

Title: Tiburcio Samonte v. Court of Appeals, et al., G.R. No. 104223, October 7, 1992

Facts:

1. The dispute concerned a parcel of land (Lot No. 216) in Nasipit, Agusan del Norte, originally owned by Apolonia Abao and her daughter, Irene Tolero, as per Original Certificate of Title (OCT) No. RO-238.
2. After Abao and Tolero's deaths, their heirs filed two separate actions in the Regional Trial Court (RTC) of Nasipit, Agusan del Norte:
 - a. Civil Case No. 1672 for quieting of title and recovery of possession of Lot 216-B-2-G.
 - b. Civil Case No. 1816 for quieting of title and recovery of possession of the entire Lot 216.
3. Civil Case No. 1816 sought annulment of titles (TCTs) derived from OCT No. RO-238, reinstatement of the original title, and cancellation of subsequent titles, including those owned by Tiburcio Samonte.
4. Lot 216 underwent several title transfers and subdivisions based on an allegedly fraudulent affidavit of extrajudicial settlement executed by Ignacio Atupan, misrepresenting himself as the sole heir of Apolonia Abao.
5. The RTC judged in favor of plaintiffs in both cases, declaring them co-owners of Lot 216, ordered the cancellation of fraudulent titles, and mandated defendants to vacate the premises.
6. The defendants, including Samonte, appealed to the Court of Appeals (CA), which consolidated the appeals and affirmed the RTC decisions.
7. Samonte petitioned the Supreme Court, challenging the CA's decisions.

Issues:

1. Whether the action for reconveyance filed by respondents has already prescribed.
2. Whether Tiburcio Samonte was a buyer in good faith and thus protected by law.

Court's Decision:

1. On Prescription:
 - The Court ruled that respondents' action for reconveyance based on fraud had not prescribed. Though generally, an action based on fraud must be filed within four years from discovery of the fraud (equivalent to registration under Torrens system), the Court applied the exception illustrated in the Adille case. The actual discovery occurred during litigation.
 - The fraud by Atupan's affidavit falsely claiming he was the sole heir led to the issuance of titles. Respondents only realized this fraud during trial, so their action remained timely.
2. On Good Faith:

- The Court held that Samonte was not a buyer in good faith. Knowing that respondents were the rightful heirs, he still purchased portions of the disputed land.
- The general rule of the Torrens system providing protection for good faith purchasers cannot shield those aware of irregularities. Samonte knew about the questionable status of the sellers' title, undermining his claim of good faith.

Doctrine:

- A Torrens title does not protect those who acquire by fraud or with notice of the fraudulent nature of the title.
- The prescriptive period for fraud-based actions on registered land starts upon the actual discovery of fraud, not necessarily from the date of registration, especially if induced by misrepresentation.

Class Notes:

- Key Concepts: Prescription of fraud actions, Good faith purchaser, Implied trust.
- Civil Code Articles: Art. 1456: Trustees declared by law for property acquired through mistake or fraud – 10-year prescription for actions.
- Statutory Provisions: Sec. 51 of Act No. 496 amended by Sec. 52 of P.D. 1529 (Registration as constructive notice).
- Case Applied: Adille v. Court of Appeals – recognized exception to constructive notice of registration, fraud knowledge starts prescriptive period.

Historical Background:

- Implies societal concerns on land ownership clarity after mass land titles were issued under the Torrens system in the Philippines, aiming to secure proper rights against claims, and delineates systemic legal evolution about fraud recognition and protection for rightful heirs and owners.