

SOTERO ARMAMENTO, PLAINTIFF-APPELLANT, VS. CIPRIANO GUERRERO, DEFENDANT-APPELLEE.

G.R. No. L-34228. February 21, 1980

Ponente: MELENCIO-HERRERA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/a8ac29361c3c/>

MELENCIO-HERRERA, J.:

A case certified by the Court of Appeals pursuant to section 31 of the Judiciary Act, as amended, on the ground that it raises purely questions of law.

Plaintiff brought this action against defendant in the Court of First Instance of Cotabato (General Santos City) on January 27, 1967, seeking the reconveyance of a parcel of land, or for the declaration of an implied trust thereon, and for damages. The disputed property is Lot No. 974, PLS-247-D, situated in Klinan 6, Polomolok, South Cotabato, with an area of approximately 11 hectares. The property is covered by Original Certificate of Title No. V-16135 issued by the Register of Deeds of Cotabato pursuant to Free Patent No. V-19129 granted by the Director of Lands on July 20, 1961 in favor of defendant, but which plaintiff claims was acquired by defendant through fraud and misrepresentation.

Defendant raised the following affirmative defenses in his Answer: that plaintiff has no cause of action; that the trial Court has no jurisdiction over the subject matter; that the action has prescribed; and that it has not been brought in the name of the real party in interest.

The trial Court, in an Order dated February 14, 1968, sustained defendant's affirmative defenses and dismissed the Complaint holding that plaintiff has no cause of action against defendant; that if the action is to be based on fraud, the action has prescribed; and that if the action is for cancellation of title, plaintiff has no personality to bring the action, the proper party to institute the same being the Republic of the Philippines.

From this Order, plaintiff appealed to the Court of Appeals assigning the following errors:

"I

THE TRIAL COURT ERRED IN NOT EXERCISING ITS EQUITY JURISDICTION AS ENUNCIATED BY JURISPRUDENCE ON THE MATTER;

"II

THE TRIAL COURT ERRED IN IGNORING THE PLAINTIFF-APPELLANT'S CLAIM OF POSSESSION AND OF OWNERSHIP OVER THE LAND IN QUESTION;

"III

THE TRIAL COURT ERRED IN HOLDING THAT PLAINTIFF-APPELLANT HAS NO CAUSE OF ACTION;

"IV

THE TRIAL COURT ERRED IN HOLDING THAT PLAINTIFF-APPELLANT'S ACTION FOR RECONVEYANCE AND DECLARATION OF AN IMPLIED TRUST, AND DAMAGES HAS PRESCRIBED."

In a Resolution dated July 24, 1971, and as pre-viously stated, the Court of Appeals certified the case to this Court because the appeal involves only legal issues.

The Complaint alleges that plaintiff is the possessor-actual occupant of, and the homestead applicant, over Lot No. 974, having continuously possessed and cultivated the same since 1955 and having filed his Homestead Application No. 37-31 therefor on July 7, 1959; that the aforesaid application was approved by the Bureau of Lands on July 7, 1959 (the correct date is January 6, 1964); that when he was following up his Homestead Application, he was shocked to discover that defendant, through fraud and misrepresentation, succeeded in obtaining Free Patent No. V-19129 and OCT No. V-16135 by falsely stating in his Free Patent Application that he had continuously possessed the lot in question since July 4, 1945 or prior thereto, when, in truth and in fact, defendant was never in possession thereof. He then prayed that the Court order defendant to reconvey the disputed lot to him, or if reconveyance is improper, that the lot be declared in trust for the benefit of the Republic of the Philippines, and for him, who is clearly entitled thereto.

Defendant, in his Answer, denied that he was not in possession, alleging that he had been in occupation of said lot and had even authorized Macario Caangay to administer the same while he was temporarily away for missionary work in Cagayan de Oro; that he had filed his application on August 1, 1958 prior to plaintiff's application filed on July 7, 1959, and that title was issued in his favor on July 20, 1961. Defendant also attached to his Answer a Certification dated April 1, 1967, issued by the Acting District Land Officer, District Land Office VIII-4, General Santos, Cotabato, to the effect that the parties' conflicting claims are under investigation in D.L.O. Conflict No. 15 (N).[1]

It will thus be seen that the disputed land was the subject of two Patent Applications. Defendant filed his Free Patent Application on August 1, 1958. Plain-tiff filed his Homestead Patent Application approximately one year later or on July 7, 1959. Defendant was issued Free Patent No. V-19129 on July 20, 1961 and Original Certificate of Title No. V-16135 on February 23, 1962. Plaintiff's Homestead Application was approved on January 6, 1964. The present suit was instituted on January 27, 1967.

It is to be noted that the trial Court dismissed the case after a hearing on the affirmative defenses. No trial on the merits was held. That dismissal was based on the following grounds: that plaintiff has no personality to file the action for reconveyance, the proper party being the Republic of the Philippines; that plaintiff has no cause of action in the absence of privity of contract between the parties; that de-fendant's title, issued in 1962, has become indefeasible, consequently, the Court is powerless to cancel the same; and that even if the suit were based on fraud, the action has prescribed.

