



REPUBLIC OF THE PHILIPPINES

**Sandiganbayan**

Quezon City

**Fifth Division**

REPUBLIC OF THE PHILIPPINES  
AND PHILIPPINE JOURNALIST,  
INC., REPRESENTED BY THE  
PRESIDENTIAL COMMISSION  
ON GOOD GOVERNMENT,  
*Plaintiffs,*

– versus –

CIVIL CASE NO. 0172

RAMON J. QUISUMBING,  
JOHNNY M. ARANETA, JAIME  
A. CURA, ANGEL C. SEPIDOZA  
and RENATO L. PARAS,  
*Defendants.*

Present:  
LAGOS, J., Chairperson,  
MENDOZA-ARCEGA, and  
CORPUS-MAÑALAC, JJ.

Promulgated:  
April 2, 2019 *mea*

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**DECISION**

**LAGOS, J.:**

This is a Complaint for Reconveyance, Recovery of Possession, Accounting and Damages dated October 11, 1996, filed by the Republic of the Philippines and the Philippine Journalist, Inc.

*mea*

(PJI), represented by the Presidential Commission on Good Government (PCGG), against defendants Ramon J. Quisumbing, Jaimie A. Cura, Johnny M. Araneta, Angel C. Sepidoza and Renato L. Paras.

The antecedent facts and proceedings relating to the case are as follows:

On April 22, 1986, by virtue of Executive Order No.1 and pursuant to a Writ of Sequestration issued by the PCGG, shares of certain individuals on the Philippines Journalist, Inc. (PJI) were sequestered on the grounds that these are the ill-gotten wealth of Benjamin Romualdez, Ferdinand E. Marcos, Imelda R. Marcos, and their alleged dummies and cohorts.

Thereafter, on July 31, 1987, a complaint for the Reconveyance, Reversion, Accounting, Restitution, and Damages of various properties and assets was filed before the Sandiganbayan and docketed as Civil Case No. 0035, entitled *Republic of the Philippines vs. Benjamin (Kokoy) Romualdez, Juliette Gomez Romualdez, Ferdinand E. Marcos, Imelda R. Marcos, et.al.*. Among the properties subject of the complaint were properties of the PJI, including untitled parcels of land totaling around 7,087 square meters located in Bagalangit, Mabini, Batangas covered by Tax Declaration Nos. 0915, 0916, 0917 and 0918 (the "PJI Properties").

During the pendency of Civil Case No. 0035, herein defendants Jaime A. Cura, then President of the PJI, and Atty. Ramon J. Quisumbing, as trustee of Doy Realty Development Corporation (DRDC), executed a Contract of Sale dated June 5, 1991 and, subsequently, a Deed of Absolute Conveyance dated June 25, 1991, over the PJI Properties.

The PJI Board of Directors, namely Jaime A. Cura, Johnny M. Araneta, Angel C. Sepidoza and Renato L. Paras, passed two Board Resolutions on July 1, 1991, approving and authorizing the sale of the aforementioned PJI Properties to defendant Atty. Ramon J. Quisumbing.

Thereafter, an *Urgent Motion to Enjoin PCGG-Appointed Board of Directors From Effecting Sale of PJI Real Properties* dated July 23,

1991 was filed by PJI stockholder Rosario Olivares in Civil Case No. 0035. In a Resolution dated February 25, 1992, the Second Division of this Court nullified the sale of the PJI Properties, ruling as follows:

WHEREFORE, premises duly considered, we rule and hold that the sale on June 25, 1991 of the beach property located at Barrio Bagalangit, Municipality of Mabini, Province of Batangas, previously covered by Tax Declaration Nos. 0915, 0916, 0917, and 0918 in the name of Philippine Journalist, Inc. to Doy Realty Development (represented by Atty. Ramon Quisumbing, trustee) is hereby declared null and void *ab initio* for clear lack of authority on the part of the transferor (Philippine Journalist Inc., represented by its President, Jaime A. Cura) to enter into, transact and execute such conveyance, there being no prior consent or approval by the Presidential Commission on Good Government and this court on such sale of a sequestered asset of Philippines Journalist, Inc.

Accordingly, the Presidential Commission on Good Government and/or the Solicitor General's Office are hereby ordered to file the proper civil action for the recovery of the above-described property so as to re-include it among the assets of Philippine Journalists, Inc., pending final judicial determination as to whether it forms part of the "ill-gotten wealth" of any of the defendants herein.

Jaime A. Cura, then President of PJI, assailed via *certiorari* the above ruling before the Honorable Supreme Court. In an *en banc* Resolution dated October 5, 1993, the Supreme Court, in *Philippine Journalist, Inc. and Jaime Cura vs. Sandiganbayan and Rosario M.B. Olivares*<sup>1</sup>, sustained the pronouncement of the Sandiganbayan Second Division. The Supreme Court held that PJI is a sequestered corporation and all its properties and assets are considered in *custodia legis*. Hence, the PCGG cannot validly sell the property in question without prior authority from the Sandiganbayan.

Thereupon, based on the pronouncement of the Supreme Court nullifying and voiding the sale of the PJI Properties, as the same was executed by the PJI directors without the requisite authority, the instant Complaint dated October 11, 1996, for the Reconveyance, Recovery of Possession, Accounting and Damages of the PJI

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<sup>1</sup> G.R. No. 106209.

Properties, was filed by the Republic of the Philippines and PJI, represented by the PCGG, against herein defendants.

Defendant Quisumbing filed a Motion to Dismiss<sup>2</sup> on the ground of lack of cause action on the part of the PCGG and the Republic. He contended that the PJI Properties were not sequestered and were not placed under *custodia legis*. He assailed the Sequestration Order dated April 22, 1986, and argued that this covered only the shares of Benjamin Romualdez and his agents, nominees, but not the properties and assets of PJI, as the latter is a corporation, therefore, having a separate personality from its stockholders. He further assailed the validity of the Sequestration Order considering that it was not signed by two commissioners – a violation of the PCGG rules. He also questioned the personality of the Republic to file such a case, contending that the Republic is not a real party in interest, as the PJI Properties were exclusive properties of PJI prior to the June 1991 sale.

In its opposition, the Republic maintained that approval from the PCGG and the Sandiganbayan is required before the sale of the PJI Properties can be validly made. The said requirement is in accordance with the Resolution of the Supreme Court in G.R. No. 106209, *PJI and Jaime Cura vs. Sandiganbayan, et al.*<sup>3</sup> finding that PJI is a sequestered corporation and its properties were brought under *custodia legis*.

