

**SPOUSES JOSE BEJOC AND JOVITA CAPUTOL BEJOC, PETITIONERS,
VS. PRIMA CALDERON CABREROS AND COURT OF APPEALS,
RESPONDENTS.***G.R. No. 145849. July 22, 2005*

Ponente: CORONA, J.

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Assailed in this petition for review under Rule 45 of the Rules of Court[1] are the decision[2] and resolution[3] of the Court of Appeals[4] which affirmed the trial court's judgment[5] declaring respondent the lawful owner of two parcels of agricultural land, the subject of this petition.

The original owner of the disputed parcels of land was Maura Caputol, the mother-in-law of respondent. On November 7, 1975, Maura Caputol executed a deed of donation inter vivos in favor of her son, Domingo Cabreros. The latter accepted the donation in the same instrument.

Domingo and his wife, respondent Prima Cabreros, took physical possession of the lots. In 1976, they had the tax declarations in the name of Maura Caputol cancelled and transferred to them.[6]

When the new owners and Maura Caputol migrated to Hawaii, they left the charge and administration of the land to petitioner spouses. Aside from being the uncle and aunt of Domingo, they were chosen as caretakers because they had been the overseers of the properties even before the donation to Domingo.

As caretakers, the petitioners were tasked to deliver the harvest to Lucinda Calderon,[7] the mother of respondent Prima Calderon Cabreros. They were also responsible for paying the taxes due thereon, to be taken from the proceeds of the sale of the crops.

When Domingo died in Hawaii in 1979, his forced heirs, respondent Prima and a minor daughter, succeeded to his estate.[8]

Sometime in October 1989, respondent Prima made a visit to the Philippines and went to Danao City, Cebu. She heard rumors that petitioner spouses were exercising acts of ownership over the disputed land. With her mother-in-law Maura Caputol, she confronted petitioners about the rumors but the latter initially denied the accusations. Later on, however, they claimed that Maura Caputol gave the properties to them, an allegation disclaimed by Maura who said it was no longer possible for her to give the properties to her younger sister, petitioner Jovita, because she had already donated them to her son Domingo in 1975.

Respondent also found out that petitioners stopped delivering the harvest to her mother since 1984. Moreover, she discovered that in 1981, Tax Declaration (TD) No. 19470 in the name of Domingo Cabreros issued in 1980 for the first parcel of land (parcel 1) was mysteriously cancelled and changed by TD No. 25472. This new tax declaration was issued in the name of Maura Caputol on the basis of a quitclaim allegedly executed before notary public Leonardo Garcillano in 1971, annotated therein. The same thing happened to the second parcel of land (parcel 2). The property was declared in the name of Domingo Cabreros in 1980 under TD No. 19471. Yet, in

1983, this TD was cancelled and changed by TD No. 25473 issued in the name of Maura Caputol, based on the same quitclaim.

In 1984, TD No. 25472 for parcel 1 and TD No. 25473 for parcel 2, both in the name of Maura Caputol, were cancelled by TD No. 24007 and 15-26009, respectively. These new declarations were now in the name of petitioner Jovita Caputol, based on a deed of confirmation of sale dated May 18, 1984 annotated therein. This document was allegedly executed by Maura Caputol in favor of petitioner Jovita.

Respondent further found that the petitioner spouses applied for a free patent on the properties. On October 17, 1984, Original Certificate of Title (OCT) No. 26947 was issued to petitioner Jose Bejoc by virtue of free patent no. (VII-5)17844 which he was able to obtain.

Earnest efforts to have the controversy settled out of court were unsuccessful as petitioners even dared respondent to sue them in court. Consequently, the respondent filed an action for reconveyance against the petitioner spouses on February 1, 1990 before Branch 17, Regional Trial Court (RTC) of Cebu.

In their answer, petitioners alleged that they had been in possession of the parcels of land as administrators since 1974 and as absolute owners since 1978. They claimed that Maura Caputol never donated the parcels of land to her son Domingo.

On December 24, 1978, Maura Caputol allegedly sold the subject properties to petitioners for P5,000 in a deed of sale. This sale was later on confirmed in another document dated May 18, 1984. From then on, they exercised their rights as owners of the land and paid the taxes due beginning 1979. They also successfully applied for a free patent on the properties. In 1984, they were issued an original certificate of title.

Lastly, they contended that, even assuming the truth of respondent's allegations, the action for reconveyance was already barred by prescription.

