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SECOND DIVISION

[G.R. No. 122249, January 29, 2004]

REYNALDO, TELESFORO, REMEDIOS, ALFREDO AND BELEN, ALL SURNAMED AGUIRRE, VICENTA, HORACIO AND FLORENCIO, ALL SURNAMED MAGTIBAY AND LEONILA, CECILIA, ANTONIO, AND VENANCIO, ALL SURNAMED MEDRANO, AND ZOSIMA QUIAMBAO, PETITIONERS, VS. COURT OF APPEALS AND ELIAS, JOSE, ARSENIA AND ROGELIO, ALL SURNAMED BALITAAN, AND MARIA ROSALES, RESPONDENTS.

D E C I S I O N

AUSTRIA-MARTINEZ, J.:

Before us is a petition for review on certiorari under Rule 45 of the Rules of Court seeking the reversal of the Decision[1] dated July 26, 1995 rendered by the Court of Appeals in CA-G.R. CV No. 42350 which set aside the Decision[2] dated April 28, 1992 of the Regional Trial Court of Batangas City (Branch 2) in Civil Case No. 202,[3] and declared private respondents Heirs of Tiburcio Balitaan, as owners of the parcel of unregistered land with an approximate area of 1,695 square meters, located at Aplaya, Bauan, Batangas.

The facts of the case are as follows:

In his lifetime, Leocadio Medrano was the owner and possessor of a parcel of residential land, situated in Aplaya, Bauan, Batangas, containing an area of 2,611 square meters.[4] The parcel of land was conjugal property, having been acquired by Leocadio during his first marriage with one Emiliana Narito. Their union begot four children, namely: (a) Gertrudes Medrano, now deceased, represented in this case by her children, herein petitioners Telesforo, Reynaldo, Remedios, Alfredo, and Belen, all surnamed Aguirre; (b) Isabel Medrano, likewise deceased, represented by her children, herein petitioners Vicenta, Horacio, and Florencio, all surnamed Magtibay; (c) Placido Medrano, also deceased, represented by his only child, herein petitioner Zosima Quiambao; and (d) Sixto Medrano.

After the death of his first wife, Leocadio contracted a second marriage with Miguela Cariño. Their union bore four children, herein co-petitioners, namely: Venancio, Leonila, Antonio and Cecilia, all surnamed Medrano.

Upon the death of Leocadio on March 19, 1945, the surviving heirs agreed that Sixto should manage and administer the subject property.

Sixto died on May 17, 1974. It was only after his death that petitioners heard rumors that Sixto had, in fact, sold significant portions of the estate of Leocadio. It appears that on September 7, 1953, Sixto, without the knowledge and consent of the petitioners, executed an Affidavit of Transfer of Real Property stating therein that

he was the only heir of Leocadio.[5] Sixto declared that Leocadio died on September 16, 1949, instead of the actual date of his death on March 19, 1945. With the use of said affidavit and a survey plan,[6] Tax Declaration No. 40105 in the name of Leocadio was cancelled and Tax Declaration No. 44984 was issued in the name of Sixto.[7] On August 29, 1957, Sixto sold to Maria Bacong a 160- square meter portion of the subject land.[8] On September 28, 1959, Sixto sold to Tiburcio Balitaan a 1,695 square meter portion of the same land.[9] Sometime in November 1967, Maria Bacong sold her property to Rosendo Bacong.[10]

Petitioners demanded the reconveyance of the portions sold by Sixto but Tiburcio Balitaan, Maria Bacong and Rosendo Bacong refused to do so. Hence, petitioners filed against them before the Regional Trial Court of Batangas (Branch 2), a complaint for Declaration of Nullity of Documents, Partition, Malicious Prosecution and Damages, docketed as Civil Case No. 202.[11]

In their Answer, Maria Bacong and Rosendo Bacong contend that petitioners have no cause of action because they acquired their property thru a valid deed of sale dated August 29, 1957, executed by Sixto and, alternatively, petitioners' cause of action, if any, was barred by prescription and laches.[12]

In his Answer, Tiburcio Balitaan contends that petitioners have no cause of action since petitioners were well-aware of the sale of the property to him by Sixto; and that he was an innocent purchaser for value, in possession and enjoyment of the land in the concept of absolute owner, peacefully and publicly. He further echoed the contention of Maria and Rosendo Bacong that any cause of action petitioners may have was barred by prescription and laches.[13]

