

FIRST DIVISION

[G.R. No. 123713, April 01, 1998]

HEIRS OF LEOPOLDO VENCILAO, SR., REPRESENTED BY THEIR ADMINISTRATOR ELPIDIO VENCILAO, PETITIONER, VS. COURT OF APPEALS, SPOUSES SABAS AND RUPERTA GEPALAGO, AND DOMICIANO GEPALAGO, RESPONDENTS.

D E C I S I O N

BELLOSILLO, J.:

Between two (2) sets of claimants of real property - those claiming ownership by acquisitive prescription, and those asserting ownership on the basis of a deed of sale recorded in the certificate of title of the vendor as mortgagee and highest bidder in a foreclosure sale - who has a better right?

On 12 February 1990 the heirs of Leopoldo Vencilao Sr., represented by their Administrator Elpidio Vencilao, filed with the Regional Trial Court of Bohol a complaint for quieting of title, recovery of possession and/or ownership, accounting and damages with prayer for the issuance of writs of preliminary prohibitory and mandatory injunction against the spouses Sabas and Ruperta Gepalago.^[1] The complaint was subsequently amended to include an action for reconveyance and cancellation of title and to implead defendant Domiciano Gepalago.^[2]

The heirs of Leopoldo Vencilao Sr. alleged that they were the absolute owners of a parcel of land situated in Cambansag, San Isidro, Bohol, with an area of 3,625 square meters having inherited the same from their father, Leopoldo Vencilao Sr., who during his lifetime was in peaceful, open, notorious and uninterrupted possession and enjoyment of the property in the concept of owner, declared the property for taxation purposes under Tax Declaration No. 37C6-344 and religiously paid the real estate taxes. He likewise had the property consistently declared as his own in other documents, e.g., those relevant to the 1987 Comprehensive Agrarian Reform Program (CARP). After his death, his heirs continued to possess and enjoy the property.

The Gepalago spouses, on the other hand, denied all the material allegations in the complaint and claimed that they were the registered owners of a 5,970-square meter property located in Candungao Calapo, San Isidro, Bohol, and covered by TCT No. 16042, previously a portion of a 1,401,570 square-meter land originally owned by a certain Pedro Luspo. The entire parcel of land was mortgaged by Pedro Luspo to the Philippine National Bank (PNB) as security for a loan. Since Luspo failed to pay the obligation upon maturity the mortgage was foreclosed. Thereafter PNB, the highest bidder in the foreclosure sale, conveyed the whole property to fifty-six (56) vendees among whom were the spouses Sabas and Ruperta Gepalago who acquired the 5,970 square-meter portion thereof. Since then, they had been the owner and possessor of the land until they donated the same in 1988 to their son Domiciano Gepalago.

The trial court appointed a commissioner to survey the litigated property and determine the areas claimed by both parties. The commissioner reported that the area claimed by the Vencilaos was included in the titled property of the Gepalagos. On the basis of the commissioner's report and the other pieces of evidence presented by the parties, the trial court found the following: (a) The property claimed by the Gepalagos consisted of 5,970 square meters, while that of the Vencilaos covered an area of 22,401.58 square meters as indicated in the survey plan submitted by Engr. Jesus H. Sarmiento, the court appointed commissioner; (b) Insofar as the survey plan and report submitted by Engr. Sarmiento were concerned, these indubitably established the fact that the Vencilaos owned the excess area of 16,431.58 square meters which was clearly outside the area claimed by the Gepalagos; (c) The lot in question had been titled to defendant Sabas Gepalago and subsequently titled to his son, defendant Domiciano Gepalago, under Transfer Certificate of Title No. 18621 by virtue of a deed of donation executed on 25 October 1988 by Sabas Gepalago in favor of Domiciano Gepalago; and, (d) As stated in the commissioner's report, "If the titled lot of Domiciano Gepalago is plotted in accordance with the technical description appearing in the title, it will be relocated to more than 219 kilometers eastward away from its supposed actual location. This amounts to its non-existence."^[3]

The trial court then ruled in favor of the Vencilaos holding that they had been in possession, cultivation and enjoyment of the litigated property for more than thirty (30) years and that the improvements therein were introduced by them long before any title was ever issued to the Gepalagos. The lower court added that there was ample evidence showing that the Gepalagos knew when they bought the property from PNB that the land had long been possessed and enjoyed in the concept of owners by the Vencilaos. Thus, while under ordinary circumstances a certificate of title is indefeasible, it is not so when a person with prior knowledge of the ownership and possession of the land by another obtains title to it.

