

NAPOLEON PORTES, SR., MARIA PORTES, AND HEIRS OF NAPOLEON PORTES, SR. NAMELY NAPOLEON PORTES, JR., NESTOR PORTES, REBECCA PORTES, ROSALINA PORTES-ISUGA, AND NICANOR PORTES, PETI...

G.R. NO. 145264. August 30, 2005

Ponente: CARPIO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-145264/>

CARPIO, J.:

The Case

Before us is a petition for review of the Decision[2] of the Court of Appeals in CA-G.R. CV No. 50107 dated 14 August 2000 affirming the Decision[3] of the Regional Trial Court of Negros Occidental, Branch 51, Bacolod City in Civil Case No. 1815.

The Antecedent Facts

This case stems from a complaint for recovery of possession and annulment of titles filed on 21 April 1977 by respondents Segunda, Eulalia, Salustancia, Vamerco, Josefina, Felomino, Marciano, Lydia, and Salome, all surnamed Arcala.

Respondents claimed that as early as 1908, their parents, Vicente and Felisa, had already occupied and developed the disputed parcels of land, Lots 2 and 3. These two lots are located in Sitio Pagba, Mansalanao, La Castellana, Negros Occidental. On 20 June 1912, the Director of Lands approved Vicente's homestead application for Lots 2 and 3. Vicente and Felisa were in open, exclusive and continuous possession of Lots 2 and 3 until their deaths in 1930 and 1940, respectively. As Vicente and Felisa's heirs, respondents succeeded them in their rights over Lots 2 and 3. Respondents then took possession of Lots 2 and 3.

Respondents filed the complaint against their cousins, Vicente, Jr., Perfecta, Sotera, and Consolacion, all surnamed Arcala. Vicente, Jr., Perfecta, Sotera, and Consolacion are the nephew and nieces of respondents' father, Vicente. Vicente, Jr., Perfecta, Sotera, and Consolacion were impleaded with their respective spouses, Ramona, Roberto Cadongon, Alfredo Magsico, and Martin Mugas. Also impleaded as defendants were Felomina Gustilo ("Felomina"), Angel Gustilo ("Angel"), Luis Gustilo ("Luis"), spouses Enrique and Pacita Palmares ("Enrique and Pacita"), and Napoleon Portes, Sr. ("Napoleon"), the predecessor-in-interest of petitioners.

Respondents alleged that on 30 November 1917, Felomina, the aunt of Luis, registered Lots 1, 2, 3, 4, 5 and 6 in her name. These lots are situated in Barrio Mansalanao, Pontevedra, Negros Occidental and described in Plan II-12285. The decree of registration dated 11 November 1920 was issued to Felomina by the Court of First Instance of Negros Occidental in GLRO Case No. 15426. However, on 26 July 1930, the cadastral court issued another decree of registration excluding Lots 2 and 3 from the decree of registration issued to Felomina. The cadastral court amended Felomina's decree of registration because Vicente and Felisa had already obtained a homestead patent over Lots 2 and 3. The Director of Lands issued another plan to Felomina. The new plan

reflected the true area of Felomina's land. From 196.3176 hectares, Felomina's registered land area was reduced to 164.9178 hectares, composed only of Lots 1, 4, 5, and 6.

Despite the amended decree of 26 July 1930, Felomina was still able to have the title of Lot 2 reconstituted by invoking GLRO Case No. 15426. On 31 March 1964, the reconstituted title of Lot 2, OCT No. RO-8932, was issued to Felomina. Felomina then subdivided Lot 2 into Lots 2-A and 2-B. In December 1964, OCT No. RO-8932 was cancelled. TCT No. T-39331 covering Lot 2-A was issued to Luis while TCT No. T-39332 covering Lot 2-B was issued to Felomina.

In 1966, Vicente, Jr., Sotera and Perfecta had Lot 2-B subdivided. Vicente, Jr. pretended to be the son of Vicente, respondents' father, and had the subdivided portions of Lot 2-B titled in this manner: Lot 2-B-3 covered by TCT No. T-44568 in Vicente's name; Lot 2-B-1 covered by TCT No. T-44566 in Perfecta's name; and Lot 2-B-2 covered by TCT No. T-44567 in Sotera's name.

On 21 February 1967, Vicente, Jr., Sotera and Perfecta executed a Deed of Absolute Sale over the properties in favor of Enrique and Pacita. Later, TCT Nos. T-46568, T-46567 and T-46569 covering Lots 2-B-1, 2-B-2 and 2-B-3, respectively, were issued to Enrique and Pacita.

