebutted is the emphatic testimony of private respondent that Edualino was invited on May 2, 1980 to a picnic in the fishpond. At the picnic, private respondent informed Petitioner Edualino Casipit that he was the owner of the property. *Second,* also uncontested is the testimony of Dominador Cruz that he met Edualino on April 24, 1989, or five (5) days before the consummation of the sale between Rodolfo and Spouses Casipit. During that meeting, Cruz told Edualino that he bought from private respondent a portion of the subject property for the purpose of building a dike. Thereafter, Edualino asked Cruz to buy a portion of the property from private respondent. *Third,* and in any event, Spouses Casipit did not acquire absolute ownership over the property since the apparent vendor, Petitioner Rodolfo, did not have the right to transfer ownership thereof. Be it remembered that the fishponds were not registered under the Torrens system.

7. **ID.; ID.; ID.; A PERSON CANNOT TRANSFER OWNERSHIP OF SOMETHING OVER WHICH HE HAS NO RIGHT TO TRANSFER.**— As a matter of basic principle in the law on sales, a person cannot transfer ownership, by way of sale, of something over which he has no right to transfer. Thus, Article 1459 of the Civil Code provides that the thing must be licit and the *vendor must have a right to transfer the ownership thereof at the time it is delivered.* Since defendant-appellee is not the owner of the lands in question, which are not registered under the Torrens system, he could not by way of sale have

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transferred, as he has no right to transfer, ownership of a portion thereof, at the time of delivery.

APPEARANCES OF COUNSEL

Eufrocino L. Bermudez for petitioners.
Luisito P. Escutin for private respondent.

DECISION

PANGANIBAN, *J.*:

In denying this petition, the Court takes this occasion to apply the principles of implied trust. As an exception to the general rule barring factual reviews in petitions under Rule 45, the Court wades into the transcript of stenographic notes only to find that the Court of Appeals, indeed, correctly overturned the trial court's findings of facts.

The Case

Petitioners challenge the Decision[1] of Respondent Court of Appeals[2] in CA-G.R. CV No. 29781 promulgated on October 15, 1992 and its Resolution[3] promulgated on May 5, 1993. The dispositive portion of the assailed Decision reads:[4]

"*WHEREFORE*, in view of the foregoing, the decision appealed from is hereby *REVERSED* and another one *ENTERED* as follows:

1. Declaring plaintiff-appellant Eduardo M. Tigno as the true and lawful owner of the lands described in the complaint;

2. Declaring the Deed of Sale executed by defendant-appellee Rodolfo M. Tigno in favor of defendant-appellee spouses Edualino Casipit and Avelina Estrada as null and void and of no effect; and

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[1] *Rollo*, pp. 42-60.

[2] Second Division composed of Acting Presiding Justice Santiago M. Kapunan (now Associate Justice of this Court), *ponente;* and *JJ.* Oscar M. Herrera and Serafin V.C. Guingona, concurring.

[3] *Rollo*, p. 71.

[4] *Ibid.*, p. 59.

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3. Ordering defendant-appellee Rodolfo M. Tigno to vacate the parcels of land described in the complaint and surrender possession thereof to plaintiff-appellant Eduardo M. Tigno.

With costs against defendants-appellees."

Petitioners' subsequent motion for reconsideration was "denied for lack of merit" in the assailed Resolution.[5]

The Facts

Respondent Court adequately recited the facts of the case as follows:[6]

"The facts from the standpoint of plaintiff-appellant's (herein private respondent's) evidence are summarized in his brief, to wit:

'Sometime in January, 1980, Bienvenido Sison, Remedios Sison and the heirs of Isaac Sison, namely: Manuel Sison, Gerardo Sison and Adelaida Sison appointed Dominador Cruz as agent to sell three (3) parcels of land adjoining each other located at Padilla St., Lingayen, Pangasinan (TSN, Sept. 5, 1989, pp. 6-8). These parcels of land belonging to the abovenamed persons are more particularly described as follows:

Bienvenido Sison:

'A parcel of fishpond situated at Padilla Street, Lingayen, Pangasinan, with an area of 3006.67 square meters, more or less, bounded on the North by Padilla Street, on the South by Lots 1105, 1106, 1107, 1108, etc., on the East by alley, and on the West by Alejandro Vinluan and Thomas Caldito'; (Exh. B)

Heirs of Isaac Sison (i.e. Manuel, Gerardo and Adelaida Sison)

'A parcel of fishpond, situated at Padilla Street, Lingayen, Pangasinan, with an area of 3006.66 square meters, more or less, bounded on the North by Padilla Street; On the South by Bienvenido Sison, on the East by Alley, and on the West by Mariano Sison'; (Exh. A)

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[5] *Ibid.*, p. 71.

[6] *Ibid.*, pp. 43-48.

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Remedios Sison

'A parcel of unirrigated riceland (now fishpond) situated in Poblacion, Lingayen, Pangasinan, containing an area of 3006.66 square meters, more or less, bounded on the North by Padilla Street; on the East by Path; on the South by Dionisio and Domingo Sison; and on the West by Path'; (Exh. C)

Sometime in April 1980, Rodolfo Tigno learned that the abovedescribed properties were for sale. Accordingly, he approached Cruz and told the latter to offer these parcels of land to his brother, Eduardo Tigno, herein appellant (TSN, Sept. 5, 1989, p. 9).

Pursuant thereto, Cruz and Rodolfo Tigno went to appellant's Makati office to convince the latter to buy the properties earlier described. At first, appellant was reluctant, but upon Rodolfo Tigno's prodding, appellant was finally convinced to buy them (TSN, Sept. 5, 1989, pp. 9-11). In that meeting between Cruz and appellant at the latter's office, it was agreed that each parcel of land would cost Ten Thousand Pesos (₱10,000.00) [TSN, Oct. 16, 1989, p. 9].

