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purposes of determining the proper mode of appeal. The reason for this is that each penalty refers to a particular judgment which should be appealed independently of the others.

This petition is nothing but a vain attempt to avoid the consequences of a conviction. By petitioner's fatal omission, the judgment became final and the sentence must be carried out accordingly.

WHEREFORE, the petition is hereby *DENIED*. The November 17, 2000 decision and March 26, 2001 resolution of the Sandiganbayan are *AFFIRMED*.

Costs against petitioner.

SO ORDERED.

Puno, C.J. (Chairperson), Sandoval-Gutierrez, and *Garcia, JJ.,* concur.

Azcuna, J., on official leave.

THIRD DIVISION

[G.R. No. 169447. February 26, 2007]

D'ORO LAND REALTY AND DEVELOPMENT CORPORATION, *petitioner, vs.* **NILA CLAUNAN, SILVANO[1] SALAS, JOBERTO MAGHANO,[2] ALFREDO MOMPAR,[3] VICENTE GARCIA, EDITHA LAPIZ and HEIRS OF ELEUTERIO MAGHANO, namely: AVELINA, RICARDO, ROMEO, JOBERTO, ROY, LUCRESIA, SUSAN, JOHNNY, CONCHITA, and BEBENA all surnamed MAGHANO,** *respondents.*

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[1] Sometimes referred to as Siliano in the records.

[2] Sometimes referred to as Manghano in the records.

[3] Sometimes referred to as Momfar in the records.

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SYLLABUS

1. REMEDIAL LAW; EVIDENCE; FACTUAL FINDINGS OF THE TRIAL COURT AND THE COURT OF APPEALS, ESPECIALLY WHEN THEY CONCUR, ARE ORDINARILY BINDING; EXCEPTIONS; CASE AT BAR. — At the outset, it must be stressed that this Court is not a trier of facts and would not normally undertake a re-examination of the evidence presented by the contending parties during the trial of the case except for compelling reasons. Factual findings of the trial court and the Court of Appeals, especially when these concur, are ordinarily binding on this Court, subject to the following well-recognized exceptions: (1) when the findings are grounded entirely on speculation, surmises or conjectures; (2) *when the inference made is manifestly mistaken, absurd or impossible*; (3) when there is grave abuse of discretion; (4) *when the judgment is based on a misapprehension of facts*; (5) when the finding of facts are conflicting; (6) when in making its findings the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee; (7) when the findings are contrary to the trial court; (8) when the findings are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by respondent; (10) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence of record; and (11) *when the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, could justify a different conclusion.* In the case at bar, both the trial court and the appellate court mistakenly inferred from the evidence presented that petitioner was a buyer in bad faith and that respondents, in turn, were possessors in good faith of the lots in question. Both courts overlooked the fact that respondents had no valid claim of title whatsoever to the disputed lots. If this was considered by both courts, there would have been no room for them to conclude that petitioner's claim was barred by *laches*.

2. CIVIL LAW; POSSESSION; NOTWITHSTANDING THE LENGTH OF TIME THEY MAY HAVE PHYSICALLY OCCUPIED THE LOTS, THE SQUATTERS ARE DEEMED TO HAVE ENTERED THE SAME IN BAD FAITH, SUCH THAT THE NATURE OF

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THEIR POSSESSION IS PRESUMED TO HAVE RETAINED THE SAME CHARACTER THROUGHOUT THEIR OCCUPANCY. — For purposes of clarity, we quote the trial court's summary of respondents' evidence as follows: x x x. The narration above shows that respondents entered the lots and built their dwellings thereon without any colorable title. Believing that the lots were alienable and disposable property of the State, they occupied the same in the hope that they would not be disturbed in their possession. They knew that they did not own the lots and concluded, on the basis of a certification issued by the Bureau of Forest Development, that the lots were government-owned. Regardless of the nature of the lot's ownership, however, the fact remains that respondents entered the properties without permission from the owner. It may thus be concluded from the foregoing that respondents are mere squatters on the properties. They are trespassers who, under the law, enjoy no possessory rights. This is notwithstanding the length of time that they may have physically occupied the lots; they are deemed to have entered the same in bad faith, such that the nature of their possession is presumed to have retained the same character throughout their occupancy.

