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SECOND DIVISION

[G.R. No. L-23480. September 11, 1979]

J.M. TUASON & CO., INC., *petitioner, vs.* **HON. COURT OF APPEALS, and GUILLERMO REÑOSA,** *respondents.*

SYLLABUS

CIVIL LAW; LAND TITLES AND DEEDS; MERE POSSESSION OF WHATEVER LENGTH CANNOT DEFEAT THE IMPRESCRIPTIBLE TITLE TO THE HOLDER OF REGISTERED TORRENS TITLE TO REAL PROPERTY; CASE AT BAR.— Mere possession of whatever length cannot defeat the imprescriptible title to the holder of registered Torrens Title to real property, and that registered real property under the Torrens system cannot be acquired by acquisitive prescription. The petitioner who is the registered owner of the disputed land has a right to possess and recover the same, as against private respondent Reñosa who merely claims a right to possess from his predecessor-in-interest Capt. Cruz who likewise never acquired any right to possess the disputed property. Both Capt. Cruz and respondent Reñosa cannot be considered exactly as possessors in good faith because both of them knew at the time they entered into possession that petitioner was the registered owner of the disputed land. Capt. Cruz cannot be considered a possessor in good faith because as beneficiary of the compromise agreement he should be in a position to know that there were suspensive conditions attached to his possible acquisition of the disputed property and that if the conditions were not fulfilled, his right as beneficiary would never arise. Aside from the compromise agreement as the only basis of Capt. Cruz alleged right to the property in question, he and respondent Reñosa were never able to prove transfer of ownership of the same from petitioner to Capt. Cruz, thus strengthening the obvious fact that the suspensive conditions imposed in the compromise agreement were never fulfilled and hence petitioner never transferred title to the reserved properties in favor of the beneficiaries therein. As registered owner of the land and in the absence of any equal or better right on the part of

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respondent Reñosa to possess the disputed land, petitioner is entitled to possession and initiated the correct action when it brought Civil Case No. Q-3318 to recover possession of the same.

APPEARANCES OF COUNSEL

Araneta, Mendoza & Papa for petitioner.
Zosimo Rivar for respondents.

D E C I S I O N

CONCEPCION JR., *J.*:

Petition for *certiorari* to review the decision of the Court of Appeals, Fifth Division[1] in CA-G.R. No. 29135-R, entitled "*J. M. Tuason & Co., Inc., plaintiff-appellee vs. Guillermo Reñosa, defendant-appellant*," which reversed the decision and dismissed the case rendered by the Court of First Instance of Rizal, Branch V, Quezon City (then Judge Nicasio Yatco) in that case for ejectment (Civil Case No. Q-3318), with the following dispositive portion:[2]

"WHEREFORE, judgment is hereby rendered in this case in favor of the plaintiff and against the defendant, ordering the latter or any person claiming under him to remove their construction on the property mentioned in the complaint and described in the plan Exhibit B and to surrender possession thereof to plaintiff; to pay the sum of ₱12.00 a month, by way of rentals from February 6, 1957, until possession of the property is restored to plaintiff, and for him to pay the costs.

"SO ORDERED."

It is not disputed that this case originated as an action for recovery of possession (ejectment) instituted by the plaintiff

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[1] (then Associate Justices Magno S. Gatmaitan, Eugenio Angeles, Juan L. Lanting).

[2] Record on Appeal, p. 27.

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(petitioner) corporation against the private respondent Guillermo Reñosa; that in the trial court, respondent Reñosa admitted that petitioner corporation is the owner of the disputed parcel of land covered by T.C.T. No. 1267 of the Register of Deeds of Quezon City on which respondent constructed his residence on February 6, 1967; that the portion occupied by the defendant consisted of 100 square meters; and that the reasonable rental value of the portion of land occupied by respondent is ₱12 a month.

Respondent's defense to the action for ejectment was that he bought the disputed portion of land from a certain Capt. Faustino C. Cruz, for the sum of ₱3,600.00;[3] that said Faustino C. Cruz acquired the said portion from 3,000 square meters of land acquired by virtue of a compromise agreement in Civil Case Nos. Q-135, Q-139, Q-177 and Q-186 of the Court of First Instance of Rizal, Quezon City Branch;[4] and that all in all Faustino C. Cruz sold to respondent 360 square meters of the 3,000 square meters allegedly allocated to the former in the compromise agreement.

The trial court ruled in favor of the petitioner in the ejectment case (Civil Case No. Q-3318) on the grounds that petitioner is the registered owner of the questioned land (Exh. A); that as owner, petitioner is entitled to possession as an attribute of ownership; that respondent's claim of the right to possess the disputed land based on purchase of the same from Capt. Faustino C. Cruz who is the supposed owner of the land by virtue of a compromise agreement is without any legal basis, for Capt. Cruz was not a party in interest in the said compromise agreement; that even admitting that said compromise agreement created a beneficial right in favor of Capt. Cruz because of the agreement that herein petitioner shall reserve lands (12,000 square meters) for persons including Capt. Cruz, said beneficial rights were subject to suspensive conditions (payment to the petitioner of ₱250,000 and delivery to the petitioner of lots marked "refund" as well as approved by the National Housing Commission and

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[3] Deed of Sale, Exh. 2.

[4] Exhibit 1.

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the Bureau of Lands of the Subdivision plan covering the entire property involved in the compromise agreement); and said suspensive conditions were never fulfilled because the "Deudors," the other party to the compromise agreement failed to fulfill said conditions.

Respondent Court of Appeals in reversing the trial court's decision based its stand on its firm belief that the compromise agreement (Exhibit 1) between the petitioner and the "Deudors" created a valid right in favor of Capt. Cruz to possess the property in question; that this valid right of possession was transmitted to private respondent Reñosa when Cruz sold a portion of that land (360 square meters for ₱3,600), in 1956, to Reñosa;[5] that there is no evidence that the Deudors have not complied with the conditions to be fulfilled under the compromise agreement; that there is no evidence that the compromise agreement was rescinded or annulled; and that Capt. Cruz' right to possess the disputed land being valid and enforceable he could validly assign the same to respondent Reñosa.

To Our mind, the principal issue to be resolved in this case is whether or not private respondent Reñosa's predecessor-in-interest in the disputed property namely, Capt. Cruz, acquired a valid right to own and possess said land — a right that he could have legally transmitted to private respondent Reñosa to entitle the latter to a better right to possession against the admitted registered owner of the land.

An examination of the Deed of Sale (Exh. "2") which is the source and basis of private respondent Reñosa's claim of his right to possess the disputed land, readily shows that the vendor Capt. Cruz claimed to be "the true and sole owner" of the parcels of land, a portion of which was sold to respondent Reñosa, "by virtue of the amicable settlement of the case of *Deudor, et al. vs. J.M. Tuason, et al.*, Civil Case No. Q-135 of the Court of First Instance, Quezon City." It is, therefore, very clear that even Capt. Faustino C. Cruz based his alleged true and sole ownership of the disputed land on the compromise agreement.

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[5] See Exhibit 2.

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A close scrutiny of Exhibit "1" immediately reveals in paragraph 8 (c) of the same, that the value of the lands reserved for the residences of Gov. Alejo Santos, Atty. Pastor L. de Guzman, and Capt. Faustino C. Cruz (12,000 square meters) which is ₱250,000 shall be deducted from the amount that may be due the "Deudors." It is further provided that the certificates of title to the same lands reserved for the above mentioned persons shall be issued after delivery to the petitioner of the lots marked "refund" shall have been effected and the subdivision plan approved by the National Housing Commission and the Bureau of Lands. The compromise agreement did not provide for an outright transfer of title to the beneficiaries (including the 3,000 square meters allotted to Capt. Cruz), but subjected said transfer to suspensive conditions, namely, deduction of ₱250,000 from the amount that may be due the "Deudors"; after delivery to the petitioner of the lots marked "refund" shall have been affected; and after the subdivision plan is approved by the National Planning Commission and the Bureau of Lands.

The compromise agreement was entered into on April 10, 1953, and Capt. Cruz sold the disputed property to private respondent on April 14, 1956. What strikes Us as unexplainable is why notwithstanding his claim of sole ownership of the disputed land as vendor in 1956, he did not possess any registered title to the same, if it were true that he acquired title to the same land as the beneficiary by virtue of the compromise agreement of 1953. Capt. Cruz, not being a registered owner of the disputed land at the time, could not have assigned a better right to private respondent Reñosa. It is obvious that respondent Reñosa never claimed ownership of the disputed land, and that he admitted petitioner's ownership over the same. It is difficult to assail petitioner's argument that the respondent Court of Appeals erred in stating that the original owner of the land in question were the "Deudors" as even respondent Reñosa never alleged that in his answer nor presented evidence to that effect. Respondent Reñosa continuously admitted that petitioner is the registered owner of the disputed land. The Torrens Title of petitioner (T.C.T. No. 1267 [37686-Rizal] of the Registry of Deeds of Quezon City) cannot be assailed, the more so when

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private respondent admits petitioner's ownership of the disputed land, and did not or cannot show any title to the same either in his name or that of his predecessor-in-interest Capt. Cruz.

Petitioner called Our attention to the decision of the Court of Appeals in *J.M. Tuason & Co., Inc., et al. vs. Ponciano Hernandez* and *J.M. Tuason & Co., Inc. vs. Rubillo San Diego*, CA-G.R. Nos. 26696-R and 26697-R, promulgated January 31, 1963, wherein said Appellate Court repudiated the claims in this case of private respondent Reñosa, thus:

"It is true that under Exh. 1, plaintiff agreed to reserve for the residence of said captain (Captain Cruz) 3,000 square meters of land consistent with the subdivision plan that may be finally approved but the fact remains that the location of this 3,000 square meters lot is indefinite, still to be designated and reserved in the future, and other than the uncorroborated testimony of Faustino Cruz, which is, however, contradicted by the testimony of plaintiff's surveyor there is practically no evidence showing that said plaintiff had designated and actually reserved for Cruz the 3,000 square meters lot mentioned in the compromise agreement. No subdivision plan that has been finally approved and attesting to the testimony of Faustino Cruz was adduced in evidence. On the other hand, the obligation of the plaintiff to reserve 3,000 square meters of land for Capt. Cruz arises only after the delivery to the owners of the lots marked refund in Annex C shall have been effected and the subdivision plan approved by the National Planning Commission and the Bureau of Lands (Exh. 1, Item C, p. 6). *However, it has not been shown that this condition precedent has been complied with.* On the contrary, we have reasonable ground to believe that the Deudors failed to perform their part of the agreement, so much so that in the above cited case of *Deudors, et al. vs. J.M. Tuason & Co., Inc., the Supreme Court rescinded the compromise agreement and released herein plaintiff from its obligation arising therefrom.*" (Italics for emphasis)

This decision was affirmed by the Supreme Court when it dismissed the petition for *certiorari* to review the same." (G.R. Nos. L-21094 and 21047, Resolution dated April 22, 1963).

We are inclined to adhere to the aforementioned view, taking into consideration the fundamental principle in law applicable to the circumstances of this case that mere possession of

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whatever length cannot defeat the imprescriptible title to the holder of registered Torrens Title to real property, and that registered real property under the Torrens system cannot be acquired by acquisitive prescription.[6] The petitioner who is the registered owner of the disputed land has a right to possess and recover the same, as against private respondent Reñosa who merely claims a right to possess from his predecessor-in-interest Capt. Cruz who likewise never acquired any right to possess the disputed property. Both Capt. Cruz and respondent Reñosa cannot be considered exactly as possessors in good faith because both of them knew at the time they entered into possession that petitioner was the registered owner of the disputed land. Capt. Cruz cannot be considered a possessor in good faith because as beneficiary of the compromise agreement he should be in a position to know that there were suspensive conditions attached to his possible acquisition of the disputed property and that if the conditions were not fulfilled, his right as beneficiary would never arise. Aside from the compromise agreement as the only basis of Capt. Cruz' alleged right to the property in question, he and respondent Reñosa were never able to prove transfer of ownership of the same from petitioner to Capt. Cruz, thus strengthening the obvious fact that the suspensive conditions imposed in the compromise agreement were never fulfilled and hence petitioner never transferred title to the reserved properties in favor of the beneficiaries therein. As registered owner of the land and in the absence of any equal or better right on the part of respondent Reñosa to possess the disputed land, petitioner is entitled to possession and initiated the correct action when it brought Civil Case No. Q-3318 to recover possession of the same.

WHEREFORE, the decision of the respondent Court of Appeals in CA-G.R. No. 29135-R is hereby reversed and set aside and the decision of the Quezon City Court of First Instance in Civil Case No. Q-3318, revived and affirmed, with costs against private respondent Guillermo Reñosa.

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[6] Art. 1126, Civil Code. Sec. 46. Act 496. Land Registration Act.

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SO ORDERED.

Barredo (Chairman) Antonio, Aquino, and *Guerrero,* JJ.*, concur.

Abad Santos, J., took no part.

SECOND DIVISION

[G.R. No. L-36824. September 11, 1979]

THE PEOPLE OF THE PHILIPPINES, *plaintiff-appellee, vs.* **ARISTON GUILLERMO, CARLITO ABORDE, RONITO CULLO, and JESUS CULLO,** *defendants-appellants.*

SYLLABUS

1. CONSTITUTIONAL LAW; BILL OF RIGHTS; RIGHTS OF THE ACCUSED; ILLEGALLY OBTAINED EVIDENCE IS NOT ADMISSIBLE.— [T]he prevailing rule now is that illegally obtained evidence are not admissible. Besides, the 1973 Constitution clearly provides: "Sec. 20. No person shall be compelled to be a witness against himself. Any person under investigation for the commission of an offense shall have the right to remain silent and to counsel, and to be informed of such right. No force, violence, threat, intimidation, or any other means which vitiates the free will shall be used against him. Any confession obtained *in violation of this section shall be inadmissible in evidence.*"

2. REMEDIAL LAW; EVIDENCE; ACTS OR DECLARATION OF A CONSPIRATOR RELATING TO CONSPIRACY, WHEN ADMISSIBLE.— The act or declaration of a conspirator relating to the conspiracy and during its existence, may be given against

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* Mr. Justice Guillermo S. Santos is on leave. Mr. Justice Juvenal K. Guerrero, a member of the First Division, was designated to sit in the Second Division.