

PHILIPPINE NATIONAL BANK, PETITIONER, VS. THE HONORABLE COURT OF APPEALS, PRAGMACIO VITUG AND MAXIMO VITUG, RESPONDENTS.

G.R. No. 57757. August 31, 1987

Ponente: GANCAYCO, J.

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GANCAYCO, J.:

Does the presumption of conjugality of properties acquired by the spouses during coverture provided for in Article 160 of the Civil Code apply to property covered by a Torrens certificate of title in the name of the widow? This is the issue posed in this petition to review on certiorari of the decision of the Court of Appeals in CA-G.R. No. 60903 which is an action for reconveyance and damages.*

On November 28, 1952, Donata Montemayor, through her son, Salvador M. Vitug, mortgaged to the Philippine National Bank (PNB) several parcels of land covered by Transfer Certificate of Title (TCT) No. 2289-Pampanga to guarantee the loan granted by the PNB to Salvador Jaramilla and Pedro Bacani in the amount of P40,900.00 which was duly registered in the Office of the Register of Deeds of Pampanga.[1]

On December 1, 1963, Donata Montemayor also mortgaged in favor of PNB certain properties covered by TCT Nos. 2887 and 2888-Pampanga to guarantee the payment of the loan account of her son Salvador Vitug in the amount of P35,200.00, which mortgage was duly registered in the Register of Deeds of Pampanga.[2]

The above-mentioned Transfer Certificates of Titles covering said properties were all in the name of Donata Montemayor, of legal age, Filipino, widow and a resident of Lubao, Pampanga at the time they were mortgaged to PNB[3] and were free from all liens and encumbrances.[4]

Salvador Vitug failed to pay his account so the bank foreclosed the mortgaged properties covered by TCT Nos. 2887 and 2888. They were sold at public auction on May 20, 1968 in which the PNB was the highest bidder. The titles thereto were thereafter consolidated in the name of PNB.

Likewise, Salvador Jaramilla and Pedro Bacani failed to settle their accounts with the PNB so the latter foreclosed the properties covered by TCT No. 2889 which were sold at public auction and likewise PNB was the buyer thereof. On August 30, 1968, a certificate of sale was issued by the Register of Deeds covering said properties in favor of the PNB. When the title of the PNB was consolidated a new title was issued in its name.[5]

On September 2, 1969, the PNB sold the properties covered by TCT Nos. 2887 and 2888-Pampanga to Jesus M. Vitug, Anunciacion V. de Guzman, Prudencia V. Fajardo, Salvador Vitug and Aurora V. Gutierrez in whose names the corresponding titles were issued.[6]

During the lifetime of Clodualdo Vitug he married two times. His first wife was Gervacia Flores with whom he had 3 children, namely, Victor, Lucina and Julio all surnamed Vitug. Victor now dead is survived by his 5 children: Leonardo, Juan, Candido, Francisco and Donaciano, all surnamed Vitug. Juan Vitug is also dead and is survived by his only daughter Florencia Vitug.

The second wife of Clodualdo Vitug was Donata Montemayor with whom he had 8 children, namely, Pragmacio, Maximo, Jesus, Salvador, Prudencio and Anunciacion, all surnamed Vitug, the late Enrique Vitug represented by his wife Natalia Laquian, and the late Francisco Vitug who is survived by 11 children, namely, Antonio, Francisco, Aurora, Pedro, Honorio, Corazon, Anselmo, Benigno Eligio, Jesus and Luz.

