

PABLO D. PALMA, PETITIONER, VS. EDUARDO REYES CRISTOBAL, RESPONDENT.

G.R. No. L-49219. December 11, 1946

Ponente: PERFECTO, J.

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PERFECTO, J.:

A parcel of land located in Queasada Street, Tondo, Manila, covered by transfer certificate of title No. 31073 of Register of Deeds of Manila, issued in favor of Petitioner Pablo D. Palma, is the subject of contention between the parties.

Petitioner sought, at first, to eject respondent Eduardo Cristobal Reyes from the land in question in a complaint filed with the Municipal Court of Manila. As respondent raised the question of ownership, the complaint was dismissed, and petitioner filed with the Court of First Instance of Manila the complaint which initiated this case, petitioner praying that he be declared the owner of the land that respondent be ordered to restore its possession and to remove his house therefrom.

The complaint was dismissed and petitioner brought the case to the Court of Appeals, where he again failed, the appealed judgment having been affirmed by a decision penned by Mr. Justice Padilla, concurred in by Mr. Justice Jose G. Generoso and and Mr. Justice Pedro Tuason.

The case is now before us on appeals by certiorari.

In 1909, after registration proceedings under the provisions of Act No. 496, original certificate of Title No. 1627 was issued in the names of petitioner and his wife Luisa Cristobal. In 1923, said certificate was cancelled and substituted by certificate of title No. 20968 by virtue of a decree issued by the Court of First Instance of Manila in connection with the Manila cadastre. It was later substituted by certificate of title No. 26704, also in the name of petitioner and his wife. After the latter's death in 1922, a new certificate of title was issued in 1923 only in the name of petitioner, substituted in 1928 by certificate of title No. 31073.

The Court of Appeals, upon the evidence, concluded with the Court of First Instance of Manila that the parcel of land in question is a community property held by petitioner in trust for the real owners (the respondent being an heir of one of them), the registration having been made in accordance with an understanding between the co-owners, by reason of the confidence they had in petitioner and his wife. This confidence, close relationship and the fact that the co-owners were receiving their shares in the rentals, were the reasons why no step had been taken to partition the property.

The Court of Appeals explains that it was only after the death of Luisa Cristobal and petitioner had taken a second wife that trouble on religious matters arose between petitioner and respondent, and it gives credence to the testimony of Apolonia Reyes and respondent to the effect that Luisa, before her death, called her husband, the petitioner, and enjoyed him to give to give her co-owners their respective shares.

Petitioner assigns as first error of the Court of Appeals the fact that it considered the oral testimony adduced in

behalf of respondent sufficient to rebut the legal presumption that petitioner is the owner of the land controversy.

In *Severino vs. Severino* (43 Phil. 343), this Court declared that "the relations of an agent to his principal are fiduciary and it is an elementary and very old rule that in regard to property forming the subject-matter of the agency, he is estopped from acquiring or asserting a title adverse to that of the principal. His position is analogous to that of a trustee and he cannot consistently, with the principles of good faith, be allowed to create in himself an interest in opposition to that of his principal or cestui que trust." Affirming the said doctrine in *Barretto vs. Luason* (50 Phil. 888), the Supreme Court declared that the registration of the property in the name of the trustees in possession thereof, must be deemed to have been effected for the benefit of the cestui que trust." In *Palet vs. Tejedor* (55 Phil. 790), it was declared that whether or not there is bad faith or fraud in obtaining a decree with respect to a registered property, the same does not belong to the "person in whose favor it was issued, and the real owners would be entitled to recover the ownership of the property so long as the same has not been transferred to a third person who has acquired it in good faith and for a valuable consideration. This right to recover is sanctioned by Section 55 of Act No. 496, as amended by Act No. 3522.

There is no showing why the conclusions of facts of the Court of Appeals should be disturbed, and upon said facts petitioner's first assignment of error appears to be untenable in the light of law and of the decisions of this Court.

Petitioner alleged that the Court of Appeals erred in not holding the respondent estopped from claiming that petitioner is not the absolute owner of the property in question because, after *Luisa Cristobal*, petitioner's wife, died in 1922, instead of moving for the partition of the property, considering specially that petitioner had promised such a partition at the deathbed of the deceased, respondent appeared as attorney for petitioner and prayed that a new certificate of title be issued in the name of said petitioner as the sole owner of the property.

Petitioner insisted with energy that respondent himself was a party to the fraud upon the court, as guilty as petitioner himself, and that estops him from asserting that he is the co-owner of the land involved herein.

There is no merit in petitioner's contention. The fact that respondent has been a party to the deception which resulted in petitioner's securing in his name the title to a property not belonging to him, is not a valid reason for changing the legal relationship between the latter and its true owners to such an extent as to let them lose their ownership to a person trying to usurp it.

Whether petitioner and respondent are or are not jointly responsible for any fraud upon a court of justice, can not affect the substantial rights of the real owners of the title of a real property.

Respondent is not barred because his appearance as attorney for petitioner was not a misrepresentation which would induce petitioner to believe that respondent recognized the former as the sole owner of the property in controversy. The misrepresentation could deceive the court and outsiders, because they were not aware of the understanding between the co-owners that the property be registered in the name of petitioner. The Court of Appeals found, and the finding is not now in issue, that petitioner was a party to the understanding and assumed the role of an instrument to make it effective. Respondent's appearance, as attorney for petitioner in 1923, was a consequence of the understanding, and petitioner could not legitimately assume that it had the effect of breaking or reversing said understanding.

Lastly, it is contended by petitioner that, even conceding that the controverted property was owned in common by several co-owners, yet the Court of Appeals erred in not holding that, as against respondent, petitioner had acquired absolute ownership of the same through prescription.

Upon the premise that the registration in 1909 in the name of petitioner and his wife, *Luisa Cristobal*, was in accordance with an agreement among the co-owners, petitioner advances the theory that when he, upon the death

of his wife in 1922, caused the trust property to be registered in his sole name in 1923, and subsequently partitioned between himself and his daughter, Ildefonsa Cristobal Ditangco, as heirs of the decedent, "he openly breached the agreement of 1903 as well as the promise made to his dying wife of giving the co-owners their respective shares," concluding that "that breach was an assumption of ownership, and could be the basis of title by prescription."

This theory holds no water because, according to the pronouncement of the Court of appeals, upon the evidence, petitioner held the property and secured its registration in his name in a fiduciary capacity, and it is elementary that a trustee can not acquire by prescription the ownership of a property entrusted to him. The position of a trustee is of representative nature. His position is the position of a trustee of a trust. It is logical that all benefits derived by the possession and acts of the agent, as such agent, should accrue to the benefit of his principal.

Petitioner's pretension of building his right to claim ownership by prescription upon his own breach of a trust can not be countenanced by any court, being subversive of generally accepted ethical principles.

The decision of the Court of Appeals is affirmed. No costs.

Moran, C.J., Paras, Feria, Pablo, Hilado, Bengzon, and Briones, JJ., concur.

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