Having reached an agreement of sale, appellant then instructed Cruz to bring the owners of these parcels of land to his ancestral house at Guilig Street, Lingayen, Pangasinan on May 2, 1980, as he will be there to attend the town fiesta (TSN, Sept. 5, 1989, p. 13).

After leaving appellant's office, Cruz and Rodolfo Tigno went to Manila City Hall to visit the latter's uncle, Epifanio Tigno, who works there. At the Manila City Hall, Cruz and Rodolfo Tigno intimated to Epifanio Tigno that appellant has agreed to buy the 3 parcels of land abovedescribed (TSN, Sept. 5, 1989, p. 19; TSN, Sept. 29, 1989, pp. 8-10).

After leaving Manila City Hall, Cruz and Rodolfo Tigno left for Lingayen, Pangasinan (TSN, Sept. 5, 1989, p. 15).

On May 2, 1980, Cruz, together with Bienvenido Sison, Manuel Sison, Adelaida Sison and Remedios Sison went to appellant's house at Guilig Street, Lingayen, Pangasinan. At around 5:00 o' clock in the afternoon, the abovenamed persons and appellant went to Atty. Modesto Manuel's house at Defensores West Street, Lingayen, Pangasinan for the preparation

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of the appropriate deeds of sale (TSN, Sept. 5, 1989, pp. 15-17).

At Atty. Manuel's house, it was learned that Bienvenido Sison failed to bring the tax declarations relating to his property. Also, Remedios Sison had mortgaged her property to a certain Mr. Tuliao, which mortgage was then existent. Further, Manuel Sison did not have a Special Power of Attorney from his sister in the United States of America to evidence her consent to the sale. In view thereof, no deed of sale was prepared on that day (TSN, Sept. 5, 1989, pp. 17-19).

However, despite the fact that no deed of sale was prepared by Atty. Manuel, Remedios Sison, Bienvenido Sison and Manuel Sison asked appellant to pay a fifty percent (50%) downpayment for the properties. The latter acceded to the request and gave Five Thousand Pesos (₱5,000.00) each to the 3 abovenamed persons for a total of Fifteen Thousand Pesos (₱15,000.00) (TSN, Sept. 5, 1989, pp. 19-20). This was witnessed by Cruz and Atty. Manuel. After giving the downpayment, appellant instructed Cruz and Atty. Manuel to place the name of Rodolfo Tigno as 'vendee' in the deeds of sale to be subsequently prepared. This instruction was given to enable Rodolfo Tigno to mortgage these properties at the Philippine National Bank (PNB), Lingayen Branch, for appropriate funds needed for the development of these parcels of land as 'fishponds' (TSN, Sept. 27, 1989, pp. 16-23).

On May 6, 1980, May 12, 1980 and June 12, 1980, the appropriate deeds of sale (Exhs. A, B, C) were finally prepared by Atty. Manuel and signed by Bienvenido Sison, the heirs of Isaac Sison (Manuel, Gerardo and Adelaida Sison), and Remedios Sison, respectively. In all these deeds of sale, Rodolfo Tigno was named as 'vendee' pursuant to the verbal instruction of herein appellant. Cruz, the agent in the sale, signed in these three (3) deeds of sale as a witness (Exhs. A-2, B-1 and C-1).

Sometime in the second week of July 1980, Cruz brought and showed these deeds of sale to appellant in his Makati office. After seeing these documents, appellant gave Cruz a Pacific Bank check in the amount of Twenty Six Thousand Pesos (₱26,000.00) representing the following:

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a) ₱15,000.00 as the balance for the three (3) parcels of land;

b) ₱6,000.00 representing Cruz's commission as agent; and

c) ₱5,000.00 for capital gains tax, registration and other incidental expense. (TSN, Sept. 5, 1989, pp. 39-41).

Upon encashment of this check at PNB, Lingayen Branch, Cruz paid Remedios Sison, Manuel Sison and Bienvenido Sison, through Adelaida Sison, the balance due them from appellant (TSN, Sept. 5, 1989, pp. 42-43).

On April 29, 1989, Rodolfo Tigno, without the knowledge and consent of appellant, sold to Spouses Edualino Casipit and Avelina Casipit 508.56 square meters of the land previously owned by Bienvenido Sison (Exh. E). At the time of sale, the Casipits were aware that the portion of the land they bought was owned by appellant, not Rodolfo Tigno (TSN, Oct. 16, 1989, pp. 30-31; TSN, Nov. 6, 1989, p. 10).

On May 16, 1989, appellant learned that Rodolfo Tigno is 'negotiating' a portion of his land to the Casipits. Accordingly, appellant sent a letter (Exh. D) to the Casipits advising them to desist from the intended sale, not knowing that the sale was already consummated as early as April 29, 1989.

A few days thereafter, upon learning that the sale was already consummated, appellant confronted the Casipits and Rodolfo Tigno and asked them to annul the sale, but his request was not heeded (TSN, Oct. 16, 1989, pp. 29-32).' (pp. 12-B to 12-j, *Rollo*)

On May 24, 1989, the plaintiff filed Civil Case No. 16673 for 'Reconveyance, Annulment of Document, Recovery of Possession and Damages' against Rodolfo M. Tigno and defendant spouses Edualino Casipit and Avelina Estrada. The complaint alleged, among others, that plaintiff purchased the three (3) parcels of land in question so that his brother Rodolfo Tigno, who was then jobless, could have a source of income as a caretaker of the fishponds; that plaintiff and Rodolfo agreed that the latter would secure a loan from the Philippine National Bank at Lingayen using said lands as collateral; that considering the busy schedule of plaintiff, then as executive vice-president of an American firm based in Makati, Metro Manila, it was

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made to appear in the deeds of sale that Rodolfo M. Tigno was the vendee so that the latter could, as he actually did, secure a loan from the PNB without need of plaintiff's signature and personal presence, the loan proceeds to be used as seed capital for the fishponds; that there being trust and confidence as brothers between plaintiff and defendant, the former instructed the Notary Public, who prepared the Deeds of Sale, to put in said Deeds the name of Rodolfo M. Tigno as vendee.

