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Trial Court of Tabaco City, Branch 17 in Criminal Case Nos. T-4466 and T-4467 which found the accused-appellant **GUILTY** beyond reasonable doubt for violation of Sections 11 and 5, Article II of Republic Act No. 9165 is hereby **AFFIRMED**.

SO ORDERED.

Sereno, C.J. (Chairperson), Bersamin, Villarama, Jr., and *Reyes, JJ.,* concur.

THIRD DIVISION

[G.R. No. 179597. February 3, 2014]

IGLESIA FILIPINA INDEPENDIENTE, *petitioner, vs.* **HEIRS of BERNARDINO TAEZA,** *respondents.*

SYLLABUS

1. CIVIL LAW; CONTRACTS; WHERE THE SUPREME BISHOP OF THE PHILIPPINE INDEPENDENT CHURCH ACTED BEYOND HIS POWERS IN THE DISPOSITION OF THE CHURCH'S PROPERTY, IT IS CONSIDERED AN UNENFORCEABLE CONTRACT.— [P]etitioner provided in Article IV (a) of its Constitution and Canons of the Philippine Independent Church, that "[a]ll real properties of the Church located or situated in such parish can be disposed of only with the approval and conformity of the laymen's committee, the parish priest, the Diocesan Bishop, with sanction of the Supreme Council, and finally with the approval of the Supreme Bishop, as administrator of all the temporalities of the Church." Evidently, under petitioner's Canons, any sale of real property requires not just the consent of the Supreme Bishop but also the concurrence of the laymen's committee, the parish priest, and the Diocesan Bishop, as sanctioned by the Supreme Council. However, petitioner's Canons do not

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specify in what form the conformity of the other church entities should be made known. Thus, as petitioner's witness stated, in practice, such consent or approval may be assumed as a matter of fact, unless some opposition is expressed. Here, the trial court found that the laymen's committee indeed made its objection to the sale known to the Supreme Bishop. The CA, on the other hand, glossed over the fact of such opposition from the laymen's committee, opining that the consent of the Supreme Bishop to the sale was sufficient, especially since the parish priest and the Diocesan Bishop voiced no objection to the sale. The Court finds it erroneous for the CA to ignore the fact that the laymen's committee objected to the sale of the lot in question. The Canons require that ALL the church entities listed in Article IV (a) thereof should give its approval to the transaction. Thus, when the Supreme Bishop executed the contract of sale of petitioner's lot despite the opposition made by the laymen's committee, he acted beyond his powers. This case clearly falls under the category of unenforceable contracts mentioned in Article 1403, paragraph (1) of the Civil Code[.]

2. ID.; TRUSTS; WHERE THE PROPERTY WAS ACQUIRED BY MISTAKE SUCH AS WHEN THE PERSON TRANSFERRING OWNERSHIP WAS NOT AUTHORIZED TO DO SO, THE PERSON WHO ACQUIRED THE PROPERTY IS CONSIDERED A TRUSTEE.— In the present case, however, respondents' predecessor-in-interest, Bernardino Taeza, had already obtained a transfer certificate of title in his name over the property in question. Since the person supposedly transferring ownership was not authorized to do so, the property had evidently been acquired by mistake. In *Vda. de Esconde v. Court of Appeals*, the Court affirmed the trial court's ruling that the applicable provision of law in such cases is Article 1456 of the Civil Code which states that "[i]f 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."

3. ID.; ID.; ID.; WHEN A CONSTRUCTIVE IMPLIED TRUST HAD BEEN CONSTITUTED BETWEEN THE PARTIES, THE BENEFICIARY MUST BRING AN ACTION FOR RECONVEYANCE WITHIN TEN YEARS FROM

