

Title: Technology Resource Center vs. Heirs of Rodolfo Manipol Alvarez

Facts:

1. Miguel and Vicenta Alvarez, during their lifetimes, divided their properties orally among their children, including a 2,696 square-meter parcel (Lot No. 4310) in Los Baños, Laguna. Half of this lot was given to Rodolfo Alvarez while the other half was given to Fidela Alvarez Zarate.
2. In 1975, Rodolfo built a house on his share of the land and lived there with his family until his death in 2001. His family continued to occupy the property thereafter.
3. After Rodolfo's death, his widow, Beatriz, discovered that the lot was transferred to the names of Fidela and her husband, Pablo Zarate, through a May 30, 1978 Deed of Absolute Sale, which the Heirs of Alvarez claimed, bore forged signatures of Miguel and Vicenta Alvarez.
4. The entire parcel was mortgaged by the Zarates to TRC as collateral for a loan under the Agro-Industrial Technology Transfer Program (AITTP).
5. The Heirs of Alvarez filed a complaint for annulment of the deed of sale and mortgage, alleging fraud and lack of consent.
6. The Regional Trial Court dismissed the complaint, finding the deed of sale valid and the heirs barred by laches due to the delayed filing of their case until 2002, 24 years after the deed execution.
7. The Court of Appeals reversed this, declaring the deed and mortgage void as the oral partition or 'toka' was recognized, and the Zarates were not rightful owners of the property they mortgaged.

Issues:

1. Whether laches barred the heirs from questioning the deed and mortgage.
2. Whether an oral partition or 'toka,' supplemented by possession and ownership acts, had precedence over the written deed of sale.

Court's Decision:

1. ****Laches:****
 - The Supreme Court upheld that the principle of laches did not apply because the heirs filed their complaint only upon discovering the purported fraudulent deed in 2001. There was no neglect on their part as they had no prior knowledge of the transaction.
2. ****Oral Partition vs. Deed of Sale:****

- The Court supported the validity of the oral partition, emphasizing its enforcement through longstanding possession and acts of ownership by Rodolfo's heirs. Legal precedents acknowledge oral partitions that have been partly or fully executed through possession and acts of ownership.
- Consequently, since the Zarates were not absolute owners due to the oral partition, they had no right to mortgage the entire property to TRC. Article 2085 of the Civil Code stipulates that the mortgagor must be the absolute owner of the property mortgaged.

Doctrine:

- The case reaffirms that laches is not applicable when the party asserting a right had no prior knowledge of the act or instrument they are challenging.
- It affirms that an oral partition, especially when acted upon through continuous possession and ownership exercises, can be recognized over a written deed when the equity and intentions of parties are clear.

Class Notes:

- Laches: Defined as an unreasonable delay in asserting a right, but knowledge and opportunity to act are prerequisites. (Cited in *Phil-Air Conditioning Center v. RCJ Lines*, 773 Phil. 352, 369 (2015)).
- Oral Partition: Recognized when parties have taken possession and exercised control over individual portions, functioning similarly to a division in kind upheld by equity.
- Article 2085 of the Civil Code: Validity requirements for mortgages include that the mortgagor must be the absolute owner of the property, invalidating the Zarate's mortgage of the disputed lot.

Historical Background:

- This case reflects long-standing legal challenges in the Philippines concerning land ownership and family arrangements based on oral agreements, particularly in a cultural context where formal legal processes may not always be followed. The decision underscores the importance of evidentiary support even for informal family agreements, balanced with formal legal requisites.