

## FIRST DIVISION

[ G.R. No. 211972, July 22, 2015 ]

**WILSON GO AND PETER GO, PETITIONERS, VS. THE ESTATE OF THE LATE FELISA TAMIO DE BUENAVENTURA, REPRESENTED BY RESURRECCION A. BIHIS, RHEA A. BIHIS, AND REGINA A. BIHIS; AND RESURRECCION A. BIHIS, RHEA A. BIHIS AND REGINA A. BIHIS, M THEIR PERSONAL CAPACITIES, RESPONDENTS.**

[G.R. No. 212045]

**BELLA A. GUERRERO, DELFIN A. GUERRERO, JR. AND LESTER ALVIN A. GUERRERO, PETITIONERS, VS. THE ESTATE OF THE LATE FELISA TAMIO DE BUENAVENTURA, HEREIN REPRESENTED BY RESURRECCION A. BIHIS, RHEA A. BIHIS AND REGINA A. BIHIS, AND RESURRECCION A. BIHIS, RHEA A. BIHIS AND REGINA A. BIHIS, IN THEIR PERSONAL CAPACITIES, RESPONDENTS.**

### D E C I S I O N

**PERLAS-BERNABE, J.:**

Assailed in these consolidated<sup>[1]</sup> petitions for review on *certiorari*<sup>[2]</sup> are the Decision<sup>[3]</sup> dated December 19, 2013 and the Resolution<sup>[4]</sup> dated April 1, 2014 rendered by the Court of Appeals (CA) in CA-G.R. CV No. 96697, which modified the Decision<sup>[5]</sup> dated June 8, 2009 of the Regional Trial Court of Quezon City, Branch 224 (RTC) in Civil Case No. Q-97-32515, and thereby ordered: (a) the nullification of the Deed of Sale dated January 23, 1997 in favor of Wilson Go (Wilson) and Peter Go (Peter), petitioners in G.R. No. 211972; (b) the reconveyance of the disputed property to the Estate of Felisa Tamio; and (c) the cancellation of Transfer Certificate of Title (TCT) No. N-170475, as well as the issuance of a new title in the name of the Estate of Felisa Tamio by the Register of Deeds.

### The Facts

On March 17, 1959, the late Felisa Tamio de Buenaventura (Felisa) purchased from Carmen Zaragosa, Inc. a parcel of land with an area of 533 square meters, more or less, situated at Retiro corner Kanlaon Streets, Sta. Mesa Heights, Quezon City (subject property) and, thus, TCT No. 45951/T-233 was issued in her name. Thereafter, she constructed a three-storey building thereon, called D'Louis Building, where she resided until her death on February 19, 1994.<sup>[6]</sup>

On February 10, 1960, Felisa supposedly sold the subject property to one of her daughters, Bella Guerrero (Bella), the latter's husband, Delfin Guerrero, Sr. (Delfin,

Sr.), and Felimon Buenaventura, Sr. (Felimon, Sr.), Felisa's common-law husband.<sup>[7]</sup> Bella, co-petitioner in G.R. No. 212045, and Delfin, Sr. paid P15,000.00 as consideration therefor.<sup>[8]</sup> Thus, TCT No. 45951/T-233 in the name of Felisa was cancelled and TCT No. 49869<sup>[9]</sup> was issued in the names of Felimon, Sr. and Bella, married to Delfin, Sr..

Sometime in 1968, Resurrecion A. Bihis<sup>[10]</sup> (Resurrecion), the other daughter of Felisa, sister of Bella, and respondent in both G.R. Nos. 211972 and 212045, began to occupy the second floor of the D' Lourds Building and stayed therein until her death in 2007.<sup>[11]</sup>

As it appears that TCT No. 49869 in the names of Felimon, Sr. and Bella, married to Delfin, Sr., was irretrievably destroyed in the interim, Bella caused its reconstitution and was issued TCT No. RT-74910 (49869),<sup>[12]</sup> again registered in their names.

