

SECOND DIVISION

[G.R. No. 204663, September 27, 2017]

**MUNICIPAL RURAL BANK OF LIBMANAN, CAMARINES SUR,
PETITIONER, VS. VIRGINIA ORDOÑEZ, RESPONDENT.**

D E C I S I O N

PERALTA, ** J.:

Assailed in the instant petition for review on *certiorari* are the Decision^[1] and Resolution^[2] of the Court of Appeals (CA), dated March 30, 2012 and October 17, 2012, respectively, in CA-G.R. CV No. 94947.

The pertinent factual and procedural antecedents of the case are as follows:

On June 20, 2000, herein respondent filed with the Regional Trial Court (RTC) of Libmanan, Camarines Sur a Complaint^[3] for Quieting of Title against herein petitioner bank. Subsequently, on September 2, 2002, the Complaint was amended^[4] where respondent alleged that: she is the owner of a 2,174 square meter parcel of land in Fundado, Libmanan, Camarines Sur; she acquired the property through inheritance; she and her predecessors-in-interest had been in open, peaceful, adverse, uninterrupted possession of the subject land in the concept of an owner since time immemorial; and petitioner's claim of ownership is unfounded, unmeritorious invalid and based upon an instrument which is null and void or, otherwise, unenforceable. Respondent prayed that she be declared the absolute owner and, thus, entitled to the lawful possession of the subject property. She also asked the trial court to order petitioner to pay attorney's fees and monthly rentals.

In its Answer with. Counterclaim,^[5] herein petitioner denied the material allegations of respondent's Amended Complaint contending that it is, in fact, the true and absolute owner of the subject land; and the property was previously owned by one Roberto Hermita (*Roberto*) who mortgaged the said land to petitioner but subsequently failed to satisfy his obligation causing petitioner to foreclose the mortgage and subsequently acquire the property and transfer title over it in its name. In its Counterclaim, petitioner prayed for the payment of moral damages and attorney's fees.

After the issues were joined, trial on the merits ensued.

On January 19, 2010, the RTC rendered its Decision^[6] dismissing respondent's Amended Complaint as well as petitioner's Counterclaim.

The RTC ruled that, before entering into the contract of mortgage with Roberto Hermita, petitioner, through its manager, did its best to ascertain Roberto's claim of

ownership and possession by conducting the requisite investigation. The RTC concluded that the weight of evidence preponderates in favor of herein petitioner.

Aggrieved, respondent filed an appeal with the CA.

On March 30, 2012, the CA promulgated its assailed Decision by ruling in respondent's favor and disposing as follows:

WHEREFORE, premises considered, the appealed decision is hereby REVERSED and SET ASIDE. The real estate mortgage contract dated March 23, 1995, covering the disputed property is hereby declared NULL and VOID and the plaintiff-appellant is declared owner thereof.

SO ORDERED.^[7]

The CA held that: (1) respondent was able to prove that her predecessors-in-interest had possession of the subject land prior to that of petitioner's predecessor-in-interest; (2) they declared the property for tax purposes as early as 1949, as compared to petitioner's predecessor-in-interest who paid taxes thereon beginning only in 1970; and (3) contrary to the findings of the RTC, the evidence preponderates in favor of herein respondent. Thus, the CA declared respondent as owner of the subject lot and nullified the real estate mortgage executed between petitioner and Roberto.

Petitioner filed a Motion for Reconsideration, but the CA denied it in its Resolution dated October 17, 2012.

Hence, the present petition for review on *certiorari* with the following Assignment of Errors:

a) The Honorable Court of Appeals gravely erred when it held that respondent has prior possession over the property through her caretaker Roman Zamudio.

b) The Honorable Court of Appeals gravely erred when it ruled that acquisitive prescription cannot be made to apply to the possession of Roberto Hermita.

c) The Honorable Court of Appeals seriously erred when it pronounced that petitioner Municipal Rural Bank of Libmanan, Camarines Sur was utterly remiss in its duty to establish who the true owners and possessors of the subject property were.^[8]

The petition is unmeritorious.