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ISSUANCE OF THE TITLE OR DATE OF REGISTRATION OF THE DEED; APPLICATION.— A constructive trust having been constituted by law between respondents as trustees and petitioner as beneficiary of the subject property, may respondents acquire ownership over the said property? The Court held in the same case of *Aznar*, that unlike in express trusts and resulting implied trusts where a trustee cannot acquire by prescription any property entrusted to him unless he repudiates the trust, **in constructive implied trusts, the trustee may acquire the property through prescription even if he does not repudiate the relationship**. It is then incumbent upon the beneficiary to bring an action for reconveyance before prescription bars the same. In A*znar*, the Court explained [that] x x x **An action for reconveyance based on an implied or constructive trust must perforce prescribe in ten years** and not otherwise. x x x It has also been ruled that **the ten-year prescriptive period begins to run from the date of registration of the deed or the date of the issuance of the certificate of title over the property**, x x x. Here, the present action was filed on January 19, 1990, while the transfer certificates of title over the subject lots were issued to respondents' predecessor-in-interest, Bernardino Taeza, only on February 7, 1990. Clearly, therefore, petitioner's complaint was filed well within the prescriptive period stated above, and it is only just that the subject property be returned to its rightful owner.

APPEARANCES OF COUNSEL

Macpaul B. Soriano for petitioner.
Romeo I. Calubaquib for respondents.

D E C I S I O N

PERALTA, *J.*:

This deals with the Petition for Review on *Certiorari* under Rule 45 of the Rules of Court praying that the Decision[1] of the

[1] Penned by Associate Justice Amelita G. Tolentino, with Associate Justices Portia Aliño-Hormachuelos and Santiago Javier Ranada, concurring; *rollo*, pp. 36-52.

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Court of Appeals (*CA*), promulgated on June 30, 2006, and the Resolution[2] dated August 23, 2007, denying petitioner's motion for reconsideration thereof, be reversed and set aside.

The CA's narration of facts is accurate, to wit:

> The plaintiff-appellee Iglesia Filipina Independiente (IFI, for brevity), a duly registered religious corporation, was the owner of a parcel of land described as Lot 3653, containing an area of 31,038 square meters, situated at Ruyu (now Leonarda), Tuguegarao, Cagayan, and covered by Original Certificate of Title No. P-8698. The said lot is subdivided as follows: Lot Nos. 3653-A, 3653-B, 3653-C, and 3653-D.
>
> Between 1973 and 1974, the plaintiff-appellee, through its then Supreme Bishop Rev. Macario Ga, sold Lot 3653-D, with an area of 15,000 square meters, to one Bienvenido de Guzman.
>
> On February 5, 1976, Lot Nos. 3653-A and 3653-B, with a total area of 10,000 square meters, were likewise sold by Rev. Macario Ga, in his capacity as the Supreme Bishop of the plaintiff-appellee, to the defendant Bernardino Taeza, for the amount of ₱100,000.00, through installment, with mortgage to secure the payment of the balance. Subsequently, the defendant allegedly completed the payments.
>
> In 1977, a complaint for the annulment of the February 5, 1976 Deed of Sale with Mortgage was filed by the Parish Council of Tuguegarao, Cagayan, represented by Froilan Calagui and Dante Santos, the President and the Secretary, respectively, of the Laymen's Committee, with the then Court of First Instance of Tuguegarao, Cagayan, against their Supreme Bishop Macario Ga and the defendant Bernardino Taeza.
>
> The said complaint was, however, subsequently dismissed on the ground that the plaintiffs therein lacked the personality to file the case.
>
> After the expiration of Rev. Macario Ga's term of office as Supreme Bishop of the IFI on May 8, 1981, Bishop Abdias dela Cruz was

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[2] Penned by Associate Justice Amelita G. Tolentino, with Associate Justices Portia Aliño- Hormachuelos and Arcangelita Romilla-Lontok, concurring; *id.* at 54-55.

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elected as the Supreme Bishop. Thereafter, an action for the declaration of nullity of the elections was filed by Rev. Ga, with the Securities and Exchange Commission (SEC).

In 1987, while the case with the SEC is (sic) still pending, the plaintiff-appellee IFI, represented by Supreme Bishop Rev. Soliman F. Ganno, filed a complaint for annulment of the sale of the subject parcels of land against Rev. Ga and the defendant Bernardino Taeza, which was docketed as Civil Case No. 3747. The case was filed with the Regional Trial Court of Tuguegarao, Cagayan, Branch III, which in its order dated December 10, 1987, dismissed the said case without prejudice, for the reason that the issue as to whom of the Supreme Bishops could sue for the church had not yet been resolved by the SEC.