Luis sold Lot 2-A to Napoleon as evidenced by a "Deed of Sale of Realty with Assumption of Mortgage" dated 28 December 1967. TCT No. T-65157 covering Lot 2-A was subsequently issued to Napoleon.

On 3 August 1970, Angel and a certain Eleuteria Espinosa ("Eleuteria"), reconstituted the title of Lot 3. OCT No. RO-10754 (11988) was issued to Angel and Eleuteria.

Respondents, who were still in possession of Lots 2 and 3, learned of defendants' fraudulent acts in 1966 when Vicente, Jr. claimed ownership of Lot 2. Segunda had the land dispute investigated by the Bureau of Lands.

The investigation report of the Bureau of Lands dated 24 February 1970 was favorable to respondents. The investigation report recommended the revocation of Felomina's certificates of title over Lot 2. On 9 October 1970, Segunda caused the annotation of an adverse claim on the transfer certificates of title of Lots 2 and 3.

On 23 October 1970, certain persons acting in behalf of Luis forcibly entered Lot 3. Luis allegedly caused the imprisonment of Segunda and respondents' tenant, Valentino Serapio ("Valentino") for refusing to give a share of the land's produce to either Luis or Vicente, Jr.

Respondents prayed for the nullification of petitioners' certificates of title, turning over of possession of Lots 2 and 3 to respondents and payment of 30% of whatever may be recovered as attorney's fees and litigation expenses.

In his Answer, Luis claimed that he is the registered owner of Lot 3 with the corresponding title. Luis denied entering the property through force, stealth, strategy and intimidation. Luis insisted that the present action is barred by prior judgment in Felomina's favor. During the trial, Luis died. He was substituted by his daughter Concepcion Gustilo.

Spouses Enrique and Pacita asserted in their Answer with Counterclaim that they purchased Lots 2-B-1, 2-B-2 and 2-B-3 from Perfecta, Sotera, and Vicente, Jr. in good faith and for value. The certificates of title did not contain any annotation of encumbrance. Ever since Enrique and Pacita acquired the lots in 1967, they have been in possession of the lots, paying the land and educational taxes on the lots.

Vicente, Jr., Sotera, Perfecta and Consolacion were declared in default for their failure to file their answer despite service of summons.

Napoleon was substituted by his heirs Maria, Napoleon, Jr., Nestor, Rebecca, Rosalina and Nicanor, all surnamed Portes. In their Answer, the heirs of Napoleon insisted that Napoleon acquired ownership of Lot 2-A in good faith and for value. The heirs of Napoleon argued that the action has prescribed and laches now bars the action.

On 5 September 1994, the trial court rendered judgment in favor of respondents. Petitioners appealed to the Court of Appeals.

On 14 August 2000, the Court of Appeals affirmed the trial court's decision in its entirety. Hence, this petition.

The Ruling of the Trial Court

The trial court ruled that respondents own Lots 2 and 3.

Felomina's reconstituted title over Lot 2 is void because she had no right to reconstitute the title of this property. Vicente, Jr., Sotera, Perfecta, Consolacion, Luis, Napoleon and the spouses Enrique and Pacita, the subsequent buyers of the subdivided portions of Lot 2, were not innocent purchasers. All of them had notice of the flaws of the certificates of title. Vicente, Jr., Sotera, Perfecta, and Consolacion were declared in default because of their failure to file their answer despite notice.

Angel and Eleuteria also had no prior title over Lot 3 to reconstitute. Angel and Eleuteria's title over Lot 3 is thus void.

The dispositive portion of the trial court's decision reads as follows:

ACCORDINGLY, judgment is hereby rendered in favor of plaintiffs and against defendants, declaring null and void:

