

NESTOR MENDIZABEL, ELIZABETH MENDIZABEL, IGNACIO MENDIZABEL, AND ADELINA VILLAMOR, PETITIONERS, VS. FERNANDO APAO AND TEOPISTA PARIDELA-APAO, RESPONDENTS.

G.R. No. 143185. February 20, 2006

Ponente: CARPIO, J.

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CARPIO, J.:

The Case

This is a petition for review[1] to set aside the Decision[2] dated 30 July 1999 and the Resolution[3] dated 5 April 2000 of the Court of Appeals in CA-G.R. CV No. 52803. The Court of Appeals affirmed the Decision[4] dated 25 August 1995 of the Regional Trial Court of Pagadian City, Branch 18 (“trial court”) in Civil Case No. 2737.

The Facts

On 21 March 1955, Fernando Apao (“Fernando”) purchased from spouses Alejandro[5] and Teofila Magbanua (“vendors”) a parcel of land with an area of 61,616 square meters (“property”) situated in Malangas, Zamboanga del Sur. Fernando bought the property for P400. The vendors executed a deed of sale which stated inter alia that they could purchase back the property within six months for P400, failing which, the sale would become absolute. The vendors failed to repurchase the property. Fernando thus took possession of the same.[6]

On 1 April 1958, Fernando had the property surveyed by Engr. Ernesto Nuval together with the piece of land adjacent to it, which he had previously purchased from one Leopoldo Carloto. The Bureau of Lands approved the survey on 2 July 1959 resulting in the issuance of Survey Plan Psu-173083 covering both lots.[7] Upon receipt of the approved survey plan, Fernando immediately filed an application with the Bureau of Lands for a free patent over the entirety of Psu-173083.[8] His application was docketed as F.P.A. No. 18-1481.[9]

After the survey of Fernando’s land, the Survey Party of the Bureau of Lands surveyed the same area. This latter survey resulted in a subdivision of the land into two separate and distinct lots identified as Lot Nos. 407 and 1080.[10] Fernando learned that Ignacio Mendizabel (“Ignacio”) had filed prior to the Bureau of Lands’ survey a homestead application over Lot No. 1080. Fernando became the claimant-protestant in Ignacio’s application, docketed as H.A. No. 18-8905 (E-18-8521).[11]

On 11 May 1962, the Bureau of Lands Regional Office in Zamboanga City rendered a decision awarding Lot No. 1080 to Ignacio.[12]

On appeal,[13] the Secretary of Agriculture and Natural Resources modified the decision of the Bureau of Lands. The dispositive portion of the decision of the Secretary of Agriculture and Natural Resources reads:

Wherefore, the decision of the Director of Lands dated May 11, 1962, should be, as hereby it is set aside. The free patent application No. 18-1481 of Fernando Apao shall be given due course for Lot No. 407 and Homestead Application No. 18-8905 of Ignacio Mendizabel for Lot No. 1080.[14]

Dissatisfied with the decision of the Secretary of Agriculture and Natural Resources, Fernando appealed to the Office of the President.[15] Fernando did not receive any notice of the decision on his appeal. Barely 10 days after he filed his appeal, Fernando found out from the Office of the Register of Deeds of Pagadian City that Lot No. 1080 had been partitioned between Ignacio and his son Nestor Mendizabel (“Nestor”). Fernando learned that Lot No. 1080 was already titled separately as Lot No. 1080-A covered by Original Certificate of Title No. P-29,822 in the name of Nestor, and Lot No. 1080-B covered by Original Certificate of Title No. P-29,823 in the name of Ignacio. The Register of Deeds issued the certificates of title on 14 December 1982.[16]

Fernando talked to Nestor and Ignacio, pleading with them to reconvey the property to him. Nestor and Ignacio rejected Fernando’s request.