In a Resolution promulgated on November 13, 1998<sup>4</sup>, this Court denied Quisumbing's Motion to Dismiss for lack of merit. It held that the inconsistency in the reproduction of the Sequestration Orders affecting its authenticity, had already become immaterial when a Writ of Sequestration, dated February 19, 1987, bearing the signatures of two Commissioners superseded the former, and thus cured its defect. It was also ruled that the Republic is a real party in interest since the PJI is a corporation under sequestration by the PCGG, representing the Republic, for the recovery of ill-gotten wealth. Thus, the Republic stands to be benefited or injured in the outcome of the case.

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<sup>2</sup> Dated December 6, 1996. Records, Vol. 1, pp. 182-195.

<sup>3</sup> *Supra*.

<sup>4</sup> Records, Vol.1, pp. 364-375.

*Handwritten signature*

Quisumbing's Motion for Reconsideration was denied by this Court in a Resolution promulgated on March 16, 1999.<sup>5</sup>

On May 14, 1999, Quisumbing filed a Petition for Certiorari<sup>6</sup> before the Honorable Supreme Court, questioning this Court's Resolution denying his Motion to Dismiss and finding the Republic to be a real party of interest.

In a Supplement Petition dated October 22, 2002, Quisumbing alleged that the Supreme Court, in G.R. No. 108552, *Asset Privatization Trust v. Sandiganbayan (Second Division) and Rosario Olivarez*, had already overturned its ruling in G.R. 106209 that PJI is a sequestered corporation. He asserted that the Supreme Court ruling in said case validates his position that PJI is not a sequestered corporation.

Still in another Manifestation dated January 13, 2005, Quisumbing invoked the ruling of the Supreme Court in G.R. No. 138598, *Asset Privatization Trust v. Sandiganbayan (5<sup>th</sup> Division) and Rosario Olivarez*, directing the Asset Privatization Trust (APT) to turn-over the management and control of PJI to its former stockholders upon payment of their outstanding obligations to PJI. Hence, Quisumbing averred that the Republic, through the APT, has lost all rights or interests it claims to have over the PJI.

In a Decision promulgated on November 14, 2008, the Honorable Supreme Court, in G.R. No. 138437, *Quisumbing vs. Sandiganbayan (Fifth Division), Republic of the Philippines and Philippine Journalist Inc., represented by the Presidential Commission on Good Government*, found the aforementioned Petition for Certiorari unmeritorious. It held that the Republic is a real party in interest, stating that:

[...] the purpose of going after the assets and properties of the deposed President et al. is to protect the interest of the Filipino people and the Government, on the premise that those assets and properties were *illegally acquired* with the use of public funds or government resources or by taking advantage of their power. Hence, in filing the action for reconveyance, the

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<sup>5</sup> Records, Vol. 2, pp. 41-44.

<sup>6</sup> *Quisumbing vs. Sandiganbayan, Republic of the Philippines and Philippine Journalist Inc., represented by the Presidential Commission on Good Government*, G.R. No. 138437.

Republic, through the PCGG, is protecting its interests in the Mabini lots owned by PJI which, as earlier determined by this Court, is a sequestered corporation. (*Italic supplied*).

In ruling on the other matters raised by Quisumbing in his petition, the Supreme Court further stated:

Petitioner's reliance on the ruling in G.R. No. 108552 is misplaced. Contrary to petitioner's assertion, said case did not overturn the ruling in G.R. 106209. **What was involved in G.R. No. 108552 was, *inter alia*, the assignment of the shares of PJI's former stockholders to the Development Bank of the Philippines (DBP) in settlement of a loan PJI contracted before its sequestration, hence, the pronouncement therein that only a minority of stockholders' shares were sequestered. To recall, Civil Case No. 0172 subject of the present case is for reconveyance and recovery of possession only of the Mabini lots.**

Petitioner's reliance on the ruling in G.R. No. 138598 is likewise misplaced. That case involved the computation of the former PJI stockholders' outstanding obligations to the APT to which DBP assigned the same. Petitioner's plea for the Court to take judicial notice of the news article on the supposed turn-over of PJI to its stockholders thus fails.

Finally, petitioner's arguments that the Republic's failure to pray for the reconveyance to it of the Mabini lots reflects its not being a real party in interest, and that since PJI is already represented by the PCGG, it is superfluous for the Republic to be a co-plaintiff, fail. At most, like **its misplaced reliance on rulings of this Court in G.R. Nos. 108552 and 138598**, these are feeble attempts to invoke technicalities to further delay the proceedings in the case. (Emphasis and underscoring in the original).

**WHEREFORE**, the petition is **DISMISSED**.

On June 19, 2012, herein defendants Araneta and Paras filed a Motion to Dismiss<sup>7</sup> the present complaint insofar as plaintiff PJI is concerned, for its failure to appear during the pre-trial conference pursuant to Sections 4 and 5, Rule 18 of the 1997 Rule of Civil Procedure. Among the arguments advanced by defendants is the seeming inconsistency in the position taken by the Republic and the

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<sup>7</sup> Records, Vol. 6, pp. 129-134.

PCGG, on one hand, and that of the PJI, on the other. Thus, said defendants conclude that the PCGG should have a written authority from the PJI to represent it during the pre-trial conference unlike the Republic which, by law, is represented by the PCGG. Defendants also assailed the writs of sequestration issued by the PCGG, which they claim pertain only to specific shares belonging to certain stockholders of the PJI.

Thereafter, Quisumbing filed a manifestation adopting the motion to dismiss filed by defendants Araneta and Paras.<sup>8</sup>

In its Comment dated July 18, 2012, plaintiff pointed out that all the issues raised by defendants are a mere rehash of the issues they raised in their motions for reconsideration which were already passed upon by this Court in its Resolution promulgated on June 8, 2011<sup>9</sup>. Plaintiff further argued that the present action cannot be instituted by the PJI on its own. According to plaintiff, the prosecution of the present action should always be with the authority and imprimatur of the Republic considering that even if said properties reverted to the PJI's assets, the same will nonetheless be held in trust for the Republic until the final determination of whether said properties are ill-gotten wealth.<sup>10</sup>

The parties filed subsequent pleadings to support their respective positions.

On September 3, 2012, defendant Araneta filed a Motion for Hearing on Motion to Dismiss. He claimed that there is a need to first determine, through hearing and presentation of evidence, whether the PJI is a sequestered corporation so that the PCGG can represent it without an authority from its Board of Directors.

Plaintiff filed its comment on September 25, 2012, claiming that the setting of defendants' motion to dismiss for presentation of evidence would only delay the proceedings because the issue of

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<sup>8</sup> Dated June 25, 2012. Records, Vol. VI, pp. 141-143.

