

QUIRINO MATEO AND MATIAS MATEO, PETITIONERS, VS. DOROTEA DIAZ; REYNALDO DIAZ; REMEDIOS DIAZ; ADORACION DIAZ; NORBERTO DIAZ; YOLANDA CRUZ; OSCAR CRUZ; ESTER CRUZ; NENITA CRUZ; PR...

G.R. No. 137305. January 17, 2002

Ponente: PARDO, J.

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PARDO, J.:

The Case

This petition for review via certiorari[1] raises the question of whether or not the equitable doctrine of laches may override a provision of the Land Registration Act on imprescriptibility of title to registered land.

The case is a petition for review on certiorari of the decision of the Court of Appeals[2] affirming that of the Regional Trial Court, Bulacan, at Malolos.

The trial court ruled that prescription and laches are applicable against the petitioners, that real actions over immovable prescribe after thirty (30) years, that ownership can be acquired through possession in good faith and with just title for a period of ten (10) years, and that ownership may be acquired through uninterrupted adverse possession for thirty years without need of just title or of good faith.

The Facts

The facts, as found by the Court of Appeals,[3] are as follows:

“1. The spouses Canuto Mateo and Simeona (Simona) Manuel-Mateo, during their marital union, were blessed with two (2) daughters, namely: CORNELIA MATEO and FELISA MATEO. In time, Cornelia will marry Ulpiano Diaz with whom she will have the following children, to wit: DOROTEA, REYNALDO, REMEDIOS, ADORACION and NORBERTO, all surnamed DIAZ. On the other hand, FELISA MATEO will eventually marry Cirilo Policarpio and they will raise the following children, namely: PRIMO, GAVINO, FLORENTINA, MAURO and MIGUEL, all surnamed POLICARPIO. Likewise, Cornelia will eventually have the following grandchildren, to wit: YOLANDA, OSCAR, ESTER and NENITA, all surnamed CRUZ.

“2. Canuto Mateo died sometime in 1898. Not long thereafter, his widow Simeona will take in a second husband in the person of CLARO MATEO, a first cousin of Canuto. And out of their marital union, the spouses Claro Mateo and Simeona Manuel-Mateo will have two (2) sons, to wit: QUIRINO MATEO and MATIAS MATEO, the plaintiffs-appellants herein.

“3. The property involved in the controversy is an 11-hectare Riceland located at Bulak, Sta. Maria, Bulacan and covered by Original Certificate of Title (OCT) No. 206 issued by the Registry of Deeds of Bulacan on October 21, 1910 in the name of “Claro Mateo, married to Simeona Manuel.”

“4. Claro Mateo died on September 8, 1932, while Simeona Manuel-Mateo died on October 18, 1948.

“5. On June 12, 1951, the children of Simeon Manuel-Mateo in her two (2) previous marriages, namely: Cornelia Mateo-Diaz, Felisa Mateo-Policarpio, Quirino Mateo and Matias Mateo, executed a document entitled KATIBAYAN NG PAGHAHATI-HATI NG LUPA (Exhibit “B”, 2/28/89, List of Exhibits, p. 60), whereunder they divided among themselves three (3) separate parcels of land all located at Bulak, Sta. Maria, Bulacan which they had inherited from their parents. These properties were then covered by Tax Declaration Nos. 3556, 3794 and 3849. It is not clear if these properties are part and parcel of that property covered by OCT No. 206.

“6. At any rate, the parties to the said partition thenceforth occupied and possessed the respective areas allotted to each of them, their occupation thereof being peaceful, uninterrupted and continuous.

“7. On February 15, 1979, in San Carlos City, Pangasinan, the brothers Quirino Mateo and Matias Mateo executed a DEED OF EXTRA-JUDICIAL PARTITION (Exh. “B”, 12/22/81, List of Exhibits, p. 62), whereunder they partitioned between themselves alone, to the exclusion of their half-sisters Cornelia Mateo-Diaz and Felisa Mateo-Policarpio, that 11-hectare parcel of Riceland covered by OCT No. 206. It was not explained if, at the time the brothers executed the deed, any or both of their half-sisters were already dead. In any event, the deed of extra-judicial partition was duly published in a daily newspaper, the Balita.