On 6 August 1987, Fernando and his wife Teopista Paridela-Apao[17] (“respondents”) filed before the trial court a complaint[18] for Annulment of Titles, Reconveyance and Damages against spouses Nestor and Elizabeth Mendizabel and spouses Ignacio Mendizabel and Adelina Villamor (“petitioners”). Respondents alleged in their complaint that they were the “true and actual possessors” of a parcel of agricultural land more particularly described as follows:

Certain parcel of land actually devoted to corn and rice cultivation, root crops, bananas and about one hundred (100) punos of coconut fruit bearing trees and with four (4) residential houses occupied by produce-sharing tenants and with all other existing improvements thereon, located at Kilometer 4, Barangay Mabini, Malangas, Zamboanga del Sur. Bounded on the NORTH by the lot of Ricardo Conwi; on the SOUTH by the lot of the herein plaintiffs; on the EAST by the National Highway; and on the WEST by the lot of Leonardo Aban, containing an area of sixty-one thousand six hundred-sixteen (61,616) sq.m., more or less.[19]

Respondents also alleged that petitioners secured the titles to the property “fraudulently.” Respondents asserted that –

x x x Assuming, arguendo, that the issuance thereof, could have been based and predicated upon the resolution of the aforesaid land conflict by and between herein plaintiffs and defendant, Nestor Mendizabel, which has been raised on appeal to the Office of [the] President, nonetheless, such administrative decision/order and/or resolution, if any there be, did not since then ripen into or attain its finality and enforceability, for the basic and fundamental reason that plaintiffs who, are directly affected thereby, has [sic] not been furnished with a copy thereof.[20]

In their answer,[21] petitioners claimed that Ignacio, whose wife Adelina Villamor (“Adelina”) had since died, purchased the property, identified as Lot No. 1080, from Alejandro Magbanua on 24 May 1955. Petitioners claimed that Ignacio took possession of the property and introduced improvements on it. Petitioners also asserted that the issuance of Original Certificate of Title No. P-29,822 covering Lot No. 1080-A in the name of Nestor, and Original Certificate of Title No. P-29,823 covering Lot No. 1080-B in the name of Ignacio was based on a homestead patent granted by then President Ferdinand Marcos on 6 April 1971.

As affirmative defenses, petitioners claimed that respondents had no cause of action against them as respondents had no personality to institute the present case “seeking the nullity of a patent issued by order of the President of the Philippines.”

As counterclaim, petitioners alleged that the present case was filed merely to harass them because respondents knew that the Bureau of Lands, Secretary of Agriculture and Natural Resources, and the Office of the President had already adjudged petitioners the owners of the property. Petitioners sought the dismissal of the complaint and asked for damages.

On 25 March 1988, respondents filed their Answer to Counterclaims and Petition for Issuance of an Ancillary

Restraining Writ.[22] Respondents alleged that on 21 March 1988, petitioners, through Lorenzo Brañanula (“Brañanula”),[23] respondents’ tenant for 25 years, surreptitiously harvested coconuts from the coconut trees on the property. Respondents claimed that when they confronted Brañanula, he told them that Oscar Guevarra, the INP Station Commander of the Buug Police Force in Pagadian City and who was petitioners’ administrator of the property, directed him to harvest the coconuts.

Respondents asked the trial court to issue “an injunctive, prohibitory, mandatory restraining writ” ordering petitioners to desist and refrain from disturbing the peaceful enjoyment and possession of respondents of the property during the pendency of the proceedings, lest respondents suffer more damages.

On 30 March 1988, the trial court issued an Order granting respondents’ petition for issuance of a restraining order.[24]

On 29 April 1988, petitioners filed a Motion for Leave to Amend Answer.[25]

On 16 May 1988, respondents filed an Opposition to Defendants’ Motion for Leave to Amend Answer and Motion to Declare Co-Defendants Ignacio Mendizabel and Wife in Default.[26] Respondents claimed that petitioners’ Amended Answer had substantially altered petitioners’ defenses. Respondents asserted that allowance of petitioners’ Amended Answer would only cause undue delay in deciding the present case. Respondents further asserted that Ignacio and his wife Adelina should be declared in default considering that from the time petitioners were served with summons and copies of the complaint on 21 October 1987, only Nestor had filed his Answer.

The trial court denied respondents’ Motion to Declare Ignacio and Wife in Default in its Order dated 15 June 1988. The trial court allowed petitioners’ Amended Answer.[27]

In their Amended Answer,[28] petitioners included the defenses of prescription, estoppel and laches, and the indefeasibility and incontrovertibility of their titles.

On 12 January 1989, respondents filed an Urgent Motion to Declare Defendants and Hired Hands in Contempt of Court.[29] Respondents asserted that despite the restraining order issued by the trial court, petitioners, through their hired hands, namely, Brañanula, Francisco Briones, and Oscar Guevarra, harvested palay, corn, and coconuts from the property in October 1988 and on 2 December 1988. Respondents asserted that unless petitioners and their agents are enjoined from disturbing respondents’ peaceful possession of the property, respondents would continue to suffer irreparable damages.

