

**RODOLFO L. CORONEL, PETITIONER, VS. HONORABLE
INTERMEDIATE APPELLATE COURT AND ELIAS MERLAN, BRIGIDO
MERLAN, JOSE MERLAN, TEODORICO NOSTRATIS, SEVERO JECIEL,
SANTIAGO FERNAN AND...**

G.R. No. 70191. October 29, 1987

Ponente: GUTIERREZ, JR., J.

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GUTIERREZ, JR., J.:

This is a petition to review the decision of the then Intermediate Appellate Court, now the Court of Appeals, which affirmed the decision and order of the then Court of First Instance of Cavite in Civil Case No. 651. The dispositive portion of the trial court's decision reads:

" WHEREFORE, in the interest of moral justice, judgment is hereby rendered in favor of all the defendants and intervenor; hereby DISMISSING the complaint; however, the Court hereby orders instead the immediate partition of the land, subject-matter of this case, without prejudice to the plaintiff, and in accordance with the express but undivided apportionments corresponding to the original co-ownership, and pursuant to Transfer Certificate of Title No. T-1444 (EXHIBIT 4-b) of the Registry of Deeds for the Province of Cavite, as entered on May 19, 1960;

"Hereby declaring null and void, Transfer Certificate of Title No. T-75543 of the same registry.

"Without pronouncements as to costs." (At p. 71, Record on Appeal).

The dispositive portion of the questioned order of the trial court reads:

"WHEREFORE, under our present alternatives, as prayed for by defendants and Intervenor, through Lawyer Eleuterio A. Beltran, in their present incident recorded on January 10, 1980; the Decision subject matter hereof is amended in the following significance:

"Plaintiff Rodolfo Coronel is further ordered to submit a complete Inventory and Accounting of all the harvests of palay produced from the parcel of land (Lot 1950-A) subject matter of the present litigation, and to deliver the corresponding shares to the defendants and intervenors correlated with all the harvests of palay done by the plaintiffs; considering the un rebutted finality of the testimony of defendant Brigido Merlan in congruence with his supplication for the Inventory and Accounting of all the palay gathered by plaintiff Rodolfo Coronel who is likewise ordered, finally, to pay Lawyer Eleuterio Beltran as counsel for defendants and intervenors, Four Thousand (P4,000.00) Pesos for his professional services.

"Naic, Cavite, February 13, 1980." (pp. 88-89, Record on Appeal).

Petitioner Rodolfo Coronel filed a complaint for recovery of possession of a parcel of land registered under his name (Transfer Certificate of Title No. T-75543 in the Registry of Deeds for the Province of Cavite) and more particularly described as follows:

"A parcel of land (Lot 1950-A of the subdivision plan (LRC) Psd-104544, being a portion of Lot 1950, Naic

Estate, LRC Rec. No. 8340), situated in the Municipality of Naic, Province of Cavite, Island of Luzon. Bounded on the NE., pts. 12 to 14 by Irrigation Ditch; on the SE., and SW., pts. 14 to 15 and 15 to 1 by Lot 1950-D of the subdivision plan; on the SW., pts. 1 to 2 by Lot 2304, and pts. 2 to 11 by Lot 1951, both of Naic Estate; and on the NW, pts. 11 to 12 by Road, x x x; containing an area of TWELVE THOUSAND ONE HUNDRED EIGHTY-NINE (12,189) SQUARE METERS, more or less, x x x." (p. 10, Record on Appeal).

The complaint docketed as Civil Case No. 651 was filed against the private respondents Elias Merlan, Brigido Merlan, Jose Merlan, Teodorico Nostrates, Severo Jeciel, Santiago Fernan and Fortunato Ocampo before the then Court of First Instance of Cavite.

Coronel alleged in his complaint that at the time he purchased the subject parcel of land, the defendants (private respondents herein) were already occupying a portion thereof as "tenants at will" and that despite demands to vacate the premises, the defendants failed and refused to move out from the land.

