

EIGHTH DIVISION

[CA-G.R. CV NO. 76079, September 18, 2006]

**ANGEL N. PAGADUAN, ET.AL. PLAINTIFFS-APPELLEES, VS. SPS.
ESTANISLAO AND FE POSADAS OCUMA, DEFENDANTS-
APPELLANTS.**

D E C I S I O N

CARANDANG, J.:

Consistent is the pronouncement in a myriad of cases that an action for reconveyance of real property based on implied or constructive trust necessarily faces dismissal for being time-barred when the suit is instituted by an adverse claimant who is not

exercising actual possession of the land sought to be reconveyed, after a lapse of more than ten years from the date when the initial certificate of title to the property was issued in the name of the supposed trustee.

The instant appeal was interposed by the defendants Spouses Estanislao and Fe Posadas Ocuma to impugn the Decision of the Regional Trial Court, Branch 75, of Olongapo City in Civil Case No. 387-0-89, promulgated on June 25, 2002, which granted plaintiffs' suit for Reconveyance, the dispositive portion of which reads thus:

WHEREFORE, foregoing premises considered, judgment is hereby rendered:

1. Ordering the defendants to reconvey to the plaintiffs, a portion of their property originally covered by Certificate of Title No. T-54216 (should have been TCT No. T-5425), now TCT Nos. 37165 and 37166, (with) an area equivalent to 8,754 square meters.

2. Ordering the defendants to pay plaintiffs P15,000.00 as attorney's fees and P5,000.00 for litigation expenses.

3. Defendants' counterclaims are dismissed.

SO ORDERED. (Rollo pp. 20-25)

The relevant/pertinent facts of the case are as follows:

On July 26, 1989, herein plaintiffs-appellees, all residents of the United States except for plaintiff Angel N. Pagaduan, instituted a Complaint for Reconveyance with Damages against defendants-appellants Spouses Estanislao and Fe Posadas Ocuma before the RTC of Olongapo City. The action for reconveyance involves a parcel of rice/horticultural land with an area comprising of 8,754 square meters, located at Barrio Asinan Proper (now Mamiranlic) in Subic, Zambales, previously covered by

TCT No. T-5425, and which at present is specifically described under and covered by TCT No. T-37165 and TCT No. T-37166, registered in the names of the Spouses Ocuma (Complaint, Record pp. 1-8). In substantiation of their suit, Angel Pagaduan et al., established in the course of the trial that on March 24, 1961, their father and predecessor-in-interest Agaton Pagaduan (who died on September 29, 1986 in New York, USA, per Death Certificate, Exhibit "A", Record p. 271), acquired by way of purchase from Felipe, Guillermo, and Engracia, all surnamed Antipolo (the Antipolos), a piece of unirrigated riceland with an area of 10,000 square meters, and a parcel of horticultural land comprising of 8,750 square meters, for and in consideration of the sum of Php2,000.00 (Exhibit "B", Record p. 272). After the execution of the sale, Agaton Pagaduan forthwith took actual possession of the property by planting rice and fruit trees thereon, declared the land in his name for taxation purposes, and paid the corresponding realty taxes due thereon (Record pp. 276-291). Tracing back the previous ownership of the land, it appears that the Antipolos acquired the subject property from Agustina Ramirez on the strength of a duly notarized contract of sale executed on September 23, 1943 (Exhibit "G", Record p. 293). According to Angel Pagaduan et al., the land that was purchased by their predecessor-in-interest Agaton Pagaduan from the Antipolos (with an original area of 18,750 square meters, but which at present is reduced to merely 8,754 square meters after having been affected by the construction of the PHILSECO Access Road in Subic, Zambales), was erroneously included in the transfer certificate of title of the Spouses Ocuma when the latter caused the registration of a bigger parcel of land that they supposedly acquired by way of purchase from Eugenia Reyes on June 5, 1962.