3. ID.; ID.; ID.; A SQUATTER HAS NO RIGHT OF POSSESSION WHICH MAY BE PREJUDICED BY HIS EVICTION; UNLESS THERE ARE INTERVENING RIGHTS OF THIRD PERSONS WHICH MAY BE AFFECTED OR PREJUDICED BY A DECISION ORDERING THE RETURN OF THE LOTS TO THEIR REGISTERED OWNER, THE EQUITABLE DEFENSE OF LACHES WILL NOT APPLY AS AGAINST THE LATTER. — In *Bañez v. Court of Appeals,* the Court held that a squatter has no right of possession that may be prejudiced by his eviction: What rights of respondent Pio Arcilla were prejudiced? The Court of Appeals found that Pio Arcilla "makes no pretense that he entered into and built his land upon appellee PHHC's land with the consent of the latter." Pio Arcilla was therefore, a trespasser, or a squatter, he being a person who settled or located on land, inclosed or uninclosed with 'no *bona fide* claim or color of title and without consent of the owner.' *He began his material possession of the lot in bad faith, knowing that he did not have a right thereto, and it is presumed that his possession continued to be enjoyed in the same character in which it was acquired, i.e., in bad faith until the contrary is proved.* x x x A squatter can have no possessory rights

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whatsoever, and his occupancy of the land is only at the owner's sufferance, his acts are merely tolerated and cannot affect the owner's possession. The squatter is necessarily bound to an implied promise, that he will vacate upon demand." Thus, the trial court and the Court of Appeals erred in giving more weight to respondents' alleged equitable right over the lots as against petitioner's certificate of title. Having no possessory rights whatsoever, no injury could be caused to respondents if they return the lots to petitioner. Unless there are intervening rights of third persons which may be affected or prejudiced by a decision ordering the return of the lots to the registered owner, the equitable defense of *laches* will not apply as against the latter.

4. **REMEDIAL LAW; LACHES; DEFINED.** — *Laches* has been defined as the failure or neglect, for an unreasonable and unexplained length of time, to do that which by exercising due diligence could or should have been done earlier. It is negligence or omission to assert a right within a reasonable time, warranting a presumption that the party entitled to assert it either has abandoned or declined to assert it. The defense of laches is an equitable one and does not concern itself with the character of the defendant's title, but only with whether or not by reason of plaintiff's long inaction or inexcusable neglect, he should be barred from asserting his claim at all, because to allow him to do so would be inequitable and unjust to the defendant.

5. **ID.; ID.; ELEMENTS.**— The elements of laches are: (1) conduct on the part of the defendant, or one under whom he claims, giving rise to a situation that led to the complaint and for which the complainant seeks a remedy; (2) delay in asserting the complainant's rights, having had knowledge or notice of the defendant's conduct and having been afforded an opportunity to institute a suit; (3) lack of knowledge or notice on the part of the defendant that the complainant would assert the right on which he bases his suit; and (4) injury or prejudice to the defendant in the event relief is accorded to the complainant, or the suit is not held barred.

6. **ID.; ID.; ID.; ALTHOUGH A REGISTERED LANDOWNER MAY LOSE HIS RIGHT TO RECOVER POSSESSION OF HIS REGISTERED PROPERTY BY REASON OF LACHES, THE EQUITABLE DEFENSE IS UNAVAILING ON ONE WHO HAS**

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NOT SHOWN ANY COLOR OF TITLE TO THE PROPERTY. — The third and fourth elements of laches are not present in the instant case. It cannot be said that respondents lacked notice that petitioner would assert its right over the lots considering that they knew from the beginning that they have no right to the same. Neither can respondents claim any injury or prejudice that would result by restoring possession of the lots to petitioner. Respondents have no possessory rights over the lots. As mere intruders, they are bound to an implied promise to surrender possession of the property to the real owner, regardless of the identity if the latter. In *De Vera-Cruz v. Miguel,* the Court held, upon similar facts, that although a registered landowner may lose his right to recover possession of his registered property by reason of laches, the equitable defense is unavailing to one who has not shown any color of title to the property: Having no title or document to overcome petitioner's ownership over the land in question, respondent is therefore an intruder or squatter whose occupation of the land is merely being tolerated. A squatter has no possessory rights over the land intruded upon. As such, her occupancy of the land is only at the owner's sufferance, her acts are merely tolerated and cannot affect the owner's possession. She is necessarily bound to an implied promise that she will vacate upon demand.