In their Answer with Counterclaim and With Third-Party Complaint, the defendants denied that Coronel was the owner of the whole parcel of land and alleged that the lots occupied by them form part of a 1/3 undivided share of brothers Brigido Merlan and Jose Merlan which they inherited from their deceased father Gabriel Merlan, one of the three heirs of Bernabela Lontoc, the original owner of Lot No. 1950-A of the Naic Estate; that the Merlan brothers together with their two brothers and a sister never sold their undivided 1/3 share of the lot to anybody; that it was actually their other co-heirs who sold their undivided portions and that the plaintiffs claim of ownership of the whole parcel of land, if ever it has basis, is fraudulent, void, and without effect; that the Merlans have always been in open and peaceful possession of their undivided share of the lot throughout the years from the first sale by their co-heirs of Lot No. 1950-A in 1950; and that the other defendants were legitimate tenants. They prayed that the plaintiff respect their rights over 1/3 (4,063 square meters) of Lot No. 1950-A of the Naic Estate.

In their Third-Party Complaint, the defendants charged that the third-party defendants, owners of the remaining portion of Lot No. 1950-A, defrauded them when they sold the entire parcel.

Third-Party Defendants Marcelo Novelo, Paz Anuat, Daniel Anuat and Rosario Cailao, the defendants' co-owners of Lot No. 1950-A denied that they had something to do with the fraudulent acts or illegal machinations which deprived the defendants of their share in the subject parcel of land, and that what they sold was only their 2/3 undivided shares in said parcel. They also filed a cross-claim against their co-defendant Mariano Manalo whom they charged might have connived with others including the plaintiff to deprive the defendants and their coheirs of their share in the subject parcel of land.

As stated earlier, the lower court ruled in favor of the defendants and on appeal, the lower court's decision was affirmed with the following modification by the then Intermediate Appellate Court, to wit:

"WHEREFORE, PREMISES CONSIDERED, there being no reversible error in the main decision appealed from dated December 7, 1979, and the Order of the Court dated February 13, 1980, the same are hereby AFFIRMED with the modification that after the word 'Intervenor' in the main decision, the following shall be inserted:

"I) Declaring them as the absolute owners of the remaining 1/3 of the 2/8 portion pertaining to the late Bernabela Lontoc, namely, Lot 1950-A of the Naic Estate pursuant to Art. 845 of the New Civil Code." (At p. 29.).

The petitioner states that the appellate court erred as follows:

I

"THAT THE HONORABLE INTERMEDIATE APPELLATE COURT HAS ERRED IN NOT CONSIDERING THAT THE CLAIM OF PRIVATE RESPONDENTS TO THE LAND IN QUESTION HAS BEEN BARRED BY THE STATUTE OF LIMITATION OR BY ESTOPPEL BY LACHES.

II

"THAT THE HONORABLE INTERMEDIATE APPELLATE COURT HAS ERRED IN NOT CONSIDERING PETITIONER AS A PURCHASER IN GOOD FAITH AND FOR VALUABLE CONSIDERATION OF THE LAND IN QUESTION.

III

"THAT THE HONORABLE INTERMEDIATE APPELLATE COURT HAS ERRED IN DECLARING AS NULL AND VOID TRANSFER CERTIFICATE OF TITLE NO. T-75543 OF THE REGISTRY OF DEEDS OF CAVITE WHICH IS ALREADY PLACED IN THE NAME OF PETITIONER." (at pp. 1 -2, Brief for the Petitioner).

The records show that the 12,189 square meter lot was part of a 48,755 square meter lot covered by Transfer Certificate of Title No. 3116 (RT-5010) of the Naic Estate located at Muzon, Naic, Cavite in the names of the spouses Valentin Gutierrez and Eligia Mangahas with a calculated portion of 2/8; spouses Jose Perea and Celestia Naces with a calculated portion of 3/8; Josefa Nazareno with a calculated portion of 1/8 and Bernabeia Lontoc with a calculated portion of 2/8. In dispute in the instant case is the 2/8 share of Bernabeia Lontoc which is equivalent to 12,189 square meters.

When Lontoc died in 1945, she was survived by three sets of heirs: 1) Bernardino Merlan, a grandson by her son Enrique Merlan who died in 1918; 2) Jose Merlan and Brigido Merlan, defendants in the case below and private respondents herein, Graciano Merlan, Agapito Merlan and Corazon Merlan, children of her son Gabriel who died in 1937; and 3) Daniel Anuat and Paz Anuat, children of her daughter Francisca Merlan.