On 13 January 1989, the trial court issued an Order citing petitioners and their hired hands in contempt of court.[30] Upon petitioners’ Motion for Reconsideration, the trial court set aside the order.[31]

On 9 November 1989, petitioners filed a Notice of Death[32] stating that Adelina died on 8 April 1983. The Notice stated that Adelina was survived by her six children. In its Order[33] dated 28 November 1989, the trial court directed petitioners to submit the names of Adelina’s children. The trial court stated that Adelina’s children would substitute her in the proceedings.

Respondents presented three witnesses: Brañanula, Justiniano Lizardo (“Lizardo”), both of whom were residents of Malangas, Zamboanga del Sur, and Fernando himself. Respondents also offered documentary evidence consisting of a Sketch Plan and the blue print of the approved subdivision plan of respondents’ land identified as Psu-173083.

On the other hand, petitioners repeatedly failed to present evidence at the scheduled hearings.[34]

On 13 September 1994, the trial court issued the following Order:

When the above-entitled case was called for continuation of trial today, counsel for the plaintiffs appeared and manifested that he is ready for today's continuation of hearing. On the other hand, counsel for the defendants had requested that this case be reset to another date. Counsel for the plaintiffs manifested that he is not interposing to the postponement of this case today but requested that this will be the last postponement with the warning that should the defendants fail to present any evidence in the next hearing of this case, the case shall be deemed submitted for decision.

Finding the manifestation of counsel for the plaintiffs to be proper and in order, the same is hereby granted.

WHEREFORE, let the continuation of trial of the above-entitled case be set again on October 18, 1994, at 8:30 in the morning, with the warning that should defendants fail to present their evidence in the next hearing, the case is deemed submitted for decision.

SO ORDERED.[35]

Petitioners' counsel failed to present evidence at the scheduled hearing of 18 October 1994. Thus, the trial court issued an Order stating that the case was deemed submitted for decision.[36]Petitioners filed a motion for reconsideration of the order.[37]

On 25 October 1994, the trial court issued the following Order:

Acting on the Motion for Reconsideration filed by counsel for the defendants, the court resolves to DENY the same.

As borne out by the record of the instant case, as of March 24, 1992, defendants per Court's Order were considered to have waived their right to present their evidences for failure to appear on the hearing set on the said date. Upon Motion by counsel for the defendants, said Order was set aside and defendants were allowed to present their evidences.

Despite the indulgence of the Court, defendants choose to delay the proceedings of this case thus, in an Order dated September 13, 1994, the defendants were warned that should they fail to present their evidences in the next hearing, the case will be deemed submitted for decision.

However, on October 18, 1994, still defendants failed to present their evidences, thus the Court considered the case submitted for decision.

WHEREFORE, considering that this case has logged for a long time already, the instant Motion for Reconsideration is hereby DENIED and this case is deemed submitted for resolution. Stenographers who took the proceedings of this case are hereby ordered to submit their transcripts of their stenographic notes within 15 days from the date of this order.

SO ORDERED.[38]

On 28 October 1994, petitioners filed a Motion to Offer Documentary Exhibits with Prayer to Submit Memorandum.[39] The trial court granted the motion in its Order[40] dated 3 November 1994.

The Ruling of the Trial Court

On 25 August 1995, the trial court rendered judgment, the dispositive portion of which reads:

WHEREFORE, in view of the foregoing and premises considered, judgment is hereby rendered:

- Declaring Original Certificate of Title No. P-29,822 for Lot No. 1080-A and Original Certificate of Title No. P-29,823 for Lot No. 1080-B issued in the name of Nestor Mendizabel and Ignacio Mendizabel, respectively their rights as NULL AND VOID AB INITIO and held said property as trustees for the benefit of plaintiffs;

- Ordering the Register of Deeds of Pagadian City to require defendants Nestor Mendizabel and Ignacio Mendizabel to surrender the above named titles immediately;
- Ordering the Provincial Sheriff through the Clerk of Court, Regional Trial Court, Pagadian City, to execute the necessary Deed of Reconveyance of the above-specified titles in favor of plaintiffs; and

Pronouncing exemplary and incidental damages against defendants, in favor of plaintiffs to include cost of suit and attorney's fees in the amount of seventy five (P75,000.00) pesos, Philippine Currency.

