

Title: **Mariquita O. Sumaya and Laguna Agro-Industrial Coconut Cooperative, Inc. vs. The Hon. Intermediate Appellate Court and Balantakbo et al.**

Facts:

The dispute involved two sets of properties inherited by Raul Balantakbo from his ascendants which, upon his death, were adjudicated to his mother, Consuelo Joaquin Vda. de Balantakbo. Consuelo later sold these properties, which ultimately were registered under the names of Mariquita H. Sumaya and subsequently transferred to Villa Honorio Development Corporation, Inc., then to Agro-Industrial Coconut Cooperative, Inc. In 1970, relatives of Raul Balantakbo filed suits to recover these properties, claiming a right under the principle of reserva troncal. The case journeyed through the Court of First Instance of Laguna, to the Intermediate Appellate Court (IAC), and finally to the Supreme Court upon appeal by certiorari by the current possessors, challenging the IAC's affirmation of the lower court's decision in favor of the Balantakbos.

Issues:

1. Whether the buyers of the property were innocent purchasers for value, unaware of its reservable nature.
2. The necessity of annotating the reservable interest on the certificates of title.
3. Whether the cause of action by the plaintiffs (Balantakbos) had prescribed.
4. The propriety of awarding damages to the plaintiffs.

Court's Decision:

1. **Innocent Purchaser for Value**: The Supreme Court held that the buyers were not innocent purchasers for value as there was sufficient notice of the reservable character of the properties, particularly through an affidavit of self-adjudication that was registered, which indicated the properties were inherited by Raul Balantakbo.
2. **Annotation of Reservable Interest**: The Court emphasized the importance of annotating the reservable character of properties to protect the reservees against innocent third persons, thereby modifying the appellate court's stance which suggested such annotation was unnecessary.
3. **Prescription of Action**: The Court found that the action to recover the reservable properties did not prescribe with Raul Balantakbo's death but commenced upon the death of the reserver, Consuelo Vda. de Balantakbo, affirming the plaintiffs' cause of action was timely filed.

4. **Awarding of Damages**: The Supreme Court agreed with the lower court's decision to award damages, finding it reasonable under Article 2208(2) of the New Civil Code.

Doctrine:

This case reaffirmed the principle of **reserva troncal**, under which an ascendant who inherits from a descendant property acquired by gratuitous title from another ascendant or a sibling is obliged to reserve that property for relatives within the third degree belonging to the line from which the property originally came.

Class Notes:

- **Reserva Troncal**: Article 891, New Civil Code establishes this unique form of reservation, obliging the ascendant (reservor) who inherits from a descendant properties received by gratuitous title from another ascendant or sibling, to preserve the property for the benefit of relatives within the third degree from which the property originated.
- **Principle of Notice**: Registration of any conveyance, mortgage, or lien is constructive notice to all persons from the time of such registering, under Section 52 of the Property Registration Decree.
- **Prescription of Action**: The cause of action for recovery under reserva troncal commences upon the death of the reservor, not the propositus.
- **Innocent Purchaser for Value**: The Supreme Court diverges from the presumption of innocence when there's constructive notice of the reservable character of the property.

Historical Context:

Reserva troncal is a concept deeply rooted in Spanish civil law, incorporated into the Philippine legal system due to its colonial history. This principle aims to retain within the family line properties acquired by gratuitous title, recognizing the importance of familial bonds and obligations over such properties. This case illustrates the complexities arising from transactions involving properties subject to reserva troncal, highlighting the significance of being aware of and conducting proper diligence concerning a property's legal standing and history.