7. **CIVIL LAW; LAND REGISTRATION; BUYER CANNOT CLAIM IGNORANCE OF ANY DEFECT IN THE VENDOR'S TITLE IF, IN NEGLECTING TO VERIFY THE NATURE OF THE OCCUPANT'S POSSESSION, THE LATTER SHOULD TURN OUT TO HAVE A BETTER RIGHT TO THE PROPERTY THAN THE REGISTERED OWNER.** — For the same reason, the lower courts erred in applying the principle of *caveat emptor* in the instant case. The rule simply requires the purchaser of real property to be aware of the alleged title of the vendor such that one who buys without checking the vendor's title takes all the risks and losses consequent to such failure. While a buyer of registered land need not go beyond its certificate of title, the buyer is obliged to investigate or inspect the property sold to him when there are circumstances that would put him on guard, such as the presence of occupants other than the registered owner. The buyer cannot claim ignorance of any defect in the vendor's title if, in neglecting to verify the nature

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of the occupant's possession, the latter should turn out to have a better right to the property than the registered owner.

8. ID.; ID.; WHILE POSSESSION BY A THIRD PERSON OTHER THAN THE REGISTERED OWNER COULD INDICATE A DEFECT IN THE TITLE OF THE VENDOR, IT DOES NOT *PER SE* RENDER THE LATTER'S TITLE DEFECTIVE. — In the instant case, respondents cannot claim any better right over the lots than its original registered owner, Chacon Enterprises, Inc. Apart from the assertion that they have been in open, adverse and notorious possession of the lots for a long period of time, respondents have not shown any proof of title that is superior to that of the registered owner. It should be emphasized that a certificate of title cannot be defeated by adverse, open and notorious possession by third persons. The title, once registered, is notice to the whole world and no one can plead ignorance of the registration. Thus, while possession by a third person other than the registered owner could indicate a defect in the title of the vendor, it does not *per se* render the latter's title defective. It is only when such possession is of a character that would confer upon the possessor some superior right against the registered owner that the latter may be deemed to have a flawed title. Since respondents' "adverse, open and notorious possession" of the lots cannot defeat the title of Chacon Enterprises Inc., the former did not acquire any superior possessory right over the lots. Petitioner thus acquired a clean title from Chacon Enterprises Inc. and is not barred from recovering possession of the lots from respondents.

APPEARANCES OF COUNSEL

Teogenes X. Velez for petitioner.
Guerrero A. Adaza & Associates for respondents.

D E C I S I O N

YNARES-SANTIAGO, *J.*:

This is a petition for review on *certiorari* of the Decision[4] of the Court of Appeals in CA-G.R. CV No. 65522 dated May

[4] *Rollo*, pp. 34-42. Penned by Associate Justice Rodrigo F. Lim, Jr. and concurred in by Associate Justices Arturo G. Tayag and Normandie B. Pizarro.

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31, 2005, which affirmed *in toto* the Decision[5] of the Regional Trial Court of Cagayan De Oro City, Branch 21, in Civil Case No. 93-126 for recovery of possession and damages. Also assailed is the Resolution[6] of the Court of Appeals dated August 9, 2005 which denied petitioner's motion for reconsideration.

The facts of the case are as follows:

Petitioner D'Oro Land Realty and Development Corporation and Lorna, Florencio, Luis and Felomina, all surnamed Regalado ("Regalados"), are registered owners of three parcels of land situated in Barrio Mambato (Agora), Lapasan, Cagayan de Oro City. The lots were originally owned by Chacon Enterprises Inc. as evidenced by Original Certificate of Title (OCT) No. P-47 issued on July 18, 1956.[7] Sometime in the early 1990's, the lots were sold to petitioner and the Regalados. Thus, on September 9, 1992, Transfer Certificate of Title (TCT) Nos. T-69888[8] and T-69525[9] were issued in the name of petitioner for Lots 2-A and 2-B while the Regalados were issued TCT No. T-69526[10] for Lot 2-C. Petitioner later purchased Lot 2-C from the Regalados.

