

SECOND DIVISION

[G.R. No. 208450, June 05, 2017]

**SPS. ROBERTO ABOITIZ AND MARIA CRISTINA CABARRUS,
PETITIONERS, VS. SPS. PETER L. PO AND VICTORIA L. PO,
RESPONDENTS.**

[G.R. No. 208497]

**SPS. PETER L. PO AND VICTORIA L. PO, PETITIONERS, VS. SPS.
ROBERTO ABOITIZ AND MARIA CRISTINA CABARRUS, JOSE
MARIA MORAZA, AND ERNESTO ABOITIZ AND ISABEL ABOITIZ,
RESPONDENTS.**

DECISION

LEONEN, J.:

This resolves two (2) Petitions for Review on Certiorari^[1] assailing the Court of Appeals' October 31, 2012 Decision^[2] and its June 17, 2013 Resolution^[3] in CA-G.R. CV No. 03803. The assailed decision affirmed the Regional Trial Court's Decision,^[4] which declared the spouses Peter Po and Victoria Po (Spouses Po) as the rightful owners of the parcel of land. However, the Court of Appeals ruled that respondents Jose Maria Moraza (Jose), spouses Ernesto Aboitiz (Ernesto), and Isabel Aboitiz (Isabel) were innocent buyers in good faith whose titles were entitled to protection.^[5] The assailed resolution denied the Motion for Partial Reconsideration of the spouses Roberto Aboitiz and Maria Cristina Cabarrus (Spouses Aboitiz).^[6]

The Spouses Aboitiz filed the Petition^[7] docketed as G.R. No. 208450. The Spouses Po filed the Petition^[8] docketed as G.R. No. 208497. These cases are consolidated in the case at bar.

This case involves a parcel of land located in Cabancalan, Mandaue City,^[9] initially registered as Original Certificate of Title No. 0-887, and titled under the name of Roberto Aboitiz (Roberto).^[10] The land is referred to as Lot No. 2835.^[11]

This parcel of land originally belonged to the late Mariano Seno (Mariano).^[12]

On July 31, 1973, Mariano executed a Deed of Absolute Sale in favor of his son, Ciriaco Seno (Ciriaco), over a 1.0120-hectare land in Cebu covered by Tax Declaration No. 43358.^[13] This property included two (2) lots: Lot No. 2807 and the land subject of this case, Lot No. 2835.^[14]

On May 5, 1978, Ciriaco sold the two (2) lots to Victoria Po (Victoria).^[15] The parties executed a Deed of Absolute Sale.^[16]

On July 15, 1982, Mariano died and was survived by his five (5) children (Mariano Heirs): Esperanza Seno Vda. De Kuizon, Ramon Seno,^[17] Benita Seno Vda. De Lim, Simeon Seno,^[18] and Ciriaco.^[19]

In 1990, Peter Po (Peter) discovered that Ciriaco "had executed a [q]uitclaim dated August 7, 1989 renouncing [his] interest over Lot [No.] 2807 in favor of [petitioner] Roberto."^[20] In the quitclaim, Ciriaco stated that he was "the declared owner of Lot [Nos.] 2835 and 2807."^[21]

The Spouses Po confronted Ciriaco.^[22] By way of remedy, Ciriaco and the Spouses Po executed a Memorandum of Agreement dated June 28, 1990 in which Ciriaco agreed to pay Peter the difference between the amount paid by the Spouses Po as consideration for the entire property and the value of the land the Spouses Po were left with after the quitclaim.^[23]

However, also in 1990, Lot No. 2835 was also sold to Roberto.^[24] The Mariano Heirs, including Ciriaco, executed separate deeds of absolute sale in favor of Roberto.^[25] Thereafter, Roberto immediately developed the lot as part of a subdivision called North Town Homes.^[26]

In 1991, the Spouses Po declared Lot No. 2835 for taxation purposes and was issued Tax. Declaration No. 0634-A.^[27]

In 1992, Roberto also declared Lot No. 2835 for taxation purposes and was issued Tax Declaration No. 1100, annotated with: "*This tax declaration is also declared in the name of Mrs. VICTORIA LEE PO married to PETER PO under [T]ax [Declaration] [N]o. 0634-A so that one may be considered a duplicate to the other.*"^[28]

