



**Republic of the Philippines
Supreme Court
Manila**

FIRST DIVISION

**HEIRS OF PEDRO BERNARDO
and PACITA RONQUILLO,
represented by BELEN B.
ORTIZ, HEIRS OF CARLITO
BERNARDO, represented by MA.
LOURDES PAGTALUNAN,
HEIRS OF JAIME R.
BERNARDO, TERESITA R.
BERNARDO and DIOSA B.
ABES,**

G.R. No. 233055

Present:

**PERALTA, C.J., Chairperson,
CAGUIOA,
REYES, J. JR.,
LAZARO-JAVIER, and
LOPEZ, JJ.**

Petitioners,

- versus -

**SPOUSES GUADALUPE M.
GAMBOA and TRINIDAD
CABALLERO,**

Promulgated:

AUG 19 2020

Respondents.

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DECISION

REYES, J. JR., J.:

This Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court seeks to reverse and set aside the Decision² dated January 31, 2017 and the Resolution³ dated July 18, 2017 of the Court of Appeals (CA) in CA-G.R. CV No. 104636, which affirmed the Decision⁴ dated February 9, 2015

¹ *Rollo*, pp. 15-42.

² Penned by Associate Justice Florito S. Macalino, with Associate Justices Mariflor P. Punzalan Castillo and Zenaida T. Galapate-Laguilles, concurring; *id.* at 54-63.

³ *Id.* at 64-65.

⁴ Penned by Judge Celso O. Baguio; *id.* at 619-634.

of the Regional Trial Court (RTC) of Gapan City, Nueva Ecija, Branch 34, in Civil Case No. 2738 for Cancellation of Title and/or Reconveyance of Title and Damages.

Factual Antecedents

The subject properties in the present case involve two adjacent parcels of land, denominated as Lot 1323 (later known as Lot 1323-B) and Lot 1324, located at Sitio Bical-Bical, Diwalaan, General Tinio, Nueva Ecija.⁵

The petitioners are the heirs of the late spouses Bernardo and Pacita Ronquillo, namely: 1) Belen B. Ortiz; 2) the Heirs of Carlito Bernardo, represented by Ma. Lourdes Pagtalunan; 3) Heirs of Jaime R. Bernardo, [this may be omitted but the name of said representative is mentioned and alleged in the petition, page 15] represented by Lilia Bernardo; 4) Teresita R. Bernardo; and, 5) Diosa B. Abes (referred to individually by their first names, or collectively as petitioners). Records reveal that petitioners occupy Lot 1323, having derived ownership over the same as heirs of their predecessors-in-interest, spouses Pedro Bernardo and Pacita Ronquillo. According to petitioners, Lot 1323 had an area of 67,873 square meters, per Original Certificate of Title (OCT) No. P-2980 in the names of Pedro Bernardo, married to Pacita Ronquillo.⁶ However, a CA Decision dated February 3, 1978 had found that Lot 1323 encroached on the adjacent land owned by spouses Clemente and Gregoria Paredes. As such, the CA then ordered spouses Pedro Bernardo and Pacita Ronquillo to reconvey to spouses Clemente and Gregoria Paredes an area of 8,161.705 square meters. Consequently, Lot 1323 became known as Lot 1323-B with a reduced area of 59,711 square meters, per Transfer Certificate of Title (TCT) No. NT-109773.⁷ When petitioners inherited Lot 1323-B, title was transferred to them, and TCT No. NT-308292 was issued in their names.⁸

On the other hand, Lot 1324 has an area of 42,643 square meters and is occupied by respondents spouses Guadalupe M. Gamboa and Trinidad Caballero (respondents), who acquired ownership thereof by virtue of a notarized *Kasulatan ng Bilihang Tuluyan* dated May 15, 1978, wherein spouses Corseno Padolina and Maria Abesamis sold said Lot 1324 to respondents for ₱28,500.00.⁹ According to respondents, their predecessors-in-interest had occupied Lot 1324 since 1925. After acquiring Lot 1324 in 1978, respondents immediately took possession thereof and performed acts of ownership thereon, such as planting mango trees, and building a poultry house and water fountain within the premises.¹⁰

⁵ Id. at 627.