Upon the other hand, the evidence of the Spouses Ocuma showed that their property forms part of a tract of land originally covered by and described with particularity under Certificate of Title No. 14, which was issued by the Register of Deeds of Zambales on November 22, 1917 in the name of Nicolas Cleto (Exhibit "3", Record p. 170). After Nicolas Cleto's death, his wife and sole surviving heir Ruperta Asuncion consolidated and adjudicated unto herself the absolute ownership of the entire property embraced under CT No. 14. Thereafter, on January 30, 1954, Ruperta Asuncion executed a Deed of Absolute Sale to convey the land in favor of Eugenia P. Reyes for and in consideration of the sum of Php500.00 (Exhibit "I", Record p. 295). CT No. 14 was thereafter cancelled, and in lieu thereof, TCT No. T-1220 was issued in the name of Ruperta Asuncion on March 1, 1954 (Exhibit "4", Record p. 171). The Register of Deeds of Zambales canceled TCT No. T-1220 on the same date (March 1, 1954), and title over the property was registered in the name of Eugenia P. Reyes by virtue of TCT No. T-1221 (Exhibit "5", Record p. 172). They mortgaged the property to Rural Bank of San Narciso in 1963, and 1971, to First Zambales Savings & Loan Association in 1977 (Exh. 6-b). The Ocumas employed caretakers of the land, namely: Alfredo Quilitorio, Pepito Vinduan and Rufino Pulido. According to defendant Ocuma, plaintiffs could not have been in actual possession of the land because they are all American citizens, except for Angel who was employed with Philippine National Bank and stationed in Negros Occidental.

It is clear from the evidence presented that on **November 26, 1961**, Eugenia Reyes executed a deed of sale, thereby conveying the northern portion of the land with an area of **32,325 square meters in favor of the Spouses Ocuma** for and in consideration of the sum of Php1,500.00. In the same contract of disposition, Eugenia Reyes likewise **sold the southern portion consisting of 8,754 square-meters land to Agaton Pagaduan** for the price of Php500.00 (Exhibit "I", Record

p. 296-297). Evidence on record likewise disclosed that on **June 5, 1962**, Eugenia Reyes executed a second contract of sale, this time conveying the entire parcel of land originally covered by CT No. 14 solely in the names of the Spouses Ocuma (Exhibit "9", Record p. 183). This second sale was registered such that Eugenia Reyes' TCT No. T-1221 was cancelled, and in lieu thereof, **TCT No. T-5425 was issued in the names of the Spouses Ocuma on July 5, 1962** (Exhibit "6", Record p. 173).

Quite evidently, the Spouses Ocuma were able to register the entire property originally covered by CT No. 14 (with a total area of 4 hectares, 10 ares, and 79 centares) solely in their names under TCT No. T-5425, this, in spite of the fact that the area of the property that they purchased from Eugenia Reyes on November 26, 1961 was merely 32,325 square meters, and that an 8,754 square-meter piece of the entire property was likewise conveyed in favor of Agaton Pagaduan. Such being the case, it is obvious that the 8,754 square-meter parcel of land that was purchased by Agaton Pagaduan from Eugenia Reyes in the same November 26, 1961 deed of sale was mistakenly or erroneously included under the Spouses Ocuma's TCT No. T-5425, and clearly, this is the exact parcel of land that is being sought to be reconveyed in the present suit in favor of Angel Pagaduan et al., who succeeded in the property after the demise of their father and successor-in-interest Agaton Pagaduan. The Spouses Ocuma later caused the subdivision of the land into two parcels, and hence TCT No. T-5425 was cancelled, thereby giving way to the issuance of TCT No. T-37165 and TCT No. T-37166 simultaneously on June 27, 1989 (Exhibits "7" and "8", Record pp. 179, 181).

On June 25, 2002, the trial court rendered the herein assailed Decision in favor of Angel Pagaduan et al., holding that a constructive trust was created over the subject land in plaintiffs' favor, thereby requiring the Spouses Ocuma to reconvey the disputed 8,754 square-meter parcel of land in favor of the latter. The Spouses Ocuma were likewise ordered to pay attorney's fees and litigation expenses (Rollo pp. 20-25).

In disagreement with the ruling of the trial court, the Spouses Ocuma interposed the instant appeal, and for this purpose raise the following assignment of errors:

I. That the lower court erred in ordering the defendants to reconvey to the plaintiffs a portion of their property originally covered by Transfer Certificate of Title No. T-54216 (TCT No. T-5425), now TCT Nos. 37165 and 37166, (with) an area equivalent to 8,754 square meters.

II. That the lower court erred in ordering defendants to pay plaintiffs P15,000.00 as attorney's fees and P5,000.00 for litigation expenses.

III. That the lower court erred in dismissing their counterclaim, and in not ordering plaintiffs to pay defendants for:

1. P60,000.00 for attorney's fees;
2. P600.00 for appearance fee; and
3. P50,000.00 for moral damages. (Rollo p. 45)