

SPOUSES GENARA AND FELIPE ABAY, SR., FELIPE ABAY, JR., GEFE A. GUSAY, AND MARY GENAFE ABAY, PETITIONERS, VS. SPOUSES JACINTO S. YOUNG AND CHIOK NGO LIM YOUNG, CRISPIN CABALLES, ...

G.R. No. 266298, December 03, 2025

Ponente: INTING, J.

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INTING, J.:

Before the Court is a Petition for Review on Certiorari[1] filed by Spouses Genara (Genara) and Felipe Abay, Sr. (Spouses Abay), Felipe Abay, Jr. (Abay, Jr.), Gefe A. Gusay (Gefe), and Mary Genafe Abay (Mary Genafe) (collectively, petitioners), assailing the Decision[2] dated May 25, 2022, and the Resolution[3] dated January 23, 2023, of the Court of Appeals (CA) in CA-G.R. CV No. 06259. The CA reversed the Decision[4] dated July 18, 2012, of Branch 23, Regional Trial Court (RTC), Cebu City, in Civil Case No. CEB-26586 and dismissed petitioners' Complaint[5] for Cancellation of Title, Damages with Preliminary Injunction and Issuance of New Transfer Certificate of Title for lack of merit.

The Antecedents

The case stemmed from a Complaint for Cancellation of Title, Damages with Preliminary Injunction, and Issuance of a New Transfer Certificate of Title (Complaint),[6] filed on June 19, 2001, by petitioners against: (1) the current possessors and title holders of a parcel of land situated in Guadalupe, Cebu City, (the subject property), namely: respondent Spouses Jacinto and Chiok Ngo Lim Young (Spouses Young); and (2) the sellers who transferred the subject property to petitioners, specifically, Crispin Caballes (Crispin) and the heirs of Crispin's sister, Trinidad Caballes-Gallardo (Trinidad), namely: Fe G. Verano (Fe), respondent Tomas Gallardo (Tomas), respondent Elena Gallardo, respondent Editha Gallardo, respondent Nicasio Gallardo, and respondent Eugenio Gallardo (Eugenio) (collectively, the Gallardos).[7]

The Complaint involved a parcel of land (subject property) identified as Lot No. 7, which is part of Lot 6012 (Lot 1 and 4) [LRC] PCS-3865 of the Cebu Cadastre based on the Consolidation-Subdivision Plan, Decision, Entry of Judgment, and Counter Order dated November 4, 1972.[8] The subject property used to form part of the estate of Margarita Lopez (Margarita).[9] During her lifetime, Margarita married Isaac Caballes, and they had nine children, namely: Crispin, Trinidad, Sabiniano, Isaac Jr., Emiliana, Gabino, Dolores, Angela, and Eulogio.

Petitioners asserted that they are the rightful owners of the subject property which they purchased from the descendants of Margarita, namely: Crispin, her son; and the Gallardos, who are the heirs of Trinidad, Margarita's daughter.[10] As proof of ownership, petitioners offered[11] the following in evidence: (1) Contract to Sell[12] dated August 11, 1979, signed by Crispin in favor of a certain "Pepe Abay"; (2) Absolute Deed of Sale[13] dated January 23, 1981, also signed by Crispin in favor of Abay, Jr., Gefe, and Mary Genafe; (3) Deed of Absolute Sale[14] dated September 15, 1979, executed by the Gallardos in favor of Spouses Abay; (4) Extrajudicial Settlement [and] Sale[15] dated September 22, 1982, executed by Crispin and the Gallardos; and (5) original tax

receipts[16] indicating payment of real estate taxes from 1970 to 1992, some of which bore the notation, "Paid by: Felipe C. Abay." Petitioners also attached to the Complaint a photocopy of an Extrajudicial Settlement and Sale[17] dated March 10, 1982 (March 1982 Extrajudicial Settlement and Sale), which was signed only by Crispin, Fe, and Eugenio, although the other Gallardos were listed as parties in the document.

Petitioners narrated that Spouses Abay visited the subject property before purchasing it.[18] When they arrived at the site, Crispin and Tomas identified the monuments of the land.[19] Afterwards, they purchased the property from Crispin and the Gallardos. In 1979, petitioners built around the property a temporary fence made of bamboo.[20] Later, in 1982, petitioners constructed a concrete fence with a gate surrounding the subject property; Tomas, one of the vendors and respondents in the case, also assisted in building the concrete fence.[21]

Petitioners had been in possession of the subject property for a period of around 20 years until sometime in May 2000, when several workers hired by Spouses Young unlawfully entered the subject property by forcibly breaking through the gate that petitioners constructed on the subject property.[22] The workers erected posts on the property despite petitioners' objections. This led petitioners to file a Complaint with the Office of the Barangay Captain. It was only then that they discovered that the subject property had been registered in the name of Spouses Young under Transfer Certificate of Title (TCT) No. 155087,[23] which was issued on February 18, 2000. As a result, petitioners filed an Adverse Claim dated May 25, 2000, with the Register of Deeds in Cebu City.[24]

In response, the Gallardos denied petitioners' ownership of the subject property. They noted that apart from the March 1982 Extrajudicial Settlement and Sale, all the documents presented by petitioners pertain to Lot No. 6036-B, which is entirely distinct and separate from the subject property, i.e., Lot No. 7, which is a portion of Lot No. 6012-E, another parcel of land inherited by Margarita from her father, Lorenzo Lopez (Lorenzo). Although they are in the same area, Lot No. 6036-B and Lot No. 6012-E are not adjacent but rather separated by other parcels of land.[25]

The Gallardos argued that the March 1982 Extrajudicial Settlement and Sale, which bears only the signatures of Crispin, Fe, and Eugenio—is fabricated and fictitious. They alleged that the signatures appearing thereon were either forged or obtained through deceit or misrepresentation. They maintained that none of Margarita's heirs sold their interests in the subject property, apart from the sale to Spouses Young through the Extrajudicial Settlement of Estate of Margarita Lopez Caballes and Deed of Absolute Sale[26] dated December 21, 1999[27] (1999 Extrajudicial Settlement and Sale), wherein Angela, Emiliana, Dolores, Gavino, Eulogio, Fe, Edgar, Sabiniano, and Isaac, all surnamed Caballes, extrajudicially settled the subject property and sold it to Jacinto S. Young for the price of PHP 350,000.00.

Respondents further asserted that even if the signatures of Crispin, Fe, and Eugenio appearing on the March 1982 Extrajudicial Settlement and Sale were authentic, those individuals had no rightful claim to the subject property because they were not part of the partition agreement related to Lot No. 6012, which was made among Margarita's heirs. Assuming they did possess ownership rights to the subject property, they could only legitimately transfer their respective hereditary shares, affecting only 72.73 sqm. of the subject property.[28]

As for the Spouses Young, they adopted the positions of the Gallardos. Spouses Young asserted that they are innocent purchasers who acquired the subject property in good faith and for a reasonable price through the 1999 Extrajudicial Settlement and Sale. When they made their purchase, they relied on the land title that the sellers provided to them, i.e., TCT No. 143076,[29] a Torrens certificate of title covering the subject property that was issued on January 31, 1997, in the name of Margarita. Eventually, Spouses Young caused the registration of the 1999 Extrajudicial Settlement and Sale by virtue of which, TCT No. 143076 was cancelled, and in lieu thereof, TCT No. 155087[30] was issued on February 18, 2000, in the name of Spouses Young.[31]

The Ruling of the RTC

In the Decision[32] dated July 18, 2012, the RTC granted petitioners' Complaint. It decreed as follows:

WHEREFORE, premises considered, defendants Sps. Jacinto Young and Chiok Ngo Lim-Young are ordered to reconvey to plaintiffs the 72.73 square meters, portion of Lot No. 6012, covered by TCT No. 155087. Thereafter, the [Registry] of Deeds of Cebu City, shall issue the corresponding transfer certificate of title of the reconveyed portion. All the expenses for that purpose shall be shared equally by the parties. The remaining area covered by Transfer Certificate of Title No. 155087 shall remain with defendants Sps. Jacinto Young and Chiok Ngo Lim-Young.

No damages and attorney's fees are hereby awarded as there should be no penalty to the right to litigate.

SO ORDERED.[33]

The RTC found that the Deed of Extrajudicial Settlement and Sale from March 1982, signed by Crispin, Fe, and Eugenio, clearly shows their transfer of ownership and hereditary rights over the subject property to petitioners. As a result, this transfer is considered valid, but only with respect to the undivided share of Crispin, Fe, and Eugenio in the property or to 72.73 sqm. thereof.[34] The RTC also noted that after petitioners acquired the subject property, they promptly built a fence and gate around it and paid their tax responsibilities.[35] The RTC determined that Spouses Young, who saw the structures erected by petitioners on the subject property before purchasing it from the Gallardos, should have further investigated the subject property's status yet neglected to do so, warranting the conclusion that they are not innocent purchasers for value.[36]

Aggrieved, the Gallardos appealed to the CA.[37]

The Ruling of the CA

In the assailed Decision[38] dated May 25, 2022, the CA granted the Appeal. The fallo of the CA Decision provides:

WHEREFORE, premises considered, the Appeal is DENIED.

The Decision dated July 18, 2012 of the Regional Trial Court, 7th Judicial Region, Branch 23, Cebu City for Civil Case No. CEB-26586 is hereby REVERSED AND SET ASIDE.

The Complaint for Cancellation of Title, Damages with Preliminary Injunction and Issuance of New Transfer Certificate of Title is DISMISSED for lack of merit.

