



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

WILSON GO and PETER GO,
Petitioners,

G.R. No. 211972

- versus -

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, in their personal
capacities,

Respondents.

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BELLA A. GUERRERO,
DELFIN A. GUERRERO, JR.
and LESTER ALVIN A.
GUERRERO,

Petitioners,

G.R. No. 212045

Present:

VELASCO, JR., J.,*
BERSAMIN, J.,
Acting Chairperson,**
PEREZ,
PERLAS-BERNABE, and
LEONEN,*** JJ.

- versus -

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.

Promulgated:

JUL 22 2015

* Designated Acting Member per Special Order No. 2114 dated July 22, 2015.
** Per Special Order No. 2102 dated July 13, 2015.
*** Designated Acting Member per Special Order No. 2108 dated July 13, 2015.

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D E C I S I O N

PERLAS-BERNABE, J.:

Assailed in these consolidated¹ petitions for review on *certiorari*² are the Decision³ dated December 19, 2013 and the Resolution⁴ dated April 1, 2014 rendered by the Court of Appeals (CA) in CA-G.R. CV No. 96697, which modified the Decision⁵ 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' Lourds Building, where she resided until her death on February 19, 1994.⁶

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.⁷ Bella, co-petitioner in G.R. No. 212045, and Delfin, Sr. paid ₱15,000.00 as consideration therefor.⁸ Thus, TCT No. 45951/T-233 in the name of Felisa was cancelled and TCT No. 49869⁹ was issued in the names of Felimon, Sr. and Bella, married to Delfin, Sr..

Sometime in 1968, Resurrecion A. Bihis¹⁰ (Resurrecion), the other daughter of Felisa, sister of Bella, and respondent in both G.R. Nos. 211972

¹ See Court's Resolution dated June 2, 2014; *rollo* (G.R. No. 211972), pp. 36-49 and *rollo*, (G.R. No. 212045), pp. 36-49.

² *Rollo* (G.R. No. 211972), pp. 8-30; *rollo*, (G.R. No. 212045), pp. 11-29.

³ *Rollo* (G.R. No. 211972), pp. 36-49; *rollo*, (G.R. No. 212045), pp. 36-49. Penned by Associate Justice Socorro B. Inting with Associate Justices Jose C. Reyes, Jr. and Myra V. Garcia-Fernandez concurring.

⁴ *Rollo* (G.R. No. 211972), pp. 51-54; *rollo* (G.R. No. 212045), pp. 51-54.

⁵ *Rollo* (G.R. No. 211972), pp. 61-67. Penned by Presiding Judge Tita Marilyn Payoyo-Villordon.

⁶ See *rollo* (G.R. No. 211972), pp. 61-62.

⁷ *Id.* at 64.

⁸ *Id.* at 61.

⁹ *Rollo* (G.R. No. 212045), pp. 66-67.

¹⁰ "Resurreccion" in some parts of the records.

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and 212045, began to occupy the second floor of the D' Lourds Building and stayed therein until her death in 2007.¹¹

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),¹² 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.¹³

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.¹⁴

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 Mariano¹⁵ (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.*).¹⁶

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 ₱4,500,000.00, 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.¹⁷

¹¹ *Rollo* (G.R. No. 211972), p. 62.

¹² *Rollo* (G.R. No. 212045), p. 114.

¹³ See *rollo* (G.R. No. 211972), p. 62.

¹⁴ *Id.*

¹⁵ "Rosalinda" in some parts of the records.

¹⁶ See *rollo* (G.R. No. 211972), p. 62.

¹⁷ *Id.*

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.¹⁸ 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 letter¹⁹ 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.²⁰ At the bottom of the letter, Bella's and Delfin, Sr.'s signatures appear beside their names.²¹

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.²²

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.²³

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

¹⁸ *Id.*

¹⁹ *Rollo* (G.R. No. 212045), p. 100.