⁶ Id. at 55.

⁷ Id. at 55-56.

⁸ Id. at 56.

⁹ Id. at 55, 627.

¹⁰ Id. at 55, 629.

In November 2003, petitioner Belen sent respondents a sketch plan of Lot 1323-B and informed them that petitioners had caused a relocation survey of Lot 1323-B and found that an area consisting of 14,749 square meters was being occupied by respondents. Upon verification, respondents learned that said 14,749-square meter portion in their physical possession and being cultivated by them since 1978, was included in petitioners' TCT No. NT-109773.¹¹

On December 23, 2003, the respondents filed a Complaint¹² against petitioners for Cancellation of Title and/or Reconveyance of Title with Damages. In the Complaint, respondents alleged, among others, that: 1) Lot 1323 was acquired by spouses Pedro Bernardo and Pacita Ronquillo from the latter's mother, Sotera Maducdoc; 2) between August 25 and November 7, 1958, spouses Pedro Bernardo and Pacita Ronquillo had Lot 1323 surveyed, revealing an area of 19,656 square meters, per subdivision plan Psu-173404 of Geodetic Engineer Deogracias Javier; 3) spouses Pedro Bernardo and Pacita Ronquillo fraudulently procured another subdivision plan executed by Pedro Rayo, which substantially increased the area of Lot 1323 and used the same in their application for free patent; 4) OCT No. P-2980 was issued in the names of spouses Pedro Bernardo and Pacita Ronquillo, and Lot 1323 was described therein as having an area of 67,873 square meters; 5) respondents were shocked when petitioner Belen informed them that a 14,749-square meter portion of their land was included in petitioners' TCT No. NT-109773; 6) at the time of their application, the 14,749-square meter portion had ceased to be part of the free, alienable and disposable portion of the public domain and thus, was unlawfully included by spouses Pedro Bernardo and Pacita Ronquillo in their application for free patent; and, 7) in a separate case, spouses Pedro Bernardo and Pacita Ronquillo were found guilty of fraud by the CA and ordered to reconvey an area of 8,161.705 square meters to spouses Clemente and Gregoria Paredes. Respondents prayed that petitioners be ordered to cause the segregation of the 14,749-square meter portion of Lot 1324 from TCT No. NT-109773 and have said portion titled in the names of respondents, and that the Register of Deeds of Nueva Ecija be ordered to partially cancel TCT No. NT-109773 insofar as it covers said segregated portion and issue a new certificate of title over the same in the names of respondents. Respondents further prayed that petitioners be ordered to pay them actual, moral and exemplary damages, litigation expenses and attorney's fees.¹³

Petitioners then filed their Answer with Counterclaim. They countered that a relocation survey of Lot 1323 was conducted, which showed that respondents encroached upon an area therein consisting of 14,749 square meters, and the matter was then brought before the *Barangay*. However, when the parties were about to settle, respondents suddenly filed their

¹¹ Id. at 68.

¹² Id. at 66-72.

¹³ Id. at 71.

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complaint. Petitioners asserted that the complaint was barred by *res judicata* as there was a previous judgment against respondents' predecessor-in-interest, Corseno Padolina, denying his claim that two hectares of his land was erroneously included in OCT No. P-2980. Petitioners added that prescription and laches had set in because OCT No. P-2980, which was issued on January 3, 1962, had long attained indefeasibility and respondents' action to annul petitioners' title prescribed after four years. Petitioners sought payment of actual, moral and exemplary damages, among others.¹⁴

During the pre-trial, the parties stipulated that respondents were in actual physical possession of the 14,749-square meter portion in dispute.¹⁵ Trial ensued thereafter.

