**PERSONS**

**CONFLICT OF LAWS**

David and Leticia are US citizens who own properties in the USA and in the Philippines. Leticia obtained a decree of divorce from the Superior Court of California in June 2005 wherein the court awarded all the properties in the USA to Leticia. With respect to their properties in the Philippines, Leticia filed a petition for judicial separation of conjugal properties. The Court ruled that even if the Court applies the doctrine of processual presumption as the lower courts did with respect to the property regime of the parties, the recognition of divorce is entirely a different matter because, to begin with, divorce is not recognized between Filipino citizens in the Philippines. Absent a valid recognition of the divorce decree, it follows that the parties are still legally married in the Philippines. The trial court thus erred in proceeding directly to liquidation. **DAVID A. NOVERAS vs. LETICIA T. NOVERAS, G.R. No. 188289, August 20, 2014, J. Perez**

Under the doctrine of processual presumption, if the foreign law involved is not properly pleaded and proved, our courts will presume that the foreign law is the same as our local or domestic or internal law. Hence, pleading a foreign law without proving the same will bar its application in the Philippines. **NORMA A. DEL SOCORRO for and in behalf of her Minor Child RODERIGO NORJO VAN WILSEM vs. ERNST JOHAN BRINKMAN VAN WILSEM, G.R. No. 193707, December 10, 2014, J. Peralta**

**HUMAN RELATIONS**

The principle of unjust enrichment has two conditions. First, a person must have been benefited without a real or valid basis or justification. Second, the benefit was derived at another person’s expense or damage. In this case, Loria received ~~P~~2,000,000.00 from Muñoz for a subcontract of a government project to dredge the Masarawag and San Francisco Rivers in Guinobatan, Albay. However, contrary to the parties’ agreement, Muñoz was not subcontracted for the project. Nevertheless, Loria retained the ~~P~~2,000,000.00. Thus, Loria was unjustly enriched. He retained Muñoz’s money without valid basis or justification. Under Article 22 of the Civil Code of the Philippines, Loria must return the ~~P~~2,000,000.00 to Muñoz. **CARLOS A. LORIA vs. LUDOLFO P. MUñOZ, G.R. No. 187240, October 15, 2014, J. Leonen**

Article 28 of the Civil Code provides that unfair competition in agricultural, commercial or industrial enterprises or in labor through the use of force, intimidation, deceit, machination or any other unjust, oppressive or high-handed method shall give rise to a right of action by the person who thereby suffers damage. What is being sought to be prevented is not competition per se but the use of unjust, oppressive or highhanded methods which may deprive others of a fair chance to engage in business or to earn a living. Thus, when a manufacturer of plastic kitchenware products employed the former employees of a neighboring partnership engaged in the manufacture of plastic automotive parts; deliberately copied the latter’s products and even went to the extent of selling these products to the latter’s customers, there is unfair competition. **WILLAWARE PRODUCTS CORPORATION vs. JESICHRIS MANUFACTURING CORPORATION, G.R. No. 195549, September 3, 2014, J. Peralta**

**MARRIAGE**

**FOREIGN DIVORCE**

Divorce between Filipinos is void and ineffectual under the nationality rule adopted by Philippine law. Hence, any settlement of property between the parties of the first marriage involving Filipinos submitted as an incident of a divorce obtained in a foreign country lacks competent judicial approval, and cannot be enforceable against the assets of the husband who contracts a subsequent marriage.

Atty. Luna’s subsequent marriage to Soledad was void for being bigamous, on the ground that the marriage between Atty. Luna and Eugenia had not been dissolved by the Divorce Decree rendered by the CFI of Sto. Domingo in the Dominican Republic but had subsisted until the death of Atty. Luna

Given the subsistence of the first marriage between Atty. Luna and Eugenia, the presumption that Atty. Luna acquired the properties out of his own personal funds and effort remained. It should then be justly concluded that the properties in litis legally pertained to their conjugal partnership of gains as of the time of his death. Consequently, the sole ownership of the 25/100 pro indiviso share of Atty. Luna in the condominium unit, and of the law books pertained to the respondents as the lawful heirs of Atty. Luna. **SOLEDAD L. LAVADIA vs.** **HEIRS OF JUAN LUCES LUNA, represented by GREGORIO Z. LUNA and EUGENIA ZABALLERO-LUNA, G.R. No. 171914, July 23, 2014, J. Lucas P. Bersamin**

Petitioner questions the decision of the RTC, dismissing her petition for the recognition of her second marriage as valid, for failing to comply with the requirements set forth in Art. 13 of the Family Code – that is obtaining a judicial recognition of the foreign decree of absolute divorce in our country. The SC however ruled that a divorce obtained abroad by an alien may be recognized in our jurisdiction, provided the decree is valid according to the national law of the foreigner. The presentation solely of the divorce decree is insufficient; both the divorce decree and the governing personal law of the alien spouse who obtained the divorce must be proven. Because our courts do not take judicial notice of foreign laws and judgment, our law on evidence requires that both the divorce decree and the national law of the alien must be alleged and proven and like any other fact. Hence, instead of filing a petition for the recognition of her second marriage as valid, petitioner should have filed a petition for the judicial recognition of her foreign divorce from her first husband. **EDELINA T. ANDO vs. DEPARTMENT OF FOREIGN AFFAIRS, G.R. No. 195432, August 27, 2014, CJ. Sereno**

**PSYCHOLOGICAL INCAPACITY**

Psychological incapacity is the downright incapacity or inability to take cognizance of and to assume the basic marital obligations.  The burden of proving psychological incapacity is on the plaintiff. The plaintiff must prove that the incapacitated party, based on his or her actions or behavior, suffers a serious psychological disorder that completely disables him or her from understanding and discharging the essential obligations of the marital state. The psychological problem must be grave, must have existed at the time of marriage, and must be incurable. **VALERIO E. KALAW vs. MA. ELENA FERNANDEZ, G.R. No. 166357, January 14, 2015, J. Del Castillo**

The lack of personal examination or assessment by a psychologist or psychiatrist is not necessarily fatal in a petition for the declaration of nullity of marriage. If the totality of evidence presented is enough to sustain a finding of psychological incapacity, then actual medical examination of the person concerned need not be resorted to. In the case at bar, the assessment of the psychological incapacity of the wife was based solely on the information provided by the husband – whose bias in favor of his cause cannot be doubted. While this circumstance alone does not disqualify the psychologist for reasons of bias, her report, testimony and conclusions deserve the application of a more rigid and stringent set of standards. Hence, if the totality of the evidence presented provides inadequate basis to warrant the conclusion that a psychological incapacity existed that prevented her from complying with the essential obligations of marriage, the declaration of the nullity of the marriage cannot be obtained. It has been settled that irreconcilable differences, sexual infidelity or perversion, emotional immaturity and irresponsibility, and the like, do not by themselves warrant a finding of psychological incapacity under Article 36, as the same may only be due to a person’s refusal or unwillingness to assume the essential obligations of marriage and not due to some psychological illness that is contemplated by said rule. **GLENN VIÑAS vs. MARY GRACE PAREL-VIÑAS, G.R. No. 208790, January 21, 2015, J. Reyes**

The alleged failure of Luz to assume her duties as a wife and as a mother, as well as her emotional immaturity, irresponsibility and infidelity, cannot rise to the level of psychological incapacity that justifies the nullification of the parties' marriage. Psychological incapacity as required by Article 36 must be characterized by (a) gravity, (b) juridical antecedence and (c) incurability. The interpretations given by the National Appellate Matrimonial Tribunal of the Catholic Church in the Philippines, while not controlling or decisive, should be given great respect by our courts. The decision of the NAMT was based on the second paragraph of Canon 1095 which refers to those who suffer from a grave lack of discretion of judgment concerning essential matrimonial rights and obligations to be mutually given and accepted, a cause not of psychological nature under Article 36 of the Family Code. A cause of psychological nature similar to Article 36 is covered by the third paragraph of Canon 1095 of the Code of Canon Law. **ROBERT F. MALLILIN vs. LUZ G. JAMESOLAMIN AND THE REPUBLIC OF THE PHILIPPINES, G.R. No. 192718, February 18, 2015, J. Mendoza**

**SUBSEQUENT MARRIAGE**

The proper remedy for a judicial declaration of presumptive death obtained by extrinsic fraud is an action to annul the judgment. An affidavit of reappearance is not the proper remedy when the person declared presumptively dead has never been absent. **CELERINA J. SANTOS vs. RICARDO T. SANTOS, G.R. No. 187061, October 08, 2014, J. Leonen**

**PROPERTY RELATIONS OF THE SPOUSES**

After the marriage of petitioner and respondent has been declared void, petitioner filed a complaint for the partition of the house and lot obtained by them during their marriage. The SC ruled that what governs them is Art. 147 of the Family Code. Under this article, property acquired by both spouses through their work and industry shall be governed by the rules on equal co-ownership. Any property acquired during the union is prima facie presumed to have been obtained through their joint efforts. A party who did not participate in the acquisition of the property shall be considered as having contributed to the same jointly if said party's efforts consisted in the care and maintenance of the family household. Efforts in the care and maintenance of the family and household are regarded as contributions to the acquisition of common property by one who has no salary or income or work or industry. In the case at bar since the former spouses both agreed that they acquired the subject property during the subsistence of their marriage, it shall be presumed to have been obtained by their joint efforts, work or industry, thus, the property is jointly owned by them in equal shares. **MARIETTA N. BARRIDO vs. LEONARDO V. NONATO, G.R. No. 176492, October 20, 2014, J. Peralta**

**PATERNITY AND FILIATION**

**PROOF OF FILIATION**

The filiation of illegitimate children, like legitimate children, is established by (1) the record of birth appearing in the civil register or a final judgment; or (2) an admission of legitimate filiation in a public document or a private handwritten instrument and signed by the parent concerned. In the absence thereof, filiation shall be proved by (1) the open and continuous possession of the status of a legitimate child; or (2) any other means allowed by the Rules of Court and special laws.  The due recognition of an illegitimate child in a record of birth, a will, a statement before a court of record, or in any authentic writing is, in itself, a consummated act of acknowledgment of the child, and no further court action is required. In fact, any authentic writing is treated not just a ground for compulsory recognition; it is in itself a voluntary recognition that does not require a separate action for judicial approval.

It must be concluded that Rodolfo– who was born during the marriage of Alfredo Aguilar and Candelaria Siasat-Aguilar and before their respective deaths – has sufficiently proved that he is the legitimate issue of the Aguilar spouses.  He correctly argues, Alfredo Aguilar’s SSS satisfies the requirement for proof of filiation and relationship to the Aguilar spouses under Article 172 of the Family Code; by itself, said document constitutes an “admission of legitimate filiation in a public document or a private handwritten instrument and signed by the parent concerned.” **RODOLFO S. AGUILAR vs. EDNA G. SIASAT, G.R. No. 200169, January 28, 2015, J. Del Castillo**

**FUNERALS**

The petitioner alleges that being a common law spouse who took care of the deceased, she has the right to make funeral arrangements for the deceased. The Supreme Court ruled that the duty and the right to make funeral arrangements are confined within the family of the deceased particularly the spouse of the deceased to the exclusion of a common law spouse. **FE FLORO VALINO vs. ROSARIO D. ADRIANO, FLORANTE D. ADRIANO, RUBEN D. ADRIANO, MARIA TERESA ADRIANO ONGOCO, VICTORIA ADRIANO BAYONA, and LEAH ANTONETTE D. ADRIANO, G.R. No. 182894, April 22, 2014, J. Mendoza**

**PROPERTY**

**OWNERSHIP**

**OWNERSHIP IN GENERAL**

In actions for recovery of possession, the plaintiff must show proof to support his claim of his right to possession of the property. The defendant in turn must show proof to controvert the plaintiff’s claim; otherwise the court will rule for the plaintiff. Thus, when a landowner filed an action for recovery of possession against a public school which built a gymnasium on a parcel of land which the owner allowed the school to use as an access road for the schoolchildren, and the plaintiff showed as evidence tax declarations and a certificate of title over the property, the lone testimonial evidence the DepEd presented is not sufficient to controvert the landowner’s case. In addition, the landowner’s claim is not barred by laches when the school’s possession of the property is not adverse, and when the landowner brought suit two years after he learned that the school is constructing a gymnasium over the property. **DEPARTMENT OF EDUCATION, represented by its REGIONAL DIRECTOR TERESITA DOMALANTA vs. MARIANO TULIAO, G.R. No. 205664, June 9, 2014, J. Mendoza**

A tax declaration is not a proof of ownership; it is not a conclusive evidence of ownership of real property. In the absence of actual, public, and adverse possession, the declaration of the land for tax purposes does not prove ownership. **HEIRS OF PACIANO YABAO, represented by REMEDIOS CHAN vs. PAZ LENTEJAS VAN DER KOLK, G.R. No. 207266, June 25, 2014, J. Mendoza**

The petitioner is a lessee of a parcel of land and disputes the title of the owners of the building built on the land they are leasing. The Supreme Court ruled that it is settled that "[o]nce a contact of lease is shown to exist between the parties, the lessee cannot by any proof, however strong, overturn the conclusive presumption that the lessor has a valid title to or a better right of possession to the subject premises than the lessee." Section 2(b), Rule 131 of the Rules of Court prohibits a tenant from denying the title of his landlord at the time of the commencement of the relation of landlord and tenant between them. **MIDWAY MARITIME AND TECHNOLOGICAL FOUNDATION, represented by its Chairman/President PhD in Education DR. SABINO M. MANGLICMOT vs. MARISSA E. CASTRO, ET AL., G.R. No. 189061, August 6, 2014, J. Reyes**

The petitioner claims that they are the rightful owners of the disputed property. Thus, an ejectment proceeding cannot be commenced against them. The Supreme Court ruled that "ejectment proceedings are summary proceedings intended to provide an expeditious means of protecting actual possession or right to possession of property. Title is not involved. The sole issue to be resolved is who is entitled to the physical or material possession of the premises or possession de facto." "Issues as to the right of possession or ownership are not involved in the action; evidence thereon is not admissible, except only for the purpose of determining the issue of possession." **ROLANDO S. ABADILLA, JR. vs. SPOUSES BONIFACIO P. OBRERO and BERNABELA N. OBRERO, G.R. No. 199448, November 12, 2014, J. Reyes**

Though casino chips do not constitute legal tender, there is no law which prohibits their use or trade outside of the casino which issues them. Since casino chips are considered to have been exchanged with their corresponding representative value – it is with more reason that the Court should require SBL to prove convincingly and persuasively that the chips it confiscated from Ludwin and Deoven were indeed stolen from it. If SBL cannot prove its loss, then Article 559 cannot apply; the presumption that the chips were exchanged for value remains. **SUBIC BAY LEGEND RESORTS AND CASINOS, INC vs.** **BERNARD C. FERNANDEZ, G.R. No. 193426, September 29, 2014, J. Del Castillo**

**ACCESSION**

**RIGHT OF ACCESSION WITH RESPECT TO IMMOVABLE PROPERTY**

Article 453 of the Civil Code clearly reads that a landowner is considered in bad faith if he does not oppose the unauthorized construction thereon despite knowledge of the same. The fact that the Sanchezes did take action to oppose the construction on their property by writing the HLURB and the City Building Official of Quezon City. The Court agrees with both the RTC and the CA that Garcia and TSEI are builders in bad faith. They knew for a fact that the property still belonged to the Sanchezes and yet proceeded to build the townhouses not just without the authority of the landowners, but also against their will. **BANK OF THE PHILIPPINE ISLANDS vs. VICENTE VICTOR C. SANCHEZ ET AL.; GENEROSO TULAGAN ET AL. vs. VICENTE VICTOR C. SANCHEZ ET AL.; REYNALDO V. MANIWANG vs. VICENTE VICTOR C. SANCHEZ and FELISA GARCIA YAP, G.R. No. 179518; G.R. No. 179835; G.R. No. 179954, November 19, 2014, J. Velasco Jr.**

**QUIETING OF TITLE TO, OR INTEREST IN AND REMOVAL OF INTEREST OR CLOUD OVER TITLE TO OR INTEREST IN REAL PROPERTY**

**QUIETING OF TITLE**

For an action to quiet title to prosper, two indispensable requisites must concur, namely: (1) the plaintiff or complainant has a legal or equitable title to or interest in the real property subject of the action; and (2) the deed, claim, encumbrance, or proceeding claimed to be casting cloud on the title must be shown to be in fact invalid or inoperative despite its prima facie appearance of validity or efficacy. The first requisite was not complied with. Petitioners’ alleged open, continuous, exclusive, and uninterrupted possession of the subject property is belied by the fact that respondents, in 2005, entered into a Contract of Lease with the Avico Lending Investor Co. over the subject lot without any objection from the petitioners. Petitioners’ inability to offer evidence tending to prove that Bienvenido and Escolastica Ibarra transferred the ownership over the property in favor of petitioners is likewise fatal to the latter’s claim. **VILMA QUINTOS, represented by her Attorney-in-Fact FIDEL I. QUINTOS, JR.; FLORENCIA I. DANCEL, represented by her Attorney-in-Fact FLOVY I. DANCEL; and CATALINO L. IBARRA, vs. PELAGIA I. NICOLAS, NOLI L. IBARRA, SANTIAGO L. IBARRA, PEDRO L. IBARRA, DAVID L. IBARRA, GILBERTO L. IBARRA, HEIRS OF AUGUSTO L. IBARRA, namely CONCHITA R., IBARRA, APOLONIO IBARRA, and NARCISO IBARRA, and the spouses RECTO CANDELARIO and ROSEMARIE CANDELARIO, G.R. No. 210252, June 16, 2014, J. Velasco, Jr.**

The petitioners allege that they are the owners of the disputed property. This allegation is anchored on the assertion that at the time of the death of their parents, the disputed property is still under the latter’s name. The Supreme Court ruled that 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. Petitioners’ Complaint in Civil Case No. TM-1118 failed to allege these two requisites for an action to quiet title. **HERMINIO M. DE GUZMAN, FOR HIMSELF AND AS ATTORNEY-IN-FACT OF: NILO M. DE GUZMAN, ANGELINO DE GUZMAN, JOSEFINO M. DE GUZMAN, ESTRELLA M. DE GUZMAN, TERESITA DE GUZMAN, ELSA MARGARITA M. DE GUZMAN, EVELYN M. DE GUZMAN, MA. NIMIA M. DE GUZMAN, ANTOLIN M. DE GUZMAN, AND FERDINAND M. DE GUZMAN vs. TABANGAO REALTY INCORPORATED, G.R. No. 154262, February 11, 2015, J. Leonardo-De Castro**