SO ORDERED.[39]

The CA determined that: (1) petitioners purchased Lot No. 6036-B, not Lot 7 or Lot 6012, the subject property;[40] (2) Spouses Young purchased the subject property from the heirs of Margarita;[41] (3) both petitioners and Spouses Young are not buyers in good faith;[42] and (4) the preponderance of evidence tilts in favor of the Spouses Young.[43] The documentary evidence and witness testimony revealed that petitioners contracted to buy Lot No. 6036-B from Crispin and the Gallardos. However, confusion arose when Genara testified that they were originally shown either Lot No. 7 or Lot No. 6012, which is the subject property.[44]

Furthermore, petitioners did not act as buyers in good faith because they relied blindly on Crispin's assurances about the status of the property. The CA pointed out that petitioners neglected to inspect the titles (which were supposedly being reconstituted), purchased undefined aliquot shares, acknowledged a conflicting earlier document referencing Lot No. 7, and failed to promptly register their claim to Lot No. 7 despite asserting possession for twenty years.[45]

The CA also held that the Spouses Young acquired the subject property from Margarita's heirs and promptly

registered it under their names, and thus, obtained TCT No. 155087. However, the CA noted that the Spouses Young cannot be considered as buyers in good faith because the visible fence and house on the subject property should have prompted them to inquire about prior ownership before purchasing.[46] Nevertheless, despite the lack of good faith from both parties, the CA underscored the strength and conclusiveness of a title registered under the Torrens system. It thus regarded TCT No. 155087 in the name of Spouses Young as proof of an indefeasible title.[47]

Finally, the CA found petitioners guilty of inordinate delay because they failed to cause the registration of the subject property in their name even though they were supposedly in possession of it for 20 years until Spouses Young entered the premises.[48]

Unsatisfied, petitioners sought reconsideration[49] which the CA denied in the assailed Resolution. The CA discussed:

Furthermore, despite their insistence that the property they purchased was Lot 7, plaintiffs-appellants cannot deny that all the documents they presented as evidence show that they purchased Lot 6036-B. Even the Extrajudicial Settlement and Sale dated September 22, 1982 and the newspaper clipping from The Freeman touted by plaintiffs-appellants as proof that they purchased Lot 7 shows the property as Lot No. 6036-B. Nowhere in these documents can it be shown that Lot 7 or Lot 6012 is mentioned. TCT No. 12477 which appears on both documents also refers to Lot No. 6036-B.

We reiterate that the photocopy of the Extrajudicial Settlement and Sale dated March 10, 1982 that does mention Lot 7 as a portion of Lot No. 6012 was merely attached to the [C]omplaint but was not offered as evidence; it does not appear to be notarized; and it lacks the signatures of many of the heirs. More importantly, plaintiffs-appellants themselves chose to disregard the same in the lower court proceedings and, instead, offered as evidence the more recent Extrajudicial Settlement and Sale dated September 22, 1982 between the same parties. It is only therefore prudent that the earlier Extrajudicial Settlement and Sale dated March [10], 1982 be given little or no probative value as regards the rights of plaintiffs-appellants.

Although We found that the presence of the structures built by plaintiffs-appellants on the subject property should have put defendants-appellees on guard when they purchased the same, this is only relevant if the former indeed possess a valid claim upon the subject property or were buyers in good faith themselves. Since this is not the case as plaintiffs-appellants not just failed to act with reasonable care in ensuring the identity of the property they bought and to apply for title thereto but also evidently purchased a different parcel of land altogether, We maintain that the preponderance of evidence still lies in favor of defendants-appellees.[50]

Hence, the present Petition.

Petitioners' Arguments

According to petitioners, they own and possess the subject property, having inherited it from Crispin Caballes and Trinidad Caballes- Gallardo, who got it from the estate of Margarita. In turn, Margarita Lopez inherited the subject property from her father, Lorenzo, and she was married to Isaac Caballes, with whom she had nine children. Crispin and Trinidad are two of the children of Isaac and Margarita. Petitioners state that they have been openly and continuously living on the fenced property for over 20 years, in a manner visible to the public. They also said that they have paid the real estate taxes on the subject property.[51]

Petitioners assert that, based on the documentary evidence of respondents, the title given to Spouses Young is fraudulent and a mistake. They argue that Spouses Young bought the subject property in bad faith, despite being aware of petitioners' prior ownership and possession, and that Spouses Young were also aware of the fence they had built. They thus conclude that the principle of indefeasibility of a Torrens title cannot apply in favor of Spouses Young.[52]

Petitioners further insist that respondents are liable to them for damages. Supposedly, Spouses Young forcibly entered the subject property, destroyed the fence that they built thereon, and caused them anxiety and sleepless nights.[53]

Respondents' Arguments

In their Comment to the Petition[54] dated December 9, 2024, the Gallardos emphasize that the factual findings of the trial court, as affirmed by the CA, are generally considered final and conclusive. They contend that the present petition explicitly asks the Court to review the facts related to who has a better right to the subject property based on the submitted evidence.[55]

Meanwhile, in their separate Comment[56] dated December 5, 2024, Spouses Young assert that the CA correctly determined that they provided sufficient evidence, including the 1999 Extra-Judicial Settlement and Sale, as well as TCT No. 155087.[57] Spouses Young insist that petitioners failed to demonstrate their alleged ownership of the subject property for over two decades; their allegation of "fraud" was also unfounded, and they could not substantiate that they purchased the subject property from the proper party.[58] In fact, the CA accurately established that Lot No. 6036-B and Lot No. 7—portion of Lot 6012—were distinct properties and that the "preponderance of evidence" favored them due to their proactive and thoroughly documented claim.[59]

The Issue

The main issue before the Court is whether the CA erred in affirming the validity of the Spouses Young's title despite petitioners' assertion of prior ownership rights based on their transactions with Crispin and the Gallardos.

The Ruling of the Court

The Petition is meritorious.

Preliminarily, the Court reiterates that a petition for review on certiorari under Rule 45 of the Rules of Court shall solely raise questions of law. The Court is not a trier of facts. It is not within its purview to analyze and evaluate the evidence that the lower courts have already considered. A question of law arises when there is uncertainty regarding the applicable law and jurisprudence concerning a particular set of facts. Such questions do not necessitate an examination of the probative value of the evidence. Conversely, a question of fact exists when there is a dispute regarding the truth or falsity of the alleged facts.[60]

Nevertheless, in situations where the factual findings of the CA and the RTC are conflicting, or when the CA's conclusions are based on the absence of evidence, yet such findings are contradicted by the evidence on record, as in this case, the Court possesses the authority to reexamine the adequacy of the evidence presented before the lower tribunals.[61]

The object of the sale between petitioners, Crispin, and the Gallardos, is the subject property, not Lot No. 6036-B

As stipulated during the pre-trial, the property in dispute is Lot 7, which forms part of Lot 6012-E.[62] The same parcel of land was previously registered under TCT No. 143076,[63] issued in the name of Margarita on January 31, 1997. Petitioners assert that this is precisely the property that they had purchased from Crispin and the Gallardos.

To substantiate their claim, petitioners presented several documents, namely: (1) the Deed of Absolute Sale[64] dated September 15, 1979 (1979 DOAS), executed by the Gallardos; (2) the Absolute Deed of Sale[65] dated January 23, 1981 (1981 DOAS), executed by Crispin; and (3) the Extrajudicial Settlement and Sale[66] dated

September 22, 1982 (1982 DOAS) jointly executed by Crispin and the Gallardos. Genara Abay likewise testified that before they purchased the subject property, i.e., Lot 7 of Lot 6012-E, she and her husband visited the site, wherein Crispin and Tomas pointed to them the monuments of the land. Further, Tomas even assisted them in fencing the property.

However, the CA practically disregarded the foregoing Deeds of Sale as evidence of title in favor of petitioners because the Deeds uniformly referred to Lot 6036-B, not to Lot 7 of Lot 6012-E. The CA thus concluded that petitioners failed to prove their claim of title over the property in dispute.

The Court does not agree with the CA's conclusion.

It is settled that a person buys real property not by its technical lot number but as they see the property in its actual setting, with its visible monuments, boundaries, and improvements.[67] The lot number appearing in the document of sale is not, by itself, determinative of the identity of the land conveyed.[68] Verily, ordinary persons, who are not knowledgeable in the science of surveying, cannot be expected to discern the identity of the land by its technical description and to determine the exact extent or location of the property just by examining a written instrument or land title.[69]

Thus, in several cases,[70] the Court recognized that the true agreement of the parties to a contract of sale of a piece of land may not be properly reflected in the deed of sale, which may mistakenly identify the land as different from what was actually sold by the vendor. In such a case, the contract of sale is deemed valid although the written deed must be reformed to conform to the actual agreement of the parties.

Particularly, in *Atilano v. Atilano*,[71] the sale of land was considered valid despite the deed of sale referring to Lot No. 535-E as the property sold, even though the parties had actually agreed to buy and sell Lot No. 535-A. In that case, the vendee had occupied and constructed their house on Lot No. 535-A, not on Lot No. 535-E.

Likewise, in *Sarming v. Dy*,[72] the deed of sale identified Lot No. 5734, covered by Original Certificate of Title (OCT) No. 4918-A, as the property subject of the sale. However, the subject matter of the sale actually pertained to Lot No. 4163, which was covered by OCT No. 3129- A. Similar to the case of *Atilano*, therein plaintiffs actually occupied Lot No. 4163. The Court thus concluded that the deed must be reformed by changing the designation of the land sold from "Lot 5734" to "Lot 4163."

Similarly, in *Banico v. Stager*,[73] the metes and bounds of the property in the deed of sale were incorrectly identified. It was only when the vendee hired a surveyor that the mistake was discovered. The description in the deed referred to a rocky, elevated part of the property, contrary to the parties' original intent to sell a flat portion of the land. This flat area was the one that the vendee actually used for their beach resort business. The Court thus upheld the validity of the sale but required a reformation of the document to accurately reflect the true agreement of the parties. The Court discussed:

First, there was a meeting of minds between the contracting parties. In executing the Deed of Absolute Sale dated February 8, 1992, Lydia conveyed the 800-sq m portion of Lot No. 199 to Ulysses who accepted it in consideration of [PHP] 350,000.00. Inarguably, there is a perfected contract of sale at the moment the parties agreed upon the thing that is the object of the contract and upon the price.