<sup>9</sup> This Resolution denied defendants' motion for reconsideration of this Court's Resolution promulgated on October 8, 2009 (Records, Vol. 6, pp. 53-67). The latter Resolution denied defendant Quisumbing's motion to dismiss (joined by defendants Araneta and Paras) on the ground of lack of jurisdiction over the subject matter of this case (Records, Vol. 5, pp. 408-414).

<sup>10</sup> Records, Vol. 6, pp. 158-165.

*N/g*

whether the PJI is a sequestered corporation has long been resolved by the Supreme Court in its *en banc* Resolution dated October 5, 1993 in G.R. No.106209, *PJI and Jaime Cura vs. Sandiganbayan, et al.*, and in its Decision dated November 14, 2008 in G.R. No. 138437, *Quisumbing vs. Sandiganbayan, et. al.* Plaintiff also pointed out that the same issue has been repeatedly raised by defendants and consistently rejected by this Court.

In a Resolution dated January 31, 2013,<sup>11</sup> the Sandiganbayan Fifth Division denied defendants Johnny Araneta and Renato Paras' Motion to Dismiss dated June 18, 2012, and the Motion for Hearing on Motion to Dismiss dated August 20, 2012 (with defendant Quisumbing joining said motions), both for lack of merit. This Court made the following observation therein:

Plainly, the issue of whether the PJI is a sequestered corporation was directly resolved by the Supreme Court in the above cited cases. Thus, the present motion to dismiss (and the motion to set the same for hearing for the purpose of presentation of evidence to determine whether PJI is a sequestered corporation) is actually a deplorable attempt to revive a long settled issue which simply cannot be done and countenanced.

Defendant Sepidoza passed away on December 9, 1992 and was substituted by his heirs. His heirs were subsequently declared in default per the Court's Order dated June 3, 2014<sup>12</sup> for failure to file their answer to the complaint.

Defendant Paras passed away on May 6, 2012 and was subsequently substituted by his heirs.

In the Pre-Trial Order dated June 3, 2014<sup>13</sup>, the following issues were posited by the parties:

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<sup>11</sup> Records, Vol. 6, pp. 324-338.

<sup>12</sup> Records, Vol. 7, p. 135.

<sup>13</sup> Records, Vol. 7, pp. 136-146.

N/S



Issues for the PLAINTIFF:

- 1) Whether or not defendants may be compelled to surrender possession of the subject properties and execute a deed of reconveyance transferring ownership to PJI;
- 2) Whether or not defendants may be compelled to render accounting as to the fruits and income of the subject properties; and
- 3) Whether defendants may be held liable for damages and ordered to pay plaintiff the amount of One Million Pesos.

Issues for Defendants ARANETA AND PARAS:

- 1) Whether or not this Honorable Court has jurisdiction over the subject matter of the instant case;
- 2) Whether or not PJI, an independent corporate entity, is indispensable party in this case;
- 3) Whether or not what was sequestered by the PCGG are only the shares of Benjamin Kokoy Romualdez and not the entire corporate entity called PJI;
- 4) That assuming this Honorable Court has jurisdiction over the subject matter of this case, whether or not defendants Araneta and Paras can be held liable for the sale of the subject parcel of land to defendant Ramon Quisumbing;
- 5) Whether or not damage or injury was caused to plaintiff by reason of the alleged sale; and
- 6) Whether or not defendants Araneta and Paras are entitled to damages, attorney's fees and litigation expenses pleaded as counterclaims in their answer.

Issues for Defendant CURA:

- 1) Whether or not the Board of Directors was legally authorized to sell the subject property to DRDC; and
- 2) Whether or not there was a valid sale of the subject property from PJI to DRDC.

He also adopted the issues as proposed by defendants Araneta and Paras.

Issues for Defendant QUISUMBING:

He adopted the issues framed by defendants Araneta, Paras and Cura.

In addition:

- 1) Whether or not the Complaint states a cause of action against defendant Quisumbing;
- 2) Whether the Complaint states a cause of action by plaintiff, Republic of the Philippines, against any defendant;
- 3) Whether or not plaintiff Republic of the Philippines is a real party in interest;
- 4) Whether the subject real property is sequestered or the subject of Civil Case No. 0035;
- 5) Assuming that the subject property was sequestered, whether or not the writ of sequestration is valid and binding;
- 6) Assuming that the sale of the subject property was defective and voidable, whether plaintiff PJI is barred from regaining possession of the subject property under Article 546 of the Civil Code, until it pays reimbursement of many millions of pesos of necessary and useful expenses invested in the property, prior to notice of the instant suit; and
- 7) Whether or not defendant Quisumbing is entitled to his counterclaims.

#### EVIDENCE PRESENTED BY THE PARTIES

During trial, the Republic presented as its witness Maria Lourdes O. Magno, PCGG Records Custodian. She executed a seven-page Judicial Affidavit and she affirmed the truthfulness and veracity of all the statements in said document. The witness brought the original copy of the Sequestration Order to court, and she confirmed that she was not the one who issued the certified true copy. She also confirmed that she has no basis that the document she has brought to court as the original is the original of the certified true copy. Counsel for defendant Quisumbing, Atty. Mia Carmela Imperial, requested a second subpoena asking the witness that she bring the Amended Complaint or other pleadings in Civil Case No. 0035 pending in the Fourth Division of the Sandiganbayan showing that PJI was impleaded as a defendant in said case. Magno explained that with regard to legal papers, pleadings and other documents in relation to cases filed in court, the Legal Department of the PCGG has custody. According to the witness, her role as Records Custodian does not include safekeeping of said documents.

Both parties agreed that they need to go over the records and verify from the complaint marked as Exhibit B whether PJI is impleaded in Civil Case No. 0035.

Magno also confirmed that based on her submitted Judicial Affidavit, she is in possession of the documents relevant to the instant case. The defense counsel then asked the witness if she examined the pleadings and determined the documents relevant to the case, to which she answered in the negative. She further explained that she was only requested by their lawyer to bring the specific documents deemed relevant to the case, and that she did not personally examine the said documents.

The defense asked the witness if she can bring the other Writs of Sequestration relevant to the case. The counsel for the plaintiff averred that the witness already testified in her direct-examination that the documents relevant to the case, including the Sequestration Orders, are already attached in the complaint.