Thus, both requisites in order for an action for quieting of title to prosper have been met in this case: (1) Phil-Ville had established its equitable title or interest in the 16 parcels of land subject of the action; and (2) TCT No. T-177013, found to overlap titles to said properties of Phil-Ville, was previously declared invalid. **CLT REALTY DEVELOPMENT CORPORATION vs. PHIL-VILLE DEVELOPMENT AND HOUSING CORPORATION, REPUBLIC OF THE PHILIPPINES (THROUGH THE OFFICE OF THE SOLICITOR GENERAL) AND THE REGISTER OF DEEDS OF METRO MANILA DISTRICT III, CALOOCAN, G.R. No. 160728, March 11, 2015, J. Leonardo-De Castro**

**CO-OWNERSHIP**

A co-owner cannot rightfully dispose of a particular portion of a co-owned property prior to partition among all the co-owners. However, this should not signify that the vendee does not acquire anything at all in case a physically segregated area of the co-owned lot is in fact sold to him. Since the co-owner/vendor’s undivided interest could properly be the object of the contract of sale between the parties, what the vendee obtains by virtue of such a sale are the same rights as the vendor had as co-owner, in an ideal share equivalent to the consideration given under their transaction. In other words, the vendee steps into the shoes of the vendor as co-owner and acquires a proportionate abstract share in the property held in common. **EXTRAORDINARY DEVELOPMENT CORPORATION vs. HERMINIA F. SAMSON-BICO and ELY B. FLESTADO, G.R. No. 191090, October 13, 2014, J. Perez**

Under Article 493 of the New Civil Code, a co-owner has an absolute ownership of his undivided and pro-indiviso share in the co-owned property. He has the right to alienate, assign and mortgage it, even to the extent of substituting a third person in its enjoyment provided that no personal rights will be affected. In this case, Jesus can validly alienate his co-owned property in favor of Lapinid, free from any opposition from the co-owners. Lapinid, as a transferee, validly obtained the same rights of Jesus from the date of the execution of a valid sale. Absent any proof that the sale was not perfected, the validity of sale subsists. In essence, Lapinid steps into the shoes of Jesus as co-owner of an ideal and proportionate share in the property held in common. Thus, from the perfection of contract on 9 November 1997, Lapinid eventually became a co-owner of the property. Even assuming that the petitioners are correct in their allegation that the disposition in favor of Lapinid before partition was a concrete or definite portion, the validity of sale still prevails. **VICENTE TORRES, JR., CARLOS VELEZ, AND THE HEIRS OF MARIANO VELEZ, NAMELY: ANITA CHIONG VELEZ, ROBERT OSCAR CHIONG VELEZ, SARAH JEAN CHIONG VELEZ AND TED CHIONG VELEZ** **vs.** **LORENZO LAPINID AND JESUS VELEZ, G.R. No. 187987, November 26, 2014, J. Perez**

**POSSESSION**

**POSSESSION AND THE KINDS THEREOF**

If the purchaser is a third party who acquired the property after the redemption period, a hearing must be conducted to determine whether possession over the subject property is still with the mortgagor or is already in the possession of a third party holding the same adversely to the defaulting debtor or mortgagor. In the instant case, while respondents' petition for the issuance of a writ of possession was filed ex-parte, a “hearing” was, nonetheless, conducted when the RTC gave petitioner her day in court by giving her the opportunity to file various pleadings to oppose respondent's petition. Moreover, there is no dispute that petitioner remained in possession of the subject property prior to the issuance of the questioned writ of possession. It is, thus, clear that respondents' resort, as a subsequent or third-party purchaser, the petition for the issuance of a writ of possession is proper. **NORMA V. JAVATE vs.** **SPOUSES RENATO J. TIOTUICO AND LERMA C. TIOTUICO, G.R. No. 187606, March 09, 2015**, **J. Peralta**

**ACQUISITION OF POSSESSION**

Anacleto Mangaser filed Forcible entry against Ugay. However, the latter contended that Mangaser has failed to prove prior physical possession over the property. The court ruled that possession can be acquired by juridical acts. These are acts to which the law gives the force of acts of possession. Examples of these are donations, succession, execution and registration of public instruments, inscription of possessory information titles and the like. The reason for this exceptional rule is that possession in the eyes of the law does not mean that a man has to have his feet on every square meter of ground before it can be said that he is in possession. It is sufficient that petitioner was able to subject the property to the action of his will. **ANACLETO C. MANGASER, REPRESENTED BY HIS ATTORNEY-IN-FACT EUSTAQUIO DUGENIA** **vs**. **DIONISIO UGAY, G.R. No. 204926, December 03, 2014, J. Mendoza**

**EFFECTS OF POSSESSION**

When it is shown that the plaintiff in a case of accion publiciana had a valid title issued in her name in 1967, within the period which the Supreme Court held that titles issued over the same properties were valid; that she has been paying the realty taxes on the said properties since l969; that she likewise appointed an administrator of the disputed lands, and more importantly, there is no question that she offered to sell to petitioners the portions of the subject properties occupied by them, then she deserves to be respected and restored to her lawful possession as provided in Article 539 of the New Civil Code. **PAUL P. GABRIEL, JR, et al. vs. CARMELING CRISOLOGO, G.R. No. 204626, June 9, 2014, J. Mendoza**

Penta Pacific leased its properties to Ley Construction. Both parties then entered into a contract to sell. Ley Construction failed to pay its amortizations prompting Penta Pacific to file an action for ejectment. The CA affirmed the ruling of the RTC that the MeTC had no jurisdiction over the case. In resolving, the Supreme Court ruled that, a defendant's claim of possession de Jure or his averment of ownership does not render the ejectment suit either accion publiciana or accion reivindicatoria. The suit remains an accion interdictal, a summary proceeding that can proceed independently of any claim of ownership. Even when the question of possession cannot be resolved without deciding the issue of ownership, the issue of ownership is to be resolved only to determine the issue of possession. **PENTA PACIFIC REALTY CORPORATION vs. LEY CONSTRUCTION AND DEVELOPMENT CORPORATION, G.R. No. 161589, November 24, 2014, J. Bersamin**

Though casino chips do not constitute legal tender, there is no law which prohibits their use or trade outside of the casino which issues them. In any case, it is not unusual – nor is it unlikely – that respondent could be paid by his Chinese client at the former's car shop with the casino chips in question; said transaction, if not common, is nonetheless not unlawful. These chips are paid for anyway petitioner would not have parted with the same if their corresponding representative equivalent – in legal tender, goodwill, or otherwise – was not received by it in return or exchange. Given this premise – that casino chips are considered to have been exchanged with their corresponding representative value – it is with more reason that the Court should require petitioner to prove convincingly and persuasively that the chips it confiscated from the Fernandez brothers were indeed stolen from it; if so, any Tom, Dick or Harry in possession of genuine casino chips is presumed to have paid for their representative value in exchange therefor. If SBL cannot prove its loss, then Art. 559 cannot apply; the presumption that the chips were exchanged for value remains. **SUBIC BAY LEGEND RESORTS AND CASINOS, INC. vs. BERNARD C. FERNANDEZ, G.R. No. 193426, September 29, 2014, J. Del Castillo**

**EASEMENTS**

**EASEMENT OF RIGHT OF WAY**

The convenience of the dominant estate's owner is not the basis for granting an easement of right of way, especially if the owner's needs may be satisfied without imposing the easement. Thus, mere convenience for the dominant estate is not what is required by law as the basis of setting up a compulsory easement. Furthermore, based on the Ocular Inspection Report, petitioner's property had another outlet to the highway. Access to the public highway can be satisfied without imposing an easement on the spouses' property. **ALICIA B. REYES vs. SPOUSES VALENTIN RAMOS, FRANCISCO S. AND ANATALIA, G.R. No. 194488, February 11, 2015, J. Leonen**

**NUISANCE**

It is a standing jurisprudential rule that unless a nuisance is a nuisance per se, it may not be summarily abated. Aside from the remedy of summary abatement which should be taken under the parameters stated in Articles 704 (for public nuisances) and 706 (for private nuisances) of the Civil Code, a private person whose property right was invaded or unreasonably interfered with by the act, omission, establishment, business or condition of the property of another may file a civil action to recover personal damages. Abatement may be judicially sought through a civil action therefor if the pertinent requirements under the Civil Code for summary abatement, or the requisite that the nuisance is a nuisance per se, do not concur. To note, the remedies of abatement and damages are cumulative; hence, both may be demanded. **LINDA RANA vs. TERESITA LEE WONG, SPS. SHIRLEY LEE ONG and RUBEN ANG ONG and SPS. ROSARIO and WILSON UY; SPS. ROSARIO and WILSON UY; WILSON UY as attorney-in-fact of TERESITA LEE WONG, and SPS. SHIRLEY LEE ONG and RUBEN ANG ONG vs. SPS. REYNALDO and LINDA LANA, G.R. No. 192861; G.R. No. 192862, June 30, 2014, J. Perlas-Bernabe**

**MODES OF ACQUIRING OWNERSHIP**

**DONATION**

In order to sufficiently substantiate her claim that the money paid by the respondents was actually a donation, petitioner should have also submitted in court a copy of their written contract evincing such agreement. As earlier ruled by the Court, a donation must comply with the mandatory formal requirements set forth by law for its validity. When the subject of donation is purchase money, Article 748 of the NCC is applicable. Accordingly, the donation of money as well as its acceptance should be in writing. Otherwise, the donation is invalid for non-compliance with the formal requisites prescribed by law. **ESPERANZA C. CARINAN vs.** **SPOUSES GAVINO CUETO and CARMELITA CUETO, G.R. No. 198636, October 8, 2014, J. Reyes**

The Daclans lament the supposed failure of the Province to provide “agricultural extension and on-site research services and facilities” as required under the IRR of the LGC of 1991, which failure they believe, constituted a violation of the stipulation contained in the deeds of donation to develop and improve the livestock industry of the country. Yet this cannot be made a ground for the reversion of the donated lands; on the contrary, to allow such an argument would condone undue interference by private individuals in the operations of government. The deeds of donation merely stipulated that the donated lands shall be used for the establishment of a breeding station and shall not be used for any other purpose, and that in case of non-use, abandonment or cessation of the activities of the BAI, possession or ownership shall automatically revert to the Daclans. It was never stipulated that they may interfere in the management and operation of the breeding station. Even then, they could not directly participate in the operations of the breeding station. **REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE SECRETARY OF AGRICULTURE vs. FEDERICO DACLAN, JOSEFINA COLLADO, AND HER HUSBAND FEDERICO DACLAN AND MINVILUZ DACLAN, AS SURVIVING HEIRS OF DECEASED JOSE DACLAN, G.R. No. 197115 (consolidated), March 23, 2015, J. Del Castillo**

**PRESCRIPTION**

**PRESCRIPTION OF ACTIONS**

Since the complaint for annulment was anchored on a claim of mistake, i.e., that petitioners are the borrowers under the loan secured by the mortgage, the action should have been brought within four (4) years from its discovery. As mortgagors desiring to attack a mortgage as invalid, petitioners should act with reasonable promptness, else its unreasonable delay may amount to ratification. Verily, to allow petitioners to assert their right to the subject properties now after their unjustified failure to act within a reasonable time would be grossly unfair to PSMB, and perforce should not be sanctioned. As such, petitioners' action is already barred by laches, which, as case law holds, operates not really to penalize neglect or sleeping on one's rights, but rather to avoid recognizing a right when to do so would result in a clearly inequitable situation. **SPOUSES FRANCISCO SIERRA (substituted by DONATO, TERESITA, TEODORA, LORENZA, LUCINA, IMELDA, VILMA, and MILAGROS SIERRA) and ANTONINA SANTOS, SPOUSES ROSARIO SIERRA and EUSEBIO CALUMA LEYVA, and SPOUSES SALOME SIERRA and FELIX GATLABAYAN (substituted by BUENA VENTURA, ELPIDIO, PAULINO, CATALINA, GREGORIO, and EDGARDO GATLABAYAN, LORETO REILLO, FERMINA PEREGRINA, and NIDA HASHIMOTO) vs. PAIC SAVINGS AND MORTGAGE BANK, INC., G.R. No. 197857, September 10, 2014, J. Perlas-Bernabe**

**CLASSIFICATION OF OBLIGATIONS**

**OBLIGATIONS**

**PURE AND CONDITIONAL OBLIGATIONS**

In reciprocal obligations, either party may rescind the contract upon the other’s substantial breach of the obligation/s he had assumed thereunder. The basis therefor is Article 1191 of the Civil Code. PMC rescinded the operating agreement with GVEI due to failure of the latter to advance payment for actual cost. The court ruled that in reciprocal obligations, either party may rescind the contract upon the other’s substantial breach of the obligation/s he had assumed thereunder. **GOLDEN VALLEY EXPLORATION, INC.** **vs**. **PINKIAN MINING COMPANY and COPPER VALLEY, INC., G.R. No. 190080, June 11, 2014, J. Perlas-Bernabe**

The right of rescission of a party to an obligation under Article 1191 of the Civil Code is predicated on a breach of faith by the other party who violates the reciprocity between them. The breach contemplated in the said provision is the obligor’s failure to comply with an existing obligation. When the obligor cannot comply with what is incumbent upon it, the obligee may seek rescission and, in the absence of any just cause for the court to determine the period of compliance, the court shall decree the rescission. Thus, the delay in the completion of the project as well as of the delay in the delivery of the unit are breaches of statutory and contractual obligations which entitle respondent to rescind the contract, demand a refund and payment of damages. **SWIRE REALTY DEVELOPMENT CORPORATION vs. JAYNE YU, G.R. No. 207133, March 09, 2015, J. Peralta**

**OBLIGATIONS WITH PERIOD**

Obligations with a resolutory period take effect at once, but terminate upon arrival of the day certain. A day certain is understood to be that which must necessarily come, although it may not be known when. If the uncertainty consists in whether the day will come or not, the obligation is conditional. In the instant case, a plain reading of the Contract of Reclamation reveals that the six (6)-year period provided for project completion, or termination of the contract was a mere estimate and cannot be considered a period or a "day certain" in the context of Art. 1193. To be clear, par. 15 of the Contract of Reclamation states: "the project is estimated to be completed in six (6) years." The lapse of six (6) years from the perfection of the contract did not, make the obligation to finish the reclamation project demandable, such as to put the obligor in a state of actionable delay for its inability to finish. Thus, F.F. Cruz cannot be deemed to be in delay. **ROWENA R. SALONTE vs. COMMISSION ON AUDIT, CHAIRPERSON MA. GRACIA PULIDO-TAN, COMMISSIONER JUANITO G. ESPINO, JR., COMMISSIONER HEIDI L. MENDOZA, and FORTUNATA M. RUBICO, DIRECTOR IV, COA COMMISSION SECRETARIAT, G.R. No. 207348, August 19, 2014, J. Velasco, Jr.,**

**NATURE AND EFFECT OF OBLIGATIONS**

In the landmark case of Eastern Shipping Lines, Inc. v. Court of Appeals, as regards particularly to an award of interest in the concept of actual and compensatory damages, the rate of interest, as well as the accrual thereof, is imposed, as follows: “When the obligation is breached, and it consists in the payment of a sum of money, i.e., a loan or forbearance of money, the interest due should be that which may have been stipulated in writing. Furthermore, the interest due shall itself earn legal interest from the time it is judicially demanded. In the absence of stipulation, the rate of interest shall be 12% per annum to be computed from default, i.e., from judicial or extrajudicial demand under and subject to the provisions of Article 1169 of the Civil Code.” In line with the recent circular of the Monetary Board of the Bangko Sentral ng Pilipinas No. 799 (July 1, 2013), the Court has modified the guidelines in Nacar v. Gallery Frames, wherein “the interest due shall itself earn legal interest from the time it is judicially demanded and in the absence of stipulation, the rate of interest shall be 6% per annum to be computed from default, i.e., from judicial or extrajudicial demand under and subject to the provisions of Article 1169 of the Civil Code.” This case, however, does not involve acquiescence to the temporary use of a party’s money but a performance of a particular service, specifically the construction of the diaphragm wall, capping beam, and guide walls of the Trafalgar Plaza. Thus, in the absence of any stipulation as to interest in the agreement between the parties herein, the matter of interest award arising from the dispute in this case would actually fall under the second paragraph of the above-quoted guidelines in the landmark case of Eastern Shipping Lines, which necessitates the imposition of interest at the rate of 6%, instead of the 12% imposed by the courts below. As to the rate of interest due thereon, however, the Court notes that the same should be reduced to 6% per annum considering the fact that the obligation involved herein does not partake of a loan or forbearance of money. **FEDERAL BUILDERS, INC. vs.** **FOUNDATION SPECIALISTS, INC., G.R. No. 194507, September 8, 2014, J. Peralta**

There are four instances when demand is not necessary to constitute the debtor in default: (1) when there is an express stipulation to that effect; (2) where the law so provides; (3) when the period is the controlling motive or the principal inducement for the creation of the obligation; and (4) where demand would be useless. In the first two paragraphs, it is not sufficient that the law or obligation fixes a date for performance; it must further state expressly that after the period lapses, default will commence.

Corollary thereto, Art. 2209 solidifies the consequence of payment of interest as an indemnity for damages when the obligor incurs in delay.

