

## SECOND DIVISION

[ G.R. No. 132677, October 20, 2000 ]

**ISABELA COLLEGES, INC. PETITIONER, VS. THE HEIRS OF NIEVES TOLENTINO-RIVERA, NAMELY: PABLO T. RIVERA, FELICULA R. PEREZ, DOLORES R. QUERIDO, OLGA BUNAG, LOLITA RIVERA, LUCIA FLORES, MANUEL RIVERA, ANDRES RIVERA, CAMILO RIVERA, EMMA ALFONSO, ANTONIA PEREZ; AND PROCESO CORTEZ, DANILO DE LA CRUZ, ALEXANDER CORTEZ, CORAZON MENOR AND CARLOS CALDERON. RESPONDENTS.**

### D E C I S I O N

**MENDOZA, J.:**

This is a petition for review on *certiorari* of the decision of the Court of Appeals<sup>[1]</sup> dated September 26, 1997 which reversed and set aside the decision of the Regional Trial Court, Branch 20, Cauayan, Isabela dismissing the complaint filed by respondents against petitioner. The facts are as follows:

The late Nieves Tolentino-Rivera (Nieves for short) and her husband, Pablo Rivera, were married in 1921. The couple resided at Cauayan, Isabela and begot 13 children. On October 20, 1934, Nieves, still using her maiden name, filed an application for a sales patent over a 13.5267-hectare land in Cauayan, Isabela. Her application was approved and, after payment of the purchase price, Nieves was issued Sales Patent No. V-119 on March 24, 1948.<sup>[2]</sup> Thereafter, on March 29, 1948, OCT No. P-216 was issued in the name of "Nieves Tolentino, married to Pablo Rivera."

On August 15, 1949, Pablo Rivera and Nieves Tolentino sold to petitioner Isabela Colleges, then newly-founded, four hectares of the land covered by OCT No. P-216. The sale is evidenced by a deed of sale (Exh. 1) signed by both Nieves Tolentino and Pablo Rivera, with Francisca R. Reyes, a member of petitioner's board of trustees, and Cecilia L. Ramos, its librarian, as witnesses. The deed was notarized by Justice of the Peace Gaudencio R. Litao, but it was not registered with the Register of Deeds.

Petitioner Isabela Colleges immediately occupied the land and used the same as its new campus. One hectare was used for school buildings, two for an athletics field, and the remainder was reserved for future projects. Starting 1950, the Isabela Colleges declared the land for tax purposes, but it did not immediately secure a separate title to the property. Its president, Dr. Pura Toledo, explained that the school did not then have enough money to have the land surveyed. The Isabela Colleges secured title to the land only on January 13, 1970 when TCT No. 45890 was issued in its name.

After the death of Pablo Rivera on December 2, 1955, Nieves filed a petition in the Court of First Instance of Isabela for the amendment of OCT No. P-216 to reflect the change in her civil status from "married to Pablo Rivera" to "widow." Her petition was granted and OCT No. P-216 was accordingly amended.

In December 1976, the Office of the Register of Deeds of Isabela was burned. Among the titles destroyed was TCT No. 45890 in the name of the Isabela Colleges. The title was administratively reconstituted in 1978.

In 1980, Nieves went to the United States. Upon her return to the Philippines in 1988, she filed a petition for the reconstitution of OCT No. P-216 and the annulment of an illegally reconstituted original of OCT No. P-216 obtained by a certain Paulino while Nieves was abroad. Both petitions were granted by the trial court. The Register of Deeds of Isabela was ordered to reconstitute the original OCT No. P-216 in the name of Nieves. The decision of trial court was affirmed by the Court of Appeals in 1993.

In January 1988, Pablo Rivera Jr., George Lucero, Danilo de la Cruz, Alex Cortez, Proceso Cortez, Olga R. Bunag, Corazon Menor, and Carlos Calderon, some of whom are the respondents in this case, entered the property bought by Isabela Colleges, prompting the latter to bring an action for forcible entry against them. In February 1991, the Municipal Trial Court of Cauayan, Isabela rendered a decision ordering the intruders to vacate the land in question. This decision became final and executory.