Maria Bacong died during the pendency of the suit in the trial court and she was substituted by her surviving heirs, namely, Lorenza, Elena, Felipa, Manuel, Marilou, Ricardo, Medel, Monchito and Milag, all surnamed Medrano.[14] Tiburcio Balitaan also died and was substituted by his heirs, herein private respondents, namely: his wife, Maria Rosales and their four children: Elias, Jose, Arsenia and Rogelio, all surnamed Balitaan.[15]

On July 28, 1989, petitioners and Rosendo Bacong, for himself and as attorney-in-fact of the heirs of Maria Bacong, entered into a compromise agreement to settle the case between them.[16] The compromise agreement, as approved by the trial court, provided that Rosendo Bacong and the heirs of Maria Bacong agreed to pay P30,000.00 to petitioners in recognition of petitioners' ownership of a 269-square meter portion[17] and in consideration of which, petitioners recognized the full ownership, rights, interest and participation of the former over said land.[18] **The area of the subject land is thus reduced to 2,342 square meters (2,611 square meters minus 269 square meters).**

After trial on the merits, the trial court rendered judgment dated April 28, 1992, ruling that private respondents did not dispute, by any evidence, the falsity of the Affidavit of Transfer, as well as the fact that Sixto had co-owners to the property. It found that private respondents' affirmative defense of laches and/or prescription are unavailing against a property held in co-ownership as long as the state of co-

ownership is recognized. Consequently, the trial court upheld the sale made by Sixto in favor of private respondents only to the extent that Sixto is entitled to by virtue of his being a co-owner.[19]

In determining the area that Sixto could have validly sold to private respondents, the trial court, in its decision, provided for the manner of partition among the parties, based on the memorandum submitted by petitioners, thus:

> For the four (4) children of the first marriage, namely:
>
> (1) Gertrudes, who is already dead represented by her children Tefesforo, Reynaldo, Remedios, Alfredo and Belen, all surnamed Aguirre – 399.42 square meters;
> (2) Isabel Medrano, who is already dead, represented by the plaintiffs, her children Vicenta, Horacio and Florencio, all surnamed Magtibay – 399.42 square meters;
> (3) Placido Medrano (dead), represented by his only child Zosima Medrano – 399.42 square meters; and
> **(4) Sixto Medrano – 399.42 square meters only which he had the right to dispose of in favor of Tiburcio Balitaan and Maria Rosales.**
>
> The above consist of undivided interest, shares and participations from the inheritance or succession to the conjugal estate of Leocadio Medrano and Emiliana Narito.
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> For the children of the second marriage their shares in the inheritance from the property of Leocadio Medrano are as follows:
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> (1) To Venancio Medrano - 138.32 square meters
> (2) To Leonila Medrano - 138.32 square meters
> (3) To Antonio Medrano - 138.32 square meters
> (4) To Cecilia Medrano - 138.32 square meters
>
> with all the above consisting of undivided shares, interest and participation in the estate.
>
> For the defendants Maria Rosales, surviving spouse of the deceased Tiburcio Balitaan and their Children, an area of 399.42 square meters, the only area and extent which Sixto Medrano could have legally dispensed of in their favor.[20]

Thus, the dispositive portion of the trial court's decision reads as follows:

> WHEREFORE, in view of the foregoing, the Court renders judgment in favor of the plaintiffs and against the defendants, to wit:
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> (a) Ordering the partition of the property in question among the plaintiffs and the defendants; and

(b) Ordering the parties, plaintiffs and defendants, to make a partition among themselves by proper instruments of conveyance and to submit before this Court a project of partition should the parties be able to agree for the confirmation of the Court within two (2) months upon receipt of this decision, otherwise this Court will be constrained to appoint commissioners to make the partition in accordance with law.

All other claims not having been duly proved are ordered dismissed.