Eventually, the RTC of Gapan City, Nueva Ecija, Branch 34, rendered its Decision dated February 9, 2015 in favor of respondents. The said RTC found that Pedro Bernardo had been previously judicially held guilty of encroaching on his neighbor's land, spouses Clemente and Gregoria Paredes, and thus, there was basis for respondents' claim that he likewise encroached on their Lot 1324. The RTC of Gapan City added that fraud was perpetrated by Pedro Bernardo prior to respondents' acquisition of Lot 1324, by virtue of the second relocation survey conducted on Lot 1323. The RTC found that petitioners failed to present credible evidence to prove their claim that the disputed 14,749-square meter area was part of Lot 1323. Finally, the RTC ruled that respondents were not guilty of laches and their action was not barred by prescription since petitioners admitted that respondents had always been in possession of Lot 1324. The dispositive portion of said Decision reads:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiffs and against the defendants

1. Ordering the defendants to cause, at their expense the subdivision of Lot 1323-B covered by TCT No. NT-308292 segregating a portion of 14,749 square meters of plaintiffs' lot in question and to have the segregated portion titled in the names of plaintiff spouses Guadalupe Gamboa and Trinidad Caballero;
2. Ordering the Register of Deeds of Nueva Ecija to cancel partially TCT No. NT-308292 in so far as it covers the segregated portion and to issue a new certificate of title over the same portion in the name of plaintiffs;

SO ORDERED.¹⁶

Petitioners then filed an appeal before the CA. Petitioners alleged that the RTC of Gapan City, Nueva Ecija, Branch 34, erred in using as basis in

¹⁴ Id. at 620.

¹⁵ Id. at 621.

¹⁶ Id. at 633-634.

its decision in respondents' favor, the CA Decision dated February 3, 1978, which found Pedro Bernardo guilty of encroaching on the land owned by spouses Clemente and Gregoria Paredes. Petitioners argued that no evidence was adduced by respondents to prove their claim that Pedro Bernardo committed fraud in acquiring Lot 1323. Petitioners insisted that the RTC erred in holding that the action filed by respondents was imprescriptible and not barred by laches, and that respondents had a valid cause of action against them. Petitioners also claimed that they were entitled to damages because respondents filed the complaint in bad faith.¹⁷

In the assailed Decision dated January 31, 2017,¹⁸ the CA denied petitioners' appeal. The CA held, among others, that respondents were able to prove by documentary and testimonial evidence the identity of Lot 1324 with a total area of 42,643 square meters and their ownership over the same. The CA elaborated on the fraud perpetrated by Pedro Bernardo in causing the relocation survey of Lot 1323 to include a portion of Lot 1324 consisting of 14,749 square meters, and using said survey in his application for free patent, which was granted even though it was not accompanied by an official plan and official technical description. The CA affirmed the ruling of the trial court that the action was not barred by prescription and laches, and also found that herein petitioners were not entitled to damages because respondents filed the complaint in good faith. The CA ruled in this wise:

WHEREFORE, premises considered, the instant Appeal is hereby **DENIED**. Accordingly, the 9 February 2015 Decision of the Regional Trial Court of Gapan City, Nueva Ecija, Branch 34 in Civil Case No. 2738 is **AFFIRMED**.

SO ORDERED.¹⁹

Petitioners filed a Motion for Reconsideration,²⁰ but the CA denied the same in the assailed Resolution dated July 18, 2017.²¹

Hence, petitioners come to this Court raising the following questions of fact and law:

- A. WHETHER THE ACTION FILED BY THE RESPONDENTS BEFORE THE REGIONAL TRIAL COURT (RTC) IS ACTUALLY AN ILLEGAL COLLATERAL ATTACK UPON THE TORRENS TITLE DULY ISSUED IN THE NAME OF PETITIONERS' FATHER;
- B. WHETHER ALLEGED FRAUD ON THE PART OF PETITIONERS' FATHER WHICH SUPPOSEDLY ATTENDED THE PROCUREMENT AND SUBSEQUENT ISSUANCE OF

¹⁷ Id. at 58-59.

¹⁸ Supra note 2.

¹⁹ *Rollo*, p. 63.

²⁰ Id. at 702-708.

²¹ Supra note 3.