Art. 2209 is specifically applicable in this instance where: (1) the obligation is for a sum of money; (2) the debtor, Rivera, incurred in delay when he failed to pay on or before 31 Decem-ber 1995; and (3) the Promissory Note provides for an indemnity for damages upon default of Rivera which is the payment of a 5% monthly interest from the date of default. **RODRIGO RIVERA vs. SPOUSES SALVADOR CHUA AND VIOLETA S. CHUA, G.R. No. 184458 (consolidated), January 14, 2015, J. Perez**

**JOINT AND SOLIDARY OBLIGATION**

As previous ruled by the Court, “The well entrenched rule is that solidary obligations cannot be inferred lightly. They must be positively and clearly expressed. A liability is solidary ‘only when the obligation expressly so states, when the law so provides or when the nature of the obligation so requires.’” Respondent was not able to prove by a preponderance of evidence that petitioners' obligation to him was solidary. Hence, applicable to this case is the presumption under the law that the nature of the obligation herein can only be considered as joint. It is incumbent upon the party alleging otherwise to prove with a preponderance of evidence that petitioners' obligation under the loan contract is indeed solidary in character. **SPOUSES RODOLFO BEROT AND LILIA BEROT vs.** **FELIPE C. SIAPNO, G.R. No. 188944, July 9, 2014, CJ. Sereno**

 Solidary liability must be expressly stated. In the present case, the joint and several liability of Subic Water and OCWD was nowhere clear in the agreement. The agreement simply and plainly stated that Olongapo City and OCWD were only requesting Subic Water to be a co-maker, in view of its assumption of OCWD’s water operations. Under these circumstances, Olongapo City cannot proceed after Subic Water for OCWD’s unpaid obligations. The law explicitly states that solidary liability is not presumed and must be expressly provided for. Not being a surety, Subic Water is not an insurer of OCWD’s obligations under the compromise agreement. **OLONGAPO CITY vs. SUBIC WATER AND SEWERAGE CO., INC., G.R. No. 171626, August 6, 2014, J. Brion**

**EXTINGUISHMENT OF OBLIGATIONS**

**PAYMENT OR PERFORMANCE**

Article 1242 of the Civil Code is an exception to the rule that a valid payment of an obligation can only be made to the person to whom such obligation is rightfully owed. It contemplates a situation where a debtor pays a “possessor of credit” i.e., someone who is not the real creditor but appears, under the circumstances, to be the real creditor. In such scenario, the law considers the payment to the “possessor of credit” as valid even as against the real creditor taking into account the good faith of the debtor. Hence, NAPOCOR’s payment to Mangondato of the fees and indemnity due for the subject land as a consequence of the execution of Civil Case No. 605-92 and Civil Case No. 610-92 could still validly extinguish its obligation to pay for the same even as against the Ibrahims and Maruhoms. **NATIONAL POWER CORPORATION vs. LUCMAN M. IBRAHIM et al., G.R. No. 175863, February 18, 2015, J. Perez**

Payment: Although Article 1271 of the Civil Code provides for a legal presumption of renunciation of action (in cases where a private document evidencing a credit was voluntarily returned by the creditor to the debtor), this presumption is merely prima facie and is not conclusive; the presumption loses efficacy when faced with evidence to the contrary. The provision merely raises a presumption, not of payment, but of the renunciation of the creditwhere more convincing evidence would be required than what normally would be called for to prove payment.

Novation: In order to give novation legal effect, the creditor should consent to the substitution of a new debtor. Novation must be clearly and unequivocally shown, and cannot be presumed. **LEONARDO BOGNOT *vs.***  **RRI LENDING CORPORATION, REPRESENTED BY ITS GENERAL MANAGER, DARIO J. BERNARDEZ, G.R. No. 180144, September 24, 2014, J. Brion**

 It is settled that compliance with the requisites of a valid consignation is mandatory. Failure to comply strictly with any of the requisites will render the consignation void. One of these requisites is a valid prior tender of payment. In the instant case, the SC finds no cogent reason to depart from the findings of the CA and the RTC that Del Carmen and her co-heirs failed to make a prior valid tender of payment to Sabordo. **ELIZABETH DEL CARMEN vs. SPOUSES RESTITUTO SABORDO and MIMA MAHILUM-SABORDO, G.R. No. 181723, August 11, 2014, J. Peralta**

As a general rule, all obligations shall be paid in Philippine currency. However, the contracting parties may stipulate that foreign currencies may be used for settling obligations. This notwithstanding, the practice of a company of paying its sales agents in US dollars must be taken into consideration. **NETLINK COMPUTER INCORPORATED vs. ERIC DELMO, G.R No. 160827, June 18, 2014, J. Bersamin**

**LOSS OF THE THING DUE**

Relying  on  Article  1267  of  the  Civil  Code  to  justify  its  decision to pre-terminate its lease with respondent, petitioner invokes the 1997 Asian currency crisis as causing it much difficulty in meeting its obligations.  In Philippine National Construction Corporation v. CA, the Court held that the payment of lease rentals does not involve a prestation “to do” envisaged in Articles 1266 and 1267 which has been rendered  legally  or  physically  impossible  without  the  fault  of  the obligor-lessor.  Article 1267 speaks of a prestation involving service which has been rendered so difficult by unforeseen subsequent events as to be manifestly beyond the contemplation of the parties.  To be sure, the Asian currency crisis befell the region from July 1997 and for sometime thereafter, but petitioner cannot be permitted to blame its difficulties on the said regional economic phenomenon because it entered into the subject lease only on August 16, 2000, more than three years after it began, and by then petitioner had known what business risks it assumed when it opened a new shop in Iloilo City. **COMGLASCO CORPORATION/AGUILA GLASS** **vs.** **SANTOS CAR CHECK CENTER CORPORATION, G.R. No. 202989, March 25, 2015, J. Reyes**

**NOVATION**

Arco Pulp and Paper had an alternative obligation whereby it would either pay Dan T. Lim the value of the raw materials or deliver to him their finished products of equivalent value. When petitioner Arco Pulp and Paper tendered a check to Lim in partial payment for the scrap papers, they exercised their option to pay the price. This choice was also shown by the terms of the memorandum of agreement which declared in clear terms that the delivery of petitioner Arco Pulp and Paper’s finished products would be to a third person, thereby extinguishing the option to deliver the finished products of equivalent value to respondent. The trial court erroneously ruled that the execution of the memorandum of agreement constituted a novation of the contract between the parties. Novation extinguishes an obligation between two parties when there is a substitution of objects or debtors or when there is subrogation of the creditor. The consent of the creditor must be secured for the novation to be valid. In this case, Lim was not privy to the memorandum of agreement, thus, his conformity to the contract need not be secured. If the memorandum of agreement was intended to novate the original agreement between the parties, respondent must have first agreed to the substitution of Eric Sy as his new debtor. **ARCO PULP AND PAPER CO., INC. and CANDIDA A. SANTOS vs. DAN T. LIM, doing business under the name and style of QUALITY PAPERS & PLASTIC PRODUCTS ENTERPRISES, G.R. No. 206806, June 25, 2014, J. Leonen**

**NOVATION BY SUBROGATION**

By virtue of the Deed of Assignment, the assignee is deemed subrogated to the rights and obligations of the assignor and is bound by exactly the same conditions as those which bound the assignor. Accordingly, an assignee cannot acquire greater rights than those pertaining to the assignor. The general rule is that an assignee of a nonnegotiable chose in action acquires no greater right than what was possessed by his assignor and simply stands into the shoes of the latter.55 Applying the foregoing, the Court finds that MS Maxco, as the Trade Contractor, cannot assign or transfer any of its rights, obligations, or liabilities under the Trade Contract without the written consent of FBDC. **FORT BONIFACIO DEVELOPMENT CORPORATION vs. VALENTIN L. FONG., G.R. No. 209370, March 25, 2015, J. Perlas-Bernabe**

BCDA and SMLI have agreed to subject SMLI’s Original Proposal to Competitive Challenge.This agreement is the law between the contracting parties with which they are required to comply in good faith. Verily, it is BCDA’s subsequent unilateral cancellation of this perfected contract which this Court deemed to have been tainted with grave abuse of discretion. BCDA could not validly renege on its obligation to subject the unsolicited proposal to a competitive challenge in view of this perfected contract, and especially so after BCDA gave its assurance that it would respect the rights that accrued in SMLI’s favor arising from the same. **SM LAND, INC.** **vs.** **BASES CONVERSION AND DEVELOPMENT AUTHORITY AND ARNEL PACIANO D. CASANOVA, ESQ., IN HIS OFFICIAL CAPACITY AS PRESIDENT AND CEO OF BCDA, G.R. No. 203655, August 13, 2014, J. Velasco Jr.**

**GENERAL PROVISIONS**

**CONTRACTS**

**ESSENTIAL REQUISITES**

**CONSENT**

When a person was merely informed that she was convicted of an offense and that caused her to seek measures to avoid criminal liability, the contracts entered into by the said person cannot be considered executed under duress, threat or intimidation. Also, the threat to prosecute for estafa not being an unjust act, but rather a valid and legal act to enforce a claim, cannot at all be considered as intimidation. **SPOUSES VICTOR AND EDNA BINUA** **vs.** **LUCIA P. ONG, G.R. No. 207176, June 18, 2014, J. Reyes**

One who alleges any defect or the lack of a valid consent contract must establish the same by full, clear, and convincing evidence, not merely by preponderance of evidence. The rule is that he who alleges mistake affecting a transaction must substantiate his allegation, since it is presumed that a person takes ordinary care of his concerns and that private transactions have been fair and regular. Where mistake or error is alleged by parties who claim to have not had the benefit of a good education, as in this case, they must establish that their personal circumstances prevented them from giving their free, voluntary, and spontaneous consent to a contract. **SPOUSES FRANCISCO SIERRA (substituted by DONATO, TERESITA, TEODORA, LORENZA, LUCINA, IMELDA, VILMA, and MILAGROS SIERRA) and ANTONINA SANTOS, SPOUSES ROSARIO SIERRA and EUSEBIO CALUMA LEYVA, and SPOUSES SALOME SIERRA and FELIX GATLABAYAN (substituted by BUENA VENTURA, ELPIDIO, PAULINO, CATALINA, GREGORIO, and EDGARDO GATLABAYAN, LORETO REILLO, FERMINA PEREGRINA, and NIDA HASHIMOTO) vs.PAIC SAVINGS AND MORTGAGE BANK, INC., G.R. No. 197857, September 10, 2014, J. Perlas-Bernabe**

Petitioner questions the decision of the CA holding that it employed fraud to induce respondent to enter a contract with it. The SC ruled that though petitioner was guilty of fraud, such fraud however is not sufficient to nullify its contract with respondent. Jurisprudence has shown that in order to constitute fraud that provides basis to annul contracts, it must fulfill two conditions. First, the fraud must be dolo causante or it must be fraud in obtaining the consent of the party. This is referred to as causal fraud. Second, the fraud must be proven by clear and convincing evidence and not merely by a preponderance thereof. In the present case, respondent failed to prove that the misrepresentation made by petitioner was the causal consideration or the principal inducement which led her into buying her unit in the said condominium project. Such being the case, petitioner’s misrepresentation in its advertisements does not constitute causal fraud which would have been a valid basis in annulling the Contract to Sell between petitioner and respondent. **ECE REALTY AND DEVELOPMENT INC.** **vs.** **RACHEL G. MANDAP, G.R. No. 196182, September 1, 2014, J. Peralta**

The Deed of Absolute Sale executed by Avelina in favor of respondents was correctly nullified and voided by the RTC. Avelina was not in the right position to sell and transfer the absolute ownership of the subject property to respondents. As she was not the sole heir of Eulalio and her Affidavit of Self-Adjudication is void, the subject property is still subject to partition. Avelina, in fine, did not have the absolute ownership of the subject property but only an aliquot portion. It is apparent from the admissions of respondents and the records of this case that Avelina had no intention to transfer the ownership, of whatever extent, over the property to respondents. Hence, the Deed of Absolute Sale is nothing more than a simulated contract. **AVELINA ABARIENTOS REBUSQUILLO [substituted by her heirs, except Emelinda R. Gualvez] and SALVADOR A. OROSCO, vs. SPS. DOMINGO and EMELINDA REBUSQUILLO GUALVEZ and the CITY ASSESSOR OF LEGAZPI CITY, G.R. No. 204029, June 4, 2014, J. Velasco, Jr.**

**KINDS OF CONTRACTS**

**UNENFORCEABLE CONTRACTS**

Unenforceable contracts are those which cannot be enforced by a proper action in court, unless they are ratified, because either they are entered into without or in excess of authority or they do not comply with the statute of frauds or both of the contracting parties do not possess the required legal capacity. In the present case, however, respondents' predecessor-in-interest, Bernardino Taeza, had already obtained a transfer certificate of title in his name over the property in question. Since the person supposedly transferring ownership was not authorized to do so, the property had evidently been acquired by mistake. This case clearly falls under the category of unenforceable contracts mentioned in Article 1403, paragraph (1) of the Civil Code, which provides, thus: (1) Those entered into in the name of another person by one who has been given no authority or legal representation, or who has acted beyond his powers. **IGLESIA FILIPINA INDEPENDIENTE** **vs**. **HEIRS of BERNARDINO TAEZA, G.R. No. 179597, February 3, 2014, J. Peralta**

**RESCISSION**

Wellex and U-Land bound themselves to negotiate with each other within a 40-day period to enter into a share purchase agreement. If no share purchase agreement was entered into, both parties would be freed from their respective undertakings. For Article 1191 to be applicable, however, there must be reciprocal prestations as distinguished from mutual obligations between or among the parties. A prestation is the object of an obligation, and it is the conduct required by the parties to do or not to do, or to give. Parties may be mutually obligated to each other, but the prestations of these obligations are not necessarily reciprocal. The reciprocal prestations must necessarily emanate from the same cause that gave rise to the existence of the contract. U-Land correctly sought the principal relief of rescission or resolution under Article 1191. The obligations of the parties gave rise to reciprocal prestations, which arose from the same cause: the desire of both parties to enter into a share purchase agreement that would allow both parties to expand their respective airline operations in the Philippines and other neighboring countries. **THE WELLEX GROUP, INC. vs. U-LAND AIRLINES, CO., LTD., G.R. No. 167519. January 14, 2015, J. Leonen**

**SALES**

**ASSIGNMENT OF CREDIT**

The assignment of all contractual rights of an assignor in favor of an assignee relegates the former to the status of a mere stranger to the jural relations established under the contract to sell. **SPOUSES MICHELLE M. NOYNAY and NOEL S. NOYNAY *vs.* CITIHOMES BUILDER AND DEVELOPMENT, INC., G.R. No. 204160, September 22, 2014, J. Mendoza**

UCPB assigned accounts receivable to Primetown. Thereafter, Spouses filed a complaint against the latter for refund for payment. The court ruled that the agreement conveys the straightforward intention of Primetown to “sell, assign, transfer, convey and set over” to UCPB the receivables, rights, titles, interests and participation over the units covered by the contracts to sell. It explicitly excluded any and all liabilities and obligations, which Primetown assumed under the contracts to sell. In every case, the obligations between assignor and assignee will depend upon the judicial relation which is the basis of the assignment. An assignment will be construed in accordance with the rules of construction governing contracts generally, the primary object being always to ascertain and carry out the intention of the parties. This intention is to be derived from a consideration of the whole instrument, all parts of which should be given effect, and is to be sought in the words and language employed. **SPOUSES CHIN KONG WONG CHOI AND ANA O. CHUA vs. UNITED COCONUT PLANTERS BANK, G.R. No. 207747, March 11, 2015, J. Carpio**

**CONDITIONAL SALE**

It is essential to distinguish between a contract to sell and a conditional contract of sale specially in cases where the subject property is sold by the owner not to the party the seller contracted with, but to a third person. In a contract to sell, there being no previous sale of the property, a third person buying such property despite the fulfilment of the suspensive condition such as the full payment of the purchase price, for instance, cannot be deemed a buyer in bad faith and the prospective buyer cannot seek the relief of reconveyance of the property. There is no doublesale in such case. Title to the property will transfer to the buyer after registration because there is no defect in the owner-seller’s title per se, but the latter, of course, may be sued for damages by the intending buyer. **SPOUSES JOSE C. ROQUE AND BEATRICE DELA CRUZ ROQUE, ET AL vs. MA. PAMELA AGUADO, ET AL., G.R. No. 193787, April 7, 2014, J. Perlas- Bernabe**

**DELIVERY**

Under the Civil Code, the vendor is bound to transfer the ownership of and deliver, as well as warrant the thing which is the object of the sale. The ownership of thing sold is considered acquired by the vendee once it is delivered to him. Thus, ownership does not pass by mere stipulation but only by delivery.In the Law on Sales, delivery may be either actual or constructive, but both forms of delivery contemplate "the absolute giving up of the control and custody of the property on the part of the vendor, and the assumption of the same by the vendee." **NFF INDUSTRIAL CORPORATION vs**. **G & L ASSOCIATED BROKERAGE AND/OR GERARDO TRINIDAD, G.R. No. 178169, January 12, 2015, J. Peralta**

**PURCHASE IN GOOD FAITH**

While a third party may not be considered as innocent purchaser for value, he can still rightfully claim for actual and compensatory damages, considering that he did not join the other defendants in their efforts to frustrate plaintiffs’ rights over the disputed properties and who might well be an unwilling victim of the fraudulent scheme employed by the other defendants.

Nonetheless, even if when no bad faith can be ascribed to the parties alike, an equal footing of the parties necessarily tilts in favor of the superiority of the notice of levy and the constructive notice against the whole world which the original party to the contract of sale had produced and which effectively bound third persons. Thus, the latter has two options available: 1) they may exercise the right to appropriate after payment of indemnity representing the value of the improvements introduced and the necessary and useful expenses defrayed on the subject lots; or 2) they may forego payment of the said indemnity and instead, oblige the Saberons to pay the price of the land. **RAUL SABERON, JOAN F. SABERON and JACQUELINE SABERON vs. OSCAR VENTANILLA, JR., and CARMEN GLORIA D. VENTANILLA, G.R. No. 192669, April 21, 2014, J. Mendoza**

One is considered a buyer in bad faith not only when he purchases real estate with knowledge of a defect or lack of title in his seller but also when he has knowledge of facts which should have alerted him to conduct further inquiry or investigation, as Krystle Realty in this case. Further, as one asserting the status of a buyer in good faith and for value, it had the burden of proving such status, which goes beyond a mere invocation of the ordinary presumption of good faith.

The agreement of the parties to submit the determination of the genuineness of Domingo’s signature to a handwriting expert of the NBI does not, authorize the RTC to accept the findings of such expert.The opinion of a handwriting expert, therefore, does not mandatorily bind the court, the expert's function being to place before the court data upon which it can form its own opinion. **KRYSTLE REALTY DEVELOPMENT CORPORATION, rep. by CHAIRMAN OF THE BOARD, WILLIAM C. CU vs. DOMINGO ALIBIN, as substituted by his heirs, G.R. No. 196117/G.R. No. 196129, August 13, 2014, J. Perlas-Bernabe**

**SALE OF SAME THING/S TO DIFFERENT VENDEES**

The petitioner asserts that it has a better right of ownership over the disputed property in the case at bar by virtue of a Dacion En Pago. The Supreme Court ruled that the most prominent index of simulation is the complete absence of an attempt on the part of the vendee to assert his rights of ownership over the property in question. After the sale, the vendee should have entered the land and occupied the premises. **ORION SAVINGS BANKvs**. **SHIGEKANE SUZUKI, G.R. No. 205487, November 12, 2014, J. Brion**

**CONTRACT OF SALE**

Indeed, not being an heir of Luis, Romeo never acquired any right whatsoever over the subject lots even if he was able to subsequently obtain a title in his name. It is a well-settled principle that no one can give what one does not have, nemo dat quod non habet. One can sell only what one owns or is authorized to sell, and the buyer can acquire no more right than what the seller can transfer legally. **SKUNAC CORPORATION and ALFONSO F. ENRIQUEZ vs. ROBERTO S. SYLIANTENG and CAESAR S. SYLIANTENG, G.R. No. 205879, April 23, 2014, J. Peralta**

The primary consideration in determining the true nature of a contract is the intention of the parties. If the words of a contract appear to contravene the evident intention of the parties, the latter shall prevail. Such intention is determined not only from the express terms of their agreement, but also from the contemporaneous and subsequent acts of the parties.  Such that when the contract denominated as Resibo reveals that nothing therein suggests, even remotely, that the subject property was given to secure a monetary obligation but an intent to sell his share in the property, said contract is a contract of sale and not an equitable mortgage. **HEIRS OR REYNALDO DELA ROSA, Namely: TEOFISTA DELA ROSA, JOSEPHINE SANTIAGO AND JOSEPH DELA ROSA vs. MARIO A. BA TONGBACAL, IRENEO BATONGBACAL, JOCELYN BA TONGBACAL, NESTOR BATONGBACAL AND LOURDES BA TONGBACAL, G.R. No. 179205, July 30, 2014, J. Perez**

Unless all the co-owners have agreed to partition their property, none of them may sell a definite portion of the land. The co-owner may only sell his or her proportionate interest in the co-ownership. A contract of sale which purports to sell a specific or definite portion of unpartitioned land is null and void ab initio.

