

Title: Bohol Resort Development, Inc. vs. Doloreich Dumaluan

Facts:

On June 6, 2005, Doloreich Dumaluan filed a case with the Regional Trial Court (RTC) of Tagbilaran City for the declaration of nullity of a Transfer Certificate of Title (TCT) and reconveyance of a parcel of land. The appellant purchased land, Lot No. 5682 covering 23,971 square meters via a Deed of Extrajudicial Settlement with Sale from Juan Dumaluan's heirs. However, the Original Certificate of Title received covered only 16,298 square meters. The missing portion had been allegedly sold by the Lorejo family to Paulino Franco in 1983. This section was subdivided by Franco who obtained titles for the segmented lands, one of which he sold to the Uytengsus, who eventually sold it to Bohol Resort Development, Inc. (BRDI), resulting in the issuance of TCT No. 29414.

Doloreich contested the sale from the Lorejos to Franco as void, citing that Franco acquired land under false pretenses, that the Lorejos had no right to sell the land, and sought an injunction against BRDI's developments on the land. BRDI countered, asserting that it was an innocent purchaser for value and claimed the original owner was Valentin Dumaluan, whose heirs rightfully sold a portion of the land to Franco.

The RTC dismissed Doloreich's case for lack of cause of action, later amending this to prescription, reasoning that the period of limitation for a reconveyance action had passed. Doloreich appealed to the Court of Appeals (CA) which reversed the RTC's orders, directing the case back to RTC for continued proceedings, resulting in a Petition for Review by BRDI to the Supreme Court.

Issues:

1. Whether Doloreich's reconveyance claim was barred by prescription due to the lapse of the statutory period.
2. Validity of Doloreich's claim that the sale between the Lorejos and Franco was void, rendering the action imprescriptible.
3. Determination of the necessity of a trial on the merits to resolve the issues of ownership and validity of sales and transfers involving the property.
4. The status of BRDI as an innocent purchaser for value.

Court's Decision:

1. Prescription and Need for Trial: The Supreme Court found the CA's decision to remand the case was correct. The issue of prescription cannot be resolved solely on pleadings or

incomplete evidence, necessitating a full trial to clarify factual disputes, especially regarding the alleged void sale and claimed fraud.

2. Validity and Ownership: The Court agreed that the RTC needed to determine via trial whether the sale from the Lorejos to Franco was void. The allegations and documents referencing inconsistent land areas and inheritance rights require thorough examination.

3. BRDI's Innocence: BRDI's defense as an innocent purchaser for value needs to be established through trial, assessing if BRDI was indeed unaware of defects in the property's title chain.

Doctrine:

- Actions for reconveyance based on void contracts are imprescriptible, but requires determination of the contract's validity through trial.
- An action for reconveyance claiming fraud is subject to a ten-year prescription period from the registration of title.
- Prescriptive defenses require full resolution of factual claims before being conclusively determined.
- A purchaser's innocent status provides a shield only where there is no prior notice of possible title defects.

Class Notes:

1. Action for Reconveyance: Remedy for owners whose property is registered by others wrongfully. Prescription varies based on fraud vs. void contracts.
2. Void Contracts: Do not prescribe; actionable despite passage of time unless an innocent purchaser has already acquired title.
3. Innocent Purchaser for Value: Protects subsequent buyers with no knowledge of title defects.
4. Alco Oil v. The Hon. Court of Appeals: Importance of careful evidentiary review before dismissing a case based on procedural grounds like prescription.

Historical Background:

This case reflects ongoing Philippine judicial processes dealing with land titling issues, property rights, and the complexities involved in reconciling conflicting property claims in the context of inheritance and subsequent sales. The procedural history shows the Philippine legal system's emphasis on exhaustive factual inquiry before resolving property disputes.