SO ORDERED.[41]

The trial court explained its decision in this wise:

From the documents presented and from the oral testimonies given by the witnesses, it is very clear that defendants never acquired actual possession of the land in question. In fact, after they were issued the titles, they had to employ the services of an INP Station Commander in the person of Oscar Guevarra to be able to enjoy the harvest and fruits of the plants in the litigated area.

There is also no showing that defendants acted to eject plaintiff if the latter forcibly entered and took possession of the land.

Although it is true that the Deed of Sale in Cebuano (Exhibit "A" for plaintiff) remains a private document being devoid of notarial registration, it stands as plain proof of plaintiffs prior acquisition and right of possession which defendants have not demolished, except by their having secured titles thereon.

The tenants who testified affirmed plaintiffs['] claim of ownership. Under the land reform law, they have all the right to have the land they are tenantry acquired by opting to avail of the benefits provided by law, but not one of them ventured, perhaps, out of respect or goodwill with the landholders.

How plaintiff failed to secure title over the land in question is explained by the fact that some other persons were applying for it. It is clear, however, that the battle or contest to secure the title was not waged in the venue itself, meaning, while one party applying for title over the land was in actual possession, the other parties applying for title over the same area was in a better position to facilitate the documents, as shown by the fact that defendant Nestor Mendizabel was working with the Bureau of Lands as a skilled employee.

This Court would like to believe defendants as the true and lawful owners of Lot No. 1080, which was subdivided and apportioned among father and son as Lot Nos. 1080-A and 1080-B, because of the titles they have thereon. But ownership of real property is better recognized by actual possession thereof and not by mere possession of documents relative thereto.

Nowhere in the records of this case was there any evidence to show from whom defendants acquired and how they acquired the land they succeeded to have titles to, except the allegation that they bought the property from Alejandro Magbanua, on May 24, 1955, as pointed out in their answer. Besides there is no showing that the alleged vendor, Alejandro Magbanua from whom defendants acquired said property has been in possession of the subject property, either constructive in the form of a Tax Declaration or other monuments of title or physically.

It is obvious that the authorities, namely, the DENR, the Secretary of Agriculture and the [O]ffice of the President were made to believe that defendants, at the time they applied for homestead title, were in actual possession of and occupying the land in question, when the contrary was true.

Ironically, the Decision of the Secretary of Agriculture which was accordingly affirmed in toto by the [O]ffice of the President placed defendants in an awkward situation, because the "free patent" application of Fernando Apao was given due course for Lot No. 407 and the "homestead" application of Ignacio Mendizabel was similarly given due course for Lot No. 1080. If it was the other way around, that would have saved defendants

from an awkward situation. “Homestead” presupposes actual occupation and possession of the land and enjoyment of its fruits, but, unfortunately, plaintiffs were the ones in actual possession and enjoying the fruits thereof who were disturbed only by the issuance of Original Certificate of Title No. P-29,822 and Original Certificate No. P-29,823 to defendants twenty seven (27) years after and entitling plaintiffs to have acquired the property by acquisitive prescription bearing in mind that defendants or their predecessors had never taken any legal steps or remedy to demolish plaintiffs['] possession.

The documentary evidences and the oral testimonies have conjured a very clear picture sufficient to convince this Court that the original certificate of titles issued in the name of defendants Ignacio Mendizabel and Nestor Mendizabel, namely Original Certificate of Title No. P-29,822 and Original Certificate of Title No. P-29,823, could have been obtained through fraud, manipulation, and stratagem to the disadvantage of plaintiffs. Accordingly, under these circumstances an implied trust is created by operation of law for the benefit of the plaintiffs.[42] (Emphasis supplied)

On 25 October 1995, the trial court issued the following Order:

The Court in the exercise of its inherent power hereby corrects its Decision dated August 25, 1995, issued in the above-entitled case particularly in the dispositive portion of page 8, paragraph d of said decision which should read as follows:

d. Pronouncing exemplary and incidental damages against defendants, in favor of plaintiffs to include cost of suit and attorney’s fees in the amount of seventy five thousand (P75,000.00) pesos, Philippine Currency.