On February 11, 1988, the Securities and Exchange Commission issued an order resolving the leadership issue of the IFI against Rev. Macario Ga.

Meanwhile, the defendant Bernardino Taeza registered the subject parcels of land. Consequently, Transfer Certificate of Title Nos. T-77995 and T-77994 were issued in his name.

The defendant then occupied a portion of the land. The plaintiff-appellee allegedly demanded the defendant to vacate the said land which he failed to do.

In January 1990, a complaint for annulment of sale was again filed by the plaintiff-appellee IFI, this time through Supreme Bishop Most Rev. Tito Pasco, against the defendant-appellant, with the Regional Trial Court of Tuguegarao City, Branch 3.

On November 6, 2001, the court *a quo* rendered judgment in favor of the plaintiff-appellee. It held that the deed of sale executed by and between Rev. Ga and the defendant-appellant is null and void.[3]

The dispositive portion of the Decision of Regional Trial Court of Tuguegarao City (*RTC*) reads as follows:

> WHEREFORE, judgment is hereby rendered:
>
> 1) declaring plaintiff to be entitled to the claim in the Complaint;

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[3] *Rollo,* pp. 37-39.

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2) declaring the Deed of Sale with Mortgage dated February 5, 1976 null and void;

3) declaring Transfer Certificates of Title Numbers T-77995 and T-77994 to be null and void *ab initio*;

4) declaring the possession of defendant on that portion of land under question and ownership thereof as unlawful;

5) ordering the defendant and his heirs and successors-in-interest to vacate the premises in question and surrender the same to plaintiff; [and]

6) condemning defendant and his heirs pay (sic) plaintiff the amount of ₱100,000.00 as actual/consequential damages and ₱20,000.00 as lawful attorney's fees and costs of the amount (sic).[4]

Petitioner appealed the foregoing Decision to the CA. On June 30, 2006, the CA rendered its Decision reversing and setting aside the RTC Decision, thereby dismissing the complaint.[5] The CA ruled that petitioner, being a corporation sole, validly transferred ownership over the land in question through its Supreme Bishop, who was at the time the administrator of all properties and the official representative of the church. It further held that "[t]he authority of the then Supreme Bishop Rev. Ga to enter into a contract and represent the plaintiff-appellee cannot be assailed, as there are no provisions in its constitution and canons giving the said authority to any other person or entity."[6]

Petitioner then elevated the matter to this Court *via* a petition for review on *certiorari*, wherein the following issues are presented for resolution:

A.) WHETHER OR NOT THE COURT OF APPEALS ERRED IN NOT FINDING THE FEBRUARY 5, 1976 DEED OF SALE WITH MORTGAGE AS NULL AND VOID;

B.) ASSUMING FOR THE SAKE OF ARGUMENT THAT IT IS NOT VOID, WHETHER OR NOT THE COURT OF

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[4] Records, p. 429.

[5] *Rollo*, p. 51.

[6] *Id.* at 44-45.

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APPEALS ERRED IN NOT FINDING THE FEBRUARY 5, 1976 DEED OF SALE WITH MORTGAGE AS UNENFORCEABLE, [and]

C.) WHETHER OR NOT THE COURT OF APPEALS ERRED IN NOT FINDING RESPONDENT TAEZA HEREIN AS BUYER IN BAD FAITH.[7]

The first two issues boil down to the question of whether then Supreme Bishop Rev. Ga is authorized to enter into a contract of sale in behalf of petitioner.

Petitioner maintains that there was no consent to the contract of sale as Supreme Bishop Rev. Ga had no authority to give such consent. It emphasized that Article IV (a) of their Canons provides that "All real properties of the Church located or situated in such parish can be disposed of only with the approval and conformity of the laymen's committee, the parish priest, the Diocesan Bishop, with sanction of the Supreme Council, and finally with the approval of the Supreme Bishop, as administrator of all the temporalities of the Church." It is alleged that the sale of the property in question was done without the required approval and conformity of the entities mentioned in the Canons; hence, petitioner argues that the sale was null and void.