OCT No. P-2980 (NOW TCT No. NT-109773) MAY BE LAWFULLY RAISED AND ASSAILED IN THE ACTION FILED BY RESPONDENTS BEFORE THE RTC;

- C. WHETHER THE RESPONDENTS MAY LAWFULLY ASK FOR THE SUBDIVISION AND ISSUANCE OF A TITLE IN THEIR NAMES OVER A PORTION OF OCT No. P-2980 (NOW TCT No. NT-109773) THROUGH THE ACTION FILED BY THEM BEFORE THE RTC;
- D. WHETHER THE PROPERTY ALREADY COVERED BY TITLE IN THE NAME OF PETITIONERS' FATHER (OCT No. P-2980, NOW TCT No. NT-109773) MAY STILL BE ACQUIRED THROUGH ACQUISITIVE PRESCRIPTION BY MERE OCCUPATION OR POSSESSION BY THE RESPONDENTS;
- E. WHETHER THE COURT OF APPEALS' VERSION OF THE "FACTS OF THE CASE" AS STATED IN THE *DECISION* IS ACTUALLY SUPPORTED BY AND IN ACCORD WITH THE EVIDENCE ON RECORD;
- F. WHETHER THE COURT OF APPEALS ERRED IN SOLELY RELYING UPON THE TAX DECLARATIONS AND SUBDIVISION PLAN IN CONCLUDING THAT RESPONDENTS ARE ENTITLED TO OWN AND BE ISSUED A CERTIFICATE OF TITLE OVER A PORTION OF LOT 1323-B (COVERED BY THEN OCT No. P-2980, NOW TCT No. NT-109773);
- G. WHETHER THE RESPONDENTS – ASSUMING FOR THE SAKE OF ARGUMENT THAT THE RTC CASE IS NOT A COLLATERAL ATTACK UPON THE PETITIONERS' TORRENS TITLE – DISCHARGED THEIR BURDEN AND HAD PROVEN BY SUFFICIENT EVIDENCE THEIR CLAIM OF OWNERSHIP OVER A PORTION OF LOT 1323-B (COVERED BY THEN OCT No. P-2980, NOW TCT No. NT-109773) AND THEIR CLAIM THAT THE SAME SHOULD BE SEGREGATED FROM THE LOT COVERED BY [THE] TITLE ISSUED IN THE NAME OF PETITIONERS' FATHER;
- H. WHETHER THE RESPONDENTS WERE ABLE TO PROVE THE ALLEGED FRAUD ON THE PART OF PETITIONERS' FATHER WHICH SUPPOSEDLY ATTENDED THE PROCUREMENT AND SUBSEQUENT ISSUANCE OF OCT No. P-2980 (NOW TCT No. NT-109773); and
- I. WHETHER THE RESPONDENTS MAY LAWFULLY INITIATE THIS CASE FOR CANCELLATION OF TITLE NOT [BEING] THE REAL-PARTIES IN INTEREST AND THUS NOT ENTITLED TO THE REGISTRATION OF A PORTION OF THE PROPERTY UNDER THEIR NAMES.²²

²² *Rollo*, pp. 21-23.

The Court's Ruling

The Petition must be denied for utter lack of merit.

At the outset, we emphasize that only questions of law may be raised in a petition for review on *certiorari*, as this Court is not a trier of facts.²³ The factual findings of the trial court, when affirmed by the CA, are generally binding on this Court.²⁴ Subject to recognized exceptions, it is not the function of the Court to review, analyze and weigh all over again evidence already considered in the proceedings below.²⁵ None of these exceptions, however, applies in this case.

In any case, a judicious review of the records reveals that petitioners failed to show any reversible error on the part of the CA.

We *first* rule that the action for reconveyance filed by respondents is not a collateral attack on OCT No. P-2980 (now TCT No. NT-109773) and the respondents may pray for the segregation of the 14,749-square meter portion of Lot 1324 wrongfully included therein.

