



Republic of the Philippines  
**Supreme Court**  
Manila

**FIRST DIVISION**

**BENITO CHUA, SUBSTITUTED  
BY HIS WIFE, EDITA LIM ONG  
CHUA and HIS CHILDREN,  
EVELYN CHUA GO, BERNARD  
ONG, ELEONOR ONG NGU,  
and ELIZA ONG CHUA,**  
*Petitioners,*

**G.R. No. 253305**

Present:

**GESMUNDO, C.J.,**  
*Chairperson,*  
**HERNANDO,  
ZALAMEDA,  
ROSARIO, and  
MARQUEZ, JJ.**

- versus -

**REPUBLIC OF THE  
PHILIPPINES, REPRESENTED  
BY THE DIRECTOR OF LANDS  
MANAGEMENT BUREAU,**  
*Respondent.*

Promulgated:

**AUG 02 2023** *mittubels*

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**DECISION**

**HERNANDO, J.:**

Before this Court is a Petition for Review on *Certiorari*,<sup>1</sup> under Rule 45 of the Rules of Court, seeking to set aside the Decision dated October 17, 2019,<sup>2</sup> and the Resolution dated September 1, 2020<sup>3</sup> of the Court of Appeals (CA), in CA-G.R. CV No. 110355.

<sup>1</sup> *Rollo*, pp. 32-67.

<sup>2</sup> *Id.* at 10-20. Penned by Associate Justice Perpetua Susana T. Atal-Paño and concurred in by Associate Justices Samuel H. Gaerlan (now a Member of this Court) and Myra V. Garcia-Fernandez.

<sup>3</sup> *Id.* at 22-25.

The facts of the case are as follows:

On October 13, 2004, respondent Republic of the Philippines (Republic), represented by the Director of Lands Management Bureau (LMB), filed a Complaint<sup>4</sup> before the Regional Trial Court (RTC), as amended,<sup>5</sup> for Annulment of Title and Reversion against Valentina Rivera (Rivera), Spouses Francisco and Angelito Redor (Spouses Redor), Norma D. Bernardo (Bernardo), Benito Chua (Chua) and the Register of Deeds of Quezon City.

The Complaint claimed that sometime before 1937, a parcel of land known as Lot No. 23-C-9, Psd-976, covered by Transfer Certificate of Title (TCT) No. 23810, situated in Quezon City and registered under the name of Eulogio Dimaranan (Dimaranan) married to Estanislawa Guevarra, was constituted as property bail bond in favor of one Ong Sy Pong in Criminal Case No. 50615, entitled "*El Pueblo de las Islas Filipinas, demandante, contra Ong Sy Pong, demandado.*" before the RTC (then Court of First Instance) of Manila.<sup>6</sup> The subject property was then ordered forfeited and sold in an execution sale in favor of the Republic and eventually a final deed of sale was executed after Dimaranan and his heirs failed to redeem the property.<sup>7</sup>

Since TCT No. 23810 was not cancelled yet and no new TCT has been issued in favor of the Republic, it instituted a petition for the cancellation of the said TCT, which was still under the name of Dimaranan, and prayed for the issuance of a new TCT under the Republic's name over the subject property.<sup>8</sup> The RTC of Quezon City, Branch 83, then issued an Order<sup>9</sup> dated October 3, 1986, granting the petition and ordering the issuance of a new title in the name of the Republic.<sup>10</sup> The dispositive portion reads:

WHEREFORE, premises considered, the Register of Deeds of Quezon City is hereby directed to cancel Transfer Certificate of Title No. 23810 in the name of Eulogio Dimaranan and in lieu thereof, to issue another transfer certificate of title in the name of the Republic of the Philippines.

SO ORDERED.<sup>11</sup>

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<sup>4</sup> Id. at 90-99.

<sup>5</sup> Id. at 100-110.

<sup>6</sup> Id. at 101-102.

