

THIRD DIVISION

[G.R. No. 123509, March 14, 2000]

**LUCIO ROBLES, EMETERIA ROBLES, ALUDIA ROBLES AND
EMILIO ROBLES, PETITIONERS, VS. COURT OF APPEALS,
SPOUSES VIRGILIO SANTOS AND BABY RUTH CRUZ, RURAL
BANK OF CARDONA, INC., HILARIO ROBLES, ALBERTO PALAD JR.
IN HIS CAPACITY AS DIRECTOR OF LANDS, AND JOSE MAULEON
IN HIS CAPACITY AS DISTRICT LAND OFFICER OF THE BUREAU
OF LANDS, RESPONDENTS.**

DECISION

PANGANIBAN, J.:

To be entitled to the remedy of quieting of title, petitioners must show that they have title to the real property at issue, and that some deed or proceeding beclouds its validity or efficacy. Buyers of unregistered real property, especially banks, must exert due diligence in ascertaining the titles of mortgagors and sellers, lest some innocent parties be prejudiced. Failure to observe such diligence may amount to bad faith and may result in the nullity of the mortgage, as well as of the subsequent foreclosure and/or auction sale. Unless the co-ownership is clearly repudiated, a co-owner cannot, by prescription, acquire title to the shares of the other co-owners.

The Case

Before us is a Petition for Review under Rule 45, assailing the June 15, 1995 Decision and the January 15, 1996 Resolution of the Court of Appeals^[1] (CA) in CA-GR CV No. 34213.^[2] In its Decision, the CA ruled:^[3]

"WHEREFORE, the trial court's June 17, 1991 decision is REVERSED and SET ASIDE, and in lieu thereof a new one is hereby entered ordering the dismissal of the plaintiffs-appellees['] second amended complaint."

Earlier, the trial court had disposed as follows:

"WHEREFORE, premises considered, judgment is hereby rendered as follows:

1. Declaring free patent Title No. IV-1-010021 issued by the Bureau of Lands as null and void;
2. Ordering the defendant spouses Vergel Santos and Ruth Santos to deliver the property subject of this case to the plaintiff; and
3. Declaring the heirs of Silvino Robles as the absolute owner of the land in controversy."

The January 15, 1996 CA Resolution denied petitioners' Motion for Reconsideration.

The Facts

The present Petition is rooted in a case for quieting of title before the Regional Trial Court of Morong, Rizal, filed on March 14, 1988,^[4] by Petitioners Lucio Robles, Emeteria Robles, Aludia Robles and Emilio Robles. The facts were narrated by the trial court in this wise:

"There seems to be no dispute that Leon Robles primitively owned the land situated in Kay Taga, Lagundi, Morong, Rizal with an area of 9,985 square meters. He occupied the same openly and adversely. He also declared the same in his name for taxation purposes as early as 1916 covered by Tax Declaration No. 17865 (Exh. "I") and paid the corresponding taxes thereon (Exh. "B"). When Leon Robles died, his son Silvino Robles inherited the land, who took possession of the land, declared it in his name for taxation purposes and paid the taxes thereon.

"Upon the death of Silvino Robles in 1942, his widow Maria de la Cruz and his children inherited the property. They took adverse possession of said property and paid taxes thereon. The task of cultivat[ing] the land was assigned to plaintiff Lucio Robles who planted trees and other crops. He also built a nipa hut on the land. The plaintiffs entrusted the payment of the land taxes to their co-heir and half-brother, Hilario Robles.

"In 1962, for unknown reasons, the tax declaration of the parcel of land in the name of Silvino Robles was canceled and transferred to one Exequiel Ballena (Exh. "19"), father of Andrea Robles who is the wife of defendant Hilario Robles. Thereafter, Exequiel Ballena secured a loan from the Antipolo Rural Bank, using the tax declaration as security. Somehow, the tax declaration was transferred [to] the name of Antipolo Rural Bank (Exh. "17") and later on, was transferred [to] the name of defendant Hilario Robles and his wife (Exh. "16").

"In 1996, Andrea Robles secured a loan from the Cardona Rural Bank, Inc., using the tax declaration as security. Andrea Robles testified without contradiction that somebody else, not her husband Hilario Robles, signed the loan papers because Hilario Robles was working in Marinduque at that time as a carpenter.