It is settled that a Torrens title cannot be altered, modified or cancelled except in a direct proceeding in accordance with law. A direct proceeding is an action specifically to annul or set aside such judgment or enjoin its enforcement.²⁶

In addition, an action for reconveyance is a recognized remedy, an action in *personam*, available to a person whose property has been wrongfully registered under the Torrens system in another's name.²⁷ In an action for reconveyance, the decree is not sought to be set aside, as the same is respected as incontrovertible and no longer open to review. What is being sought is the transfer or reconveyance of the land from the registered owner to the rightful owner.²⁸

In this case, what respondents are seeking is the exclusion of the 14,749-square meter portion of Lot 1324 fraudulently included in OCT No. P-2980 (now TCT No. NT-109773). As a matter of fact, when they had filed their complaint for reconveyance, respondents did not seek reconsideration of the grant of the patent or the decree issued in the registration proceedings.

Perusing the records, respondents had prayed in their complaint only for the segregation of the 14,749-square meter portion wrongfully included in Lot 1323-B, and the partial cancellation of OCT No. P-2980 (now TCT

²³ *Carinan v. Spouses Cueto*, 745 Phil. 186, 192 (2014).

²⁴ *Republic v. C.C. Unson Company, Inc.*, 781 Phil. 770, 783 (2016).

²⁵ *Department of Education v. Mariano Tuliao*, 735 Phil. 703, 711 (2014).

²⁶ *Berbo v. Cabral*, 813 Phil. 405, 421-422 (2017).

²⁷ *Hortizuela v. Tagufa*, 754 Phil. 499, 508 (2015).

²⁸ *Wee. v. Mardo*, 735 Phil. 420, 434 (2014).

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No. NT-109773) in so far as the same covers the 14,749-square meter portion of Lot 1324.²⁹

Furthermore, the fact that the 14,749-square meter portion of Lot 1324 was included in OCT No. P-2980 (now TCT No. NT-109773) does not automatically mean that petitioners are the lawful owners thereof. Their contention that respondents have no right to be issued a title over a portion of an already titled lot is unfounded. It is basic that a certificate of title is merely an evidence of ownership, it cannot be used to protect a usurper from the true owner; nor can it be used as a shield for the commission of fraud, and its issuance in favor of a particular person does not foreclose the possibility that the real property may be owned by another person.³⁰ Thus, both the RTC of Gapan City, Nueva Ecija, Branch 34, and the CA did not err in upholding the right of respondents to ask for the reconveyance of the subject 14,749-square meter portion.

As regards petitioners' claim that respondents could not ask for the subdivision of a duly titled lot and issuance of a title over the disputed portion through an action for reconveyance, the same is proper since the main object of reconveyance is to return to its rightful owner, a piece of property erroneously registered in the name of another person. To reiterate, an action for reconveyance is a legal and equitable remedy granted to the rightful landowner, whose land was wrongfully or erroneously registered in the name of another, to compel the registered owner to transfer or reconvey the land to him.³¹

Second, we rule that respondents had proven the identity of Lot 1324 and their ownership over the same by preponderance of evidence.

Petitioners insist that respondents were not able to sufficiently prove their ownership over Lot 1324, as well as the right of their supposed predecessors-in-interest to transfer Lot 1324 to them.³² Petitioners add that the CA erred in solely relying on tax declarations as proof of respondents' ownership over Lot 1324.³³

The Court is not persuaded.

Contrary to petitioners' assertions, the CA did not base its ruling on the identity and ownership of Lot 1324 solely on tax declarations submitted by respondents. Records show that the property subject of the *Kasulatan ng Bilihang Tuluyan* dated May 15, 1978 was clearly described as having 42,643 square meters and bordered by the same parcels of land stated by

²⁹ *Rollo*, p. 71.

³⁰ *Sta. Fe Realty, Inc. v. Sison*, 794 Phil. 180, 193 (2016).

³¹ *Gabutan v. Nacalaban*, 788 Phil. 546, 577 (2016).

³² *Rollo*, p. 34.

³³ *Id.* at 30-31.

respondents in their complaint.³⁴ Also, as admitted by petitioners, the respondents were in actual physical possession of the property and herein petitioners themselves were uncertain as to when the alleged encroachment by respondents started.³⁵ Evidence of cultivation also existed since the planted mango trees planted by respondents which date back to the late 1970's are now full-grown.³⁶ This clearly shows that upon acquisition of Lot 1324, respondents immediately took possession of the said lot and exercised acts of ownership over it.