The Gepalagos appealed the decision of the trial court. After due consideration, the Court of Appeals reversed the trial court and declared the Gepalagos owners of the disputed property -

Evidently, defendant-appellants spouses Gepalago were purchasers in good faith and for value. They acquired their share in the property from the Philippine National Bank (PNB) which was the registered owner. Even assuming they had knowledge of the plaintiff-appellees' possession of the said property at the time of the purchase, it was PNB which was the registered owner of the property. The title was transferred to the bank after the foreclosure sale of the property mortgaged by the previous registered owner, Pedro Luspo. Thus where the certificate of title is in the name of the vendor when the land is sold, the vendee for value has the right to rely on what appears on the certificate of title. The rule that all persons dealing with property covered by Torrens Certificate of Title are not required to go beyond what appears on the face of the title is well-settled.

Granting that plaintiff-appellees were possessors of the property for a long time, they never raised objections to the transactions affecting the land. There was no action made or any protest recorded with the Register of Deeds.

Defendant-appellants' claim of ownership was evidenced by certificates of title issued in their names. A Torrens Certificate of Title is the best evidence of ownership of a registered land. As against the allegations of plaintiff-appellees, defendant-appellants are the ones entitled to the property. Defendant-appellants' ownership of the property was evidenced by a certificate of title while plaintiff-appellees relied merely on tax declaration. Torrens title is generally a conclusive evidence of the ownership of the land referred to therein. Defendant-appellants acquired the land in a foreclosure sale and there was no evidence to show that plaintiff-appellees were defrauded when the property was mortgaged and then sold x x x x [4]

The motion for reconsideration by the Vencilaos having been denied [5] they filed the instant petition for review.

In awarding the disputed land to petitioners, the trial court erroneously found that petitioners had been in possession and enjoyment of the property for more than thirty (30) years. It should be noted that the land in dispute is a registered land placed under the operation of the Torrens system way back in 1959, or more than thirty (30) years before petitioners instituted the present action in the court a quo, and for which Original Certificate of Title No. 400 was issued. [6] The rule is well-settled that prescription does not run against registered land. Thus, under Sec. 47 of PD 1529, otherwise known as the *Property Registration Decree*, it is specifically provided that "no title to registered land in derogation of that of the registered owner shall be acquired by prescription or adverse possession." A title, once registered, cannot be defeated even by adverse, open and notorious possession. The certificate of title issued is an absolute and indefeasible evidence of ownership of the property in favor of the person whose name appears therein. It is binding and conclusive upon the whole world. [7] All persons must take notice and no one can plead ignorance of the registration. [8]

Neither can the tax declarations and tax receipts presented by petitioners as evidence of ownership prevail over respondents' certificate of title which, to reiterate, is an incontrovertible proof of ownership. It should be stressed that tax declarations and receipts do not by themselves conclusively prove title to the land. [9] They only constitute positive and strong indication that the taxpayer concerned has made a claim either to the title or to the possession of the property for which taxes have been paid. [10] Stated differently, tax declarations and tax receipts are only *prima facie* evidence of ownership or possession.

But assuming *ex gratia argumenti* that petitioners had indeed acquired the land they were claiming by prescription, there likewise exists a serious doubt on the precise identity of the disputed property. What petitioners claimed in their complaint was a parcel of land located in Cambansag, San Isidro, Bohol, with an area of 3,625 square meters. [11] This clearly differs from the piece of land registered in the name of the Gepalagos, which is Lot No. A-73 of the Subdivision Plan (LRC) Psd-60558, LRC Rec. No. H-4251, and located in Candungao Calapo, San Isidro, Bohol, with an area of 5,970 square meters. [12] Even the commissioner's report failed to clarify the difference in the area and location of the property claimed. In order that an action to recover ownership of real property may prosper, the person who claims that he