In the alternative, petitioner contends that if the contract is not declared null and void, it should nevertheless be found unenforceable, as the approval and conformity of the other entities in their church was not obtained, as required by their Canons.

Section 113 of the Corporation Code of the Philippines provides that:

Sec. 113. *Acquisition and alienation of property*. — Any corporation sole may purchase and hold real estate and personal property for its church, charitable, benevolent or educational purposes, and may receive bequests or gifts for such purposes. Such corporation may mortgage or sell real property held by it upon obtaining an order for that purpose from the Court of First Instance of the province where the property is situated; x x x ***Provided,*** **That in cases where**

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[7] *Rollo,* pp. 16-17.

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the rules, regulations and discipline of the religious denomination, sect or church, religious society or order concerned represented by such corporation sole regulate the method of acquiring, holding, selling and mortgaging real estate and personal property, such rules, regulations and discipline shall control, and the intervention of the courts shall not be necessary.[8]

Pursuant to the foregoing, petitioner provided in Article IV (a) of its Constitution and Canons of the Philippine Independent Church,[9] that "[a]ll real properties of the Church located or situated in such parish can be disposed of only with the approval and conformity of the laymen's committee, the parish priest, the Diocesan Bishop, with sanction of the Supreme Council, and finally with the approval of the Supreme Bishop, as administrator of all the temporalities of the Church."

Evidently, under petitioner's Canons, any sale of real property requires not just the consent of the Supreme Bishop but also the concurrence of the laymen's committee, the parish priest, and the Diocesan Bishop, as sanctioned by the Supreme Council. However, petitioner's Canons do not specify in what form the conformity of the other church entities should be made known. Thus, as petitioner's witness stated, in practice, such consent or approval may be assumed as a matter of fact, unless some opposition is expressed.[10]

Here, the trial court found that the laymen's committee indeed made its objection to the sale known to the Supreme Bishop.[11] The CA, on the other hand, glossed over the fact of such opposition from the laymen's committee, opining that the consent of the

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[8] Emphasis supplied.

[9] Exhibit "F," records, pp. 154-157.

[10] TSN, July 7, 1994, p. 43.

[11] See Exhibit "H", records, pp. 176-177, "Resolution No. 6. A Resolution Requesting the Supreme Bishop and the Supreme Council of Bishop Not to Sell the Remaining Portion of Lot No. 8698 Located at Ruyu, Tuguegarao, Cagayan"; See also Exhibit "I", records p. 178. Telegram of Bishop Cuarteros sent to Most Rev. Macario Ga stating that, "Parishioners of Tuguegarao oppose the sale of the remaining portion of cemetery lot."

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Supreme Bishop to the sale was sufficient, especially since the parish priest and the Diocesan Bishop voiced no objection to the sale.[12]

The Court finds it erroneous for the CA to ignore the fact that the laymen's committee objected to the sale of the lot in question. The Canons require that ALL the church entities listed in Article IV (a) thereof should give its approval to the transaction. Thus, when the Supreme Bishop executed the contract of sale of petitioner's lot despite the opposition made by the laymen's committee, he acted beyond his powers.

This case clearly falls under the category of unenforceable contracts mentioned in Article 1403, paragraph (1) of the Civil Code, which provides, thus:

See RTC Decision, records, p. 427, pertinent portion of which reads:

The other proof presented to prove that no consent was given by the laymen is the Resolution No. 6 marked as Exhibit "H" signed by the Secretary, Dante Santos, which shows among others that the officers and members of the Church are not in favor of the sale because the lot is essential to the interest of the congregation.

This Court gives credence to this resolution as genuine, authentic, and hence, credible.

See also excerpts from the TSN of the April 28, 1994 hearing, pp. 14-15, to wit:

Q: x x x
Do you know Bishop if this provision regarding the disposition of the property of the church was complied?
A: Not complied. In fact, we protested before the sale was made.
Q: Do you mean to say that before the sale it was already protested?
A: Yes, Sir.
Q: What prompted you to protest before the sale, that there was an impending sale that prompted you to make a protest?
A: Because we have learned already from rumors that Mr. Taeza has the plan to get that lot.
Q: In what manner or form did you protest?
A: Through resolution, written and verbal.

