

Title: Philippine Economic Zone Authority (PEZA) vs. Hon. Rumoldo R. Fernandez, Regional Trial Court of Lapu-Lapu City (Branch 54) and the Heirs of the Deceased Spouses Juan Cuizon and Florentina Rapaya

Facts:

- Subject Property:** Lot No. 4673 of the Opon Cadastre in Lapu-Lapu City, covered by Original Certificate of Title (OCT) No. RO-2537 issued on May 19, 1982.
- Claimants Registration:** Registered in the names of Florentina Rapaya, Victorino Cuizon, Isidro Cuizon and others, with an area of 11,345 square meters.
- Extrajudicial Partition:** On May 15, 1982, Jorgea Igot-Soroño, Frisca Booc, and Felix Cuizon executed an extrajudicial partition declaring themselves as sole heirs and were issued TCT No. 12467 on July 8, 1982.
- Expropriation Proceedings:** The lot was subject to expropriation (Civil Case No. 510-L). RTC of Lapu-Lapu City approved a Compromise Agreement between EPZA (now PEZA) and new registered owners on August 11, 1982. PEZA paid PHP 68,070 as compensation and acquired TCT No. 12788 on October 13, 1982.
- Complaint:** On July 29, 1996, the heirs of Juan Cuizon and Florentina Rapaya filed a Complaint for Nullity of Documents, Redemption, and Damages against PEZA and the other heirs for exclusion from extrajudicial settlement.
- Motion to Dismiss:** Filed by PEZA on February 17, 1997, on the ground of prescription, which was denied by the RTC on January 12, 1998 and reaffirmed on March 31, 1998.
- Court of Appeals:** PEZA's appeal to the CA was dismissed, affirming the RTC's decisions.

Issues:

- Whether the private respondents' claim against the expropriated property had prescribed.
- Whether reconveyance can be applied against the expropriated property.

Court's Decision:

- Prescription Issue:**
 - Applicable Law:** Section 4, Rule 74 of the Rules of Court, provides a two-year period to assert claims against the estate.
 - Constructive Notice:** Private respondents had constructive notice of the extrajudicial

settlement from July 8, 1982 (registration date) and had until July 8, 1984 to assert their claim.

- **Petitioner's Good Faith:** The property was in the hands of PEZA, an innocent purchaser for value (title acquired through a judicially approved Compromise Agreement).
- **Court's Ruling:** The action for claiming the property prescribed; PEZA acted in good faith and without knowledge of the alleged fraud.

2. **Reconveyance Issue:**

- **Legal Remedy Limitations:** Even an action for reconveyance based on fraud prescribes four years from discovery, which is deemed to occur upon issuance of the certificate of title.
- **Constructive Trust:** An action based on an implied trust similarly prescribes ten years from fraudulent registration or title issuance.
- **Time Lapse:** The title to the property was issued in August 1982, and the claim was filed in July 1996, exceeding both prescription periods.
- **Action Against Innocent Purchaser:** Reconveyance cannot be maintained against property sold to an innocent purchaser for value, such as the government in this case.
- **Court's Ruling:** The reconveyance claim is dismissed. Private respondents should seek damages against the defrauding heirs.

Doctrine:

1. **Prescription in Land Settlements:** Claims against extrajudicial partition must be filed within two years from registration unless the property remains with the fraudsters.
2. **Constructive Notice from Registration:** Registration serves as constructive notice to the world of property claims.
3. **Innocent Purchasers for Value:** Land cannot be reconveyed from an innocent purchaser for value; remedy lies in damages against the fraudulent parties.

Class Notes:

- **Elements of Prescription:**
 - Claim must be filed within the specified period (two years from notice).
 - Constructive notice via registration affects prescription timelines.
 - Good faith purchasers are shielded from reconveyance claims.
- **Implied/Constructive Trust:**
 - Actions based on fraud are bounded by the four-year discovery rule.
 - Implied/constructive trusts have a ten-year prescription from registration issuance.

- Possession by plaintiff may affect prescription rules for reconveyance.
- **Relevant Legal Provisions:**
- Rule 74, Section 4 of the Rules of Court.
- Civil Code Article 1410 (imprescriptibility of void contracts).
- Doctrine of constructive trust and requirements for prescription.

Historical Background:

This decision illustrates the protection accorded to innocent purchasers for value under the Philippine Torrens system and the importance of timeliness in asserting property claims to uphold stability in land titles. The case contextualizes the intersection of equitable remedies with statutory prescription and procedural adherence in the land registration landscape.