The plaintiff further averred in said Complaint that some time on May 16, 1989, when he was in Lingayen, Pangasinan, he came to know from friends that Rodolfo was negotiating the sale to defendant spouses of a portion of one of the parcels of land; that after requesting in writing the defendant-spouses to desist from buying the land, and after confronting Rodolfo himself, plaintiff found out upon verification with the Register of Deeds of Lingayen, that Rodolfo had already sold on April 29, 1989 said portion of 508.56 square meters to his co-defendant spouses who had previous knowledge that plaintiff, and not Rodolfo Tigno, is the real owner of said lands; that there being a violation of trust and confidence by defendant Rodolfo, plaintiff demanded from said defendants the reconveyance of said lands, the surrender of the possession thereof to him and the cancellation of the Deed of Sale of said portion of 508.56 square meters, but all the demands were unjustifiably refused.

In their Answer (pp. 8-11, records), defendants denied the material allegations of the complaint and alleged, by way of special and affirmative defense, that Rodolfo M. Tigno became the absolute and exclusive owner of the parcels of land having purchased the same after complying with all legal requirements for a valid transfer and that in selling a portion thereof to his co-defendants, he was merely exercising his right to dispose as owner; and that defendant spouses Casipit acquired the portion of 508.56 square meters in good faith and for value, relying upon the validity of the vendor's ownership."

After trial on the merits, the trial court[7] dismissed the complaint and disposed as follows:[8]

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[7] Regional Trial Court, Branch 38 of Lingayen, Pangasinan, presided by Judge Antonio M. Belen.

[8] *Rollo*, p. 29.

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"Wherefore, in the light of the facts and circumstances discussed above, the court hereby renders judgment against the plaintiff and in favor of the defendants.

1. Ordering the dismissal of the plaintiff's complaint for lack of basis in fact and in law;

2. Ordering the plaintiff to pay the defendants the sum of three thousand (₱3,000.00) pesos as atty.'s fees and further to pay the costs of the proceedings."

As earlier stated, Respondent Court reversed the trial court. Hence, this petition for review.

The Issues

Petitioners raise the following issues:[9]

"I Evidence of record definitely show that the receipts of payments of Petitioner Rodolfo Tigno for the fishponds in question are authenticated, contrary to the decision of the Court of Appeals

II Documents and circumstances substantiate ownership of petitioner Rodolfo Tigno

III No fiduciary relationship existed between Petitioner Rodolfo Tigno and Private Respondent Eduardo Tigno"

The main issue is whether the evidence on record proves the existence of an implied trust between Petitioner Rodolfo Tigno and Private Respondent Eduardo Tigno. In petitions for review under Rule 45, this Court ordinarily passes upon questions of law only. However, in the present case, there is a conflict between the factual findings of the trial court and those of the Respondent Court. Hence, this Court decided to take up and rule on such factual issue, as an exception to the general rule. A corollary question is whether Petitioners Edualino and Evelyn Casipit are purchasers in good faith and for value of a portion of the lots allegedly held in trust and whether they may thus acquire ownership over the said property.

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[9] *Ibid.*, pp. 8, 10 & 12-13; petition pp. 7, 9 & 11-12; original text in upper case.

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The Court's Ruling

The petition has no merit.

First Issue: *Was an Implied Trust Created?*

Implied trusts are those which are deducible by operation of law from the nature of the transaction as matters of equity, independently of the particular intention of the parties.[10] An implied trust arises where a person purchases land with his own money and takes conveyance thereof in the name of another. In such a case, the property is held on resulting trust in favor of the one furnishing the consideration for the transfer, unless a different intention or understanding appears. The trust which results under such circumstances does not arise from a contract or an agreement of the parties, but from the facts and circumstances; that is to say, the trust results because of equity and it arises by implication or operation of law.[11] The species of implied trust raised by private respondent was extensively discussed by the Court, through the learned Mr. Justice Hilario G. Davide, Jr., in *Morales, et al. vs. Court of Appeals, et al.*:[12]

"A trust is the legal relationship between one person having an equitable ownership in property and another person owning the legal title to such property, the equitable ownership of the former entitling him to the performance of certain duties and the exercise of certain powers by the latter.[13] The characteristics of a trust are:

1. It is a relationship;
2. it is a relationship of fiduciary character;

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[10] *Meynardo Policarpio vs. Court of Appeals, et al.*, G.R. 116211, p. 12, March 7, 1997, per Panganiban, *J.* citing *Cuaycong vs. Cuaycong*, 21 SCRA 1192, 1196-1197, December 11, 1967 in turn citing 89 C.J.S. 722, 724.

[11] *Lim vs. Court of Appeals*, 65 SCRA 161, 165-166, July 18, 1975.

[12] G.R. No. 117228, pp. 10-12, June 19, 1997.

[13] 4 *Arturo Tolentino, Commentaries And Jurisprudence On The Civil Code Of The Philippines* 669 [1991] (hereafter "4 Tolentino").

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3. it is a relationship with respect to property, not one involving merely personal duties;

4. it involves the existence of equitable duties imposed upon the holder of the title to the property to deal with it for the benefit of another; and

5. it arises as a result of a manifestation of intention to create the relationship.[14]

Trusts are either express or implied. Express trusts are created by the intention of the trustor or of the parties, while implied trusts come into being by operation of law.[15] In turn, implied trusts are either resulting or constructive trusts. Resulting trusts are based on the equitable doctrine that valuable consideration and not legal title determines the equitable title or interest and are presumed always to have been contemplated by the parties. They arise from the nature or circumstances of the consideration involved in a transaction whereby one person thereby becomes invested with legal title but is obligated in equity to hold his legal title for the benefit of another. On the other hand, constructive trusts are created by the construction of equity in order to satisfy the demands of justice and prevent unjust enrichment. They arise contrary to intention against one who, by fraud, duress or abuse of confidence, obtains or holds the legal right to property which he ought not, in equity and good conscience, to hold.[16]

A resulting trust is exemplified by Article 1448 of the Civil Code, which reads:

> Art. 1448. There is an implied trust when property is sold, and the legal estate is granted to one party but the price is paid by another for the purpose of having the beneficial interest of the property. The former is the trustee, while the latter is the beneficiary. However, if the person to whom the title is conveyed is a child, legitimate or illegitimate, of the one paying the price of the sale, no trust is implied by law, it being disputably presumed that there is a gift in favor of the child.