Clodualdo Vitug died intestate on May 20, 1929 so his estate was settled and distributed in Special Proceeding No. 422 in the Court of First Instance of Pampanga wherein Donata Montemayor was the Administratrix.[7]

Meanwhile, on May 12, 1958, Donata Montemayor executed a contract of lease of Lot No. 24, which is covered by TCT No. 2887-R in favor of her children Pragmacio and Maximo both surnamed Vitug. This lease was extended on August 31, 1963. By virtue of a general power of attorney executed by Donata Montemayor on Sept. 19, 1966 in favor of Pragmacio Vitug, the latter executed a contract of lease on Sept. 19, 1967 of the said lot in favor of Maximo Vitug.[8]

On March 21, 1970 Pragmacio Vitug and Maximo Vitug filed an action for partition and reconveyance with damages in the Court of First Instance of Pampanga against Marcelo Mendiola, special administrator of the intestate estate of Donata Montemayor who died earlier, Jesus Vitug, Sr., Salvador, Natalia, Prudencia, Anunciacion, all surnamed Vitug, Antonio, Francisco, Aurora, Pedro, Honorio, Corazon, Anselmo, Benigno, Eligio, Jesus and Luz, all surnamed Fajardo and the PNB.

The subject of the action is 30 parcels of land which they claim to be the conjugal property of the spouses Donata Montemayor and Clodualdo Vitug of which they claim a share of 2/11 of 1/2 thereof. They assailed the mortgage to the PNB and the public auction of the properties as null and void. They invoked the case of Vitug vs. Montemayor, L-5297 decided by this Court on Oct. 20, 1953 which is an action for partition and liquidation of the said 30 parcels of land wherein the properties were found to be conjugal in nature.

In a decision of Sept. 15, 1975, the lower court dismissed the complaint with costs against the plaintiffs and ordered them to pay attorney's fees of P5,000.00 to the defendant's counsel. Plaintiffs then interposed an appeal to the Court of Appeals, wherein in due course a decision was rendered on May 20, 1981, the dispositive part of which reads as follows:

"WHEREFORE, in the light of the foregoing, the decision appealed from is hereby reversed and set aside, and another one entered in accordance with the tenor of the prayer of appellant's complaint with the modification that the sale at public auction of the 22 parcels be considered valid with respect to the 1/2 thereof. No costs."

Hence the herein petition for certiorari filed by the PNB raising the following assignments of error:

"I

THE RESPONDENT COURT OF APPEALS ERRED IN APPLYING TO THE CASE AT BAR THE RULING OF THIS HONORABLE SUPREME COURT IN FLORENCIA VITUG VS. DONATA MONTEMAYOR, ET AL., 91 PHIL. 286 (1953) BECAUSE:

- A. BETWEEN A PROVISION OF A SPECIAL LAW AND THE JUDICIAL INTERPRETATION AND/OR APPLICATION OF A PROVISION OF A GENERAL LAW, THE FORMER PREVAILS.
- B. THE DOCTRINE OF STARE DECISIS IS NOT A MECHANICAL FORMULA OF ADHERENCE.
- C. PNB WAS NOT A PARTY, AND HAD NO KNOWLEDGE OF THE ABOVE-CITED CASE.
- D. SIMILARLY, PRAGMACIO VITUG AND MAXIMO VITUG WERE NOT PARTIES IN SAID CASE.

II

THE RESPONDENT COURT OF APPEALS ERRED IN NOT RECOGNIZING THE CONCLUSIVENESS OF THE CERTIFICATE, OF TITLE, AS PROVIDED IN ACT 496, AS AMENDED (THE LAND REGISTRATION).

III

THE RESPONDENT COURT OF APPEALS ERRED IN IGNORING THE CONCLUSIVENESS OF OWNERSHIP OF DONATA MONTEMAYOR OVER THE PROPERTIES WHICH WERE REGISTERED EXCLUSIVELY IN HER NAME WHEN PRIVATE RESPONDENTS (PRAGMACIO VITUG AND MAXIMO VITUG), AS LESSEES, ENTERED INTO A CONTRACT OF LEASE WITH DONATA MONTEMAYOR AS THE OWNER-LESSOR.

IV

THE RESPONDENT COURT OF APPEALS ERRED IN CONCLUDING THAT PNB WAS A MORTGAGEE IN BAD FAITH."