SO ORDERED.[43]

Petitioners appealed to the Court of Appeals.

The Court of Appeals’ Ruling

On 30 July 1999, the Court of Appeals rendered judgment as follows:

WHEREFORE, prescinding from the foregoing disquisitions, the decision appealed from is hereby AFFIRMED in toto. Costs against defendants-appellants.

SO ORDERED.[44]

The Court of Appeals held that there is no cogent reason for it to deviate from the rule that factual findings of the trial court shall not be disturbed on appeal unless the trial court has overlooked or ignored some fact or circumstance of sufficient weight or significance, which, if considered, would alter the situation. The Court of Appeals held that while factual findings of administrative agencies must be respected, the same holds true only if the findings are supported by substantial evidence. The Court of Appeals held that the evidence presented by respondents “tend to disprove the factual findings of the administrative bodies.”

The Court of Appeals further held that respondents have adequately proven by the testimonies of their witnesses that Fernando actually possessed and cultivated the property at the time of the homestead application and was then enjoying its fruits.

The Court of Appeals noted that the only instance when petitioners “voiced out” their title to the property was in 1988 when Oscar Guevarra vehemently told respondents’ tenants to vacate Lot No. 1080. Since prior to that time, respondents were undisturbed in their possession of the property, the Court of Appeals ruled that the possessor has a better right.

The Court of Appeals, moreover, held that reliance by petitioners on the fact that respondents never appealed the 1971 decision of the Office of the President could not be given credence because the decision was not properly

identified. The Court of Appeals held that petitioners' failure to prove that respondents received the decision or that petitioners enforced the decision against respondents was fatal to petitioners' defense.

The Court of Appeals also ruled that the doctrine of implied trust as enunciated in Article 1456 of the Civil Code operates in favor of respondents. The Court of Appeals stated that under Article 1456, when a person through fraud succeeds in registering a property in his name, the law creates what is called a "constructive or implied trust" in favor of the defrauded party and grants the latter the right to recover the property fraudulently registered.

The Court of Appeals also ruled that the action for reconveyance that respondents availed of in the present case is proper. The Court of Appeals held that while it is doctrinal that a decree of registration is no longer open to review or attack after the lapse of one year, although its issuance is attended with fraud, it does not necessarily mean that the aggrieved party is without remedy at law. An action for reconveyance is still available to the aggrieved party if the property has not passed to an innocent purchaser for value.

The Court of Appeals held that in the present case prescription has not set in. The Court of Appeals held that considering that respondents are in possession of the property in the concept of an owner, the action for reconveyance, which in effect seeks to quiet title to the property, does not prescribe. The Court of Appeals held that an action for reconveyance based on implied trust prescribes in 10 years only if the claimant is not in actual possession.[45]

The Court of Appeals denied petitioners' motion for reconsideration in its Resolution[46]dated 5 April 2000.

Hence, this petition.

The Issues

Petitioners raise the following issues:

- Whether the petition lacks cause of action considering that the alleged circumstances constituting fraud or mistake were not stated with particularity in the complaint.
- Whether the action for reconveyance has already prescribed.
- Whether respondents have acquired ownership of the lands covered by the homestead titles granted to petitioners.
- Whether the Court of Appeals erred in not giving weight to the factual findings of the Department of Agriculture and Natural Resources.
- Whether implied trust exists in this case.[47]

The Ruling of the Court

The petition must fail.

Action for Reconveyance Based on Implied Trust

Petitioners claim that while respondents' complaint alleged "fraud or mistake," it did not state with particularity the circumstances constituting fraud or mistake, pursuant to Section 5, Rule 8 of the Rules of Court. Petitioners claim that on this score alone, both the trial court and the Court of Appeals should have decided the case in their favor.

Petitioners' argument is untenable.

In an action for reconveyance, all that must be alleged in the complaint are two facts which, admitting them to be

true, would entitle the plaintiff to recover title to the disputed land, namely, (1) that the plaintiff was the owner of the land or possessed the land in the concept of owner,[48]and (2) that the defendant had illegally dispossessed him of the land.[49]

In their complaint, respondents clearly asserted that: (1) they were the “true and actual possessors” of the property; (2) they purchased the property from spouses Alejandro and Teofila Magbanua on 21 March 1955 as evidenced by a deed of sale pacto de retro which spouses Magbanua executed in their favor; (3) their ownership of the property became absolute when the vendors failed to repurchase it within the period stipulated in their contract; and (4) they were fraudulently deprived of ownership of the property when petitioners obtained homestead patents and certificates of title in their names.[50]These allegations certainly measure up to the requisite statement of facts to constitute an action for reconveyance based on an implied trust.

