

### Title:

**Iglesia Filipina Independiente vs. Heirs of Bernardino Taeza** (G.R. No. 165930 & 725 Phil. 577)

### Facts:

- Initial Sale**: In 1976, Rev. Macario Ga, the then Supreme Bishop of Iglesia Filipina Independiente (IFI), sold two lots (Lot Nos. 3653-A and 3653-B) totaling 10,000 sqm to Bernardino Taeza for P100,000 paid in installments.
- First Complaint**: The Parish Council of Tuguegarao filed a complaint in 1977 for annulment of the sale, but it was dismissed for lack of personality to sue.
- New Leadership in IFI**: Post-1981, Bishop Abdias dela Cruz succeeded Rev. Ga as Supreme Bishop. A leadership dispute ensued, leading to SEC intervention, which was resolved in 1988 against Rev. Ga.
- Second Complaint**: In 1987, Rev. Soliman F. Ganno, as Supreme Bishop, filed another annulment complaint. This was dismissed on December 10, 1987, pending resolution of the leadership dispute.
- Property Registration**: Taeza registered the properties in his name in 1988 and obtained Transfer Certificates of Title Nos. T-77995 and T-77994.
- Third Complaint**: In 1990, the IFI, through Supreme Bishop Most Rev. Tito Pasco, again filed for annulment.
- RTC Judgment**: On November 6, 2001, the Regional Trial Court (RTC) ruled in favor of IFI, nullifying the deed of sale, mortgage, and corresponding titles and ordered Taeza's heirs to vacate the land.
- Appeal to CA**: Taeza's heirs appealed. On June 30, 2006, the Court of Appeals (CA) reversed the RTC decision, validating the sale and titles held by Taeza.
- Supreme Court Petition**: IFI appealed to the Supreme Court under a Petition for Review on Certiorari, arguing the sale's invalidity due to lack of requisite church approvals.

### Issues:

- Validity of the Deed of Sale with Mortgage**: Whether the sale contract was null and void.

2. **Enforceability of the Contract**: Assuming it was not null, whether the contract was unenforceable.
3. **Good Faith of Buyer Taeza**: Whether Taeza was a buyer in bad faith.

### ### Court's Decision:

1. **Validity of the Deed of Sale with Mortgage**:
  - The Supreme Court reversed the CA's decision, stating Rev. Macario Ga acted beyond his authority as the sale lacked required approvals from various church entities (laymen's committee, parish priest, Diocesan Bishop, and the Supreme Council).
  - **Resolution**: The deed of sale was declared unenforceable under Article 1403(1) of the Civil Code as Rev. Ga exceeded his authority.
2. **Enforceability of the Contract**:
  - The Court held the sale contract unenforceable as it lacked essential church approvals.
  - **Resolution**: The contract was without binding effect and could not be enforced.
3. **Good Faith of Buyer Taeza**:
  - The Supreme Court considered the property transfer a mistake. Under Article 1456 of the Civil Code, Taeza and his successors held the property under an implied constructive trust for the benefit of IFI.
  - **Resolution**: Tata's heirs must reconvey the property to IFI as they acquired it mistakenly.

### ### Doctrine:

- **Constructive Trusts**: Under Article 1456, property acquired through mistake or fraud results in the possessor holding it as a trustee for the rightful owner. In cases of implied constructive trusts, the trustee may acquire the property through prescription if the beneficiary fails to file an action for reconveyance within ten years from the registration of the title.
- **Authority of Church Leaders**: Adherence to internal church rules and approvals is mandatory in transactions involving church properties. Unauthorized dispositions can render contracts unenforceable.

### ### Class Notes:

- **Implied Trusts**: Result from circumstances of consideration viewed by equity law; distinct from fiduciary duties in express trusts.
- **Constructive Trusts**: Arise not from intention but as equity measures to prevent unjust

enrichment and correct mistakes or fraud.

- **\*\*Prescription Period\*\***: Actions for reconveyance based on implied or constructive trusts must be filed within ten years from the title registration (Article 1144).
- **\*\*Authority in Religious Corporations\*\***: Compliance with internal regulations of the religious body is crucial in validating transactions involving its properties (Corporation Code, Sec. 113).

### ### Historical Background:

The case reflects the importance of following church canons and bylaws when managing and disposing of church properties, ensuring no single individual can unilaterally alter the ownership of significant assets. The evolving leadership and ultimate resolution of the SEC dispute underscore the complexities often intrinsic in hierarchical religious organizations and the interplay between civil legal frameworks and ecclesiastical governance structures.