²⁰ *See rollo* (G.R. No. 211972), pp. 61 and 63.

²¹ *Rollo* (G.R. No. 212045), p. 100.

²² *Rollo* (G.R. No. 211972), p. 63.

²³ *Id.*

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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.²⁴

The RTC Ruling

In a Decision²⁵ 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.²⁶

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.²⁷

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) ₱2,000,000.00 as compensatory damages, representing half of the purchase price of the subject property considering that reconveyance can no longer be granted; (b)

²⁴ Id. at 64.

²⁵ Id. at 61-67.

²⁶ See id. 64-65.

²⁷ See id. 65-66.

₱200,000.00 as moral damages; (c) ₱100,000.00 as exemplary damages; and (d) ₱200,000.00 as attorney's fees.²⁸

Dissatisfied, the following parties filed their separate appeals before the CA: the Estate of Felisa; the Bihis Family; the Estate of Rosalinda B. Mariano;²⁹ and Bella, Delfin, Jr., and Lester.³⁰ 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.³¹

The CA Ruling

In a Decision³² 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.³³

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.³⁴

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.³⁵

²⁸ See *id.* at 65-67.

²⁹ Also known as "Teresita Robles" in the RTC proceedings.

³⁰ *Rollo* (G.R. No. 211972), p. 37; *rollo* (G.R. No. 212045), p. 37.

³¹ *Rollo* (G.R. No. 211972), p. 42; *rollo* (G.R. No. 212045), p. 42.

³² *Rollo* (G.R. No. 211972), pp. 36-49; *rollo*, (G.R. No. 212045), pp. 36-49.

³³ *Rollo* (G.R. No. 211972), p. 48; *rollo* (G.R. No. 212045), p. 48.

³⁴ See *rollo* (G.R. No. 211972), pp. 43-45; *rollo* (G.R. No. 212045), pp. 43-45.

³⁵ See *rollo* (G.R. No. 211972), pp. 45-46; *rollo* (G.R. No. 212045), pp. 45-46.

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.³⁶

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' Lourds 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.³⁷

Wilson and Peter, Bella, Delfin, Jr., and Lester, Felimon, Jr., and the Estate of Rosalinda Buenaventura Mariano filed separate motions for reconsideration,³⁸ which were all denied in the Resolution³⁹ 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.

³⁶ See *rollo* (G.R. No. 211972), pp. 46-47; *rollo*, (G.R. No. 212045), pp. 46-47.

³⁷ See *Rollo* (G.R. No. 211972), pp. 47-48; *rollo*, (G.R. No. 212045), pp. 47-48.

³⁸ Not attached to the rollos.

³⁹ *Rollo* (G.R. No. 211972), pp. 51-54; *rollo* (G.R. No. 212045), pp. 51-54.

The following facts are undisputed: in 1960, Felisa, as owner of the subject property, transferred the same to her daughter Bella, married to Delfin, Sr., and Felimon, Sr. to assist them in procuring a loan from the GSIS. In view thereof, her title over the property, TCT No. 45951/T-233, was cancelled and a new one, TCT No. 49869, was issued in the names of Bella, married to Delfin, Sr., and Felimon, Sr. After it was lost, TCT No. 49869 was reconstituted and TCT No. RT-74910 (49869) was issued in their names.

Upon Felisa's death in 1994, the Bihis Family, Felisa's other heirs who have long been occupying the subject property, caused the annotation of their adverse claim over the same on TCT No. RT-74910 (49869). Subsequently, however, or on January 22, 1997, the said annotation was cancelled, and the next day, the Heirs of Felimon, Sr. executed an Extrajudicial Settlement of his estate and caused its annotation on said title. TCT No. RT-74910 (49869) was then cancelled and TCT No. N-170416 was issued in the names of Bella, *et al.* Finally, by virtue of a Deed of Sale dated January 23, 1997, the subject property was sold to Wilson and Peter, in whose names TCT No. 170475 currently exists. Months later, or on October 17, 1997,⁴⁰ the complaint for reconveyance and damages, docketed as Civil Case No. Q-97-32515, was instituted.

