Supreme Court E-Library

SECOND DIVISION

[G.R. No. 225929. January 24, 2018]

JOSE V. GAMBITO, *petitioner, vs.* **ADRIAN OSCAR Z. BACENA,** *respondent.*

SYLLABUS

1. **REMEDIAL LAW; ACTIONS; LACHES; MEANS NEGLIGENCE OR OMISSION TO ASSERT A RIGHT WITHIN A REASONABLE TIME, WARRANTING THE PRESUMPTION THAT THE PARTY ENTITLED TO ASSERT IT EITHER HAS ABANDONED IT OR DECLINED TO ASSERT IT.—** Laches is 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 it or declined to assert it. x x x Bacena has no reason to doubt his own ownership and possession of Lot No. 1331, as established in this case obtained through the right of Castriciones. Moreover, it was Gambito who disturbed that open, continuous, peaceful, adverse and notorious possession of Bacena and his predecessors-in-interest. Thus, Bacena is not expected to assert his right for having possession and title to the land in dispute x x x. Hence, x x x laches cannot apply and it should be Bacena and not Gambito who should invoke laches.

2. **CIVIL LAW; LAND REGISTRATION; FREE PATENT; THE ISSUANCE OF A FREE PATENT OVER A LAND CANNOT AFFECT THE PRIVATE OWNERSHIP OVER THE SAME LAND.—** Private ownership of land—as when there is *prima facie* proof of ownership like a duly registered possessory information or a clear showing of open[,] continuous, exclusive, and notorious possession, by present or previous occupants—is not affected by the issuance of a free patent over the same land. While Gambito assails both the RTC and CA on the principle of laches on the uninterrupted existence of OCT No. R-578 of 98 years, it should be noted that the CA found, it was certain that when the cadastral survey was conducted in 1913

Supreme Court E-Library

to 1914, there were already two survey claimants, one of which is Castriciones. Thus, OCT No. R-578 should not have included Lot No. 1331, as there was already a supervening event that transpired from the time it was applied for until the title was issued. Moreover, here it established that Castriciones is the previous occupant with open[,] continuous, exclusive, and notorious possession as above contemplated. Hence, OCT No. R-578 issued as a free patent, by application, cannot affect Castriciones' previous occupation with open[,] continuous, exclusive, and notorious possession.

3. ID.; ID.; PRESIDENTIAL DECREE NO. 1529 (THE PROPERTY REGISTRATION DECREE); CONCEPT OF INNOCENT PURCHASER FOR VALUE; CANNOT APPLY TO A DONEE, FOR HE ACQUIRES THE PROPERTY GRATUITOUSLY BY A DEED OF DONATION AND NOT BY PURCHASE.— Under Section 53 of Presidential Decree No. 1529, known as the Property Registration Decree, in all cases of registration procured by fraud, the owner may pursue all his legal and equitable remedies against the parties to such fraud without prejudice, however, to the rights of any innocent holder for value of a certificate of title. After the entry of the decree of registration on the original petition or application, any subsequent registration procured by the presentation of a forged duplicate certificate of title, or a forged deed or other instrument, shall be null and void. In this case, Gambito is not an innocent holder for value for the reason that he is a donee acquiring the property gratuitously by a Deed of Donation and not by purchase. Hence, the concept of an innocent purchaser for value cannot apply to him.

4. ID.; OBLIGATIONS AND CONTRACTS; DAMAGES; AWARDED WHEN THERE IS A FINDING OF ABSENCE OF GOOD FAITH; GOOD FAITH, DEFINED.— Good faith is ordinarily used to describe that state of mind denoting "honesty of intention, and freedom from knowledge of circumstances which ought to put the holder upon inquiry; an honest intention to abstain from taking any unconscientious advantage of another, even through technicalities of law, together with absence of all information, notice, or benefit or belief of facts which render the transaction unconscientious." x x x In this connection, the RTC in its Decision dated November 21, 2014, laid down its basis in concluding the award for damages finding absence of

Supreme Court E-Library

> good faith on the part of Gambito x x x. [I]t is evident that Gambito's state of mind had no honesty of intention and had no freedom from knowledge of circumstances which ought to put him upon inquiry.

APPEARANCES OF COUNSEL

Rodolfo F. Taganas, Jr. for petitioner.
Rodolfo Q. Agbayani for respondent.

R E S O L U T I O N

REYES, JR., *J.*:

This is a Petition for Review on *Certiorari*[1] under Rule 45 of the Rules of Court, assailing the Decision[2] dated April 8, 2016 and Resolution[3] dated July 19, 2016 of the Court of Appeals (CA) in CA-G.R. SP No. 140980.

The Antecedents

The records show that before the Municipal Trial Court (MTC) of Bayombong, Nueva Vizcaya, Jose V. Gambito (Gambito) filed a complaint for quieting of title, declaration of nullity of title, specific performance and damages over a parcel of land located in La Torre South, Bayombong, Nueva Vizcaya, against Adrian Oscar Z. Bacena (Bacena), one of the defendants therein.

Gambito alleged before the MTC that he is the true and registered owner of a certain parcel of land located in La Torre South, Bayombong, Nueva Vizcaya containing an area of 8,601 square meters, more or less, under Transfer Certificate of Title (TCT) No. T-149954. The said parcel of land was acquired by him through a Deed of Donation executed on July 9, 2008 by his mother, Luz V. Gambito (Luz), who held said property under

---

[1] *Rollo*, pp. 3-25.

[2] Penned by Associate Justice Agnes Reyes-Carpio, with Associate Justices Romeo F. Barza and Amy C. Lazaro-Javier concurring; *id*. at 70-78.

[3] *Id*. at 31.

Supreme Court E-Library

TCT No. 92232. Her mother, Luz, acquired the same property from Dominga Pascual (Pascual) and her co-owner, Rosalina Covita (Covita), through a Deed of Sale dated December 16, 1994 which finds its origin from Original Certificate of Title (OCT) No. R-578 issued on March 30, 1916.[4]

Gambito claimed that through his efforts, he discovered that Bacena surreptitiously secured before the Community Environment and Natural Resources Office (CENRO), a patent title, *Katibayan ng Orihinal na Titulo Bilang* P-21362 covering 4,259 sq m, more or less, which was a part and portion of the same lot registered in Gambito's name under TCT No. T-149954. Gambito further alleged that he is aware his parents filed a protest before the CENRO, Bayombong, Nueva Vizcaya on August 31, 2007 against Bacena but the same was later withdrawn by his parents upon realization that said office is not the proper forum and that the order of dismissal was issued on April 8, 2009 and thus there is a need to clear up the cloud cast by the title of Bacena over his ancient title.

Bacena, in his defense, alleged that the folder of Petronila Castriciones (Castriciones), survey claimant of Lot No. 1331, Cad 45, La Torre, Bayombong, Nueva Vizcaya, is supported by the records of the CENRO, Bayombong, Nueva Vizcaya. The title OCT No. P-21362 was regularly issued and was based on authentic documents.[5] On the other hand, the title of Gambito's predecessor-in-interest is evidently null and void *ab initio* because it was derived from a Deed of Sale, dated December 16, 1994 which supposedly signed by vendor Pascual although she was already dead, having died on August 25, 1988 or after a period of seven years. Moreover, the signatory-vendor, Covita denied that she ever signed the Deed of Sale which is supposedly that of her husband, Mariano G. Mateo, supposedly signifying his conformity to the sale, is likewise a fake signature of her husband because he was already dead at the time of the execution of the document having died on June 14, 1980.[6]

---

[4] *Id*. at 156.

[5] *Id*. at 72-73.

[6] *Id*. at 158.

Supreme Court E-Library

By way of counterclaim, Bacena prayed, among others, that Gambito's Title (TCT No. T-149954) and that of his predecessor-in-interest, Luz, TCT No. T-92232 and the Deed of Sale, basis of TCT No. T-92232 as null and void; and to declare that title of Bacena, OCT No. P-21262, valid and effective and be cleared/quieted of any cloud thereto.[7]

Ruling of the MTC

After the parties' presentation of evidence, the MTC rendered a Decision[8] dated March 11, 2014 in favor of Gambito. The MTC considered the defense's position as a collateral attack on Gambito's title.[9] The MTC ruled that the issue on the validity of title, whether or not fraudulently issued, can only be raised in action expressly instituted for that purpose.

Moreover, the MTC ruled that in successive registrations, where more than one certificate is issued in respect of a particular estate or interest in land, the person claiming under the prior certificate is entitled to the estate or interest, and here, the origin of Gambito's title was issued in 1916 and while Bacena's title was only issued on February 25, 1999.[10]

Ruling of the Regional Trial Court

Aggrieved, Bacena appealed before the Regional Trial Court (RTC) of Bayombong, Nueva Vizcaya, Branch 27, which granted the appeal in a Decision[11] rendered on November 21, 2014.

In its ruling, the RTC laid that in an action for quieting of title, it is an indispensable requisite that the plaintiff or complainant has a legal or an equitable title to or interest in the real property subject of the action, which is however wanting at the time Gambito filed his verified Complaint.[12]

---

[7] *Id.* at 159.

[8] *Id*. at 156-177.

[9] *Id*. at 175.

[10] *Id*. at 175-176.

[11] *Id*. at 179-188.

[12] *Id*. at 182.

