

Title: Spouses Pontigon v. Heirs of Meliton Sanchez

Facts:

Meliton Sanchez owned a 24-hectare parcel of land in Gutad, Floridablanca, Pampanga, registered under Original Certificate of Title (OCT) No. 207 issued on October 15, 1938. Meliton died intestate on August 11, 1948, leaving the property to his three children: Apolonio, Flaviana, and Juan. Petitioner Leodegaria Sanchez-Pontigon is Juan's daughter, and Luisito Pontigon is her husband.

In August 2000, Meliton's heirs discovered OCT No. 207 was missing, and despite no document of conveyance, a Transfer Certificate of Title (TCT) No. 162403-R in petitioners' names had been issued on May 21, 1980. The respondents filed a complaint for nullification of the title, alleging fraud and that the property transfer was invalid. They argued that the property remains unpartitioned among Meliton's heirs and that the petitioners held the title in trust.

The petitioners defended themselves, stating that the property transfer was based on an "Extra-judicial Settlement of Estate of Meliton Sanchez and Casimira Baluyut with Absolute Sale," executed on November 10, 1979, by Apolonio, Juan, and Flaviana. This was approved by the then Court of First Instance (CFI) of Pampanga on December 29, 1979, and became final and executory.

The Regional Trial Court (RTC) ruled in favor of the respondents, voiding TCT No. 162403-R, reinstating OCT No. 207, and affirming the mortgage by Quedan and Rural Credit Guarantee Corporation (Quedancor) without affecting the respondents' co-ownership. Petitioners appealed but the Court of Appeals (CA) affirmed the RTC decision, prompting the petition for certiorari with the Supreme Court.

Issues:

1. **Procedural Error**: Whether the CA correctly ruled that attorney Roniel Dizon Muñoz lacked authority to file a motion for reconsideration on behalf of petitioners.
2. **Prescription**: Whether the respondents' cause of action had prescribed.
3. **Document Validity**: Whether the Extra-judicial Settlement binds the respondents.
4. **Admissibility of Evidence**: Whether the Extra-judicial Settlement was admissible.
5. **Title Validity**: Whether TCT No. 162403-R should be nullified due to irregularities.
6. **Rule Relaxation**: Whether a relaxation of procedural rules is warranted in this case.

Court's Decision:

The Supreme Court found merit in the petition and reversed the CA's decision.

****Issue 1: Procedural Error****

- ****Ruling****: The CA erred. The motion for reconsideration filed by Atty. Muñoz should have been accepted as it was a collaboration, not a substitution, of counsel. The CA's denial was unjustified and deprived petitioners of legal remedies.

****Issue 2: Prescription****

- ****Ruling****: The respondents' action was barred by a 10-year prescription period starting from May 21, 1980, the issuance date of TCT No. 162403-R. The action filed in September 2000 was well beyond this period.

****Issue 3: Document Validity****

- ****Ruling****: The Extra-judicial Settlement, despite being a private document due to improper notarization, still binds the respondents as heirs of the contracting parties under Article 1311 of the New Civil Code. The allegations of coercion were considered but did not render the document void but voidable, rendering it valid due to the expiration of the prescriptive period for annulment.

****Issue 4: Admissibility of Evidence****

- ****Ruling****: The Extra-judicial Settlement was admissible. Petitioners had sufficiently proved its authenticity and due execution through testimonies.

****Issue 5: Title Validity****

- ****Ruling****: Potential irregularities in the issuance process of TCT No. 162403-R by the Registrar of Deeds do not automatically void the title. The courts presume regularity of government documents unless proven otherwise, and no fraud by petitioners was substantiated.

****Issue 6: Rule Relaxation****

- ****Ruling****: Given the significant corrections needed in the judgment, the Court held that a relaxation of procedural rules was justified to prevent the frustration of substantive justice.

Doctrine:

- ****Prescription of Actions****: Action for reconveyance based on implied trust prescribes in 10 years from the issuance of the Torrens title (*Walstrom v. Mapa, Jr.*).

- ****Binding Heirs to Contracts****: Under Article 1311 of the New Civil Code, heirs are bound by the contracts entered into by their predecessors.

- **Admissibility of Private Documents**: Private documents are admissible if due execution and authenticity are properly proven (Rule 132, Sec. 20 of the Rules of Court).
- **Regularity of Government Acts**: Government issuances, such as land titles under the Torrens System, enjoy a presumption of regularity (Rabaja Ranch Development Corporation v. AFP Retirement and Separation Benefits System).

Class Notes:

- **Implied Trusts**: The prescriptive period for actions based on implied or constructive trust is 10 years from the issuance of the title under P.D. No. 1529.
- **Form of Contracts**: Contracts affecting the creation, transmission, modification or extinguishment of real rights over immovable properties must be in a public document (Article 1358, New Civil Code).
- **Principles Binding Heirs**: Article 1311 of the New Civil Code states contracts bind the parties and their heirs, except where rights and obligations are non-transmissible.
- **Authentication of Documents**: A private document must be authenticated to be admitted into evidence, either by witnessing its execution or verifying the signature of the maker (Rule 132, Sec. 20, Rules of Court).

Historical Background:

The case exemplifies the post-World War II property registration challenges and procedural nuances within the Philippine judicial system. The decision underscores strict adherence to procedural rules concerning civil actions, inheritance, and land titling, highlighting the importance of proper documentation in property transactions. The case also showcases the judiciary's role in balancing substantive justice with procedural compliance to maintain the integrity of the Torrens title system.