In 1991, Nieves brought the present suit against the Isabela Colleges for "Nullity of Titles, Deeds of Sale, Recovery of Ownership and Possession, Cancellation of Titles, Damages with Preliminary Injunction." Nieves alleged: (1) that she was the exclusive owner of a parcel of land which had an area of 13.5267 hectares and was covered by OCT No. P-216 issued in her name by the Register of Deeds of Isabela; (2) that sometime in 1950, petitioner Isabela Colleges occupied four hectares of her land, allegedly by virtue of a sale between petitioner and her husband Pablo Rivera; (3) that the deed of sale between the Isabela Colleges and Pablo Rivera was void because the land sold was her paraphernal property and the sale was made without her knowledge and consent; and (4) that TCT No. T-45890, which was issued on August 29, 1978 in the name of the Isabela Colleges, was fake and spurious. Nieves prayed that the sale be declared void, that the title of the Isabela Colleges be cancelled, and that she be placed in possession of the subject property.

In its Answer,<sup>[3]</sup> the Isabela Colleges asserted that the property in question had been sold to it with the knowledge and consent of Nieves Tolentino who in fact signed the deed of sale. The issuance of TCT No. T-45890 in its name enjoys the presumption of regularity. Noting that Nieves' complaint in 1991 was filed 42 years after the questioned sale took place in 1949, the Isabela Colleges contended that the complaint was barred by prescription and/or laches.

At the pre-trial conference, the parties agreed to limit the issues to the following:

1. Is the land in question consisting of four hectares paraphernal or not?
2. Is the signature of Nieves Tolentino in the Deed of Sale dated August 15, 1949 forged or not?
3. Is the cause of action of the plaintiff barred by prescription and/or laches; and

4. The losing party will pay to the prevailing party damages by way of attorney's fees and costs in the amount of P10,000.00.<sup>[4]</sup>

Two complaints-in-intervention were allowed by the trial court. One was filed by Proceso Cortez,<sup>[5]</sup> and the other was by the group of Danilo de la Cruz, George Lucero, Alexander Cortez, Corazon Menor, Olga R. Bunag, and Carlos Calderon. The intervenors claimed to be either buyers in good faith or lessees of Nieves as to certain portions of the subject land. These parties were the defendants in the ejectment case filed by petitioner in 1988.

In March 1992, alleging that her signature in the questioned deed of sale had been forged, Nieves filed a motion asking that the deed be submitted to the National Bureau of Investigation for a determination of the authenticity of her signature. The motion was granted by the trial court, but examination of the document was not made as Nieves subsequently withdrew her motion.

Nieves' deposition was ordered taken as she was then already 88 years old and unable to walk. In fact, before petitioner's counsel could finish her cross-examination, Nieves died on January 15, 1993. She was substituted by her heirs, herein respondents Pablo Rivera, Jr., Felicula R. Perez, Dolores R. Querido, Olga R. Bunag, Lolita A. Rivera, Lucia R. Flores, Manuel T. Rivera, Andres T. Rivera, Camilo T. Rivera, Emma R. Alfonso, and Antonia R. Perez.

On September 30, 1994, the trial court rendered its decision, the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered in favor of the defendant Isabela Colleges and against the plaintiffs heirs of Nieves Tolentino, namely, Pablo Rivera, Jr., Felicula R. Perez, Dolores R. Querido, Olga R. Bunag, Lolita A. Rivera, Lucia R. Flores, Manuel T. Rivera, Andres T. Rivera, Camilo T. Rivera, Emma R. Alfonso and Antonia R. Perez, (1) dismissing the complaint; (2) declaring the deed of sale dated August 15, 1949 and the titles of the defendant Isabela Colleges valid; (3) declaring the defendant Isabela Colleges owner of the land in question which is covered by Transfer Certificate of Title No. T-45890 and the titles of the land as subdivided (Exhs. "9" to "34"); (4) ordering the plaintiffs Heirs of Nieves Tolentino to pay to the defendant P10,000.00; (5) ordering the plaintiffs Heirs of Nieves Tolentino to pay to the Intervenor and cross-claimant Proceso J. Cortez, Sixty Seven Thousand (P67,000.00) representing the purchase price of the lots he purchased from Nieves Tolentino; and (6) ordering all the plaintiffs and intervenors to vacate the land in question and remove all their buildings and other improvements thereon it being understood that this decision will not in any way interfere with the execution of the decision of the Municipal Trial Court of Cauayan, Isabela, in Civil Case No. 1469, entitled, Isabela Colleges vs. Pablo Rivera, Jr., et al. Let a copy of this decision be annotated at the back of Original Certificate of Title No. P-216. Costs against the plaintiffs and intervenors.

