

Title

****Leyson et. al. vs. Bontuyan et. al.: A Case of Property Ownership and the Invalidity of Titles Obtained Through Fraud****

Facts

This case revolves around a parcel of land in Barangay Adlawon, Mabolo, Cebu City, originally owned by Calixto Gabud. Due to a road construction, the property was split, resulting in two lots covered by respective Tax Declarations. Sequential sales of the property occurred from Gabud to Protacio Tabal in 1948, then to Simeon Noval in 1959, and finally to Lourdes Leyson in 1968. Leyson took possession and had the property fenced.

However, in 1968, Gregorio Bontuyan fraudulently applied for and was granted a free patent for the property, claiming it as public land and that he had been cultivating it since 1918. This resulted in Original Certificate of Title (OCT) No. 0-1619 issued under his name in 1974, even though the property was already privately owned and occupied by Leyson. Gregorio later sold the property to his son, Naciansino Bontuyan.

Upon discovering tenants installed by Leyson's heir, Engineer Gabriel Leyson, on the property, the Bontuyans, who had temporarily moved to the United States, filed a complaint for quieting of title and damages against Engine Leyson upon their return to the Philippines.

The case escalated through the legal system, with the Regional Trial Court (RTC) initially ruling in favor of the Leyson heirs, a decision partially reversed by the Court of Appeals (CA). The Leyson heirs then petitioned for review by the Supreme Court.

Issues

1. Whether the Court of Appeals erred in ruling that OCT No. 0-1619 could not be contested in the proceedings initiated by the Bontuyans for quieting of title.
2. Whether the Leyson heirs' counterclaim constituted a direct attack on the validity of OCT No. 0-1619.
3. Whether the action for nullification of OCT No. 0-1619 and the reconveyance of the property had prescribed.

Court's Decision

The Supreme Court granted the petition, reversing the Court of Appeals' decision. It held

that the Leyson heirs' counterclaim indeed constituted a direct attack on the validity of OCT No. 0-1619. It further ruled that the action for nullification and reconveyance had not prescribed, given the Leyson heirs' continued possession of the property. OCT No. 0-1619 and the subsequent title (TCT No. 1392) were declared null and void, with the property ordered to be titled in favor of the Leyson heirs. The Court upheld the RTC's award of attorney's fees to the Leysons.

Doctrine

The case reiterates the doctrine that a certificate of title cannot shield fraudulent acquisition of property and that an action for reconveyance based on fraud does not prescribe when the plaintiff is in possession of the property. Counterclaims in a defendant's answer can constitute a direct attack on a certificate of title if its objective is to nullify the same.

Class Notes

- **Fraud in Property Acquisition**: Acquisition of property titles through fraudulent claims (especially in the context of free patents on public land) can be directly attacked and nullified.
- **Direct vs. Indirect Attack on Title**: Counterclaims can serve as direct attacks on property titles if they seek the title's nullification.
- **Prescription in Reconveyance Actions**: Actions for reconveyance based on fraud are imprescriptible when the plaintiff maintains possession of the property.
- **Key Statutes**: Act No. 496 (The Land Registration Act), particularly Section 47 prohibiting collateral attacks on titles and allowing for direct attacks through proper legal channels.

Historical Background

In the broader context of Philippine property law, this case emphasizes the integrity of the Torrens system against fraudulent claims. It reinforces the principle against unjust enrichment and underscores the protection provided to those in actual possession of land against fraudulent registration attempts.