Supreme Court E-Library

THIRD DIVISION

[G.R. No. L-49250. December 21, 1987]

CRESENCIA ALMARZA, *petitioner, vs.* **ASUNCION ARGUELLES, GILDA ARGUELLES, GIL PANCRUDO, BALBINA PANCRUDO and HON. JUDGE MIDPANTAO L. ADIL,** *respondents.*

SYLLABUS

1. **CIVIL LAW; PRESCRIPTION; CANNOT BE INVOKED IN AN ACTION FOR RECONVEYANCE WHICH IN EFFECT SEEKS TO QUIET TITLE AGAINST A PARTY WHO IS IN POSSESSION OF THE LAND; CASE AT BAR.**— It is not disputed that petitioner has been in possession as owner of the disputed portion of Lot No. 5815 since 1929 by reason of a sale in her and her husband's favor by the original owner thereof, Romualdo Grana, predecessor-in-interest of private respondents. Said sale was even acknowledged by Laura Pancrudo, mother of private respondents Asuncion and Gilda Arguelles, in an affidavit annotated at the back of Tax Declaration No. 456. From that time on, petitioner and or/her husband cultivated the land, gathered the produce thereof, declared the same in her and/or her husband's name for taxation purposes and accordingly paid the realty taxes due thereon. In cases with similar factual backgrounds as the instant case, We held that prescription cannot be invoked in an action for reconveyance, which is, in effect, an action to quiet title against the plaintiff therein who is in possession of the land in question. The reason, We explained, is "that as lawful possessor and owner of the Disputed Portion, her cause of action for reconveyance which, in effect, seeks to quiet title to property in one's possession is imprescriptible. Her undisturbed possession over a period of fifty-two [52] years (48 years in this case) gave her a continuing right to seek the aid of a Court of equity to determine the nature of the adverse claim of a third party and the effect on her title."

2. **ID.; ID.; COMMENCED TO RUN FROM THE TIME POSSESSOR WAS MADE AWARE OF THE CLAIM ADVERSE TO HIS OWN.**— We further stated that if ever prescription may be

Supreme Court E-Library

invoked, it may be said to have commenced to run only from the time the possessor was made aware of a claim adverse to his own. In the case at bar, petitioner was made aware of such adverse claim only upon service on her of the summons in Civil Case No. 11051. As her action for reconveyance, or to quiet title was contained in her counterclaim, the same cannot be said to have already prescribed.

3. **ID.; LAND REGISTRATION; EFFECT OF REGISTRATION OF LAND IN THE NAME OF A PERSON WHO HAS NOT PUT A CLAIM IN IT.**— The evidence submitted by Josefa Malote during the Cadastral hearing consisted of Tax Declaration No. 3909 covering only a portion of Lot No. 5815 designated as Lot No. 5815-A and land tax receipt dated March 30, 1950 showing payment of real estate tax for a portion only of Lot No. 5815, designated as Lot No. 5815-A in said Tax Declaration No. 3909. In so doing, she laid claim only to said portion of Lot No. 5815 and did not assert ownership over the disputed portion, known as Lot No. 5815-B. This being the case, the inclusion of the disputed portion in OCT No. 0-134 is "void and of no effect for a land registration court has no jurisdiction to decree a lot to persons who have put no claim in it and who never asserted any right of ownership over it."

4. **ID.; ID.; REMEDY OF A PERSON WHOSE PROPERTY HAS BEEN ERRONEOUSLY REGISTERED IN ANOTHER'S NAME.**— "The remedy of the landowner whose property has been wrongfully or erroneously registered in another's name is, after one year from date of the decree, not to set aside the decree, but respecting the decree as incontrovertible and no longer open to review, to bring an ordinary action in the ordinary court of justice for reconveyance or if the property has passed into the hands of an innocent purchaser for value, for damages." Petitioner availed herself of this remedy seasonably.

5. **ID.; LACHES; WHEN DELAY TO FILE ACTION CONSTITUTES LACHES.**— Private respondents obtained OCT No. 0-134 on May 29, 1951. Their action was instituted only on April 20, 1977, or after a lapse of twenty-six [26] years. The neglect or failure of private respondents to assert their alleged right under the certificate of title for such unreasonable length of time makes them guilty of laches. They should now be held either to have abandoned or waived whatever right they may have under said certificate of title.

Supreme Court E-Library

DECISION

FERNAN, *J.*:

From the decision dated June 2, 1978 rendered by the then Court of First Instance of Iloilo, Branch II in Civil Case No. 11051 entitled, "*Asuncion Arguelles, et al., Plaintiffs, versus Cresencia Almarza, Defendant,*" petitioner came directly to this Court on a lone question of law:

"May the possessor *en concepto de dueño* of a parcel of land, after the lapse of more than ten years from the issuance of a Torrens Certificate of Title to another person ask the latter to reconvey the land?"