In 1950, Bernardino Merlan, Daniel Anuat and Paz Anuat sold their 2/3 undivided portion of the lot to spouses Ignacio Manalo and Marcela Nobelo.

In 1960, Transfer Certificate of Title No. (T-3116) RT-5010 was cancelled by Transfer Certificate of Title No. T-1444 but carried the same afore-specified registered co-owners with an annotation carried from the former Transfer Certificate of Title, to wit:

" 'Entry No. 4953-SALE in favor of IGNACIO MANALO, married to Marceia Nobelo — covering the rights, interest and participation of Bernardino Merlan, married to Rosario Cailao, DANIEL ANUAT, married to Dionisia Loyola, and PAZ ANUAT, widow, on the share of BERNABELA LONTOC, consisting of twenty (20) gantas of seedling, on the land described in this Certificate of Title, for the sum of THREE THOUSAND PESOS (P3,000.00) by virtue of the deed of sale, executed before the Notary Public for the City of Cavite Mr. Primo D. Anuat (Doc. No. 652; page No. 77; Book No. VII; Series of 1950) on file in this Registry.

""Date of Instrument — March 11, 1950.

" 'Date of Inscription — March 13, 1950 at 2:35 p.m.'" (At pp. 2-3, Court of Appeals Decision; pp. 18-19, Rollo)

In 1968, Lot No. 1950 of the Naic Estate was subdivided according to a Sketch Plan (Exh. A). The sketch plan was approved by the Commission on Land Registration on August 15, 1969. Bernabeia Lontoc's 2/8 portion of

Lot No. 3950 became Lot No. 1950-A with an area of 12,189 square meters.

Sometime in 1970, Ignacio Manalo sold his interest in Lot 1950-A to Mariano Manalo. The pertinent portions of the deed of sale executed by spouses Ignacio Manalo and Marcela Nobelo in favor of spouses Mariano Manalo and Jorga Manalo states:

"Ang pagkamayari namin ng bahaging binabanggit sa Haas nito ay natatalikod ng titulo blg. T-3116 na gaya ng sumusunod:

""(Entry No. 4953-SALE— In favor of IGNACIO MANALO, married to MARCELA NOVELO covering the rights, interests and participations of BERNADINO MERLAN married to ROSARIO CAILAO, DANIEL ANUAT married to DIONISIA LOYOLA, and PAZ ANUAT, widow, on the share of BERNABELA LONTOC, consisting of twenty (20) gantas of seedling, on the land described in this certificate of title of the sum of THREE THOUSAND PESOS (P3,000.00), by virtue of the deed of sale executed before the Notary Public for the City and Prov. of Cavite Mr. Primo D. Anuat (Doc. No. 652; Page No. 77; Book No. VII, Series of 1950) on file in this Registry. Date of instrument — March 13, 1950 — at 2:35 p.m. (sgd) ESCOLASTICO CUEVAS, Register of Deeds.

"Na alang-alang sa halagang ISANGLIBONG (P1,000.00) PISO salaping (blurred), nasa amin ay ibinayadni G. MARIANO MANALO kasal kay JORGA MANALO may sapat na gulang, Filipino at ang tirahan at pahatirang sulat ay (blurred) Cavite, ay aming ipinagbili ng tuluyan (Venta Real y Absoluta) ang nabanggit na DA LA WANG PUNG (20) salop na binhi, bahagi ng Lote blg. 1950 (blurred) tiyak sa lote na unahan nito sa naturang G. Mariano Manalo, sa kanyang tagamana o kahalili sa matuwid magpakailan man. Dito'y sinasaysay rin namin ang nasabing lupang tubigan ay walang sinasagutang pagkakautang kanino mang tao."" (pp. 25-26, Rollo)

The deed of sale was registered in the Registry of Deeds in Cavite. Thereafter, Transfer Certificate of Title No. T-J 444 was cancelled and Transfer Certificate of Title No. T-41175 was issued for Lot No. 1950-A of the Naic Estate in the name of Mariano Manalo, married to Jorga Lagos of Naic, Cavite. The certificate of title issued in the name of spouses Mariano Manalo and Jorga Lagos covered the whole Lot No. 1950-A without any mention of the 1/3 share of the private respondents in the parcel of land which was not sold to them.

