

**NESTOR LACSAMANA, EL DORADO PLANTATION, INC., LBJ
DEVELOPMENT CORPORATION AND CONRAD C. LEVISTE,
PETITIONERS, VS. COURT OF APPEALS, ESTER GAITOS ROBLES,
LEON GAITOS ROBLES AN...**

G.R. No. 121658. March 27, 1998

Ponente: BELLOSILLO, J.

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BELLOSILLO, J.:

This is a petition to review the decision of the Court of Appeals affirming that of the Regional Trial Court in an action by private respondents against petitioners for reconveyance and cancellation of certificates of title.[1]

Leon Robles and his niece Amparo Robles were the registered co-owners in equal shares of Lot No. 13535, a 56,864-square meter piece of land situated in Bo. Inosloban, Lipa City, covered by OCT No. 0-363-R issued on 3 March 1965 by the local Register of Deeds.[2]

On 26 April 1965 Amparo sold her one-half (1/2) undivided share to El Dorado Corporation (EL DORADO). Consequently, OCT No. 0-363-R was cancelled and TCT No. 15261 issued in the names of EL DORADO and Leon Robles as co-owners.

On 24 September 1969 Leon Robles, who was then residing in San Francisco, California, U.S.A., died survived by his wife Ester Gaitos Robles and children Leon Jr. and Dulce Clara as his sole heirs. However, in a Deed of Absolute Sale dated 22 July 1971, Leon Robles purportedly with the marital consent of his wife Ester sold his one-half (1/2) undivided share in Lot No. 13535 to one Nestor Lacsamana. Nine (9) years later, or on 22 January 1980, the Deed of Absolute Sale was registered in the Registry of Deeds of Lipa City by one Philip Neri Gonzales. Consequently, TCT No. 15261 in the names of EL DORADO and Leon Robles was cancelled and TCT No. 46245 issued in the names of EL DORADO and Nestor Lacsamana.

On 22 July 1980, Nestor Lacsamana purportedly sold his one-half (1/2) share to LBJ Development Corporation (LBJ) represented by its President, Conrad C. Leviste. A certain Rolando Lumanglas registered the deed of sale in the Registry of Deeds resulting in the cancellation of TCT No. 46245 and the issuance of TCT No. 47475 in the names of EL DORADO and LBJ.

On 26 January 1982 LBJ became the owner of the entire Lot No. 13535 when EL DORADO sold its one-half share for P30,000.00. Consequently, TCT No. 47475 was cancelled and TCT Nos. 49915 to 49990 were issued in the name of LBJ conformably with an approved consolidated subdivision plan.

On 11 November 1983 Ester, Leon Jr. and Dulce Clara, all surnamed Robles, as surviving heirs of Leon Robles, filed a complaint with the Regional Trial Court of Lipa City[3] against Nestor Lacsamana, EL DORADO, LBJ and Conrad C. Leviste for the recovery of the one-half undivided share of Leon in Lot No. 13535 and the cancellation of TCT Nos. 49915 to 49990. The complaint alleged that the signature of Leon Robles in the Deed of Absolute Sale dated 22 July 1971 in favor of defendant Nestor Lacsamana was a forgery as Leon was already dead at the

time of the alleged sale; that defendant LBJ, a corporation owned and controlled by the Leviste family with defendant Conrad C. Leviste as its President, was not a buyer in good faith since facts existed which should have put it on guard as to defects in the title of Lacsamana; and, that defendant EL DORADO, likewise owned and controlled by the Leviste family with Conrad C. Leviste as President, participated in the fraud by surrendering the only co-owner's duplicate copy of TCT No. 15261 in its name and that of Leon Robles thus paving the way for the issuance of a new TCT in the name of Nestor Lacsamana as co-owner in place of Leon Robles.

Defendants LBJ and EL DORADO invoked the defense of prescription and/or laches and alleged that LBJ was a buyer in good faith and for value. However, their defenses were rejected by the court a quo which ruled that the complaint filed by plaintiffs on 11 November 1983, i.e., almost three (3) years and nine (9) months from the date of registration of the questioned Deed of Absolute Sale on 22 January 1980 was timely filed since actions for reconveyance of real property on ground of fraud may be filed within four (4) years from its discovery.

As regards the second issue, the trial court ruled that LBJ was not an innocent purchaser because facts existed which should have put it on inquiry as to possible defects in the title of Lacsamana, e.g., while the questioned Deed of Absolute Sale purportedly executed in Manila stated that Leon and Ester Robles personally appeared before Notary Public Engracio S. Concepcion and presented their Residence Certificates issued in Makati, the same document showed that the spouses were residing at 695 22nd Avenue, San Francisco, California, U.S.A., and did not indicate that they were temporarily staying in the Philippines at the time of its execution; and, the Deed of Absolute Sale was registered in the Office of the Register of Deeds of Lipa City only in 1980, or after the lapse of more than eight (8) years. Additionally, the court found that Leon Robles and Roman Payumo, one of the supposed instrumental witnesses to the deed of sale, were already dead at the time of the execution of the sale;^[4] that Nestor Lacsamana was a non-existent person;^[5] and, that EL DORADO, Leon Robles' co-owner at the time of the alleged sale in favor of Lacsamana, and LBJ, to whom Lacsamana purportedly sold Leon's one-half share, were both corporations owned and controlled by the Leviste family with defendant Conrad C. Leviste as its common President.^[6] Thus, on the basis of the foregoing, the court a quo rendered judgment in favor of plaintiffs^[7] the dispositive portion of which read -