"For failure to pay the mortgage debt, foreclosure proceedings were had and defendant Rural Bank emerged as the highest bidder during the auction sale in October 1968.

"The spouses Hilario Robles failed to redeem the property and so the tax declaration was transferred in the name of defendant Rural Bank. On September 25, 1987, defendant Rural Bank sold the same to the Spouses Vergel Santos and Ruth Santos.

"In September 1987, plaintiff discovered the mortgage and attempted to redeem the property, but was unsuccessful. On May 10, 1988, defendant

spouses Santos took possession of the property in question and was able to secure Free Patent No. IV-1-010021 in their names."^[5]

On the other hand, the Court of Appeals summarized the facts of the case as follows:

"The instant action for quieting of title concerns the parcel of land bounded and more particularly described as follows:

"A parcel of land located at Kay Taga, Lagundi, Morong, Rizal. Bounded [i]n the north by the property of Venancio Ablay y Simeon Ablay; [i]n the east by the property of Veronica Tulak y Dionisio Ablay; [i]n the south by the property of Simeon Ablay y Dionisio Ablay; and [i]n the west by the property of Dionisio Ablay y Simeon Ablay, with an area of 9,985 square meters, more or less, assessed in the year 1935 at P60.00 under Tax Declaration No. 23219.

"As the heirs of Silvino Robles who, likewise inherited the above-described parcel from Leon Robles, the siblings Lucio, Emeteria, Aludia and Emilio, all surnamed Robles, commenced the instant suit with the filing of their March 14, 1988 complaint against Spouses Virgilio and Ruth Santos, as well as the Rural Bank of Cardona, Inc. Contending that they had been in possession of the land since 1942, the plaintiff alleged, among other matters, that it was only in September of 1987 that they came to know of the foreclosure of the real estate mortgage constituted thereon by the half-brother, Hilario Robles, in favor of defendant Rural Bank; and that they likewise learned upon further inquiry, that the latter had already sold the self-same parcel in favor of the Santos spouses (pp. 1-3, orig. rec.). Twice amended to implead Hilario Robles (pp. 76-80, orig. rec) and, upon subsequent discovery of the issuance of Free Patent No. IV-I-010021 in favor of the defendant spouses, the Director of Lands and the District Land Officer of the Bureau of Lands as parties-defendants (pp. 117-121, orig. rec). The plaintiffs' complaint sought the following reliefs on the theory that the encumbrance of their half-brother, constituted on the land, as well as all proceedings taken subsequent thereto, were null and void, to wit:

"Wherefore, it is respectfully prayed that (a) a preliminary mandatory injunction be issued forthwith restoring plaintiffs to their possession of said parcel of land; (b) an order be issued annulling said Free Patent No. IV-I-010021 in the name of defendants spouses Vergel Santos and Ruth C. Santos, the deed of sale aforementioned and any tax declaration which have been issued in the name of defendants; and (c) ordering defendants jointly and severally, to pay plaintiffs the sum of P10,000.00 as attorney's fees.

"Plaintiffs pray for other relief as [may be] just and equitable under the premises." (pp. 120-121, orig. rec.)

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"With the termination of the pre-trial stage upon the parties-litigants' agreement (p. 203, orig. rec.) the trial court proceeded to try the case on the merits. It thereafter rendered the challenged June 17, 1991 decision upon the following findings and conclusions:

"The real estate mortgage allegedly executed by Hilario Robles is not valid because his signature in the mortgage deed was forged. This fact, which remains unrebutted, was admitted by Andrea Robles.

"Inasmuch as the real estate mortgage executed allegedly by Hilario Robles in favor of the defendant Cardona Rural Bank, Inc. was not valid, it stands to reason that the foreclosure proceedings therein were likewise not valid. Therefore, the defendant bank did not acquire any right arising out of the foreclosure proceedings. Consequently, defendant bank could not have transferred any right to the spouses Santos.

"The fact that the land was covered by a free patent will not help the defendant Santos any.

"There can be no question that the subject [property was held] in the concept of owner by Leon Robles since 1916. Likewise, his successor-in-interest, Silvino Robles, his wife Maria de la Cruz and the plaintiffs occupied the property openly, continuously and exclusively until they were ousted from their possession in 1988 by the spouses Vergel and Ruth Santos.