From the evidence adduced, the trial court ruled:

WHEREFORE, premises considered, judgment is rendered for the plaintiff and against the defendants hereby declaring the plaintiff as the true, absolute and lawful owner of the two parcels of land in question; ordering the defendants to reconvey the aforesaid properties in favor of the plaintiff; ordering the defendants to jointly and severally pay plaintiff the sum of Three Thousand (P3,000.00) Pesos a year from 1978 with legal rate of interest until the two parcels of land shall have been reconveyed and delivered to the plaintiff plus costs of this action.[9]

The Court of Appeals affirmed the trial court's judgment in a decision dated September 20, 1999.[10] The motion for reconsideration was likewise denied on October 13, 2000.[11]

Hence, petitioner spouses are now before us via a petition for review under Rule 45 of the Revised Rules of Court.

The sole issue raised in this petition is whether or not respondent's action for reconveyance has prescribed.

Petitioner spouses contend that respondent's action for reconveyance was based on fraud, not implied trust, as found by the trial and appellate courts. Respondent's allegation was that petitioner spouses conspired to transfer the tax declarations in their names and obtained title for the parcels of land by fabricating the quitclaim, contract of sale and deed of confirmation of sale. Since the fraud committed by petitioners "not implied trust" was the basis of the action, the prescriptive period was 4 years and not 10 years as enunciated in *Millena v. Court of Appeals*.^[12] This period should be reckoned either from the time that petitioners committed unequivocal acts of repudiation in 1978 or from the time the OCT was issued in their names in 1984. Considering that more than four years had passed in either case, it was clear error for the Court of Appeals to hold that respondent's action for

reconveyance had not yet prescribed when it was filed in 1990.

We find no merit in the petition.

An implied trust is one that, without being express, is deducible from the nature of the transaction as a matter of intent or which is superinduced on the transaction by operation of law as a matter of equity, independently of the particular intention of the parties.[13] It may either be resulting or constructive trust.

A resulting trust is presumed to have been contemplated by the parties, the intention as to which is to be found in the nature of their transaction but not expressed in the deed itself.[14] It is based on the equitable doctrine that valuable consideration, not legal title, determines the equitable title or interest.[15]

A constructive trust is created, not by any word evincing a direct intention to create a trust, but by operation of law in order to satisfy the demands of justice and to prevent unjust enrichment. It arises contrary to an agreement or 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.[16] A constructive trust is illustrated in Article 1456 of the Civil Code:

ARTICLE 1456. If the 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.

It is on this ground that we find no error in the trial and appellate courts' findings that an implied trust was created in favor of respondent when petitioners transferred the properties to their names in violation of the trust placed in them as overseers. Records show that, while the properties were under their administration, they transferred the tax declarations in the name of Domingo Cabrerros to Maura Caputol on the basis of a fake quitclaim purportedly executed in 1971. These tax declarations were in turn transferred to petitioner Jovita Caputol on the strength of a fraudulent deed of confirmation of sale supposedly executed by Maura Caputol on May 18, 1984.

All these documents, including a deed of sale allegedly executed in 1978, were denounced as spurious by Maura Caputol. She explained that she had donated the properties to her only son Domingo Cabrerros on November 7, 1975. There was no way she could have sold these properties thereafter, considering that she no longer owned them. Also, at the time of the alleged confirmation of sale, Maura Caputol was already 78 years old and living alone. At that age, she could have been easily manipulated by her sister, petitioner Jovita, into signing just about any document.

Telling is her testimony regarding the deed of confirmation of sale:

Q:

Now Mrs. Caputol, I will show to you this document evidencing the confirmation of sale from you to your sister. In fact they have the signature of Maura Caputol marked on their exhibit. Can you identify that signature?

A:

I signed the document just to confirm that they are the one staying [in] the house and over-seeing the property and I did not sell the property and in fact I even wanted to buy some more.[17] (emphasis ours)

Moreover, the quitclaim and the deed of sale, upon which petitioners based their claim, were never presented. Considering that they were the ones who had been asserting the existence of these documents, it was incumbent upon them to present said documents to prove that the properties had indeed been sold to them by Maura Caputol. The fundamental rule is that he who alleges must prove.[18] Petitioners' failure to do so was therefore fatal to

their cause.

More telling is the fact that OCT No. 26947 was issued in the name of petitioner Jose Bejoc on October 17, 1984 by virtue of Free Patent No. (VII-5) 17844. Undoubtedly, the patent and title were obtained by the petitioner spouses in flagrant breach of the confidence reposed in them by Maura Caputol, and Domingo Cabreros and his wife, respondent Prima. The evidence was that petitioners knew all along that the properties were not theirs. They, in fact, admitted that they were mere overseers thereof.