Thereafter, petitioner caused a relocation survey to be conducted and confirmed that there were about 34 houses sporadically erected on the lots. Apparently, certain individuals surreptitiously entered the properties and introduced improvements thereon shortly after the opening of the nearby Agora Public Market. After demands to vacate went unheeded, petitioner filed an action for recovery of possession and damages against more than 50 individuals who refused to surrender possession of the lots. The case was docketed as Civil Case No. 93-126 and raffled to Branch 21 of the Regional Trial Court of Cagayan De Oro City.

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[5] *Id.* at 55-70. Penned by Judge Arcadio D. Fabria.

[6] *Id.* at 49-50.

[7] *Id.* at 74-75.

[8] *Id.* at 76.

[9] *Id.* at 77.

[10] *Id.* at 78.

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In its Complaint,[11] petitioner prayed that the defendants, their assigns and other persons acting in their behalf, be ordered to vacate the lots and pay a monthly rental of ₱100.00 from the time they occupied the property until they vacate the same. Petitioner also prayed for the award of attorney's fees as well as litigation expenses and costs.

Of the more than 50 defendants, only the following filed an Answer[12] within the reglementary period: Eleuterio Manghano, Joberto Manghano, Siliano Salas, Alfredo Mompar, Virgilio Lapiz, Vicente Garcia and Mila[13] Claunan. The other defendants belatedly filed their answer to the complaint and were thus declared in default.

Respondents alleged that they entered the lots between the years 1970 to 1982; that their occupation of the lots has been continuous, undisturbed, public and adverse and has therefore ripened into ownership; that whatever rights petitioner had over the lots were barred by *laches*; that they need not pay any rent and must instead be awarded attorney's fees, exemplary and moral damages as well as litigation expenses and costs.

In support of their claim, respondents presented a Certification[14] issued on June 11, 1984 by Forest Guards Conrado Pagutayao and Marcelo Virtudazo, and approved by District Forester Primitivo Galinato Jr., that the lots were alienable and disposable land of the State. According to respondents, the lots were marshy, swampy, surrounded by "piyapi" trees and without improvements when they occupied the same.

In due course, the trial court rendered judgment on September 21, 1998, as follows:

WHEREFORE, the complaint is hereby dismissed as regards defendants Joberto Manghano, Siliano Salas, Alfredo Mompar, Virgilio

[11] *Id.* at 71-73.

[12] *Id.* at 79-82.

[13] Sometimes referred to as "Nila" in the records.

[14] *Rollo*, p. 37.

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Lapiz, Vicente Garcia, Nila Claunan and deceased Defendant Eleuterio Manghano, represented by his heirs who duly substituted him and declares their possessions legal, without pronouncement as to the counterclaim, defendants having failed to introduce evidence in support of said claim.

Defaulted defendants who by reason of their default were unable to introduce evidence similar to the aforementioned defendants evidence are hereby ordered ejected and to pay plaintiffs proportionately the following:

Attorney's fees	₱ 30,000.00
Actual damages	₱ 10,000.00
Rental at each month from 1980 until they are ejected	₱ 100.00

And to pay the costs.

SO ORDERED.[15]

The trial court held that while respondents could not acquire title to the registered lots in derogation of that of petitioner through prescription, the latter's claim was nonetheless barred by *laches*. There was no reason for petitioner and its predecessor not to have knowledge of respondents' possession of the lots as the same was public and adverse. As such, the failure of petitioner and its predecessor to assert its right of ownership over the lots within a reasonable length of time necessarily barred its claim against respondents.

The trial court also faulted petitioner for not making the necessary inquiries when it bought the disputed lots from Chacon Enterprises, Inc. in 1990. According to the trial court, petitioner should have investigated the nature of respondents' possession before it purchased the lots from the original owner. Having failed to do so, petitioner must be deemed a buyer in bad faith under the principle of *caveat emptor*.

Petitioner appealed to the Court of Appeals which affirmed the trial court's decision *in toto*. Hence, upon denial[16] of its

[15] *Id.* at 69-70.

