

EN BANC

G.R. No. 224678 – SPOUSES JOSE MANUEL and MARIA ESPERANZA RIDRUEJO STILIANOPOULOS, *petitioners* v. THE REGISTER OF DEEDS FOR LEGAZPI CITY and THE NATIONAL TREASURER, *respondents*.

Promulgated:  
July 3, 2018

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SEPARATE CONCURRING OPINION

LEONEN, J.:

I concur.

The present case involves the interpretation of Section 102 of Presidential Decree No. 1529, which provides for the prescriptive period of actions to claim compensation from the assurance fund.

The first part of Section 102 of Presidential Decree No. 1529 provides that “[a]ny action for compensation against the assurance fund by reason of any loss, damage or deprivation of land or any interest therein shall be instituted *within a period of six years from the time the right to bring such action first occurred*[.]”

The right to bring an action for compensation against the assurance fund depends upon compliance with the requisites provided under Chapter VII of Presidential Decree No. 1529.

First, the claimant must have sustained “loss or damage, or is deprived of land or any estate or interest therein.”<sup>1</sup>

<sup>1</sup> Pres. Decree No. 1529, sec. 95 provides:

Section 95. *Action for Compensation from Funds*. — A person who, without negligence on his part, sustains loss or damage, or is deprived of land or any estate or interest therein in consequence of the bringing of the land under the operation of the Torrens system of arising after original registration of land, through fraud or in consequence of any error, omission, mistake or misdescription in any certificate of title or in any entry or memorandum in the registration book, and who by the provisions of this Decree is barred or otherwise precluded under the provision of any law from bringing an action for the recovery of such land or the estate or interest therein, may bring an action in any court of competent jurisdiction for the recovery of damages to be paid out of the Assurance Fund.

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Second, the loss, damage, or deprivation must be caused by either the fraudulent registration of the land after its original registration, or an “error, omission, mistake, or misdescription in any certificate of title or in any entry or memorandum in the registration book.”<sup>2</sup> Furthermore, the loss, damage, or deprivation must not be caused by breach of trust or by mistakes in the resurvey or subdivision of registered land.<sup>3</sup>

Third, the claimant must not have been negligent. Otherwise, his or her claim shall be barred.<sup>4</sup>

Fourth, the claimant must be barred by or is precluded by law from bringing an action to recover the land or estate.<sup>5</sup>

Fifth, the claim must be brought “within a period of six years from the time the right to bring such action first occurred.”<sup>6</sup>

I concur that the loss, damage, or deprivation becomes compensable once the property has been registered in the name of an innocent purchaser for value. Section 101 of Presidential Decree No. 1529 expressly excludes from the coverage of the assurance fund claims for loss, damage, or deprivation caused by breach of trust or mistakes in the resurvey or subdivision of registered land.

I agree that the registration of the property in the name of an innocent purchaser for value should not be the reckoning point of the six (6)-year prescriptive period. Justice and equity demand that the right to bring an action against the assurance fund should be construed to commence from the moment that the innocent purchaser for value registers his or her title *and* upon actual knowledge of the original title holder.

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<sup>2</sup> Pres. Decree No. 1529, sec. 95.

<sup>3</sup> Pres. Decree No. 1529, sec. 101 provides:

Section 101. *Losses Not Recoverable.* — The Assurance Fund shall not be liable for any loss, damage or deprivation caused or occasioned by a breach of trust, whether express, implied or constructive or by any mistake in the resurvey or subdivision of registered land resulting in the expansion of area in the certificate of title.

<sup>4</sup> Pres. Decree No. 1529, sec. 95.

<sup>5</sup> Pres. Decree No. 1529, sec. 95.

<sup>6</sup> Pres. Decree No. 1529, sec. 102 provides:

Section 102. *Limitation of Action.* — Any action for compensation against the Assurance Fund by reason of any loss, damage or deprivation of land or any interest therein shall be instituted within a period of six years from the time the right to bring such action first occurred: *Provided*, That the right of action herein provided shall survive to the legal representative of the person sustaining loss or damage, unless barred in his lifetime; and *provided, further*, That if at the time such right of action first accrued the person entitled to bring such action was a minor or insane or imprisoned, or otherwise under legal disability, such person or anyone claiming from, by or under him may bring the proper action at any time within two years after such disability has been removed, notwithstanding the expiration of the original period of six years first above provided.