It was established that Lot No. 5815 of the Cabatuan Cadastre, situated in the Barrio of Sulanga, Municipality of Cabatuan, Iloilo, originally belonged to private respondents' predecessor-in-interest, Romualdo Grana. In 1929, he sold a portion thereof consisting of 7,300 square meters, more or less, to petitioner and her husband, the late Leon Almarza. After the sale, said portion was physically segregated from the whole lot and was taken possession of by petitioner and her husband, who since then had been in continuous, peaceful, open and adverse possession thereof, cultivating and gathering the produce thereof and declaring the same in their names for taxation purposes.

The document evidencing the sale in favor of petitioner and her husband was lost during the war, but sometime thereafter, the late Laura Pancrudo, mother of private respondents Asuncion and Gilda Arguelles, executed an affidavit acknowledging the sale of said portion to petitioner and her husband. On the basis of said affidavit and after actual inspection of the lot, the Provincial Assessor issued a new tax declaration, Tax Declaration No. 456 beginning in the year 1945 to Leon Almarza, annotating at the back thereof the aforementioned affidavit of the late Laura Pancrudo. The tax declaration, covering the 7,300 sq.m. portion of Lot No. 5815 sold to petitioner and her husband was designated as Lot No. 5815-B. On the other hand, a new tax declaration, Tax Declaration No. 3909 was issued by the Provincial Assessor

Supreme Court E-Library

in the name of Romualdo Grana for the remaining portion of Lot No. 5815, described therein as Lot No. 5815-A.

Sometime prior to July, 1950, Josefa Malote, mother of private respondents Gil and Balbina Pancrudo, filed for and in behalf of her children and the late Laura Pancrudo an answer in Cadastral Case No. 78, G.L.R.O. Record No. 1321. In support of her claim over Lot No. 5815, she presented in evidence Tax Declaration No. 3909 covering only a portion thereof designated therein as Lot No. 5815-A and a land tax receipt dated March 30, 1950 showing payment of the real estate tax for a portion only of Lot No. 5815 known and described in the Tax Declaration as Lot No. 5815-A.

On July 25, 1950, the cadastral court declared Gil and Balbina Pancrudo owner of one-half undivided share of Lot No. 5815 and the late Laura Pancrudo as owner of the other undivided half share. Pursuant to a decree of title, Original Certificate of Title No. 0-134, covering the entire Lot 5815 was issued in the name of said adjudicatees on May 29, 1951.

On November 1, 1951, Laura Pancrudo died, leaving private respondents Asuncion Arguelles and Gilda Arguelles as her only children and legal successors-in-interest.

On April 20, 1977, private respondents Asuncion and Gilda Arguelles and Gil and Balbina Pancrudo instituted before the then Court of First Instance of Iloilo Civil Case No. 11051 against petitioner for recovery of the 7,300 sq.m. portion of Lot No. 5815 in her possession and for damages. Basis of the action was OCT No. 0-134 issued on May 29, 1951. Petitioner, in turn, interposed a counterclaim for reconveyance of the disputed portion of Lot No. 5815 in her favor.

After trial, the lower court rendered judgment on June 2, 1978 in favor of private respondents, ordering petitioner to vacate the portion of Lot No. 5815 subject of the controversy and to deliver the same to private respondents, as well as to pay the costs of suit. Petitioner's counterclaim was dismissed for the reason that although a constructive or implied trust was

Supreme Court E-Library

constituted in favor of petitioner when the disputed portion was included in the certificate of title issued to private respondents, petitioner's action for reconveyance had prescribed, more than ten years having elapsed from the issuance of said certificate of title.

We reverse. As between the conclusion reached by the trial court that petitioner's action for reconveyance has prescribed and petitioner's own contention that it has not, We find that the factual backdrop of the case at bar provides tenable reasons for sustaining the latter's position.

First. It is not disputed that petitioner has been in possession as owner of the disputed portion of Lot No. 5815 since 1929 by reason of a sale in her and her husband's favor by the original owner thereof, Romualdo Grana, predecessor-in-interest of private respondents. Said sale was even acknowledged by Laura Pancrudo, mother of private respondents Asuncion and Gilda Arguelles, in an affidavit annotated at the back of Tax Declaration No. 456. From that time on, petitioner and/or her husband cultivated the land, gathered the produce thereof, declared the same in her and/or her husband's name for taxation purposes and accordingly paid the realty taxes due thereon. In *Caragay-Layno v. Court of Appeals*, 133 SCRA 718, citing *Sapto, et al. v. Fabiana*, 103 Phil. 683 and *Faja v. Court of Appeals*, 75 SCRA 441, cases with similar factual backgrounds as the instant case, We held that prescription cannot be invoked in an action for reconveyance, which is, in effect, an action to quiet title against the plaintiff therein who is in possession of the land in question. The reason, We explained, is "that as lawful possessor and owner of the Disputed Portion, her cause of action for reconveyance which, in effect, seeks to quiet title to property in one's possession is imprescriptible. Her undisturbed possession over a period of fifty-two [52] years (48 years in this case) gave her a continuing right to seek the aid of a Court of equity to determine the nature of the adverse claim of a third party and the effect on her title."

We further stated that if ever prescription may be invoked, it may be said to have commenced to run only from the time

Supreme Court E-Library

the possessor was made aware of a claim adverse to his own. In the case at bar, petitioner was made aware of such adverse claim only upon service on her of the summons in Civil Case No. 11051. As her action for reconveyance, or to quiet title was contained in her counterclaim, the same cannot be said to have already prescribed.

Second. The evidence submitted by Josefa Malote during the Cadastral hearing consisted of Tax Declaration No. 3909 covering only a portion of Lot No. 5815 designated as Lot No. 5815-A and land tax receipt dated March 30, 1950 showing payment of real estate tax for a portion only of Lot No. 5815, designated as Lot No. 5815-A in said tax declaration No. 3909. In so doing, she laid claim only to said portion of Lot No. 5815 and did not assert ownership over the disputed portion, known as Lot No. 5815-B. This being the case, the inclusion of the disputed portion in OCT No. 0-134 is "void and of no effect for a land registration court has no jurisdiction to decree a lot to persons who have put no claim in it and who never asserted any right of ownership over it."[1] "The remedy of the landowner whose property has been wrongfully or erroneously registered in another's name is, after one year from date of the decree, not to set aside the decree, but respecting the decree as incontrovertible and no longer open to review, to bring an ordinary action in the ordinary court of justice for reconveyance or if the property has passed into the hands of an innocent purchaser for value, for damages."[2] Petitioner availed herself of this remedy seasonably.

Third. Private respondents obtained OCT No. 0-134 on May 29, 1951. Their action was instituted only on April 20, 1977, or after a lapse of twenty-six [26] years. The neglect or failure of private respondents to assert their alleged right under the certificate of title for such unreasonable length of time makes them guilty of laches.[3] They should now be held either to have

---

[1] *Vda. de Recinto vs. Inciong*, 77 SCRA 196.

[2] *Ibid.*

[3] *Corro vs. Lising*, 137 SCRA 541.

Supreme Court E-Library

abandoned or waived whatever right they may have under said certificate of title.

Fourth. As correctly analyzed by the trial court:

"Apparently, the plaintiff [private respondents] are seeking to recover the 7,300 square meters land in question because it is included in their title. They have not rebutted the defendant's [petitioner] evidence to the effect that they bought the area in dispute from its primitive owner, Romualdo Grana, in 1929 and the said sale was confirmed by the late Laura Pancrudo after World War II. Plaintiffs likewise have not disputed that the defendant and her late husband have been in continuous, public, and peaceful possession of the premises since 1929 until the filing of this case.

"It seems that the plaintiffs solely anchor their right over the disputed premises on the strength of their title over Lot 5815 which includes the area in dispute and the fact that they acquired said title in a cadastral proceedings in 1950 which was a proceeding *in rem*."[4]

On this premise, to adjudge private respondents owner of the disputed portion of Lot No. 5815 on the basis merely of its having been erroneously included in their certificate of title would indeed be "a sad day for the law" for then, We shall be "attaching full faith and credence to a Torrens certificate of title" "oblivious to the demands of justice" and anchoring our decision "solely on a narrow and literal reading of a statutory prescription, devoid of any shadow of moral right."[5] Furthermore, We shall be putting a premium on land-grabbing and transgressing the broader principle in human relations that no person shall unjustly enrich himself at the expense of another.

WHEREFORE, the judgment under review is hereby *REVERSED* and *SET ASIDE* and another one entered ordering private respondents to cause the segregation of the disputed portion of 7,300 square meters forming part of Lot No. 5815 of the Cabatuan Cadastre, Cadastral Case No. 78, G.L.R.O. Record No. 1321, presently occupied by petitioner and to

---

[4] Decision, Annex "E" of Petition, p. 60, *Rollo*.

[5] *Phil. Commercial and Industrial Bank vs. Villalva*, 48 SCRA 31.

Supreme Court E-Library

reconvey the same to said petitioner. After the segregation shall have been accomplished, the Register of Deeds of Iloilo is hereby ordered to cancel OCT No. 0-134 in the names of Balbina, Gil and Laura, all surnamed Pancrudo, and thereafter to issue a new certificate of title covering said 7,300 square meter portion in favor of petitioner and another certificate of title in favor of private respondents covering the remaining portion of Lot No. 5815. No costs.

SO ORDERED.

Gutierrez, Jr., Feliciano, Bidin, and *Cortes, JJ.*, concur.

THIRD DIVISION

[G.R. No. 73918. December 21, 1987]

TONG BROTHERS CO., *petitioner, vs.* **INTERMEDIATE APPELLATE COURT and JULIANIO AND COMPANY,** *respondents.*

SYLLABUS

1. **REMEDIAL LAW; EVIDENCE; FINDINGS OF FACT OF COURT OF APPEALS, GENERALLY CONCLUSIVE; EXCEPTION THERETO, APPLIED.—** The general rule is that the "jurisdiction of this Court in cases brought to us from the Court of Appeals is limited to reviewing and revising the errors of law imputed to it, its findings of facts being conclusive. An examination of the records reveals that there are circumstances overlooked by the appellate court which support the petitioner's contentions that — 1) there was no perfected contract between the parties to repair Zamboanga-J, and 2) the proximate cause of the total loss of Zamboanga-J was the abandonment of the vessel by the private respondent.