- Transfer Certificate of Title No. T-46568 for Lot 2-B-1 of the subdivision plan (LRC) Psd-58548, being a portion of Lot No. 2-B (LRC) Psd-38764, LRC Cad. Rec. No. 117, situated in the Barrio of Mansalanao, Pontevedra, Negros Occidental, in the names of the spouses Enrique Palmares and Pacita Palmares;
- Transfer Certificate of Title No. T-46567 for Lot 2-B-2 of the subdivision plan, LRC Psd-58548, being a portion of Lot No. 2-B, LRC Psd-38764, LRC Cad. Rec. No. 117, situated in the Barrio of Mansalanao, Pontevedra, Negros Occidental, in the names of the spouses Enrique Palmares and Pacita Palmares;
- Transfer Certificate of Title No. T-46569 for Lot No. 2-B-3 of the subdivision plan, LRC Psd-58548, being a portion of Lot No. 2-B, LRC Psd-38764, LRC Cad. Rec. No. 117, situated in the Barrio of Mansalanao, Pontevedra, Negros Occidental, in the names of the spouses Enrique Palmares and Pacita Palmares;
- Transfer Certificate of Title No. T-46569 for Lot No. 2-B-4 of the subdivision plan, LRC Psd-58548, being a portion of Lot No. 2-B, LRC Psd-38764, LRC Cad. Rec. No. 117, situated in the Barrio of Mansalanao, Pontevedra, Negros Occidental, in the names of Consolacion Arcala, married to Martin Mijas;
- Transfer Certificate of Title No. T-65157 for Lot No. 2-A, being a portion of Lot 2, Cad. Rec. No. 117, situated in the Barrio of Mansalanao, Pontevedra, Negros Occidental, in the names of the spouses Napoleon Portes and Maria Portes;

and ordering:

- Defendant-spouses Enrique Palmares and Pacita Palmares to deliver and peacefully turn over possession of Lot Nos. 2-B-1, 2-B-2, and 2-B-3 to herein plaintiffs;
- Defendant Consolacion Arcala, married to Martin Mijas, to deliver and turn over peacefully possession of Lot No. 2-B-4 to herein plaintiffs;
- Defendant-spouses Napoleon Portes and Maria Portes, to deliver and turn over peacefully possession of Lot

No. 2-A to herein plaintiffs;

- Defendant Angel Gustilo and his successor-in-interest, to deliver and turn over peacefully possession of Lot No. 3 to herein plaintiffs;

- Defendants to pay plaintiffs, by way of attorney's fee[s] 20% per centum of the fair market value of the land they each possessed;

- Defendants to jointly and severally pay the costs.

SO ORDERED.[4]

The Ruling of the Court of Appeals

Only the heirs of Napoleon appealed from the decision of the trial court. The Court of Appeals affirmed the trial court's decision. The Court of Appeals explained that a party could invoke indefeasibility of title, prescription and laches if no valid title exists. Moreover, in the present case the transferees had notice of the flaw in their titles.

The dispositive portion of the decision reads:

WHEREFORE, premises considered, the appealed decision in Civil Case No. 1815 is hereby AFFIRMED in its entirety. Costs against the defendants-appellants.

SO ORDERED.[5]

The Issues

The heirs of Napoleon raise the following issues:

- WHETHER PETITIONERS NAPOLEON PORTES, SR. AND MARIA PORTES HAVE ACQUIRED LOT 2-A IN GOOD FAITH AND FOR VALUE;

- WHETHER PETITIONERS NAPOLEON PORTES, SR. AND MARIA PORTES HAVE ACQUIRED VALID TITLE TO LOT 2-A;

- WHETHER THE DOCTRINES OF LACHES, PRESCRIPTION AND INDEFEASIBILITY OF TITLE UNDER THE TORRENS SYSTEM OR REGISTRATION ARE APPLICABLE TO THE TITLE OF PETITIONERS OVER LOT 2-A.[6]

The Ruling of the Court

A judgment is final and executory against a party who does not appeal.[7] Only the heirs of Napoleon appealed from the decision of the trial court with the Court of Appeals and filed the present petition before the Court. Thus, the decisions of the trial court and the Court of Appeals are final and executory on Felomina and Luis, Angel, and the spouses Enrique and Pacita, Perfecta and Roberto, Sotera and Alfredo, Vicente, Jr. and Ramona, and Consolacion and Martin.

The appeals filed by the heirs of Napoleon did not inure to the benefit of their co-defendants. The rights and liabilities of the heirs of Napoleon and their co-defendants are not dependent on each other.[8] In this case, the defense of being an innocent purchaser for value is unique to each party. Moreover, the parties were represented by different counsels during trial. The counsels could not have legally acted for each other. [9] Therefore, when the heirs of Napoleon appealed from the decisions of the trial and appellate courts, they were acting only for themselves.

We thus limit our discussion to the rights of the heirs of Napoleon over Lot 2-A.