The petition is impressed with merit.

When the subject properties were mortgaged to the PNB they were registered in the name of Donata Montemayor, widow. Relying on the torrens certificates of title covering said properties the mortgage loan applications of Donata were granted by the PNB and the mortgages were duly constituted and registered in the office of the Register of Deeds.

In processing the loan applications of Donata Montemayor, the PNB had the right to rely on what appears in the certificates of title and no more. On its face the properties are owned by Donata Montemayor, a widow. The PNB had no reason to doubt nor question the status of said registered owner and her ownership thereof. Indeed, there are no liens and encumbrances covering the same.

The well-known rule in this jurisdiction is that a person dealing with a registered land has a right to rely upon the face of the torrens certificate of title and to dispense with the need of inquiring further, except when the party concerned has actual knowledge of facts and circumstances that would impel a reasonably cautious man to make such inquiry.[9]

A torrens title concludes all controversy over ownership of the land covered by a final decree of registration.[10] Once the title is registered the owner may rest assured without the necessity of stepping into the portals of the court or sitting in the mirador de su casa to avoid the possibility of losing his land.[11]

Article 160 of the Civil Code provides as follows:

"Art. 160. All property of the marriage is presumed to belong to the conjugal partnership, unless it be proved that it pertains exclusively to the husband or to the wife."

The presumption applies to property acquired during the lifetime of the husband and wife. In this case, it appears on the face of the title that the properties were acquired by Donata Montemayor when she was already a widow. When the property is registered in the name of a spouse only and there is no showing as to when the property was acquired by said spouse, this is an indication that the property belongs exclusively to said spouse.[12] And this presumption under Article 160 of the Civil Code cannot prevail when the title is in the name of only one spouse and the rights of innocent third parties are involved.[13]

The PNB had a reason to rely on what appears on the certificates of title of the properties mortgaged. For all legal purposes, the PNB is a mortgagee in good faith for at the time the mortgages covering said properties were constituted the PNB was not aware to any flaw of the title of the mortgagor.[14]

True it is that in the earlier cases decided by this Court, namely Vitug vs. Montemayor decided on May 15, 1952, which is an action for recovery of possession of a share in said parcels of land,[15] and in the subsequent action for partition between the same parties decided on Oct. 20, 1953,[16] this court found the 30 parcels of land in question to be conjugal in nature and awarded the corresponding share to the property of Florencia Vitug, an heir of the late Clodualdo Vitug from the first marriage. In said cases this Court affirmed the decision of the lower court. In the dispositive part of the decision of the trial court it made the observation that "but from the conduct of Clodualdo Vitug and Donata Montemayor during the existence of their marital life, the inference is clear that Clodualdo had the unequivocal intention of transmitting the full ownership of the 30 parcels or land to his wife Donata Montemayor, thus considering the 1/2 of the funds of the conjugal property so advanced for the purchase of said parcels of land as reimbursible to the estate of Clodualdo Vitug on his death." [17] That must be the reason why the property was registered in the name of Donata Montemayor as widow after the death of Clodualdo Vitug.[18]

At any rate, although actions for recovery of real property and for partition are real actions, however, they are actions in personam that bind only the particular individuals who are parties thereto.[19] The PNB not being a party in said cases is not bound by the said decisions. Nor does it appear that the PNB was aware of the said decisions when it extended the above described mortgage loans. Indeed, if the PNB knew of the conjugal nature of said properties it would not have approved the mortgage applications covering said properties of Donata Montemayor without requiring the consent of all the other heirs or co-owners thereof. Moreover, when said properties were sold at public auction, the PNB was a purchaser for value in good faith so its right thereto is beyond question.[20]