When Felisa died on February 19, 1994, she allegedly bequeathed, in a disputed last will and testament, half of the subject property to Resurrecion and her daughters, Rhea A. Bihis (Rhea) and Regina A. Bihis (Regina), co respondents in both G.R. Nos. 211972 and 212045 (collectively, the Bihis Family). Thus, on April 19, 1994, the Bihis Family caused the annotation of an adverse claim on TCT No. RT-74910 (49869). Felisa's purported will likewise declared Bella as the administrator of the subject property.<sup>[13]</sup>

On the strength of such appointment, Bella filed, on May 24, 1994, a petition for the probate of Felisa's will. She was eventually appointed as the administratrix of the Estate of Felisa and, in an inventory of Felisa's properties, Bella included the subject property as part of said estate.<sup>[14]</sup>

On January 22, 1997, the adverse claim of the Bihis Family was cancelled. The following day, January 23, 1997, Felimon Buenaventura, Jr. (Felimon, Jr.) and Teresita Robles, a.k.a. Rosalina Buenaventura Mariano<sup>[15]</sup> (Teresita), apparently the heirs of Felimon, Sr. (Heirs of Felimon, Sr.), executed a purported Extrajudicial Settlement of the Estate of Felimon Buenaventura, Sr., and caused its annotation on TCT No. RT-74910 (49869). By virtue thereof, TCT No. RT-74910 (49869) was cancelled and TCT No. N-170416 was issued in the names of the Heirs of Felimon, Sr., Bella, and her co-petitioners in G.R. No. 212045, Delfin A. Guerrero, Jr. (Delfin, Jr.) and Lester Alvin A. Guerrero (Lester) (collectively, Bella, *et al.*).<sup>[16]</sup>

On the very same day, January 23, 1997, through a Deed of Sale of even date, the subject property was sold to Wilson and Peter by Bella, *et al.* for the amount of P4,500,000.00, a transaction completely unknown to Felisa's other heirs, the Bihis Family. Thus, TCT No. N-170416 was cancelled and, in lieu thereof, TCT No. 170475 was issued in the names of Wilson and Peter. Thereafter, Wilson and Peter filed ejectment cases against the occupants and/or lessees of the subject property.<sup>[17]</sup>

In July 1997, the probate court revoked the appointment of Bella as administratrix of the Estate of Felisa and eventually, granted letters of administration to Resurrecion.<sup>[18]</sup> Hence, on October 17, 1997, herein respondents, the Estate of Felisa, as represented by the Bihis Family, and the Bihis Family, in their personal

capacities (collectively, respondents), filed a complaint for reconveyance and damages before the RTC, docketed as Civil Case No. Q-97-32515, against Bella, *et al.*, Wilson, Peter, and the Register of Deeds of Quezon City, alleging that Felisa, during her lifetime, merely entrusted the subject property to Felimon, Sr., Bella, and Delfin, Sr. for the purpose of assisting Bella and Delfin, Sr. to obtain a loan and mortgage from the Government Service Insurance System (GSIS). To facilitate the transaction, Felisa agreed to have the title over the subject property transferred to Bella and Felimon, Sr. However, Felisa never divested herself of her ownership over the subject property, as evidenced by her continuous residence thereon, as well as her act of leasing several units to various tenants. In fact, in a letter<sup>[19]</sup> dated September 21, 1970 (September 21, 1970 letter) addressed to Delfin, Sr., Felisa reminded Bella, Delfin, Sr., and Felimon, Sr. that the subject property was merely entrusted to them for Bella and Delfin, Sr. to procure a loan from the GSIS.<sup>[20]</sup> At the bottom of the letter, Bella's and Delfin, Sr.'s signatures appear beside their names.<sup>[21]</sup>

