

FELIPE DAVID AND ANTONIA G. DAVID, PETITIONERS, VS. EULOGIO BANDIN (SUBSTITUTED BY HIS LEGAL HEIRS, NAMELY: JUANA, SILVERIO, JOSE, GABRIEL, ANICETA, VIRGINIA AND FELIX, ALL SURN...*G.R. No. L-48322. April 08, 1987*

Ponente: YAP, J.

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These petitions, which were consolidated by resolution of this Court dated February 20, 1980, stemmed from a complaint filed by the herein respondents with the Court of First Instance of Rizal, Branch VII, Pasay City, on June 14, 1963, for the recovery and partition of property. The complaint was amended twice to reflect additional pertinent and material facts, such as transfers, partitions, subdivisions and registration of portions of the properties involved, and to bring in other indispensable parties to the case.

On April 12, 1975, a decision was rendered by the trial court, in favor of the plaintiffs, declaring, however, that certain properties could no longer be reconveyed to plaintiffs since they had been transferred to purchasers who bought them in good faith for value. Not satisfied with the decision, both plaintiffs and defendants appealed to the Court of Appeals. The plaintiffs' appeal was docketed as CA-G.R. No. 58647-R, while that of defendants as CA-G.R. No. 60511-R. Both appeals were consolidated, and a decision was rendered by the Court of Appeals on May 19, 1978, which modified the decision of the trial court in that it nullified the transfers made to the defendants who were declared by the trial court as purchasers in good faith.

From the decision of the Court of Appeals, an appeal was taken by the parties adversely affected thereby to this Court. Except for petitioners in G.R. No. L-49716 who seek restoration of the status quo ante, all other petitioners pray that the decision of the trial court be reinstated.

The facts antecedent of this petition, as may be gathered from the decision, are as follows:

During their lifetime, the spouses Juan Ramos, who died on March 5, 1919, and Fortunata Calibo, who died before 1919, were the owners of two parcels of land situated in Las Pinas, Rizal: 1) A parcel of land situated in Barrio Talon, with an area of 39,887 square meters, under Tax Declaration No. 9614 (Talon property for short); and 2) A parcel of land situated in Barrio Laong, with an area of 15,993 square meters, under Tax Declaration No. 4005, although the actual area when surveyed was 22,288 square meters (Laong property for short).

Both spouses died intestate, leaving as heirs two legitimate children, Candida and Victoriana Ramos, and a granddaughter, Agapita Ramos, daughter of their deceased son, Anastacio. Upon the death of the said spouses, their daughter, Candida Ramos, assumed administration of the properties until her death on February 16, 1955. Victoriana Ramos died on December 12, 1931.

Both Candida and Victoriana Ramos died intestate. Candida Ramos was survived by the following heirs: 1) Victoria Martin-Omanbac, 2) Antonio Martin, 3) Juanita Martin Vda. de Lucena, 4) Maximina Martin Vda. de

Cosme, 5) Raymundo Martin, 6) Aquilina de la Cruz, and 7) Leonora de la Cruz. Victoriana's heirs are her children from her two marriages, namely: 1) Eulogio Bandin, 2) Gregorio Bandin, 3) Raymunda Bandin, 4) Valentin Briones, and 5) Sofio Briones.

The record shows that sometime in 1943, Candida Ramos prevailed upon her niece, Agapita Ramos, and her nephew, Eulogio Bandin, to sell a portion of the Talon property to the spouses Rufino O. Miranda and Natividad Guinto. This portion was divided into three lots: Parcel 1, containing an area of 24,363 square meters, declared under Tax Declaration No. 2996 (1948). The spouses Rufino Miranda and Natividad Guinto subsequently sold the said lot to Narciso Velasquez and Albino Miranda. These two later sold the same property to Velasquez Realty Company, Inc., which registered the property and obtained OCT No. 1756 (later cancelled and replaced by TCT No. 165335); Parcel 2, containing an area of 752 square meters, declared under Tax Declaration No. 3358 (1949); and Parcel 3, containing an area of 516 square meters under Tax Declaration No. 3359 (1949). Parcels 2 and 3 were subsequently sold by Rufino Miranda and Natividad Guinto to Jose Ramirez and Sotero Ramirez (survived by Ambrocia Vda. de Martin), respectively, who registered these properties and obtained OCT Nos. 2027 and 2029 in their respective names.