The Republic also presented Eriberto C. Singson, PCGG Administrative Officer. He executed a nine-page Judicial Affidavit dated September 14, 2015 to prove the allegations in the Complaint, and he affirmed the truthfulness and veracity of all the statements in said document. The defense questioned Singson if he has personal knowledge of the documents in the possession and custody of the PCGG as its Legal Researcher, to which Singson answered in the affirmative. The defense asked the witness if he personally witnessed the alleged sale stated in Civil Case No. 0035, to which the latter answered in the negative. The defense then pointed out to the Court that the witness is only basing his answer to his personal knowledge of the document itself and not to the supposed transaction that transpired as indicated in said document. Counsel for the plaintiff emphasized that the document herein was already admitted by the defendants during the pre-trial, and that it was among the documents in the common exhibits of the parties. When asked if PJI is impleaded as a defendant in Civil Case No. 0035, Singson answered in the negative. The witness further clarified that as part of the Legal Department of the PCGG which is in possession of the documents involved in the cases filed with the Sandiganbayan, he is aware that PJI is not impleaded in any other case.

In another cross-examination of Singson, the witness declared that by virtue of the power vested in the PCGG by authority of the President of the Philippines, the shares of Benjamin Romualdez as nominee are hereby sequestered, as stated in his Judicial Affidavit. He also confirmed that in the attached Writ of Sequestration in his

Judicial Affidavit, there is nothing stated that PJI itself as a corporation was sequestered. The witness based his answer, that PJI is one of the corporations sequestered, on the Sequestration Order. Singson further clarified that in said Sequestration Order, what were sequestered were the shares of the individual stockholder, and not PJI as a corporation. The witness confirmed that the PJI officers who approved the sale were defendants Johnny M. Araneta, Jaime A. Cura, Angel Sepidoza and Renato L. Paras, but Singson stated that he is not part of the Board of Directors nor the Corporate Secretary of PJI. He was not present during the meeting. The witness confirmed that PJI is only being tried as one of the corporations where shares in the name of Benjamin Romualdez are supposed to be sequestered and not PJI itself is sequestered. Singson declared that his estimation of one million pesos in damages is based on documents but no document on which the estimation was based was attached.

In his re-direct examination, Singson stated that there is no complaint filed by the PCGG against PJI, and that said corporation was only included in Annex A of the complaint Civil Case No. 0035. As verified by the witness, this is the only complaint/case that was filed by the PCGG against the defendants, and he confirmed that the Sequestration Order issued by the PCGG only sequestered the shares of stocks of the individual person and not the corporation itself. Singson averred that aside from the Sequestration Order asked by the defense counsel, the proof that PJI is a sequestered corporation is based from a decision of the Supreme Court.

The following documentary exhibits were offered by the Republic<sup>14</sup> to substantiate its claim that the PJI Properties are proper subjects of reconveyance in its favor:

<u>EXHIBIT</u>	<u>DESCRIPTION</u>
A	- Sequestration Order dated April 22, 1986
A-1	- Writ of Sequestration dated February 19, 1987
A-2	- Writ of Sequestration dated April 28, 1987
A-3	- Writ of Sequestration dated August 21, 1987
B	- Complaint entitled, "Republic of the Philippines, Plaintiff, vs. Benjamin (Kokoy) Romualdez, et al., Respondents" docketed as Civil Case No. 0035

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<sup>14</sup> Records, Vol. 7, pp. 371-375.

- C - Tax Declaration No. 0915 issued in the name of PJI
- C1 to C3 - Tax Declaration Nos. 0916, 0917 and 0918, all issued in the name of PJI
- D - Contract of Sale dated June 5, 1991 entered into by and between defendants Cura and Quisumbing involving the sale of two (2) parcels of land located in Mabini, Batangas
- E - Deed of Absolute Conveyance dated June 25, 1991 entered into by and between PJI and DRDC and signed by defendant Cura for PJI and defendant Quisumbing for DRDC
- F to F-1 - Minutes to the Regular Meeting of the Board of Directors of PJI held on July 1, 1991 and PJI Board Resolution No. 91-30
- G - Resolution dated February 25, 1992 of the Sandiganbayan, Second Division, in Civil Case No. 0035
- H - Supreme Court En Banc Resolution dated October 5, 1993 in G.R. No. 106209, entitled "*Philippine Journalists, Inc. and Jaime Cura vs. The Sandiganbayan and Rosario M.B. Olivares*"
- I - Decision dated November 14, 2008 of the Supreme Court Second Division in G.R. No. 138437, entitled "*Ramon J. Quisumbing vs. Sandiganbayan (Fifth Division), et al.*"

After the presentation of the Republic's evidence, defendant Cura filed a demurrer to evidence,<sup>15</sup> which the Court denied in a Resolution dated August 9, 2016.<sup>16</sup> Defendant Cura filed a motion for reconsideration of the aforesaid resolution but the same was denied in a Resolution dated January 31, 2017.<sup>17</sup>

After the denial of his demurrer, defendant Cura presented himself as witness. He executed a Judicial Affidavit to which he authenticated the veracity and truthfulness of his statements in said document. He stated that he was invited by the then Chairperson of the PCGG, Mr. Mat Caparas, to join PJI. According to him, he was being nominated by the Development Bank of the Philippines (DBP) that had a 67% of the shares of stock of PJI. As such, Cura became a member of the PJI's Board of Directors as early as 1989.

The witness also confirmed that he sold PJI's assets during his term in said firm, and one of the assets sold by PJI during his term as

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<sup>15</sup> Dated February 26, 2016.

<sup>16</sup> Records, Vol. 8, pp. 220-231.

<sup>17</sup> Records, Vol. 8, pp. 430-433.

company president is the subject property in the current case. Cura affirmed that there exists a PJI board resolution authorizing him as company president to sell the subject property to defendant Ramon J. Quisumbing, but said resolution is not attached in the Judicial Affidavit of the witness. Cura explained that when he gave his answers to the questions in the Judicial Affidavit, he did not need to produce the legal documents.

The witness stated that he did not inform the PCGG with regard to the sales transaction with defendant Quisumbing for the reason that in the course of their management of PJI, from 1989 to 1992, he does not recall of any time when they have to go to the PCGG for any permission regarding the decisions they were taking in running the company.

In his Judicial Affidavit, the witness confirmed that a motion was filed by Olivares in Civil Case No. 0035 regarding the sale of the subject property to defendant Quisumbing, and the said motion was the urgent motion to enjoin the PCGG-appointed board of directors from effecting the sale of PJI real properties to defendant Quisumbing. Cura further narrated that after his stint as PJI President in 1992 and turning over his company responsibilities to the board, he did not make it part of his business to keep track of what was happening to the company thereafter. As he further stated, Cura was not aware that the Motion for Reconsideration filed by Olivares was already decided by the Court before his time as PJI President ended. He explained that he was not aware of the decisions taken on said case. Cura said that they were aware from the start of their stint that Olivares belongs to the minority stockholders, with her as the minority group's leader, and that there would be complaints regarding their every decision in the board.