It is worth noting that Lot 1324 is just the denomination of the land owned by respondents. That the name of the land was not specifically mentioned in the *Kasulatan ng Bilihang Tuluyan* is of no moment, since the description of Lot 1324 having an area of 42,643 square meters and its boundaries were clearly stated in the said document. This lends support to the tax declarations submitted by respondents which clearly describe the land being taxed as having an area of 42,643 square meters.³⁷ We quote the findings of the CA on such matter, *viz.*:

It appears from Tax Declaration No. 14259 in the name of Spouses Padolina that Severino and Rizal Bautista sold their land to them identified as Psu-173405 with an area of 42,643 square meters. Said lot is bounded on the north by Juan Maducdoc and Sapang Pahalang; on the southeast by Sapang Pahalang; on the Southwest by the lot of Defendants-Appellants' father identified as Psu-173404 and on the northwest by Apolonio Bote's Psu-88127.

On 15 May 1978, through a *Kasulatan*, Spouses Padolina sold to Plaintiffs-Appellees the property they bought from Severino and Rizal Bautista declared as Psu-173405 under Tax Declaration No. 2917 with an area of 42,643 square meters. As reflected in the *Kasulatan*, the property sold was not referred to as Lot 1324 although in Tax Declaration No. 2917, it was identified as Lot 1324. From the time of purchase of Lot 1324 up to the present, Plaintiffs-Appellees are in actual physical possession thereof and have religiously paid the taxes due thereon.³⁸

Thus, the CA did not err when it held that respondents were able to prove the identity of their property, as well as their ownership over the same.

Third, as to the issue raised by petitioners on whether respondents were able to prove fraud perpetuated by their late father, the Court holds that the 14,749-square meter portion of Lot 1324 belonging to respondents was fraudulently included in the relocation survey used by Pedro Bernardo in support of his application for free patent of Lot 1323.

³⁴ Id. at 59-60, 627, 628.

³⁵ Id. at 621, 632-633.

³⁶ Id. at 629.

³⁷ Id. at 59-60.

³⁸ Id. at 59-60.

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In its general sense, fraud is deemed to comprise anything calculated to deceive, including all acts and omissions and concealment involving a breach of legal or equitable duty, trust, or confidence justly reposed, resulting in damage to another, or by which an undue and unconscientious advantage is taken of another.³⁹ While fraud cannot be presumed, it need not be proved by direct evidence and it can well be inferred from attendant circumstances.⁴⁰

Notably, both the RTC of Gapan City and the CA found that the fraud committed by Pedro Bernardo consisted in his acts of, *first*, procuring a relocation survey whereby the area of his land substantially increased to 67,873 square meters from its original area of 42,642 square meters, per subdivision plan Psu-173404 of Geodetic Engineer Deogracias Javier, and *second*, using the subsequent relocation survey in his application for free patent, which ultimately resulted in the issuance of OCT No. P-2980.⁴¹

Significantly, it was not only respondents who had an issue regarding the wrongful inclusion of property in OCT No. P-2980. It must be pointed out that spouses Clemente and Gregoria Paredes, owners of land likewise adjacent to Lot 1323, also filed an action against Pedro Bernardo alleging that he fraudulently included a portion of their land in OCT No. P-2980, and successfully claimed reconveyance of said portion. This was in fact admitted by petitioners.⁴² Thus, the RTC of Gapan City was correct in holding that respondents “cannot be faulted in believing that Pedro Bernardo also caused the inclusion in his title of a portion of the former’s lot” which “happened simultaneously with the encroachment into the adjacent Paredes lot.”⁴³ Furthermore, as found by the CA, petitioner Belen admitted that when her father filed his application for free patent, the same was not supported by an approved technical description of the lot.⁴⁴ Petitioners also failed to present competent proof on how their father was able to increase the size of Lot 1323 from 42,642 square meters to 67,873 square meters.⁴⁵

Petitioners still insist that it was respondents who encroached on their land. However, petitioners could not ascertain when such alleged encroachment happened, and how the same was supposedly carried out by respondents.⁴⁶ On the contrary, what is unquestionable is that respondents have been in actual possession of the entire Lot 1324 from the time they became owners thereof by virtue of the *Kasulatan ng Bilihang Tuluyan* dated May 15, 1978. We quote the findings of the RTC of Gapan City to show that indeed respondents are in actual possession of Lot 1324 from the time they had purchased the subject property, to wit:

³⁹ *Philippine Banking Corp. v. Dy*, 698 Phil. 750, 758 (2012).