Indubitably, the act of petitioners in misrepresenting that they were in actual possession and occupation of the property, obtaining patents and original certificates of title in their names,[51] created an implied trust in favor of the actual possessors of the property. The Civil Code provides:

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.

In other words, if the registration of the land is fraudulent, the person in whose name the land is registered holds it as a mere trustee, and the real owner is entitled to file an action for reconveyance of the property.[52]

Petitioners would nonetheless insist that respondents failed to present any proof of fiduciary relation between them and respondents and “breach of such trust by petitioners.”

Whether there is fiduciary relation between petitioners and respondents is of no moment. Construing the provision of Article 1456, the Court in *Aznar Brothers Realty Company v. Ayling*[53]stated:

A deeper analysis of Article 1456 reveals that it is not a trust in the technical sense for in a typical trust, confidence is reposed in one person who is named a trustee for the benefit of another who is called the cestui que trust, respecting property which is held by the trustee for the benefit of the cestui que trust. A constructive trust, unlike an express trust, does not emanate from, or generate a fiduciary relation. While in an express trust, a beneficiary and a trustee are linked by confidential or fiduciary relations, in a constructive trust, there is neither a promise nor any fiduciary relation to speak of and the so-called trustee neither accepts any trust nor intends holding the property for the beneficiary.

x x x x

... implied trusts are those which, without being expressed, are deducible from the nature of the transaction as matters of intent or which are superinduced on the transaction by operation of law as matters of equity, independently of the particular intention of the parties. In turn, implied trusts are either resulting or constructive trusts. x x x

x x x constructive trusts are created by the construction of equity in order to satisfy the demands of justice and prevent unjust enrichment. They arise contrary to intention against one who, by fraud, duress or abuse of confidence, obtains or holds the legal right to property which he ought not, in equity and good conscience, to hold.[54] (Emphasis supplied)

The records show that respondents bought the property from spouses Alejandro and Teofila Magbanua on 21 March 1955 as evidenced by a deed of sale.[55] Fernando testified that he was in actual, open, peaceful, and continuous possession of the property at the time he filed his application for a free patent and was then enjoying its fruits. These facts were corroborated by the testimonies of Brañanula and Lizardo, residents of Barangay

Mabini, Malangas, Zamboanga del Sur.[56] Petitioners, however, assert that the deed of sale, “although Annex A of respondents’ complaint,” should not be given weight for it was not offered in evidence.[57]

Petitioners’ assertion has no merit. All documents attached to a complaint, the due execution and genuineness of which are not denied under oath by the defendant, must be considered as part of the complaint without need of introducing evidence.[58] In petitioners’ answer, there was no denial under oath of the due execution and genuineness of the deed of sale. Thus, the deed of sale is not only incorporated into respondents’ complaint, it is also deemed admitted by petitioners.[59] This has the effect of relieving respondents from the duty of expressly presenting such document as evidence. The court, for the proper resolution of the case, may and should consider without the introduction of evidence the facts admitted by the parties.[60]

Moreover, despite the opportunities given them by the trial court, petitioners still failed to prove that they were the owners of the property or that they had been in possession of the same.[61] In fact, it was only on 21 March 1988, or after respondents had filed their complaint, that petitioners tried to occupy the property by attempting to eject respondents’ tenants.[62] Hence, petitioners never exercised any right of ownership over the land.

In a number of cases, the Court has ordered reconveyance of property to the true owner or to one with a better right, where the property had been erroneously or fraudulently titled in another person’s name.[63] In *Bustarga v. Navo II*,[64] the Court held that “reconveyance is just and proper in order to terminate the intolerable anomaly that the patentees should have a Torrens title for the land which they and their predecessors never possessed and which has been possessed by [another person] in the concept of owner.” After all, the Torrens system was not designed to shield and protect one who had committed fraud or misrepresentation and thus holds title in bad faith.[65]

Considering the circumstances in the present case, therefore, we hold that respondents have a better right to the property since they had long been in possession of the property in the concept of owners. In contrast, petitioners were never in possession of the property. Despite the irrevocability of the Torrens titles issued in their names, petitioners, even if they are already the registered owners under the Torrens system, may still be compelled under the law to reconvey the property to respondents.