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[14] *Ibid.*

[15] Article 1441, Civil Code of the Philippines.

[16] *Huang vs. Court of Appeals,* 236 420, 428 [1994]; *Vda. de Esconde vs. Court of Appeals,* 253 SCRA 66, 73-74 [1996].

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The trust created under the first sentence of Article 1448 is sometimes referred to as a *purchase money resulting trust.*[17] The trust is created in order to effectuate what the law presumes to have been the intention of the parties in the circumstances that the person to whom the land was conveyed holds it as trustee for the person who supplied the purchase money.[18]

To give rise to a purchase money resulting trust, it is essential that there be:

1. an actual payment of money, property or services, or an equivalent, constituting valuable consideration;
2. and such consideration must be furnished by the alleged beneficiary of a resulting trust.[19]

There are recognized exceptions to the establishment of an implied resulting trust. The first is stated in the last part of Article 1448 itself. Thus, where A pays the purchase money and title is conveyed by absolute deed to A's child or to a person to whom A stands in loco parentis and who makes no express promise, a trust does not result, the presumption being that a gift was intended. Another exception is, of course, that in which an actual contrary intention is proved. Also where the purchase is made in violation of an existing statute and in evasion of its express provision, no trust can result in favor of the party who is guilty of the fraud.[20]

As a rule, the burden of proving the existence of a trust is on the party asserting its existence, and such proof must be clear and satisfactorily show the existence of the trust and its elements.[21] While implied trusts may be proved by oral evidence,[22] the evidence must be trustworthy and received by the courts with extreme caution, and

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[17] 76 Am. Jur. 2d *Trusts* § 179 [1992].

[18] *Ibid.*

[19] 76 Am. Jur. 2d Trusts § 180.

[20] 4 *Tolentino,* 679-680.

[21] 76 Am. Jur. 2d *Trusts* § 688 [1992].

[22] Article 1457, Civil Code.

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should not be made to rest on loose, equivocal or indefinite declarations. Trustworthy evidence is required because oral evidence can easily be fabricated."[23]

In *Chiao Liong Tan vs. Court of Appeals,* we ruled:[24]

"A certificate of registration of a motor vehicle in one's name indeed creates a strong presumption of ownership. For all practical purposes, the person in whose favor it has been issued is virtually the owner thereof unless proved otherwise. In other words, such presumption is rebuttable by competent proof.

The New Civil Code recognizes cases of implied trust other than those enumerated therein. (fn: Art. 1447, New Civil Code) Thus, although no specific provision could be cited to apply to the parties herein, it is undeniable that an implied trust was created when the certificate of registration of the motor vehicle was placed in the name of petitioner although the price thereof was not paid by him but by private respondent. The principle that a trustee who puts a certificate of registration in his name cannot repudiate the trust by relying on the registration is one of the well-known limitations upon a title. A trust, which derives its strength from the confidence one reposes on another especially between brothers, does not lose that character simply because of what appears in a legal document.

Even under the Torrens System of land registration, this Court in some instances did away with the irrevocability or indefeasibility of a certificate of title to prevent injustice against the rightful owner of the property. (*fn:* Bornales *v.* IAC, G.R. No. 75336, 166 SCRA 524 [1988]; Amerol *v.* Bagumbayan, G.R. No. L-33261, 154 SCRA 403 [1987]; Cardiente *v.* IAC, G.R. No. 73651, 155 SCRA 689 [1987].)"

In this petition, petitioners deny that an implied trust was constituted between the brothers Rodolfo and Eduardo. They contend that, contrary to the findings of Respondent Court,

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[23] *Salao vs. Salao,* 70 SCRA 65, 84 [1976]; *O'laco vs. Co Cho Chit,* 220 SCRA 656, 664-665 [1993]; *Ong Ching Po vs. Court of Appeals,* 239 SCRA 341, 347 [1994].

[24] 228 SCRA 75, 80-81, November 19, 1993, per Nocon, *J.*

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their Exhibit 16[25] and Exhibit 17[26] were fully authenticated by Dominador Cruz, an "instrumental witness." Hence, he should not be allowed to vary the plain content of the two documents indicating that Rodolfo Tigno was the vendee.

We are not persuaded. Witness Dominador Cruz did not authenticate the genuineness of Exhibit 16:[27]

"ATTY. BERMUDEZ:
As Exhibit '16' dated June 12, 1980 signed by Remedios Sison, is that the document executed by Remedios Sison?

ATTY. VIRAY:
That is only a xerox copy, we object, Your Honor.

ATTY. BERMUDEZ:
At any rate there was a receipt, is this the receipt?
A Maybe this or maybe not, sir.

ATTY. BERMUDEZ:
Q I am showing to you another document, which we respectfully request that the same be marked as Exhibit '17.'"

In any event, these two exhibits are proof merely of the receipt of money by the seller; they do not show that Rodolfo paid the balance of the purchase price.[28] On the other hand, Witness Dominador Cruz was unshakable in testifying that Private Respondent Eduardo, though not named in the receipts or in the deeds of sale, was definitely the real buyer:[29]

"COURT: (The Court will ask few questions.)

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[25] The receipt for ₱15,000.00 as partial payment issued by Vendor Remedios Sison for her lot.

[26] This is the receipt for ₱13,333.35 as full payment issued by Vendor Manuel Sison as one of the heirs of Isaac Sison for their lot. *See also* Exhibits for the Defendants in Civil Case No. 16673.