The remaining portion of the Talon property was extrajudicially partitioned on September 17, 1955 among the heirs of Candida Ramos, namely: Juanita Martin, Victoria Martin, Maximina M. Vda. de Cosme, Antonio Martin and Raymundo Martin. In 1959, this property was subdivided (Subdivision Plan PSU-173299) into seven lots and adjudicated as follows:

- 1) To the heirs of Raymundo Martin, namely, Juan, Antonio, Rodrigo, Norma, Bernardo, Rufina and Nieves, all surnamed Martin, and Trinidad Bunag Vda. de Martin — Lot 1, containing an area of 774 square meters, declared under Tax Declaration No. 5588 (1960). This lot was subsequently sold to Consolacion de la Cruz who was able to register the property in her name under OCT No. 4731 (later cancelled and replaced by TCT Nos. 227470 and 227471).
- 2) To Juanita Martin — Lot 2, containing an area of 774 square meters, declared under Tax Declaration No. 4831, and subsequently titled in her name under OCT No. 10002, issued on December 18, 1973.
- 3) To Leonora de la Cruz, granddaughter of Candida Ramos by her son Meliton de la Cruz by her first husband — Lot 3, containing an area of 346 square meters, declared under Tax Declaration No. 5526 (1960) and subsequently registered under OCT No. 6102, issued on January 29, 1967.
- 4) To Antonio Martin — Lot 4, containing an area of 774 square meters, declared under Tax Declaration No. 4833. The property was subsequently sold by the heirs of Antonio Martin to Nemesio Martin.
- 5) To Victoria Martin — Lot 5, containing an area of 773 square meters, declared under Tax Declaration No. 5590. This lot was later registered by Victoria, to whom OCT No. 3706 was issued on August 22, 1963. She subsequently sold a portion of 300 square meters to Magno de la Cruz on September 25, 1963, to whom was issued TCT No. 116450.
- 6) To Maximina Martin — Lot 6, containing an area of 773 square meters, under Tax Declaration No. 5591 (1960). Maximina was able to register the land and was issued OCT No. 3707 on August 22, 1963. She later sold a portion of 300 square meters to Magno de la Cruz, to whom was issued TCT No. 116450.
- 7) To Aquilina de la Cruz — Lot 7, with an area of 428 square meters, declared under Tax Declaration No. 5592 (1960). Aquilina is the granddaughter of Candida Ramos by her son Meliton de la Cruz by her first marriage. Aquilina registered the land in her name in 1967 and was issued OCT No. 6103.

The Laong property was sold by Candida Ramos and her children on December 19, 1943 to Hermogenes Lucena, husband of Juanita Martin, one of the daughters of Candida. On September 23, 1959, Juanita (then widowed) sold the property to the spouses Gregorio and Mary Venturanza for P43,236.00 of which P10,000 was paid as down payment, the balance to be paid upon the vendor obtaining Torrens title to the land. On January 21, 1965, the Venturanzas, in a deed of sale also signed by Juanita Martin, conveyed a portion of the property with an area of 15,000 square meters to the spouses Felipe and Antonia David, in liquidation of the latter's investment in the joint real estate venture which they had entered into with the Venturanzas in April 1959. Juanita Martin Vda. de Lucena was able to register the property in her name and was issued OCT No. 8916 on July 1, 1971. The portion sold to the spouses Felipe and Antonia David is presently covered by TCT No. 372092.