SO ORDERED.[21]

Aggrieved, private respondents appealed to the Court of Appeals.[22]

On July 26, 1995, the appellate court rendered judgment recognizing the validity of the sale only with respect to the undivided share of Sixto Medrano as co-owner; but nonetheless, declaring respondents as absolute owners of 1,695 square meters of the subject property, reasoning that:

> . . . Defendants-appellees have been in possession, in the concept of owner, of the entire parcel of land sold to Tiburcio Balitaan by Sixto Medrano for more than ten years, seventeen years to be exact (1958-1975). Relying on the affidavit of transfer (Exhibit "B") the tax declaration (Exhibit "C") and the survey plan (Exhibit "D") shown to him by Sixto Medrano which indicate the latter as owner of the property in dispute, Tiburcio Balitaan believed transfer to him was effected. (TSN, April 17, 1991, pp. 14-17) and thus, entered the property as owner (Ibid. at p. 13) Tiburcio Balitaan, believing himself as the lawful transferee, in addition, caused Tax Declaration No. 51038 to be issued in his name (Exhibits "6", "6-A", "6-B", and "6-C"). Thus, although the sale of the co-owned property is only valid as to the undivided share of Sixto Medrano, defendants, by virtue of their open, adverse and uninterrupted possession from 1958 (Exhibit "G") to 1975, obtained title to the entire property and not just Sixto's undivided share. This is pursuant to Article 1134 (1957a) of the New Civil Code which provides that:
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> > Ownership and other real rights over immovable property are acquired by ordinary prescription through possession of ten years.
>
> . . .
>
> Plaintiffs did not at all inquire as to the status of their property all this time and thus have been remiss of their duties as owners of the property. Plaintiffs waited until Sixto's death to learn more about their property. Even though the co-ownership is to be preserved in accordance with the wishes of the deceased, the plaintiffs should have taken it upon themselves to look into the status of the property once in a while, to assure themselves that it is managed well and that they are receiving what is due them as co-owners of the parcel of land or to at least manifest their continued interest in the property as normal owners would do. But the plaintiffs did not show any interest in the way Sixto Medrano was managing the property which in effect gave the latter carte blanche powers over the same. Such passivity is aggravated by the fact that one

> of the plaintiffs resides a mere 600 meters away from the disputed property (TSN, April 17, 1991, p. 13). By not showing any interest, the plaintiffs have, in fact, slept on their rights and thus, cannot now exercise a stale right.[23]

Petitioners sought reconsideration[24] but the appellate court denied it in a Resolution dated October 5, 1995.[25]

In their present recourse, petitioners take exception from the appellate court's findings that respondents have been in possession, in the concept of owner of the entire parcel of land sold to Tiburcio Balitaan by Sixto Medrano for seventeen years (1958-1975), relying on the Affidavit of Transfer and Tax Declaration No. 51038 in the name of Sixto; and that Tiburcio acquired ownership of the whole property from Sixto through ordinary prescription for ten years.

Petitioners submit that Tiburcio Balitaan was not a purchaser in good faith and for value since there are enough circumstances which should have put him on guard and prompted him to be more circumspect and inquire further about the true status of Sixto Medrano's ownership; that during his lifetime, Tiburcio was a neighbor of petitioners and was well-aware that Sixto had other siblings but Tiburcio chose to rely on the Affidavit of Transfer executed by Sixto Medrano declaring that he was the only heir of Leocadio; that the Court of Appeals should not have faulted them for failing to inquire about the status of the disputed property until after the death of Sixto Medrano; that they are not guilty of laches.

It is settled that in the exercise of the Supreme Court's power of review, the findings of facts of the Court of Appeals are conclusive and binding on the Supreme Court.[26] The exceptions to this rule are: (1) when the findings are grounded entirely on speculation, surmises or conjectures; (2) when the inference made is manifestly mistaken, absurd or impossible; (3) when there is grave abuse of discretion; (4) when the judgment is based on a misapprehension of facts; (5) when the findings of fact are conflicting; (6) when in making its findings the Court of Appeals went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee; (7) when the findings are contrary to the trial court; (8) when the findings are conclusions without citation of specific evidence on which they are based; (9) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondent; (10) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record; and (11) when the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, would justify a different conclusion.[27] Exceptions (4), (7), (10) and (11) are present in the instant case.

We find the petition meritorious.[28] We agree with the petitioners that the Court of Appeals committed a reversible error in upholding the claim of petitioners that they acquired ownership of the subject property through prescription.

Acquisitive prescription of real rights may be ordinary or extraordinary. Ordinary acquisitive prescription requires possession of things in good faith and with just title for the time fixed by law;[29] without good faith and just title, acquisitive prescription can only be extraordinary in character. Regarding real or immovable