Second, the written instrument did not express the true intention of the parties. It bears emphasis that Ulysses bought an area suitable for building a beach resort. Upon payment of the purchase price, Ulysses occupied the flat terrain, surveyed it and began constructing the resort. Verily, Ulysses would not possess the flat terrain if it was not the lot sold to him. Besides, the flat terrain is a proper location for building the resort and not the elevated rocky northern part. At any rate, Lydia should have objected when Ulysses occupied the flat terrain if it were true that she was still the owner of such area. Quite the contrary, Lydia promised to rectify the

erroneous description of the lot in the deed of sale. She did not protest the construction of the resort and instead, offered Ulysses an additional 400-sq m portion of Lot No. 199 that is adjacent to the flat terrain. Moreover, Lydia acknowledged the transaction over the 800-sq m lot before the barangay and presented a notarized Deed of Absolute Sale dated December 6, 2001, containing the accurate description of the flat terrain. At this juncture, we stress that Lydia never rebutted these acts and even admitted them in her answer.

Third, there is a mistake in identifying the exact location of the lot which caused the failure of the instrument to disclose the parties' real agreement. In *Atilano, et al. v. Atilano, et al.*, this Court noted that a person sells or buys real property as he sees it, in its actual setting and by its physical metes and bounds, and not by the mere lot number assigned to it in the certificate of title. In that case, the parties' real intention was to convey "Lot No. 535-A" considering that it is where the vendee constructed a house and his heirs continued to reside. The reference to "Lot No. 535-E" in the deed of sale was a simple mistake in the drafting of the document, which did not vitiate the consent of the parties or affect the validity of the contract between them....This is an error occasioned by the failure of the parties to describe the subject property, which is correctible by reformation and does not indicate the absence of the principal object as to render the contract void. In that case, the object is determinable as to its kind and can be determined without need of a new contract.[74]

In the foregoing cases, the sale was considered valid and reformation was allowed provided that the following requisites are met: (1) there must have been a meeting of the minds of the parties to the contract; (2) the instrument does not express the true intention of the parties; and (3) the failure of the instrument to express the true intention of the parties is due to mistake, fraud, inequitable conduct, or accident.[75]

All the requisites of reformation are present in the case, warranting a reversal of the CA rulings.

First, there was a meeting of the minds between the parties, as evidenced by the 1979 DOAS, 1981 DOAS, and 1982 DOAS. These documents reveal the intent of Crispin and the Gallardos to transfer ownership of their respective shares in a parcel of land to petitioners for a price certain. Specifically: (1) in the 1979 DOAS, the Gallardos sold to petitioners their 1/9 pro indiviso share in the property, equivalent to 245.5 square meters (sqm) for the price of PHP 15,000.00; (2) in the 1981 DOAS, Crispin sold to petitioners his share, which likewise consists of 245.5 sqm. for the price of PHP 10,000.00; and (3) in the 1982 DOAS, Crispin and the Gallardos sold the property to petitioners for the price of PHP 5,000.00.

All the elements of a contract under Article 1318[76] of the Civil Code are thus present, i.e., consent of the contracting parties, object certain which is the subject matter of the contract, and cause of the obligation which is established. The consent of the parties is evidenced by their signatures affixed on the deed of sale, unequivocally showing their agreement to sell and to buy. The object certain, which is the subject matter of the contract, is the specific parcel of land and the definite shares therein. Finally, the cause of the obligation, or the consideration, is the agreed purchase price paid by petitioners to Crispin and the Gallardos.

Second, the foregoing deeds of sale do not express the true intention of the parties. Intention, as a state of mind, may be gleaned from the contemporaneous and subsequent acts of the contracting parties.[77]

As noted by the RTC, petitioners first visited the subject property before purchasing it from Crispin and the Gallardos.[78] On direct examination, Genara Abay confirmed both the identity of the property purchased and the actual possession and acts of ownership exercised by petitioners over the subject lot. She stated that the entire 491 sqm. parcel was fenced, with a concrete fence built in 1982 at a cost of approximately PHP 40,000.00, a significant amount at the time, which demonstrates the petitioners' clear claim and control over the subject property. She also declared that as early as 1979, even before the concrete fence was built, she and her husband had visited the land with Crispin and Tomas, who personally pointed out the boundaries and landmarks of the land that had been sold to them. In her words, she saw four monuments marking the property. Genara testified:

Q–

Now, you said this fence is on your property with a gate, what is the area of your property?

A–

Four hundred ninety one (491) square meters.

Q–

Is the total area fenced and enclosed with a fence?

A–

It was enclosed with concrete fence.

Q–

When did you construct this concrete fence?

A–

1982.

Q–

Now, how much is the cost of the construction of this fence?

A–

More or less Forty Thousand Pesos ([PHP] 40,000.00).[79]

. . . .

Q–

All right. Now, before you acquired the property which you fenced in 1979 and by concrete fence in 1982.

Now, you remember if you and your husband paid any visits to the lot?

A–

Yes, I remember visiting the land. That land together with Crispin Caballes and Tomas Gallardo.

Q–

And who pointed out to you the land which you acquired from the Gallardos and Crispin Caballes?

A–

Crispin Caballes and Tomas Gallardo pointed out to us the monuments of the land.

Q–

How many monuments or posts are there in the land?

A–

We saw four (4) monuments.[80]

Petitioners specifically built a temporary fence around the subject property in 1979, using bamboo wood, and then

constructed a concrete perimeter fence in 1982.[81] Petitioners thus demonstrated that they have permanently occupied the subject property since 1982, in the capacity of owners, as further evidenced by the real property tax receipts[82] that they submitted in support of their claim. The Court has repeatedly held that the payment of real property taxes is a good indicium of possession under a bona fide claim of ownership, for no one in their right mind would pay taxes for property that they do not actually possess and consider as their own.[83]

In addition, Tomas categorically admitted during direct examination that he was the one who constructed for petitioners the concrete fence surrounding the subject property in 1982.[84] This is critical because Tomas is not just a bystander or laborer hired to perform such a task, but rather one of the children of Trinidad and, importantly, among the very vendors who executed the Deeds of Sale in petitioners' favor. The fact that Tomas installed the fence for petitioners on the subject property strongly suggests that the object of the deeds of sale among petitioners, Crispin, and the Gallardos, pertains to the subject property, i.e., Lot 7 of Lot 6012-E, not Lot No. 6036-B.

Needless to say, it is a recognition that ownership and possession of the subject property had already been transferred to petitioners. The act of Tomas in building the fence for petitioners cannot be dismissed as incidental or casual. On the contrary, it constitutes a clear and overt acknowledgment of petitioners' rights as buyers and owners of the subject lot. It is illogical for a vendor who supposedly retains an adverse interest in a property to voluntarily construct permanent improvements—particularly a concrete fence—at considerable expense and effort on behalf of the buyers. Instead, these acts of fencing are concrete proofs of perfected sale contracts signed in 1979, 1981, and 1982.

The foregoing situation also strongly confirms the identity of the subject property. Tomas, as the vendor, enclosing the lot with a permanent structure indicates that the property purchased and occupied by the petitioners is indeed the same lot fenced in 1982. This is not Lot No. 6036-B, which was never shown to be occupied or improved by petitioners. Moreover, Tomas' direct role in building the fence further supports the conclusion that the Deeds of Sale between petitioners, Crispin, and the Gallardos specifically refer to the 491-square-meter property they possess, not Lot No. 6036-B.

Third, the Deeds of Sale failed to accurately express the true agreement of petitioners, Crispin, and the Gallardos, by mistake. The records reveal that the lot sold to petitioners was incorrectly identified in the DOAS of 1979, 1981, and 1982, as the property in question was not yet titled in the name of Margarita during those periods and was in the process of settlement among the original owners.

The subject property was owned and originally registered in the name of Lorenzo,[85] Margarita's father.[86] When Lorenzo died, his estate, including Lot No. 6012 and its subdivisions, was inherited by his heirs; Margarita was one of them. The property was part of the lots covered by TCT Nos. T-57313[87] and T-57316,[88] which respectively covered Lot 1 and Lot 4 of the consolidation-subdivision plan (LRC) Pcs-13865, being a portion of the consolidation of Lots 6012-E-1, 6012-E-2, and 6012-E-4. The heirs of Lorenzo eventually settled his estate and submitted to Branch 17 of the RTC Cebu City consolidation-subdivision plan approved by the Bureau of Lands on August 18, 1974.

On March 21, 1985, Branch 17 of the RTC of Cebu City[89] issued an Order of partition, allocating Lot 7 (a portion of Lot 6012-E) to Margarita. This Order became final and executory on April 15, 1985.[90] However, the Order of partition was inscribed on TCT Nos. T-57313 and T-57316 only on January 16, 1997. Thereafter, TCT Nos. T-57313 and T-57316 were cancelled and, in lieu thereof, TCT No. 143076[91] was issued in the name of Margarita on January 31, 1997. The annotation of cancellation appearing in both TCT No.. T-57313 and T-57316 states:

Re-Entry No. 150168-V-47-D.B. – ORDER – BY JUDGE MARIO M. DIZON, Regional Trial Court[,] 7[th] Judicial Region[,] Branch XVII[,] Cebu City, Finding the petition to be [meritorious], and no objection thereto having been interposed, the same is hereby GRANTED, and, accordingly, the [Registry] of Deeds for Cebu City is [ordered] upon payment of all [the] requisite fees and presentation of the pertinent documents to cancel Transfer Certificate of Title Nos. 57313 and 57316 in the name of the Heirs of Lorenzo Lopez and thereafter issue separate titles, on the basis of the consolidation-subdivision plan approved by the Bureau of Lands on August 18, 1974, as per doc. on file. Date of the Instrument – March 21, 1985.