⁴⁰ *Republic v. Mega Pacific Esolutions, Inc.*, 788 Phil. 160, 188 (2016).

⁴¹ *Rollo*, pp. 60-61, 627.

⁴² *Id.* at 17.

⁴³ *Id.* at 627-628.

⁴⁴ *Id.* at 60.

⁴⁵ *Id.* at 60-61.

⁴⁶ *Id.* at 632-633.

Judge Ortiz also admitted that she did not know the exact date when plaintiffs entered into a portion of her property and that she and her co-defendants only discovered it after they commissioned a relocation survey of their land in 2003. It is clear, however, that plaintiffs did not have any participation in that survey and that they only came to know of the results thereof after the defendants made the initial moves to reclaim the disputed area that was, and still is, in plaintiffs' possession.

Examining the records, the court finds no clear evidence of this encroachment. Even Judge Ortiz could not say with unmistakable certainty how and when plaintiffs' encroached on their lot. She admits, however, that a portion of the land in possession of the plaintiffs is included in her and her co-defendants' title.

On the other hand, plaintiffs have shown quite clearly that from the time they acquired Lot 1324 in 1978, they have occupied the lot and have remained in possession thereof until the present. Plaintiffs have also clearly established that Lot 1324 contained the area of 42,643 square meters, the same area that they continue to possess at present.⁴⁷

Fourth, we rule that respondents are real parties in interest who have a valid cause of action against petitioners.

Section 2, Rule 3 of the Rules of Court lays down the definition of a real party in interest as follows:

SEC. 2. *Parties in interest.* - A real party in interest is the party who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit. Unless otherwise authorized by law or these Rules, every action must be prosecuted or defended in the name of the real party in interest.

There is no question that respondents are the ones who bought Lot 1324 from their predecessors-in-interest, spouses Corseno Padolina and Maria Abesamis, who acquired the same from Severino and Rizal Bautista. Respondents have been in actual physical possession of the same since their acquisition in 1978. Evidence on record supports the finding of the RTC of Gapan City and the CA that respondents are the owners of Lot 1324. The allegations in their complaint that they and their predecessors-in-interest had always owned and possessed Lot 1324 clearly make them real parties in interest who have a cause of action against petitioners' predecessor-in-interest who wrongfully included a portion thereof in his title.⁴⁸ Interest within the meaning of the Rules of Court means material interest or an interest in issue to be affected by the decree or judgment of the case.⁴⁹ Logically, respondents stand to be benefited if judgment is rendered ordering the exclusion of the 14,749-square meter portion from petitioners' title, and be injured if judgment is rendered against reconveyance.

⁴⁷ Id.

⁴⁸ Id. at 67-69.

⁴⁹ *Ang v. Pacunio*, 763 Phil. 542, 547 (2015).

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Petitioners' claim that only the State may institute an action for reversion is misplaced. As discussed earlier, respondents are merely seeking the exclusion from OCT No. P-2980 (now TCT No. NT-109773) of the 14,749-square meter portion forming part of Lot 1324. They are not attacking the issuance of OCT No. P-2980 (now TCT No. NT-109773). Their cause of action lies in the wrongful registration of a portion of their property by Pedro Bernardo, petitioners' predecessor-in-interest.

Finally, as to the issue on prescription and laches, the Court rules that the action filed by respondents is not barred by prescription and laches.

