

Title:

Heirs of Marcelino Cabal vs. Spouses Lorenzo Cabal and Rosita Cabal, G.R. No. 153655

Facts:

Background and Early Events:

1. **Predecessors' Ownership**: Marcelo Cabal owned a 4,234 square meter parcel of land in Iba, Zambales.
2. **Death of Marcelo**: Marcelo died in August 1954, leaving behind his wife Higinia and their children: Marcelino, Daniel, Cecilio, Natividad, Juan, Margarita, Lorenzo, Lauro, and Anacleto.
3. **Initial Usage**: Around 1949, five years prior to his death, Marcelo allowed Marcelino to build his house on a portion of Lot G.

Post-Death Agreements and Transfers:

4. **Heirs' Settlement (1964)**: The heirs settled Lot G among themselves, each receiving equal undivided shares (423.40 square meters), resulting in the issuance of TCT No. T-8635.
5. **Subdivision (1976)**: Lot G was subdivided into Lot G-1 for Marcelino (TCT No. T-22656) and Lot G-2 for the other heirs (TCT No. 22657).

Transactions and Legal Proceedings:

6. **Subsequent Sales and Subdivision**:
 - 1973: Daniel sold part of his share to spouses Oscar Merete and Clarita Ebue.
 - 1978: Co-owners of Lot 1 (subdivision of Lot G-2) executed a partition and sale agreement.
7. **Survey and Title Issuance (1982-1993)**: A land survey was conducted, further subdividing Lot 1. TCT No. 43419 was issued to Lorenzo covering Lot 1-E.

Emerging Dispute:

8. **Occupancy Issue (1989)**: A survey showed that Marcelino and his son were occupying a part of Lot 1-E (Lorenzo's title) rather than Lot G-1.
9. **Failed Amicable Settlement**: Attempts to resolve the matter through a re-survey and lot swapping in 1989 did not materialize. Efforts to settle the dispute amicably, including at the barangay level, failed.

Court Cases:

10. **Municipal Trial Court (MTC)**:
 - August 10, 1994: Respondents file a complaint against Marcelino for recovery of possession with damages.

- November 19, 1997: MTC rules in favor of Marcelino on the grounds of prescription and knowledge of his possession by the respondents.

11. **Regional Trial Court (RTC)**:

- August 10, 2000: RTC reverses the MTC's decision, orders Marcelino to vacate and pay damages, arguing that his possession was in the capacity of a co-owner.

12. **Court of Appeals (CA)**:

- September 27, 2001: CA affirms RTC's decision in toto.

12. **Supreme Court (SC)**:

- June 6, 2002: Petitioners filed the current petition for review with the SC, challenging the findings on the good faith claim and Marcelino's intentions regarding holding both properties.

Issues:

1. **Good Faith**: Whether petitioner Marcelino Cabal occupied the disputed lot in good faith and whether such good faith diminished after discovering the inaccurate positioning of his title.

2. **Possession and Ownership Claim**: Whether Marcelino had the right to claim possession and introduce improvements on the disputed lot under the principle of good faith and lack of bad faith.

3. **Rightful Application of Articles 448, 546, and 548**: How to apply these Civil Code provisions regarding builders in good faith and the proper course for determining indemnity or land acquisition.

Court's Decision:

1. **Good Faith**:

- Examined evidence and historical facts to determine Marcelino's long-standing belief and good faith in occupying the disputed lot from 1949 with his father's consent and co-heirs' knowledge.

- Recognized no clear proof that Marcelino deliberately trespassed on respondents' property.

2. **Possession and Ownership Claim**:

- Acknowledged Marcelino as a builder in good faith at least until 1989, rejecting arguments of bad faith post-partition survey of 1976.

- Rejected prescription-based ownership claims due to lack of continued assertions in higher

court proceedings.

3. **Article 448 Application**:

- Decided that Marcelino's improvements on the respondents' land should adhere to Article 448's principles, remanding the case to the trial court for further determination of facts and respondents' options under the article, primarily concerning indemnity payments or purchase of the land.

Doctrine:

Builder in Good Faith:

A person who builds or plants in good faith on the land of another has rights and protections under Article 448. The landowner must either compensate the builder for improvements or sell the land to the builder under agreed or court-prescribed terms. Good faith is presumed and should be decided based on the builder's awareness and intention, with the onus on proving bad faith falling on the claimant accusing the possessor.

Class Notes:

Key Elements:

- **Good Faith Possession**: Belief in rightful ownership, steps taken towards legitimate settlement or construction, and lack of deliberate encroachment.
- **Acquisitive Prescription**: Requirements of possession in the concept of an owner, public, peaceful, uninterrupted, and adverse over specified time frames.
- **Article 448 Applicability**: Options for landowners confronting good faith improvements on their property.

Statutes:

- **Article 448**: Outlines property owner's and builder's rights concerning land where good faith building took place.
- **Article 546, 548**: Details compensation principles for necessary, useful, and luxury expenses in good faith possession cases.

Historical Background:

- **Land Ownership and Subdivisions**: Reflecting common land inheritance and partition issues within familial and co-ownership contexts.
- **Legal Proceedings Evolution**: Highlights the procedural progression and depth of

examining good faith within property disputes.

- **Judiciary Precedents**: Emphasizes established doctrines regarding co-ownership, prescription, and builder good faith principles, underscoring evolving interpretations and applications in Philippine jurisprudence.