"Under the circumstances, therefore, and considering that "open, exclusive and undisputed possession of alienable public lands for the period prescribed by law (30 years), creates the legal fiction whereby the land, upon completion of the requisite period, ipso jure and without the need of judicial or other action, ceases to be public land and becomes private property. Possession of public land x x x which is [of] the character and duration prescribed by the statute is the equivalent of an express grant from the State, considering the dictum of the statute itself[:]; "The possessor x x x shall be conclusively presumed to have performed all the conditions essential to a government grant and shall be entitled to a certificate of title x x x." No proof is admissible to overcome a conclusive presumption[,] and confirmation proceedings would be a little more than a formality, at the most limited to ascertaining whether the possession claimed is of the required character and length of time. Registration thereunder would not confer title, but simply recognize a title already vested. (Cruz v. IAC, G.R. No. 75042, November 29, 1988) The land in question has become private land.

"Consequently, the issuance of [a] free patent title to the Spouses Vergel Santos and Ruth C. Santos is not valid

because at the time the property subject of this case was already private land, the Bureau of Lands having no jurisdiction to dispose of the same." (pp. 257-259, orig. rec.)"

"Dissatisfied with the foregoing decision, the Santos spouses and the defendant Rural Bank jointly filed their July 6, 1991 Notice of Appeal (p.260, orig. rec.) x x x."^[6]

Ruling of the Court of Appeals

In reversing the trial court, the Court of Appeals held that petitioners no longer had any title to the subject property at the time they instituted the Complaint for quieting of title. The CA ratiocinated as follows:

"As correctly urged by the appellants, the plaintiff-appellees no longer had any title to the property at the time of the institution of the instant complaint. (pp. 25-27, rec.) The latter's claim of continuous possession notwithstanding (pp. 3-5, TSN, July 5, 1990; p. 12, TSN, July 12, 1990), the aforesaid loss of title is amply evidenced by the subsequent declaration of the subject realty for taxation purposes not only in the name of Exequiel Ballena (Exhibits "1" and "2", pp. 23-24, orig. rec.) but also in the name of the Rural Bank of Antipolo (Exhibit 17, vol. II, orig. rec.). On the theory that tax declarations can be evincive of the transfer of a parcel of land or a portion thereof (*Gacos v. Court of Appeals*, 212 SCRA 214), the court a quo clearly erred in simply brushing aside the apparent transfers [which] the land in litigation had undergone. Whether legal or equitable, it cannot, under the circumstances, be gainsaid that the plaintiff-appellees no longer had any title to speak of when Exequiel Ballena executed the November 7, 1966 Deed of Absolute Sale transferring the land in favor of the spouses Hilario and Andrea Robles (Exhibit "3", p. 25, orig. rec.)

"Even on the theory that the plaintiffs-appellees and their half-brother, Hilario Robles, are co-owners of the land left behind by their common father, Silvino Robles, such title would still be effectively discounted by what could well serve as the latter's acts of repudiation of the co-ownership, *i.e.*, his possession (p. 22, TSN, November 15, 1990) and declaration thereof for taxation purposes in his own name (Exhibit "4", p. 26, orig. rec.). In view of the plaintiffs-appellees' inaction for more than twenty (20) years from the time the subject realty was transferred in favor of Hilario Robles, the appellants correctly maintain that prescription had already set in. While it may be readily conceded that an action to quiet title to property in the possession of the plaintiff is imprescriptible (*Almanza vs. Arguelles*, 156 SCRA 718; *Coronel vs. Intermediate Appellate Court*, 155 SCRA 270; *Caragay-Layno vs. Court of Appeals*, 133 SCRA 718; *Charon Enterprises vs. Court of Appeals*, 124 SCRA 784; *Faja vs. Court of Appeals*, 75 SCRA 441; *Burton vs. Gabar*, 55 SCRA 4999), it equally bears emphasis that a co-owner or, for that matter, the said co-owner['s] successors-in-interest who occupy the community property other than as co-owner[s] can claim prescription as against the other co-owners (*De Guzman vs. Austria*, 148 SCRA 75; *Ramos vs. Ramos*, 45 Phil. 362; *Africa vs. Africa*, 42 Phil. 902; *Bargayo vs. Camumot*, 40 Phil.