We have already held that simple possession of a certificate of title is not necessarily conclusive of a holder's true ownership of property. If a person obtains title that includes land to which he has no legal right, that person does not, by virtue of said certificate alone, become the owner of the land illegally or erroneously included.[19] It has been held time and again that the rule on indefeasibility of title cannot be used for the perpetration of fraud against the real owner.[20]

In *Viral v. Anore, et al.*[21] we ruled that:

While under ordinary circumstances the statute of limitations may bar an action to cancel a Torrens title issued upon a free patent, yet where the registered owner x x x knew that the parcel of land described in the patent and in the Torrens title actually belonged to another person, such statute barring action will not apply. It may be the better procedure, however, that the true owner bring an action to have the ownership or title to the land judicially settled, and the court in the exercise of its equity jurisdiction, without ordering the cancellation of the Torrens title issued upon the patent, may direct the registered owner to reconvey the land to the rightful owner. (emphasis ours)

The right to seek reconveyance based on an implied or constructive trust is not absolute. It is subject to extinctive prescription.[22] On this point, petitioners insist that the action prescribed in 4 years as held in the case of *Millena v. Court of Appeals*. [23] Petitioners' insistence is, however, misplaced. The 4-year prescriptive period is not applicable in the present case because the action was not based exclusively on fraud but on implied trust. Significantly, petitioners overlooked the well-settled rule, reiterated in the same case, that an action for reconveyance based on implied or constructive trust prescribes in 10 years.

This period is reckoned from the date of the issuance of the original certificate of title or transfer certificate of title. Since such issuance operates as a constructive notice to the whole world,[24] the discovery of the fraud is deemed to have taken place at that time. Here, the title was issued on October 17, 1984. The action for reconveyance was, on the other hand, filed 6 years later, on February 1, 1990. Clearly, prescription had not yet attached. The suit was brought well within the 10-year prescriptive period for implied trusts.

WHEREFORE, the petition is hereby DENIED. The assailed decision and resolution of the Court of Appeals are hereby AFFIRMED in toto.

Costs against petitioners.

SO ORDERED.

Panganiban, (Chairman), Sandoval-Gutierrez, Carpio-Morales, and Garcia, JJ., concur.

[1] At the outset, this Court notes the petitioner's error in impleading the Court of Appeals as party respondent. The only parties in an appeal by certiorari under Rule 45 of the Rules of Court are the appellant as petitioner and the appellee as respondent. The court which rendered the judgment appealed from is not a party in said appeal. It is in a special civil action of certiorari under Rule 65 where the court or judge is required to be joined as party

respondent.

[2] Rollo, pp. 14-23.

[3] Id., pp. 30-31.

[4] Penned by Associate Justice Eloy R. Bello, Jr. (retired), and concurred in by Associate Justices Jainal D. Rasul and Ruben T. Reyes of the Third Division.

[5] Penned by Judge Jose P. Burgos, RTC Cebu, Branch 17, Records, pp. 67-86.

[6] For parcel 1, TD No. 01302 in the name of Maura Caputol was cancelled and TD No. 10991 in the name of Domingo Cabreros married to Prima Cabreros was issued; For parcel 2, TD No. 01313 in the name of Maura Caputol was cancelled and TD No. 10992 in the name of Domingo Cabreros married to Prima Cabreros was also issued.

[7] Sometimes referred to as Rosenda Calderon Alvaro in the records.

[8] Prima Cabreros brought this action for reconveyance in two capacities: first, as heir to her husband's estate, and second, as representative of her minor daughter in the latter's share in the estate of her father.

[9] See note 5.

[10] See note 2.

[11] See note 3.

[12] 381 Phil. 132 (2000).

[13] De Leon, Comments and Cases on Partnership, Agency and Trusts, 5th Edition (1999), p. 670.

[14] Vitug, Compendium in Civil Law and Jurisprudence, Revised Edition (1993), p. 576.

[15] Cuenco v. Cuenco, G.R. No. 149844, October 13, 2004.

[16] Id.

[17] TSN, Maura Caputol, April 29, 1991; Records, p. 90.

[18] People v. Villar, 379 Phil. 417 (2000).

[19] Veterans Federation of the Philippines v. Court of Appeals, G.R. No. 119281, 22 November 2000, 345 SCRA 348.

[20] Bayoca v. Nogales, G.R. No. 138201, 12 September 2000, 340 SCRA 154.

[21] 90 Phil. 855 (1952).

[22] Ramos v. Court of Appeals, 198 Phil. 263 (1982).

[23] See note 7.

[24] Declaro v. Court of Appeals, G.R. No. 119747, 27 November 2000, 346 SCRA 57.

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