“8. It was through this newspaper publication that the children of both Cornelia Mateo-Diaz and Felisa Mateo-Policarpio learned about the deed of extra-judicial partition executed by their uncles.

“9. Sometime in 1981, some of the children and grandchildren of Cornelia and Felisa, namely: Reynaldo Diaz, Miguel Policarpio, Dorotea Diaz-Perez, Felicidad Diaz-Mercadel, Maxima and Yolanda Cruz represented by Oscar Cruz, and Ricardo Nolasco, filed a complaint for Declaration of Nullity of Extra-Judicial Partition with Damages against their uncles Quirino Mateo and Matias Mateo. Filed in the then Court of First Instance (CFI) of Bulacan, the complaint was docketed thereat as Civil Case No. SM-975 (Exh. “15” – sur-rebuttal). At the same time, a criminal information was filed at the proper court in San Carlos City, Pangasinan charging Quirino Mateo and Matias Mateo with falsification of public document.

“10. On September 25, 1984, following a trial on the merits, the CFI, which, by now, has become the Regional Trial Court at Malolos, Bulacan rendered judgment in Civil Case No. SM-975 in favor of the plaintiffs therein (Exh. “17”), by declaring as void and inexistent the Deed of Extra-Judicial Partition executed by the brothers Quirino Mateo and Matias Mateo. The records do not disclose when, but it was revealed that eventually, the proper court at San Carlos City, Pangasinan found the brothers Quirino Mateo and Matias Mateo guilty of the crime of falsification of public document and sentenced them accordingly (Page 2, of Memorandum for the Plaintiffs, Rec., p. 314).

“11. The record is likewise silent if Quirino Mateo and/or Matias Mateo had appealed both adverse decisions before the proper forum.

“12. On April 1, 1987, in the Regional Trial Court at Malolos, Bulacan, Quirino Mateo and Matias Mateo commenced the present suit, which was originally a PETITION FOR DECLARATORY RELIEF, against (1) Dorotea Diaz, Reynaldo Diaz, Remedios Diaz, Adoracion Diaz and Norberto Diaz, the children of the late Cornelia Mateo-Diaz; (2) Yolanda Cruz, Oscar Cruz, Ester Cruz and Nenita Cruz, the grand-children of Cornelia; and (3) Primo Policarpio, Gavino Policarpio, Florentina Policarpio, Mauro Policarpio and Miguel Policarpio, the children of the late Felisa Mateo-Policarpio. The petition was docketed as Civil Case No. 165-SM-87.

“13. On June 16, 1987, the defendants Diazes, Cruzes and Policarpios, with the exception of Doroteo Diaz, Reynaldo Diaz and Remedios Diaz-Sandel, filed a motion to dismiss the above petition on the following grounds: (a) the case was not referred to the barangay concerned for confrontation and mediation, as mandated by P. D. 1508; (b) there has been a decision previously rendered which involved the same parties over the same cause of action (obviously referring to the decision in Civil Case No. SM-975); and (c) the action is

between members of the same family and no earnest efforts towards a compromise have been exerted (Records, pp. 60-63). The said motion to dismiss elicited an opposition from the petitioners (Rec., p. 79-83).

“14. For their part, defendants Reynaldo Diaz and Remedios Diaz-Sandel filed their separate motion to dismiss, grounded, as follows: (a) the lower court has no jurisdiction to hear and decide the case; (b) the complaint states no cause of action against them; (c) the cause of action of the petitioners is already barred by a prior judgment; (d) the case is between members of the same family and no earnest efforts towards a compromise have been made; and (e) the present case will not in any way terminate the uncertainty or controversy between the parties as any declaration or construction of the rights of the parties is not necessary and proper (Rec., pp. 84-89).