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Prescriptive statutes safeguard the diligent and vigilant. They operate primarily against those who have slept on their rights<sup>7</sup> not against those who wanted to act but could not do so for reasons beyond their control.<sup>8</sup> In *Antonio, Jr. v. Morales*:<sup>9</sup>

Prescription as understood and used in this jurisdiction does not simply mean a mere lapse of time. Rather, there must be a categorical showing that due to plaintiff's negligence, inaction, lack of interest, or intent to abandon a lawful claim or cause of action, no action whatsoever was taken, thus allowing the statute of limitations to bar any subsequent suit.<sup>10</sup>

Petitioners in this case were neither negligent nor was it shown that they lacked the interest in protecting their rights. Petitioners immediately filed a complaint less than four (4) months after they discovered the transactions involving their land.<sup>11</sup>

The actual title holder cannot be deprived of his or her rights twice—first, by the fraudulent registration of the title in the name of the forger and second, by the operation of the constructive notice rule upon the registration of the title in the name of the innocent purchaser for value.

The innocent purchaser for value is amply protected by the rule that a Torrens certificate of title is indefeasible and binding upon the whole world. An innocent purchase for value, by relying on the correctness of the certificate of title, is shielded from any claims that other persons might have over the property.<sup>12</sup>

The constructive notice rule should not be made to apply to title holders who have been unjustly deprived of their land without their negligence. In this case, petitioners were residents of Spain and left no administrator to oversee their properties.<sup>13</sup> They also had in their possession the title to their property.<sup>14</sup> Although it is true that the act of registration in the name of the innocent purchaser for value is deemed constructive notice to all persons, it is equally true that original title holders have the right to safely rely on the indefeasibility of their title. After all, the purpose of registration under the Torrens system in general is to provide certainty as well as “incontestability in titles to land.”<sup>15</sup>

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<sup>7</sup> *Antonio, Jr. v. Morales*, 541 Phil. 306, 310 (2007) [Per J. Sandoval-Gutierrez, First Division].

<sup>8</sup> *Id.* at 311, citing *Republic v. Court of Appeals*, 221 Phil. 685 (1985) [Per J. Cuevas, Second Division].

<sup>9</sup> 541 Phil. 306 (2007) [Per J. Sandoval-Gutierrez, First Division].

<sup>10</sup> *Id.* at 310–311.

<sup>11</sup> *Ponencia*, p. 2.

<sup>12</sup> *See Tenio-Obsequio v. Court of Appeals*, 300 Phil. 588 (1994) [Per J. Regalado, Second Division].

<sup>13</sup> *Rollo*, p.136.

<sup>14</sup> *Id.* at 154.

<sup>15</sup> *Estrellado v. Martinez*, 48 Phil. 256, 262 (1925) [Per J. Malcolm, En Banc].

The interpretation that claims against the assurance fund should be reckoned from the moment that the innocent purchaser for value registers his or her title *and* upon actual knowledge of the original title holder will not render the principle of constructive notice meaningless and illusory. As pointed out by the majority, the constructive notice rule is meant to protect innocent purchasers for value.

Furthermore, this interpretation would advance the purpose for which the assurance fund was made.


The assurance fund was established upon the recognition that our Torrens system is not infallible.<sup>16</sup> It is a measure intended to safeguard the rights of persons who have been divested of their title. In *Estrellado v. Martinez*:<sup>17</sup>

The authors of the Torrens system also wisely included provisions intended to safeguard the rights of prejudiced parties rightfully entitled to an interest in land but shut off from obtaining titles thereto. As supplementary to the registration of titles, pecuniary compensation by way of damages was provided for in certain cases for persons who had lost their property. For this purpose, an assurance fund was created. But the assurance fund was not intended to block any right which a person might have against another for the loss of his land.<sup>18</sup>

The assurance fund was created to “relieve innocent persons from the harshness of the doctrine that a certificate is conclusive evidence of an indefeasible title to land.”<sup>19</sup>

The assurance fund works for the protection of the defeated title holder. In this case, petitioners have been defeated in their title twice. In equity, this Court should not allow that they also lose their right to bring an action.

**WHEREFORE, I vote to GRANT the petition.**

  
MARVIC M.V.F. LEONEN  
Associate Justice

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<sup>16</sup> *Register of Deeds of Negros Occidental v. Anglo, Sr.*, 765 Phil. 714, 733 (2015) [Per J. Leonen, Second Division].

<sup>17</sup> 48 Phil. 256 (1925) [Per J. Malcolm, En Banc].

<sup>18</sup> *Id.* at 263.

<sup>19</sup> *Register of Deeds of Negros Occidental v. Anglo, Sr.*, 765 Phil. 714, 733 (2015) [Per J. Leonen, Second Division] citing *Spouses De Guzman, Jr. v. The National Treasurer*, 391 Phil. 941 (2000) [Per J. Kapunan, First Division].