

Title

Spouses Virgilio F. Santos & Esperanza Lati Santos, Spouses Victorino F. Santos and Lagrimas Santos, Ernesto F. Santos, and Tadeo F. Santos vs. Spouses Jose Lumbao and Proserfina Lumbao

Facts

- Rita Catoc Santos (Rita) sold 107 square meters of land to Spouses Jose and Proserfina Lumbao through two separate documents titled “Bilihan ng Lupa” on August 17, 1979 (100 sqm), and January 9, 1981 (7 sqm).
- Spouses Lumbao took possession, built their house, and maintained occupancy.
- Spouses Lumbao repeatedly requested formal documents for title transfer from Rita and her heirs.
- On May 2, 1986, heirs of Rita entered a Deed of Extrajudicial Settlement distributing Maria Catoc’s estate (Rita’s mother); the Lumbaos’ portion was included in the settled estate.
- Lumbaos filed a reconveyance complaint with damages after a formal demand for title transfer on June 15, 1992, was ignored.
- Petitioners (Rita’s heirs) denied the sale and accused Lumbaos of bypassing the Katarungang Pambarangay law (mandatory conciliation).
- Lumbaos amended their complaint upon discovering a Deed of Real Estate Mortgage on the property dated February 16, 1990.
- RTC Pasig dismissed Lumbaos’ complaint on June 17, 1998, but Court of Appeals reversed this decision on June 8, 2005, directing reconveyance to Lumbaos.
- Petitioners filed Motion for Reconsideration, denied by Court of Appeals on July 29, 2005.

Issues

1. Whether the complaint for reconveyance should be dismissed for failing to comply with the barangay conciliation process.
2. Whether the “Bilihan ng Lupa” documents were valid and enforceable.
3. Whether petitioners were legally bound to comply with the “Bilihan ng Lupa” documents and reconvey the property.
4. Whether petitioners’ various defenses, including allegations of document falsification, prescription, and laches, were valid.

Court’s Decision

****First Issue: Barangay Conciliation Compliance****

- ****Ruling****: Non-compliance with barangay conciliation could only affect the sufficiency of

the complaint, but it wasn't jurisdictional. Petitioners failed to file a Motion to Dismiss and actively participated, thereby waiving their right to object.

****Second Issue: Validity of "Bilihan ng Lupa"****

- ****Ruling****: The notarized documents were presumed regular and valid. Petitioners' denials lacked clear and convincing evidence. Petitioners' admissions in pleadings further discredited their allegations of fraud.

****Third Issue: Enforceability of "Bilihan ng Lupa"****

- ****Ruling****: Petitioners were bound by their mother's contracts due to privity over inherited properties. The non-registration of "Bilihan ng Lupa" by Lumbaos didn't invalidate them. Heirs inherit property with attendant liabilities.

****Fourth Issue: Prescription and Laches****

- ****Ruling****: Possession by Lumbaos exempted them from prescription claims. Continuous demands for title transfer disproved laches. The sale by Rita, even of an undivided share, was lawful and must be honored in inheritance distribution.

Doctrine

The ruling clarified that the active participation in a case waives any objections regarding non-compliance with pre-condition conciliation. It upheld the presumption of regularity of notarized documents unless proven otherwise by clear evidence. It also reiterated that heirs inherit property with existing contract liabilities and clarified that prescription doesn't apply as long as possession exists. Unregistered contracts remain valid between parties.

Class Notes

- ****Contracts****: Article 1311 of the Civil Code - Heirs are bound by their predecessors' lawful contracts.
- ****Notarization Presumption****: Public document validity (Rule 132 Section 19[b]). Clear and convincing evidence is required to dispute notarization.
- ****Prescription/Laches****: Actual possession negates prescription claims in reconveyance actions.
- ****Barangay Conciliation****: Section 408, Republic Act No. 7160 - Mandatory attempts. Waiver occurs upon active judicial participation.

Historical Background

The case highlights issues of posthumous property sales and the procedural intricacies involving estate administration and contractual obligations passed to heirs. It underscores

the importance of local mediation as prescribed by the Revised Katarungang Pambarangay Law while showing limitations upon sustained engagement in judicial proceedings. This Supreme Court decision serves as a benchmark for validating unsigned inheritances and upholding the endurance of notarized agreements through lineage.