[16] *Id.* at 49-50.

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motion for reconsideration,[17] petitioner filed the instant petition for review under Rule 45 of the Rules of Court.

Petitioner mainly contends that *laches* could not bar its claim over the subject lots since respondents had no colorable title or any valid claim of ownership to it. Respondents are mere squatters whose possession of the lots, no matter how long, could not prevail over petitioner's certificate of title. At any rate, respondents' length of possession does not even meet jurisprudential standards for *laches* to set in.

The petition is impressed with merit.

At the outset, it must be stressed that this Court is not a trier of facts and would not normally undertake a re-examination of the evidence presented by the contending parties during the trial of the case except for compelling reasons. Factual findings of the trial court and the Court of Appeals, especially when these concur, are ordinarily binding on this Court, subject to the following well-recognized exceptions: (1) when the findings are grounded entirely on speculation, surmises or conjectures; (2) *when the inference made is manifestly mistaken, absurd or impossible*; (3) when there is grave abuse of discretion; (4) *when the judgment is based on a misapprehension of facts*; (5) when the findings of facts are conflicting; (6) when in making its findings the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee; (7) when the findings are contrary to the trial court; (8) when the findings are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by respondent; (10) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence of record; and (11) *when the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, could justify a different conclusion.*[18]

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[17] *Id.* at 43-47.

[18] *Heirs of Dicman v. Cariño*, G.R. No. 146459, June 8, 2006, 490 SCRA 240, 261-262.

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In the case at bar, both the trial court and the appellate court mistakenly inferred from the evidence presented that petitioner was a buyer in bad faith and that respondents, in turn, were possessors in good faith of the lots in question. Both courts overlooked the fact that respondents had no valid claim of title whatsoever to the disputed lots. If this was considered by both courts, there would have been no room for them to conclude that petitioner's claim was barred by *laches*.

For purposes of clarity, we quote the trial court's summary of respondents' evidence as follows:

> Defendants presented three witnesses, namely defendants Joberto Manghano, Alfredo Mompar and Marcelo Virtudazo of the Bureau of Forest Development.
>
> Joberto Manghano declared that he is one of the sons of deceased defendant Eleuterio Manghano.
>
> He claimed that he was born on March 18, 1964 at Padada, Davao Del Sur; that in October 1975 they transferred to La Paz Extension, Lapasan, Cagayan De Oro City. They live in the house constructed by his father on a 100 square meter lot on the land in question. The house is made of wood and galvanized iron sheets for roofing with a dimension of 14 x 16 feet with three (3) bedrooms. The land is swampy with piapi trees. In the same year he saw defendants Virgilio Lapiz, Vicente Garcia and Nila Claunan among the occupants of the land in question while Siliano Salas and Alfredo Mompar entered in 1982 and 1980 respectively.
>
> Joberto Manghano got married in 1987 and thereafter built his own house on the land in question which is fifteen (15) meters away from that of his parents. His house is 12 x 18 feet which consists of wood and GI sheets for roofing.
>
> In 1984, upon the written request (Exhibit 2) of his father, Marcelo Virtudaso and Conrado Pagutayao, employees of the Bureau of Forest Development conducted a survey and a sketch map (Exhibit 1) was prepared by the two.
>
> *He claimed that his father chose the land in question as it is a public land. x x x*
>
> *He further testified that he did not file any application for free patent, homestead, or miscellaneous sales claiming that he is ignorant of the procedure.*

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Defendant Alfredo Mompar, a fourth year college engineering student declared that in October 1980, after having obtained permission from the deceased Eleuterio Manghano, he entered the land in question x x x.

x x x x x x x x x

He made verification as to the status of the land before he constructed his house and was informed that there is no owner. He did not, however, verify with other government office as to the status of the land. He did not declare the land for taxation purposes as he has no money.

The third and last witness for the defendants is Marcelo Virtudazo, an employee of the Bureau of Forest Development, who declared that on May 31, 1984, the deceased Eleuterio Manghano came to their office with a written request (Exhibit 2) for a verification of the land in question.