Based on his understanding, the witness stated that PJI could not have been a sequestered corporation. That was also the perception of his colleagues who were all voted into the PJI board. According to Cura, this is the first time that he raised the issue of PJI being a non-sequestered corporation before any court, but the counsel for the plaintiff pointed out that the same argument was already raised by the witness in his petition for certiorari and prohibition before the Supreme Court. Cura clarified that he was totally unaware and uninvolved in the formulation of whatever course of action that was going to be taken on said issue by his counsel; he further stated that he was informed by his counsel that they were going to take action on the matter, and if the action they were taking was in defense of his interest, such action would be authorized.

When the witness was asked if his counsel consulted with him about PJI being a non-sequestered corporation, he answered in the affirmative but he explained that he had minimal knowledge since the issue was totally in the hands of his counsel. He stated that he had no interest in knowing it, and he had no competence to appreciate such, and since he has already done his service to PJI, he left the issue to his counsel. Cura also confirmed that based in his Judicial Affidavit, he believed that the sequestration offered in evidence by the PCGG was falsified. When asked if this was the first time that the issue of authenticity of the Writ of Sequestration was brought before any court, Cura answered that he cannot think of any other time. But he confirmed that he heard about the denial of his *Motion for Leave of Court to File Demurrer to Evidence* arguing that the Writ of Sequestration issued by the PCGG was falsified.

Cura also confirmed that he had to sell the subject property in order to improve the cash flow or position of the company. Furthermore, the witness explained that when they assumed responsibility in PJI, they took care of managing the company given that it was in a bad shape, both in its operations and finances. They started to cut down costs, dispose of idle assets and liquefy assets in order to improve the company's cash flow. As per witness, positive outcome in PJI started to thrive in 1990.

After the termination of his testimony, he rested his case and formally offered the following exhibits:

<u>EXHIBIT</u>	<u>DESCRIPTION</u>
2	- Supreme Court Decision in <i>Asset Privatization Trust vs. Sandiganbayan</i> , G.R No. 108552, October 2, 2000
4	- Tax Declaration No. 0915 in the name of PJI issued on April 6, 1988
5	- Contract of Sale dated June 5, 1991
6	- Deed of Absolute Conveyance dated June 25, 1991
7	- Appraisal Report dated November 20, 1991
8	- Minutes of PJI's Board of Directors' Meeting on July 1, 1991
9	- Supreme Court Resolution in <i>Asset Privatization Trust vs. Sandiganbayan</i> , G.R No. 138598, December 14, 2004
11	- Tax Declaration No. 0624 in the name of Manuel Vasallo and wife for the year 1985.

12 - Sandiganbayan Resolution in *Republic of the Philippines vs. Benjamin "Kokoy" Romualdez et al.*," Civil Case No. 0035, April 6, 2005

During defendant Quisumbing's turn to present evidence, he testified and also presented as witness Mr. Florencio Y. Rojas, the receiver of PJI who was appointed as such by Branch 46 of the Regional Trial Court of Manila in 2015.

Quisumbing executed a Judicial Affidavit and a Supplemental Judicial Affidavit which he submitted to the Court. There was no objection to the *Motion to Admit Supplemental Judicial Affidavit* of the witness and the counsel of Quisumbing completed the presentation of the latter's Judicial Affidavit and Supplemental Judicial Affidavit to form part of his direct testimony.

During the cross-examination of Quisumbing, he stated that he mentioned a contract of sale and a deed of absolute conveyance in his Judicial Affidavit. The said contract was executed on June 5, 1991 and the deed of absolute conveyance was dated 20 days later. The witness further declared that the board of directors of PJI held a meeting on July 1, 1991 to confirm the earlier resolution (May 22, 1991) where they approved in advance the sale of the subject property to the former. Quisumbing disclosed that he was never given a copy of the minutes of the May 22, 1991 PJI Board meeting; he only has the minutes of the July 1, 1991 Board meeting with him.

The witness affirmed that the subject contract of sale was executed between PJI and him as trustee of DRDC. Said corporation was still in the process of being incorporated by the witness himself and his family and siblings. As one of the principals of said corporation, the witness declared that he did not need authority to be appointed as one of its trustees. Quisumbing also stated that there were no claimants to the subject property when this was being sold by PJI.

The witness stated that he was not a party in Civil Case No. 0035, and that he had a chance to subsequently review the records after the current case was filed against him. He believes that there is no evidence presented when the Sandiganbayan, in its Resolution issued in February 1992, acted upon the motion filed by Olivares. He further averred that the supposed "evidence" may have been submitted as annexes to the motion or annexes to the opposition, but there was no identification, no authentication, no witnesses and no trial. The witness also said that he was a "builder in good faith" in the subject property. He confirmed that he took possession of the



property immediately after its sale in 1991 and he received a copy of the summons relative to the current case in 1996.

In his supplemental affidavit, Quisumbing attached several photos to show improvements he made to the subject property. He claimed that these improvements were made before 1996, prior to him receiving the summons in the current case. He still continued with the business operations of the property after the receipt of said summons.

The witness also explained that the 1993 Resolution of the Supreme Court in G.R. No. 106209 cannot be binding because, according to him, it is not *res judicata*, since he was never a party in said case. He is also stern in his belief that PJI was never a sequestered corporation based on all the evidence presented. As insisted by the witness, he does not recall that PJI was declared as sequestered by the Supreme Court.

Quisumbing narrated that he is aware of the intra-corporate dispute between the members or stockholders of PJI. According to him, this dispute was discussed in a Supreme Court decision (G.R. No. 108552) wherein there was a bitter intra-corporate conflict between the Development Bank of the Philippines – Asset Privatization Trust (DBP APT) and the private stockholders, with the former owning 67% of the PJI shares. Upon learning of the outcome of said decision, the witness stated that he did not aspire to have this annulled since he was not a party to that previous case and that he was just a buyer of the subject property from PJI.

The last witness for the defense, Rojas, executed a Judicial Affidavit that he submitted to the Court. In the cross-examination that ensued, he confessed that he knew of Civil Case No. 0172 filed by the PCGG in 1996 only when it was discussed to him by defendant Quisumbing. When asked if he knows why the PCGG filed a case against Quisumbing, the witness answered in the negative.