From the foregoing factual milieu, the Court holds that: one, a trust was established between Felisa, on the one hand, and Bella, Delfin, Sr., and Felimon, Sr., on the other, albeit not an implied trust as concluded by the RTC and the CA but an *express* one; two, the present action for reconveyance has not yet prescribed; and, three, Wilson and Peter are not purchasers in good faith.

I.

Trust is the right to the beneficial enjoyment of property, the legal title to which is vested in another. It is a fiduciary relationship that obliges the trustee to deal with the property for the benefit of the beneficiary. Trust relations between parties may either be express or implied. An express trust is created by the intention of the trustor or of the parties, while an implied trust comes into being by operation of law.⁴¹

Express trusts are created by direct and positive acts of the parties, by some writing or deed, or will, or by words either expressly or impliedly evincing an intention to create a trust. Under Article 1444 of the Civil Code, “[n]o particular words are required for the creation of an express trust, it being sufficient that a trust is clearly intended.” It is possible to create a trust without using the word “trust” or “trustee.” Conversely, the mere fact that

⁴⁰ *Rollo* (G.R. No. 211972), p. 61.

⁴¹ *Heirs of Tranquilino Labiste v. Heirs of Jose Labiste*, 605 Phil. 495, 503 (2009).

these words are used does not necessarily indicate an intention to create a trust. **The question in each case is whether the trustor manifested an intention to create the kind of relationship which to lawyers is known as trust.** It is immaterial whether or not he knows that the relationship which he intends to create is called a trust, and whether or not he knows the precise characteristics of the relationship which is called a trust.⁴²

Further, in the case of *Tamayo v. Callejo*,⁴³ the Court recognized that a trust may have a constructive or implied nature in the beginning, but the registered owner's subsequent express acknowledgement in a public document of a previous sale of the property to another party effectively converted the same into an express trust.⁴⁴

In the present case, both the RTC and the CA found that an implied trust was established, heavily giving credence, among others, to the September 21, 1970 letter executed by Felisa during her lifetime, which partly reads:

Dear Delfin,

Ipinaaabot ko sa iyo ang sulat kong ito upang malaman mo ang aking nagiging damdamin. Hinihiling ko sa iyo at ipinakikiusap sa iyo tungkol doon sa lote at building ng D'lourds.

Hindi naman kaila sa iyo kung papaano ko ito naisalin sa inyong pangalan nina Filemon C. Buenaventura Sr., Bella Alvarez Guerrero at Delfin Guerrero Sr. Ang dahilan nito ay dahil sa pag-utang sa GSIS.

Kaya gusto kong malaman mo na ito ay nagpapatotoo na ito ay sarili kong pag-aari at walang sinumang nagbigay o tumulong sa akin sa lupang ito. At maski si Ka Feling mo ay walang naibigay na pera dito.

Kaya hinihiling ko ang gusto kong mangyari sa ngayon ay maging kaparehong-kapareho ang paghahati ng bawat isa sa anumang aking kabuhayan.

Kaya hinihiling ko sa iyo Delfin na kung maaari lamang ay ang lahat ng nakatala dito ay pirmahan ninyo.

x x x x⁴⁵ (Emphasis and underscoring supplied)

Beneath the letter appear the signatures of Bella and Delfin, and the signature of Felisa signing as "MOMMY" as well.⁴⁶

⁴² *Torbela v. Spouses Rosario*, 678 Phil. 1, 38-39 (2011); emphasis and underscoring supplied.

⁴³ 150-B Phil. 31 (1972).

⁴⁴ See id. at 37-38.

⁴⁵ *Rollo* (G.R. No. 212045), p. 100.

⁴⁶ Id.