In response to said request, a certain Agustilo Obsioma, Chief of the Timber Management Section of the Bureau of Forest Development District Office of Cagayan De Oro City, wrote a note (Exhibit 3) instructing him and Conrado Pagutayao to conduct a verification survey on the land in question. They obliged and as a result they prepared a location map (Exhibit 1).

On June 11, 1984, they submitted their report. x x x[19]

The narration above shows that respondents entered the lots and built their dwellings thereon without any colorable title. Believing that the lots were alienable and disposable property of the State, they occupied the same in the hope that they would not be disturbed in their possession. They knew that they did not own the lots and concluded, on the basis of a certification issued by the Bureau of Forest Development, that the lots were government-owned. Regardless of the nature of the lots' ownership, however, the fact remains that respondents entered the properties without permission from the owner.

It may thus be concluded from the foregoing that respondents are mere squatters on the properties. They are trespassers who,

[19] *Rollo*, pp. 61-63.

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under the law, enjoy no possessory rights.[20] This is notwithstanding the length of time that they may have physically occupied the lots; they are deemed to have entered the same in bad faith, such that the nature of their possession is presumed to have retained the same character throughout their occupancy.

In *Bañez v. Court of Appeals*,[21] the Court held that a squatter has no right of possession that may be prejudiced by his eviction:

> What rights of respondent Pio Arcilla were prejudiced? The Court of Appeals found that Pio Arcilla "makes no pretense that he entered into and built his land upon appellee PHHC's land with the consent of the latter." Pio Arcilla was therefore, a trespasser, or a squatter, he being a person who settled or located on land, inclosed or uninclosed with 'no *bona fide* claim or color of title and without consent of the owner.' *He began his material possession of the lot in bad faith, knowing that he did not have a right thereto, and it is presumed that his possession continued to be enjoyed in the same character in which it was acquired, i.e., in bad faith until the contrary is proved.* x x x A squatter can have no possessory rights whatsoever, and his occupancy of the land is only at the owner's sufferance, his acts are merely tolerated and cannot affect the owner's possession. The squatter is necessarily bound to an implied promise, that he will vacate upon demand."[22] (Italics supplied)

Thus, the trial court and the Court of Appeals erred in giving more weight to respondents' alleged equitable right over the lots as against petitioner's certificate of title. Having no possessory rights whatsoever, no injury could be caused to respondents if they return the lots to petitioner. Unless there are intervening rights of third persons which may be affected or prejudiced by a decision ordering the return of the lots to the registered owner, the equitable defense of *laches* will not apply as against the latter.[23]

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[20] *Pendot v. Court of Appeals*, G.R. No. 49022, April 12, 1989, 172 SCRA 20, 29.

[21] 158 Phil. 17 (1974).

[22] *Id.* at 25.

[23] *Cimafranca v. Intermediate Appellate Court*, G.R. No. L-68687, January 31, 1987, 147 SCRA 611, 621.

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Laches has been defined as the failure or neglect, for an unreasonable and unexplained length of time, to do that which by exercising due diligence could or should have been done earlier. It is negligence or omission to assert a right within a reasonable time, warranting a presumption that the party entitled to assert it either has abandoned or declined to assert it. The defense of laches is an equitable one and does not concern itself with the character of the defendant's title, but only with whether or not by reason of plaintiff's long inaction or inexcusable neglect, he should be barred from asserting his claim at all, because to allow him to do so would be inequitable and unjust to the defendant.[24]

The elements of laches are: (1) conduct on the part of the defendant, or one under whom he claims, giving rise to the situation that led to the complaint and for which the complaint seeks a remedy; (2) delay in asserting the complainant's rights, having had knowledge or notice of the defendant's conduct and having been afforded an opportunity to institute a suit; (3) lack of knowledge or notice on the part of the defendant that the complainant would assert the right on which he bases his suit; and (4) injury or prejudice to the defendant in the event relief is accorded to the complainant, or the suit is not held barred.[25]

The third and fourth elements of laches are not present in the instant case. It cannot be said that respondents lacked notice that petitioner would assert its right over the lots considering that they knew from the beginning that they have no right to the same. Neither can respondents claim any injury or prejudice that would result by restoring possession of the lots to petitioner. Respondents have no possessory rights over the lots. As mere intruders, they are bound to an implied promise to surrender possession of the property to the real owner, regardless of the identity of the latter.