At best, the agreement between Juan and Henry is a contract to sell, not a contract of sale. A contract to sell is a promise to sell an object, subject to suspensive conditions. Without the fulfillment of these suspensive conditions, the sale does not operate to determine the obligation of the seller to deliver the object.

A co-owner could enter into a contract to sell a definite portion of the property. Such contract is still subject to the suspensive condition of the partition of the property, and that the other co-owners agree that the part subject of the contract to sell vests in favor of the co-owner’s buyer. Hence, the co-owners’ consent is an important factor for the sale to ripen. **JUAN P. CABRERA vs. HENRY YSAAC, G.R. No. 166790, November 19, 2014, J. Leonen**

**EARNEST MONEY**

In a potential sale transaction, the prior payment of earnest money even before the property owner can agree to sell his property is irregular, and cannot be used to bind the owner to the obligations of a seller under an otherwise perfected contract of sale; to cite a well-worn cliché, the carriage cannot be placed before the horse. Securitron’s sending of the February 4, 2005 letter to FORC which contains earnest money constitutes a mere reiteration of its original offer which was already rejected previously. FORC can never be made to push through a sale which they never agreed to in the first place. **FIRST OPTIMA REALTY CORPORATION vs. SECURITRON SECURITY  SERVICES, INC., G.R. No. 199648, January 28, 2015, J. Del Castillo**

**FORGERY**

Fermin filed a case for Annulment of Deed of Absolute Sale, Transfer Certificate of Title and Damages alleging that the signature of her father was forged. While the Court recognize that the technical nature of the procedure in examining forged documents calls for handwriting experts, resort to these experts is not mandatory or indispensable, because a finding of forgery does not depend entirely on their testimonies. Judges must also exercise independent judgment in determining the authenticity or genuineness of the signatures in question, and not rely merely on the testimonies of handwriting experts. **SERCONSISION R. MENDOZA vs.** **AURORA MENDOZA FERMIN, G.R. No. 177235, July 7, 2014, J.Peralta**

**RECISSION**

The failure of TSEI to pay the consideration for the sale of the subject property entitled the Sanchezes to rescind the Agreement. And in view of the finding that the intervenors acted in bad faith in purchasing the property, the subsequent transfer in their favor did not and cannot bar rescission. Contrary to the contention of BPI, although the case was originally an action for rescission, it became a direct attack on the title, certainly there is no indication that when the Sanchezes filed their complaint with the RTC they already knew of the existence of TCT 383697. **BANK OF THE PHILIPPINE ISLANDS vs. VICENTE VICTOR C. SANCHEZ ET AL./GENEROSO TULAGAN ET AL. vs. VICENTE VICTOR C. SANCHEZ ET AL./REYNALDO V. MANIWANG vs. VICENTE VICTOR C. SANCHEZ and FELISA GARCIA YAP, G.R. No. 179518, G.R. No. 179835, G.R. No. 179954, November 19, 2014, J. Velasco Jr.**

**EXTINGUISHMENT OF DEBT**

Cameron Grandville filed a motion for reconsideration for the April 10, 2013 decision of the Supreme Court. It argues that the right of Eagle Ridge Development to extinguish the obligation has already lapsed. However, the Court in resolving this case stated that nder the circumstances of this case, the 30-day period under Article 1634 within which Eagle Ridge Developments could exercise their right to extinguish their debt should begin to run only from the time they were informed of the actual price paid by the assignee for the transfer of their debt. **EAGLE RIDGE DEVELOPMENT CORPORATION, MARCELO N. NAVAL and CRISPIN I. OBEN vs. CAMERON GRANVILLE 3 ASSET MANAGEMENT, INC., G.R. No. 204700, November 24, 2014, J. Leonen**

**P.D. 957**

**THE SUBDIVISION AND CONDOMINIUM BUYERS' PROTECTIVE DECREE**

In this case, the contract to sell between Rotairo and Ignacio & Company was entered into in 1970, and the agreement was fully consummated with Rotairo’s completion of payments and the execution of the Deed of Sale in his favor in 1979. Clearly, P.D. No. 957 (Sale of Subdivision Lots and Condominiums) is applicable in this case.

It was error for the CA to rule that the retroactive application of P.D. No. 957 is “warranted only where the subdivision is mortgaged after buyers have purchased individual lots.” According to the CA, the purpose of Sec. 18 requiring notice of the mortgage to the buyers is to give the buyer the option to pay the installments directly to the mortgagee; hence, if the subdivision is mortgaged before the lots are sold, then there are no buyers to notify. What the CA overlooked is that Sec. 21 requires the owner or developer of the subdivision project to complete compliance with its obliga-tions within two years from 1976. The two-year compliance provides the developer the opportunity to comply with its obligation to notify the buyers of the existence of the mortgage, and conse-quently, for the latter to exercise their option to pay the installments directly to the mortgagee. **AMBROSIO ROTAIRO (SUBSTITUTED BY HIS SPOUSE MARIA RONSAYRO ROTAIRO, AND HIS CHILDREN FELINA ROTAIRO, ERLINDA ROTAIRO CRUZ, EUDOSIA ROTAIRO CRIZALDO, NIEVES ROTAIRO TUBIG, REMEDIOS ROTAIRO MACAHILIG, FELISA ROTAIRO TORREVILLAS, AND CRISENCIO R. ROTAIRO, MARCIANA TIBAY, EUGENIO PUNZALAN, AND VICENTE DEL ROSARIO vs. ROVIRA ALCANTARA AND VICTOR ALCANTARA, G.R. No. 173632, September 29, 2014, J. Reyes**

**SUCCESSION**

**GENERAL PROVISIONS**

It is hornbook doctrine that successional rights are vested only at the time of death. Article 777 of the New Civil Code provides that "the rights to the succession are transmitted from the moment of the death of the decedent. Thus, in this case, it is only upon the death of Pedro Calalang on December 27, 1989 that his heirs acquired their respective inheritances, entitling them to their pro indiviso shares to his whole estate. At the time of the sale of the disputed property, the rights to the succession were not yet bestowed upon the heirs of Pedro Calalang. And absent clear and convincing evidence that the sale was fraudulent or not duly supported by valuable consideration (in effect an officious donation inter vivos), the respondents have no right to question the sale of the disputed property on the ground that their father deprived them of their respective shares. Well to remember, fraud must be established by clear and convincing evidence. **NORA B. CALALANG-PARULAN and ELVIRA B. CALALANG vs. ROSARIO CALALANG-GARCIA, LEONORA CALALANG-SABILE, and CARLITO S. CALALANG, G.R. No. 184148, June 9, 2014, J. Villarama, Jr.**

**PROVISIONS COMMON TO TESTATE AND INTESTATE SUCCESSION**

Partition is the separation, division and assignment of a thing held in common among those to whom it may belong. Every act which is intended to put an end to indivision among co-heirs and legatees or devisees is deemed to be a partition. Partition may be inferred from circumstances sufficiently strong to support the presumption. Thus, after a long possession in severalty, a deed of partition may be presumed. The evidence presented by the parties indubitably show that, after the death of Alipio, his heirs – Eusebio, Espedita and Jose Bangi – had orally partitioned his estate, including the subject property, which was assigned to Eusebio. Accordingly, considering that Eusebio already owned the subject property at the time he sold the one-third portion thereof. **SPOUSES DOMINADOR MARCOS and GLORIA MARCOS, vs. HEIRS OF ISIDRO BANGI and GENOVEVA DICCION, represented by NOLITO SABIANO, G.R. No. 185745, October 15, 2014, J. Reyes**

**AGENCY**

**SPECIAL POWER OF ATTORNEY**

According to Article 1990 of the New Civil Code, insofar as third persons are concerned, an act is deemed to have been performed within the scope of the agent's authority, if such act is within the terms of the power of attorney, as written. In this case, Spouses Rabaja did not recklessly enter into a contract to sell with Gonzales. They required her presentation of the power of attorney before they transacted with her principal. And when Gonzales presented the SPA to Spouses Rabaja, the latter had no reason not to rely on it. **SPOUSES ROLANDO AND HERMINIA SALVADOR vs. SPOUSES ROGELIO AND ELIZABETH RABAJA AND ROSARIO GONZALES, G.R. No. 199990, February 04, 2015, J. Mendoza**

**TRUST**

**IMPLIED TRUST**

The Court is in conformity with the finding of the trial court that an implied resulting trust was created as provided under the first sentence of Article 1448which is sometimes referred to as a purchase money resulting trust, the elements of which are: (a) an actual payment of money, property or services, or an equivalent, constituting valuable consideration; and (b) such consideration must be furnished by the alleged beneficiary of a resulting trust. In this case, the petitioners have shown that the two elements are present. Luis, Sr. was merely a trustee of Juan Tong and the petitioners in relation to the subject property, and it was Juan Tong who provided the money for the purchase of Lot 998 but the corresponding transfer certificate of title was placed in the name of Luis, Sr. **JOSE JUAN TONG, ET AL.vs.GO TIAT KUN, ET AL., G.R. No. 196023, April 21, 2014**, **J.Reyes**

**CREDIT TRANSACTIONS**

**LOAN**

**INTEREST RATE**

Lim argues that legal interest in accordance with the case of Eastern Shipping must also be awarded. The rules on legal interest in Eastern Shipping have, however, been recently modified by Nacar in accordance with Bangko Sentral ng Pilipinas Monetary Board (BSP-MB) Circular No. 799, which became effective on July 1, 2013. Pertinently, it amended the rate of legal interest in judgments from 12% to 6% per annum, with the qualification that the new rate be applied prospectively. Thus, the 12% per annum legal interest in judgments under Eastern Shipping shall apply only until June 30, 2013, and the new rate of 6% per annum shall be applied from July 1, 2013 onwards. **CONRADO A. LIM vs.** **HMR PHILIPPINES, INC., TERESA SANTOS-CASTRO, HENRY BUNAG AND NELSON CAMILLER, G.R. No. 201483, August 04, 2014, J. Mendoza**

There is no doubt that ECE incurred in delay in delivering the subject condominium unit, for which reason the trial court was justified in awarding interest to Hernandez from the filing of his complaint. There being no stipulation as to interest, under Article 2209 the imposable rate is six percent (6%) by way of damages. Section 1 of Resolution No. 796 of the Monetary Board of the Bangko Sentral ng Pilipinas dated May 16, 2013 provides: "The rate of interest for the loan or forbearance of any money, goods or credits and the rate allowed in judgments, in the absence of an express contract as to such rate of interest, shall be six percent (6%) per annum." Thus, the rate of interest to be imposed from finality of judgments is now back at six percent (6%), the rate provided in Article 2209 of the Civil Code. **ECE REALTY and DEVELOPMENT, INC. vs. HAYDYN HERNANDEZ, G.R. No. 212689, August 6, 2014, J. Reyes**

It is jurisprudential axiom that a foreclosure sale arising from a usurious mortgage cannot be given legal effect. This Court has previously struck down a foreclosure sale where the amount declared as mortgage indebtedness involved excessive, unreasonable, and unconscionable interest charges. In no uncertain terms, this Court ruled that a mortgagor cannot be legally compelled to pay for a grossly inflated loan.In the case at bar, the unlawful interest charge which led to the amount demandedwill result to the invalidity of the subsequent foreclosure sale. **ANCHOR SAVINGS BANK vs. PINZMAN REALTY AND DEVELOPMENT CORPORATION, MARYLIN MANALAC AND RENATO GONZALES, G.R. No. 192304, August 13, 2014, J. Villarama Jr.**

When a person granted an unsecured loan without a maturity date in favor of a corporation and its president and general manager (who is a lawyer) without reducing the loan transaction in writing, the creditor cannot enforce payment of 6% monthly interest. The payments of the debtor to the creditor must be considered as payment of the principal amount of the loan because Article 1956 was not complied with. In addition, even if the interest was in writing, it cannot be collected because it is unconscionable. **ROLANDO C. DE LA PAZ vs. L & J DEVELOPMENT COMPANY, G.R. No. 183360, September 8, 2014, J. Del Castillo**

Monetary interest refers to the compensation set by the parties for the use or forbearance of money.” No such interest shall be due unless it has been expressly stipulated in writing. “On the other hand, compensatory interest refers to the penalty or indemnity for damages imposed by law or by the courts.This being the case and judging from the tenor of the CA, there can be no other conclusion than that the interest imposed by the appellate-court is in the nature of compensatory interest. **SUN LIFE OF CANADA (PHILIPPINES), INC. vs. SANDRA TAN KIT and The Estate of the Deceased NORBERTO TAN KIT, G.R. No. 183272, October 15, 2014, J.Del Castillo**

The compounding of interest should be in writing. Article 1956 of the New Civil Code, which refers to monetary interest provides that No interest shall be due unless it has been expressly stipulated in writing. As mandated by the foregoing provision, payment of monetary interest shall be due only if: (1) there was an express stipulation for the payment of interest; and (2) the agreement for such payment was reduced in writing.

The imposition of an unconscionable rate of interest on a money debt, even if knowingly and voluntarily assumed, is immoral and unjust.

In the case at bar, it is undisputed that the parties have agreed for the loan to earn 5% monthly interest, the stipulation to that effect put in writing. When the petitioners defaulted, the period for payment was extended, carrying over the terms of the original loan agreement, including the 5% simple interest. However, by the third extension of the loan, respondent spouses decided to alter the agreement by changing the manner of earning interest rate, compounding it beginning June 1986. This is apparent from the Statement of Account prepared by the spouses Embisan themselves. Thus, Spouses Embisan, having imposed, unilaterally at that, the compounded interest rate, had the correlative duty of clarifying and reducing in writing how the said interest shall be earned. Having failed to do so, the silence of the agreement on the manner of earning interest is a valid argument for prohibiting them from charging interest at a compounded rate. **SPOUSES TAGUMPAY N. ALBOS AND AIDA C. ALBOS** **vs.** **SPOUSES NESTOR M. EMBISAN AND ILUMINADA A. EMBISAN, DEPUTY SHERIFF MARINO V. CACHERO, AND THE REGISTER OF DEEDS OF QUEZON CITY, G.R. No. 210831, November 26, 2014, J. Velasco Jr.**

**CONTRACT OF LOAN**

The agreement between PNB and [Spouses Tajonera] was one of a loan. Under the law, a loan requires the delivery of money or any other consumable object by one party to another who acquires ownership thereof, on the condition that the same amount or quality shall be paid. Loan is a reciprocal obligation, as it arises from the same cause where one party is the creditor, and the other the debtor. The obligation of one party in a reciprocal obligation is dependent upon the obligation of the other, and the performance should ideally be simultaneous. This means that in a loan, the creditor should release the full loan amount and the debtor repays it when it becomes due and demandable.

PNB, not having released the balance of the last loan proceeds in accordance with the 3rd Amendment had no right to demand from [Spouses Tajonera’s] compliance with their own obligation under the loan. Indeed, if a party in a reciprocal contract like a loan does not perform its obligation, the other party cannot be obliged to perform what is expected of them while the other's obligation remains unfulfilled. **PHILIPPINE NATIONAL BANK vs. SPOUSES EDUARDO AND MA. ROSARIO TAJONERA AND EDUAROSA REALTY DEVELOPMENT, INC., G.R. No. 195889, September 24, 2014, J. Mendoza**

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**CHECKS**

The Court holds that there was indeed a contract of loan between the petitioners and respondent. The signatures of the petitioners were present on both the PNB checks and the cash disbursement vouchers. The checks were also made payable to the order of the petitioners.The Court pointed out that a check functions more than a promissory note since it not only contains an undertaking to pay an amount of money but is an "order addressed to a bank and partakes of a representation that the drawer has funds on deposit against which the check is drawn, sufficient to ensure payment upon its presentation to the bank." **NEIL B. AGUILAR AND RUBEN CALIMBAS vs. LIGHTBRINGERS CREDIT COOPERATIVE, G.R. No. 209605, January 12, 2015, J. Mendoza**

**MORTGAGE**

**EQUITABLE MORTGAGE**

A transaction is deemed to be an equitable mortgage, not an absolute sale, when a party have remained in possession of the subject property and exercised acts of ownership over the lot even after the purported absolute sale and it could be gleaned from the intention of the parties that the transaction is intended secure the payment of a debt. **SPS. FELIPE SOLITARIOS and JULIA TORDA vs. SPS. GASTON JAQUE and LILIA JAQUE, G.R. No. 199852, November 12, 2014, J. Velasco, Jr.**

**REAL ESTATE MORTGAGE**

The Amendment of Real Estate Mortgage constituted by Jose Sr. over the entire property without his co-owners' consent is not necessarily void in its entirety. The right of the PNB as mortgagee is limited though only to the portion which may be allotted to Jose Sr. in the event of a division and liquidation of the subject property. Registration of a property alone in the name of one spouse does not destroy its conjugal nature. What is material is the time when the property was acquired. **PHILIPPINE NATIONAL BANK vs. JOSE GARCIA and CHILDREN et al., G.R. No. 182839, June 2, 2014, J. Brion**

When a bank relied on a forged SPA, it has the burden to prove its authenticity and due execution as when there is a defect in the notarization of a document, the clear and convincing evidentiary standard normally attached to a duly-notarized document is dispensed with, and the measure to test the validity of such document is preponderance of evidence.

However, where a mortgage is not valid due to a forged SPA, the principal obligation which it guarantees is not thereby rendered null and void. What is lost is merely the right to foreclose the mortgage as a special remedy for satisfying or settling the indebtedness which is the principal obligation. In case of nullity, the mortgage deed remains as evidence or proof of a personal obligation of the debtor and the amount due to the creditor may be enforced in an ordinary action.