Supreme Court E-Library

The RTC also noted that Gambito's title was derived through a certificate of title which was based on a falsified Deed of Sale which was made to appear to have been signed by the parties who were long dead at the time of its execution.[13]

Moreover, the RTC found that Bacena's title has become indefeasible and incontrovertible as it has been possessed by Bacena and his predecessors-in-interest and never been occupied by Gambito and his mother.

Contrary to the MTC's ruling, the RTC held that Bacena's counterclaim partakes of a direct attack on Gambito's title.

The RTC likewise found that the title in the name of Bacena was regularly issued as he and his predecessors have been in undisturbed possession, occupation and utilization of Lot No. 1331 as early as October 1, 1913 when it was cadastrally surveyed and even before it; has always been declared for taxation purposes with taxes thereof duly paid yearly; and that as private property, it is not within the jurisdiction of the Bureau of Lands to grant it to public land application.[14]

The RTC awarded damages in favor of Bacena.

Ruling of the CA

On appeal, the CA, in its Decision[15] dated April 8, 2016, affirmed the RTC's Decision dated November 21, 2014. The CA agreed with the findings and ruling of the RTC.

Undaunted, Gambito filed a Motion for Reconsideration of the said decision of the CA which was however denied in its Resolution[16] dated July 19, 2016.

Hence, this petition for review on *certiorari*.

---

[13] *Id*. at 183.

[14] *Id*. at 185.

[15] *Id*. at 70-77.

[16] *Id*. at 31-47.

Supreme Court E-Library

In support of the petition, Gambito assails the decision of the CA claiming that it is not in consonance with law and jurisprudence. The underlying issues presented by Gambito for resolution are as follows, *viz.*:

1. The decision did not properly address the important issue on laches;
2. The decision misapplied the concept of transferee in good faith; and
3. The decision misappreciated the objection on the award for damages.

Ruling of the Court

The petition is denied.

The decision of the CA is in consonance with law and jurisprudence

On the issue of laches, the decision of the CA properly addressed the important issue thereon and the CA correctly held that it should be Bacena and not Gambito who should invoke laches.

Laches is 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 it or declined to assert it.[17]

It should be noted that the CA found that Bacena has no reason to doubt his own ownership and possession of Lot No. 1331, as established in this case obtained through the right of Castriciones. Moreover, it was Gambito who disturbed that open, continuous, peaceful, adverse and notorious possession of Bacena

[17] *Pangasinan, et al. v. Disonglo-Almazora, et al.*, 762 Phil. 492, 502-503 (2015).

Supreme Court E-Library

and his predecessors-in-interest. Thus, Bacena is not expected to assert his right for having possession and title to the land in dispute and the CA is correct when it found that Bacena has no reason to doubt his own ownership and possession of Lot No. 1331. Hence, the Court is in accord with the CA when it held that laches cannot apply and it should be Bacena and not Gambito who should invoke laches.

Private ownership of land—as when there is *prima facie* proof of ownership like a duly registered possessory information or a clear showing of open, continuous, exclusive, and notorious possession, by present or previous occupants—is not affected by the issuance of a free patent over the same land.[18]

While Gambito assails both the RTC and CA on the principle of laches on the uninterrupted existence of OCT No. R-578 of 98 years, it should be noted that the CA found, it was certain that when the cadastral survey was conducted in 1913 to 1914, there were already two survey claimants, one of which is Castriciones. Thus, OCT No. R-578 should not have included Lot No. 1331, as there was already a supervening event that transpired from the time it was applied for until the title was issued. Moreover, here it established that Castriciones is the previous occupant with open, continuous, exclusive, and notorious possession as above contemplated. Hence, OCT No. R-578 issued as a free patent, by application, cannot affect Castriciones' previous occupation with open continuous, exclusive, and notorious possession.

On the issue of transferee in good faith, the decision of the CA did not misapply the concept of transferee in good faith.

While Gambito argues that the CA misapplied the concept of transferee in good faith for the reason that bad faith has died when Pascual, inherited the property from Venancio Pascual, We disagree.

---

[18] *Rollo*, p. 76, citing *Heirs of Margarita Pabaus v. Heirs of Amanda Yutiamco*, 670 Phil. 151, 167-168 (2011).

Supreme Court E-Library

Under Section 53 of Presidential Decree No. 1529, known as the Property Registration Decree, in all cases of registration procured by fraud, the owner may pursue all his legal and equitable remedies against the parties to such fraud without prejudice, however, to the rights of any innocent holder for value of a certificate of title. After the entry of the decree of registration on the original petition or application, any subsequent registration procured by the presentation of a forged duplicate certificate of title, or a forged deed or other instrument, shall be null and void.

