

****Title:**** Kings Properties Corporation v. Canuto A. Galido, G.R. No. 68828

****Facts:****

1. On April 18, 1966, the heirs of Domingo Eniceo, Rufina Eniceo, and Maria Eniceo, were awarded Homestead Patent No. 112947 for four parcels of land in San Isidro, Antipolo, Rizal, totaling 14.8882 hectares under OCT No. 535.
2. The homestead patent was subject to restrictions: inalienable and not encumberable for five years from issuance, transfer or conveyance before 25 years required approval by the Secretary of Agriculture and Natural Resources.
3. On September 10, 1973, Rufina and Maria Eniceo sold the property to Canuto A. Galido for ₱250,000. Galido received the duplicate copy of OCT No. 535.
4. Maria Eniceo died in June 1975, and the heirs continued to occupy the property, later reporting the owner's duplicate copy as lost.
5. On April 5, 1988, the heirs registered a Notice of Loss and petitioned the RTC of Antipolo for a new owner's duplicate copy, which was granted on January 31, 1989.
6. Galido claimed he knew about the RTC decision in 1991 and filed against Rufina Eniceo and Leonila Bolinas for falsity, though they were acquitted.
7. In February 1995, Leonila Bolinas offered to sell the property to Kings Properties Corporation. Due diligence showed OCT No. 535 without liens.
8. On March 14, 1995, Galido annotated an adverse claim on OCT No. 535.
9. On March 20, 1995, the heirs sold lots 3 and 4 to Kings Properties for ₱500,000, with the Registry issuing TCT No. 277120 to Kings Properties.
10. On April 5, 1995, lots 1 and 5 were sold to Kings Properties for ₱1,000,000, and TCT No. 278588 was issued.
11. On August 17, 1995, the DENR Secretary approved the 1973 deed of sale between the Eniceo heirs and Galido.
12. Galido filed a civil complaint for cancellation of titles and registration of the deed of sale in the trial court, which dismissed his case on July 4, 2000.
13. On appeal, the CA reversed the decision on December 20, 2004, and denied the Motion for Reconsideration on October 10, 2005. Kings Properties then petitioned the Supreme Court.

****Issues:****

1. Whether the adverse claim by respondent over the Antipolo property should be barred by laches.
2. Whether the deed of sale should be presumed an equitable mortgage.

****Court's Decision:****

1. ****Laches:****

- The Supreme Court held that respondent was not guilty of laches. Despite knowing about the duplicate copy in 1991, response actions including annotating adverse claims and filing a civil complaint were timely. Laches is inapplicable as respondent did not unduly delay asserting rights.

2. ****Validity of the Deed of Sale:****

- The Court ruled the deed of sale of September 10, 1973, was a valid contract of sale, perfected and consummated by execution and constructive delivery via the duplicate OCT copy. The belated approval by the DENR Secretary did not invalidate the sale.

- Kings Properties and the Eniceo heirs failed to prove forgery.

3. ****Equitable Mortgage Allegation:****

- The court dismissed the contention of an equitable mortgage, noting it lacked substantiation. The Eniceo heirs did not raise it earlier and were themselves not claiming existing debts secured by the transaction.

4. ****Good Faith of Buyer:****

- The Court held that Kings Properties was not a buyer in good faith as they purchased the property with an adverse claim already registered, charging them with constructive notice.

5. ****Resulting Decision:****

- The Supreme Court affirmed the decision of the Court of Appeals, declaring null and void the titles issued to Kings Properties and validating respondent's ownership claims.

****Doctrine:****

- The necessity for DENR Secretary approval within 25 years for homestead land transfers is directory and may be secured later to effectively ratify and conditionally validate the sale retroactively.

- Acts in registering a claim, even years after an agreement, may effectively protect ownership provided the buyer acted within legal norms and promptly upon discovering adverse activities.

- Actual or constructive possession and documentary control (like having the duplicate OCT) substantiate ownership against later claims.

****Class Notes:****

- Elements of a Valid Deed of Sale: Consent, object of the sale (the property), and the price.

- Constructive Delivery: Notarized deed of sale and delivery of owner's duplicate are tantamount to transfer and symbolic possession.

- Forgery Allegations: Burden of proving forgery lies on the party alleging it by providing

clear and convincing evidence.

- Equitable Mortgage: Parties' conduct must show beyond doubt an intention for mortgage. Presumptions can be rebutted by clear proof.
- Buyer in Good Faith: Buyer must verify claims and annotations on a title to claim good faith, and constructive notice, like an adverse claim annotation, charges all subsequent purchasers.

****Historical Background:****

- The case underscores the rigorous application of both procedural diligence and substantive rights in property law, reflecting long-standing principles under the Civil Code on property transfers, the necessity of thorough validation in property transactions, and the evidentiary requirements needed to rebut claims of forgery or bad faith.