The partial invalidity of the subject real estate mortgage brought about by the forged status of the subject SPA would not, therefore, result into the partial invalidation of the loan obligation principally entered into by the parties; thus, absent any cogent reason to hold otherwise, the need for the recomputation of said loan obligation should be dispensed with. **RURAL BANK OF CABADBARAN, INC. vs. JORGITA A. MELECIO-YAP, LILIA MELECIO PACIFICO (deceased, substituted by her only child ERILL\*ISAAC M. PACIFICO, JR.), REYNALDO A. MELECIO DELOSO, and SARAH MELECIO PALMA-GIL, G.R. No. 178451, July 30, 2014, J. Perlas-Bernabe**

In a real estate mortgage, allegations of forgery, like all other allegations, must be proved by clear, positive, and convincing evidence by the party alleging it. But even if there is variation on the date of issuance of the Community Tax Certificate (CTC) as indicated on the notarization of the alleged SPA and on the day it was actually secured, such defect in the SPA does not automatically render it invalid. Defective notarization will simply strip the document of its public character and reduce it to a private instrument, but nonetheless, binding, provided its validity is established by preponderance of evidence.

The law requires that the form of a contract that transmits or extinguishes real rights over immovable property should be in a public document, yet the failure to observe the proper form does not render the transaction invalid. The necessity of a public document for said contracts is only for convenience; it is not essential for validity or enforceability. **LEONARDO C. CASTILLO, represented by LENNARD V. CASTILLO vs. SECURITY BANK CORPORATION, JRC POULTRY FARMS or SPOUSES LEON C. CASTILLO, JR., and TERESITA FLORESCASTILLO, G.R. No. 196118, July 30, 2014, J. Peralta**

The effect of the failure of Apolinario Cruz, the predecessor-in-interest of Rolando Robles, petitioner to this case, to obtain the judicial confirmation was only to prevent the title to the property from being transferred to him. For sure, such failure did not give rise to any right in favor of the mortgagor or the respondents as his successors-in-interest to take back the property already validly sold through public auction. Nor did such failure invalidate the foreclosure proceedings. To maintain otherwise would render nugatory the judicial foreclosure and foreclosure sale, thus unduly disturbing judicial stability. **ROLANDO ROBLES, REPRESENTED BY ATTY. CLARA C. ESPIRITU *vs.* FERNANDO FIDEL YAPCINCO, PATROCINIO B. YAPCINCO, MARIA CORAZON B. YAPCINCO, and MARIA ASUNCION B. YAPCINCO-FRONDA, G.R. No. 169569, October 22, 2014, J. Bersamin**

Yanson, as a transferee or successor-in-interest of PNB by virtue of the contract of sale between them, is considered to have stepped into the shoes of PNB. As such, he is necessarily entitled to avail of the provisions of Section 7 of Act No. 3135. Verily, one of the rights that PNB acquired as purchaser of the subject properties at the public auction sale, which it could validly convey by way of its subsequent sale of the same to respondent, is the availment of a writ of possession.  This can be deduced from the stipulation that “[t]he [v]endee further agrees to undertake, at xxx his expense, the ejectment of any occupant of the [p]roperty.”  Accordingly, Yanson filed the contentious ex parte motion for a writ of possession to eject Spouses Gatuslao therefrom and take possession of the subject properties.

Further, respondent may rightfully take possession of the subject properties through a writ of possession, even if he was not the actual buyer thereof at the public auction sale, in consonance with the Court’s ruling in Ermitaño v. Paglas. The Court ruled that after the expiration of the redemption period without redemption having been made by petitioner, respondent became the owner thereof and consolidation of title becomes a right.  Being already then the owner, respondent became entitled to possession. Petitioner already lost his possessory right over the property after the expiration of the said period. **SPOUSES JOSE O. GATUSLAO AND ERMILA LEONILA LIMSIACO-GATUSLAO**  **vs.** **LEO RAY V. YANSON**, **G.R. No. 191540, January 21, 2015, J. Del Castillo**

In an extrajudicial foreclosure of a real estate mortgage, failure to comply with the publication requirement by the mortgagee brought by the failure of its lawyer to make an effort to inquire as to whether the Oriental Daily Examiner was indeed a newspaper of general circulation, as required by law, and as a result, the mortgagee became the sole bidder, will invalidate the notice and render the sale voidable.The principal object of a notice of sale in a foreclosure of mortgage is to notify the mortgagor and to inform the public generally of the nature and condition of the property to be sold, and of the time, place, and terms of the sale.  These are given to secure bidders and prevent a sacrifice of the property.  **ATTY. LEO N. CAUBANG vs. JESUS G. CRISOLOGO AND NANETTE B. CRISOLOGO, G.R. No. 174581, February 04, 2015, J. Peralta**

**EXTRA JUDICIAL FORECLOSURE**

In an extra-judicial foreclosure of registered land acquired under a free patent, the mortgagor may redeem the property within two (2) years from the date of foreclosure if the land is mortgaged to a rural bank under Republic Act No. (RA) 720, as amended, otherwise known as the Rural Banks Act, or within one (1) year from the registration of the certificate of sale if the land is mortgaged to parties other than rural banks pursuant to Act No. 3135. If the mortgagor fails to exercise such right, he or his heirs may still repurchase the property within five (5) years from the expiration of the redemption period pursuant to Section 119 of the Public Land Act. The RTC and CA both correctly ruled that Sps. Guevarra’s right to repurchase the subject property had not yet expired when Cadastral Case No. 122 was filed on September 8, 2005. **SPOUSES RODOLFO and MARCELINA GUEVARRA vs. THE COMMONER LENDING CORPORATION, INC., G.R. No. 204672, J. Perlas-Bernabe**

The insolvency court has exclusive jurisdiction to deal with the property of the insolvent. Consequently, after the mortgagor-debtor has been declared insolvent and the insolvency court has acquired control of his estate, a mortgagee may not, without the permission of the insolvency court, institute proceedings to enforce its lien. **METROPOLITAN BANK AND TRUST COMPANY vs. S.F. NAGUIAT ENTERPRISES, INC., G.R. No. 178407, March 18, 2015, J. Leonen**

**REDEMPTION**

An insufficient sum was tendered by the Spouses Dizon during the redemption period. Whether the total redemption price is PhP 251,849.77 as stated in the Petition for Review, or PhP 232,904.60 as stated in the Bank’s Motion for Reconsideration of the CA Decision, or PhP 428,019.16 as stated in its Appellant’s Brief, is immaterial. What cannot be denied is that the amount of PhP 90,000.00 paid by the Spouses Dizon during the redemption period is less than half of PhP 181,956.72 paid by the Bank at the extrajudicial foreclosure sale... If only to prove their willingness and ability to pay, the Spouses Dizon could have tendered a redemption price that they believe as the correct amount or consigned the same. Seventeen long years passed since the filing of the complaint but they did not do either. Indeed, they manifestly failed to show good faith.

The Spouses Dizon’s own evidence show that, after payment of PhP 90,000.00, the earliest date they exerted a semblance of effort to re-acquire the subject property was on October 15, 1996. Apart from being way too late, the tender was not accompanied by the remaining balance of the redemption price. The same is true with respect to their letter dated February 27, 1998, wherein they were still making proposals to the Bank. The court’s intervention was resorted to only on April 3, 1998 after the redemption period expired on October 18, 1994, making it too obvious that such recourse was merely a delayed afterthought to recover a right already lost. **GE MONEY BANK, INC. (FORMERLY KEPPEL BANK PHILIPPINES) vs. SPOUSES VICTORINO M. DIZON AND ROSALINA L. DIZON, G.R. No. 184301, March 23, 2015, J. Peralta**

**SURETY**

In suretyship, the oft-repeated rule is that a surety’s liability is joint and solidary with that of the principal debtor. This undertaking makes a surety agreement an ancillary contract, as it presupposes the existence of a principal contract. Nevertheless, although the contract of a surety is in essence secondary only to a valid principal obligation, its liability to the creditor or "promise" of the principal is said to be direct, primary and absolute; in other words, a surety is directly and equally bound with the principal. He becomes liable for the debt and duty of the principal obligor, even without possessing a direct or personal interest in the obligations constituted by the latter. Thus, a surety is not entitled to a separate notice of default or to the benefit of excussion. It may in fact be sued separately or together with the principal debtor.

After a thorough examination of the pieces of evidence presented by both parties, the RTC found that Gilathad delivered all the goods to One Virtual and installed them. Despite these compliances, One Virtual still failed to pay its obligation, triggering UCPB’s liability to Gilat as the former’s surety. In other words, the failure of One Virtual, as the principal debtor, to fulfill its monetary obligation to Gilat gave the latter an immediate right to pursue UCPB as the surety. **GILAT SATELLITE NETWORKS, LTD vs. UNITED COCONUT PLANTERS BANK GENERAL INSURANCE CO., INC., G.R. No. 189563, April 7, 2014, CJ. Sereno**

The liabilities of an insurer under the surety bond are not extinguished when the modifications in the principal contract do not substantially or materially alter the principal's obligations. The surety is jointly and severally liable with its principal when the latter defaults from its obligations under the principal contract. On the basis of petitioner’s own admissions, the principal contract of the suretyship is the signed agreement. The surety, therefore, is presumed to have acquiesced to the terms and conditions embodied in the principal contract when it issued its surety bond. **PEOPLE'S TRANS-EAST ASIA INSURANCE CORPORATION, a.k.a. PEOPLE'S GENERAL INSURANCE CORPORATION vs. DOCTORS OF NEW MILLENNIUM HOLDINGS, INC., G.R. No. 172404, August 13, 2014, J. Leonen**

Verily, in a contract of suretyship, one lends his credit by joining in the principal debtor’s obligation so as to render himself directly and primarily responsible with him, and without reference to the solvency of the principal. Thus, execution pending appeal against NSSC means that the same course of action is warranted against its surety, CGAC. The same reason stands for CGAC’s other principal, Orimaco, who was determined to have permanently left the country with his family to evade execution of any judgment against him. **CENTENNIAL GUARANTEE ASSURANCE CORPORATION vs. UNIVERSAL MOTORS CORPORATION, RODRIGO T. JANEO, JR., GERARDO GELLE, NISSAN CAGAYAN DE ORO DISTRIBUTORS, INC., JEFFERSON U. ROLIDA, and PETER YAP, G.R. No. 189358, October 8, 2014, J. Perrlas-Bernabe**

Mallari was administratively charged due to the fact the he approved surety bond in favor of ECOBEL without consideration of the policies by GSIS. The court finds substantial evidence to prove Mallari’s administrative liability. The Court notes that irregularities, defects and infirmities attended the processing, approval, issuance, and the actual drawdown of the US$10,000,000.00 ECOBEL bond in which Mallari actively participated. In a letter, dated September 13, 2002, to the FFIB, Mr. Reynaldo R. Nograles, OIC-Office of the President, Internal Audit Service, GSIS, attached a copy of the excerpts from the Final Report on the GSIS Audit of Underwriting Departments. Said Audit Report found that: there was non-adherence to existing policies/SOPs in the processing and release of the Ecobel Land, Inc. guaranty payment bond, as well as non-adherence to GSIS GIG’s business policy statement on survey, inspection or assessment of risks/properties to be insured including re-inspection and survey of insured properties. **OFFICE OF THE OMBUDSMAN**, **vs.** **AMALIO A. MALLARI, G.R. No. 183161, December 03, 2014, J. Mendoza**

“A surety is considered in law as being the same party as the debtor in relation to whatever is adjudged touching the obligation of the latter, and their liabilities are interwoven as to be inseparable.” And it is well settled that when the obligor or obligors undertake to be “jointly and severally” liable, it means that the obligation is solidary, as in this case. **YULIM INTERNATIONAL COMPANY LTD., JAMES YU, JONATHAN YU, and ALMERICK TIENG LIM vs. INTERNATIONAL EXCHANGE BANK (now Union Bank of the Philippines), G.R. No. 203133, February 18, 2015, J. Reyes**

**PLEDGE**

**PACTUM COMMISSORIUM**

Petitioner assails the decision of the CA ruling that Section 8.02 of the ARD does not constitute pactum commissorium, on the ground that since the ARDA and the Pledge Agreement are entirely separate and distinct contract and that neither contract contains both elements of pactum commissorium: the ARDA solely has the second element, while the Pledge Agreement only has the first element, such provision cannot be considered as one of pactum commissorium. The SC however ruled that the agreement of the parties may be embodied in only one contract or in two or more separate writings. In case of the latter, the writings of the parties should be read and interpreted together in sucha way as to render their intention effective. The ARDA and the Pledge Agreement herein, although executed in separate written instruments, are integral to one another. It was the intention of the parties to enter into and execute both contracts for a complete effectuation of their agreement. **PHILNICO INDUSTRIAL CORPORATION vs. PRIVATIZATION AND MANAGEMENT OFFICE, G.R. No. 199420, August 27, 2014, J. Leonardo-De Castro**

**LEASE**

Under Article 1715 of the Civil Code, if the work of a contractor has defects which destroy or lessen its value or fitness for its ordinary or stipulated use, he may be required to remove the defect or execute another work. If he fails to do so, he shall be liable for the expenses by the employer for the correction of the work. In the case at bar, Mackay was given the opportunity to rectify his work. Subsequent to Zameco II’s disapproval to supply the spouses Caswell electricity for several reasons, credence must be given to the latter’s claim that they looked for said Mackay to demand a rectification of the work, but said Mackay and his group were nowhere to be found. **OWEN PROSPER A. MACKAY *vs.* SPOUSES DANA CASWELL AND CERELINA CASWELL, G.R. No. 183872, November 17, 2014, J. Del Castillo**

By virtue of Republic Act No. 3844, the sharing of the harvest in proportion to the respective contributions of the landholder and tenant (share tenancy) was abolished. Hence, to date, the only permissible system of agricultural tenancy is leasehold tenancy, a relationship wherein a fixed consideration is paid instead of proportionately sharing the harvest as in share tenancy. Its elements are: (1) the object of the contract or the relationship is an agricultural land that is leased or rented for the purpose of agricultural production; (2) the size of the landholding is such that it is susceptible of personal cultivation by a single person with the assistance of the members of his immediate farm household; (3) the tenant-lessee must actually and personally till, cultivate or operate the land, solely or with the aid of labor from his immediate farm household; and (4) the landlord-lessor, who is either the lawful owner or the legal possessor of the land, leases the same to the tenant-lessee for a price certain or ascertainable either in an amount of money or produce. In the case at bar, there is no doubt that a land with a total area of 7.9 hectares were susceptible of cultivation by a single person with the help of the members of his immediate farm household. Also, one’s knowledge of and familiarity with the landholding, its production and the instances when the landholding was struck by drought definitely established that the lessee personally cultivated the land. Moreover, the fact that an agricultural lessee has a regular employment does not render his ability to farm physically impossible. **MANUEL JUSAYAN,ALFREDO JUSAYAN, AND MICHAEL JUSAYAN** **vs**. **JORGE SOMBILLA, G.R. No. 163928, January 21, 2015, J. Bersamin**

New World and AMA entered into a lease agreement whereby New World agreed to lease to AMA its commercial building located in Manila. AMA failed to pay its rentals citing financial losses. AMA then preterminated the 8 year lease agreement and demanded the refund of its security deposit and advance rentals. It also prayed that its liabilities be reduced on account of its financial difficulties. The Supreme Court ruled that in the sphere of personal and contractual relations governed by laws, rules and regulations created to promote justice and fairness, equity is deserved, not demanded. The application of equity necessitates a balancing of the equities involved in a case, for “[h]e who seeks equity must do equity, and he who comes into equity must come with clean hands.” Persons in dire straits are never justified in trampling on other persons’ rights. Litigants shall be denied relief if their conduct has been inequitable, unfair and dishonest as to the controversy in issue. The actions of AMA smack of bad faith. **NEW WORLD DEVELOPERS AND MANAGEMENT INC. vs. AMA COMPUTER LEARNING CENTER INC., G.R. Nos. 187930 & 188250, February 23, 2015, C.J. Sereno**

**LAND, TITLES AND DEEDS**

**TORRENS TITLE**

The settled rule is that a free patent issued over a private land is null and void, and produces no legal effects whatsoever. Private ownership of land – as when there is a prima facie proof of ownership like a duly registered possessory information or a clear showing of open, continuous, exclusive, and notorious possession, by present or previous occupants – is not affected by the issuance of a free patent over the same land, because the Public Land Law applies only to lands of the public domain. Lot No. 18563, not being land of the public domain as it was already owned by Aznar Brothers, was no longer subject to the free patent issued to the Spouses Ybañez. **AZNAR BROTHERS REALTY COMPANY** **vs.** **SPOUSES JOSE AND MAGDALENA YBAÑEZ, G.R. No. 161380, April 21, 2014, J. Bersamin**

It cannot be argued that Dolores had already acquired a vested right over the subject property when the NHA recognized her as the censused owner by assigning to her a tag number TAG No. 77-0063. While it is true that NHA recognizes Dolores as the censused owner of the structure built on the lot, the issuance of the tag number is not a guarantee for lot allocation. The census, tagging, and Dolores’ petition, did not vest upon her a legal title to the lot she was occupying, but a mere expectancy that the lot will be awarded to her. The expectancy did not ripen into a legal title when the NHA, informed her that her petition for the award of the lot was denied. **DOLORES CAMPOS vs. DOMINADOR ORTEGA, SR. AND JAMES SILOS, G.R. No. 171286, June 02, 2014, J. Peralta**

In reconstitution proceedings, the Court has repeatedly ruled that before jurisdiction over the case can be validly acquired, it is a condition sine quo non that the certificate of title has not been issued to another person. If a certificate of title has not been lost but is in fact in the possession of another person, the reconstituted title is void and the court rendering the decision has not acquired jurisdiction over the petition for issuance of new title. In the case at bench, the CA found that the RTC lacked jurisdiction to order the reconstitution of the original copy of TCT No. 301617, there being no lost or destroyed title over the real property, the respondent having duly proved that TCT No. 301617 was in the name of a different owner, Florendo, and the technical description appearing on that TCT No. 301617 was similar to the technical description appearing in Lot 939, Piedad Estate covered by TCT No. RT-55869 (42532) in the name of Antonino. **VERGEL PAULINO AND CIREMIA PAULINO vs. COURT OF APPEALS AND REPUBLIC OF THE PHILIPPINES, represented by the ADMINISTRATOR of the LAND REGISTRATION AUTHORITY, G.R. No. 205065, June 4, 2014, J. Mendoza**

Where the authority to proceed is conferred by a statute and the manner of obtaining jurisdiction is mandatory, the same must be strictly complied with, or the proceedings will be void. For non-compliance with the actual notice requirement to all other persons who may have interest in the property, in this case the registered owners and/or their heirs, in accordance with Section 13 in relation to Section 12 of RA 26, the trial court did not acquire jurisdiction over L.R.A. The proceedings therein were therefore a nullity and the Decision was void. **REPUBLIC OF THE PHILIPPINES vs. FRANKLIN M. MILLADO, G.R. No. 194066, June 4, 2014, J. Villarama, Jr.**

Further strong proofs that the properties in question are the paraphernal properties of a spouse are the very Torrens Titles covering said properties.

The phrase “Pedro Calalang, married to Elvira Berba Calalang” merely describes the civil status and identifies the spouse of the registered owner Pedro Calalang. Evidently, this does not mean that the property is conjugal. As the sole and exclusive owner, Pedro Calalang had the right to convey his property in favor of Nora B. Calalang-Parulan by executing a Deed of Sale on February 17, 1984. A close perusal of the records of this case would show that the records are bereft of any concrete proof to show that the subject property indeed belonged to respondents’ maternal grandparents. The evidence respondents adduced merely consisted of testimonial evidence such as the declaration of Rosario Calalang-Garcia that they have been staying on the property as far as she can remember and that the property was acquired by her parents through purchase from her maternal grandparents. However, she was unable to produce any document to evidence the said sale, nor was she able to present any documentary evidence such as the tax declaration issued in the name of either of her parents. **NORA B. CALALANG-PARULAN and ELVIRA B. CALALANG vs.**
**ROSARIO CALALANG-GARCIA, LEONORA CALALANG-SABILE, and CARLITO S. CALALANG, G.R. No. 184148, June 9, 2014, J. Villarama, Jr.**

The established rule is that a forged deed is generally null and cannot convey title, the exception thereto, pursuant to Section 55 of the Land Registration Act, denotes the registration of titles from the forger to the innocent purchaser for value. Thus, the qualifying point here is that there must be a complete chain of registered titles. This means that all the transfers starting from the original rightful owner to the innocent holder for value – and that includes the transfer to the forger – must be duly registered, and the title must be properly issued to the transferee. **SPOUSES DOMINADOR PERALTA AND OFELIA PERALTA vs. HEIRS OF BERNARDINA ABALON / HEIRS OF BERNARDINA ABALON vs. MARISSA ANDAL, LEONIL AND AL, ARNEL AND AL, SPOUSES DOMINDOR PERALTA AND OFELIA PERALTA, and HEIRS of RESTITUTO RELLAMA, represented by his children ALEX, IMMANUEL, JULIUS and SYLVIA, all surnamed RELLAMA, G.R. No. 183448 / G.R. No. 183464, June 30, 2014, CJ. Sereno**

The standard is that for one to be a purchaser in good faith in the eyes of the law, he should buy the property of another without notice that some other person has a right to, or interest in, such property, and should pay a full and fair price for the same at the time of such purchase, or before he has notice of the claim or interest of some other persons in the property. He buys the property with the belief that the person from whom he receives the property was the owner and could convey title to the property. Indeed, a purchaser cannot close his eyes to facts that should put a reasonable man on his guard and still claim he acted in good faith. **HECTOR L. UY vs. VIRGINIA G. FULE; HEIRS OF THE LATE AMADO A. GARCIA, HEIRS OF THE LATE GLORIA GARCIA ENCARNACION; HEIRS OF THE LATE PABLO GARCIA; and HEIRS OF THE LATE ELISA G. HEMEDES, G.R. No. 164961, June 30, 2014, J. Bersamin**

The petitioners assail the decision of the CA affirming in toto the decision of the RTC declaring that their predecessors-in-interest are not buyers in good faith and for value. In denying the petition the SC ruled that the transfers of the properties in question did not go far, but were limited to close family relatives by affinity and consanguinity. Good faith among the parties to the series of conveyances is therefore hard if not impossible to presume. Unfortunately for the petitioners, they did not provide any sufficient evidence that would convince the courts that the proximity of relationships between/among the vendors and vendees in the questioned sales was not used to perpetrate fraud. Thus there is nothing to dispel the notion that apparent anomalies attended the transactions among close relations.

It must be emphasized that "the burden of proving the status of a purchaser in good faith and for value lies upon him who asserts that standing. In discharging the burden, it is not enough to invoke the ordinary presumption of good faith that everyone is presumed to act in good faith. The good faith that is here essential is integral with the very status that must be proved. x x x Petitioners have failed to discharge that burden." **HEIRS OF SPOUSES JOAQUIN MANGUARDIA AND SUSANA MANALO, ET AL vs. HEIRS OF SIMPLICIO VALLES AND MARTA VALLES, ET AL., G.R. No. 177616, August 27, 2014, J. Del Castillo**

A purchaser of property under the Torrens system cannot simply invoke that he is an innocent purchaser for value when there are attending circumstances that raise suspicions. In that case, he cannot merely rely on the title and must look beyond to ascertain the truth as to the right of the seller to convey the property. **ENRIQUETA M. LOCSIN vs. BERNARDO HIZON, CARLOS HIZON, SPS. JOSE MANUEL AND LOURDES GUEVARA, G.R. No. 204369, September 17, 2014, J. Velasco Jr.**

More than the charge of constructive knowledge, the surrounding circumstances of this case show Rovira’s actual knowledge of the disposition of the subject property and Rotairo’s possession thereof. It is undisputed that after the contract to sell was executed …, Rotairo imme-diately secured a mayor’s permit … for the construction of his residential house on the property. Rotairo, and subsequently, his heirs, has been residing on the property since then. Rovira, who lives only fifty (50) meters away from the subject property, in fact, knew that there were “structures built on the property.” Rovira, however, claims that “she did not bother to inquire as to the legitimacy of the rights of the occupants, because she was assured by the bank of its title to the property.” But Rovira cannot rely solely on the title and assurances of Pilipinas Bank; it was incumbent upon her to look beyond the title and make necessary inquiries because the bank was not in possession of the property. “Where the vendor is not in possession of the property, the prospective vendees are obligated to investigate the rights of one in possession.” A purchaser cannot simply close his eyes to facts which should put a reasonable man on guard, and thereafter claim that he acted in good faith under the belief that there was no defect in the title of the vendor. Hence, Rovira cannot claim a right better than that of Rotairo's as she is not a buyer in good faith. **AMBROSIO ROTAIRO (SUBSTITUTED BY HIS SPOUSE MARIA RONSAYRO ROTAIRO, AND HIS CHILDREN FELINA ROTAIRO, ERLINDA ROTAIRO CRUZ, EUDOSIA ROTAIRO CRIZALDO, NIEVES ROTAIRO TUBIG, REMEDIOS ROTAIRO MACAHILIG, FELISA ROTAIRO TORREVILLAS, AND CRISENCIO R. ROTAIRO, MARCIANA TIBAY, EUGENIO PUNZALAN, AND VICENTE DEL ROSARIO vs. ROVIRA ALCANTARA AND VICTOR ALCANTARA, G.R. No. 173632, September 29, 2014, J. Reyes**

Jurisprudence consistently holds that "prescription and laches cannot apply to registered land covered by the Torrens system" because "under the Property Registration Decree, no title to registered land in derogation to that of the registered owner shall be acquired by prescription or adverse possession.

Mario claimed that they have been in possession of the said parcel of land since 1969 and that cause of action of the Dionisios is already barred by laches. Jurisprudence consistently holds that "prescription and laches cannot apply to registered land covered by the Torrens system" because "under the Property Registration Decree, no title to registered land in derogation to that of the registered owner shall be acquired by prescription or adverse possession.” **SPOUSES MARIO OCAMPO and CARMELITA F. OCAMPO vs. HEIRS OF BERNARDINO U. DIONISIO, represented by ARTEMIO SJ. DIONISIO, G.R. No. 191101, October 1, 2014, J. Reyes**

To determine when the prescriptive period commenced in an action for reconveyance, the plaintiff’s possession of the disputed property is material. If there is an actual need to reconvey the property as when the plaintiff is not in possession, the action for reconveyance based on implied trust prescribes in ten (10) years, the reference point being the date of registration of the deed or the issuance of the title. On the other hand, if the real owner of the property remains in possession of the property, the prescriptive period to recover title and possession of the property does not run against him and in such case, the action for reconveyance would be in the nature of a suit for quieting of title which is imprescriptible.

In the case at bar, a reading of the allegations of the Amended Complaint failed to show that Eliza remained in possession of the subject properties in dispute. **ELIZA ZUNIGA-SANTOS, represented by her Attorney-in Fact, NYMPHA Z. SALES vs. MARIA DIVINA GRACIA SANTOS-GRAN and REGISTER OF DEEDS OF MARIKINA CITY, G.R. No. 197380, October 8, 2014, J. Perlas-Bernabe**

A bank that accepts a mortgage based upon a title which appears valid on its face and after exercising the requisite care, prudence, and diligence appropriate to the public interest character of its business can be deemed a mortgagee in good faith. The subsequent consolidation of title in its name after a valid foreclosure shall be respected notwithstanding later proof showing that the title was based upon a void transaction. In this case, PNB is considered as a mortgagee in good faith because it complied with the standard operating practice expected from banks. **ONOFRE ANDRES, SUBSTITUTED BY HIS HEIRS, NAMELY: FERDINAND, ROSALINA, ERIBERTO, FROILAN, MA. CLEO FE, NELSON, GERMAN, GLORIA, ALEXANDER, MAY, ABRAHAM, AND AFRICA, ALL SURNAMED ANDRES vs. PHILIPPINE NATIONAL BANK, G.R. No. 173548, October 15, 2014, J. Leonen**

**Amada argues that the subsequent buyer of the disputed parcel of land is in good faith. The court has held that “the rule in land registration law that the issue of whether the buyer of realty is in good or bad faith is relevant only where the subject of the sale is registered land and the purchase was made from the registered owner whose title to the land is clean. AMADA COTONER-ZACARIA** **vs**. **SPOUSES ALFREDO REVILLA AND THE HEIRS OF PAZ REVILLA, G.R. No. 190901, November 12, 2014, J. Leonen**

Marietta could acquire valid title over the whole property if she were an innocent purchaser for value. An innocent purchaser for value purchases a property without any notice of defect or irregularity as to the right or interest of the seller. He or she is without notice that another person holds claim to the property being purchased. Marietta cannot claim the protection to innocent purchasers for value because the circumstances do not make this available to her. In this case, there was no certificate of title to rely on when she purchased the property from Enrique. At the time of the sale, the property was still unregistered. What was available was only a tax declaration issued under the name of “Heirs of Lopez.” **HEIRS OF GREGORIO LOPEZ, REPRESENTED BY ROGELIA LOPEZ, ET AL., vs. DEVELOPMENT BANK OF THE PHILIPPINES [NOW SUBSTITUTED BY PHILIPPINE INVESTMENT TWO (SPV-AMC), INC.], G.R. No. 193551, November 19, 2014, J. Leonen**

Spouses owned the subject property wherein petitioner Elena was allowed to stay. Upon the spouses’ divorce, the property went to the wife. She sold it to the respondent See. The Court held that See was a buyer in good faith. She went to the Register of Deeds to verify the title and relied on the marriage settlement agreement. The Court found that she exerted due diligence. An innocent purchaser for value refers to someone who buys the property of another without notice that some other person has a right to or interest in it, and who pays a full and fair price at the time of the purchase or before receiving any notice of another person’s claim. **FLORENTINO W. LEONG AND ELENA LEONG, ET AL. vs. EDNA C. SEE, G.R. No. 194077, December 03, 2014, J. Leonen**

Before a certificate of title which has been lost or destroyed may be reconstituted, it must first be proved by the claimants that said certificate of title was still in force at the time it was lost or destroyed, among others. **REPUBLIC OF THE PHILIPPINES vs. HEIRS OF SPOUSES DONATO SANCHEZ and JUANA MENESES represented by RODOLFO S. AGUINALDO, G.R. No. 212388, December 10, 2014, J. Velasco, Jr.**

Every person dealing with a registered land may safely rely on the correctness of the certificate of title issued therefor and the law will in no way oblige him to go beyond the certificate to determine the condition of the property. **SPOUSES CARLOS J. SUNTAY and ROSARIO R. SUNTAY vs. KEYSER MERCANTILE INC., G.R. No. 208462, December 10, 2014, J. Mendoza**

The filing of an action to quiet title is imprescriptible if the disputed real property is in the possession of the plaintiff. The rule on the incontrovertibility or indefeasibility of title has no application in this case given the fact that the contending parties claim ownership over the subject land based on their respective certificates of title thereon which originated from different sources. The Syjucos' title, shows that it originated from OCT No. 994 registered on May 3, 1917 while Bonficacio's title shows that that it likewise originated from OCT No. 994, but registered on April 19, 1917. This case affirmed the earlier finding that “there is only one OCT No. 994, the registration date of which had already been decisively settled as 3 May 1917 and not 19 April 1917” and categorically concluded that “OCT No. 994 which reflects the date of 19 April 1917 as its registration date is null and void.” **IMELDA SYJUCO,**[**et.al**](http://et.al/)**vs.  FELISA D. BONIFACIO and VSD REALTY & CORPORATION, G.R. No. 148748, January 14, 2015, J. Leonardo-De Castro**

The persons who can file the petition for reconstitution of a lost certificate are the registered owner, his assigns or persons in interest in the property. In this case, Ungay Malobago Mines, Inc. admitted that it was not the owner of the land on which the mining patent was issued as the same was owned and registered in the name of Rapu Rapu Minerals Inc., thus it has no legal capacity to institute a petition for reconstitution of a lost certificate. **UNGAY MALOBAGO MINES, INC. vs. REPUBLIC OF THE PHILIPPINES, G.R. No. 187892, January 14, 2015, J. Peralta**

Petitioner assails the decision of the CA that the action for reconveyance filed by her was not the proper remedy on the ground that it constitutes a collateral attack on the validity of the subject certificate of title. The SC however ruled that it is not unmindful of the principle of indefeasibility of a Torrens title and that a certificate of title shall not be subject to collateral attack. Contrary to the pronouncements of the MCTC and the CA, however, the complaint of petitioner was not a collateral attack on the title warranting dismissal. As a matter of fact, 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. In an action for reconveyance, the decree is not sought to be set aside. It does not seek to set aside the decree but, respecting it as incontrovertible and no longer open to review, seeks to transfer or reconvey the land from the registered owner to the rightful owner. **MARIFLOR T. HORTIZUELA, represented by JOVIER TAGAUFA vs. GREGORIA TAGUFA, ROBERTO TAGUFA and ROGELIO LUMABAN, G.R. No. 205867, February 23, 2015, J. Mendoza**

**REGALIAN DOCTRINE**

The burden of proof in overcoming the presumption of State ownership of the lands of the public domain is on the person applying for registration or claiming ownership, who must prove that the land is alienable or disposable. To overcome this presumption, incontrovertible evidence must be established that the land is alienable or disposable. There must be an existence of a positive act of the government such as a presidential proclamation or an executive order; an administrative action; investigation reports of Bureau of Lands investigators; or a legislative act or a statute. The applicant may also secure a certification from the government that the land claimed to have been possessed for the required number of years is alienable and disposable. In this case, petitioners cite a surveyor geodetic engineer’s notation indicating that the survey was inside alienable and disposable land. Such notation does not constitute a positive government act validly changing the classification of the land. A mere surveyor has no authority to reclassify lands of the public domain. By relying solely on the said surveyor’s assertion, petitioners have not sufficiently proven that the land in question has been declared alienable." **REPUBLIC OF THE PHILIPPINES vs. CORAZON C. SESE and FE C. SESE, G.R. No. 185092, June 4, 2014, J. Mendoza**

Petitioner Republic assails the decision of the CA affirming in toto the decision of the trial court holding that the respondents was able to prove that the subject lots had been classified as alienable and disposable. Ruling in favor of Republic, the SC ruled that the evidence required to establish that land subject of an application for registration is alienable and disposable are: (1) CENRO or PENRO Certification; and (2) a copy of the original classification approved by the DENR Secretary and certified as a true copy by the legal custodian of the official records. In the present case, the foregoing documents had not been submitted in evidence. There is no copy of the original classification approved by the DENR Secretary. As ruled by this Court, a mere certification issued by the Forest Utilization & Law Enforcement Division of the DENR is not enough. Republic is then correct that evidence on record is not sufficient to prove that subject lots had been declared alienable and disposable lands. **REPUBLIC OF THE PHILIPPINES vs. FRANCISCA, GERONIMO AND CRISPIN, ALL SURNAMED SANTOS, G.R. No. 191516, June 4, 2014, J. Peralta**

The approval by city and municipal boards and councils of an application for subdivision through an ordinance should already be understood to include approval of the reclassification of the land, covered by said application, from agricultural to the intended non-agricultural use. Otherwise, the approval of the subdivision application would serve no practical effect; for as long as the property covered by the application remains classified as agricultural, it could not be subdivided and developed for non-agricultural use. **KASAMAKA-CANLUBANG, INC., represented by PABLITO M. EGILDO vs.** **LAGUNA ESTATE DEVELOPMENT CORPORATION, G.R. No. 200491, June 9, 2014, J. Peralta**

The Regalian doctrine, embodied in Section 2, Article XII of the 1987 Constitution, provides that all lands of the public domain belong to the State, which is the source of any asserted right to ownership of land. All lands not appearing to be clearly within private ownership are presumed to belong to the State. Unless public land is shown to have been reclassified or alienated to a private person by the State, it remains part of the inalienable public domain for land classification or reclassification cannot be assumed. It must be proved.