<sup>7</sup> Id. at 102-103.

<sup>8</sup> Id. at 103.

<sup>9</sup> Id.

<sup>10</sup> Id.

<sup>11</sup> Id.

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However, no new title was issued under the name of the Republic despite the directive of the trial court.<sup>12</sup>

Meanwhile, on October 13, 1939, Rivera, claiming to be a widow of Dimaranan, filed before the Bureau of Lands (now LMB) an Insular Government Property Sales Application (IGPSA), with No. 1989 (E-1068), over the subject land.<sup>13</sup> The application was approved and an Order for the Issuance of Patent was issued on May 17, 1944.<sup>14</sup>

Subsequently, on May 5, 1959, Rivera executed a Deed of Absolute Sale involving the subject property, covered by TCT No. 23810, in favor of the Spouses Redor.<sup>15</sup>

Despite the sale of the subject property to Spouses Redor in 1959, Rivera caused the reconstitution of TCT No. 23810, and she was issued TCT No. RT-95848 (143840) on February 12, 1970.<sup>16</sup>

Incidentally, in the July 1, 1983 Order of the Bureau of Lands, it affirmed that the rights of Rivera over the lot subject of IGPSA No. 1989 (E-1068) has been transferred in favor of the Spouses Redor.<sup>17</sup>

On May 12, 1994, Rivera executed a Deed of Absolute Sale in favor of Bernardo, selling the subject property using the reconstituted title and the latter was issued TCT No. 107925 on the same day – May 12, 1994.<sup>18</sup> Less than a month later or on June 6, 1994, Bernardo executed a Deed of Absolute in favor of Chua who was issued TCT No. 112259 on June 28, 1994.<sup>19</sup>

Thus, the Republic sought for the nullification of the reconstituted title TCT No. RT-95848 (143840), under the name of Rivera, and its derivative titles under the names of Bernardo and Chua, since all were irregularly issued, considering further that it has already been forfeited in favor of the Republic.<sup>20</sup>

In his Answer with Compulsory Counterclaim,<sup>21</sup> Chua asserted that he is an innocent purchaser for value since before he bought the subject property, he verified from the Registry of Deeds of Quezon City that the TCTs of the

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<sup>12</sup> Id. at 75.

<sup>13</sup> Id. at 104.

<sup>14</sup> Id.

<sup>15</sup> Id.

<sup>16</sup> Id. at 105.

<sup>17</sup> Id. at 76.

<sup>18</sup> Id.

<sup>19</sup> Id.

<sup>20</sup> Id. at 111-117.

<sup>21</sup> Id. at 76-77.

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previous owners, Bernardo and Spouses Redor, were clean or bore no annotation or any encumbrance.<sup>22</sup> Even the reconstituted title under the name of Rivera where Bernardo and Spouses Redor derived their title was, on its face, clean and free from any adverse claim.<sup>23</sup>

On their part, no responsive pleading was filed by Spouses Redor and Bernardo despite the Alias Summons duly served unto them, while the Alias Summons for Rivera was unserved.<sup>24</sup> The RTC dismissed the case against Spouses Redor, Bernardo, and Rivera on the ground of failure to prosecute, despite the failure of the Republic to file a motion to declare them in default. Thus, only Chua, as the registered owner of TCT No. 112259 (the latest certificate of title) remained as the private defendant in the case.<sup>25</sup>

On June 15, 2006, the RTC issued a Pre-Trial Order wherein it was admitted by the parties that TCT No. 112259 is under the name of Chua and was derived from TCT No. 107925 under the name of Bernardo.<sup>26</sup>

During trial, it was found that Bernardo was Rivera's eldest child and that at the time the subject property was sold on May 12, 1994 to the former, the latter was already dead for almost four years or on August 13, 1990.<sup>27</sup> Also, the Republic, through the LMB, learned of the circumstances surrounding the subject property when an investigation was conducted by Land Investigator Romeo Salvado (Salvado) due to a complaint filed by the Spouses Redor.<sup>28</sup>