Relying on the transfer certificate of title of the spouses Mariano Manalo and Jorga Lagos and the Sketch Plan (Exhibit "A"), petitioner Rodolfo Coronel then bought LotNo. 1950-A of the Naic Estate from the former for the consideration of P27,000.00 as per Doc. No. 341; Page No. 70; Book No. V; Series of 1974 in the Notarial Register of Notary Public Nonilo A. Quitangon of the City of Manila. The deed of sale was registered on December 19, 1974 causing the cancellation of Transfer Certificate of Title No. T-41175 and the issuance of Transfer Certificate of Title No. T-75543 in the name of petitioner Rodolfo Coronel.

Considering these facts, it is evident that the private respondents never sold their 1/3 share over Lot No. 1950-A of the Naic Estate; that what their co-owners sold to Ignacio Manalo was their 2/3 share of the same lot; and that Ignacio Manalo sold only the 2/3 share to third-party defendant Mariano Manalo, the predecessor-in-interest of petitioner Rodolfo Coronel. Consequently, there was a mistake when Transfer Certificate of Title No.41175 was issued to Mariano Manalo covering the whole area of Lot No. 1950-A. Unfortunately, Mariano Manalo who was included as third-party defendant as well as the subject of a cross-claim filed by the other third-party defendants, and who could have shed light on this controversy was at the time residing abroad and was not served with the third-party complaint.

Moreover, private respondents Brigido Merlan and Jose Merlan were in open, peaceful and adverse possession of their 1/3 share over the lot even after 1950 when the first sale of the lot took place. The first time they knew about Coronel's claim over the whole lot was when they were served a copy of his complaint in 1975.

Under these circumstances, the first assignment of error is not well taken.

The petitioner contends that the claim of the private respondents over their 1/3 undivided portion of Lot No. 1950-A, 25 years after the registration of the deed of sale in favor of Ignacio Manalo in 1950 and more than five (5) years after the registration of the deed of sale in favor of Mariano Manalo is barred by prescription or laches. According to him,

there was undue delay on the part of the private respondents to claim their 1/3 portion of Lot No. 1950-A of the Naic Estate and that the action for annulment should have been brought within four (4) years (Art. 1391, New Civil Code) counted from the date of the registration of the instrument.

The counterclaim of the private respondents which was in effect a reconveyance to them of their 1/3 undivided share over Lot No. 1950-A has not prescribed. As lawful possessors and owners of the lot in question their cause of action falls within the settled jurisprudence that an action to quiet title to property in one's possession is imprescriptible. Their undisturbed possession over a period of more than 25 years gave them a continuing right to seek the aid of a court of equity to determine the nature of the adverse claim of a third party and the effect of his own title. If at all, the private respondents' right to quiet title, to seek reconveyance and to annul Transfer Certificate of Title No. T-75543 accrued only in 1975 when they were made aware of a claim adverse to their own. It was only at that time that the statutory period of prescription may be said to have commenced to run against them. (*Sapto, et al. v. Fabiana*, 103 Phil. 683; *Faja v. Court, of Appeals*, 75 SCRA 441; *Caragay-Layno v. Court of Appeals*, 133 SCRA 718).

In the same manner, there is no bar based on laches to assert their right over 1/3 of the disputed property. "Laches has been defined as the failure or neglect, for an unreasonable and unexplained length of time, to do that which by exercising due diligence could or should have been done earlier; it is negligence or omission to assert a right within a reasonable time, warranting a presumption that the party entitled to assert it either has abandoned it or declined to assert it." (*Tejido v. Zamacoma*, 138 SCRA 78, citing *Tijam, et al. v. Sibonghanoy, et al.*, 23 SCRA 29, *Sotto v. Teves*, 86 SCRA 154) The facts of the case show that the private respondents have always been in peaceful possession of the 1/3 portion of the subject lot, exercising ownership thereto for more than 25 years disrupted only in 1975, when the petitioner tried to remove them by virtue of his torrens title covering the entire Lot 1950-A of the Naic Estate. It was only at this point that private respondents knew about the supposed sale of their 1/3 portion of Lot 1950-A of the Naic Estate and they immediately resisted.