From the foregoing facts as established by the evidence, the trial court held that the Talon and Laong properties formed part of the estate of the spouses Juan Ramos and Fortunata Calibo, which after their death devolved by right of succession upon their heirs, namely, Candida Ramos, Victoriana Ramos and Agapita Ramos, each of whom was entitled to one-third (1/3) pro-indiviso share of the properties. The estate of the deceased spouses was never judicially or extrajudicially settled among their heirs, who, therefore, remained pro-indiviso co-owners of the said properties, and upon the death of Victoriana and Candida, their respective shares in turn passed to their heirs. Accordingly, the trial court declared the plaintiffs, Agapita Ramos, and the heirs of Victoriana Ramos, entitled to two-thirds (2/3) pro-indiviso share of the Talon and Laong properties, and ordered the defendants heirs of Candida Ramos to reconvey to plaintiffs their shares in those properties. However, such reconveyance was no longer possible with respect to the portions which, in the meantime, had been sold and disposed of to third parties who were purchasers in good faith and for value.

The following parties were held to be purchasers in good faith: 1) defendants Rufino Miranda, Narciso Velasquez, Albina Miranda and Velasquez Realty Co., with respect to 24,636 square meters (Parcel 1) of the Talon property sold by Candida Ramos, Eulogio Bandin and Agapita Ramos in 1943; 2) defendants Jose Ramirez and Ambrocia Vda. de Ramirez (widow of Sotero Ramirez), with respect to 752 square meters (Parcel 2) and 516 square meters (Parcel 3), respectively, of the Talon property; 3) defendant Consolacion de la Cruz, with respect to 774 square meters (Lot 1 of Subdivision Plan PSU-173299); 4) defendant Nemesio Martin, with respect to 774 square meters (Lot 2 of Subdivision Plan); 5) defendant Magno de la Cruz, with respect to 300 square meters sold by Victoria Martin and 300 square meters sold by Maximina Martin (portions of Lots 5 and 6 of Subdivision Plan); 6) defendant spouses Felipe and Antonia David, with respect to 15,000 square meters of the Laong property. Since the foregoing properties could not be reconveyed to the plaintiffs, the defendants heirs who sold them were ordered to pay the plaintiffs two-thirds (2/3) of the present value of such properties.

As stated heretofore, the trial court's decision was upheld by the respondent Court of Appeals, except with respect to the finding that third parties who bought portions of the properties from the defendants heirs were purchasers in good faith. This finding was reversed by the respondent appellate court. In fine, the appellate court: a) nullified the sale of the Laong property by Candida Ramos Vda. de Martin and her children in 1943 in favor of Hermogenes Lucena, the husband of Juanita Martin, one of the daughters of Candida, as well as all subsequent sales, transfers and conveyances of said property, insofar as they affected the two-thirds (2/3) pro-indiviso share of Agapita Ramos and the heirs of Victoriana Ramos; b) nullified the sale of portions of the Talon property by Candida Ramos, Eulogio Bandin and Agapita Ramos in 1943 in favor of the spouses Rufino Miranda and Natividad Guinto, and all the subsequent transfers of said properties, insofar as the four-fifteenth (4/15) share of Gregorio Bandin, Raymundo Bandin, Sofio Briones and Valentin Briones were affected; and c) invalidated the deed of extrajudicial partition among the heirs of Candida Ramos over the remaining portion of the Talon property in 1955 and the subdivision thereof into individual lots among said heirs, as well as all subsequent transfers and conveyances of some of said lots, or portions thereof, to third parties, insofar as they affected the

two-third (2/3) pro-indiviso share pertaining to Agapita Ramos and the heirs of Victoriana Ramos.

From the above decision of the Court of Appeals, the petitioners have come to us on separate petitions for review by certiorari.

G.R. No. L-49716:

The petitioners are the heirs of Candida Ramos, led by Juanita Martin Vda. de Lucena and joined in by her brothers and sisters who are the children of Candida by her first and second marriages. Primarily, petitioners alleged that the Court of Appeals erred in not declaring that private respondents' claim, if any, is barred by prescription; and in annulling and ordering the cancellation of Original Certificate of Title No. 8916 issued in the name of Juanita Martin pursuant to a decision by the land registration court, affirmed by the Court of Appeals in CA G.R. No. 35191-R, which had already become final and executory.