Likewise, respondents alleged that Wilson and Peter were buyers in bad faith, as they were aware of the facts and circumstances that would have warranted further inquiry into the validity of the title of the sellers, Bella, *et al.* They averred that Wilson and Peter knew that the building was occupied by individuals other than the sellers, as in fact, the Bihis Family was residing therein.<sup>[22]</sup>

In their defense, Bella and Felimon, Jr. claimed that the subject property was owned by Bella and (the late) Felimon, Sr., as evidenced by TCT No. RT-74910 (49869), which title was issued to them as early as February 10, 1960. Such title has therefore subsisted for almost thirty seven (37) years without having been voided or nullified by a court decree. Moreover, they have exercised acts of ownership over the subject property, such as mortgaging the same and leasing the building to third parties. Finally, they asserted that Bella's act of including the subject property in the inventory of properties of the Estate of Felisa was merely because of inadvertence.<sup>[23]</sup>

For his part, Wilson claimed that when he and his brother, Peter, purchased the subject property from Bella, *et al.* on January 23, 1997, he was not aware of the judicial settlement of the Estate of Felisa. He testified that before they acquired the subject property, he verified the validity of the title covering the same with the Registry of Deeds, and that a period of two (2) months had lapsed before the sale was consummated because his lawyer advised him to request Bella to cancel the encumbrance annotated on the title over the subject property. However, he asserted that his lawyer merely advised him to ask for the cancellation of the annotation but he was not aware of the details surrounding the same. Eventually, the annotation was cancelled and that he only knew that the subject property was included in the Estate of Felisa when herein respondents' complaint before the RTC was filed. As such, he maintained that he and Peter were purchasers in good faith.<sup>[24]</sup>

### **The RTC Ruling**

In a Decision<sup>[25]</sup> dated June 8, 2009, the RTC found that there was an implied trust between Felisa, on the one hand, and Bella and Felimon, Sr., on the other, created by operation of law. The RTC concluded that it was the intention of the late Felisa to merely entrust to Bella and Felimon, Sr. the subject property for the sole purpose of

using the same as collateral to secure a loan with the GSIS. As such, while it is true that a title was issued in the names of Bella, Delfin, Sr., and Felimon, Sr. by virtue of the sale of the subject property to them, it was clear that Felisa never intended to relinquish her ownership over the subject property. In concluding so, the RTC gave probative weight to the September 21, 1970 letter executed and signed by Felisa which not only reminded Bella, Delfin, Sr., and Felimon, Sr. that the subject property was merely entrusted to them for purposes of securing a loan from the GSIS, but also expressed Felisa's desire to have the subject property divided equally among her heirs.<sup>[26]</sup>

However, the RTC held that reconveyance can no longer be effected since the subject property had already been transferred to Wilson and Peter, whom it found to be purchasers in good faith. The RTC found that through Wilson's testimony, they were able to disprove respondents' allegation that they were aware of an infirmity in the title of the sellers when they acquired the subject property.<sup>[27]</sup>

Consequently, as Bella, Delfin, Sr., and Felimon, Sr. were unjustly enriched at the expense of the respondents who, as compulsory heirs, were also entitled to their share in the subject property, the RTC directed Bella, *et al.* to pay plaintiffs, jointly and severally, the amounts of: (a) P2,000,000.00 as compensatory damages, representing half of the purchase price of the subject property considering that reconveyance can no longer be granted; (b) P200,000.00 as moral damages; (c) P100,000.00 as exemplary damages; and (d) P200,000.00 as attorney's fees.<sup>[28]</sup>

Dissatisfied, the following parties filed their separate appeals before the CA: the Estate of Felisa; the Bihis Family; the Estate of Rosalinda B. Mariano;<sup>[29]</sup> and Bella, Delfin, Jr., and Lester.<sup>[30]</sup> The CA simplified the issues

raised in the separate appeals, as follows: (a) whether or not there was a trust established by Felisa in favor of Bella, Delfin, Sr., and Felimon, Sr.; (b) whether or not the action for reconveyance had already prescribed; and (c) whether or not Wilson and Peter are purchasers in good faith.<sup>[31]</sup>