In this case, Gambito is not an innocent holder for value for the reason that he is a donee acquiring the property gratuitously by a Deed of Donation and not by purchase. Hence, the concept of an innocent purchaser for value cannot apply to him.

Moreover, in *Ingusan v. Heirs of Aureliano I. Reyes*,[19] the Court happened to pass upon falsified documents involving properties, thus:

> There is no doubt that the deed of donation of titled property, cancellation of affidavit of loss and agreement of subdivision with sale, being falsified documents, were null and void. It follows that TCT Nos. NT-241155, NT-241156, NT-239747 and NT-239748 which were issued by virtue of these spurious documents were likewise null and void.[20]

In this case, it is an established fact that the fraud referred to by the CA is the fraud on the transfer of the property from Pascual and Covita to Luz on the basis of fake signatures considering that the vendor signatories therein are all dead. As such, by applicability of the foregoing jurisprudence, the deed is considered a forged deed and hence null and void. Thus, Luz's title is null and void which transferred nothing by Deed of Donation to her son Gambito, the petitioner herein. Hence, the CA did not misapply the concept of transferee in good faith by considering the fraud in the transfer of the property to Luz consequently ending up with Gambito.

---

[19] 558 Phil. 50 (2007).

[20] *Id.* at 60.

Supreme Court E-Library

On the issue that the CA decision misappreciated the objection on the award for damages, Gambito's argument that he cannot be in bad faith deserves scant consideration.

Good faith is ordinarily used to describe that state of mind denoting "honesty of intention, and freedom from knowledge of circumstances which ought to put the holder upon inquiry;[21] an honest intention to abstain from taking any unconscientious advantage of another, even through technicalities of law, together with absence of all information, notice, or benefit or belief of facts which render the transaction unconscientious."[22]

The CA in its resolve as to the award of damages referred to the RTC's basis of the awards. As can be gleaned from the CA's Resolution dated July 19, 2016, *viz.*:

> The trial court discussed the basis of the awards, yet petitioner, aside from his self-serving claim that there was no bad faith, failed to discuss the lack of sufficient basis for the grant of awards.[23]

In this connection, the RTC in its Decision[24] dated November 21, 2014, laid down its basis in concluding the award for damages finding absence of good faith on the part of Gambito by taking a second hard look into the facts and circumstances obtaining on the manner by which the appellee, who was the notary public who notarized the Last Will and Testament and who as expected fully knew the rights of the appellant over the lot in question.[25] Thus, it is evident that Gambito's state of mind had no honesty of intention and had no freedom from knowledge of circumstances which ought to put him upon inquiry. Hence, Gambito's claim that the CA decision misappreciated the objection on the award for damages is incorrect.

---

[21] *Wooden v. Civil Service Commission*, 508 Phil. 500, 516 (2005); *De Guzman v. Delos Santos*, 442 Phil. 428, 438 (2002).

[22] *Civil Service Commission v. Maala*, 504 Phil. 646, 654 (2005); *Black's Law Dictionary*, 6th ed., 1990, p. 693.

[23] *Rollo*, p. 47.

[24] *Id.* at 186-187.

[25] *Id.* at 202.

Supreme Court E-Library

In sum, the Court finds that the decision of the CA is in consonance with law and jurisprudence.

WHEREFORE, in light of the foregoing, the petition is hereby **DENIED**. The Decision dated April 8, 2016 issued by the Court of Appeals in CA-G.R. SP No. 140980 is **AFFIRMED**.

SO ORDERED.

Carpio (Chairperson), Peralta, Perlas-Bernabe, and *Caguioa, JJ.*, concur.

SECOND DIVISION

[G.R. No. 226103. January 24, 2018]

GENERATO M. HERNANDEZ, *petitioner, vs.* **MAGSAYSAY MARITIME CORPORATION, SAFFRON MARITIME LIMITED AND/OR MARLON R. ROÑO,** *respondents.*

SYLLABUS

1. LABOR AND SOCIAL LEGISLATION; PHILIPPINE OVERSEAS EMPLOYMENT ADMINISTRATION-STANDARD EMPLOYMENT CONTRACT; DISABILITY BENEFITS; REFERRAL TO A THIRD DOCTOR; CONSIDERED MANDATORY AND FAILURE TO FOLLOW THE PROCEDURE RENDERS CONCLUSIVE THE DISABILITY RATING ISSUED BY THE COMPANY-DESIGNATED DOCTOR.— Under Section 20(A)(3) of the 2010 POEA-SEC, *"[if] a doctor appointed by the seafarer disagrees with the assessment, a third doctor may be agreed jointly between the Employer and the seafarer. The third doctor's decision shall be final and binding on both parties."* The provision refers to the declaration of fitness to work or the