“15. On August 27, 1987, the lower court issued an order dropping Reynaldo Diaz and Remedios Diaz-Sandel as party-defendants in the case (Rec., p. 93).

“16. On December 4, 1987, defendant Dorotea Diaz filed her answer with compulsory counterclaim (Rec., pp. 106-109).

“17. On October 11, 1988, the petitioners filed a Motion to Admit Complaint in Lieu of Petition, therein alleging that:

‘1. The evidence adduced and still to be adduced show the necessity of amending the petition into an ordinary complaint, so that the evidence could conform with the allegations of the cause of action sought to be established.

‘2. The conversion of the petition to an ordinary complaint would not affect the basic cause of action and defense of the defendants.’ (Rec., p. 143).

Attached to the motion is the intended amended complaint where Reynaldo Diaz and Remedios Diaz-Sandel had been dropped as party-defendants (Rec., pp. 144-147).

“18. In the said amended complaint, the plaintiffs Mateo brothers (Quirino and Matias alleged, inter alia:

‘2. The late Claro Mateo, was the absolute and exclusive owner of a parcel of land with an area of around eleven (11) hectares situated at Bulac, Sta. Maria, Bulacan and covered by Original Certificate of Title No. 206 x x x.

“xxx xxx xxx.’

“19. In an order dated November 28, 1988, the lower court granted the Motion to Admit Complaint in Lieu of Petition and accordingly admitted the amended complaint thereto attached (Rec., p. 151).

“20. On September 8, 1989, the defendants filed their Amended Answer with Compulsory Counterclaim (Rec., pp. 199-203), whereunder they raised the following special and affirmative defenses:

‘11. That the cause of action, if any, has already prescribed and also the petitioners are guilty of laches;

xxx xxx xxx

‘14. That the parcel of land allegedly covered by and described in OCT No. 206 was/is actually non-existent as the same had been the subject of several conveyances and the late Claro Mateo had never laid claim over the said property/ies;

‘15. That since time immemorial, the late Melquiades Policarpio had been all along in possession of the land covered by and described in OCT No. 206; subsequently, the portion belonging to the former was inherited by Cirilo Policarpio x x x and then on May 13, 1968, the latter sold the property to defendant Miguel Policarpio as evidenced by a Deed of Sale x x x;

‘16. That likewise, the land- holding in question has been the subject of mortgage wherein some of the defendants and/or their predecessor-in-interest were the mortgagors to the exclusion of the plaintiffs who did not for once object to said mortgages;

‘17. That from 1910, the date OCT No. 206 was issued to Claro Mateo, to the year 1927, Felix Herrera was in actual possession of about 4 hectares of the subject land and on March 10, 1925 said portion was sold to Juana Badillo x x x who in turn sold the same to Ulpiano Diaz x x x who sold it to defendant Reynaldo Diaz x x x;

‘18. That furthermore, the landholding in question was acquired by Felisa Mateo from Claro Mateo and Simeona Manuel by purchase, thru a valid and sufficient consideration, as even certified to by said spouses in a document executed as early as 1914 x x x;

‘19. That in view of the several conveyances adverted to above OCT No. 206 should be cancelled and new ones issued to herein defendants, if said OCT is really authentic and/or genuine.’

The Issues

The issues raised are: (1) whether prescription and the equitable principle of laches are applicable in derogation of the title of the registered owner; (2) whether the Court of Appeals erred in awarding attorney’s fees to respondents.[4]

The Court’s Ruling

We grant the petition.

The land involved is registered under the Torrens system in the name of petitioners’ father Claro Mateo. There is no question raised with respect to the validity of the title. The factual issue now raised is that petitioners had slept on their rights and had not taken any positive step to assert their rights and interests over the land covered by OCT No. 206.

The records will show that immediately after petitioners discovered the existence of OCT No. 206 in 1977 or 1978, they took steps to assert their rights thereto. They divided the land between the two of them in an extra-judicial partition. Then petitioners filed the case below to recover ownership and possession as the only surviving children of the original owner, the late Claro Mateo.