Pragmacio and Maximo Vitug are now estopped from questioning the title of Donata Montemayor to the said properties. They never raised the conjugal nature of the property nor took issue as to the ownership of their mother, Donata Montemayor, over the same. Indeed private respondents were among the defendants in said two cases wherein in their answers to the complaint they asserted that the properties in question are paraphernal properties belonging exclusively to Donata Montemayor and are not conjugal in nature.[21] Thus they leased the properties from their mother Donata Montemayor for many years knowing her to be the owner. They were in possession of the property for a long time and they knew that the same were mortgaged by their mother to the PNB and thereafter were sold at public auction, but they did not do anything.[22] It is only after 17 years that they remembered to assert their rights. Certainly, they are guilty of laches.[23]

Moreover, as correctly held by the lower court, Pragmacio and Maximo Vitug as occupants and lessees of the property in question cannot now dispute the ownership of their mother over the same who was their lessor.[24]

WHEREFORE, the subject decision of the respondent Court of Appeals is hereby REVERSED and set aside and another decision is hereby rendered DISMISSING the complaint and ordering private respondents to pay attorney's fees and expenses of litigation to petitioner PNB in the amount of P20,000.00 and the costs of the suit.

SO ORDERED.

Teehankee, C.J., Narvasa, and Cruz, JJ., concur.

Paras, J., in the result.

* Penned by Mr. Justice Porfirio V. Sison, and concurred in by Messrs. Justices Juan Sison and Elias B. Asuncion.

[1] Annex 2, Answer of PNB, Record on Appeal; par. 11, Partial Stipulation of Facts, p. 139, Record on Appeal.

[2] Annex 1, Answer of PNB, Record on Appeal; par. 17, Partial Stipulation of Facts, pp. 141-142, supra.

[3] Par. 16, Partial Stipulation of Facts, p. 141, supra.

[4] Par. 18, Partial Stipulation of Facts, p. 142, supra.

[5] Pars. 12, 13, 19, 20, 21, and 22, Partial Stipulation of Facts, pp. 139-144, supra.

[6] Pars. 6 to 10 and 11, Partial Stipulation of Facts, pp. 124, 125 and 139, Record on Appeal.

[7] Pars. 22, 23, and 24, Partial Stipulation of facts, pp. 144-145, Record on Appeal.

[8] Pars. 5, 6, 7, 8, 15, pp. 136-140, supra.

[9] Capital Subdivision vs. Province of Negros Occidental, L-16257, January 31, 1963, 7 SCRA 60; Fule vs. Legare, L-17951, Feb. 28, 1963, 7 SCRA 351.

[10] Legarda and Prieto vs. Salleeby, 31 Phil. 590.

[11] Director of Lands vs. Court of Appeals, 122 SCRA 37 70.

[12] Maramba vs. Lozano, 20 SCRA 474.

[13] Nable Jose vs. Nable Jose, 41 Phil. 713; Seva vs. Nolan, 340.

[14] Cui and Joven vs. Henson, 51 Phil. 605, 612; Roxas vs. Dinglasan, L-27234, May 30, 1969, 28 SCRA 430.

[15] 91 Phil. 286.

[16] 93 Phil. 99.

[17] 91 Phil. 289.

[18] Exhibit 17 PNB & 18 PNB, Pp. 210-212, Record on Appeal.

[19] Ang Lam vs. Rosillosa, L-3595, May 22, 1950; Hernandez vs. Rural Bank of Lucena, L-2979, Jan. 10, 1978, 81 SCRA 84-85.

[20] Fule vs. Legare, supra; Arches vs. Billanes, L-20452, April 30, 1965, 13 SCRA 715.

[21] Vitug vs. Montemayor, 91 Phil. 286, 288; see also Exhibits 3 Mendiola, 3-A Mendiola, 3-B Mendiola, pp. 238-240, Record on Appeal.

[22] Exhibits 1, 1-A, and 1-B Mendiola, 2 and 2-A Mendiola, pp. 236-238, Record on Appeal.

[23] Tijam vs. Sibonghanoy, L-21450, April 15, 1968, 32 SCRA 29.

[24] Section 3(b), Rule 131, Rules of Court.

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