We are mindful of the fact that an action for reconveyance may be barred by prescription.⁵⁰ However, one recognized exception is when the property in dispute is in actual possession of the plaintiff. Prescription does not run against the plaintiff in actual possession of the disputed land because such plaintiff has a right to wait until his possession is disturbed or his title is questioned before initiating an action to vindicate his right. As such, his undisturbed possession gives him the continuing right to seek the aid of a court of equity to determine the nature of the adverse claim of a third party and its effect on his title.⁵¹

Here, respondents are the ones in actual possession of the subject property – Lot No. 1324.

We stress that petitioners had admitted that respondents are the ones in possession of the property, and such fact was stipulated on during the pre-trial.⁵² As aptly found by the CA, the fact of actual possession of plaintiffs-appellees (respondents) of Lot 1324 is an undisputed and established fact, the parties having stipulated on the same during the pre-trial of the case.⁵³ Thus, there is no question that prescription did not run against respondents.

Neither is the action barred by laches. There is laches when a party was negligent or has failed to assert a right within a reasonable time, thus giving rise to the presumption that he or she has abandoned it.⁵⁴ Laches has set in when it is already inequitable or unfair to allow the party to assert the right.⁵⁵

⁵⁰ *Francisco v. Rojas*, 734 Phil. 122, 151 (2014).

⁵¹ *Campos v. Ortega, Sr.*, 734 Phil. 585, 604 (2014).

⁵² *Rollo*, p. 621.

⁵³ *Id.* at 61-62.

⁵⁴ *Sps. Aboitiz v. Sps. Po*, 810 Phil. 123, 148 (2017).

⁵⁵ *Reyes v. Tang Soat Ing*, 678 Phil. 806, 824 (2011).

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There is no laches to speak of in the present case. Records show that respondents became aware that a portion of their property consisting of 14,749 square meters was wrongfully included in OCT No. P-2980 (now TCT No. NT-109773) only when petitioner Belen sent them a sketch plan of Lot 1323 and informed them of such inclusion in November 2003.⁵⁶ Immediately thereafter, the matter was referred to the *Barangay*. After the parties failed to settle, respondents filed their complaint on December 23, 2003.⁵⁷ Clearly, respondents did not abandon their right to the property.

To recapitulate, respondents were able to sufficiently prove ownership and possession of Lot 1324 consisting of 42,643 square meters, and the unlawful inclusion of a 14,749-square meter portion of the same in petitioners' title.

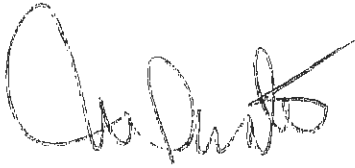
All told, the CA did not err when it rendered the assailed *Decision* and *Resolution*.

WHEREFORE, the instant Petition is **DENIED**. The Decision dated January 31, 2017 and the Resolution dated July 18, 2017 of the Court of Appeals in CA-G.R. CV No. 104636 are **AFFIRMED**.

SO ORDERED.

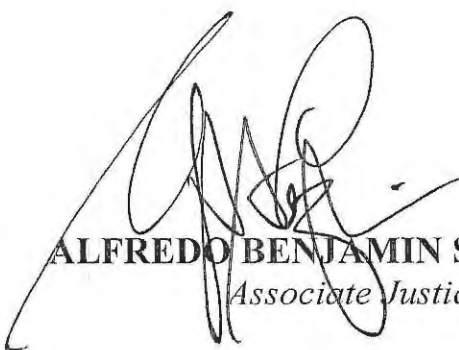

JOSE C. REYES, JR.
Associate Justice

WE CONCUR:

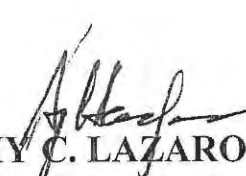

DIOSDADO M. PERALTA
Chief Justice
Chairperson

⁵⁶ *Rollo*, p. 68.

⁵⁷ *Id.* at 66.



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice



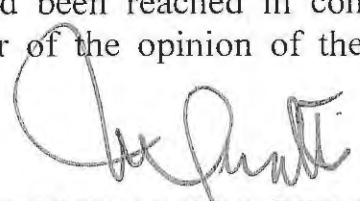
AMY C. LAZARO-JAVIER
Associate Justice



MARION LOPEZ
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



DIOSDADO M. PERALTA
Chief Justice