WHEREFORE, the Court holds that defendant LBJ Development Corporation is not a purchaser in good faith. Accordingly, the Court hereby orders the Register of Deeds of Lipa City to cancel all the present titles covering the parcel of land formerly covered by Transfer Certificate of Title No. T-47475 in the names of defendants El Dorado Plantation, Inc., and LBJ Development Corporation and to reinstate Transfer Certificate of Title No. T-15261 in the names of Leon Robles and El Dorado Plantation, Inc.

In the event that reconveyance of the property involved is not possible due to any subsequent transfer of the property to third persons or persons not parties to this suit, the Court hereby orders defendant LBJ Development Corporation to pay plaintiffs the present fair market value of plaintiffs' one-half (1/2) share in the property, which fair market value shall be determined by an appraiser to be agreed upon by the parties, and in case of disagreement the parties shall recommend to the Court the appraisers of their choice who shall appraise the property jointly and submit the corresponding report for approval or resolution of the Court.

The Court further orders defendants LBJ Development Corporation, El Dorado Plantation, Inc., and Conrad Leviste to pay jointly and severally plaintiffs attorney's fees in the sum of Twenty Thousand Pesos (P20,000.00), since the latter was compelled to institute this case to protect their interests, and to pay the costs of suit.^[8]

The Court of Appeals affirmed the findings and conclusions of the trial court on appeal by EL DORADO, LBJ and Conrad C. Leviste.^[9] They differed only insofar as the issue of prescription was concerned. Instead of the period of four (4) years for filing actions for reconveyance on ground of fraud cited by the trial court, respondent appellate court ruled that the present action had not yet prescribed since actions to declare the nullity of a void

contract was imprescriptible.

Petitioners insist that the action instituted by private respondents has already prescribed, but even if it has not, it is already barred by laches and reiterate their position that LBJ was a buyer in good faith.

We affirm the decision of respondent appellate court. On the issue of prescription, we agree that the present action has not yet prescribed because the right to file an action for reconveyance on the ground that the certificate of title was obtained by means of a fictitious deed of sale is virtually an action for the declaration of its nullity, which action does not prescribe.[10] Hence, the fact that the alleged sale took place in 1971 and the action to have it declared void or inexistent was filed in 1983 is of no moment.[11] To reiterate, an action for reconveyance based on a void contract is imprescriptible.[12]

Neither can the defense of laches be sustained. We cannot see how private respondents may be considered guilty of laches. It should be noted that private respondents, upon learning that the relevant portion of Lot No. 13535 was no longer registered in the name of Leon, immediately caused an investigation to be made for the purpose of finding out the author and the circumstances behind the execution of the fictitious 1971 Deed of Absolute Sale. Thus, in less than two (2) months after it was discovered by the National Bureau of Investigation that Nestor Lacsamana was in fact a fictitious/non-existent person,[13] private respondents through their attorney-in-fact Petronilo Gaitos instituted on 11 November 1983, the present action i.e., barely three (3) years and nine (9) months after the fraudulent registration on 22 January 1980. Thus, it is said, the concept of laches is not concerned with the lapse of time but only with the effect of unreasonable lapse.[14]

We are urged by petitioners to rule that LBJ was a buyer in good faith. We cannot. Besides being a factual finding shared by both the trial court and the Court of Appeals that it was not, and supported by the evidence on record, it is conclusive upon us.[15]

Three (3) reasons, at least, militate against petitioner LBJ's claim of good faith. First, Conrad C. Leviste, President of LBJ, claimed that the company came to know of the disputed property through its driver Jovito Lacsamana who allegedly introduced his nephew Nestor Lacsamana as its owner who was interested in selling his share in the property. On this point, without necessarily underestimating the capacity of driver Jovito's nephew Nestor to own one-half of a 5.6-hectare parcel of land, Leviste's curiosity should have been aroused just the same as to how Nestor came to own his portion of the property. The records fail to disclose any inquiry, formal or informal, to determine how Nestor acquired his portion. Second, Nestor Lacsamana allegedly presented a copy of TCT No. 46425 in his name and that of EL DORADO as co-owners. However, it is a fact that, as testified to by Register of Deeds Antonio Escutin, the only co-owner's duplicate copy of TCT No. 46425 was issued to EL DORADO, LBJ's sister company.[16] Third, the fictitious 1971 Deed of Absolute Sale in favor of Nestor Lacsamana, the root of the issuance of TCT No. 46245, was only registered more than eight (8) years later.[17]

Given the attendant circumstances, in addition to the defects of the 1971 Deed of Absolute Sale found by the trial court and affirmed by respondent Court of Appeals, petitioner LBJ cannot claim to be a buyer in good faith. But even if we concede that petitioner LBJ was innocent of the fraud perpetrated against private respondents, the records abound with facts which should have impelled it to investigate deeper into the title of Lacsamana, more so when such effort would not have entailed additional hardship, nay, would have been quite easy, since the titled co-owner of Lacsamana is LBJ's own sister company EL DORADO.