Prescriptive Period of an Action for Reconveyance

The essence of an action for reconveyance is that the free patent and certificate of title are respected as incontrovertible. What is sought is the transfer of the property, in this case its title, which has been wrongfully or erroneously registered in another person’s name, to its rightful owner or to one with a better right.[66]

It is of no moment that respondents filed this action for reconveyance more than four years after the property was registered in favor of petitioners. An action for reconveyance of registered land based on implied trust prescribes in 10 years, the point of reference being the date of registration of the deed or the date of the issuance of the certificate of title over the property.[67] Besides, respondents were in possession of the property at the time they filed their complaint in the present case.[68] The Court has ruled that the 10-year prescriptive period applies only when the person enforcing the trust is not in possession of the property. If a person claiming to be its owner is in actual possession of the property, the right to seek reconveyance, which in effect seeks to quiet title to the property, does not prescribe. The reason is that the one who is in actual possession of the land claiming to be its owner may wait until his possession is disturbed or his title is attacked before taking steps to vindicate his right. His undisturbed possession gives him a continuing right to seek the aid of a court of equity to ascertain and determine the nature of the adverse claim of a third party and its effect on his own title, which right can be claimed only by one who is in possession.[69]

Factual Findings of Administrative Agencies

The decision[70] of the Office of the President affirming the decision of the Secretary of Agriculture and Natural Resources in DANR Case No. 2481, which petitioners offered in evidence, could hardly carry the day for them. Factual findings of administrative agencies such as the Department of Agriculture and Natural Resources (“DANR”) are accorded not only respect but also even finality if they are supported by substantial evidence. However, deviation from this rule must be made when the administrative agency itself clearly misappreciated the facts.[71] In the present case, the factual findings of the Court of Appeals are at variance with those of the DANR. We have carefully reviewed the records and found that petitioners have not sufficiently proved that the findings of fact of the Court of Appeals are totally devoid of support in the records, or that they are so glaringly erroneous as to constitute serious abuse of discretion. Wherefore, we hold that the findings of fact made by the Court of Appeals are conclusive and binding on this Court even if contrary to those of the DANR, so long as such findings are supported by the records or based on substantial evidence.[72]

Besides, there is no showing that respondents received a copy of the decision of the Office of the President.[73] No judgment or order, whether final or interlocutory, has juridical existence unless it is set down in writing, signed, promulgated, and released to the parties. Even after its promulgation, a decision does not bind the parties until notice of the decision is duly served on them by any of the modes prescribed by law.[74]

WHEREFORE, we DISMISS the petition and AFFIRM the Decision of the Court of Appeals in CA-G.R. CV No. 52803.

SO ORDERED.

Quisumbing, (Chairman), Carpio-Morales and Tinga, JJ., concur.

[1] Under Rule 45 of the 1997 Rules of Civil Procedure.

[2] Penned by Associate Justice Jainal D. Rasul, with Associate Justices Ruben T. Reyes and Eloy R. Bello, Jr., concurring.

[3] Penned by Associate Justice Eloy R. Bello, Jr., with Associate Justices Ruben T. Reyes and Romeo A. Brawner, concurring.

[4] Penned by Judge Fausto H. Imbing.

[5] Alejandro’s name also appears in the Records as “Alijandro.”

[6] Records, pp. 634-635.

[7] Id., pp. 7-8.

[8] Id., p. 2.

[9] Id., pp. 633-634.

[10] Id., p. 9.

[11] Id., pp. 633-634.

[12] Id., p. 2.

[13] Docketed at the Department of Agriculture and Natural Resources as DANR Case No. 2481.

[14] Records, p. 640.

[15] Id., pp. 633-637.

[16] Id., pp. 10-10-A.

[17] Teopista's name also appears in the Records as "Teofista" and "Teafista."

[18] Records, pp. 1-4.

[19] Id., p. 1.

[20] Id., p. 3.

[21] Id., pp. 19-23.

[22] Id., pp. 24-26.

[23] Brañanula's name also appears in the Records as "Branianera."

[24] Records, p. 26-A.

[25] Id., pp. 39-40.