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[24] *Eduarte v. Court of Appeals*, G.R. No. 121038, July 22, 1999, 311 SCRA 18, 26.

[25] *Villegas v. Court of Appeals*, G.R. No. 129977, February 1, 2001, 351 SCRA 69, 78.

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In *De Vera-Cruz v. Miguel*,[26] the Court held, upon similar facts, that although a registered landowner may lose his right to recover possession of his registered property by reason of laches, the equitable defense is unavailing to one who has not shown any color of title to the property:

> Having no title or document to overcome petitioners' ownership over the land in question, respondent is therefore an intruder or squatter whose occupation of the land is merely being tolerated. A squatter has no possessory rights over the land intruded upon. As such, her occupancy of the land is only at the owner's sufferance, her acts are merely tolerated and cannot affect the owner's possession. She is necessarily bound to an implied promise that she will vacate upon demand.[27]

For the same reason, the lower courts erred in applying the principle of *caveat emptor* in the instant case. The rule simply requires the purchaser of real property to be aware of the alleged title of the vendor such that one who buys without checking the vendor's title takes all the risks and losses consequent to such failure.[28] While a buyer of registered land need not go beyond its certificate of title, the buyer is obliged to investigate or inspect the property sold to him when there are circumstances that would put him on guard, such as the presence of occupants other than the registered owner. The buyer cannot claim ignorance of any defect in the vendor's title if, in neglecting to verify the nature of the occupant's possession, the latter should turn out to have a better right to the property than the registered owner.

In the instant case, respondents cannot claim any better right over the lots than its original registered owner, Chacon Enterprises Inc. Apart from the assertion that they have been in open, adverse and notorious possession of the lots for a long period of time, respondents have not shown any proof of title that is superior to that of the registered owner. It should be emphasized that a certificate of title cannot be defeated by adverse, open

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[26] G.R. No. 144103, August 31, 2005, 468 SCRA 506.

[27] *Id.* at 523.

[28] *Consolidated Rural Bank (Cagayan Valley), Inc. v. Court of Appeals*, G.R. No. 132161, January 17, 2005, 448 SCRA 347, 366.

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and notorious possession by third persons. The title, once registered, is notice to the whole world and no one can plead ignorance of the registration.[29]

Thus, while possession by a third person other than the registered owner could indicate a defect in the title of the vendor, it does not *per se* render the latter's title defective. It is only when such possession is of a character that would confer upon the possessor some superior right against the registered owner that the latter may be deemed to have a flawed title. Since respondents' "adverse, open and notorious possession" of the lots cannot defeat the title of Chacon Enterprises Inc., the former did not acquire any superior possessory right over the lots. Petitioner thus acquired a clean title from Chacon Enterprises Inc. and is not barred from recovering possession of the lots from respondents.

WHEREFORE, the instant petition is *GRANTED*. The Decision of the Court of Appeals in CA-G.R. CV No. 65522, which affirmed *in toto* the Decision of the Regional Trial Court of Cagayan De Oro City, Branch 21, in Civil Case No. 93-126, is *REVERSED* and *SET ASIDE*. A new judgment is entered ordering respondents Mila Claunan, Siliano Salas, Joberto Manghano, Alfredo Mompar, Vicente Garcia, Editha Lapiz, Heirs of Eleuterio Manghano, as well as their assigns and heirs, to:

1. Immediately **VACATE** the lots covered by TCT Nos. T-69888, T-69525 and T-69526 located in Barrio Mambato (Agora), Lapasan, Cagayan De Oro City, upon finality of this Decision; and

2. **PAY** petitioner D'Oro Land Realty and Development Corporation a **MONTHLY RENTAL** of ₱100.00 from the time that Civil Case No. 93-126 was filed on March 3, 1993 until they vacate the same.

SO ORDERED.

Austria-Martinez, Chico-Nazario, and *Nachura, JJ.,* concur.

Callejo, Sr., J., on leave.

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[29] Noblejas, Antonio H., *Registration of Land Titles and Deeds,* 1992 Ed., p. 209.