During cross-examination, Chua admitted that before he bought the subject property, he visited and inspected the same and saw many houses erected therein. He allegedly hesitated at first in buying it since he might be burdened with the ejectment of the residents later on.<sup>29</sup>

The records further show that in 1994 and 2002, the heirs of Spouses Redor caused the annotation of an adverse claim on TCT No. 112259, registered under the name of Chua, claiming rights and interest over the subject property under IGPSA No. 1989 (E-10680).<sup>30</sup> Chua then filed a case for the cancellation of the annotation and in a Decision dated March 13, 2015 of this Court in CA-G.R. CV No. 96274, We affirmed the ruling of the trial court that the cancellation of the adverse claim is warranted since the Spouses Redor failed to prove their interest therein since it was already settled with finality by the Supreme

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<sup>22</sup> Id.

<sup>23</sup> Id.

<sup>24</sup> Id. at 77.

<sup>25</sup> Id.

<sup>26</sup> Id.

<sup>27</sup> Id.

<sup>28</sup> Id.

<sup>29</sup> Id.

<sup>30</sup> Id. at 78.

Court in *Heirs of Francisco Redor v. Court of Appeals (Redor)*,<sup>31</sup> that the subject property was already forfeited in favor of the Government.<sup>32</sup>

### **Ruling of the Regional Trial Court**

On December 11, 2017, a Decision<sup>33</sup> was rendered by the RTC dismissing the complaint and ruling that the Republic failed to sufficiently prove its allegations that Dimaranan was the previous registered owner of the subject land; and that it was constituted as a property bond since it did not present TCT No. 23810 as evidence.<sup>34</sup> Further, the Republic merely relied on the letter of Land Investigator Salvado which was not testified to and identified by him in court.<sup>35</sup> Lastly, the RTC declared that Chua is a buyer in good faith since it does not appear that he was aware of any irregularity in the issuance of Bernardo's title.<sup>36</sup> The dispositive portion of which reads:

WHEREFORE, the Complaint against [Chua] is hereby dismissed.

SO ORDERED.<sup>37</sup>

Aggrieved, the Republic elevated the case to the CA.

### **Ruling of the Court of Appeals**

On October 17, 2019, the CA granted the Republic's appeal and reversed the RTC Decision.<sup>38</sup> The dispositive portion of the CA Decision reads:

WHEREFORE, the appeal is GRANTED. The Decision dated December 11, 2017 of the Regional Trial Court, National Capital Judicial Region, Branch 216, Quezon City, in Civil Case No. Q-04-53944-CV, is REVERSED and SET ASIDE. Judgment is hereby rendered:

1. Declaring defendant-appellee Benito Chua a buyer in bad faith, who has no right to possession and ownership of the property;
2. Declaring TCT No. RT-95848 (143840) in the name of Valentina Rivera and all its derivative titles as NULL and VOID; and
3. Ordering the Register of Deeds of Quezon City to CANCEL any and all certificates of title traced from TCT No. RT-95848 (143840).

SO ORDERED.<sup>39</sup>

<sup>31</sup> G.R. No. 132068, January 312, 2000.

<sup>32</sup> *Rollo*, p. 78.

<sup>33</sup> *Id.* at 118-124. Penned by Presiding Judge Alfonso C. Ruiz II.

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

<sup>35</sup> *Id.* at 121-122.

<sup>36</sup> *Id.* at 122-124.

<sup>37</sup> *Id.* at 124.

<sup>38</sup> *Id.* at 10-20.

<sup>39</sup> *Id.* at 19-20.