On April 19, 1993, Roberto filed an application for original registration of Lot No. 2835 with the Mandaue City Regional Trial Court, acting as land registration court.^[29] The case was raffled to Branch 28 and docketed as LRC Case No. N-208.^[30]

In its Decision dated October 28, 1993, the trial court granted the issuance of Original Certificate of Title No. 0-887 in the name of Roberto.^[31] The lot was immediately subdivided with portions sold to Ernesto and Jose.^[32]

On November 19, 1996, the Spouses Po filed a complaint to recover the land and to declare nullity of title with damages.^[33]

The complaint was docketed in Branch 55, Regional Trial Court of Mandaue City.^[34]

The trial court ruled in favor of the Spouses Po in its Decision dated November 23, 2009:

WHEREFORE, premises considered, judgment is rendered in favor of plaintiffs, and against defendants, declaring the plaintiffs as owner of subject land and ordering the defendants reconvey and/or return to plaintiffs Lot No. 2835; declaring as absolute nullity all the documents of

sale involving Lot 2835 executed by the Heirs of Mariano Seno in favor of defendant Roberto Aboitiz and such other documents used in the improvident issuance of titles in the name of defendants, and to cancel the said titles.^[35]

The Spouses Aboitiz appealed to the Court of Appeals. The Court of Appeals, in its Decision dated October 31, 2012, partially affirmed the trial court decision, declaring the Spouses Po as the rightful owner of the land. However, it ruled that the titles issued to respondents Jose, Ernesto, and Isabel should be respected.^[36]

The Court of Appeals discussed the inapplicability of the rules on double sale and the doctrine of buyer in good faith since the land was not yet registered when it was sold to the Spouses Po.^[37] However, it ruled in favor of the Spouses Po on the premise that registered property may be reconveyed to the "rightful or legal owner or to the one with a better right if the title [was] wrongfully or erroneously registered in another person's name."^[38] The Court of Appeals held that the Mariano Heirs were no longer the owners of the lot at the time they sold it to Roberto in 1990 because Mariano, during his lifetime, already sold this to Ciriaco in 1973.^[39]

It found that the Deed of Absolute Sale between Ciriaco and the Spouses Po was duly notarized and was thus presumed regular on its face.^[40] Their Memorandum of Agreement did not cancel or rescind the Deed of Absolute Sale but rather strengthened their claim that they "entered into a contract of [s]ale."^[41]

It likewise ruled that, contrary to the assertion of the Spouses Aboitiz, there was no showing that Ciriaco merely held the property in trust for the Mariano Heirs.^[42]

It held that the action of the Spouses Po had not yet prescribed because their complaint in 1996 was within the 10-year prescriptive period as the title in favor of the Spouses Aboitiz was issued in 1994.^[43]

However, the Court of Appeals ruled that the certificates of title of Jose, Ernesto, and Isabel were valid as they were innocent buyers in good faith.^[44]

The Spouses Aboitiz thus filed their Petition for Review, which was docketed as GR. No. 208450.^[45] They argue that the Decision of Branch 55, Regional Trial Court of Mandaue City granting the complaint of the Spouses Po is void for lack of jurisdiction over the matter.^[46] They claim that a branch of the Regional Trial Court has no jurisdiction to nullify a final and executory decision of a co-equal branch;^[47] it is the Court of Appeals that has this jurisdiction.^[48]

They likewise assert that the Spouses Po's cause of action has prescribed^[49] and allegedly accrued when the Deed of Absolute Sale between the Spouses Po and Ciriaco was executed on May 5, 1978.^[50] They maintain that more than 10 years had elapsed when the complaint was filed on November 12, 1996, thus barring the action through prescription.^[51]

The Spouses Aboitiz further insist that "estoppel and laches have already set in."^[52] They claim that they have been "in open, public, continuous, uninterrupted, peaceful[,] and adverse possession" in the concept of owners over the property for "46 years as of 1993," without the Spouses Po acting on the Deed of Absolute Sale.^[53] They attest that the development of North Town Homes Subdivision "was covered by utmost publicity," but the Spouses Po did not immediately question the development or interpose any objection during the registration proceedings.^[54]

They posit that the Deed of Absolute Sale between Ciriaco and the Spouses Po is "clearly fake and fraudulent"^[55] as evidenced by certifications of its non-existence in the notarial books and the Spouses Po's failure to enforce their rights over the property until 18 years later.^[56] They also affirm that the Deed of Absolute Sale between Ciriaco and the Spouses Po's inadmissible as no documentary stamp was paid and affixed.^[57]

