

TEOTIMO EDUARTE, PETITIONER, VS. COURT OF APPEALS, DOMINGO BELDA AND ESTELITA ANA, RESPONDENTS.

G.R. No. 121038. July 22, 1999

Ponente: BUENA, J.

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BUENA, J.:

Assailed in this petition for review on certiorari is the decision[1] of the Court of Appeals in CA-G.R. No. 40183 which affirmed with modification the decision[2] of the Regional Trial Court of Irosin, Sorsogon, Branch 55 ordering petitioner, as defendant below, to vacate a parcel of land and to surrender the possession thereof to the respondents.

The facts are undisputed:

Respondents are the registered owners of a parcel of land situated at Sua, Matnog, Sorsogon, denominated as Lot No. 118, Pls 661-D with an area of 27,167 square meters and covered by Original Certificate of Title No. P-4991 issued on October 5, 1962.

It appears that on March 1, 1963, a letter was sent by the Land Investigator Serafin Valcarcel of the Bureau of Lands to respondent Belda and Cipriano Bulan calling them to a conference to settle the wrongful issuance of title to the property they both occupy.[3] At this conference, neither respondent Belda nor Bulan appeared but petitioner did.

On August 9, 1963, petitioner wrote a letter to the Director of Lands requesting him not to give due course to respondents' application for a free patent title over lot 118 since what respondent is occupying is lot 138 which was also titled in the name of Bulan who refused to accept said title.[4]

On January 31, 1964, the Office of the Director of Lands took note of the protest and ordered the District Land Officer of Sorsogon to investigate and verify whether the patentee, herein respondent Belda, is in actual possession of lot 118 to enable the Director of Lands to determine whether sufficient facts exist to warrant the filing of a suit for cancellation of the title issued to respondent Belda.[5]

The investigation conducted by the District Land Officer of Sorsogon revealed that petitioner is in actual possession of lot 118 while respondents occupy lot 138. The District Land Officer recommended that the free patent application of respondents should refer to lot 138 and the homestead application of petitioner should refer to lot 118.[6]

Based on the report, the Director of Lands on March 26, 1968, issued an Order , the dispositive portion of which reads:

"IN VIEW OF HEREOF, the Homestead Application no. 11-860 of Teotimo Eduarte is hereby amended to cover Lot 118, Pls-116-D, Matnog, Sorsogon and as thus amended, it shall be given further due course. x x x"[7]

However, in spite of the said findings, neither the Director of Lands nor petitioner initiated a suit to cancel the free patent issued to respondents.

Petitioner remained and continuously occupied lot 118 until on December 10, 1986 respondents filed with the Regional Trial Court of Irosin, a complaint[8] for recovery of possession and damages against herein petitioner which was docketed as Civil Case No. 263. In their complaint, respondents averred that sometime in August 1985, petitioner by means of force, threats and intimidation entered the subject lot without respondents' consent thereby depriving them of their possession of the premises.

Traversing the complaint, petitioner asserts that he is the rightful owner of the property in question; that he has been in possession of the same since 1942; that the title relied upon by respondents was erroneously issued in their name which was acknowledged by the Bureau of Lands; that respondents fully know that they are not the owners of the lot in dispute. Petitioner therefore prays that he be declared the owner of lot 118 and that respondents be ordered to reconvey the same.[9]

After trial on the merits, the lower court rendered judgment on July 15, 1991 in favor of respondents ratiocinating that petitioner's long inaction to take the necessary steps to ask for judicial relief is fatal to his cause of action. The lower court also ruled that petitioner can attack the validity of respondents' title only through a direct and not by a collateral proceeding. Thus the lower court said:

"The defendant Teotimo Eduarte (petitioner herein) should not have waited for the plaintiff Domingo Belda to file this case against him. He should have taken the initiative to directly attack the validity of the title within one (1) year from the issuance of the decree of registration, in this case from November 29, 1962.

'The settled rule is that a decree of registration and the certificate of title issued pursuant thereto may be attacked on the ground of actual fraud within one (1) year from the date of its entry and such an attack must be direct and not by a collateral proceeding. The validity of the certificate of title in this regard can be threshed out only in an action expressly filed for the purpose.' *Arcadio Melquiades, et.al. vs. IAC, et.al.* (supra.)'

"And when this period expired Teotimo Eduarte is accorded the remedy to file 'an ordinary action in the ordinary court of justice for reconveyance.' Again the defendant did not do this but waited until the year 1985 when this case was filed to ask for the remedy of reconveyance as a special and affirmative defense in his answer or after the lapse of 23 years from the issuance of Original Certificate of Title No. 4991 over Lot No. 118 in the name of Domingo Belda." [10]

On appeal, the Court of Appeals affirmed the decision of the lower court, with the modification that the case shall be remanded to the trial court for determination of the rights of respondents as owners of the property in dispute and of petitioner as a builder, planter or sower in good faith. It held:

"In the case at bar, plaintiff-appellees' right of dominion is shown by the Original Certificate of Title No. P-4991.