[27] TSN, September 5, 1989, p. 57.

[28] TSN, September 5, 1989, p. 59.

[29] TSN, September 5, 1989, pp. 64-67.

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Q Do you know if there [is] a document executed between the brothers to show the real vendee in these three deeds of absolute sale is Eduardo Tigno?
A I don't know of any document because according to Eduardo Tigno it will be placed in the name of his brother, Rodolfo Tigno so that it can be used as collateral.

COURT:

Q Being the agent of this transaction did you not try to advice Eduardo Tigno to be safe for him a document will have to be executed showing that he is really the vendee?
A I also explained that matter to him I know that matter to happen in the long run they will have dispute but Eduardo Tigno said he is his brother, he have [sic] trust and confidence in his brother, sir.

COURT:

Q When did you give that advice?
A Before the preparation of the documents, sir.

Q Do you know already that it will be in the name of Rofolfo [sic] Tigno before the execution?
A Yes, sir. During the time we have conversation on May 2, 1980, he instructed me to place the name of Rodolfo Tigno in the document, Atty. Manuel was present when he gave that advice, sir.

COURT:

Q What did Atty. Manuel advised [sic]?
A The reason for [sic] Eduardo Tigno have trust and confidence on his elder brother, Rodolfo Tigno.

COURT: (Propounding questions)

Q So there is nothing written that will show that the money or purchase price came from Eduardo Tigno, is that correct?
A None, sir. It's by trust and confidence,

Q Considering that you know that the money came from Eduardo Tigno, why did you consent that the deed of absolute sale in the name of Rodolfo Tigno and not Eduardo Tigno?
A Because Atty. Manuel called for Rodolfo Tigno because the document was in the name of Rodolfo Tigno, sir.

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Q The document is already defective, why did you not ask the preparation of the document to be executed by Rodolfo Tigno accordingly that the real owner who sold to you is the brother, Eduardo Tigno?

A I did not think of it, what I know is that the real owner is Eduardo Tigno, sir, and has the power to disposed.

COURT:

Q Eduardo Tigno is the real owner, why did you agree that Rodolfo Tigno to execute the document?

A Yes, sir. Atty. Manuel called for Rodolfo Tigno so I consented."

Aside from the "trust and confidence" reposed in him by his brother, Petitioner Rodolfo was named as vendee in the deeds of sale to facilitate the loan and mortgage the brothers were applying for to rehabilitate the fishponds. Be it remembered that private respondent was a Makati-based business executive who had no time to follow up the loan application at the PNB branch in Lingayen, Pangasinan and, at the same time, to tend the fish farm on a daily basis. Atty. Modesto Manuel, who prepared and notarized the deeds of sale, unhesitatingly affirmed the unwritten agreement between the two brothers:[30]

"ATTY. VIRAY:

Will you please tell the Court what is the reason, if ever there was, why the plaintiff, Eduardo Tigno, instructed you to put the name of Rodolfo Tigno as vendee in the papers?

ATTY. BERMUDEZ:

We object, Your Honor. The best witness to that is the plaintiff, Your Honor.

COURT:

Q Do you know the reason why Eduardo Tigno requested you to place the name of his brother as vendee?

WITNESS:

A Eduardo Tigno requested me to place the name of his brother as vendee so that the brother can use the lands as collateral for possible loan at the PNB (Philippine National Bank), sir.

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[30] TSN, September 27, 1989, pp. 16-17.

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COURT:
Go ahead.

ATTY. VIRAY:
Q When was that when the plaintiff instructed you to place the name of his brother, the defendant, Rodolfo Tigno as vendee in the documents so that the defendant, Rodolfo Tigno, could use the properties as collateral for possible loan to the PNB?

WITNESS:
A It was sometimes during a fiesta in Guilig when Eduardo Tigno and Dominador Cruz, I think that was May 2, 1980, when Eduardo Tigno and Dominador Cruz and some of the vendors went to my house and they requested me to prepare the deeds of sale, sir."

In his direct examination, Atty. Manuel convincingly explained why Petitioner Rodolfo was named as vendee:[31]

"ATTY. VIRAY:
Q When the plaintiff Eduardo Tigno instructed you to place the name of his brother as the vendee in the deeds of sale you were to prepare, what did you tell him or did you give any advice?
A Yes, sir. I certainly did, sir.

Q What advice?
A Why will I put the name of your brother as vendee when you were here as real buyer who will give the money to the vendors? Why not you, I told him, sir.

Q What else did you tell him?
A I remember he is to make Special Power of Attorney in order his brother (sic) will execute the loan to the PNB, sir.

Q What did the plaintiff, Eduardo Tigno, tell you when you said it would be best to execute the Special Power of Attorney instead of placing the name directly in the deeds of sale, what is his answer?
A He acceded to my advised [sic], sir. All right, make the deeds of sale, he said, agreeable to the deed of sale to my advised but when I told him that It would take the document probably by the middle of June, he back [sic] out, sir, because he told

[31] TSN, September 27, 1989, pp. 23-26.

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me he is going abroad and he may not be around and then he instructed me to place the name of his brother as the vendee not the plaintiff anymore, sir.

Q In other words, Mr. Witness, at first he was agreeable and that he would execute Special Power of Attorney?
A Yes, sir.
Q *Since he was going to the United States and he could not wait the preparation of the documents he just instructed you to go ahead with the first instruction, is that what you mean, Mr. Witness?*
A *Yes, sir.*" (Italics supplied.)

This testimony of Atty. Manuel was corroborated by Dominador Cruz who was the real estate agent cum witness in all three deeds of sale. As a witness, he pointed out that Petitioner Rodolfo was named as the vendee in the deeds of sale upon the order of private respondent:[32]

"ATTY. VIRAY:
Q When you said Atty. Manuel was not able to prepare the deed of sale on May 2, 1980, what then happened in the house of Atty. Manuel?
A When Atty. Manuel was not able to prepare the document, my cousins wanted to get advance payment, one half of ten thousand pesos, sir, each.