Lastly, they contend that the Mariano Heirs should have been impleaded in the action as they are indispensable parties.^[58]

The Spouses Po filed a Comment^[59] where they argued that the Regional Trial Court had jurisdiction when it granted their complaint because the case filed by the Spouses Aboitiz was for the registration of the land, while the case they filed was for reconveyance.^[60] They insisted that their action had not prescribed because an action for reconveyance prescribes in 10 years from the "date of issuance of the certificate of title over the property."^[61] They argued that "laches ha[d] not set in."^[62] They claimed that the notarized Deed of Absolute Sale between them and Ciriaco was not fake or fraudulent and was admissible in evidence^[63] whereas the Spouses Aboitiz failed "to overcome [its] presumption of regularity and due execution."^[64] They asserted that "the documentary stamps tax ha[d] been paid"^[65] and that the Mariano Heirs were not indispensable parties.^[66]

Spouses Aboitiz filed a Reply^[67] reiterating their arguments in the Petition.

The Spouses Po also filed a Petition for Review, which was docketed as G.R. No. 208497. They claim that respondents Jose, Ernesto, and Isabel are not "innocent purchasers for value."^[68] They allegedly knew of the defective title of Roberto because his tax declaration had the following annotation: "This tax declaration is also declared in the name of Mrs. VICTORIA LEE PO, married to PETER PO under tax dec. No. 0634-A so that one may be considered a duplicate to the other. (Section 89 Paragraph H PD 464)."^[69]

Spouses Aboitiz filed a Comment.^[70] Aside from reiterating their assertions in their Petition for Review in G.R. No. 208450, they argued that there was no evidence that they acted in bad faith as "subdivision lot buyers [were] not obliged to go beyond the [T]orrens title."^[71]

Spouses Po filed a Reply.^[72]

For resolution are the following issues:

First, whether the Regional Trial Court has jurisdiction over the Spouses Peter and Victoria Po's complaint;

Second, whether the action is barred by prescription,

Third, whether the doctrines of estoppel and laches apply;

Fourth, whether the land registration court's finding that Ciriaco Seno only held the property in trust for the Mariano Heirs is binding as *res judicata* in this case;

Fifth, whether the Deed of Absolute Sale between Ciriaco Seno and the Spouses Peter and Victoria Po should be considered as evidence of their entitlement to the property;

Sixth, whether the Mariano Heirs, as sellers in a deed of conveyance of realty, are indispensable parties; and

Finally, whether the respondents Jose Maria Moraza, Ernesto Aboitiz, and Isabel Aboitiz are innocent purchasers in good faith.

I

The Spouses Aboitiz argue that Branch 55, Regional Trial Court did not have jurisdiction to nullify the final and executory Decision of Branch 28, Regional Trial Court in LRC Case No. N-208.^[73] They claim that it is the Court of Appeals that has jurisdiction to annul judgments of the Regional Trial Court.^[74]

However, the instant action is not for the annulment of judgment of a Regional Trial Court. It is a complaint for reconveyance, cancellation of title, and damages.^[75]

A complaint for reconveyance is an action which admits the registration of title of another party but claims that such registration was erroneous or wrongful.^[76] It seeks the transfer of the title to the rightful and legal owner, or to the party who has a superior right over it, without prejudice to innocent purchasers in good faith.^[77] It seeks the transfer of a title issued in a valid proceeding. The relief prayed for may be granted on the basis of intrinsic fraud-fraud committed on the true owner instead of fraud committed on the procedure amounting to lack of jurisdiction.

An action for annulment of title questions the validity of the title because of lack of due process of law. There is an allegation of nullity in the procedure and thus the invalidity of the title that is issued.

The complaint of the Spouses Po asserted that they were the true owners of the parcel of land which was registered in the name of the Spouses Aboitiz.^[78] They alleged that they acquired the property from Ciriaco, who acquired it from Mariano.^[79] They claimed that the Spouses Aboitiz had the property registered without their knowledge and through fraud.^[80] Thus, they sought to recover the property and to cancel the title of the Spouses Aboitiz.^[81] Thus the prayer in their Complaint stated: