



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, First Division, issued a Resolution dated **March 4, 2020** which reads as follows:*

“G.R. No. 232785 - Fe Demontaño, Edgar Demontaño (deceased), Juanillo Demontaño, Jr., and Emily Demontaño v. Erlinda Reynaldo Dariagan, Wilson Reynaldo (deceased), and Norma Reynaldo Belvis (for herself and co-owners)

This is a Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court, assailing the Decision² dated July 28, 2016 and Resolution³ dated June 16, 2017 of the Court of Appeals (CA) – Cebu City, which reversed and set aside the Decision⁴ dated January 8, 2013 of the Regional Trial Court (RTC) of Roxas City, Branch 18, thereby reinstating the Decision dated June 27, 2012 of the Municipal Trial Court (MTC) of Panitan, Capiz.

The Facts

Respondents Erlinda Reynaldo Dariagan, Norma Reynaldo Belvis, and deceased Wilson Reynaldo (the Reynaldos) are the registered owners of Lot No. 3523 with an area of 112,684 square meters, located in Panitan, Capiz, and covered by Transfer Certificate of Title (TCT) No. T-12218. The property was also declared for taxation purposes under the Reynaldos’ names.⁵ Originally, Lot 3523 was covered by TCT No. T-4666 under the name of the Reynaldos’ grandparents, Roman and Loreta Dumol (spouses Dumol).⁶

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¹ *Rollo*, pp. 32-54.

² Penned by Associate Justice Pablito A. Perez, with Associate Justices Pamela Ann Abella Maxino and Gabriel T. Robeniol, concurring; id. at 60-67.

³ Id. at 69-70.

⁴ Id. at 71-77.

⁵ Id. at 60-61.

⁶ Id. at 110.

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The Reynaldos, however, discovered that Juanillo Demontaño (Juanillo), petitioner Fe Demontaño's deceased husband, and father of petitioners deceased Edgar Demontaño, Juanillo Demontaño, Jr. and Emily Demontaño (the Demontaños), had an approximately 3,700-square-meter portion of the Reynaldos' land declared under Juanillo's for taxation purposes. Extra-judicial efforts for the resolution of the controversy were tried to no avail. Hence, the Reynaldos filed the Complaint *a quo* for recovery of possession against the Demontaños before the MTC.⁷

In their Answer, the Demontaños contended that the case is barred by prescription and laches as Juanillo and his family have been in possession of the said portion of Lot No. 3523 since 1961. The Demontaños averred that said portion of the lot had previously been the subject of Civil Case No. V-2747 also for recovery of possession and ownership, filed by spouses Dumol against Juanillo in 1964, wherein spouses Dumol admitted that Juanillo entered and possessed a portion of Lot No. 3523 on January 5, 1961.⁸ The case was, however, dismissed for lack of interest on May 13, 1968. Since then, according to the Demontaños, their possession over said portion of Lot No. 3523 had been undisturbed until the filing of the Complaint *a quo*.⁹

The MTC Ruling

After trial and determination of the extent of the Demontaños encroachment by the court-appointed geodetic engineer, the MTC rendered its Decision dated June 27, 2012, disposing the case as follows:

WHEREFORE, based on the foregoing, Judgment is hereby rendered in favor of the [Reynaldos], having established their case by preponderance of evidence and ordering the [Demontaños], their heirs, successors and assigns and any other person acting in their behalf, to do the following:

1. To vacate and deliver the actual possession of the subject 3,716 square meters portion of Lot No. 3523 located in Brgy. Enseñagan, Panitan, Capiz, covered by TCT No. T-12218, they are occupying as reflected in the Commissioner's Report dated December 16, 2007 of Engr. Deny Celorico, to the [Reynaldos];
2. To pay the [Reynaldos] jointly and solidarily the following amounts, to wit:

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⁷ Id. at 61.

⁸ Id. at 71-72.

⁹ Id. at 61.

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- a. THREE HUNDRED ([P]300.00 PESOS per month as reasonable compensation for the use and occupancy of 3,716 sq. m. portion of Lot No. 3523 from the filing of the complaint until possession thereof is turned over to [the Reynaldos];
- b. TWENTY THOUSAND ([P]20,000.00) PESOS as Attorney's Fees;
- c. TEN THOUSAND ([P]10,000.00) PESOS as Litigation Expenses;
- d. FIVE THOUSAND ([P]5,000.00) PESOS as moral damages; and
- e. Cost of this suit.

SO DECIDED.¹⁰

Aggrieved, the Demontaños appealed to the RTC.

The RTC Ruling

The RTC ruled in favor of the Demontaños, relying heavily on the latter's possession of the subject portion since 1961. The RTC found that the Demontaños' claim of the right to possess the subject portion as incident of ownership is supported by the fact of having declared the subject portion under Juanillo's name for taxation purposes. Citing jurisprudence, the RTC ruled that while tax declarations and receipts are not conclusive proofs of ownership, they are good indicia of possession in the concept of an owner. Moreover, payment of realty tax, coupled with actual possession, can be the basis of ownership through prescription. Thus, the RTC concluded that the Reynaldos, despite having title to Lot No. 3523, are now barred from recovering the portion thereof claimed by the Demontaños. The RTC disposed, thus:

WHEREFORE, in view of all the foregoing, the Decision of the *Court a quo* is hereby ordered REVERSED and SET ASIDE. The case filed by [the Reynaldos] is hereby ordered DISMISSED. The counter-claim of the [Demontaños] is also DISMISSED for lack of evidence.

SO ORDERED.¹¹

This time, the Reynaldos sought refuge from the CA on appeal, assailing the RTC's reversal of the MTC Decision.

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¹⁰ Id. at 61-62.

¹¹ Id. at 77.

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The CA Ruling

The CA granted the appeal. The CA upheld the title held by the Reynaldos as the registered owner of Lot No. 3523. The CA cited Section 47 of Presidential Decree (P.D.) No. 1529,¹² which states that “[n]o title to registered land in derogation of the title of the registered owner shall be acquired by prescription or adverse possession.” The CA further ruled that neither can laches set in against the Reynaldos as registered owners of the subject lot. The CA explained that the Demontaños possession of the subject portion of the registered lot, without any color of title, cannot ripen into ownership. The CA opined that to allow the Demontaños’ continued possession of the subject portion of the lot, without just title would open floodgates to unbridled encroachment of real properties in derogation of the registered owners’ rights. The appeal was, therefore, disposed as follows:

WHEREFORE, the appeal is **GRANTED**. The January 8, 2013 Decision of the RTC, Branch 18, Roxas City, is **REVERSED and SET ASIDE** and the June 27, 2012 Decision of the Municipal Trial Court, Panitan, Capiz is **REINSTATED**.

SO ORDERED.¹³

Hence, this Petition, wherein the Demontaños argue that the CA erred in stating that the equitable defense of laches does not lie against a property registered under the Torrens system and is unavailing under the facts obtaining in this case.

The Demontaños further argue that in several cases, the Court has acknowledged that laches is a valid defense against an action for recovery of possession even if the property subject thereof is registered under the Torrens system. They insist that laches had already set in, pounding on the following facts to support their claim of right to possession over the subject portion of Lot No. 3523: (1) their long term possession; (2) the tax declaration under Juanillo’s name over the subject portion of the lot; and (3) the dismissal of the 1968 case filed by the Reynaldos’ predecessors-in-interest, spouses Dumol, against Juanillo.

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¹² AMENDING AND CODIFYING THE LAWS RELATIVE TO REGISTRATION OF PROPERTY AND FOR OTHER PURPOSES. Approved June 11, 1978.

¹³ Id. at 66.

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The Issue

Did the CA err in ruling that laches cannot be applied in this case?

The Court's Ruling

The Court denies the Petition. We cannot uphold the Demontaños' contention that the Reynaldos can no longer question the former's possession of the subject portion of the latter's registered lot on the ground of laches.

It is undisputed that the Reynaldos have been the registered owners of Lot No. 3523 since the transfer thereof from their predecessors-in-interest, spouses Dumol, as evidenced by TCT No. T-12218. It was likewise established that the entire Lot No. 3523 is declared for taxation purposes under the Reynaldos' names. On the other hand, the Demontaños' claim of right to possess is merely grounded upon a tax declaration over the subject portion of the lot under Juanillo's name and their long-term possession thereof. As correctly observed by the CA, however, the Demontaños had not shown how they had acquired the subject 3,716-square-meter portion of the Reynaldos' registered lot. The Demontaños failed to show that their possession of the property is under any color of right or title.

As there is no showing that the Demontaños have any valid claim or colorable title or right in occupying the subject portion of the Reynaldos' registered property, such occupation, no matter how long cannot ripen into ownership and defeat the title of the registered owners. The CA, therefore, correctly ruled that while it is true that a registered owner may lose his right to recover the possession of his registered property by reason of laches, this principle cannot apply in this case. The foregoing circumstances obtaining, the general rule applies, which states that an action to recover possession of a registered land covered by the Torrens system may not be barred by laches. Neither can laches be set up to resist the enforcement of an imprescriptible right,¹⁴ such as the owner's right to recover possession of his property from any person illegally occupying his land.¹⁵

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¹⁴ *Oropeza v. Allied Banking Corporation (Now Philippine National Bank)*, G.R. No. 222078, April 1, 2019.

¹⁵ See *Pen Development Corporation v. Martinez Leyba, Inc.*, 816 Phil. 555, 579 (2017).

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The cases relied upon by the Demontaños, wherein the Court upheld the defense of laches to defeat the title of the registered owner, are not applicable to this case. In *Miguel v. Catalino*,¹⁶ the possessor of the subject property therein, whose right was upheld by the Court over the registered owner's title, occupied the land by virtue of the sale thereof to his predecessor-in-interest. In *Mejia de Lucas v. Gamponia*,¹⁷ the patentee of the subject property sold the same to the occupant's predecessors-in-interest. In *Heirs of Batiog Lacamen v. Heirs of Laruan*,¹⁸ the subject land was also sold to the actual occupant thereof, albeit the sale was invalid only because it lacked the approval of the executive authority. In *Jose Fernando, Jr. v. Acuña*¹⁹ the possessor's occupation was by virtue of a court judgment.

In all these cases, thus, the parties in possession of the respective properties under litigation had titles over said properties and/or valid claims of authority to possess the same as they were able to show documents showing that the ownership over said properties was transferred to them.²⁰ It bears stressing that in the case before us, the Demontaños failed to allege, much less prove, that the subject portion was conveyed to them by the registered owners or the original owners thereof or awarded to them by virtue of a valid court judgment.

The Court is not unaware of the jurisprudential precept that the tax declaration held by the Demontaños is a good indicium of a claim of ownership. It is, however, settled that such document does not prove ownership. Payment of taxes is not proof of ownership. It is, at best, merely an indicium of possession in the concept of ownership. Neither declaration of ownership for taxation purposes nor tax receipts are evidence of ownership or the right to possess realty when not supported by other competent and effective proofs.²¹ Hence, the Court is baffled by the fact that while the RTC explained this principle, it still upheld the Demontaños' tax declaration covering a portion of Lot No. 3523 over the Reynaldos' title and own tax declaration covering the entire Lot No. 3523.

Having no title or document to overcome the Reynaldos' ownership over the entire Lot No. 3523, the Demontaños are, therefore, intruders who, under the law, have no possessory rights

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¹⁶ G.R. No. L-23-072, November 29, 1968.

¹⁷ G.R. No. L-9335, October 31, 1956.

¹⁸ G.R. No. L-27088, July 31, 1975.

¹⁹ G.R. No. 161030, September 14, 2011.

²⁰ See *De Vera-Cruz v. Miguel*, G.R. No. 144103, August 31, 2005.

²¹ Id.

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over the land intruded upon. Their acts cannot affect the owners' possession. Their defense of laches cannot operate to defeat the registered owners' rights over the property.

If at all, it is Juanillo and all those who claim interests under him who may be considered guilty of laches as they failed to complete their claimed title, if any, over the portion of Lot No. 3523 despite alleged possession thereof in the concept of an owner for a significant period of time. Believing to be entitled to the ownership and possession said portion of land since the 1960's, Juanillo and his successors-in-interest could have secured their claim under the law by filing an action to question the Reynaldos' title thereto and have the same registered under their names in case of a favorable decision.

In this light, we find that the CA did not err in ruling for the imprescriptibility and indefeasibility of the Reynaldos' title over the Demontaños possession without colorable authority or title. As aptly held by the CA, the purpose of adopting a Torrens system in our jurisdiction is to guarantee the integrity of land titles and to protect their indefeasibility once the claim of ownership is established and recognized.²² Verily, once a title is registered, the owner may rest secure, without the necessity of waiting in the portals of the court sitting in the *mirador de su casa* to avoid the possibility of losing his land. The certificate of title cannot be defeated by laches, prescription or adverse, open and, notorious possession, no matter how significant of a time such possession may be.²³ Section 47 of P.D. No. 1529 states that, "[n]o title to registered land in derogation of the title of the registered owner shall be acquired by prescription or adverse possession."

Finally, no question was raised before the RTC and the CA as regards the monetary awards adjudged by the MTC and we find no reason to disturb the same. We, however, find it proper to impose an interest on said monetary awards at the rate of 6% per annum from finality of this resolution until full satisfaction thereof, pursuant to prevailing jurisprudence.²⁴

WHEREFORE, premises considered, the instant petition is **DENIED**. Accordingly, the Decision dated July 28, 2016 and the Resolution dated June 16, 2017 of the Court of Appeals – Cebu City is

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²² *Serrano Mahilum v. Spouses Ilano*, 761 Phil. 350 (2015).

²³ *Wee v. Mardo*, 735 Phil. 421-422, 430 (2014).

²⁴ *Lara's Gifts & Decors, Inc. v. Midtown Industrial Sales, Inc.*, G.R. No. 225433, August 28, 2019; and *Nacar v. Gallery Frames and/or Felipe Bordey, Jr.*, 716 Phil. 267-283 (2013).

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hereby **AFFIRMED with MODIFICATION** only as to the imposition of 6% legal interest per annum on the monetary awards from the finality of this Resolution until full payment thereof.

SO ORDERED.” Peralta, C.J., on official business.

Very truly yours,


LIBRADA C. BUENA
Division Clerk of Court

by:

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Deputy Division Clerk of Court *gfb 7/28*
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