The CA ruled that the Republic had already established ownership of the subject property due to a previous judgment, citing *Redor*.<sup>40</sup> It held that whether the documents the Republic presented before the RTC are public records or that a copy of TCT No. 23810 was not presented as evidence are immaterial since the Republic's right over the subject property is already *stare decisis*.<sup>41</sup> Furthermore, it held that Chua was not an innocent purchaser in good faith, as Chua, despite being aware of numerous red flags surrounding the subject property, failed to look beyond the four corners of the Torrens title and exercise the required precaution of a reasonably prudent man faced with a like situation.<sup>42</sup>

Chua moved for reconsideration, but the appellate court denied the same in a Resolution dated September 1, 2020.<sup>43</sup>

Hence, the instant petition.

### Our Ruling

This Petition has no merit.

**The theory that certain past decisions already established the Republic's ownership over the subject property does not need further presentation of evidence and thus, it can be raised for the first time on appeal**

In the Petition, Chua is imputing reversible error to the appellate court for allowing the Republic to interpose for the first time on appeal the theory that a past ruling has established its ownership over the subject property.<sup>44</sup> Chua is essentially claiming in the petition that since this argument was never raised before the trial court, the general rule that parties are not permitted to change their theory of a case at the appellate stage should have been applied by the CA.

This argument holds no water.

The Rules of Court provides:

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<sup>40</sup> Supra note 31.

<sup>41</sup> *Rollo*, pp. 15-17.

<sup>42</sup> *Id.* at 17-19.

<sup>43</sup> *Id.* at 22-25.

<sup>44</sup> *Id.* at 47-49.

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Section 15. *Questions that may be raised on appeal.* — Whether or not the appellant has filed a motion for new trial in the court below he may include in his assignment of errors any question of law or fact that has been raised in the court below and which is within the issues framed by the parties.<sup>45</sup> (Underscoring supplied)

Certainly, the proscription of a change of argument on appeal rests on upholding the basic tenets of equity and fair play.<sup>46</sup> “When a party deliberately adopts a certain theory and the case is decided upon that theory in the court below, he will not be permitted to change the same on appeal, because to permit him to do so would be unfair to the adverse party.”<sup>47</sup>

However, this Court has allowed derogation from this principle in exceptional cases and only if the factual bases of the new theory would not require presentation of further evidence.<sup>48</sup>

As applied in the present case, the CA was correct in considering the issue of whether this Court’s pronouncements in *Redor* established the Republic’s right over the subject property, despite the same being raised for the first time on appeal, as the same is pivotal in the just disposition of the case but does not need the presentation of any further evidence. Being public record, the appellate court merely needed to verify whether such Resolution exists and examine its contents to confirm whether the issue of ownership over the subject property had already been settled with finality by this Court.

Moreover, this is not unfair nor unjust to Chua as he was obviously aware of the existence of *Redor* by virtue of him being a party thereto, and he also had the opportunity to challenge the Republic’s argument without needing to present any further evidence, in his Appellee’s Brief<sup>49</sup> and even in his Motion for Reconsideration<sup>50</sup> before the CA.

Certainly, the appellate court acted within its discretion and did not commit any reversible error when it took into account the Republic’s argument raised for the first time on appeal.

**There is *stare decisis* only as to the Republic’s standing as the rightful party to challenge the sale between Bernardo and Chua, and the TCTs involved**

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<sup>45</sup> *Prime Steel Mill, Inc. v. Commissioner of Internal Revenue*, G.R. No. 249153, September 12, 2022.

<sup>46</sup> *Id.*

<sup>47</sup> *Id.*

<sup>48</sup> *Id.* Emphasis supplied.

<sup>49</sup> *Rollo*, pp. 150-170.

<sup>50</sup> *Id.* at 171-181.

In its Decision, the CA applied the concept of *stare decisis* when it ruled that *Redor* established the Republic's ownership over the subject lot.<sup>51</sup> In particular, the appellate court quoted this Court's pronouncement that the subject property was earlier forfeited to the government and concluded from there that this Court already "found and ruled on the Republic's right over the property."<sup>52</sup>

While partly true, this is not entirely the case.

