

Title: Amerol vs. Bagumbaran

Facts:

The essence of the dispute revolves around a piece of land commonly known as Lot No. 524, Pls-126. Liwalug Datomanong (erroneously labeled as Amerol) filed a free patent application for this land on September 4, 1953. Subsequently, Molok Bagumbaran also filed an application on December 27, 1954. The Bureau of Lands favored Bagumbaran's application, leading to the issuance of Free Patent No. V-19050 on August 16, 1955, by authority of the then President of the Philippines, Ramon Magsaysay. This resulted in the issuance of Original Certificate of Title No. P-466 in Bagumbaran's name.

Liwalug Datomanong, who had been in possession and cultivated the land since acquiring it from Mandal Tando in 1952, was unaware of Bagumbaran's application and subsequent title issuance. Datomanong's initial legal action against Bagumbaran's title was a formal protest filed with the Bureau of Lands on April 24, 1964, nine years after the issuance of Bagumbaran's title. This was followed by a counterclaim for annulment of title or reconveyance filed on December 4, 1964, as part of Datomanong's answer to a complaint by Bagumbaran seeking recovery of possession.

The trial court found Bagumbaran guilty of fraud and misrepresentation in acquiring the patent and title but denied Datomanong's claim for reconveyance on the grounds of prescription, ruling that the action should have been brought within four years from the registration of the patent.

Issues:

1. What is the prescriptive period for an action for reconveyance of real property wrongfully registered under another's name due to fraud or misrepresentation?
2. Does the mortgage of the disputed property to the Development Bank of the Philippines affect the possibility of reconveyance?

Court's Decision:

The Supreme Court reversed the trial court's decision, ruling that the prescriptive period for an action for reconveyance based on an implied or constructive trust is ten years from the date of issuance of the certificate of title. The Court found that Datomanong's counterclaim filed less than ten years after the issuance of Bagumbaran's certificate of title was well within the prescriptive period. Furthermore, the mortgage of the disputed property to the Development Bank of the Philippines, created by Bagumbaran who was in bad faith,

does not prevent reconveyance of the property to its rightful owner.

Doctrine:

1. The prescriptive period for an action for reconveyance of real property based on an implied or constructive trust is ten years from the date of issuance of the certificate of title.
2. The irrevocability of a Torrens title does not protect a holder who acquired it through fraud or misrepresentation.
3. A mortgage on the disputed property created by a holder in bad faith does not bar reconveyance to the rightful owner.

Class Notes:

- Implied or constructive trust: Created by law as a remedy against unjust enrichment and fraud (Civil Code, Article 1456).
- Prescriptive periods for actions based on obligations created by law: Ten years (Civil Code, Article 1144).
- Acquisition of property through mistake or fraud: Obligates the holder to act as a trustee on behalf of the rightful owner.

Historical Background:

This case underscores the judiciary's role in correcting wrongful registrations of real property titles under the Torrens system, especially when fraud or misrepresentation is involved. It highlights the legal safeguards that protect the rightful ownership of property and ensure justice, even against the backdrop of the irrevocability principle of the Torrens system. The decision reaffirms the importance of diligence and integrity in the registration and acquisition of property rights in the Philippines.