ATTY. VIRAY:
Q Did Eduardo Tigno agreed [sic] to the request of your cousins to get one half of the price of their land?
A He agreed to give five thousand pesos each but he prepared temporary receipt fpr [sic] five thousand pesos, sir.

Q Who prepared the receipt?
A Atty. Manuel, sir.

Q By the way, how much all in all did Eduardo Tigno give on May 2, 1980 as advanced consideration?
A ₱15,000.00, sir.

Q You mean to say five thousand pesos for each parcel of land?
A Yes, sir.

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[32] TSN, September 5, 1989, pp. 19-22.

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Q After the plaintiff, Eduardo Tigno paid the advanced payment for five thousand pesos for each parcel of land, what else happened?

A When the three of us, I, Atty. Manuel and Eduardo Tigno were talking, I heard Eduardo Tigno said to Attyl. [sic] Manuel that the deed of sale will be placed in the name of my brother, Rodolfo because we will mortgage the land with the P.N.B., the proceeds will be used in the development of the fishpond. He requested that the buyer of the fishpond will be placed in the name of the brother of Eduardo Tigno.

Q Who is that brother of Eduardo Tigno?

A Rodolfo Tigno.

x x x x x x x x x

Q How about the balance of the purchase price of the property, is there any instruction made by Eduardo Tigno with respect to the payment thereof?

A With respect to the balance after the preparation of the document they will bring it to Eduardo Tigno for him to pay the balance, sir.

Q By the way, was the deed of sale to these parcels of land finally executed?

A Yes, sir."

From the foregoing, it is clear that the name of Rodolfo Tigno appeared in the deeds of sale not for the purpose of transferring ownership to him but only to enable him to hold the property in trust for his brother, herein private respondent.

In the face of the credible and straightforward testimony of the two witnesses, Cruz and Manuel, the probative value, if any, of the tax declarations being in the name of Petitioner Rodolfo is utterly minimal to show ownership. Suffice it to say that these documents, by themselves, are not conclusive evidence of ownership.[33]

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[33] *Rivera vs. Court of Appeals,* 244 SCRA 218, 222, May 22, 1995, citing *Republic vs. Intermediate Appellate Court,* G.R. No. 74830, July 5, 1993, 224 SCRA 285; *Director of Lands vs. Intermediate Appellate Court,* G.R. No. 73246, March 2, 1993, 219 SCRA 339; *De Jesus vs. Court of Appeals,* G.R. No. 57092, January 21, 1993, 217 SCRA 307; *Director of Lands vs. Buyco,* G.R. No. 91189, November 27, 1992, 216 SCRA 78.

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Contrary to petitioners' insistence, no delay may be imputed to private respondent. When private respondent went to Pangasinan to pay the taxes on his property in Bugallon, he learned from his relatives that his brother was negotiating the sale of a portion of the fishponds to Spouses Casipit. Failing to find his brother, he immediately wrote a letter dated May 16, 1989 addressed to the Casipits advising them to desist from buying the property because he was the real owner. On May 18, 1989, he confronted Petitioner Edualino Casipit about the impending sale, only to learn that the sale had already been consummated as early as April 29, 1989.[34] Failing to convince petitioners to annul the sale, private respondent instituted this case on May 24, 1989[35] or five (5) days after learning from Edualino of the consummation of the sale.[36] Before the institution of this case, private respondent had no reason to sue. Indeed, he filed this case after only five days from learning of the infidelity of his brother. Clearly, no delay may be attributed to private respondent.

We agree with the detailed disquisitions of the Court of Appeals on this point:[37]

"The trial court's conclusion that defendant-appellee is the true buyer and owner of the lands in question, mainly relying on the Deeds of Sale where defendant Rodolfo's name appears as vendee, and on the Tax Declarations and Tax payment receipts in his name, must inevitably yield to the clear and positive evidence of plaintiff. Firstly, as has thus been fully established, the only reason why defendant Rodolfo was made to appear as the buyer in the Deeds of Sale was to facilitate their mortgage with the PNB Branch at Lingayen to generate seed capital for the fishponds, out of which Rodolfo could derive income. With Rodolfo's name as vendee, there would be no need anymore for the personal presence of plaintiff-appellant who was very busy with his work in Manila. Moreover, aside from the fact that plaintiff was to travel abroad for thirty (30) days sometime in

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[34] Exhibit E for the Plaintiff.

[35] Original Records of Civil Case No. 16673, p. 1.

[36] TSN, October 16, 1989, pp. 25-30.

[37] *Ibid.*, pp. 56-57.

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June, 1980, he could not have executed a Special Power of Attorney in favor of Rodolfo, as the Deeds of Sale were not yet prepared on May 2, 1980. Thus, to enable Rodolfo to mortgage the lands, his name was put as vendee in view of the mutural [sic] trust and confidence existing between said parties who are brothers. Secondly, it is well-settled that the tax declarations or the payments of real estate taxes on the land are not conclusive evidence of ownership of the declarant or payor (De Guzman *v.* CA, et al., L-47378, Feb. 27, 1987, and cases cited therein; Cited in II Regalado REMEDIAL LAW COMPENDIUM, p. 563 [1988]). Since defendant Rodolfo is named as vendee in the Deeds of Sale, it is only natural that Tax Declarations and the corresponding tax payment receipts be in his name so as to effect payment thereof."

Petitioners contend that there was no "fiduciary relationship" created between the brothers Tigno. Petitioners argue that Rodolfo Tigno "had exercised all the acts of dominion and ownership over the fishponds in question," as nobody "shared in the produce of the fishponds for the past nine (9) years." Therefore, Petitioner Rodolfo, "being the real purchaser" of the parcels of land, "could validly transfer the ownership of a portion" to Spouses Casipit.[38]

We firmly reject these contentions and need only to cite Respondent Court's incisive findings:

"After a careful examination of the evidence on record, we hold that an implied trust was created in favor of the plaintiff [private respondent herein] within the meaning of Article 1448 of the Civil Code, which provides:

> '*Art. 1448.* There is an implied trust when property is sold, and the legal estate is granted to one party but the price is paid by another for the purpose of having the beneficial interest of the property. The former is the trustee, while the latter is the beneficiary. x x x.'