Before delving into the merits of the instant petition, the Court finds it apropos to restate the nature of an action for quieting of title. Citing the case of *Baricuatro, Jr. v. Court of Appeals*,^[9] this Court, in *Herminio M. De Guzman, for himself and as Attorney-in-fact of: Nilo M. De Guzman, et al. v. Tabangao Realty Inc.*,^[10] held, thus:

Regarding the nature of the action filed before the trial court, quieting of title is a common law remedy for the removal of any cloud upon or doubt or uncertainty with respect to title to real property. Originating in equity jurisprudence, its purpose is to secure "xxx an adjudication that a claim of title to or an interest in property, adverse to that of the complainant, is invalid, so that the complainant and those claiming under him may be forever afterward free from any danger of hostile claim." In an action for quieting of title, the competent court is tasked to determine the respective rights of the complainant and other claimants, "xxx not only to place *things in their proper place*, to make the one who has no rights to said immovable *respect and not disturb* the other, but also for the *benefit of both*, so that he who has the right would see every *cloud of doubt* over the property dissipated, and he could afterwards without fear *introduce the improvements* he may desire, to use, and even to abuse the property as he deems best xxx." (*Citation omitted.*)"^[11]

The Court, then, went on to discuss that:

Under the Civil Code, the remedy may be availed of under the following circumstances:

Art. 476. Whenever there is a cloud on title to real property or any interest therein, by reason of any instrument, record, claim, encumbrance or proceeding which is apparently valid or effective but is in truth and in fact invalid, ineffective, voidable, or unenforceable, and may be prejudicial to said title, an action may be brought to remove such cloud or to quiet the title.

An action may also be brought to prevent a cloud from being cast upon title to real property or any interest therein.

Art. 478. There may also be an action to quiet title or remove a cloud therefrom when the contract, instrument or other obligation has been extinguished or has terminated, or has been barred by extinctive prescription.

Article 477 of the Civil Code further provides that the plaintiff in an action to quiet title must have legal or equitable title to or interest in the real property, which is the subject matter of the action, but need not be in possession of said property.

For an action to quiet title to prosper, two indispensable requisites must concur: (1) the plaintiff or complainant has a legal or equitable title or interest in the real property subject of the action; and (2) the deed, claim, encumbrance, or proceeding claimed to be casting a cloud on his title must be shown to be in fact invalid or inoperative despite its *prima facie* appearance of validity or legal efficacy.^[12]

In *Spouses Ragasa v. Spouses Roa*,^[13] this Court has, likewise, ruled that:

[I]t is an established rule of American jurisprudence (made applicable in this jurisdiction by Art. 480 of the New Civil Code) that actions to quiet

title to property in the possession of the plaintiff are imprescriptible.

The prevailing rule is that the right of a plaintiff to have his title to land quieted, as against one who is asserting some adverse claim or lien thereon, is not barred while the plaintiff or his grantors remain in actual possession of the land, claiming to be owners thereof, the reason for this rule being that while the owner in fee continues liable to an action, proceeding, or suit upon the adverse claim, he has a continuing right to the aid of a court of equity to ascertain and determine the nature of such claim and its effect on his title, or to assert any superior equity in his favor. He may wait until his possession is disturbed or his title is attacked before taking steps to vindicate his right. But the rule that the statute of limitations is not available as a defense to an action to remove a cloud from title can only be invoked by a complain[ant] when he is in possession. One who claims property which is in the possession of another must, it seems, invoke his remedy within the statutory period.

[14]

In the instant case, for reasons to be discussed hereunder, the Court agrees with the CA that herein respondent was able to prove by preponderance of evidence that she has a legal or equitable title or interest in the real property subject of the action and that the deed, claim, encumbrance, or proceeding claimed to be casting a cloud on her title is, in fact, invalid or inoperative, despite its *prima facie* appearance of validity or legal efficacy.

In its first assigned error, petitioner argues that the CA erred in holding that: (1) respondent's predecessors-in-interest designated a certain Roman Zamudio (Zamudio) as caretaker of the subject lot; and (2) respondent has prior possession over the said property through Zamudio.

The Court does not agree.

First, the Court finds no cogent reason to depart from the conclusion of the CA that the testimony of respondent's witness Perpetuo Parafina (*Parafina*), who is the owner of the land adjacent to the disputed property, is clear that Zamudio was indeed the person assigned by respondent's mother as caretaker of the questioned land.^[15] In fact, the RTC, in its Decision dated January 19, 2010, likewise made a positive finding that Zamudio was, in fact, respondent's caretaker. Moreover, Parafina testified that, since 1960, he knows the property as owned by respondent's mother.^[16]

The question that follows is whether Zamudio's occupation of the subject property as caretaker may be considered as proof of respondent's and her predecessors-in-interest's prior possession of the said land.

The Court rules in the affirmative.

For one to be considered in possession, one need not have actual or physical occupation of every square inch of the property at all times.^[17] Possession can be acquired not only by material occupation, but also by the fact that a thing is subject to the action of one's will or by the proper acts and legal formalities established for