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Taking the contents of the foregoing letter into consideration – the validity and due execution of which were never put in issue, hence, indubitably established – the Court therefore differs from the finding of the courts *a quo* that an implied trust was established; instead, the Court rules that an express trust was duly proved in this case.

The words of Felisa in the above-quoted letter unequivocally and absolutely declared her intention of transferring the title over the subject property to Bella, Delfin, Sr., and Felimon, Sr. in order to merely accommodate them in securing a loan from the GSIS. She likewise stated clearly that she was retaining her ownership over the subject property and articulated her wish to have her heirs share equally therein. Hence, while in the beginning, an implied trust was merely created between Felisa, as trustor, and Bella, Delfin, Sr., and Felimon, Sr., as both trustees and beneficiaries, the execution of the September 21, 1970 letter settled, once and for all, the nature of the trust established between them as an express one, their true intention irrefutably extant thereon.

Bella's attempt to thwart the express trust established in this case by claiming that she affixed her signature on the September 21, 1970 letter only "to appease" her mother, Felisa, and that she could afford to sign the letter since the title covering the subject property was in their name as owners anyway,⁴⁷ does not hold water. As correctly ruled by the CA, citing *Lee Tek Sheng v. CA*,⁴⁸ the "[m]ere issuance of the certificate of title in the name of any person does not foreclose the possibility that the real property may be under co-ownership with persons not named in the certificate or that the registrant may only be a trustee or that other parties may have acquired interest subsequent to the issuance of the certificate of title,"⁴⁹ as in this case.⁵⁰ Registration does not vest title; it is merely the evidence of such title.⁵¹

Moreover, the Court notes that even during the proceedings before the RTC, Bella never denied the purpose for which the sale to them of the subject property was effected. Instead, they relied heavily and anchored their defense on the existence of their certificate of title covering the subject property, which, to reiterate, was insufficient to prove their ownership over the same independent of the express trust.

In light of the foregoing, while the Court agrees with the RTC, as affirmed by the CA, that Bella, Delfin, Sr., and Felimon, Sr. only hold the subject property in trust for Felisa, the Court however finds that an express trust, not an implied one, was established in this case.

⁴⁷ See *id.* at 20-21 and 132.

⁴⁸ 354 Phil. 556 (1998).

⁴⁹ *Id.* at 561-562.

⁵⁰ *Rollo* (G.R. No. 211972), pp. 45-46; *rollo* (G.R. No. 212045), pp. 45-46.

⁵¹ *Heirs of Rosa and Cirila Dumaliang v. Serban*, 545 Phil. 243, 256 (2007).

II.

Anent the issue of prescription, the Court finds that the action for reconveyance instituted by respondents has not yet prescribed, following the jurisprudential rule that **express trusts prescribe in ten (10) years from the time the trust is repudiated.**⁵²

In this case, there was a repudiation of the express trust when Bella, as the remaining trustee, sold the subject property to Wilson and Peter on January 23, 1997.⁵³ As the complaint for reconveyance and damages was filed by respondents on October 17, 1997,⁵⁴ or only a few months after the sale of the subject property to Wilson and Peter, it cannot be said that the same has prescribed.

III.

Finally, with regard to the question of whether or not Wilson and Peter are purchasers of the subject property in good faith, the Court concurs with the CA's finding that they are not.

A purchaser in good faith is one who buys the property of another without notice that some other person has a right to, or an interest in, such property and pays a full and fair price for the same at the time of such purchase, or before he has notice of some other person's claim or interest in the property.⁵⁵ Corollary thereto, when a piece of land is in the actual possession of persons other than the seller, the buyer must be wary and should investigate the rights of those in possession. Without making such inquiry, one cannot claim that he is a buyer in good faith. When a man proposes to buy or deal with realty, his duty is to read the public manuscript, that is, to look and see who is there upon it and what his rights are. A want of caution and diligence, which an honest man of ordinary prudence is accustomed to exercise in making purchases, is in contemplation of law, a want of good faith. **The buyer who has failed to know or discover that the land sold to him is in adverse possession of another is a buyer in bad faith.**⁵⁶