In *Redor*,<sup>53</sup> this Court issued a Resolution dismissing the petition and affirming the findings of the RTC and the CA therein, *to wit*:

We are in full agreement with the appellate court that petitioners have not established their ownership or any vested right over the disputed land as to clothe them with the legal capacity to institute the action for cancellation of titles. The averment in the complaint that the late Francisco Redor, Sr. merely had a pending IGPSA clearly shows that the deceased had acquired no title over the land in question which he could validly transmit to his heirs. The inescapable conclusion therefore is that petitioners, as heirs of Redor, Sr., also did not acquire any vested right over the property. As correctly observed by the Court of Appeals, if there is anyone whose right was affected by the sale between Benito Chua and Norma Bernardo, it is the Republic of the Philippines. As earlier noted, the disputed land was forfeited in favor of the Government when the same was used as a property bond in a criminal case where the accused jumped bail.

**ACCORDINGLY**, in view of the foregoing, the petition is DENIED for lack of merit. Costs against petitioners.

**SO ORDERED.**<sup>54</sup> (Underscoring supplied)

From the above, the following can be concluded:

1. The Spouses Redor and their heirs have acquired no right over the subject property as the last surviving spouse died pending their patent application over the subject property;
2. Given that no patent was ever issued, the right over the property remained with the Republic, which initially acquired the same through a forfeiture sale in connection with a past criminal case; and
3. Having the right over the subject property, the Republic is the proper party to question the alleged sale of the subject property between Bernardo and Chua.

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<sup>51</sup> Id. at 15-17.

<sup>52</sup> Id. at 17.

<sup>53</sup> *Supra* note 31.

<sup>54</sup> Id.

However, while there is an acknowledgment of the Republic's right over the subject property, this right must still be tested against Chua's as seen in this Court's affirmation of the appellate court's observation that "if there is anyone whose right was affected by the sale between Benito Chua and Norma Bernardo, it is the Republic of the Philippines."<sup>55</sup> Clearly, if there is any ownership right recognized by this Court, it is only to the extent of the Republic's standing to question the alleged sale that resulted in Chua obtaining his own title over the property, which is precisely what is happening in the instant case.

Thus, there can be no stare decisis as to the issue of the Republic's ownership over the land as against Chua's since the same was not threshed out in the previous case. There is only *stare decisis* as to the ruling that the Spouses Redor and their heirs have not acquired any right over the subject property, and that the Republic, having a right over the property, is the proper party to question the ostensible ownership of Chua over the property and the sale which it stemmed from.

In view of the above, the only question then left to be resolved is whether Chua was an innocent purchaser for value, as this is the only case that gives Chua a valid claim over the subject land versus the Republic.

**Chua is not a buyer in good faith since he proceeded with the sale despite knowing that Bernardo did not have possession of the subject property and that there were numerous houses built on it**

In the Petition, Chua seeks to convince this Court that he was an innocent purchaser for value when he bought the subject property from Bernardo in 1994.<sup>56</sup> He alleges that he verified with the Register of Deeds that the titles of Bernardo and the Spouses Redor were clean and bore no encumbrances, including Rivera's reconstituted title.<sup>57</sup> Furthermore, he claims that his overt acts such as performing ocular inspections and inquiring about the status of the title of the subject property with Bernardo, are more than sufficient proof of good faith on his part.<sup>58</sup>

This Court remains unconvinced.

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<sup>55</sup> Id. Underscoring supplied.

<sup>56</sup> *Rollo*, pp. 49-61.

<sup>57</sup> Id.

<sup>58</sup> Id.