An implied trust arises where a person purchases land with his own money and takes conveyance thereof in the name of another. In such case, the property is held on a resulting trust in favor of the one

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[38] *Rollo,* pp. 14-15.

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furnishing the consideration for the transfer, unless a different intention or understanding appears. (Lim *vs.* Court of Appeals, 65 SCRA 160)

In the earlier case of *Heirs of Candelaria, et al. v. Romero, et al.*, 109 Phil. 500, the Supreme Court elucidated on implied trust:

> 'The trust alleged to have been created in our opinion, is an implied trust. As held, in effect, by this Court in the case of *Martinez v. Griño* (42 Phil. 35), where property is taken by a person under an agreement to hold it for or convey it to another or the grantor, a resulting or implied trust arises in favor of the person for whose benefit the property was intended.
>
> x x x x x x x x x
>
> 'It is also the rule that an implied trust arises where a person purchases land with his own money and takes a conveyance thereof in the name of another. In such a case, the property is held on a resulting trust in favor of the one furnishing the consideration for the transfer, unless a different intention or understanding appears. The trust which results under such circumstances does not arise from contract or agreement on the parties, but from the facts and circumstances, that is to say, it results because of equity and arises by implication or operation of law.'

We disagree with the trial court's ruling that if, indeed, a trust has been established, it is an express trust which cannot be proved by parol evidence. It must be noted that Article 1441 of the Civil Code defines both express trust and implied trust in general terms, thus:

> '*Art. 1441.* Trusts are either express or implied. Express trust are created by the intention of the trustor or of the parties. Implied trust come into being by operation of law.'

Specific instances or examples of implied trusts are given in the Civil Code, one of which is described under Article 1448 quoted heretofore. Since Article 1448 is a specific provision, it prevails over and qualifies Article 1441, which is a general provision, under the rule *generalia specialibus non derogant.* (Alcantara, Statutes, 1990 Ed., p. 101).

Therefore, since this case involves an implied trust falling under Article 1448, parol evidence is allowed to prove its existence pursuant to Article 1457, Civil Code, which states:

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'Art. *1457.* An implied trust may be proved by oral evidence.'

x x x x x x x x x

On the other hand, the record is replete with clear and convincing evidence to show that (1) plaintiff Eduardo Tigno is the real buyer and true owner of the lands in question and (2) defendant Rodolfo M. Tigno is merely a trustee constituted over said lands on behalf of plaintiff.

It was established thru plaintiff's testimony that plaintiff paid ₱5,000.00 each, as first installment, to the three vendors for a total of ₱15,000.00 (TSN, Sept. 5, 1989, pp. 19-20), which was witnessed by Dominador Cruz and Atty. Manuel. Later, he gave a check to Dominador Cruz, the agent, in the amount of ₱26,000.00, representing the following:

'a) ₱15,000.00 as the balance for the three (3) parcels of land;

b) ₱6,000.00 representing Cruz's commission as agent;

c) ₱5,000.00 for capital gains tax, registration and other incidental expenses. (TSN, Sept. 5, 1989, pp. 39-41).

When this check was encashed, Cruz paid the three vendors the balance due them (TSN, Sept. 5, 1989, pp. 42-43). That plaintiff was able to pay these amounts is believable, because plaintiff had the financial means to pay said amounts. At the time of the sale in 1980, plaintiff was an executive of Meryll Lynch, Pierce, Fennon S. Smith Phil., Inc., where he received ₱311,700.79 in 1980 alone, as shown by his Certificate of Income Tax Withheld on Wages for said year (Exhibit G for plaintiff)."

Indeed, by express provision of the Civil Code,[39] oral evidence is admissible to establish a trust relation between the Tigno brothers. Private respondent explained how this trust was created:[40]

"ATTY. VIRAY

Q When you said Dominador Cruz was able to bring the vendors at Guilig street, Lingayen, what happened there?

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[39] "Art. 1457. An implied trust may be proved by oral evidence."

[40] TSN, October 16, 1989, pp. 12-17.

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A They came to our family home at Guilig street and we went to the house of Atty. Modesto Manuel, sir.

Q Why did you go to the house of Atty. Manuel?
A For the execution of [sic] the deed of sale of the property I am going to buy, sir.

Q Was the deed of sale finished on that day?
A No, sir.

Q What was the reason?
A The vendors did not bring the tax declarations, secondly, the other heirs failed to get the power of attorney from their sister in United States.

Q When the deed of sale were not executed on that day, what transpired?
A The vendors requested for advance payment of ₱5,000.00 each for the three parcels of land.

Q Did you agree to the request of the vendors for the advance payment of ₱5,000.00 each for the three parcels of land?
A Yes, sir.

Q Did you comply?
A Yes, sir.

Q How much all in all?
A ₱15,000.00 in cash, sir.

Q Was there any receipt signed evidencing receipt for that?
A There was receipt for the ₱15,000.00

Q Where is that receipt now?
A I gave all the papers to him in my brown envelope, I trust [sic] him.

Q Do you remember in whose name the vendors allegedly to have received the ₱15,000.00?
A In my name, received from Eduardo Tigno.

Q After giving the ₱15,000.00 advance payment which you said the deed of sale were not executed because of some requirement were not available, what happened next?
A I talked to Atty. Manuel separately from the vendors, and I told him to prepare the deed of sale at that time and I told him

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to place my older brother, Rodolfo Tigno as vendee because I have plan to mortgage the property in PNB, Lingayen, sir.

x x x x x x x x x

Q Aside from instructing Atty. Manuel to place the name of your brother, Rodolfo Tigno, did you also instruct Dominador Cruz for the payment of the balance?
A Yes, sir.