A homestead patent, once registered under the Land Registration Act, becomes as indefeasible as a Torrens Title.[10] Respondents' parents, Vicente and Felisa, owned Lots 2 and 3 by virtue of a homestead patent. The 26 July 1930 decision of the cadastral court recognized the indefeasibility of Vicente and Felisa's homestead patent when it excluded Lots 2 and 3 from the decree of registration it had issued to Felomina.

Felomina had no right over Lot 2. However, Felomina still caused the reconstitution of the title of Lot 2. Reconstitution is simply the restoration of a lost or destroyed instrument or title to its original form and condition.[11] Felomina had nothing to reconstitute as no certificate of title was ever issued to her over Lot 2. The fraud in the reconstitution of Lot 2 is evident.

Luis, from whom Napoleon purchased Lot 2-A, was just as guilty as his aunt Felomina in defrauding respondents. Respondents were still in possession of Lot 2 when Luis supposedly purchased the lot from Felomina and when Luis had the lot subdivided and the subdivided lots titled. Luis was definitely not a buyer in good faith. The only way for the heirs of Napoleon to validly claim Lot 2-A is to prove that Napoleon purchased Lot 2-A in good faith.

The trial and appellate courts ruled that Napoleon was not a purchaser in good faith. We agree with the two courts.

The trial and appellate courts pointed out that as early as 1966, there was already a brewing dispute between respondents and Luis over Lot 2. Luis conveyed Lot 2-A, one of the subdivided portions of Lot 2, to Napoleon on 28 December 1967. Maria, Napoleon's widow, testified that she was with Napoleon when Luis sold to them Lot 2-A.[12] Maria asserted that she was familiar with the history of Lot 2-A and the supposed previous owners, Luis and Felomina.[13] It was thus impossible for Napoleon and Maria not to have known of the Bureau of Lands' pending investigation and the incarceration of Segunda and Valentino at the time Luis sold to them Lot 2-A. The controversy between respondents and Luis should have prompted Napoleon to inquire into the status of Luis' title over Lot 2-A. A purchaser cannot close his eyes to facts that should put a reasonable man on his guard and still claim that he acted in good faith.[14] A holder in bad faith of a certificate of title is not entitled to the protection of the law.

Assuming that Napoleon was unaware of the conflict over Lot 2-A at the time of the execution of the deed of sale, Napoleon was, however, already charged with knowledge of the flaw in Luis' title at the time of the registration of the sale. Inscriptions of an adverse claim dated 23 November 1970 and lis pendens dated 14 September 1971 were already annotated on Luis' title over Lot 2-A when Napoleon registered the Deed of Sale on 16 December 1971.

While the sale between Luis and Napoleon bound both parties, the registration of the sale with the property registry is what binds third parties and the world to the transfer of ownership.[15] Moreover, registration alone without good faith is not sufficient.[16] Good faith must concur with registration for such prior right to be enforceable.[17]

The notice of lis pendens is an announcement to the whole world that a particular real property is in litigation.[18] The inscription serves as a warning that one who acquires an interest over litigated property does so at his own risk, or that he gambles on the result of the litigation over the property.[19] By disregarding the inscriptions and pursuing the registration of the sale, Napoleon assumed the risk of losing Lot 2-A to respondents. Napoleon's heirs, being merely the juridical continuation of his personality, hold Lot 2-A in trust for respondents.

Respondents' action for reconveyance is not barred by prescription. The fraudulent registration of a parcel of land holds the person in whose name the land is registered as a mere trustee of an implied trust for the benefit of the person from whom the property comes.[20] An action for reconveyance of registered land based on implied trust prescribes in ten years even if the decree of registration is no longer open to review.[21] However, when the

adverse claimants are still in possession of the property in dispute, the action for reconveyance, which in effect seeks to quiet title to property in one's own possession, is not subject to prescription.[22]

At the time that Felomina and Luis fraudulently titled Lot 2 in their names, Vicente and Felisa, respondents' parents, were still in possession of Lot 2. Vicente and Felisa's right to file an action for reconveyance was thus not subject to prescription. Respondents remained in possession of Lot 2 until 1967 when they were ousted from Lot 2-A. Since respondents were no longer in possession of Lot 2-A, the ten-year prescriptive period must be reckoned from the time that TCT No. T-65157 covering Lot 2-A was issued to Napoleon, which was on 16 December 1971. Prescription had not yet set in as the action for reconveyance was filed on 21 April 1977, or only six years after title to Lot 2-A was issued to Napoleon.