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One is considered a purchaser in good faith if they buy a property without notice that some other person has a right to or interest in such property and pays its fair price before he has notice of the adverse claims and interest of another person in the same property.<sup>59</sup>

In *Bautista v. Silva*<sup>60</sup> and *Gabutan v. Nacalaban*<sup>61</sup> this Court ruled that for one to be considered a purchaser for value and in good faith, the following requisites must concur:

A buyer for value in good faith is one who buys property of another, without notice that some other person has a right to, or interest in, such property and pays full and fair price for the same, at the time of such purchase, or before he has notice of the claim or interest of some other persons in the property. He buys the property with the well-founded belief that the person from whom he receives the thing had title to the property and capacity to convey it.

To prove good faith, a buyer of registered and titled land need only show that he relied on the face of the title to the property. He need not prove that he made further inquiry for he is not obliged to explore beyond the four corners of the title. Such degree of proof of good faith, however, is sufficient only when the following conditions concur: first, the seller is the registered owner of the land; second, the latter is in possession thereof; and third, at the time of the sale, the buyer was not aware of any claim or interest of some other person in the property, or of any defect or restriction in the title of the seller or in his capacity to convey title to the property.

Absent one or two of the foregoing conditions, then the law itself puts the buyer on notice and obliges the latter to exercise a higher degree of diligence by scrutinizing the certificate of title and examining all factual circumstances in order to determine the seller's title and capacity to transfer any interest in the property. Under such circumstance, it is no longer sufficient for said buyer to merely show that he relied on the face of the title; he must now also show that he exercised reasonable precaution by inquiring beyond the title. Failure to exercise such degree of precaution makes him a buyer in bad faith.<sup>62</sup>

Moreover, this Court in *Nobleza v. Nueva*<sup>63</sup> and *Dy v. Aldea*<sup>64</sup> held that to successfully invoke the ordinary presumption of good faith, the buyer must have shown prudence and due diligence in the exercise of his or her rights, to wit:

An innocent purchaser for value is one who buys the property of another, without notice that some other person has a right or interest in the property, for which a full and fair price is paid by the buyer at the time of the purchase

<sup>59</sup> *Leong v. See*, 749 Phil. 314, 323 (2014).

<sup>60</sup> 533 Phil. 627, 639-640 (2006).

<sup>61</sup> 788 Phil. 546 (2016).

<sup>62</sup> *Id.* at 575-576. Underscoring supplied.

<sup>63</sup> 755 Phil. 656, 663-664 (2015).

<sup>64</sup> 816 Phil. 657 (2017).

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or before receipt of any notice of claims or interest of some other person in the property. It is the party who claims to be an innocent purchaser for value who has the burden of proving such assertion, and it is not enough to invoke the ordinary presumption of good faith. To successfully invoke and be considered as a buyer in good faith, the presumption is that first and foremost, the "buyer in good faith" must have shown prudence and due diligence in the exercise of his/her rights. It presupposes that the buyer did everything that an ordinary person would do for the protection and defense of his/her rights and interests against prejudicial or injurious concerns when placed in such a situation. The prudence required of a buyer in good faith is not that of a person with training in law, but rather that of an average man who 'weighs facts and circumstances without resorting to the calibration of our technical rules of evidence of which his knowledge is nil.' A buyer in good faith does his homework and verifies that the particulars are in order — such as the title, the parties, the mode of transfer and the provisions in the deed/contract of sale, to name a few. To be more specific, such prudence can be shown by making an ocular inspection of the property, checking the title/ownership with the proper Register of Deeds alongside the payment of taxes therefor, or inquiring into the minutiae such as the parameters or lot area, the type of ownership, and the capacity of the seller to dispose of the property, which capacity necessarily includes an inquiry into the civil status of the seller to ensure that if married, marital consent is secured when necessary. In fine, for a purchaser of a property in the possession of another to be in good faith, he must exercise due diligence, conduct an investigation, and weigh the surrounding facts and circumstances like what any prudent man in a similar situation would do.<sup>65</sup> (Underscoring supplied)

In *Domingo Realty, Inc. v. Court of Appeals*<sup>66</sup> and *Locsin v. Hizon*,<sup>67</sup> this Court elucidated on the precautionary measures and diligence a prospective buyer of titled lands must observe to ensure the legality of the title and the accuracy of the metes and bounds of the lots to be purchased, to wit:

Thus, in *Domingo Realty, Inc. v. CA*, we emphasized the need for prospective parties to a contract involving titled lands to exercise the diligence of a reasonably prudent person in ensuring the legality of the title, and the accuracy of the metes and bounds of the lot embraced therein, by undertaking precautionary measures, such as:

1. Verifying the origin, history, authenticity, and validity of the title with the Office of the Register of Deeds and the Land Registration Authority;
2. Engaging the services of a competent and reliable geodetic engineer to verify the boundary, metes, and bounds of the lot subject of said title based on the technical description in the said title and the approved survey plan in the Land Management Bureau;

<sup>65</sup> Id. at 669-670. Emphasis supplied.

<sup>66</sup> 542 Phil. 39, 66-67 (2007).

<sup>67</sup> 743 Phil. 420, 428 (2014).

3. Conducting an actual ocular inspection of the lot;
4. Inquiring from the owners and possessors of adjoining lots with respect to the true and legal ownership of the lot in question;
5. Putting up of signs that said lot is being purchased, leased, or encumbered; and
6. Undertaking such other measures to make the general public aware that said lot will be subject to alienation, lease, or encumbrance by the parties[.]<sup>68</sup>

In *Dueñas v. Metropolitan Bank and Trust Co.*,<sup>69</sup> this Court summarized the concepts surrounding the “mirror doctrine” as follows:

In sum, the mirror doctrine provides that every person dealing with a registered land may safely rely on the correctness of the certificate of title issued therefor and is not obliged to go beyond the certificate to determine the condition of property. “As such, a defective title, or one the procurement of which is tainted with fraud and misrepresentation — may be the source of a completely legal and valid title, provided that the buyer is an innocent third person who, in good faith, relied on the correctness of the certificate of title, or an innocent purchaser for value.”

However, the said rule admits of certain exceptions, namely: (a) when the party has actual knowledge of facts and circumstances that would impel a reasonably cautious man to make further inquiry; (b) when the buyer has knowledge of a defect or the lack of title in his vendor; or (c) when the buyer/mortgagee is a bank or an institution of similar nature as they are enjoined to exert a higher degree of diligence, care, and prudence than individuals in handling real estate transactions.<sup>70</sup> (Underscoring supplied)

In light of the foregoing, it can be concluded from the totality of circumstances that Chua had knowledge of a defect or the lack of title in his vendor, or at the very least, had actual knowledge of facts and circumstances that would impel a reasonably cautious man to make further inquiry.

The most obvious badge that Chua is not a buyer in good faith is when he admitted that Bernardo was not in possession of the property and there were numerous houses on the property.<sup>71</sup> This alone should have alerted him to not rely solely on the certificate of title and investigate further into Bernardo’s right over the property, which he utterly failed to do.

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<sup>68</sup> Id. at 430-431.

<sup>69</sup> *Dueñas v. Metropolitan Bank and Trust Co.*, G.R. No. 209463, November 29, 2022.

<sup>70</sup> Id.

<sup>71</sup> *Rollo*, pp. 18-19.

While he did admit that he went to the property twice sometime in May 1994 and talked to at least two people, who allegedly told him that they talked with Bernardo and promised him that they will vacate the property,<sup>72</sup> his subsequent actions were inconsistent with that of an ordinarily cautious and prudent person put in a similar situation.

The records would show that Chua merely relied on Bernardo's claims and statements from strangers that he just met, to wit:<sup>73</sup>

Q: Now, when you went there on May 1994, what did you find in the said property?

A: When I went there I saw many houses and I told the owner that : "Baka naman hindi mapapaalis yan hindi ako interesado. Kasi mahirap naman na ako pa ang magpapaalis dyan" and I also told her that there are many houses we better not talk about the price, sir.