"It is a well settled principle that a title registered under the Torrens System of Land Registration cannot be defeated by adverse, open and notorious possession neither can it be defeated by prescription. Likewise, an action by the registered owner to recover possession based on a Torrens title is not barred by laches. Thus, appellant's contentions that appellee's right to reconveyance is barred by laches.

"Appellant also faults the lower court for failing to cancel the title of appellee which was allegedly erroneously titled in favor of the latter.

"On this point the Supreme Court has held that it is erroneous to question the validity of an Original Certificate of Title in an ordinary civil action for recovery of possession filed by the registered owner of the said lot. Appellant's reliance on the records of the Bureau of Lands is a defense which partakes of the nature of a

collateral attack against a certificate of title brought under the operation of the Torrens System of Registration.

"Section 48 of P.D. 1529 explicitly states that a certificate of title shall not be subject to collateral attack. It cannot be altered, modified, or cancelled except in a direct proceeding in accordance with law. Appellant's remedy, therefore, is not in the case at bench.

"It appears, however, that appellant has made certain improvements on the property in dispute. He is, therefore, entitled to specific rights as builder in good faith, in accordance with Article 448 of the Civil Code x x x:

x x x x x x x x

"It thus becomes necessary for this case to be remanded to the court of origin for reception of evidence necessary for determination of the rights of the parties with respect to Article 448 of the Civil Code." [11]

Aggrieved, petitioner now comes to this Court raising two issues, namely:

- Whether or not petitioner can, in an ordinary civil action for recovery of possession filed by respondents, the registered owners, assail the validity of their title.
- Whether or not private respondents' right to recover possession has been barred by laches.

On the issue of the validity of title, it must be stressed that a certificate of title serves as evidence of an indefeasible title to the property in favor of the person whose name appears therein. After the expiration of the one year period from the issuance of the decree of registration upon which it is based, it becomes incontrovertible. [12] The decree of registration and the certificate of title issued pursuant thereto may be attacked on the ground of fraud within one year from the date of its entry and such an attack must be direct and not by a collateral proceeding. [13]

In the case at bench, petitioner raised the following affirmative defenses in his answer:

"3. That the defendant is the true and lawful owner and in actual possession of that certain parcel of land which is more particularly described as follows:

x x x x x x x x

5. That the sole basis of the plaintiff in adversely claiming the aforesaid property is due to the erroneous issuance of OCT No. P-4991 in his name which covers said Lot No. 118 and this mistaken and erroneous issuance has been duly acknowledged and investigated no less by the Bureau of Lands;

6. That plaintiff has never been in actual possession of said Lot NO. 118 and therefore he is not lawfully entitled to such certificate of title No. P-4991, , which under the circumstances he is obliged to reconvey the same to the defendant;" [14]

The foregoing allegations attack the validity of the original certificate of title issued in favor of private respondents by the Registry of Deeds of Sorsogon. This is not permitted under the principle of indefeasibility of a torrens title.

In *Ybañez vs. Intermediate Appellate Court*, [15] we have emphatically ruled:

"It was erroneous for petitioners to question the Torrens Original Certificate of Title issued to private respondent over Lot No. 986 in Civil Case No. 671, an ordinary civil action for recovery of possession filed by the registered owner of the said lot, by invoking as affirmative defense in their answer the Order of the Bureau of Lands, dated July 19, 1978, issued pursuant to the investigatory power of the Director of Lands under Section 91 of Public Land Law (C.A. 141 as amended). Such defense partakes of the nature of a collateral attack against a certificate of title brought under the operation of the Torrens system of registration pursuant to Section 122 of the Land Registration Act, now Section 103 of P.D. 1259. The case law on the matter does not

allow collateral attack on the Torrens certificate of title on the ground of actual fraud. The rule now finds expression in section 48 of P.D. 1529 otherwise known as the Property Registration Decree."

Hence, the issue of the validity of title, i.e. whether or not it was fraudulently issued, can only be raised in an action expressly instituted for that purpose. Whether or not respondents have the right to claim ownership of the subject land is beyond the province of the instant petition.[16]

We now delve on the issue of laches.

Laches has been defined as the failure or neglect, for an unreasonable and unexplained length of time, to do that which by exercising due diligence could or should have been done earlier, it is negligence or omission to assert a right within a reasonable time, warranting a presumption that the party entitled to assert it either has abandoned it or declined to assert it. The defense of laches is an equitable one and does not concern itself with the character of the defendant's title, but only with whether or not by reason of plaintiff's long inaction or inexcusable neglect, he should be barred from asserting his claim at all, because to allow him to do so would be inequitable and unjust to defendant.[17]

There is no dispute that the petitioner has been in possession of the land in question since 1942. Such possession was known to herein respondents as evidenced by the joint affidavit dated March 18, 1959 executed by respondents Belda and Paterno Garlan, the fallo of which reads:

"That we, Paterno Garlan and Domingo Belda as adjoining owners of the land possessed by Mr. Teotimo Eduarte can testify that for more than ten years up to the present time Teotimo Eduarte was in sole possession of the land applied for a new declaration which is situated in Teneresan, Sua, Matnog, Sorsogon;

"That we further declare that as neighbors, we oftentimes had a get together in our kaingins helping one another to cultivate and plant each of our corresponding lot and this exist for some years and we did not know nor ever heard of anybody complaining or interrupting the peaceful and continuous occupation of Mr. Teotimo Eduarte's lot." [18]

Despite knowledge of petitioner's possession, respondents did not do anything to assert their right over the subject property. They have waited for almost 45 years before instituting the action for recovery of possession in 1986. Their long inaction to possess or lay adverse claim to the subject land has been converted into a stale demand, thereby barring them from recovering the possession of the subject land by laches.[19]

Private respondents, however, argue that the adverse possession of petitioner cannot defeat their title over the subject land, and neither can laches prevent them from recovering possession because their title to the property is registered under the Torrens system and therefore imprescriptible.