[26] Id., pp. 53-54.

[27] d., p. 63.

[28] Id., pp. 41-45.

[29] Id., pp. 101-102.

[30] Id., p. 103.

[31] Id., p. 112.

[32] Id., p. 140.

[33] Id., p. 144.

[34] Id., pp. 318, 425, 449, 519, 569, 607, and 620.

[35] Id., p. 607.

[36] Id., p. 620.

[37] Id., p. 625.

[38] Id., p. 628.

[39] Id., pp. 629-632.

[40] Id., p. 645.

[41] Id., pp. 687-688.

[42] Id., pp. 686-687.

[43] Id., p. 708.

[44] CA rollo, p. 72.

[45] CA rollo, pp. 69-71.

- [46]Id., pp. 80-81.
- [47] Rollo, pp. 5-7.
- [48]Bustarga, et al. v. Navo II, et al., 214 Phil. 86 (1984).
- [49] Heirs of Maximo Sanjorjo v. Heirs of Manuel Y. Quijano, G.R. No. 140457, 19 January 2005, 449 SCRA 15; Heirs of Kionisala v. Heirs of Dacut, 428 Phil. 249 (2002).
- [50]Records, pp. 1-3.
- [51]Id., pp. 10, 41- 42.
- [52] Pagkatipunan v. Intermediate Appellate Court, G.R. No. 70722, 3 July 1991, 198 SCRA 719.
- [53]G.R. No. 144773, 16 May 2005, 458 SCRA 496, 508-509.
- [54]See Vda. de Esconde v. Court of Appeals, G.R. No. 103635, 1 February 1996, 253 SCRA 66; Philippine National Bank v. Court of Appeals, G.R. No. 97995, 21 January 1993, 217 SCRA 347.
- [55] Records, pp. 5-6.
- [56] TSN, 28 July 1988, pp. 3-7, 9-14, and 19; TSN, 15 September 1988, pp. 4-5, 9-11, and 13; TSN, 10 January 1989, pp. 3, 7-8, 10-12; TSN, 5 July 1990, p. 8; TSN, 22 January 1991, p. 5; TSN, 26 March 1991, p. 2.
- [57] Rollo, p. 6.
- [58] City of Cebu v. Court of Appeals, G.R. No. 109173, 5 July 1996, 258 SCRA 175.
- [59] Id.
- [60] Asia Banking Corporation v. Walter E. Olsen & Co., 48 Phil. 529 (1925).
- [61]Supra notes 34, 35, 36, 38, 39, and 40.
- [62] Records, p. 24; TSN, 28 July 1988, pp. 13-14.
- [63] Vda. de Cabrera v. Court of Appeals, G.R. No. 108547, 3 February 1997, 267 SCRA 339; Linaza v. Intermediate Appellate Court, G.R. No. 73741, 28 February 1990, 182 SCRA 855; Amerol v. Bagumbaran, No. L-33261, 30 September 1987, 154 SCRA 396.
- [64] Supra note 48, at 89. See Linaza v. Intermediate Appellate Court, supra note 63.
- [65]Pagkatipunan v. Intermediate Appellate Court, supra note 52; Amerol v. Bagumbaran, supra note 63.
- [66]Caro v. Sucaldito, G.R. No. 157536, 16 May 2005, 458 SCRA 595; Leyson v. Bontuyan, G.R. No. 156357, 18 February 2005, 452 SCRA 94; Heirs of Maximo Sanjorjo v. Heirs of Manuel Y. Quijano, supra note 49.
- [67]Tale v. Court of Appeals, G.R. No. 101028, 23 April 1992, 208 SCRA 266.
- [68]Supra note 62.
- [69] Vda. de Cabrera v. Court of Appeals, supra note 63.
- [70] Records, pp. 639-643.
- [71] Electruck Asia, Inc. v. Meris, G.R. No. 147031, 27 July 2004, 435 SCRA 310; TEA-SPFL v. NLRC, 338 Phil. 681 (1997).
- [72]Gonzales v. Court of Appeals, 411 Phil. 232 (2001).

[73] Supra note 70.

[74] 2.0 Herrera, Review Law 142 (2000); *Lindo v. Commission on Elections*, G.R. No. 95016, 11 February 1991, 194 SCRA 25; *Neria v. Comm. of Immigration*, 132 Phil. 276 (1968).

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