Petitioners claim in their brief, apparently referring to the Laong property only, that Juanita Martin, widow of Hermogenes Lucena and daughter of Candida Ramos; had been in possession of the property since 1943 to the exclusion of private respondents. The trial court, however, found that Candida Ramos, until her death on February 15, 1955, administered the Laong property, and that plaintiffs-appellants were given their shares of the fruits thereof, though irregular and at times little, depending on the amount of the harvest. Under Article 494 of the new Civil Code (Article 400 of the old Civil Code), prescription generally does not run in favor of a co-heir or co-owner as long as he expressly or impliedly recognizes the co-ownership. While an implied or constructive trust prescribes in ten years, the rule does not apply where a fiduciary relation exists and the trustee recognizes the trust.[1]

In the case at bar, there is no showing that the rights of the plaintiffs as co-owners were repudiated by Candida Ramos in her lifetime; in fact, the evidence as found by the trial court show the contrary.

The court a quo did not sustain the defense of laches and prescription put up by the defendants (herein petitioners) since it was not shown that the plaintiffs were guilty of negligence or slept on their rights. They sent a letter of demand to the heirs of Candida Ramos on April 23, 1963, and filed their complaint against them on June 14, 1963, or within a period of approximately eight (8) years from Candida's death.

In sustaining the findings of the trial court, the Court of Appeals did not commit any reversible error.

Petitioners further invoke the doctrine of res judicata in that the decree of registration of the property in the name of Juanita Martin as owner by the land registration court was affirmed by the Court of Appeals in its decision dated July 16, 1969 in CA G.R. No. 35191-R, which had already become final and executory. Both the respondent Court of Appeals and the trial court correctly rejected the petitioners' contention. There can be no res judicata since private respondents were not parties to the above case. Neither can it be claimed that the decree of registration vested ownership in Juanita Martin. The appellate court, citing jurisprudence established by this Court, held that the purpose of the Land Registration Act is not to create or vest title, but to confirm and register title already vested and existing in the applicant for a title.[2]

G.R. No. L-48322:

The petitioners spouses Felipe David and Antonia G. David purchased portions of the Laong property, consisting of 15,000 square meters, on February 21, 1965 from the spouses Gregorio and Mary Venturanza, who, in turn, purchased the property from Juanita Martin Vda. de Lucena, on September 23, 1959. At the time both purchases took place, the property in question was still an unregistered land. The land was registered in the name of Juanita Martin only on July 1, 1971, to whom was issued OCT No. 8916.

Petitioners contend that the Court of Appeals erred in holding that they are buyers in bad faith, in ordering the cancellation of OCT No. 8916 and all subsequent transfer certificates of title derived therefrom, and in ordering petitioners to reconvey to respondents their two-third (2/3) pro-indiviso share of the land and to segregate therefrom 10,000 square meters for reconveyance to respondents.

In assailing the decision of the appellate court, petitioners invoke the doctrine of incontrovertibility of the decree of registration after one year from issuance, and the doctrine of conclusiveness and indivisibility of titles issued under the Torrens system. Petitioners might have stood on solid ground in invoking the above doctrines if they had purchased the property from the registered owner after the issuance of the decree of registration and the corresponding certificate of title in his name.[3]

As the record shows, petitioners bought the property when it was still unregistered land. The defense of having purchased the property in good faith may be availed of only where registered land is involved and the buyer had relied in good faith on the clear title of the registered owner. One who purchases an unregistered land does so at his peril. His claim of having bought the land in good faith, i.e. without notice that some other person has a right to, or interest in, the property, would not protect him if it turns out that the seller does not actually own the property. This is what happened in the case at bar.