Q: How many times did you go to the said property?

A: I think two (2) times, sir.

Q: Did you ever talk to any person residing in the said property?

A: I was able to [talk] to two persons and they told me that they talked to [Bernardo] and they are going to leave the premises, sir.

x x x x

Q: Did anybody inside the said subject property approach you during that time?

A: The owner, sir. Norma [Bernardo] and her relatives.

Q: Do you know the people residing in the subject property?

A: No, sir.

Q: How come do you know that they are relatives of Norma?

A: When I was talking to Norma I inquired from her who these people are.

Q: And the answer of Norma is?

A: And she answered they are my relatives, sir.<sup>74</sup>

The above shows that Chua did not conduct an investigation at all. What his statements show is that despite having reservations in buying the property because of the numerous houses in it, he still wholeheartedly relied on the attestations and promises of Bernardo and her alleged relatives, without even so much of a hint of suspicion or doubt despite knowing that she was not in possession of the subject property.

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<sup>72</sup> Id.

<sup>73</sup> Id.

<sup>74</sup> Id. See also TSN, January 26, 2011, pp. 13-14.

Chua is absolutely wrong in claiming that by simply going through the motions of visiting the property and inquiring with the vendor, he has already done the investigation expected of a reasonably prudent person.<sup>75</sup> A reasonably prudent buyer would not have exclusively relied on the attestations of an apparently eager vendor especially upon discovering that the latter was not in possession of the property and that there were numerous houses already built on it. Moreover, a reasonably prudent person would not rely on the verbal promises of strangers they just met, especially if the same would affect the parcel of land they are trying to acquire.

When there are red flags, a buyer in good faith is expected to make honest efforts, consistent with the standard of a reasonably prudent person faced with a like situation, to ascertain the truth of the seller's right over the property beyond the four corners of the land title. There is no good faith if the buyer merely relies on the seller's word and continues to buy the property despite the presence of obvious defects that are inconsistent with the seller's representations.

Certainly, the records show that Chua failed to meet the second and third elements laid down in *Bautista*,<sup>76</sup> *i.e.*, the seller has possession of the land and at the time of sale, the buyer was not aware of any claim or interest of some other person in the property, or of any defect or restriction in the title of the seller or in his or her capacity to convey title to the property.<sup>77</sup> Given this, Chua cannot merely rely on the title of the property and is obliged to show that he exercised reasonable precaution by inquiring beyond the title, which he failed to do so in this case. His reckless decision of proceeding with the sale despite the glaring defects and irregularities surrounding his dealings with the land renders him a buyer in bad faith.

Consequently, since Chua has failed to prove that he is an innocent purchaser for value, he does not merit the protection of the law and hence, no valid title can come out of his transaction with Bernardo. Therefore, the title of the subject property remains with its rightful owner, the Republic.

Verily, there is no reversible error on the part of the CA when it decided to reverse and set aside the trial court's decision.

**WHEREFORE**, the petition is **DENIED**. The assailed October 17, 2019 Decision of the Court of Appeals in CA-G.R. CV No. 110355 is **AFFIRMED**.

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<sup>75</sup> Id. at 57.

<sup>76</sup> Supra note 60.

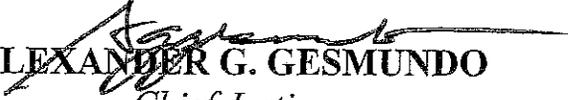
<sup>77</sup> Id. at 639.

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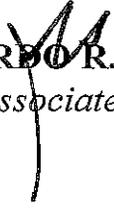
**SO ORDERED.**

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

WE CONCUR:

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

  
**RODIL V. ZALAMEDA**  
*Associate Justice*

  
**RICARDO R. ROSARIO**  
*Associate Justice*

  
**JOSE MIDAS P. MARQUEZ**  
*Associate Justice*

## CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

  
ALEXANDER G. GESMUNDO  
*Chief Justice*