The witness narrated that it was a certain Roland de Jesus who mentioned to him that PJI was a sequestered corporation. He likewise admitted that De Jesus is the administrator of PJI. When asked if he is aware that the Mabini property, the subject property in the current case, was among the sequestered PJI properties, Rojas answered in the negative. He also stated that he is not aware that the PCGG-appointed officers of PJI sold the subject property to defendant Quisumbing during the pendency of Civil Case No. 0035. Rojas then stressed that the subject Mabini property was not included in the inventory of PJI assets. He further confessed that he is not aware that the current case was filed because the Sandiganbayan

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specifically directed the PCGG to file a case to recover the subject property and to include this as one of the assets of PJI. He also stated that he was not able to exert effort to know about the cases filed against PJI, despite being the receiver of said corporation.

When asked why PCGG appears to be a creditor of certain stockholders and not of PJI, Rojas explained that PCGG is not mentioned in the list of the company's creditors. He only assumed that certain stockholders are the creditors of PJI. According to the witness, in all the proceedings before the court, both the PCGG and the Office of the Solicitor General (OSG) were not notified of the proceedings. Furthermore, Rojas stated that he was not notified as receiver of PJI because the Court directed them to notify the creditors.

It was only in 2015 when Rojas was appointed as PJI receiver that De Jesus informed him about PJI being a sequestered corporation. Moreover, the witness clarified that the PJI management has no representation from PCGG during this time, explaining his action of not informing the Court about the matter. He did not even bother to inform his lawyers of his duty and responsibility to inform the Court; he stated that he was not aware that he should inform them. Rojas also narrated that so far, he only sold certain PJI properties consisting of tables and chairs, but no real properties yet. As explained by the witness, the PCGG appointed operational people in PJI and after that, there was no PCGG participation to speak of.

Thereafter, defendant Quisumbing rested his case and formally offered the following exhibits:

<u>EXHIBIT</u>	<u>DESCRIPTION</u>
2	- Supreme Court Decision dated October 2, 2000 in G.R. No. 108552, entitled " <i>Asset Privatization Trust vs. Sandiganbayan (Second Division) and Olivares</i> "
3	- Sequestration Order dated April 22, 1986
3-A	- Purported copy of the Sequestration Order dated April 22, 1986
4	- Tax Declaration No. 0915 in the name of PJI issued on April 6, 1988
5	- Contract of Sale dated June 5, 1991
5-A	- Defendant Quisumbing's signature
5-B	- Defendant Cura's signature
6	- Deed of Absolute Conveyance dated June 25, 1991
6-A	- Defendant Quisumbing's signature

- 6-B - Defendant Cura's signature
- 7 - Appraisal Report dated November 1991
- 7-A - The first paragraph in page 4 of exhibit "7"  
  
*-- which states "The total fair market value arrived at for the subject property appraised consisting of land only, for updating purposes, as of November 18, 1991, is PESOS TWO HUNDRED EIGHTY THOUSAND (P280,000.00) ONLY."*
- 8 - Minutes of the Regular Meeting of the Board of Directors of PJI held on July 1, 1991, Monday, at the PJI Board Room, Journal Building, Railroad St., Port Area, Manila
- 9 - Supreme Court Resolution dated December 14, 2004 in G.R. No. 138598, entitled "*Asset Privatization Trust vs. Sandiganbayan*"
- 10 - Newspaper clipping dated December 22, 2004, entitled "Original owners regain Journal group"
- 11 - Deed of Absolute Conveyance dated December 20, 1989
- 11-A - The portion of Exhibit "11" containing the name "Ramon J. Quisumbing" and ending with the word "Transferee"
- 12 - Tax Declaration No. 0655
- 13 - Tax Declaration No. 1053
- 14 - Deed of Absolute Conveyance dated August 13, 1992
- 14-A - Defendant Quisumbing's signature
- 15 - Deed of Absolute Sale dated October 28, 1991
- 15-A - Defendant Quisumbing's signature
- 16 - Undated Deed of Absolute Sale
- 16-A - The portion of Exhibit "16" beginning with "LA MESA DEVELOPMENT CORPORATION" and ending with the word "Transferee"
- 17 - Tax Declaration No. 0645
- 18 - Contract to Sell dated August 2, 1991
- 18-A - Defendant Quisumbing's signature
- 19 - Receipt dated August 3, 1991
- 19-A - Receipt dated October 28, 1991
- 20 - Tax Declaration No. 0624
- 21 - Tax Declaration No. 9426

- 21-A - Tax Declaration No. 6910
- 21-B - Tax Declaration No. 0272
  
- 22 - Tax Declaration No. 8292
- 23 - 1997-2000 BIR Zonal Valuations of land in Bagalangit, Mabini
- 24 - Supreme Court's Decision in Palm Avenue Holdings, Inc. vs. Sandiganbayan, 5<sup>th</sup> Division, G.R. Nos. 173082 & 195795, August 6, 2014
- 25 - Complaint dated July 30, 1987 in Civil Case No. 0035
- 26 - Sandiganbayan Resolution dated April 6, 2005 in Civil Case No. 0035
- 27 - Liquidation Order dated February 22, 2017 in Special Proceeding No. 14-132862, entitled "In the Matter of the Petition for Rehabilitation of Philippine Journalists, Inc. A/mega Management and Investment Corporation, Petitioner" and pending in the Regional Trial Court of Manila, Branch 46
- 28 - Plan of Lot-7421, CAD 859-D as surveyed for PJI
- 29 to - Original print-outs of the PJI property  
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- 70 - Commencement Order dated March 20, 2015
- 71 - RTC Order dated November 18, 2016 in Special Proceeding No. 14-132862
- 72 - Submission (of the Final Report of the Receiver on the Rehabilitation Plan) dated November 4, 2016
- 73 - RTC "Liquidation Order" dated November 22, 2017

Defendant Araneta and the Heirs of the late defendant Paras filed two (2) manifestations formally adopting the respective testimonial and documentary evidence of defendants Cura and Quisumbing.

#### RULING AND DISCUSSION

In the respective memoranda of defendants Cura and Quisumbing and defendants Araneta and heirs of Renato L. Paras,

they contend that PJI and the PJI Properties were never sequestered, thus the sale of the PJI Properties to Quisumbing did not require the prior approval of the Sandiganbayan; and that the writs of sequestration are defective and of no effect.

It has to be emphasized that issues relating to the sequestration of the PJI shares, and of the PJI itself; the validity of said sequestration; and of the PJI properties being under *custodia legis*, have already been long settled. These matters have been thoroughly discussed and passed upon in the Resolutions issued by the Court in this particular case, as well as in G.R. No.106209, *PJI and Jaime Cura vs. Sandiganbayan, et al.*, and in G.R. No. 138437, *Quisumbing vs. Sandiganbayan, et al.*<sup>18</sup>. The rulings of the Supreme Court in G.R. No.106209 and G.R. No. 138437 have long attained finality.

The Resolution of this Court dated January 31, 2013<sup>19</sup> provides an apt summary:

1) In the Sandiganbayan (Second Division) Resolution promulgated on February 25, 1992 in Civil Case No. 0035, entitled "*Republic of the Philippines vs. Benjamin (Kokoy) Romualdez, et. al.*," the sale of the beach property located in Mabini, Batangas executed by the PJI in favor of defendant Quisumbing was declared null and void *ab initio*. The rationale for such declaration is that the properties are sequestered assets of the PJI; hence, the sale of the same properties needs prior approval of the PCGG and the Sandiganbayan. The dispositive portion of the aforementioned Resolution states:

WHEREFORE, premises duly considered, We rule and hold that the sale on June 25, 1991 of the beach property located in Barrio Bagalangit, Municipality of Mabini, Province of Batangas, previously covered by Tax Declaration Nos. 0915, 0916, 0917 and 0918 in the name of the Philippine Journalists, Inc. to Doy Realty Development (represented by Ramon Quisumbing, Trustee) is hereby declared null and void ab initio for clear lack of authority on the part of the Transferor (Philippine Journalists, Inc., represented by its President, Jaime A. Cura) to enter into, transact and execute such

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<sup>18</sup> Supra.

<sup>19</sup> Records, Vol. VI, pp. 324-338.

conveyance, there being no prior consent or approval by the Presidential Commission on Good Government and this Court on such a sale of a sequestered asset of Philippine Journalists, Inc.

Accordingly, the Presidential Commission on Good Government and/ or the Solicitor General's Office are hereby ordered to file the proper civil action for the recovery of the above-described property so as to re-include it among the assets of Philippine Journalists, Inc., pending final judicial determination as to whether it forms part of the "ill-gotten wealth" of any of the defendants herein. (Underscoring supplied).

The aforesaid resolution was affirmed by the Supreme Court *en banc* in its Resolution dated October 5, 1993 in *Philippine Journalists, Inc. and Jaime Cura vs. the Sandiganbayan and Rosario M.B. Olivares*, which was docketed as G.R. No. 106209. According to the Supreme Court, the PJI was not only under sequestration, it was as well under provisional takeover, thus:

We are unable to agree with the petitioners that the PJI is not a sequestered corporation since it had offered nothing to rebut the finding and conclusion of the Sandiganbayan that it is. Such finding, of course, is supported by the un rebutted evidence that sequestration orders were issued by the PCGG on 19 February 1987 and 28 April 1987 and that it is under management and control of the PCGG-appointed Board of Directors of which petitioner Cura is one of the members.

It may thus be said that the PJI was not only under sequestration, it was, as well, under provisional takeover. In *Bataan Shipyard and Engineering Co., Inc. (BASECO) v. Presidential Commission on Good Government*, we defined sequestration as placing or causing to be placed under PCGG control properties, including business enterprises and entities - - for the purpose of preventing the destruction, concealment or dissipation of and otherwise conserving and preserving the same - until it can be determined, through appropriate judicial proceedings whether the property was in truth ill-gotten. We also stated therein that in provisional takeover, what is taken into custody is not only the physical assets of the business enterprise of the entity, but the business operation as well.

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This being the case, the PCGG cannot, therefore validly sell the property in question belonging to the sequestered PJI. Since the PCGG-appointed Board of Directors of the PJI is a mere agent of the PCGG, the former cannot likewise dispose of the property for it cannot have greater *power than its own principal*. Considering, furthermore, that the sequestration orders in this case are presumed to have been registered with the proper court upon filing of the Civil Case No. Article XVII (Transitory Provision) of the 1987 Constitution, all properties of the PJI were thus brought under *custodia legis*. Any disposition then of the said properties, including the beach resort in question, even if permissible, may only be valid done upon prior authority of the Sandiganbayan.

That the vendee, Doy Realty Corporation, was not a party in the proceedings before the respondent Sandiganbayan does not affect the declaration of nullity of the sale. Said vendee does not have any juridical personality. It is a non-existing corporation because as explicitly stated in the 5 June 1991 Contract of Sale and the 25 June 1991 Deed of Absolute Conveyance, it is a corporation to be created under Philippine law. The party who acted as its trustee, Ramon J. Quisumbing, ought to know that the transaction was with a sequestered corporation involved in a case pending in the Sandiganbayan and therefore, the sale required prior authority from either the PCGG or the Sandiganbayan, if at all, the sale was voidable.

2) In its Resolutions dated November 13, 1998 and March 16, 1999, this Court denied defendant Quisumbing's motion to dismiss the complaint. Said motion to dismiss was anchored on the ground that the complaint states no cause of action allegedly because the properties subject of this case were never under sequestration or the subject of Civil Case No. 0035, and that the Sandiganbayan's Resolution promulgated on February 25, 1992 and the Supreme Court's *en banc's* Resolution dated October 5, 1993 did not bind him because he was not a party to the said case.

The Supreme Court affirmed this Court's denial of defendant Quisumbing's motion to dismiss in G.R. No. 138437, *Quisumbing vs. Sandiganbayan, et al.* The Supreme Court held that it had earlier determined that the PJI is a sequestered corporation. In the same decision, and as cited previously, the Supreme Court categorically ruled that defendant Quisumbing's reliance on *Asset Privatization Trust vs. Sandiganbayan*

(Second Division), G.R. No. 108552; and Rosario Olivarez, and Asset Privatization Trust vs. Sandiganbayan (Fifth Division) and Rosario Olivarez, G.R. No. 138598, is misplaced.

3) In its Resolution promulgated on November 29, 2000,<sup>20</sup> this Court denied defendants Araneta and Paras' motion to dismiss the present case on the ground of, among others, lack of jurisdiction over the subject matter of the case purportedly because what was sequestered by the PCGG is only the shares of Rosario Olivares who was impleaded as respondent in Civil Case No. 00035 or only 20% of the voting shares of the PJI, among others. In denying said motion to dismiss, this Court cited *PJI and Jaime Cura vs. Sandiganbayan, et al.*<sup>21</sup>, where the Supreme Court held that the entire PJI is not only under sequestration but also under provisional takeover. Defendants Araneta and Paras filed a motion for reconsideration which was denied by this Court in its Resolution promulgated on May 21, 2001.