G.R. No. L-49867:

In this petition, petitioners Jose Ramirez and the heirs of Ambrocia P. Vda. de Ramirez (widow of Sotero Ramirez), assail the decision of the respondent Court of Appeals declaring them purchasers in bad faith and ordering them to reconvey to the plaintiffs Gregorio Bandin, Raymunda Bandin, Valentin Briones and Sofio Briones, four-fifteenth (4/15) share pro-indiviso of the properties they purchased from the spouses Rufino Miranda and Natividad Guinto. The land in question, containing an area of 516 square meters, more or less, was purchased by Jose Ramirez on June 4, 1949. Sotero Ramirez purchased his land, with an area of 752 square meters on July 9, 1948 and May 10, 1949. These parcels of land purchased by the Ramirezes were part of the portion of the Talon property bought by the spouses Rufino and Natividad Miranda from Candida Ramos, Eulogio Bandin and Agapita Ramos in 1943.

The appellate court held that Jose Ramirez and his father Sotero Ramirez were not purchasers in good faith, not having made diligent investigation of the true ownership of the properties they bought, but relied merely on the tax declaration shown to them by the seller, Rufino Miranda. We have no reason to disturb the foregoing findings of the respondent appellate court. Besides, as mentioned earlier, the issue of good faith or bad faith of the buyer is relevant only where the subject of the sale is registered land and the purchaser is buying the same from the registered owner, whose title to the land is clean. In such case, the purchaser who relies on the clean title of the registered owner is protected if he is a purchaser in good faith for value. However, this is not the situation before us in the instant case. What petitioners bought were unregistered lands.

Petitioners contend that the respondents are barred by estoppel and laches from recovering the property in question. We have already dealt with this issue above. We find the contention without merit.

Petitioners suggest that the portion ordered to be taken from the properties of Jose and Sotero Ramirez should be taken instead from the shares which pertain to and are held by the heirs of Candida Ramos. We do not find the suggestion meritorious. The respondents are entitled to their pro-indiviso share of the property unlawfully sold by Candida Ramos, Agapita Ramos and Eulogio Bandin to the Miranda spouses from whom the petitioners bought the parcels of land in question. Hence, it would not be proper for the court to limit respondents' right to recover their pro-indiviso share of the property only from the remaining portion still in the possession of the heirs of Candida Ramos.

G.R. No. L-49712:

The case of Magno de la Cruz stands on different footing from the other petitions. The property purchased by him from Victoria Martin and Maximina Martin were registered lands, covered by Torrens title. Being a purchaser in good faith for value, Magno de la Cruz is protected by the law. In the absence of a showing that he had actual notice of the defect in the title of the vendors or that he is a buyer in bad faith, the deed of sale in his favor and the corresponding certificate of title issued in his name can not be nullified and cancelled. Hence, it was error for the respondent court to invalidate the sale made by Victoria and Maximina Martin in favor of Magno de la Cruz to the extent that it prejudiced the two-third (2/3) pro-indiviso share of respondents in the property and to order petitioner to reconvey said share to respondents. The petition of Magno de la Cruz is meritorious, and the decision appealed from should be modified accordingly.

WHEREFORE, in view of all the foregoing, judgment is hereby rendered:

1. Dismissing the petitions in G.R. Nos. L-48322, L-49716 and L-49687;
2. Granting the petition in G.R. No. L-49712, declaring valid the deeds of sale executed by Victoria Martin (Exh. 8-Magno de la Cruz) and Maximina Martin (Exh. 4-Magno de la Cruz) in favor of petitioner Magno de la Cruz, as well as Transfer Certificate of Title No. 116450 issued in the latter's name, ordering Victoria Martin and Maximina Martin to pay the respondents two-third (2/3) of the present value of the property sold by them to Magno de la Cruz, and modifying the appealed decision accordingly; and
3. Affirming the appealed decision, except as modified above.

No pronouncement as to costs.

SO ORDERED.

Narvasa, Melencio-Herrera, Cruz, Feliciano, and Sarmiento, JJ., concur.
Gancayco, J., no part.

[1] De Buencamino vs. De Matias, 16 SCRA 849; Heirs of Candelaria vs. Romero, 109 Phil. 500.

[2] Angeles vs. Samia, 66 Phil. 444.

[3] Cui and Joven vs. Henson, 51 Phil. 612.

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