### **The CA Ruling**

In a Decision<sup>[32]</sup> dated December 19, 2013, the CA modified the RTC Decision, and thereby ordered: (a) the nullification of the Deed of Sale dated January 23, 1997 in favor of Wilson and Peter; (b) the reconveyance of the disputed property to the Estate of Felisa; and (c) the cancellation of TCT No. N-170475 in the name of Wilson and Peter, as well as the issuance of a new title in the name of the Estate of Felisa by the Register of Deeds.<sup>[33]</sup>

In its ruling, the CA upheld the RTC's finding that an implied trust was constituted between Felisa, during her lifetime, and Bella, Delfin, Sr., and Felimon, Sr. when the former sold the subject property to the latter. Like the RTC, it gave substantial weight and credence to the September 21, 1970 letter executed by Felisa which expressed her intention to convey the subject property to Bella, Delfin, Sr., and Felimon, Sr. only for the purpose of obtaining a loan from the GSIS. The CA similarly found that Felisa had not intended to relinquish her ownership over the subject property in their favor, as evidenced not only by the said letter but also by her

contemporaneous and subsequent acts of ownership, *i.e.*, leasing the building to tenants, instituting ejectment suits, having business permits issued in her name, and including the subject property in her last will and testament.<sup>[34]</sup>

Moreover, the CA ruled that the issuance of TCT No. 49869 in the names of Bella, Delfin, Sr., and Felimon, Sr. did not operate to vest ownership of the subject property upon them, as a certificate of title is not equivalent to *title*. Hence, the presentation of TCT No. 49869 does not conclusively prove their claim of ownership over the subject property.<sup>[35]</sup>

With respect to the issue of whether or not the action for reconveyance based on an implied trust had already prescribed, the CA found that prescription has not set in. Citing jurisprudence, it held that an action for reconveyance based on an implied trust prescribes in ten (10) years, to be counted from the date of issuance of the Torrens title over the property. However, the rule applies only when the claimant or the person enforcing the trust is not in possession of the property. When the claimant is in actual possession of the property, the action for reconveyance, which is effectively an action for quieting of title, is imprescriptible. In this case, it has been indubitably established that the Bihis Family have been in actual possession of the subject property; hence, their action for reconveyance is imprescriptible.<sup>[36]</sup>

Finally, with regard to the question of whether or not Wilson and Peter are purchasers in good faith, the CA ruled in the negative. It took into consideration the admission made by Wilson that he has knowledge of the adverse claim of the Bihis Family annotated on the title of the subject property but denied knowledge of its contents. Likewise, he admitted that he directed his lawyer to have the said annotation cancelled before purchasing the subject property. Records also show that he knew that the Bihis Family have been occupying the second floor of the D'Ourds Building. However, despite knowledge of the foregoing facts, he and his brother failed to make the necessary inquiries as to the validity of the title of the sellers, Bella, *et al.* Consequently, he and Peter cannot be considered as buyers in good faith.<sup>[37]</sup>

Wilson and Peter, Bella, Delfin, Jr., and Lester, Felimon, Jr., and the Estate of Rosalinda Buenaventura Mariano filed separate motions for reconsideration,<sup>[38]</sup> which were all denied in the Resolution<sup>[39]</sup> dated April 1, 2014; hence, these petitions.

### **The Issues Before the Court**

The issues advanced for the Court's consideration are: (a) whether or not the CA erred in ruling that there was an implied trust created between Felisa, on one hand, and Bella, Delfin, Sr., and Felimon, Sr., on the other; (b) whether or not the action for reconveyance had not yet prescribed; and (c) whether or not Wilson and Peter are purchasers in good faith.

### **The Court's Ruling**

The petitions are bereft of merit.

The following facts are undisputed: in 1960, Felisa, as owner of the subject