[12] CA Decision, *rollo*, pp. 43-44.

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Art. 1403. The following contracts are unenforceable, unless they are ratified:

> (1) Those entered into in the name of another person by one who has been given no authority or legal representation, or who has acted beyond his powers;

In *Mercado v. Allied Banking Corporation*,[13] the Court explained that:

> x x x Unenforceable contracts are those which cannot be enforced by a proper action in court, unless they are ratified, because either they are entered into without or in excess of authority or they do not comply with the statute of frauds or both of the contracting parties do not possess the required legal capacity. x x x.[14]

Closely analogous cases of unenforceable contracts are those where a person signs a deed of extrajudicial partition in behalf of co-heirs without the latter's authority;[15] where a mother as judicial guardian of her minor children, executes a deed of extrajudicial partition wherein she favors one child by giving him more than his share of the estate to the prejudice of her other children;[16] and where a person, holding a special power of attorney, sells a property of his principal that is not included in said special power of attorney.[17]

In the present case, however, respondents' predecessor-in-interest, Bernardino Taeza, had already obtained a transfer certificate of title in his name over the property in question. Since the person supposedly transferring ownership was not authorized to do so, the property had evidently been acquired by mistake. In *Vda. de Esconde v. Court of Appeals*,[18] the

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[13] 555 Phil. 411 (2007).

[14] *Id.* at 429.

[15] *Heirs of Policronio M. Ureta, Sr. v. Heirs of Liberato M. Ureta,* G.R. Nos. 165748 & 165930, September 14, 2011, 657 SCRA 555.

[16] *Vda. de Esconde v. Court of Appeals*, 323 Phil. 81 (1996).

[17] *Mercado v. Allied Banking Corporation*, *supra* note 13.

[18] *Supra* note 16.

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Court affirmed the trial court's ruling that the applicable provision of law in such cases is Article 1456 of the Civil Code which states that "[i]f 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." Thus, in *Aznar Brothers Realty Company v. Aying*,[19] citing *Vda. de Esconde*,[20] the Court clarified the concept of trust involved in said provision, to wit:

> Construing this provision of the Civil Code, in *Philippine National Bank v. Court of Appeals*, the Court stated:
>
> > A deeper analysis of Article 1456 reveals that it is not a trust in the technical sense for in a typical trust, confidence is reposed in one person who is named a trustee for the benefit of another who is called the *cestui que* trust, respecting property which is held by the trustee for the benefit of the *cestui que* trust. A constructive trust, unlike an express trust, does not emanate from, or generate a fiduciary relation. While in an express trust, a beneficiary and a trustee are linked by confidential or fiduciary relations, **in a constructive trust, there is neither a promise nor any fiduciary relation to speak of and the so-called trustee neither accepts any trust nor intends holding the property for the beneficiary.**
>
> The concept of constructive trusts was further elucidated in the same case, as follows:
>
> > . . . implied trusts are those which, without being expressed, are deducible from the nature of the transaction as matters of intent or which are superinduced on the transaction by operation of law as matters of equity, independently of the particular intention of the parties. In turn, implied trusts are either resulting or constructive trusts. These two are differentiated from each other as follows:
> >
> > > Resulting trusts are based on the equitable doctrine that valuable consideration and not legal title determines the equitable title or interest and are presumed always

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[19] 497 Phil. 788, 799-800 (2005).

[20] *Supra* note 16.

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> to have been contemplated by the parties. They arise from the nature of circumstances of the consideration involved in a transaction whereby one person thereby becomes invested with legal title but is obligated in equity to hold his legal title for the benefit of another. On the other hand, ***constructive trusts are created by the construction of equity in order to satisfy the demands of justice and prevent unjust enrichment. They arise contrary to intention against one who, by fraud, duress or abuse of confidence, obtains or holds the legal right to property which he ought not, in equity and good conscience, to hold.*** (Italics supplied)

A constructive trust having been constituted by law between respondents as trustees and petitioner as beneficiary of the subject property, may respondents acquire ownership over the said property? The Court held in the same case of *Aznar*,[21] that unlike in express trusts and resulting implied trusts where a trustee cannot acquire by prescription any property entrusted to him unless he repudiates the trust, **in constructive implied trusts, the trustee may acquire the property through prescription even if he does not repudiate the relationship**. It is then incumbent upon the beneficiary to bring an action for reconveyance before prescription bars the same.