The rule that a person dealing with registered land has the right to rely on the Torrens title will not apply when such person has actual knowledge of facts that would impel a reasonably cautious man to make an inquiry.[18]” He cannot close his eyes to such facts and later claim that he acted in good faith.[19]” Thus, LBJ is not entitled to the mantle of protection accorded by the Torrens System of registration which protects only the title holder in

good faith. It has never been created as a shield to fraud.[20]

WHEREFORE, premises considered, the petition is DENIED. The questioned decision of respondent Court of Appeals dated 20 July 1995 in CA-G.R. CV No. 38246 affirming that of the Regional Trial Court of Lipa City dated 8 April 1992 is AFFIRMED, with costs against petitioners.

SO ORDERED.

Davide, Jr., (Chairman), Vitug, Panganiban, and Quisumbing, JJ., concur.

* [*] Nestor Lacsamana was found by the National Bureau of Investigation to be a fictitious person. See Resolution dated 15 December 1987 of then Undersecretary of Justice Silvestre Bello III (Exh. "P-1"), pp. 188-193, original records, Civil Case No. V-359, RTC-Br. XIII, Lipa City.*

[1] Decision penned by Justice Angelina Sandoval-Gutierrez with Justices Emeterio C. Cui and Conrado M. Vasquez, Jr., concurring; Rollo, pp. 23-36.

[2] Exh. "E," Original Records, p. 33.

[3] Docketed as Civil Case No. V-359.

[4] Certificate of Death issued by the Department of Public Health, California, U.S.A., marked Exh. "H-2;" id., p. 38.

[5] Resolution dated 15 December 1987 issued by then Undersecretary of Justice Silvestre Bello III (Exh. "P-1").

[6] TSN, 1 August 1991, p. 14; Cross-examination of defendant Conrad C. Leviste, one of petitioners herein.

[7] Penned by Judge Ireneo V. Mendoza, RTC-Lipa City, Br. 13; Original Records, pp. 450-457.

[8] Id., p. 457.

[9] See Note 1.

[10] Art. 1410, Civil Code of the Philippines.

[11] Yanas v. Acaylar, G.R. No. 54538, 25 April 1985, 136 SCRA 52, 56.

[12] Casipit v. Court of Appeals, G.R. No. 96829, 9 December 1991, 204 SCRA 684, 693; Castillo v. Madrigal, G.R. No. 62650, 27 June 1991, 198 SCRA 556, 561-562; Baranda v. Baranda, G.R. No. 73275, 20 May 1987, 150 SCRA 59, 73.

[13] The NBI reported on its investigation on 13 September 1983; Original Records, pp. 186-187.

[14] Palmera v. Civil Service Commission, G.R. No. 110168, 4 August 1994, 235 SCRA 87, 94.

[15] Paylago v. Jarabe, No. L-20046, 27 March 1968, 22 SCRA 1247, 1251-1252.

[16] TSN, 29 August 1991, pp. 18-19.

[17] See Note 11; Office of the Court Administrator v. Yambao, A.M. No. P-91-593, 7 April 1993, 221 SCRA 77, 86.

[18] Santos v. Court of Appeals, G.R. No. 90380, 13 September 1990, 189 SCRA 550, 560.

[19] De la Cruz v. Intermediate Appellate Court, G.R. No. 72981, 29 January 1988, 157 SCRA 660, 671;

Republic v. Court of Appeals, No. L-40402, 16 March 1987, 148 SCRA 480, 492; Paylago v. Jarabe, No. L-20046, 27 March 1968, 22 SCRA 1247, 1252; Mañacop, Jr. v. Cansino, No. L-13971, 27 February 1961, 1 SCRA 572, 576.

[20] Balangcad v. Justices of the Court of Appeals, G.R. No. 84888, 12 February 1992, 206 SCRA 169, 175; Claudel v. Court of Appeals, G.R. No. 85240, 12 July 1991, 199 SCRA 113, 112; Bornales v. Intermediate Appellate Court, G.R. No. 75336, 18 October 1988, 166 SCRA 519, 524-525; Adille v. Court of Appeals, No. L-44546, 29 January 1988, 157 SCRA 455, 462; Director of Lands v. Abanilla, No. L-26324, 31 August 1983, 124 SCRA 358, 368; Vda. de Carvajal v. Coronado, No. L-23250, 12 November 1966, 18 SCRA 635, 642.

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