The petitioner, however, insists that he is a purchaser in good faith. Thus, he argues that Transfer Certificate of Title No. T-41175 in the name of his successor-in-interest Mariano Manalo was very clear to the effect that there is no lien or encumbrance stated therein which could have been seen by his parents who represented him in the sale as he was then in the United States and by the lawyer contracted by him to execute or prepare the corresponding deed of sale.

This notwithstanding, we cannot close our eyes to the fact that neither the private respondents nor their co-owners of the subject parcel of land sold the former's share of the lot. Furthermore, even Ignacio Manalo to whom the third-party defendants sold their share resold only the 2/3 shares to Mariano Manalo, the successor-in-interest of the petitioner. Whether or not there was fraud or just a mistake or oversight of an employee of the Register of Deeds of Cavite is not clear from the records. The point is that the 1/3 undivided portion of the private respondents over Lot No. 1950-A was mistakenly included in the transfer certificate of title of Mariano Manalo.

We apply equitable considerations:

"Nor does the mere fact that respondent-appellee Marcelo Coral could show a certificate of Torrens Title in his favor conclude the matter, the question of fraud having been seasonably raised and the remedy of

reconveyance sought. Only recently, in *Philippine Commercial and Industrial Bank v. Villalva*, (L-28194, November 24, 1972, 48 SCRA 31) this Court had occasion to state: 'There is, however, a countervailing doctrine, certainly not of lesser weight, that mitigates the harshness of the iron-clad application of the principle attaching full faith and credit to a Torrens certificate. It is inspired by the highest concept of what is fair and what is equitable. It would be a sad day for the law if it were to be oblivious to the demands of justice. The acceptance accorded the Torrens system of registration would certainly be impaired if it could be utilized to perpetrate fraud and chicanery. If it were thus, then no stigma would attach to a claim based solely on a narrow and literal reading of a statutory prescription, devoid of any shadow of moral right. That is not the juridical norm as recognized by this Court. Deceit is not to be countenanced; duplicity is not to be rewarded. Witness the favor with which jurisprudence has looked on the action for reconveyance as well as the recognition of the constructive trust. There is thus the stress of rectitude.' (Ibid., p. 39)." (*Monticims v. Court of Appeals*, 53 SCRA 14,21; Italics supplied).

Moreover, we ruled in an earlier case that:

x x x

x x x

x x x

"x x x The simple possession of a certificate of title, under the Torrens System, does not necessarily make the possessor a true owner of all the property described therein. If a person obtains a title, under the Torrens system, which includes by mistake or oversight land which cannot be registered under the Torrens systems, he does not, by virtue of said certificate alone, become the owner of the lands illegally included. (*Ledesma v. Municipality of Iloilo*, 49 Phil. 769, 773, citing *Legarda and Prieto v. Saleeby*, 31 Phil., 590; see also *Caragay-Layno v. Court of Appeals*, supra)."

We find no reversible error on the part of the lower courts in recognizing the ownership of the private respondents over 1/3 of Lot No. 1950-A of the Naic Estate. The petitioner is bound to recognize the lien in favor of the private respondents which was mistakenly excluded and therefore not inscribed in the torrens title of the land of his predecessor-in-interest.

WHEREFORE, the instant petition is hereby DISMISSED. The questioned decision is AFFIRMED but with a modification to the effect that the statement "Hereby declaring null and void, Transfer Certificate of Title No. T-75543 of the same registry" is deleted. Instead, the Registrar of Deeds of Cavite is ordered to segregate the 1/3 portion of Lot No. 1950-A of the Naic Estate (4,063 square meters) from the entire portion embraced in Transfer Certificate of Title No. T-75543 and issue a new certificate of title in favor of the heirs of Gabriel Merian over the disputed one-third portion and another new certificate of title over the remaining two-thirds portion of the land in favor of petitioner Rodolfo Coronel after cancelling Transfer Certificate of Title No. T-75543. The questioned order is also AFFIRMED.

No costs.

Fernan, Bidin, and Cortes, JJ., concur.

Feliciano, J., on leave.

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