In *Aznar*,[22] the Court explained the basis for the prescriptive period, to wit:

x x x under the present Civil Code, we find that **just as an implied or constructive trust is an offspring of the law (Art. 1456, Civil Code), so is the corresponding obligation to reconvey the property and the title thereto in favor of the true owner.** In this context, and *vis-á-vis* prescription, Article 1144 of the Civil Code is applicable.

Article 1144. The following actions must be brought **within ten years from the time the right of action accrues**:

(1) Upon a written contract;

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[21] *Supra* note 19.

[22] *Id*.

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(2) **Upon an obligation created by law**;

(3) Upon a judgment.

x x x x x x x x x

An action for reconveyance based on an implied or constructive trust must perforce prescribe in ten years and not otherwise. A long line of decisions of this Court, and of very recent vintage at that, illustrates this rule. Undoubtedly, it is now well-settled that an action for reconveyance based on an implied or constructive trust prescribes in ten years from the issuance of the Torrens title over the property.

It has also been ruled that **the ten-year prescriptive period begins to run from the date of registration of the deed or the date of the issuance of the certificate of title over the property**, x x x.[23]

Here, the present action was filed on January 19, 1990,[24] while the transfer certificates of title over the subject lots were issued to respondents' predecessor-in-interest, Bernardino Taeza, only on February 7, 1990.[25] Clearly, therefore, petitioner's complaint was filed well within the prescriptive period stated above, and it is only just that the subject property be returned to its rightful owner.

WHEREFORE, the petition is **GRANTED.** The Decision of the Court of Appeals, dated June 30, 2006, and its Resolution dated August 23, 2006, are **REVERSED** and **SET ASIDE**. A new judgment is hereby entered:

(1) **DECLARING** petitioner Iglesia Filipina Independiente as the **RIGHTFUL OWNER** of the lots covered by Transfer Certificates of Title Nos. T-77994 and T-77995;

(2) **ORDERING** respondents to execute a deed reconveying the aforementioned lots to petitioner;

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[23] *Id.* at 801. (Emphasis supplied)

[24] Records, p. 1.

[25] Exhibits "B" and "C", *id.* at 148-149.

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(3) **ORDERING** respondents and successors-in-interest to vacate the subject premises and surrender the same to petitioner; and

(4) Respondents to **PAY** costs of suit.

SO ORDERED.

Velasco, Jr. (Chairperson), Abad, Mendoza, and *Leonen, JJ.,* concur.

SECOND DIVISION

[G.R. No. 191215. February 3, 2014]

THENAMARIS PHILIPPINES, INC. (Formerly INTERMARE MARITIME AGENCIES, INC.)/ OCEANIC NAVIGATION LTD. and NICANOR B. ALTARES, *petitioners, vs.* **COURT OF APPEALS and AMANDA C. MENDIGORIN (In behalf of her deceased husband GUILLERMO MENDIGORIN),** *respondents.*

SYLLABUS

1. REMEDIAL LAW; SPECIAL CIVIL ACTIONS; *CERTIORARI*; MOTION FOR EXTENSION TO FILE THE PETITION MUST BE FILED BEFORE THE EXPIRATION OF THE PERIOD SOUGHT TO BE EXTENDED.— In this case, counting 60 days from her counsel's receipt of the June 29, 2009 NLRC Resolution on July 8, 2009, private respondent had until September 7, 2009 to file her petition or a motion for extension, as September 6, 2009, the last day for filing such pleading, fell on a Sunday. However, the motion was filed only on September 8, 2009. It is a fundamental rule of remedial law that a motion for extension of time must be filed before the expiration of the period sought to be extended;