It is true that the basic rule is that after the lapse of one year, a decree of registration is no longer open to review or attack, although its issuance is attended with fraud.[2] This does not mean, however, that the aggrieved party is without remedy at law. If the property has not as yet passed to an innocent purchaser for value, an action for reconveyance is still available.[3]

"The sole remedy of the land owner whose property has been wrongfully or erroneously registered in another's name is, after one year from the date of the decree, not to set aside the decree, x x x but, respecting the decree as incontrovertible and no longer open to review, to bring an ordinary action in the ordinary court of justice for reconveyance or, if the property has passed into the hands of an innocent purchaser for value, for damages".[4]

This is exactly what plaintiff has done. He has instituted this action for reconveyance alleging that defendant had

succeeded in obtaining title through fraud and misrepresentation by falsely stating in his free patent application that he had continuously pos-sessed the land since July 4, 1945 when, in truth and in fact, defendant had never been in possession. Plaintiff has been unable to prove his charges of fraud and misrepresentation because of the dismissal Order of the trial Court without benefit of a full-dress hearing.

While plaintiff is not the "owner" of the land he is claiming, so that, strictly speaking, he has no personality to file this action,[5] he pleads for equity and invokes the doctrine of implied trust enunciated in Article 1456 of the Civil Code as follows:

"Art. 1456. If property is acquired through mistake or fraud, the person obtaining it is, by force of law, considered a trustee of an implied trust for the benefit of the person from whom the property comes."

The particular circumstances obtaining herein im-pel us to exercise our equity jurisdiction to the end that substantial justice may be dispensed to the party litigants. To affirm the trial Court's Order of dismissal would leave the present controversy unresolved and pending investigation at the administrative level. Aside from the length of time it would probably take for the case to reach the highest administrative authority, any final adjudication rendered by the latter may eventually be raised to the appellate Courts for judicial review. This circuitous and tedious process can be eliminated for the sake of the speedy administration of justice by remanding the case to the trial Court for determination on the merits of the issue of validity of the issuance of Free Patent No. V-19129 and of the title which followed as a matter of course.

"A court of equity which has taken jurisdiction and cognizance of a cause for any purpose will ordinarily retain jurisdiction for all purposes (Texas v. Florida, 306 US 298; Yarnell v. Hillsborough Packing Co., 92 ALR 1475; Erkskine v. Upham, 132 P 2d 219, and other cases cited), decide all issues which are involved in the subject matter of the dispute between the litigants (Russel v. Clark, 3 L ed 271 and other cases cited), and award relief which is complete and finally disposes of the litigation (Katchen v. Landy, 382 US 323 and other cases cited), so as to accomplish full justice between the parties litigant, (Hepburn v. Dunlop [US] 4 L ed 65; Henderson v. Henderson, 46 SE 2d 10 and other cases cited), prevent future litigation (Sonnicksen v. Sonnicksen, 113 P 2d 495 and other cases cited), and make performance of the court's decree perfectly safe to those who may be compelled to obey it (Wright v. Scotton, 121 A 69; Olsen v. National Memorial Gardens, Inc. 115 NW 2d 312) (cited in 27 Am Jur 2d Equity, sec. 108)."

Likewise to satisfy the demands of justice, the doctrine of implied trust may be made to operate in plaintiff's favor, assuming that he can prove his allegation that defendant had acquired legal title by fraud.

"x x x a constructive trust is a trust 'raised by construction of law, or arising by operation of law.' In a more restricted sense and as contradistinguished from a resulting trust, a constructive trust is 'a trust not created by any words, either expressly or impliedly evincing a direct intention to create a trust, but by the construction of equity in order to satisfy the demands of justice. It does not arise by agreement or intention but by operation of law.' (89 C.J.S. 726-727). 'If a person obtains legal title to property by fraud or concealment, courts of equity will impress upon the title a so-called constructive trust in favor of the defrauded party.' A constructive trust is not a trust in the technical sense (Gayondato vs. Treasurer of the Phil., 49 Phil. 244; see Art. 1456 of the Civil Code."[6]

Plaintiff's action for reconveyance may not be said to have prescribed, for, basing the present action on implied trust, the prescriptive period is ten years.[7] Title was obtained by defendant on February 23, 1962. Plaintiff commenced this suit for reconveyance on January 27, 1967. And if plaintiff's cause of action is based on fraud, which should ordinarily be brought within four years from the discovery of the fraud, deemed to have taken place when the certificate of title was issued,[8] it need only be recalled that the conflicting rights of the parties were already pending investigation before District Land Office VIII-4, General Santos, Cotabato, even before plaintiff instituted the present suit for reconveyance.

WHEREFORE, this case is hereby ordered remanded to the Court of First Instance of Cotabato, Branch II, at General Santos City, for hearing on the merits and rendition of the corresponding judgment.

SO ORDERED.

Teehankee, (Chairman), Makasiar, Fernandez, Guerrero, and De Castro, JJ., concur.

[1] Pp. 12-14, Record on Appeal.

[2] Sec. 38, Act No. 496.

[3] Sec. 55, Act No. 496; Clemente vs. Lukban, 53 Phil. 931.

[4] Director of Lands, et al., vs. Register of Deeds of Rizal, et al., 92 Phil. 826 (1953).

[5] Nebrada vs. Heirs of Alivio, et al., 104 Phil. 126 (1958); Sumail vs. Judge, 96 Phil. 946 (1955).

[6] Ramos vs. Ramos, 61 SCRA 284, 298-299 (1974).

[7] Jaramil vs. CA, 78 SCRA 420 (1977); Carantes vs. CA, 76 SCRA 514 (1977); Ruiz vs. CA, 79 SCRA 525 (1977); Duque vs. Domingo, 80 SCRA 654 (1977); Vda. de Nacalaban vs. CA, 80 SCRA 428 (1977).

[8] Fabian vs. Fabian, 22 SCRA 231 (1968).

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.