In *St. Peter Memorial Park, Inc. v. Cleofas*,^[5] we ruled that a party who had filed immediately a case as soon as he discovered that the land in question was covered by a transfer certificate in the name of another person is not guilty of laches.

In *J. M. Tuason & Co. v. Aguirre*,^[6] we ruled that “an action to recover possession of a registered land never prescribes in view of the provision of Section 44 of Act No. 496^[7] to the effect that no title to registered land in derogation to that of a registered owner shall be acquired by prescription or adverse possession.”

In fact, there is a host of jurisprudence that hold that prescription and laches could not apply to registered land covered by the Torrens system.^[8]

With more reason are these principles applicable to laches, which is an equitable principle. Laches may not prevail against a specific provision of law, since equity, which has been defined as ‘justice outside legality’ is applied in the absence of and not against statutory law or rules of procedure.^[9]

On the other hand, the heirs of the registered owner are not estopped from claiming their father’s property, since they merely stepped into the shoes of the previous owners. In *Barcelona v. Barcelona*,^[10] we held that:

“The property in litigation, being registered land under the provisions of Act 496, is not subject to prescription,

and it may not be claimed that imprescriptibility is in favor only of the registered owner, because as we have held in the cases of *Teofila de Guinoo, et al., v. Court of Appeals*, (97 Phil. 235) and *Gil Atun, et al., v. Eusebio Nuñez* (97 Phil. 762), prescription is unavailing not only against the registered owner, but also against his hereditary successors because the latter merely step into the shoes of the decedent by operation of law and are merely the continuation of the personality of their predecessor in interest.”

On the second issue, we rule that petitioners could not be liable for attorney’s fees. An award of attorney’s fees must have a factual, legal or equitable justification and cannot be left to speculation and conjecture.[11] In awarding attorney’s fees, it is necessary for the court to make findings of fact and law that would justify the award.[12]

On the third and last issue raised, we rule that the Court of Appeals erred in ordering the Register of Deeds to cancel OCT No. 206 of Claro Mateo and issue new titles to those who are occupying the subject land.

This violates the indefeasibility of a Torrens title. The title of Claro Mateo could be cancelled only if there is competent proof that he had transferred his rights over the parcel of land to another party, otherwise title would pass to his heirs only by testate or intestate succession.

The Fallo

WHEREFORE, the Court REVERSES the decision of the Court of Appeals.[13] In lieu thereof, the Court remands the case to the trial court for determination of the heirs of Claro Mateo in a proper proceeding.

No costs.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Puno, Kapunan, and Ynares-Santiago, JJ., concur.

[1] Under Rule 45, Revised Rules of Court.

[2] In CA-G. R. CV No. 48509, promulgated on December 2, 1998, Garcia, J., ponente, Vasquez, and Regino, JJ., concurring.

[3] Petition, Annex “A”, Rollo, pp. 25-49, at pp. 26-34.

[4] Memorandum for Petitioners, Rollo, pp. 69-90, at p. 78.

[5] 92 SCRA 389 [1979].

[6] 7 SCRA 109 [1963].

[7] Now P. D. No. 1529, Sec. 47.

[8] *Umbay v. Alecha*, 220 Phil. 103 [1985]; *Quevada v. Glorioso*, 356 Phil. 105 [1998]; *Bishop v. Court of Appeals*, 208 SCRA 636 [1992]; *St. Peter Memorial Park, Inc. v. Cleofas*, supra, Note 5.

[9] *Causapin v. Court of Appeals*, 233 SCRA 615 [1994]; *Conte v. Palma*, 332 Phil. 20 [1996].

[10] 100 Phil. 251, 256-257 [1956].

[11] *DBP v. Court of Appeals*, 330 Phil. 801, 810 [1996].

[12] *Olan v. Court of Appeals*, 350 Phil. 950, 955 [1998].

[13] In CA-G. R. CV No. 48509.

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