In this case, the records do not support the findings made by the RTC and the CA that the subject properties are part of the alienable and disposable portion of the public domain. It bears noting that in support of his claim that the subject properties are alienable and disposable, Raneses merely presented the Conversion Subdivision Plan which was prepared by Engr. Montallana with the annotation that the subject properties were "inside alienable and disposable land area Proj. No. 27-B as per LC Map No. 2623 certified by the Bureau of Forestry on January 3, 1968" and the Inter-Office Memorandum from the LLDA. Raneses failed to hurdle this burden and his reliance on the said annotation and Inter-Office Memorandum is clearly insufficient. Clearly, the pieces of evidence submitted by Raneses before the RTC in this case hardly satisfy the aforementioned documentary requirements. **REPUBLIC OF THE PHILIPPINES vs. CRISANTO S. RANESES, G.R. No. 189970, June 9, 2014, J. Villarama, Jr.**

Petitioner Gahol applied for Townsite Sales Application with the DENR for the land adjacent to her property. Respondent Cobarrubias filed a protest, stating that she and her family are occupying said lot. The Court ruled that Gahol’s application must be rejected because one of the requirements was that the applicant must not own any other lot but Gahol is a registered owner of a residential lot. She also stated that there are no signs of improvement or occupation in the said lot but it was in fact occupied by Cobarrubias. She is disqualified due to the untruthful statements in her application. **CARMEN T. GAHOL, substituted by her heirs, RICARDO T. GAHOL, MARIA ESTER GAHOL PEREZ, JOSE MARI T. GAHOL, LUISITO T. GAHOL and ALCREJ CORPORATION vs. ESPERANZA COBARRUBIAS, G.R. No. 187144, September 17, 2014, J. Peralta**

Consequently, before land may be placed under the coverage of Republic Act No. 6657, two requisites must be met, namely: (1) that the land must be devoted to agricultural activity; and (2) that the land must not be classified as mineral, forest, residential, commercial or industrial land. For land to be covered under Presidential Decree No. 27, it must be devoted to rice or corn crops, and there must be a system of share-crop or lease-tenancy obtaining therein. Unfortunately, the Dakila property did not meet these requirements. **HOLY TRINITY REALTY & DEVELOPMENT CORPORATION,** **vs. VICTORIO DELA CRUZ, LORENZO MANALAYSAY, RICARDO MARCELO, JR. and LEONCIO DE GUZMAN, G.R. No. 200454, October 22, 2014, J. Bersamin**

Thus, in order for the homestead grantees or their direct compulsory heirs to retain their homestead, the following conditions must be satisfied: (a) they must still be the owners of the original homestead at the time of the CARL's effectivity, and (b) they must continue to cultivate the homestead land. In this case, Linda, as the direct compulsory heir of the original homestead grantee, is no longer cultivating the homestead land. That parcels of land are covered by homestead patents will not automatically exempt them from the operation of land reform. It is the continued cultivation by the original grantees or their direct compulsory heirs that shall exempt their lands from land reform coverage." **DANILO ALMERO, TERESITA ALAGON, CELIA BULASO, LUDY RAMADA, REGINA GEGREMOSA, ISIDRO LAZARTE, THELMA EMBARQUE, FELIPE LAZARTE, GUILERMA LAZARTE, DULCESIMA BENIMELE vs. HEIRS OF MIGUEL PACQUING, as represented by LINDA PACQUING FADRILAN, G.R. No. 199008, November 19, 2014, J. Brion**

It is not enough for the PENRO or CENRO to certify that a land is alienable and disposable. The applicant for land registration must prove that the DENR Secretary had approved the land classification and released the land of the public domain as alienable and disposable, and that the land subject of the application for registration falls within the approved area per verification through survey by the PENRO or CENRO. In addition, the applicant for land registration must present a copy of the original classification approved by the DENR Secretary and certified as a true copy by the legal custodian of the official records. Thus, the property registration of a corporation merely relying on the CENRO Certification must be dismissed for failure to prove that the land had been declared alienable and disposable. **REMMAN ENTERPRISES, INC. vs. REPUBLIC OF THE PHILIPPINES, G.R. No. 188494, November 26, 2014, J. Reyes**

The applicant for land registration must prove that the DENR Secretary had approved the land classification and released the land of the public domain as alienable and disposable, and that the land subject of the application for registration falls within the approved area per verification through survey by the PENRO or CENRO. **REPUBLIC OF THE PHILIPPINES vs. SPS. JOSE CASTUERA AND PERLA CASTUERA, G.R. No. 203384, January 14, 2015, J. Carpio**

**REGISTRATION**

A land registration court has no jurisdiction to order the registration of land already decreed in the name of another in an earlier land registration case. After the promulgation of the Guido, it can no longer be said that an original registration proceeding is proper, since Guido held that certificate of title are genuine and authentic. What the land registration court should have done was to dismiss the application for registration upon learning that the same property was already covered by a valid title. **RODOLFO V. FRANCISCO vs. EMILIANA M. ROJAS, and the legitimate heirs of JOSE A. ROJAS, namely: JOSE FERDINAND M. ROJAS II, ROLANDO M. ROJAS, JOSE M. ROJAS, JR., CARMELITA ROJAS-JOSE, VICTOR M.ROJAS, and LOURDES M. ROJAS, all represented by JOSEFERDINAND M. ROJAS II, G.R. No. 167120, April 23, 2014, J. Peralta**

A land registration court has no jurisdiction to order the registration of land already decreed in the name of another in an earlier land registration case. A second decree for the same land would be null and void, since the principle behind the original registration is to register a parcel of land only once.

The issue of fraudulent alienation raised in the second application for registration of the subject property is collateral attack which should be directly raised in a separate proceeding filed for such purpose. It cannot be entertained in this proceeding. In several cases, the Court has ruled that an attack is indirect or collateral when, in an action to obtain a different relief, an attack on the judgment or proceeding is nevertheless made as an incident thereof. **JOSEPHINE WEE vs. FELICIDAD MARDO, G.R. No. 202414, June 4, 2014, J. Mendoza**

On one hand, AFP-RSBS argued that its and its predecessors-in-interest’s possession before the declaration that the property was alienable and disposable agricultural land in1982 should be included in the computation of the period of possession for purposes of registration. On the other hand, Republic of the Philippines holds the position that possession before the establishment of alienability of the land should be excluded in the computation. The Court ruled that  what is important in computing the period of possession is that the land has already been declared alienable and disposable at the time of the application for registration. Upon satisfaction of this requirement, the computation of the period may include the period of adverse possession prior to the declaration that land is alienable and disposable. **AFP RETIREMENT AND SEPARATION BENEFITS SYSTEM [AFP-RSBS] vs. REPUBLIC OF THE PHILIPPINES, G.R. No.180086, July 2, 2014, J. Leonen**

It must be emphasized that the present ruling on substantial compliance applies pro hac vice. It does not in any way detract from our rulings in Republic v. T.A.N. Properties, Inc., and similar cases which impose a strict requirement to prove that the public land is alienable and disposable, especially in this case when the decisions of the lower court and the Court of Appeals were rendered prior to these rulings. To establish that the land subject of the application is alienable and disposable public land, the general rule remains: all applications for original registration under the Property Registration Decree must include both(1) a CENRO or PENRO certification and(2) a certified true copy of the original classification made by the DENR Secretary. As an exception, however, the courts - in their sound discretion and based solely on the evidence presented on record - may approve the application, pro hac vice, on the ground of substantial compliance showing that there has been a positive act of government to show the nature and character of the land and an absence of effective opposition from the government. This exception shall only apply to applications for registration currently pending before the trial court prior to this Decision and shall be inapplicable to all future applications. **REPUBLIC OF THE PHILIPPINES vs. APOSTELITA SAN MATEO, ET AL., G.R. No. 203560, November 10, 2014, J. Velasco, Jr.**

An applicant for land registration or judicial confirmation of incomplete or imperfect title under Section 14(1) of Presidential Decree No. 1529 must prove the following requisites:(1) that the subject land forms part of the disposable and alienable lands of the public domain, and (2) that the applicant has been in open, continuous, exclusive and notorious possession and occupation of the same under a bona fide claim of ownership since June 12, 1945, or earlier. Concomitantly, the burden to prove these requisites rests on the applicant. With regard to the first requisite, it is undisputed that the land subject of registration is part of the alienable and disposable lands of the public domain. The trial court found the Department of Environment and Natural Resources’ report sufficient to prove the existence of the first requisite.The Court of Appeals’ decision was silent on this matter. Respondent Republic failed to make objections on the issue as well. Thus, we do not see any reason to deviate from the findings of the lower courts. **LUZVIMINDA APRAN CANLAS vs. REPUBLIC OF THE PHILIPPINES, G.R. No. 200894, November 10, 2014, J. Leonen**

An applicant for original registration of title based on a claim of exclusive and continuous possession or occupation must show the existence of the following: (1) Open, continuous, exclusive and notorious possession, by themselves or through their predecessors-in-interest, of land; (2) The land possessed or occupied must have been declared alienable and disposable agricultural land of public domain; (3) The possession or occupation was under a bona fide claim of ownership; (4) Possession dates back to June 12, 1945 or earlier.

Therefore, what is important in computing the period of possession is that the land has already been declared alienable and disposable at the time of the application for registration. Upon satisfaction of this requirement, the computation of the period may include the period of adverse possession prior to the declaration that land is alienable and disposable.

In the present case, there is no dispute that the subject lot has been declared alienable and disposable on March 15, 1982. This is more than eighteen (18) years before Roasa's application for registration, which was filed on December 15, 2000. Moreover, the unchallenged testimonies of two of Roasa's witnesses established that the latter and her predecessors-in-interest had been in adverse, open, continuous, and notorious possession in the concept of an owner even before June 12, 1945. **REPUBLIC OF THE PHILIPPINES vs. CECILIA GRACE L. ROASA, married to GREG AMBROSE ROASA, as herein represented by her Attorneys-in-Fact, BERNARDO M. NICOLAS, JR. and ALVIN B. ACAYEN,** **G.R. No. 176022, February 2, 2015**, **J. Peralta**

**The respondent claims that he is the owner of the disputed parcel of land by virtue of his open, exclusive, notorious and continuous possession of the land for more than 30 years. The Supreme Court ruled that adverse possession can only ripen into ownership when the land adversely owned is classified as an agricultural land. If the disputed land is non-agricultural, adverse possession cannot ripen into ownership. THE HON. SECRETARY OF THE DEPARTMENT OF AGRARIAN REFORM** **vs**. **NEMESIO DUMAGPI, REPRESENTED BY VICENTE DUMAGPI, G.R. No. 195412, February 04, 2015, J. Reyes**

The State is not estopped from the acts of the Clerk of Court in land registration cases. Illegal acts of government agents do not bind the State. Assuming that it is, the respondents did not prove that the land sought to be registered is an alienable and disposable land. All applications for original registration under the Property Registration Decree must include both (1) a CENRO or PENRO certification and (2) a certified true copy of the original classification made by the DENR Secretary. **REPUBLIC OF THE PHILIPPINES vs. SPOUSES DANTE and LOLITA BENIGNO, G.R. No. 205492, March 11, 2015, J. Del Castillo**

Emeteria G. Lualhati filed with the RTC of Antipolo City an application for original registration covering Lots 1 and 2 situated in C-5 C-6 Pasong Palanas, Sitio Sapinit, San Juan, Antipolo, Rizal. To support her contention that the lands subject of her application is alienable and disposable, Lualhati submitted certifications from the DENR-CENRO, Region IV, Antipolo City, stating that no public land application or land patent covering the subject lots is pending nor are the lots embraced by any administrative title. It has been repeatedly ruled that certifications issued by the CENRO, or specialists of the DENR, as well as Survey Plans prepared by the DENR containing annotations that the subject lots are alienable, do not constitute incontrovertible evidence to overcome the presumption that the property sought to be registered belongs to the inalienable public domain.  Rather, this Court stressed the importance of proving alienability by presenting a copy of the original classification of the land approved by the DENR Secretary and certified as true copy by the legal custodian of the official records.

 Moreover, as petitioner Republic aptly points out, Lualhati failed to provide any other proof of acts of dominion over the subject land other than the fact that she, together with her husband and children, planted fruit-bearing trees and constructed their home thereon considering the vastness of the same. A mere casual cultivation of portions of the land by the claimant, and the raising thereon of cattle, do not constitute possession under claim of ownership. In that sense, possession is not exclusive and notorious as to give rise to a presumptive grant from the State. **REPUBLIC OF THE PHILIPPINES** **vs.** **EMETERIA G. LUALHATI, G.R. No. 183511, March 25, 2015, J. Peralta**

**CANCELLATION OF TITLE**

Under Sec. 108 of PD 1529, the proceeding for the erasure, alteration, or amendment of a certificate of title may be resorted to in seven instances: (1) when registered interests of any description, whether vested, contingent, expectant, or inchoate, have terminated and ceased; (2) when new interests have arisen or been created which do not appear upon the certificate; (3) when any error, omission or mistake was made in entering a certificate or any memorandum thereon or on any duplicate certificate; (4) when the name of any person on the certificate has been changed; (5) when the registered owner has been married, or, registered as married, the marriage has been terminated and no right or interest of heirs or creditors will thereby be affected; (6) when a corporation, which owned registered land and has been dissolved, has not conveyed the same within three years after its dissolution; and (7) when there is reasonable ground for the amendment or alteration of title. The present case falls under (3) and (7), where the Registrar of Deeds of Bulacan committed an error in issuing TCT T-145321 in the name of “Adriano M. Tambuyat married to Rosario E. Banguis” when, in truth and in fact, respondent Wenifreda – and not Banguis – is Adriano’s lawful spouse. **ROSARIO BANGUIS-TAMBUYAT vs. WENIFREDA BALCOM-TAMBUYAT, G.R. No. 202805, March 23, 2015, J. Del Castillo**

**ACTION FOR RECONVEYANCE**

An action for reconveyance based on an implied trust prescribes in ten (10) years, reckoned from the date of registration of the deed or the date of issuance of the certificate of title over the property, if the plaintiff is not in possession. Hence, when a complaint for reconveyance is filed beyond the 10-year reglementary period, such cause of action is barred by prescription. **HEIRS OF FRANCISCO I. NARVASA, SR., ANDHEIRS OF PETRA IMBORNAL AND PEDRO FERRER,REPRESENTED BY THEIR ATTORNEY-IN-FACT, MRS. REMEDIOS B. NARVASA-REGACHO vs. EMILIANA, VICTORIANO, FELIPE, MATEO, RAYMUNDO, MARIA,AND EDUARDO, ALL SURNAMED IMBORNAL, G.R. No. 182908, August 06, 2014, J. Perlas Bernabe**

**TORTS AND DAMAGES**

**DAMAGES**

Moral damages are mandatory without need of allegation and proof other than the death of the victim, owing to the fact of the commission of murder or homicide, such as when the victim was gunned down in front of his house. If medical and funeral expenses were substantiated, actual damages may be awarded. However, damages for loss of earning capacity may not be awarded absent documentary evidence except where the victim was either self-employed or a daily wage worker earning less than the minimum wage under current labor laws. The testimony of the wife of the victim, a Senior Desk Coordinator of a radio station, as to the latter’s monthly salary without any documentary evidence will not suffice to substantiate the claim. **JOSE ESPINELI a.k.a. DANILO ESPINELI vs. PEOPLE OF THE PHILIPPINES, G.R. No. 179535, June 9, 2014, J. Del Castillo**

Medical malpractice or, more appropriately, medical negligence, is that type of claim which a victim has available to him or her to redress a wrong committed by a medical professional which has caused bodily harm. In order to successfully pursue such a claim, a patient, or his or her family as in this case, "must prove that a health care provider, in most cases a physician, either failed to do something which a reasonably prudent health care provider would have done, or that he or she did something that a reasonably prudent provider would not have done; and that failure or action caused injury to the patient.

As the Court held in Spouses Flores v. Spouses Pineda, et al.,the critical and clinching factor in a medical negligence case is proof of the causal connection between the negligence and the injuries. The claimant must prove not only the injury but also the defendant's fault, and that such fault caused the injury. A verdict in a malpractice action cannot be based on speculation or conjecture. Causation must be proven within a reasonable medical probability based upon competent expert testimony,which the Court finds absent in the case at bar. As regards the respondents' counterclaim, the CA's award of ~~P~~48,515.58 is sustained. **PEDRITO DELA TORRE vs.DR. ARTURO IMBUIDO, DRA. NORMA IMBUIDO in their capacity as owners and operators of DIVINE SPIRIT GENERAL HOSPITAL and/or DR. NESTOR PASAMBA, G.R. No. 192973, September 29, 2014, J. Reyes**

The relationship between the credit card issuer and the credit card holder is a contractual one that is governed by the terms and conditions found in the card membership agreement. Such terms and conditions constitute the law between the parties. In case of their breach, moral damages may be recovered where the defendant is shown to have acted fraudulently or in bad faith. Malice or bad faith implies a conscious and intentional design to do a wrongful act for a dishonest purpose or moral obliquity. However, a conscious or intentional design need not always be present because negligence may occasionally be so gross as to amount to malice or bad faith. Hence, bad faith in the context of Article 2220 of the Civil Code includes gross negligence. Nowhere in the terms and conditions requires the defendant to submit new application form in order to reactivate her credit card. Indeed, BPI Express Credit did not observe the prudence expected of banks whose business was imbued with public interest, hence, defendant is entitled to damages. **BPI EXPRESS CARD CORPORATION vs. MA. ANTONIA R. ARMOVIT, G.R. No. 163654, October 8, 2014, J. Bersamin**

The existence of contractual breach in this case revolves around the exclusive status of Drugmakers as the manufacturer of the subject pharmaceutical products. In particular, the Contract Manufacturing Agreement states that Drugmakers, being the exclusive manufacturer of the subject pharmaceutical products, had to first give its written consent before S.V. More could contract the services of another manufacturer. The agreements notwithstanding, S.V More, through the CMPP and absent the prior written consent of Drugmakers, contracted the services of Hizon Laboratories to manufacture some of the pharmaceutical products covered by the said contracts. Considering that Drugmakers palpably suffered some form of pecuniary loss resulting from S.V. More’s breach of contract, the Court deems it proper to, instead, award in their favor the sum of P100,000.00 in the form of temperate damages. This course of action is hinged on Article 2224 of the Civil Code. **S.V. MORE PHARMA CORPORATION and ALBERTO A. SANTILLANA** **vs.** **DRUGMAKERS LABO RA TORIES, INC. and ELIEZER DEL MUNDO; S.V. MORE PHARMA CORPORATION and ALBERTO A. SANTILLANA** **vs.** **DRUGMAKERS LABO RA TORIES, INC. and ELIEZER DEL MUNDO, G.R. No. 200408; G.R. No. 200416, November 12, 2014, J. Perlas- Bernabe**

Actual or compensatory damages are those awarded in satisfaction of, or in recompense for, loss or injury sustained. The burden is to establish one's case by a preponderance of evidence which means that the evidence, as a whole, adduced by one side, is superior to that of the other. Actual damages are not presumed. In this case, GMA Veterans had not shown that the security guards were not assigned to another employer, and that it was compelled to pay the guards despite the pre-termination of the security agreement to be entitled to the amount of PI6,014.00 per month. Indeed, no evidence was presented by GMA Veterans establishing the actual amount of loss suffered by reason of the pre-termination. It is elementary that to recover damages, there must be pleading and proof of actual damages suffered. Temperate damages may be allowed in cases where from the nature of the case, definite proof of pecuniary loss cannot be adduced, although the court is convinced that the aggrieved party suffered some pecuniary loss. The SC also take into consideration that GMA Veterans certainly spent for the security guard's training, firearms with ammunitions, uniforms and other necessary things before their deployment to Snow Mountain. Hence, the SC find it just and proper to award temperate damages in the amount of P200,000.00 in lieu of actual damages. **SNOW MOUNTAIN DAIRY CORPORATION vs. GMA VETERANS FORCE, INC., G.R. No. 192446, November 19, 2014, J. Peralta**