Q What was your instruction to Dominador Cruz?
A I told Dominador Cruz, I am leaving for United States, I will be back first week of July, after the completion of the papers, see me on the second week of July and I will give the whole payment of the property.

Q And was the deed of sale covering the three parcels of land completed?
A Yes, sir.

Q Did Dominador Cruz bring the documents to you in your office in Makati?
A Yes, sir.

Q When was that?
A First week of July 1980, sir.

Q Did you give the payment of the balance?
A Yes, sir. After going over the documents, I issued to him a check payable in the sum of ₱26,000.00."

The previously quoted testimonies of Modesto Manuel and Dominador Cruz substantially corroborate private respondent's testimony.

On the other hand, Petitioner Rodolfo, although in possession of the deeds of sale in his name, failed to present a single witness to corroborate his claim that he bought the property partly with his own money and partly with the money he allegedly borrowed from a certain Jose Manaoat. His failure to present Manaoat gives rise to a presumption that the latter's testimony, if given, would have been unfavorable to the former.[41] Respondent Court

[41] Rule 131 of the Rules of Court, Section 3, paragraph (e).

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did not give credence to the financial capacity of Petitioner Rodolfo Tigno:[42]

"Defendant Rodolfo's denial of plaintiff's evidence, and his bare testimony that he was the real buyer, without corroboration by other witnesses, cannot be given credence and do not deserve belief. It was unlikely that he had the financial means to pay for the lands in the total amount of ₱53,000.00. As testified to by Arnulfo Peralta (TSN, Sept. 29, 1988, pp. 36-37), Rodolfo was jobless then, and at one time or another was even supported financially by plaintiff, as testified to by plaintiff (TSN, Oct. 16, 1989, pp. 11-12), which in fact was confirmed by Rodolfo during his cross-examination (TSN, Oct. 18, 1989, pp. 6-7). If indeed he was engaged in some piggery, as he claimed, his financial capability is rendered doubtful by the fact that no evidence, other than his bare testimony, was presented to show his income, like an income tax return. His bare testimony that he borrowed ₱20,000.00 from Jose Manaoat to raise partly the amount of ₱53,000.00 lacks credibility. Manaoat, who was in the best position to testify that Rodolfo borrowed money from him, was never presented, which would gives rise to the presumption that his testimony would be adverse to defendant, if presented. (Sec. 3[e], Rule 131, Rules of Court)."

From the foregoing, it is ineludible that Article 1448 of the Civil Code finds application in this case. Although the deeds of sale were in the name of Petitioner Rodolfo, the purchase price was paid by private respondent who was the real owner of the property. Petitioner Rodolfo is the trustee, and private respondent is the beneficiary.

Second Issue: Are Petitioners Casipit Purchasers in Good Faith?

Spouses Edualino and Evelyn Casipit contend that they "are purchasers in good faith" and for valuable consideration; thus, they cannot be deprived of the land they bought from Rodolfo Tigno.[43]

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[42] *Rollo,* p. 56, Decision, p. 15.

[43] *Rollo,* p. 15.

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This posturing is unacceptable. *First,* unrebutted is the emphatic testimony of private respondent that Edualino was invited on May 2, 1980 to a picnic in the fishpond. At the picnic, private respondent informed Petitioner Edualino Casipit that he was the owner of the property. On this point, private respondent testified:[44]

"ATTY. VIRAY:

Q You said Edualino Casipit very well knew that the property is owned by you, what made you say that the defendant Edualino Casipit very well knew that you are the owner of the property he bought?

A Way back in 1980 when I gave the advance payment to the vendors, I invited my friends and right there in the fishpond, we had small picnic and that my father, and Boy Casipit were there.

ATTY. VIRAY:

Q What if you invited them, sign that from that time you were the one who bought the parcels of land?

A Yes, sir."

Second, also uncontested is the testimony of Dominador Cruz that he met Edualino on April 24, 1989, or five (5) days before the consummation of the sale between Rodolfo and Spouses Casipit. During that meeting, Cruz told Edualino that he bought from private respondent a portion of the subject property for the purpose of building a dike. Thereafter, Edualino asked Cruz to buy a portion of the property from private respondent.[45]

Third, and in any event, Spouses Casipit did not acquire absolute ownership over the property since the apparent vendor, Petitioner Rodolfo, did not have the right to transfer ownership thereof. Be it remembered that the fishponds were not registered under the Torrens system. Again, we cite public respondent's ruling, which we find totally persuasive:[46]

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[44] TSN, October 16, 1989, pp. 30-31.

[45] TSN, November 6, 1989, p. 10.

[46] *Ibid.,* p. 59; Decision, p. 18.

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"It is our well-considered opinion, however, that whether or not defendant-appellee spouses are in good faith is entirely immaterial, because no valid sale in the first place was made between defendant-appellees covering the portion of land in question. The fact is, as established by the evidence on record, that defendant Rodolfo M. Tigno is not the owner of the lands in question, but a mere trustee thereof, and could not have transferred ownership of said lands, by way of sale, to his co-defendant-appellee spouses. As a matter of basic principle in the law on sales, a person cannot transfer ownership, by way of sale, of something over which he has no right to transfer. Thus, Article 1459 of the Civil Code provides:

> '*Art. 1459.* The thing must be licit and the *vendor must have a right to transfer the ownership thereof at the time it is delivered.*' (Italics supplied)

Since defendant-appellee is not the owner of the lands in question, which are not registered under the Torrens system, he could not by way of sale have transferred, as he has no right to transfer, ownership of a portion thereof, at the time of delivery."

WHEREFORE, premises considered, the petition is hereby *DENIED* and the assailed Decision and Resolution are *AFFIRMED in toto.* Costs against petitioners.

SO ORDERED.

Narvasa, C.J. (Chairman), Romero, Melo, and *Francisco, JJ.,* concur.