Date of the Inscription – January 31, 1997 at 11:35 A.M.

Re-Entry No. 149170-V-47-D.B. – ORDER – BY JUDGE MARIO M. DIZON, Notice of the Order dated March 21, 1985 having been received by the [Registry] of Deeds for Cebu City on March 28, said order is now declared to have become final and executory, as per doc. on file.

Date of the Instrument – April 15, 1985.

Date of the Inscription – January 16, 1997 at 2:20 P.M.

This title is hereby cancelled and [in] lieu thereof[,] TCT No. 143076 is issued.[92]

In other words, petitioners purchased the subject property from Crispin and the Gallardos before the partition among the heirs of Lorenzo was judicially recognized by Branch 17 of the RTC Cebu City. At the time of the execution of the 1979, 1981, and 1982 DOAS, no individual title in Margarita's name existed yet and the subject property was still part of the consolidated Lots 6012-E covered by TCT Nos. T-57313 and T-57316 in the name of Lorenzo's heirs. The parties knew that they were conveying portions of Lorenzo's estate, particularly the land occupied, fenced, and delivered to petitioners, but they lacked the benefit of the 1997 title (TCT No. 143076) to accurately describe it.

Consequently, the designation of the lot by its number was not entirely clear to the parties, who are not experts in the field of surveying. This was clarified during Genara's cross-examination,[93] when she explained that, notwithstanding the designation of the lot in the Deeds of Sale, what petitioners actually purchased was the specific property physically pointed out to them on the ground by Crispin and Tomas. The relevant portion of Genara's testimony is instructive:

Atty. Tanco:

Now, you are aware that in this extra judicial settlement and sale, the subject lot refers to Lot 6012, is that correct?

A–

Yes.

Q–

And not Lot 6036-B?

A–

Yes.

Q–

So, this is entirely different from Lot 6036-B which is the subject of this [C]omplaint?

Court:

You just answer the question.

Witness:

Yes.

Atty. Tanco:

Now later on, you had also presented a document denominated [as] ["]Extrajudicial [S]ettlement [and] [S]ale["] which is marked as Exhibit "H" and in this particular document, it is indicated here that the lot number subject of this Extrajudicial Settlement [and] Sale is Lot No. 6036-B, is that correct?

A–

Yes.

Q–

Would you still say that the lot subject of this extrajudicial settlement and sale marked Exhibit "H" is different or the same with the lot subject of Annex D to the [C]omplaint?

A–

That lot was one pointed to me by Crispin Caballes and Tomas Gallardo.

Q–

Let us get this straight. When Annex D to the [C]omplaint was prepared, although, as you said, this was not yet, this never materialized, the subject here is Lot 6012. Did Crispin and Tomas Gallardo point to you the lot which is Lot 6012?

Atty. Alo:

Your Honor please, that would now confuse the witness and the question is now misleading[,] Your Honor[,] because as shown by the document and as stated by counsel, at least the court will have a good background that if the complete reading of the document about this series of settlements, these are identical lots. It is narrated here in the document that these lots were subdivided and consolidated. So, when this consolidation subdivision of these lots, the lot designation would differ but it would refer to the same lot. But you could not expect much from this witness because she is a laywoman. That is why she keeps ontelling the court that this is the very same Lot that was pointed to her by the sellers[,] Your Honor.

Court:

That is why.

....

You answer the question. Was this pointed to you by Crispin and Tomas Gallardo that particular lot mentioned in the extrajudicial settlement was pointed out by Crispin and Tomas Gallardo.

....

Witness:

Yes, the same.[94] (Emphasis supplied)

Importantly, in their Answer,[95] the heirs of Margarita, including Crispin and Trinidad,[96] admitted that they were involved in disputes concerning the partitioning of various lots derived from Margarita's estate, particularly

Lot No. 6036-8-4, Lot No. 6036-B-5, which they designated as the "Caballes Compound," on the one hand, and on the other, Lot No. 6012-E-1, E-2, and E-4, which they designated as the "Lorenzo Lopez Drive property" and from which the subject property was derived. Both Lot No. 6036-B and Lot No. 6012-E were inherited by and adjudicated to Margarita from the estate of Lorenzo Lopez.[97]

Given the overlapping inheritance over portions of Lot Nos. 6036-B and 6012-E, it is not surprising that confusion arose regarding the precise designation of the lands involved. Petitioners, Crispin, and the Gallardos, as ordinary laypersons, could not be reasonably expected to fully comprehend the technical descriptions of the lots' boundaries.[98] Rather, what may be fairly deduced from the situation is that the parties were genuinely mistaken and confused as to the correct lot number of the property sold to petitioners because the sellers' inheritance included both Lot 6036-B and Lot 6012-E, and the property in question was not yet individually titled at the time of the sale.

Even the deeds of sale themselves confirm that what petitioners bought from Crispin and the Gallardos is the subject property. Specifically, Lot No. 7, a part of Lot No. 6012-E, is described in TCT No. 143076 as having an area of 491 sqm. This exact figure matches the combined shares sold to petitioners under the 1979 and 1981 DOAS—Crispin and the Gallardos, each identifying their respective 245.5 sqm. share, which, when added together, a total of 491 sqm. The 1982 DOAS further confirms this by expressly referring to the entire 491 sqm. area. These facts clearly establish that the subject property sold by Crispin and the Gallardos to petitioners is exactly the 491 square meters, Lot No. 7 of Lot No. 6012-E. The agreement between the parties' declared shares, the specific measurements listed in the deeds of sale, and the actual size of the property as awarded to Margarita's heirs leave no doubt.

In contrast, Lot No. 6036-B, which appears on the deeds of sale to petitioners, is covered by TCT No. 12477.[99] According to TCT No. 12477, Lot No. 6036-B has an area of 4,450 sqm., which is manifestly larger than the land area mentioned in the [D]eeds of [S]ale to petitioners.

Even more, as further discussed below, Lot No. 6036-B could not have been the object of the sale to petitioners because at that time, the seven children of Margarita—Angela, Dolores, Isaac, Jr., Emiliana, Gavino, Sabiniano, and Eulogio—had previously executed an Extra-Judicial Declaration of Heirs and Partition with Exchange on August 6, 1976,[100] years prior to the execution of the 1979, 1981, and 1982 DOAS in favor of petitioners. These seven children had already occupied definite portions of Lot No. 6036-B and had in fact, caused the subdivision and individual titling of the property in their names.

The totality of the evidence, when considered together with the surrounding circumstances, clearly indicates that petitioners bought the subject property from Crispin and the Gallardos. The references to "Lot No. 6036-B" in the deeds of sale executed in 1979, 1981, and 1982 appear to be a mistake; a clerical error rather than reflective of the true intent of the parties. Genara's testimony, coupled with the totality of the evidence on record, demonstrates that the incorrect lot number in the deeds of sale was not controlling, as the key factor was the actual property agreed upon and marked by the vendors at the site. Petitioners bought, held, and fenced the same lot identified to them by Crispin and Tomas, regardless of whether the documentation listed it as Lot No. 6012 or Lot No. 6036-B.

The true intention of the parties is readily determinable from the records. The parties' actions before, during, and after the execution of the 1979, 1981, and 1982 deeds of sale demonstrate that the object of the sale is the subject property, not Lot No. 6036-B. In particular: (1) petitioners took actual possession of the subject property as early as 1979, initially closing it with a bamboo fence, demonstrating their intention to treat it as their own; (2) in 1982, petitioners, with the assistance of Tomas, one of the vendors, constructed a concrete perimeter fence around the subject property, further evidencing that the subject property was the intended object of the sale; (3) petitioners

have been paying real property taxes on the subject property since the 1970s^[101] and continued to do so well into the 1990s,^[102] establishing a continuous recognition of ownership; and (4) petitioners maintained uninterrupted occupation of the subject property for approximately 20 years until Spouses Young assumed possession in May 2000.

Accordingly, the error in designation should not defeat the true intent of the parties. The Civil Code recognizes that when a written instrument fails to express the real agreement due to mistake, the proper recourse is to interpret and, if necessary, reform the contract in accordance with the true intent of the contracting parties. The unbroken chain of acts of ownership—from the sale to the fencing and continued possession—proves beyond doubt that the object of the contracts was the 491 sqm. property actually delivered to and occupied by petitioners, which is Lot 7 of Lot 6012-E and not Lot No. 6036-B.

While petitioners sought relief through an action for cancellation of title and reconveyance, the question of reformation of the deeds may properly be addressed here in connection with their claim.^[103] Reformation is intimately related to the central issue of petitioners' title and ownership, as it involves correcting the misdescription of the property to reflect the true intention of the parties. Petitioners also explicitly raised this issue in their Complaint, asserting that, notwithstanding the erroneous description in the deeds, Crispin and the Gallardos pointed to the subject property as the property intended to be sold. Thus:

11- All the aforementioned vendors and Defendants herein pointed to the above-described property and now subject to this Complaint as the actual property sold to Plaintiffs. In fact, Plaintiffs caused the construction of a concrete fence enclosing the subject property and Defendant Tomas Gallardo was one of the workers who constructed the fence for Plaintiffs.^[104]

Consequently, the Pre-Trial Order appropriately included among the issues for resolution: whether petitioners acquired the subject property for valuable consideration; whether Spouses Young obtained a valid title over the same property; and whether a double sale occurred.^[105] The question of whether the deeds of sale executed in favor of petitioners expressed the parties' true intention is therefore inseparable from the determination of which party—petitioners or Spouses Young—holds a valid title. The resolution of the deeds' reformation is not a collateral matter but is central to establishing the rightful ownership of the subject property.