Respondents are not estopped by laches. Laches or "stale demands" is 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. Laches gives rise to a presumption that the party entitled to assert a right either has abandoned or declined to assert it.[23] Respondents' vigilance in asserting and protecting their rights over Lot 2-A is on record. They initiated the investigation with the Bureau of Lands and registered their adverse claims on the certificate of title of Lot 2-A even before title was transferred to Napoleon. Respondents are far from guilty of sleeping on their rights.

Attorney's fees may be awarded when the defendant's act or omission has compelled the plaintiff to incur expenses to protect his interest.[24] The trial court ordered petitioners to pay 20% of the fair market value of the land they each possessed as attorney's fees. We modify the award of attorney's fees. The heirs of Napoleon shall pay attorney's fees of P 50,000.

WHEREFORE, we DENY the petition. We AFFIRM with MODIFICATION the appealed Decision of the Court of Appeals dated 14 August 2000 in CA-G.R. CV No. 50107. We ANNUL Transfer Certificate of Title No. T-65157 of Lot 2-A, a portion of Lot 2, Cadastral Record No. 117, situated in the Barrio of Mansalanao, Pontevedra, Negros Occidental, in the names of the spouses Napoleon, Sr. and Maria Portes. The heirs of Napoleon Portes, Sr., Maria, Napoleon, Jr., Nestor, Rebecca, Rosalina, and Nicanor all surnamed PORTES shall pay P50,000 attorney's fees, and deliver and turn over possession of Lot 2-A to respondents Segunda, Eulalia, Salustancia, Vamerco, Josefina, Felomino, Marciano, Lydia, and Salome, all surnamed ARCALA. The 5 September 1994 Decision of the Regional Trial Court of Negros Occidental, 6th Judicial Region, Branch 51, Bacolod City in Civil Case No. 1815 is FINAL and EXECUTORY on Felomina Gustilo, Angel Gustilo, Luis Gustilo, spouses Vicente, Jr. and Ramona Arcala, Perfecta and Roberto Cadongon, Sotera and Alfredo Magsico, Consolacion and Martin Mijas, and Enrique and Pacita Palmares.

Costs against petitioners.

SO ORDERED.

Davide, Jr., CJ., Quisumbing, Ynares-Santiago, and Azcuna, JJ., concur.

[1] Respondents' surname appears as ALCALA in some of the documents in the records.

[2] Penned by Associate Justice Martin S. Villarama, Jr., with Associate Justices Salome A. Montoya and Romeo J. Callejo, Sr., concurring.

[3] Penned by Judge Ramon B. Posadas.

[4] Rollo, pp. 40-41.

- [5] Ibid., p. 30.
- [6] Ibid., pp. 97-98.
- [7] Citytrust Banking Corp. v. IVth Division, Court of Appeals, G.R. No. 82009, 10 April 1989, 171 SCRA 758.
- [8] Ibid.
- [9] Ibid.
- [10] Republic of the Phil. v. CA, 346 Phil. 637 (1997).
- [11] Rivera v. Court of Appeals, G.R. No. 107903, 22 May 1995, 244 SCRA 218.
- [12] TSN, 20 September 1988, pp. 7-8.
- [13] Ibid., pp. 17-18.
- [14] Sandoval v. Court of Appeals, G.R. No. 106657, 1 August 1996, 260 SCRA 283.
- [15] Cheng v. Genato, 360 Phil. 891 (1998).
- [16] Ibid.
- [17] Ibid.
- [18] Villanueva v. Court of Appeals, 346 Phil. 289 (1997).
- [19] Ibid.
- [20] Article 1456 of the Civil Code; Pagkatipunan v. Intermediate Appellate Court, G.R. No. 70722, 3 July 1991, 198 SCRA 719.
- [21] Alfredo v. Borrás, G.R. No. 144225, 17 June 2003, 404 SCRA 145; Salvatierra v. Court of Appeals, G.R. No. 107797, 26 August 1996, 261 SCRA 45.
- [22] Alfredo v. Borrás, supra note 21; Balangcad v. Justices of the Court of Appeals, G.R. No. 84888, 12 February 1992, 206 SCRA 169.
- [23] España, Sr. v. Court of Appeals, G.R. No. 123823, 17 February 1997, 268 SCRA 511.
- [24] Singson v. Court of Appeals, 346 Phil. 831 (1997).

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.