While jurisprudence is settled as to imprescriptibility and indefeasibility of a Torrens Title, we have, in a plethora of cases categorically ruled that a registered landowner may lose his right to recover the possession of his registered property by reason of laches.[20] Similarly, it cannot be denied that no title to registered land in derogation to that of the registered owner shall be acquired by prescription or adverse possession, however, this legal guarantee may in appropriate cases yield to the right of a third person on equitable principle of laches. Accordingly, in an action brought to recover the possession of certain land covered by a certificate of title issued pursuant to a free patent, it was held that, while the defendant may not be considered as having acquired title by prescription based on his long continued possession for 37 years, the registered owner's right to recover the possession of the property as well as the title thereto from the defendant has, by the long period of 37 years and by patentee's inaction and neglect, been converted into a stale demand, thus barring the original owner from recovering the possession of such titled land by laches.[21]

Applying these legal precepts to the case at bench, it is clear that private respondents are now barred from recovering the subject land from herein petitioner. Their long inaction and neglect to assert their rights over the said land have been lost by laches. To allow them to do so would be inequitable and unjust to petitioner.

Vigilantibus, sed non dormientibus jura subveniunt. The laws aid the vigilant, not those who slumber on their rights.

WHEREFORE, the decision of the Court of Appeals is hereby REVERSED and SET ASIDE and a new one rendered dismissing the complaint of respondents. Costs against respondents.

SO ORDERED.

Bellosillo, (Chairman), Puno, Mendoza, and Quisumbing, JJ., concur.

[1] Penned by Justice Eubulo G. Verzola and concurred in by Justices Jainal D. Rasul and Eugenio S. Labitoria, Annex "A" of Petition, pp. 31-36, Rollo.

[2] Pp. 91-96, Record.

[3] Exhibits "1" and "1-A", p. 72, Id.

[4] Exhibit "2", p. 74, Id.

[5] Exhibit "3", pp. 75-76, Id.

[6] Exhibit "5", p. 77, Id.

[7] Exhibit "5-B", p. 79, Record.

[8] Complaint, pp. 8-12, Id.

[9] Answer, pp. 13-14, Record.

[10] RTC Decision, pp. 4-5.

[11] Penned by Justice Eubulo G. Versola and concurred in by Justices Jainal D. Rasul and Eugenio S. Labitoria, Annex "A" of Petition, pp. 31-36, Rollo.

[12] Section 38, Land Registration Act, now Section 32, P.D. 1259; Pamintuan vs. San Agustin, 43 Phil. 558; Reyes, et al. vs. Borbon and Director of Lands, 50 Phil. 791; Ybañez vs. Intermediate Appellate Court, 194 SCRA 743 [1991].

[13] Section 48, P.D. 1529; Legarda vs. Saleeby, 31 Phil. 590 cited in Ybañez vs. Intermediate Appellate Court, Ibid.

[14] Answer, pp. 1-2.

[15] 194 SCRA 743, 748 [1991],

[16] Co vs. Court of Appeals, 196 SCRA 705 [1991].

[17] Vda. De Cabrera vs. Court of Appeals, 267 SCRA 339 [1997]; Republic vs. Sandiganbayan, 255 SCRA 438 [1996]; Catholic Bishop of Balanga vs. Court of Appeals, 264 SCRA 181 [1996].

[18] Exhibit "8", p. 83, Records.

[19] Wright, Jr. vs. Lepanto Consolidated Mining Co., 11 SCRA 508; Pabalate vs. Echarri, Jr., 37 SCRA 518.

[20] Victoriano vs. Court of Appeals, 194 SCRA 19, 24 [1991]; Lola vs. Court of Appeals, 145 SCRA 449 [1986]; Golloy vs. Court of Appeals, 173 SCRA 26, 32 [1989]; Bergado vs. Court of Appeals, 173 SCRA 497, 503 [1989]; Republic vs. Court of Appeals, 204 SCRA 160, 180 [1991]; Marcelino vs. Court of Appeals, 210 SCRA 444, 447 [1992]; De la Calzada-Cierras vs. Court of Appeals, 212 SCRA 390, 394 [1992]; Claverias vs. Quingco, 207 SCRA 66, 83 [1992].

[21] Mejia vs. Gamponia, 100 Phil. 277[1956]; Miguel vs. Catalino, 26 SCRA 234 [1968].

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