SO ORDERED.<sup>[6]</sup>

On appeal, its decision was reversed. In its decision rendered on September 26, 1997, the Court of Appeals ruled:

**WHEREFORE**, in view of the foregoing, the judgment appealed from is hereby **REVERSED** and **SET ASIDE**, and a new one rendered, to wit:

1. Declaring the plaintiffs-appellants as the lawful owners of the property in question;
2. Declaring null and void and canceling Transfer Certificate of Title No. 45890 as well as the subsequent Transfer Certificates of Titles proceeding therefrom, of the Register of Deeds of Isabela, covering the real property described therein in the name of defendant-appellee Isabela Colleges, Inc.;
3. Ordering defendant-appellee Isabela Colleges to execute the necessary deed of reconveyance of the aforesaid real property to the plaintiffs;
4. Ordering defendant-appellee Isabela Colleges to indemnify plaintiffs in the sum of P50,000.00 as and for attorney's fees;
5. Appellant intervenor and cross-claimant Proceso J. Cortez is hereby declared owner and entitled to the possession of an aggregate area of three hundred seventy (370) square meters, covered by Exhibits "E", "F" and "G"; and
6. Ordering defendant-appellee Isabela Colleges to pay the costs of the suit.

SO ORDERED.<sup>[7]</sup>

Hence, this petition. Petitioner contends that the Court of Appeals erred in ruling that: (1) the subject property is paraphernal despite Nieves' admission that it was purchased from the government during her marriage with Pablo Rivera out of conjugal funds; (2) Nieves' signature in the questioned deed of sale is forged; and (3) laches cannot defeat the claim of a registered property owner despite the long delay of 41 years.<sup>[8]</sup>

**First.** The Court of Appeals ruled that the four-hectare land subject of the 1949 sale is paraphernal property based on Nieves Tolentino's deposition that she occupied the 13-hectare land (which eventually was covered by OCT No. P-216 in her name) and applied for a sales patent thereon when she was single. However, her deposition shows that while Nieves initially claimed that she applied for a sales patent when she was still single, she later admitted that she filed her application for a sales patent in 1934, more than ten years after her marriage to Pablo Rivera in 1921. Thus, she stated:

Q: Why did you place in your application that you were single?

A: Yes, sir.

Q: Why did you place in your application that you were single when in fact you were already married?

A: Yes, sir, because when I applied I was still single.

Q: Why, what year was it when you applied for the sales patent of this parcel of land?

A: I could not remember anymore, sir.  
Q: According to your Exhibit V here dated February 2, 1947, in your letter to the Honorable Director of Lands, sub-paragraph 1 and I read, "That the undersigned petitioner for the application of Sales Application 19281 covering a piece of land consisting of 14.2800 hectares" filed on October 20, 1934 and acknowledged by the Bureau of Lands on November 2, 1934. It appears that you filed this sales application on October 20, 1934, is this correct?

ATTY. ALBANO:

May we ask that the document be presented to the deponent, in your Honor, for referral.

DEPOSITION OFFICER:

The deponent may read the document for referral purposes, to refresh her memory.

NIEVES RIVERA:

Yes, sir, that is correct.

ATTY. RAMIREZ:

Q: And so you filed this application more than ten years after you were married to Pablo Rivera, Sr.?

A: That is correct, sir.<sup>[9]</sup>

In any case, the date of the sales patent application is irrelevant for that fact alone would not vest in her ownership over the subject land.

Neither is Nieves Tolentino's allegation that she was already in possession of the land even before her marriage to Pablo Rivera in 1921 material. The land was acquired through sales patent under Commonwealth Act No. 141,<sup>[10]</sup> and not through prescription or any other mode of acquiring ownership.

Under C.A. No. 141, her application must be approved and the purchase price paid before Nieves Tolentino could be granted a sales patent and issued a certificate of title. It is undisputed that Nieves Tolentino was issued a sales patent only on March 24, 1948, after she had complied with the foregoing requirements. The land in question was thus acquired during her marriage to Pablo Rivera.

Both the acquisition of the 13-hectare land and the sale of a portion thereof to petitioner in 1949 took place when the Spanish Civil Code was still in effect. Under Article 1407 of that Code, the property of the spouses are deemed conjugal