Crispin and the Gallardos acquired the subject property after partition among the heirs of Margarita

To reiterate, the subject property was previously co-owned by the heirs of Lorenzo. Margarita inherited both the subject property and Lot No. 6036-B-5 and Lot No. 6036-B-4, the lots which were adjudicated to her after the partition of the heirs of Lorenzo.^[106] After Margarita's death on July 3, 1970,^[107] her properties, including the subject property and Lot Nos. 6036-B-5 and 6036-B-4, were inherited by her heirs, i.e., her children Crispin, Trinidad, Sabiniano, Isaac Jr., Emiliana, Gabino, Dolores, Angel, and Eulogio.^[108] As Trinidad had predeceased Margarita in the 1950s,^[109] Trinidad's share in Margarita's estate was inherited by her children,^[110] the Gallardos. Margarita's heirs stood as co-owners pro indiviso of the properties, inheriting in equal parts or with each of them having a 1/9 pro indiviso share.^[111]

In accordance with Article 1078^[112] of the Civil Code, there is co-ownership among the heirs of Margarita before partition. After partition, the co-ownership is terminated.^[113] Partition, or the separation, division, and assignment of a thing held in common among those to whom it may belong,^[114] may be made by the heirs judicially or extrajudicially.^[115] "Every act which is intended to put an end to indivision among co-heirs and legatees or devisees is deemed to be a partition, although it should purport to be a sale, an exchange, a

compromise, or any other transaction." [116]

Thus, in several cases, partition has been held to occur when the heirs have physically segregated the real property and have occupied definite or specific portions of it even though there was no formal partition among the heirs. [117] The fact that one of the heirs has constructed permanent improvements on definite portions of the property in question, and the co-heirs did not question the same for a long period of time, is strong evidence of partition. [118] A partition legally made confers upon each heir the exclusive ownership of the property adjudicated to them. [119]

In the case at bar, the evidence on record indubitably establishes that Margarita's heirs had already partitioned her estate as early as 1976. Thus, at the time of the execution of the 1979, 1981, and 1982 DOAS, only Crispin and the Gallardos, excluding the seven other children of Margarita—Angela, Dolores, Isaac, Emiliana, Gavino, Sabiniano, and Eulogio—were the co-owners of the property in dispute who could lawfully transfer their title to petitioners.

First, the records show that on August 6, 1976, Margarita's children—with the exception of Crispin and Trinidad—executed an Extrajudicial Declaration of Heirs and Partition with Exchange. The agreement concerned Lot Nos. 6036-B-5 and 6036-B-4, which were divided only among the seven children of Margarita, without the participation of Crispin and the Gallardos, to wit: Angela, Dolores, Isaac, Emiliana, Gavino, Sabiniano, and Eulogio. This confirms that specific lots were segregated from the shared estate and assigned to the named heirs, thus ending the co-ownership of those properties. As stated in the Answer:

4.5 On August 6, 1976 after Margarita Lopez died, her children, except Crispin and Trinidad, executed an Extra-Judicial Declaration of Heirs and Partition with Exchange involving two of Margarita's lots, namely Lot No. 6036-B-5 and 6036-B-4. Their partition agreement divided and adjudicated the aforementioned properties as follows: To Angela Caballes, 306 square meters; To Dolores Caballes, 306 square meters; To Isaac Caballes, Jr., 306 square meters; To Emiliana Caballes, 325 square meters; To Gavino Caballes, 302 square meters; To Sabiniano Caballes, 302 square meters; To Eulogio Caballes, 302 square meters.

[4.6]

4.7 Subsequently, the Heirs of Margarita Lopez who were parties to the partition agreement, filed a petition in court for the cancellation of the titles issued in the name of their late mother and for the issuance of new titles in their names.

4.8 On August 31, 1981, the Court of First Instance issued an order canceling T.C.T. No. 61350 covering Lot No. 6036-B-4 and T.C.T. No. 61351 covering lot No. 6036-B-5. The court further ordered the issuance of separate titles in the names of Angela Caballes, Dolores Caballes, Isaac Caballes, Jr., Emiliana Caballes, Gavino Caballes, Sabiniano Caballes and Eulogio Caballes. Machine copy of the court order is hereto attached and marked as annex "C".

4.9 Pursuant to the court order, the Registry of Deeds canceled TCT nos. 61350 and 61351 and issued separate titles in the names of the aforementioned heirs of Margarita Lopez. Machine copies of the certificates of title are hereto attached and marked as annexes "D" to "J".

4.10 Meanwhile, another partition was made among the heirs of Lorenzo Lopez involving among others, Lot No. 6012-E-1, 6012-E-2 and 6012-E-4. Margarita Lopez who was already deceased and represented by her heirs, was given a portion of the aforementioned lot with an area of Four Hundred Ninety One (491) square meters.

4.11 Subsequently, the Heirs of Lorenzo Lopez filed a petition in court for the cancellation of titles issued in the name of Lorenzo Lopez and the issuance of new titles in their names.

4.12 In an Order dated March 21, 1985, the Court of First Instance favorably acted upon the [P]etition and directed the issuance of separate titles to the heirs of Lorenzo Lopez. Machine copy of the court order is hereto attached and marked as annex "T".[120]

Emiliana confirmed that the Caballes Compound, or the portions pertaining to Lot No. 6036-B, was subdivided only among the seven children of Margarita, excluding Crispin and Trinidad. She identified the TCTs that had been individually issued to the seven children for their respective portions in Lot Nos. 6036-B-4 and 6036-B-5.[121] Specifically: (1) TCT No. 82012[122] was issued in the name of Emiliana for Lot 4; (2) TCT No. 82009[123] in the name of Angela for Lot 1; (3) TCT No. 82010[124] in the name of Dolores for Lot 2; (4) TCT No. 82011[125] in the name of Isaac, Jr. for Lot 3; (5) TCT No. 82013[126] in the name of Gavino for Lot 5; (6) TCT No. 82014[127] in the name of Sabiniano for Lot 6; and (7) TCT No. 82015[128] in the name of Eulogio for Lot 7. These individual certificates of title unmistakably demonstrate that the co-ownership of Margarita's heirs had already been dissolved, and that each heir had been placed in possession and ownership of specific and exclusive portions of Margarita's estate.

Second, as early as August 18, 1974, the Bureau of Lands had already approved a consolidation-subdivision plan covering Lot Nos. 6012-E-1, 6012-E-2, and 6012-E-4.[129] Particularly with regard to the subject property identified as Lot No. 7 of Lot No. 6012-E, it was specifically assigned to Crispin and Trinidad's heirs. During his direct-examination, Tomas explained that this arrangement was based on an agreement among Margarita's heirs given that the seven other children—Angela, Dolores, Isaac, Emiliana, Gavino, Sabiniano, and Eulogio—had already occupied definite or specific portions of Lot No. 6036-B-5 and Lot No. 6036-B-4, which they referred to as the "Caballes Compound." He testified that because the seven children received approximately 300 sqm. each in the Caballes Compound, while Crispin and the Gallardos were only to receive 245 sqm. each from the subject property designated as the "Lorenzo Lopez Drive," the seven children of Margarita agreed to compensate Crispin and Trinidad's heirs with money to make up for the 55-square-meter difference.[130]

Third, petitioners erected a bamboo fence on the subject property as early as 1979, followed by a concrete fence in 1982. For 20 years thereafter, petitioners exercised uninterrupted, open, and exclusive possession of the subject property. Such possession was tolerated and allowed by the other heirs of Margarita, who never raised any objection to the construction of permanent improvements on the land or to the sale of the subject property by Crispin and the Gallardos. Indeed, the heirs' acquiescence to the sale of the subject property by Crispin and the Gallardos to petitioners, coupled with their recognition of the latter's right to construct and occupy the premises for approximately 20 years, constitutes strong and persuasive proof of the partition agreement among Margarita's heirs that they had entered into as early as 1976.

To restate, the totality of evidence reveals that Margarita's estate was already partitioned among her heirs in 1976. Such partition terminated the co-ownership over Lot Nos. 6036-B-4, 6036-B-5, and the subject property. The seven children of Margarita—Angela, Dolores, Isaac, Emiliana, Gavino, Sabiniano, and Eulogio—thereby became the exclusive owners of their respective lots in Lot No. 6036-B or the Caballes Compound, as evidenced by their individual TCTs. As to the subject property, Crispin and the heirs of Trinidad (the Gallardos) became co-owners thereof, each holding a one-half pro indiviso share equivalent to 245.50 square meters.

Considering that Crispin and the Gallardos had validly conveyed their respective shares to petitioners through the DOAS executed in 1979, 1981, and 1982, ownership of the subject property lawfully passed to petitioners. Consequently, petitioners' rights of ownership must be recognized and upheld, anchored as they are not only on the written instruments of conveyance but also on the settled partition and long-recognized possession arising therefrom.

Spouses Young are not innocent purchasers for value

Regarding Spouses Young, the evidence on record clearly demonstrates that they cannot be regarded as buyers in good faith and for value who could acquire a superior right to the subject property over petitioners. The protection accorded by the Torrens system to an innocent purchaser for value may be invoked only when the following conditions concur: (1) the seller is the registered owner of the land; (2) the land is in the possession of the registered owner; and (3) at the time of the sale, the buyer was not aware of any claim or interest of some other person in the property, or of any defect or restriction in the title of the seller or in his or her capacity to convey the title.[131] "Absent one or two of the foregoing conditions, then the law itself puts the buyer on notice and obliges the latter to exercise a higher degree of diligence by scrutinizing the certificate of title and examining all factual circumstances in order to determine the seller's title and capacity to transfer any interest in the property." [132]

In the present case, the first condition was unmistakably absent. TCT No. 143076, which Spouses Young relied upon, was issued in the name of Margarita in 1997. However, at the time of the execution of the 1999 Extrajudicial Settlement and Sale[133] in favor of Spouses Young, Margarita had long been deceased. Being a deceased person, Margarita was no longer capable of owning property in her name, much less conveying the same to others. This glaring anomaly should have readily alerted Spouses Young to inquire further into the true state of the title and the legitimacy of the transaction. Indeed, good faith is not simply the absence of knowledge of any defect or adverse claim; it also requires the honest intention to refrain from taking advantage of questionable circumstances that should put a reasonably prudent person on guard.

Instead of exercising the required diligence, Spouses Young proceeded to purchase the property without question. As correctly noted by the RTC,[134] Spouses Young failed to exercise due diligence when they visited the subject property in 1999. Although a fence, erected by petitioners, already surrounded the property, they miserably failed to investigate the matter. During cross-examination, Jacinto clearly acknowledged his failure to investigate, explaining that he merely assumed Emiliana, Margarita's heir, was responsible for the fence. He added that he did not look into who built the fence or the reasons behind it, believing it to be owned by one of the lot owners. Additionally, he did not ask Emiliana about it. Worse, he did not even bother to get the names of the people living in the houses just outside the fence and did not ask Emiliana about the owner of the fence and the gate. Jacinto testified:

[ATTY. ALO:]

Q–

Since you cannot remember the date when you purchased the property, you give us only, your estimate it could be in [the] year 1999 and by the year 2000, and still you cannot also recall the exact date of your visits to the property, please tell us how many months or days or weeks from the time you paid the last visit to the land that you bought the land?

A–

I cannot remember.

Q–

Even you say one year or say six months?

A–

I cannot remember.

Q–

But, you will agree with me that when you went to the land, there was a gate?

A–

Gate, yes.

Q–

There was also a fence?

Q–

The fence was concrete?

A–

Yes.

Q–

And the concrete fence particularly enclosed the property completely?

A–

Yes.

Q–

And the gate was also made of iron?

A–

Yes.

Q–

In other words, the fence and the gate were permanent structures of the land and you saw them, I mean, you saw them when you paid your visit and before you bought the property, that is right here on record.

A–

Yes.

Q–

Now, did it come to your mind to investigate who constructed the fence or at least who cause the construction of the fence?

A–

I did not.

COURT:

You were not also informed?

A–

No, I was not informed, I was presuming that it was the owner of the lot because it was a vacant lot, I was thinking the fence belongs to the owner of the lot, Your Honor.

COURT:

You did not also Inquire from Emiliana?

A–

No, because she never bothered to talk about the fence, I was presuming that it was owned by one of the lot owner, Your Honor.[135]

....

ATTY. ALO:

Q–

Yes, during the two time that you visited the property in question, did you not notice houses existing very close to the property, did you not notice?

A–

On the outside of the fence there were houses.

Q–

Did you come to know who was the owner of the house closest to the gate?

A–

Close to the gate, there was no house close to the gate.

Q–

Outside the fence, did you know the owner?

A–

I forgot his name.

Q–

You forgot his name but you talked to this person[.] [W]as the owner male or female?

A–

I don't remember.

Q–

Did you not talk to him or her?

A–

No.

Q–

So, how did you come to know the name of the owner, you said you cannot forget, only you forgot the name? How, you mean to say, you must have known her?

A–

I never bothered to ask the name.

Q–

In other words, you never investigated nor inquired from the neighborhood who is the owner of this land, this is fenced property, you never did that?

A–

No.

Q–

Neither, did Emiliana, one of the vendors[,] tell you who is the owner of the fence and the gate?

A–

Yes.[136]

It must be stressed that the 1999 Extrajudicial Settlement and Sale in favor of Spouses Young was executed by the other heirs of Margarita—namely, Sabiniano, Isaac Jr., Emiliana, Gabino, Dolores, Angel, and Eulogio. By then, however, these heirs had long ceased to be co-owners of the property, i.e., Lot 7 of Lot No. 6012-E. As early as 1976, they had already partitioned Margarita's estate and received definite portion thereof, particularly, portions of the Caballes Compound or Lot No. 6036-B. Again, partition terminates the co-ownership; thereafter, each heir becomes the exclusive owner of the portion adjudicated to him or her.

Consequently, at the time of the execution of the 1999 Extrajudicial Settlement and Sale, Sabiniano, Isaac Jr., Emiliana, Gabino, Dolores, Angel, and Eulogio no longer possessed any undivided interest in the subject property that could be validly conveyed. The 1976 partition left only Crispin and the Gallardos with pro indiviso rights over the subject lot—each one-half—and, as to this property, the other heirs were strangers. They could not revive a terminated co-ownership through a later extrajudicial settlement, nor could they sell what did not belong to them.

It should likewise be pointed out that Fe—both in her personal capacity and as the attorney-in-fact of the other Gallardos (Tomas, Elena, Editha, Nicasio)[137]—signed the 1999 Extrajudicial Settlement and Sale. Similarly, the surviving heirs of Crispin, through his son Edgar Caballes and as represented by Crispin's legal spouse Rufina, affixed their signatures thereto.[138] Yet by 1999, both the Gallardos and Crispin had already parted with their pro indiviso interests in the subject property through the 1979, 1981, and 1982 DOAS in petitioner's favor.

Under Article 1496[139] in relation to Article. 1497[140] of the Civil Code, ownership passes upon delivery; and delivery is accomplished when the thing sold is placed in the control and possession of the buyer. In this situation, petitioners took possession in 1982 by fencing the property with Tomas' assistance, which constitutes actual delivery within the contemplation of the law. From that point, title followed possession. *Nemo dat quod non habet* therefore applies with full force: neither Crispin's heirs nor the Gallardos could convey to Spouses Young a right that they had already transmitted to petitioners years before.[141]

That the 1979, 1981, and 1982 DOAS were unregistered with the appropriate Register of Deeds does not diminish their validity;[142] it cannot affect the validity of the sale of the shares of Crispin and the Gallardos to petitioners. Registration under the To1Tens system is not a mode of acquiring ownership; it is a system of recording that primarily operates to bind third persons in good faith. Despite non-registration, the conveyance is still valid as to (1) the grantor; (2) the grantor's heirs and devisees; and (3) third persons having actual notice or knowledge thereof.[143]

In the case, the earlier sales are binding on the Gallardos, Crispin, and their heirs, who are privies to the vendors; their later signatures in 1999 could not rescind the transfers already made by their predecessors. As for Spouses Young, they cannot claim to be innocent third parties because they failed to exercise due diligence. To repeat, long before 1999, petitioners had been openly, exclusively, and notoriously in possession of the property—enclosed by a fence they erected in 1982—facts that would have been easily discovered through a simple ocular inspection or inquiry with the occupants. By neglecting these reasonable precautions, Spouses Young cannot claim good faith to overturn petitioners' prior and valid titles.

Even under Article 1544[144] of the Civil Code, petitioners prevail. According to the law, ownership of real property subject to a double sale shall be transferred as follows: (1) to the individual who acquires it and in good faith records it first in the Registry of Property; (2) in the absence of such registration, to the individual who, in good faith, was the first to take possession; and (3) failing the above, to the individual who presents the oldest title, provided that good faith is maintained. The legal requirements are twofold: acquisition in good faith and registration in good faith. Good faith must coincide with the registration. If it is demonstrated that a buyer acted in bad faith, the registration they have made shall be deemed invalid.[145]

In other words, if the same vendors (the Gallardos and Crispin or his heirs) successively sold the same immovable, ownership would belong: first, to the buyer who first registers in good faith; if none, to the one who first takes possession in good faith; and in default thereof, to the one with the oldest title in good faith. On these facts, petitioners had both the older titles (1979-1982) and prior possession since 1982. Any subsequent registration by Spouses Young would not benefit them without good faith—already negated by petitioners' obvious, long-standing possession and by a prudent buyer's duty to investigate the rights of those who are actually occupying the property in dispute.

The net effect, therefore, is clear. The 1979, 1981, and 1982 DOAS validly conveyed to petitioners the entirety of the subject property—one half from the Gallardos and the other half from Crispin—consummated by the delivery thereof when petitioners took possession and fenced the premises in 1982. The 1999 Extrajudicial Settlement and Sale could not transfer what the signatories no longer owned, and the other heirs of Margarita, whose co-ownership had been extinguished by the 1976 partition, had no transmissible right in the subject property to begin with.

Petitioners' action is not barred by laches

Finally, the CA incorrectly concluded that petitioners were guilty of inordinate delay in causing the registration of the subject property in their names. The conclusion is manifestly contrary to the elementary principle that "one who is in actual possession of a piece of land on a claim of ownership thereof may wait until his possession is disturbed or his title is attacked before taking steps to vindicate his right." [146]

Precisely, it is undisputed that petitioners were the ones who were in prior open, continuous, peaceful, and notorious possession of the subject property until this was disturbed by Spouses Young in 2000. As the actual occupants of the property, petitioners are not expected to assert their right and title to the property in question until possession was wrested from them by Spouses Young.[147]

Besides, it is beyond cavil that "[a] delay within the prescriptive period is sanctioned by law and is not considered to be a delay that would bar relief." [148] In the present case, petitioners instituted their complaint against respondents within the prescriptive period; hence, they cannot be deemed guilty of inordinate delay.

The prescriptive period for an action for reconveyance of real property registered through fraud is four years if the action is directly anchored on fraud, and 10 years if based on implied or constructive trust. The reckoning point is the date of the issuance of the certificate of title, provided the plaintiff is not in possession of the property.[149] In petitioner's case, TCT No. 155087[150] was issued in the name of Spouses Young only on February 18, 2000. Petitioners filed their Complaint for cancellation of title and reconveyance against respondents on June 19, 2001, or barely one year and four months from such issuance—well within both the four-year prescriptive period on the ground of fraud and the 10-year period on the ground of constructive trust. Clearly, petitioners' action has not prescribed.

Further, "an action for annulment of title or reconveyance based on fraud is imprescriptible where the plaintiff is in possession of the property subject of the act." [151] In such a case, the prescriptive period of the action for reconveyance does not run until the plaintiffs possession is disturbed.[152] Likewise, an action for reformation of a written contract prescribes in 10 years, counted from the day when the mistake or error in the deed of sale was discovered.[153]

As applied to the present case, petitioners had been in continuous and actual possession of the subject property since 1982,[154] when they fenced and occupied it following their purchase from Crispin and the Gallardos. Their possession was disturbed only in May 2000, when agents of Spouses Young forcibly entered the premises. It was also around this time that petitioners discovered the misidentification of the lot in the Deeds of Absolute Sale executed in 1979, 1981, and 1982. Thus, reckoned from their dispossession and discovery of the error, the filing of the Complaint on June 19, 2001—barely one year thereafter—was well within the applicable prescriptive periods for reconveyance and reformation.

In sum, the Court recognizes the reformation of the (i) Deed of Absolute Sale dated September 15, 1979 or Exhibit "E" for petitioners; (ii) Absolute Deed of Sale dated January 23, 1981 or Exhibit "D" for petitioners; and (iii) Extrajudicial Settlement and Sale dated September 22, 1982 or Exhibit "H" for petitioners. No further action is required from any party or authority for the implementation of the reformation of these contracts. The declaration itself completes the relief granted, and its effect — the correction of the property designation — takes place by the very force of the Decision.

However, the following are not self-executory:

(1)

The declaration that petitioners are the absolute owners of the subject parcel of land covered by TCT No. 155087 with the Registry of Deeds of Cebu City.

(2)

The order for respondents Spouses Young to reconvey to petitioners the property covered by TCT No. 155087.

(3)

The directive to the Registry of Deeds of Cebu City to cancel TCT No. 155087 and to issue in lieu thereof a new certificate of title and owner's duplicate in the name of petitioners, with the costs of registration to be borne by said petitioners.

These require affirmative acts to be performed by third parties or public officers before the judgment can be fully implemented.

ACCORDINGLY, the present Petition for Review on Certiorari is GRANTED. The Decision dated May 25, 2022, and the Resolution dated January 23, 2023, of the Court of Appeals in CA-G.R. CV No. 06259 are SET

ASIDE. A new judgment is hereby rendered:

- DECLARING as DEEMED REFORMED the: (i) Deed of Absolute Sale dated September 15, 1979 or Exhibit "E" for petitioners; (ii) Absolute Deed of Sale dated January 23, 1981 or Exhibit "D" for petitioners; and (iii) Extrajudicial Settlement and Sale dated September 22, 1982 or Exhibit "H" for petitioners, by changing the designation of the property sold from "Lot No. 6036-B" to "Lot 7, Pcs-07-01-00008 Amd., being a portion of the consolidation of Lots 1 and 4 (LRC), Pcs-13865," previously covered by Transfer Certificate of Title No. 143076 in the name of Margarita Lopez and presently registered under Transfer Certificate of Title No. 155087 in the name of Jacinto S. Young, married to Chiok Ngo Lim Young;
- DECLARING petitioners Spouses Genara and Felipe Abay, Sr., Felipe Abay, Jr., Gefe A. Gusay, and Mary Genafe Abay as the absolute owners of the subject parcel of land covered by Transfer Certificate Title No. 155087 with the Registry of Deeds of Cebu City;
- ORDERING respondents Spouses Jacinto Young and Chiok Ngo Lim Young to RECONVEY to petitioners Spouses Genara and Felipe Abay, Sr., Felipe Abay, Jr., Gefe A. Gusay, and Mary Genafe Abay the property covered by Transfer Certificate Title No. 155087; and
- DIRECTING the Registry of Deeds of Cebu City to CANCEL Transfer Certificate of Title No. 155087 and to ISSUE in lieu thereof a new certificate of title and owner's duplicate in the name of petitioners Spouses Genara and Felipe Abay, Sr., Felipe Abay, Jr., Gefe A. Gusay, and Mary Genafe, with the costs of registration to be borne by said petitioners.

SO ORDERED.

Caguioa (Chairperson), Gaerlan, Dimaampao and Singh, JJ., concur.

[1] Rollo, pp. 9-28.

[2] Id. at 29-51. Penned by Associate Justice Bautista G. Corpin, Jr. and concurred in by Associate Justices Mercedita G. Dadole-Ygnacio and Mary Charlene V. Hernandez-Azura of the Twentieth Division, Court of Appeals, Cebu City.

[3] Id. at 52-56. Penned by Associate Justice Bautista G. Corpin, Jr. and concurred in by Associate Justices Jacinto G. Fajardo, Jr. and Mercedita G. Dadole-Ygnacio of the Special Former Twentieth Division, Court of Appeals, Cebu City.

[4] RTC records, pp. 305-321. Penned by Presiding Judge Generosa G. Labra.

[5] Id. at 1-9.

[6] Id.

[7] Rollo, p. 30.

[8] RTC records, p. 2, Answer; id. at 129, Pre-Trial Order.

[9] Id. at 129, Pre-Trial Order.

[10] Rollo, pp. 30-31.

[11] RTC [Folder of] Exhibits, pp. 1-5, Formal Offer of Documentary Exhibits for the Plaintiffs dated January 25, 2006.

- [12] RTC records, p. 10; RTC [Folder of] Exhibits, p. 8, Exhibit "C".
- [13] RTC records, p. 11; RTC [Folder of] Exhibits, p. 9, Exhibit "D".
- [14] RTC records, p. 12; RTC [Folder of] Exhibits, p. 10, Exhibit "E".
- [15] RTC [Folder of] Exhibits, p. 25, Exhibit "H".
- [16] *Id.* at 12-20.
- [17] RTC records, pp. 13-15.
- [18] *Id.* at 312, RTC Decision.
- [19] *Id.*; TSN, Genara Abay, November 6, 2003, pp. 12-13.
- [20] *Id.* at 1-12.
- [21] RTC Exhibit Folder, p. 31. *Id.* at 13; rollo, p. 31, CA Decision.
- [22] RTC records, pp. 3-6, Complaint.
- [23] *Id.* at 24.
- [24] *Id.* at 31-32.
- [25] *Id.* at 32-33.
- [26] RTC [Folder of] Exhibits, pp. 77-79, Exhibit "8".
- [27] RTC records, pp. 48-50, Answer (with Compulsory Counterclaims) of the Gallardos.
- [28] Rollo, pp. 33-34.
- [29] RTC Folder of Exhibits, p. 94, Exhibit "14".
- [30] *Id.* at 109, Exhibit "1-Spouses Young".
- [31] Rollo, p. 34.
- [32] CA rollo, pp. 53-69; RTC records, pp. 305-321.
- [33] CA rollo, p. 69.
- [34] *Id.* at 65.
- [35] *Id.* at 66.
- [36] *Id.* at 68-69.
- [37] *Id.* at 24-52.
- [38] Rollo, pp. 29-51.
- [39] *Id.* at 50.
- [40] *Id.* at 37.
- [41] *Id.* at 42.
- [42] *Id.* at 43.

- [43] Id. at 48.
- [44] Id. at 42-43.
- [45] Id. at 48-49.
- [46] Id. at 44.
- [47] Id. at 49-50.
- [48] Id. at 49.
- [49] Id. at 57-66. See Motion for Reconsideration dated July 7, 2022.
- [50] Id. at 54-55.
- [51] Id. at 19-20.
- [52] Id. at 21-22.
- [53] Id.
- [54] Id. at 104-107.
- [55] Id. at 105-106.
- [56] Id. at 112-122.
- [57] Id. at 116-117.
- [58] Id. at 117-119.
- [59] Id. at 120.
- [60] *Que v. Philippine Heart Center*, G.R. No. 268308, April 2, 2025.
- [61] *Spouses Cesa v. Spouses Brucelas*, G.R. No. 255564, March 5, 2025.
- [62] RTC records, p. 129, Pre-Trial Order.
- [63] RTC [Folder of] Exhibits, p. 94, Exhibit "14".
- [64] Id. at 10, Exhibit "E".
- [65] Id. at 9, Exhibit "D".
- [66] Id. at 25, Exhibit "H".
- [67] *Banico v. Stager*, 885 Phil. 372, 335 (2020).
- [68] Id.
- [69] Id. at 385-386; *Co Tao v. Chico*, 83 Phil. 543, 545 (1949).
- [70] *Banico v. Stager*, supra note 67 at 378 & 385; *Sarming v. Dy*, 432 Phil. 685, 697 (2002); *Atilano v. Atilano*, 138 Phil. 240, 243-244 (1969); *Garcia v. Bisaya*, 97 Phil. 609, 611 (1955).
- [71] *Atilano v. Atilano*, 138 Phil. 240, 243 (1969).
- [72] 432 Phil. 685, 703 (2002).

[73] Supra note 67.

[74] Id. at 384-385.

[75] Id. at 382-383.

[76] ARTICLE 1318. There is no contract unless the following requisites concur:

- (1) Consent of the contracting parties;
- (2) Object certain which is the subject matter of the contract;
- (3) Cause of the obligation which is established.

[77] CIVIL CODE, art. 1371, which states:

ARTICLE 1371. In order to judge the intention of the contracting parties, their contemporaneous and subsequent acts shall be principally considered.

[78] RTC records, p 312, RTC Decision.

[79] TSN, Genara Abay, November 6, 2003, p. 1.

[80] Id. at 12.

[81] Id. at 11-12.

[82] RTC [Folder of] Exhibits, pp. 12-20, Exhibits "F-2" to "F-18".

[83] Heirs of Malaque v. Heirs of Malaque, 888 Phil. 566, 581 (2020); Tolentino v. Sps. Latagan, 761 Phil. 108, 137-138 (2015), Valdez-Tallorin v. Heirs of Tarona, 620 Phil. 268, 275 (2009); Director of Lands v. Court of Appeals, 367 Phil. 597, 604 (1999).

[84] TSN, Tomas Caballes Gallardo, May 3, 2005, pp. 17-18.

[85] RTC records, p. 129. Pre-Trial Order.

[86] TSN, Emeliana Caballes, July 13, 2007, pp. 11-12.

[87] RTC [Folder of] Exhibits, pp. 82-88, Exhibit "12" [and submarkings].

[88] Id. at 89-93, Exhibit "13" [and submarkings].

[89] RTC records, p. 47, Gallardo's Answer.

[90] RTC [Folder of] Exhibits, pp. 86, 92.

[91] Id. at 94, Exhibit "14".

[92] Id. at 86, 92.

[93] TSN, Genara Abay, June 16, 2004, pp. 6-9.

[94] Id.

[95] RTC records. pp. 41-53.

[96] Id. at 129. Pre-Trial Order.

[97] Id. at 313-315, RTC Decision: TSN, Tomas Caballes Gallardo, May 3, 2005, p. 6; TSN, Emeliana Caballes, May 16, 2006, pp. 10-14.

[98] Banico v. Stager, *supra* note 67 at 385-386; Co Tao v. Chico, 83 Phil. 543, 545 (1949).

[99] RTC [Folder of] Exhibits, P. 39.

[100] RTC records, pp. 46-47, Answer.

[101] TSN, Genara Abay, November 6, 2003, pp. 13-14.

[102] RTC [Folder of] Exhibits, pp. 11-20, Exhibits "F" to "F-18".

[103] See *Toyota Motor Philippines Corp. v. Court of Appeals*, 290 Phil. 662 (1992), where it was held that the issue on the reformation of a contract should be resolved in the reconveyance case earlier filed by one of the parties to the case, to wit:

On the other hand, Sun Valley filed an action for reconveyance against Toyota to recover possession of the strip of land encroached upon and occupied by the latter. What Sun Valley seeks in its complaint is the recovery of possession *de jure* and not merely possession *de facto*. Toyota moved to dismiss on the assumption that the complaint was one for unlawful detainer cognizable by the MTC. *Id.* at 679.

....

With the finding that Toyota's action for reformation is dismissible as it is in effect a collateral attack on Sun Valley's title, Sun Valley's action for recovery of possession filed before Judge Gorospe now stands to be the proper forum where the following dispute may be tried or heard. *Id.* at 681.

[104] RTC records, p. 3, Complaint.

[105] *Id.* at 130-131.

[106] RTC records, pp. 313-315, RTC Decision; TSN, Tomas Caballes Gallardo, May 3, 2005, p. 6; TSN, Emiliana Caballes, May 16, 2006, pp. 10-14; RTC [Folder of] Exhibits, p. 25, Extrajudicial Settlement [and] Sale, Exhibit "H" for petitioners; *id.* at 95, 1999 Extrajudicial Settlement of Estate of Margarita Lopez Caballes and Deed of Absolute Sale, Exhibits "15" to "15-B".

[107] TSN, Emiliana Caballes, May 16, 2006, p. 8.

[108] RTC records, pp. 129-130, Pre-Trial Order.

[109] TSN, Emiliana Caballes, May 16, 2006, p. 5.

[110] See *De la Puerta v. Court of Appeals*, 261 Phil. 87, 96 (1990).

[111] See CIVIL CODE, art. 980, which states:

ARTICLE 980. The children of the deceased shall always inherit from him in their own right, dividing the inheritance in equal shares.

[112] ARTICLE 1078. Where there are two or more heirs, the whole estate of the decedent is, before its partition, owned in common by such heirs, subject to the payment of debts of the deceased.

[113] *Heirs of Limense v. Vda. De Ramos*, 619 Phil. 592, 612 (2009).

[114] See CIVIL CODE, art. 1079, which states:

ARTICLE 1079. Partition, in general, is the separation, division and assignment of a thing held in common among those to whom it may belong. The thing itself may be divided, or its value.

- [115] Cruz v. Court of Appeals, 496 Phil. 72, 78 (2005).
- [116] Id.; CIVIL CODE, art. 1082; Sanchez v. Court of Appeals, 345 Phil. 155, 184 (1997).
- [117] Heirs of Pacres v. Heirs of Ygoña, 634 Phil. 293, 309 (2010); Avila v. Spouses Barabat, 519 Phil. 689, 699 (2006); Vda De Ape v. Court of Appeals, 496 Phil. 97, 114 (2005); Caro v. Court of Appeals, 198 Phil. 399 (1982); Hernandez v. Andal, 78 Phil. 196 (1947).
- [118] Crucillo v. Intermediate Appellate Court, 375 Phil. 777, 794 (1999); Tan v. Lim, 357 Phil. 452, 466 (1998).
- [119] Cruz v. Court of Appeals, 496 Phil. 72, 80 (2005) (Emphasis supplied); CIVIL CODE, art. 1091.
- [120] RTC records, pp. 46-47.
- [121] TSN, Emiliana Caballes, May 16, 2006, pp. 15-20.
- [122] RTC [Folder of] Exhibits, p. 63, Exhibit "1-Caballes."
- [123] Id. at 69, Exhibit "2-Caballes."
- [124] Id. at 70-71, Exhibit "3-Caballes".
- [125] Id. at 72, Exhibit "4-Caballes".
- [126] Id. at 73, Exhibit "5-Caballes".
- [127] Id. at 74-75, Exhibit "6-Caballes".
- [128] Id. at 76, Exhibit "7-Caballes".
- [129] Id. at 88, 93.
- [130] TSN, Tomas Caballes Gallardo, May 3, 2005, pp. 6-14.
- [131] See Mazy's Capital, Inc. v. Republic, 957 Phil. 37, 116 (2024); Heirs of Cudal, Sr. v. Spouses Suguitan, 880 Phil. 347, 359 (2020); Spouses Bautista v. Silva, 533 Phil. 627, 639 (2006).
- [132] Id.
- [133] RTC [Folder of] Exhibits, pp. 77-79, Exhibits "8" to "8-B".
- [134] RTC records, pp. 318-320, RTC Decision.
- [135] TSN, Jacinto S. Young, October 16, 2008, pp. 9-11.
- [136] Id. at 13-14.
- [137] Rollo, pp. 32-33. In 1999, Eugenio was already deceased.
- [138] Id.
- [139] ARTICLE 1496. The ownership of the thing sold is acquired by the vendee from the moment it is delivered to him in any of the ways specified in articles 1497 to 1501, or in any other manner signifying an agreement that the possession is transferred from the vendor to the vendee.
- [140] ARTICLE 1497. The thing sold shall be understood as delivered, when it is placed in the control and possession of the vendee.
- [141] See Baladad v. Rublico, 612 Phil. 437, 445 (2009); Cuizon v. Remoto, 509 Phil. 258, 269 (2005);

Consolidated Rural Bank (Cagayan Valley), Inc. v. Court of Appeals, 489 Phil. 320, 333--334 (2005); Tangalin v. Court of Appeals, 422 Phil. 358, 365 (2001).

[142] Heirs of Arao v. Heirs of Eclipse, 843 Phil. 391, 406 (2018); Heirs of de Vela v. Tolentino, G.R. No. 200058, November 6, 2017 [Notice].

[143] Heirs of Arao v. Heirs of Eclipse, id.

[144] ARTICLE 1544. If the same thing should have been sold to different vendees, the ownership shall be transferred to the person who may have first possession thereof in good faith, if it should be movable property.

Should it be immovable property, the ownership shall belong to the person acquiring it who in good faith first recorded it in the Registry of Property.

Should there be no inscription, the ownership shall pertain to the person who in good faith was first in possession; and, in the absence thereof; to the person who presents the oldest title, provided there is good faith.

[145] Rosaroso v. Soria, 711 Phil. 644, 658 (2013).

[146] Aqualab Phil., Inc. v. Heirs of Pagobo, 618 Phil. 4-42, 459 (2009); Heirs of Hermosilla v. Remoquillo, 542 Phil. 390, 396 (2007); Arlegui v. Court of Appeals, 428 Phil. 381, 398 (2002).

[147] See Gambito v. Bacena, 824 Phil. 542, 548-549 (2018).

[148] De Castro v. Court of Appeals, 434 Phil. 53, 68 (2002); Agra v. Philippine National Bank, 368 Phil. 829, 844 (1999).

[149] Heirs of Tulauan v. Mateo, 957 Phil. 353, 359 (2024); Aqualab Phil., Inc. v. Heirs of Pagobo, 618 Phil. 442, 457 (2009); Buenaventura v. Court of Appeals, 290-A Phil. 628, 633-634 (1992).

[150] RTC [Folder of] Exhibits, p. 109, Exhibit "1" (Sps. Young).

[151] Aqualab Phil., Inc. v. Heirs of Pagobo, supra note 149, at 459 (2009); Llemos v. Llemos, 542 Phil. 124, 131 (2007); Delfin v. Billones, 519 Phil. 720, 731-732 (2006); Occeña v. Esponilla, 474 Phil. 880, 892 (2004); Heirs of Santiago v. Heirs of Santiago, 452 Phil. 238, 252 (2003).

[152] Aqualab Phil., Inc. v. Heirs of Pagobo, id. at 459; Arlegui v. Court of Appeals, 428 Phil. 381, 398 (2002).

[153] Garcia v. Bisaya, 97 Phil. 609, 611 (1955).

[154] See Palajos v. Abad, 920 Phil. 547, 555 (2022).

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