In his testimony⁵⁷ before the RTC, Wilson claimed to have verified the validity of the title covering the subject property before the Registry of Deeds. However, he also admitted that two (2) months had lapsed before the

⁵² See *Torbela v. Rosario*, supra note 42, at 40, citing *Heirs of Maximo Labanon v. Heirs of Constancio Labanon*, 556 Phil. 750, 762-763 (2007), further citing *Escay v. CA*, 158 Phil. 1008, 1031 (1974) and *Secuya v. De Selma*, 383 Phil. 126, 137.

⁵³ See *Secuya v. De Selma*, id.

⁵⁴ *Rollo* (G.R. No. 211972), p. 61.

⁵⁵ *De Leon v. Ong*, 625 Phil. 221, 230 (2010).

⁵⁶ *Rosaroso v. Soria*, G.R. No. 194846, June 19, 2013, 699 SCRA 232, 247-248..


⁵⁷ *Rollo* (G.R. No. 211972), p. 66.

sale could be consummated because his lawyer advised him to request Bella, one of the sellers, to cancel the encumbrance annotated on the title of the subject property. He also claimed that he had no knowledge about the details of such annotation, and that he was aware that individuals other than the sellers were in possession of the subject property.

As aptly concluded by the CA, such knowledge of the existence of an annotation on the title covering the subject property and of the occupation thereof by individuals other than the sellers negates any presumption of good faith on the part of Wilson and Peter when they purchased the subject property. A person who deliberately ignores a significant fact which would create suspicion in an otherwise reasonable man is not an innocent purchaser for value,⁵⁸ as in this case.


WHEREFORE, the petitions are **DENIED**. The Decision dated December 19, 2013 and the Resolution dated April 1, 2014 of the Court of Appeals in CA-G.R. CV No. 96697 are hereby **AFFIRMED**.

SO ORDERED.

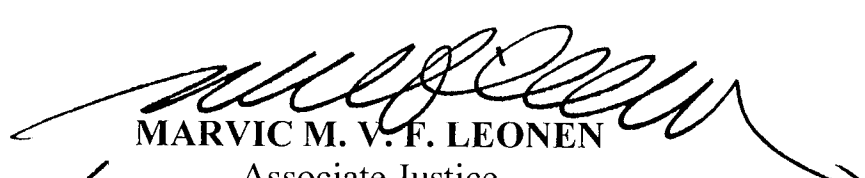

ESTELA M. PERLAS-BERNABE
 Associate Justice

WE CONCUR:


PRESBITERO J. VELASCO, JR.
 Associate Justice


LUCAS P. BERSAMIN
 Associate Justice
 Acting Chairperson

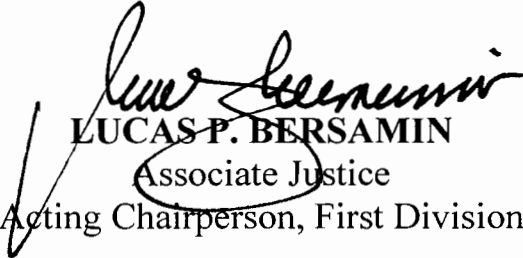

JOSE PORTUGAL PEREZ
 Associate Justice


MARVIC M. V. F. LEONEN
 Associate Justice

⁵⁸ *Sps. Sarmiento v. CA*, 507 Phil. 101,127 (2005).

ATTESTATION


I attest that the conclusions in the above Decision had been reached in consultation before the cases were assigned to the writer of the opinion of the Court's Division.



LUCAS P. BERSAMIN
Associate Justice
Acting Chairperson, First Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Acting Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the cases were assigned to the writer of the opinion of the Court's Division.



ANTONIO T. CARPIO
Acting Chief Justice