4) In its Resolution promulgated on October 8, 2009,<sup>22</sup> this Court likewise denied defendant Quisumbing's second motion to dismiss (joined by defendants Araneta and Paras). Said motion to dismiss was based on the alleged lack of jurisdiction over the subject matter of the present case because the subject properties and the PJI were never sequestered. In denying said motion to dismiss, this Court cited *Quisumbing vs. Sandiganbayan, et al.*<sup>23</sup> The motion for reconsideration filed by defendants was denied by the Court in its Resolution dated June 8, 2011.<sup>24</sup>

Given the foregoing, the remaining issues which need to be resolved in this case are the following:

- 1) Whether or not Plaintiffs are entitled to Recover the PJI Properties;

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<sup>20</sup> Records, Vol. III, pp. 164-169.

<sup>21</sup> Supra.

<sup>22</sup> Records, Vol. V, pp. 408-414.

<sup>23</sup> Supra.

<sup>24</sup> Records, Vol. VI, pp. 53-67.



- 2) Whether or Not Defendant Quisumbing can be Considered a Buyer in Good Faith and/or a Builder in Good Faith;
- 3) Whether or Not Defendant Quisumbing Should be Required to Render an Accounting of the Fruits/Income of the Property;
- 4) Whether or Not Plaintiffs are Entitled to Recover Damages from the Defendants; and
- 5) Whether or Not Defendants Are Entitled to Recover Damages on their Counterclaims from the Plaintiffs.

*Plaintiffs Have the Right to Recover the PJI Properties.*

Under Executive Order No. 1 dated February 28, 1986 creating the PCGG, the latter was vested with the power and authority to “sequester or place or cause to be placed under its control or possession any building or office wherein any ill-gotten wealth or properties may be found, and any records pertaining thereto, in order to prevent their destruction, concealment or disappearance which would frustrate or hamper the investigation or otherwise prevent the Commission from accomplishing its task,” and to “provisionally take over in the public interest or to prevent its disposal or dissipation, business enterprises and properties taken over by the government of the Marcos Administration or by entities or persons close to former President Marcos, until the transactions leading to such acquisition by the latter can be disposed of by the appropriate authorities.”

It has been held that the PCGG’s role in sequestration cases is that of a mere conservator. Thus, in the case of *Uy vs. Sandiganbayan*,<sup>25</sup> it was ruled:

In the recent case of *PCGG v. Sandiganbayan*, we stated that there is a need to vigorously guard sequestered assets and preserve them pending resolution of the sequestration case before the Sandiganbayan, considering the paramount public policy for the recovery of ill-gotten wealth. We ruled that sequestered assets and corporations

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<sup>25</sup> 433 SCRA 424 (2004).



are legally and technically in *custodia legis*, under the administration of the PCGG. Executive Order No. 2 specifically prohibits the transfer, conveyance, encumbrance, or otherwise depletion or concealment of such assets and properties, under pain of penalties prescribed by law. Thus, an action which can result in the deterioration and disappearance of the sequestered assets cannot be allowed, unless there is a final adjudication and disposition of the issue as to whether these assets are ill-gotten or not, since it may result in damage or prejudice to the Republic of the Philippines.

The sale of the PJI Properties to defendant Quisumbing, through the execution by defendant Cura of a Contract of Sale dated June 5, 1991 and a Deed of Absolute Conveyance dated June 25, 1991; and the approval of the sale transaction by defendants Cura, Sepidoza, Araneta and Paras, as PCGG-appointed members of the Board of Directors of PJI, is void. This was categorically declared by the Supreme Court in *PJI and Jaime Cura vs. Sandiganbayan, et al.*:<sup>26</sup>

This being the case, the PCGG cannot, therefore validly sell the property in question belonging to the sequestered PJI. Since the PCGG-appointed Board of Directors of the PJI is a mere agent of the PCGG, the former cannot likewise dispose of the property for it cannot have greater power than its own principal. Considering, furthermore, that the sequestration orders in this case are presumed to have been registered with the proper court upon filing of the Civil Case No. Article XVII (Transitory Provision) of the 1987 Constitution, all properties of the PJI were thus brought under *custodia legis*. Any disposition then of the said properties, including the beach resort in question, even if permissible, may only be validly done upon prior authority of the Sandiganbayan. (Underscoring supplied).

Considering that the sale of the PJI Properties to defendant Quisumbing is deemed void, plaintiffs, as the legal owners, have the right to recover possession of the PJI Properties. Such right proceeds from Article 428 and Article 1456 of the New Civil Code:

**Article 428.** The owner has the right to enjoy and dispose of a thing, without other limitations than those established by law. The owner has also a right of action

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<sup>26</sup> Supra.

against the holder and possessor of the thing in order to recover it.

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**Article 1456.** If the property is acquired through mistake or fraud, the person obtaining it is, by force of law, considered a trustee of an implied trust for the benefit of the person from whom the property comes.

Plaintiffs' right to reconveyance and recovery of possession, however, is subject to the determination of whether or not defendant Quisumbing is a *buyer in good faith* and/or a *builder in good faith* with respect to the PJI Properties.

*Defendant Quisumbing Cannot be Considered a Buyer in Good Faith.*

Defendant Quisumbing cannot be considered a *buyer in good faith*. In the case of *Cabacungan vs. Laigo, et al.*, it was held:

Fundamental is the rule in land registration law that the issue of whether the buyer of realty is in good or bad faith is relevant only where the subject of the sale is registered land and the purchase was made from the registered owner whose title to the land is clean, in which case the purchaser who relies on the clean title of the registered owner is protected if he is a purchaser in good faith and for value. Since the properties in question are unregistered lands, respondents purchased the same at their own peril. Their claim of having bought the properties in good faith, *i.e.*, without notice that there is some other person with a right to or interest therein, would not protect them should it turn out, as it in fact did in this case, that their seller, Roberto, had no right to sell them.<sup>27</sup> (Underscoring supplied).

The PJI Properties are unregistered lands and, similar to the situation in *Cabacungan*, covered only by tax declarations. Defendant Quisumbing therefore purchased the subject properties at his own peril. His claim of having bought the PJI Properties in good faith would not protect him should it turn out, as it in fact did in this case, that the PJI had no right and authority to sell the same.

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<sup>27</sup> *Cabacungan vs. Laigo, et al.*, G.R. No. 175073, Aug. 15, 2011, citing *Spouses Rayos v. Reyes*, 446 Phil 32, 50 (2003); *David v. Bandin*, G.R. Nos. L-48322, L-49712, L-49716 and 49687, April 8, 1987.