Actual damages are not presumed. The claimant must prove the actual amount of loss with a reasonable degree of certainty premised upon competent proof and on the best evidence obtainable. Thus, an insurer of copper concentrates which were contaminated by seawater while at sea, who, along with the consignee, arbitrarily fixed the salvage value of the cargo, and who failed to refute expert testimony from the common carrier as regards the lack of any adverse effect of seawater on copper concentrates, then actual damages are not proven. **LOADSTAR SHIPPINGCOMPANY, INCORPORATED and LOADSTARINTERNATIONAL SHIPPINGCOMPANY, INCORPORATED vs. MALAYAN INSURANCE COMPANY, INCORPORATED, G.R. No. 185565, November 26, 2014, J. Reyes**

Petitioner questions the decision of the CA awarding respondent nominal damages after having ruled that the actual damages awarded by the RTC was unfounded. Petitioner argues that nominal damages are only awarded to vindicate a right that has been violated and not to indemnify a party for any loss suffered by the latter. The SC ruled that what should have been awarded was temperate and not nominal damages. Temperate or moderate damages may be recovered when the court finds that some pecuniary loss has been suffered but its amount cannot, from the nature of the case, be provided with certainty. Considering that it has been established that respondent suffered a loss, even if the amount thereof cannot be proven with certainty, the Court ruled that what should have been awarded was temperate damages. **SEVEN BROTHERS SHIPPING CORPORATION vs. DMC-CONSTRUCTION RESOURCES, INC., G.R. No. 193914. November 26, 2014, C.J. Sereno**

In awarding damages in libel cases, the court is given ample discretion to determine the amount, depending upon the facts of the particular case. Article 2219 of the Civil Code expressly authorizes the recovery of moral damages in cases of libel, slander or any other form of defamation. However, “while no proof of pecuniary loss is necessary in order that moral damages may be awarded, x x x it is nevertheless essential that the claimant should satisfactorily show the existence of the factual basis of damages and its causal connection to defendant’s acts.” Considering that respondent sufficiently justified his claim for damages (i.e. he testified that he was “embarrassed by the said letters [and] ashamed to show his face in [sic] government offices”), the Court finds him entitled to moral and exemplary damages. However, the Court equitably reduce the amounts awarded because even though the letters were libellous, respondent has not suffered such grave or substantial damage to his reputation to warrant receiving P5,000,000 as moral damages and P100,000.00 as exemplary damages.

As to the award of attorney’s fees, it is an accepted doctrine that the award thereof as an item of damages is the exception rather than the rule, and counsel’s fees are not to be awarded every time a party wins a suit. The power of the court to award attorney’s fees under Article 2208 of the Civil Code demands factual, legal and equitable justification, without which the award is a conclusion without a premise, its basis being improperly left to speculation and conjecture. In all events, the court must explicitly state in the text of the decision, and not only in the decretal portion thereof, the legal reason for the award of attorney’s fees. **ALEJANDRO C. ALMENDRAS, JR. vs.** **ALEXIS C. ALMENDRAS, G.R. No. 179491, January 14, 2015, C.J. Sereno**

In a licensing contract, the essence of which is the transfer by the licensor, Honrado to the licensee, GMA Films, for a fee, of the exclusive right to telecast the films listed in the Agreement. Stipulations for payment of “commission” to the licensor is incongruous to the nature of such contracts unless the licensor merely acted as agent of the film owners. Nowhere in the Agreement, however, did the parties stipulate that Honrado signed the contract in such capacity. Being a stranger to such arrangements, they are not entitled to complain of any breach by Honrado of his contracts with the film owners than the film owners are for any breach by a stranger of its Agreement with aforementioned. The trial court awarded attorney’s fees to Honrado as it “deemed it just and reasonable” to do so, using the amount provided by Honrado on the witness stand (P100,000). Undoubtedly, attorney’s fees may be awarded if the trial court “deems it just and equitable.” Such ground, however, must be fully elaborated in the body of the ruling. Its mere invocation, without more, negates the nature of attorney’s fees as a form of actual damages. **RICARDO C. HONRADO vs. GMA NETWORK FILMS, INC., G.R. No. 204702, January 14, 2015, J. Carpio**

The award of damages to Spouses Rabaja cannot be sustained by this Court. The filing alone of a civil action should not be a ground for an award of moral damages in the same way that a clearly unfounded civil action is not among the grounds for moral damages. Article 2220 of the New Civil Code provides that to award moral damages in a breach of contract, the defendant must act fraudulently or in bad faith. In this case, Spouses Rabaja failed to sufficiently show that Spouses Salvador acted in a fraudulent manner or with bad faith when it breached the contract of sale. Thus, the award of moral damages cannot be warranted. **SPOUSES ROLANDO AND HERMINIA SALVADOR vs. SPOUSES ROGELIO AND ELIZABETH RABAJA AND ROSARIO GONZALES, G.R. No. 199990, February 04, 2015, J. Mendoza**

Effectively, therefore, the debt incurred by the government on account of the taking of the property subject of an expropriation constitutes a forbearance which runs contrary to the trial court’s opinion that the same is in the nature of indemnity for damages calling for the application of Article 2209 of the Civil Code. Nevertheless, in line with the recent circular of the Monetary Board of the BSP-MB No. 799, Series of 2013, effective July 1, 2013, the prevailing rate of interest for loans or forbearance of money is six percent (6%) per annum, in the absence of an express contract as to such rate of interest.

 The records of this case reveal that DPWH did not delay in its payment of just compensation as it had deposited the pertinent amount in full due to respondent on January 24, 2011, or four (4) months before the taking thereof, which was when the RTC ordered the issuance of a Writ of Possession and a Writ of Expropriation on May 27, 2011. The amount deposited was deemed by the trial court to be just, fair, and equitable, taking into account the well-established factors in assessing the value of land, such as its size, condition, location, tax declaration, and zonal valuation as determined by the BIR. Considering, therefore, the prompt payment by the DPWH of the full amount of just compensation as determined by the RTC, the Court finds that the imposition of interest thereon is unjustified and should be deleted. **REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS** **vs.** **ARLENE R. SORIANO, G.R. No. 211666, February 25, 2015, J. Peralta**

The formula for the computation of loss of earning capacity is as follows:

Net earning capacity = Life Expectancy x [Gross Annual Income - Living Expenses (50% of gross annual income)], where life expectancy = 2/3 (80 - the age of the deceased).

**PEOPLE OF THE PHILIPPINES** **vs.** **BENJAMIN CASAS Y VINTULAN**, **G.R. No. 212565, February 25, 2015, J. Perlas-Bernabe**

FAJ Construction was found guilty of violating the construction agreement for its defective and incomplete work, delay, and for unjustified abandonment of the project. Susan argued that the issue of whether the trial and appellate courts correctly decided the amount of damages is a factual issue which is beyond the jurisdiction of this Court. The Supreme Court held that it is not a trier of facts and does not normally undertake the re-examination of the evidence presented by the contending parties during trial. **FAJ CONSTRUCTION & DEVELOPMENT CORPORATION vs. SUSAN M. SAULOG, G.R. No. 200759, March 25, 2015, J. Del Castillo**

**NEGLIGENCE**

It also clearly stated that permission or authorization to retrieve and remove the internal organs of the deceased was being given ONLY IF the provisions of the applicable law had been complied with. Such instructions reveal that Dr. Alanoacted prudently by directing his subordinates to exhaust all reasonable means of locating the relatives of the deceased. He could not have made his directives any clearer. He even specifically mentioned that permission is only being granted IF the Department of Surgery has complied with all the requirements of the law. Verily, Dr. Alano could not have been faulted for having full confidence in the ability of the doctors in the Department of Surgery to comprehend the instructions, obeying all his directives, and acting only in accordance with the requirements of the law. **DR. FILOTEO A. ALANO vs, ZENAIDA MAGUD-LOGMAO, G.R. No. 175540, April 7, 2014, J. Peralta**

Contending that it exercised extraordinary diligence in the selection and supervision of its drivers, petitioner argues that it should be absolved from any liability for damages caused by its employee. The SC ruled that when an employee causes damage due to his own negligence while performing his own duties, there arises the juristantum presumption that his employer is negligent, rebuttable only by proof of observance of the diligence of a good father of a family. Failure however of petitioner to establish the modes and measures it adopted to ensure the proper selection and supervision of its employees, petitioner therefore should be held liable for the damages cause by its employee. **DAVAO HOLIDAY TRANSPORT SERVICES CORPORATIONvs. SPOUSES EULOGIO AND CARMELITA EMPHASIS, G.R. No. 211424, November 26, 2014, J. Reyes**

1 died and 2 suffered injury due to mishap along the highway. The respondents contended that the cause of death and injuries was due to live tension wire of Cagayan Electric Cooperative Inc. The court ruled there was no negligence on the part of Cagayan Electric Cooperative Inc. Thus, there is no negligence on the part of petitioner that was allegedly the proximate cause of Camilo’s death and Rapanan’s injuries. From the testimonies of petitioner’s employees and the excerpt from the police blotter, this Court can reasonably conclude that, at the time of that fatal mishap, said wires were quietly sitting on the shoulder of the road, far enough from the concrete portion so as not to pose any threat to passing motor vehicles and even pedestrians. Hence, if the victims of the mishap were strangled by said wires, it can only mean that either the motorcycle careened towards the shoulder or even more likely, since the police found the motorcycle not on the shoulder but still on the road, that the three passengers were thrown off from the motorcycle to the shoulder of the road and caught up with the wires. **CAGAYAN ELECTRIC COOPERATIVE, INC. REPRESENTED BY ITS GENERAL MANAGER AND CHIEF EXECUTIVE OFFICER, GABRIEL A. TORDESILLAS vs. ALAN RAPANAN AND MARY GINE TANGONAN, G.R. No. 199886, December 3, 2014, J. Villarama Jr.**

The petitioners was found negligent by both the RTC and the Court of Appeals and ordered to pay jointly and severally for damages. The petitioners allege that they are not negligent. The Supreme Court ruled that as the omission to do something which a reasonable man, guided by those considerations which ordinarily regulate the conduct of human affairs, would do, or the doing of something which a prudent and reasonable man would not do. It is the failure to observe for the protection of the interest of another person that degree of care, precaution, and vigilance which the circumstances justly demand, whereby such other person suffers injury. CA correctly affirmed the RTC’s finding that Transworld and Ruks are guilty of negligence. **RUKS KONSULT AND CONSTRUCTION vs.  ADWORLD SIGN AND ADVERTISING CORPORATION\* AND TRANSWORLD MEDIA ADS, INC., G.R. No. 204866, January 21, 2015, J. Perlas-Bernabe**

Negligence has been defined as "the failure to observe for the protection of the interests of another person that degree of care, precaution, and vigilance which the circumstances justly demand, whereby such other person suffers injury.” Verily, foreseeability is the fundamental test of negligence. It is the omission to do something which a reasonable man, guided by those considerations which ordinarily regulate the conduct of human affairs, would do, or the doing of something which a prudent and reasonable man would not do. The records show that driver Gimena was clearly running at a reckless speed. He did not take the necessary precaution and instead, drove on and bumped the deceased despite being aware that he was traversing a commercial center where pedestrians were crossing the street. Gimena should have observed due diligence of a reasonably prudent man by slackening his speed and proceeding cautiously while passing the area. **R TRANSPORT CORPORATION vs. LUISITO G. YU, G.R. No. 174161, February 18, 2015, J. Peralta**

ATI suffered damage due to the fault of petitioners’ negligence. However, petitioners contended that they should not be held liable for there was no negligence on their part. The court ruled that Negligence, on the other hand, is defined as the failure to observe that degree of care, precaution and vigilance that the circumstances justly demand, whereby another suffers injury. In the case under consideration, the parties do not dispute the facts of damage upon ATI’s unloader, and of such damage being the consequence of someone’s negligence. However, the petitioners deny liability claiming that it was not established with reasonable certainty whose negligence had caused the co-mingling of the metal bars with the soybean meal cargo. The Court, on this matter, agrees with the CA’s disquisition that the petitioners should be held jointly and severally liable to ATI. ATI cannot be faulted for its lack of direct access to evidence determinative as to who among the shipowner, Samsun, ContiQuincyBunge and Inter-Asia should assume liability. The CA had exhaustively discussed why the doctrine of res ipsa loquitur applies. **UNKNOWN OWNER OF THE VESSEL M/V CHINA JOY, SAMSUN SHIPPING LTD., AND INTER-ASIA MARINE TRANSPORT, INC. vs. ASIAN TERMINALS, INC., G.R. No. 195661, March 11, 2015, J. Reyes**

**GROSS MISCONDUCT**

A physician is guilty of gross misconduct when he chose to conduct a normal delivery and deliberately left her patient to a midwife and two inexperienced assistants despite knowing that the patient was under prolonged painful labor and about to give birth to a macrosomic baby by vaginal delivery which resulted to a stillborn baby and the loss of her reproductive capacity. A physician should be dedicated to provide competent medical care with full professional skill in accordance with the current standards of care, compassion, independence and respect for human dignity. **DR. IDOL L. BONDOC vs. MARILOU R. MANTALA, G.R. No. 203080, November 12, 2014, J. Villarma, Jr.**

**RES IPSA LOQUITUR**

For the doctrine of res ipsa loquitur to apply, the complainant must show that: (1) the accident is of such character as to warrant an inference that it would not have happened except for the defendant’s negligence; (2) the accident must have been caused by an agency or instrumentality within the exclusive management or control of the person charged with the negligence complained of; and (3) the accident must not have been due to any voluntary action or contribution on the part of the person injured. The present case satisfies all the elements of res ipsa loquitur. **VICENTE JOSEFA vs. MANILA ELECTRICCOMPANY, G.R. No. 182705, July 18, 2014, J.Brion**

**TORTFEASORS**

Pursuant to Article 2194, joint tortfeasors are solidarily liable. They are each liable as principals, to the same extent and in the same manner as if they had performed the wrongful act themselves. When a construction of a billboard’s lower structure without the proper foundation by the first contractor, and that of the second contractor’s finishing its upper structure and just merely assuming that the first would reinforce the weak foundation are the two successive acts which were the direct and proximate cause of the damages sustained by the company who hired their services. Worse, both contractors were fully aware that the foundation for the billboard was weak; yet, neither of them took any positive step to reinforce the same. They merely relied on each other’s word that repairs would be done to such foundation, but none was done at all. **RUKS KONSULT AND CONSTRUCTION vs. ADWORLD SIGN AND ADVERTISING CORPORATION\* AND TRANSWORLD MEDIA ADS, INC.**, **G.R. No. 204866, January 21, 2015, J. Perlas-Bernabe**

**ATTORNEYS FEES**

When the plaintiff in a case of unfair competition under the Civil Code fails to satisfactorily prove that it had lost income, yet the trial court awarded actual damages in the amount claimed by the plaintiff, and the CA deleted such an award and awarded in its place nominal damages, the award of attorneys’ fees must also be lowered. **WILLAWARE PRODUCTS CORPORATION vs. JESICHRIS MANUFACTURING CORPORATION, G.R. No. 195549, September 3, 2014, J. Peralta**

Attorneys’ fees is not available when the defendant employer is not guilty of bad faith. Thus, when the company-designated physician gave the seafarer a final, permanent partial disability grading beyond the 120-day period but before the 240 day maximum, then the latter is not entitled to permanent disability benefits. The employer is not in bad faith in refusing to give the seafarer full disability benefits; thus the award of attorney’s fees in favor of the seafarer is unwarranted. **RICARDO A. DALUSONG vs. EAGLE CLARC SHIPPING PHILIPPINES, INC., et al., G.R. No. 204233, September 3, 2014, Acting C.J. Carpio**

**CIVIL LIABILITY**

Ferro Chemicals, Inc. joined the public prosecutor in filing the petition for certiorari before this court. Ramon Garcia, President of Ferro Chemicals, Inc., signed the verification and certification of non-forum shopping of the petition for certiorari. When the civil action for the recovery of civil liability ex delicto is instituted with the criminal action, whether by choice of private complainant (i.e., no reservation is made or no prior filing of a separate civil action) or as required by the law or rules, the case will be prosecuted under the direction and control of the public prosecutor. The civil action cannot proceed independently of the criminal case. **ANTONIO M. GARCIA vs. FERRO CHEMICALS, INC., G.R. No.** **172505, October 01, 2014, J. Leonen**

**OTHER LAWS WHICH ARE EXCLUDED FROM THE SYLLABUS**

Agricultural lessees, being entitled to security of tenure, may be ejected from their landholding only on the grounds provided by law. These grounds — the existence of which is to be proven by the agricultural lessor in a particular case — are enumerated in Section 36 of Republic Act No. (RA) 3844, otherwise known as the “Agricultural Land Reform Code.” In this case, it was established that the agricultural lessees willfully and deliberately failed to pay the lease rentals when they fell due, which is one of the grounds for dispossession of their landholding as provided in said provision of law. **EUFROCINA NIEVES vs. ERNESTO DULDULAO and FELIPE PAJARILLO, G.R. No. 190276, April 2, 2014, J. Perlas-Bernabe**

A case involving agricultural land does not immediately qualify it as an agrarian dispute. The mere fact that the land is agricultural does not ipso facto make the possessor an agricultural lessee or tenant; there are conditions or requisites before he can qualify as an agricultural lessee or tenant, and the subject matter being agricultural land constitutes simply one condition. In order to qualify as an agrarian dispute, there must likewise exist a tenancy relation between the parties. Thus, when farmer-beneficiaries of PD 27 who are registered owners of agricultural lands filed a complaint for forcible entry against a person whose claim of ownership over the same parcels of land emanates from a donation by the heirs of the original owner, it is a civil case within the jurisdiction of the ordinary courts, as all the elements for an agrarian dispute are not present. **CHARLES BUMAGAT, et al. vs. REGALADO ARRIBAY, G.R. No. 194818, June 9, 2014, J. Del Castillo**

In Heirs of Lazaro Gallardo vs. Soliman, the DARAB has exclusive jurisdiction over cases involving the cancellation of registered EPs; the DAR Secretary, on the other hand, has exclusive jurisdiction over the issuance, recall or cancellation of EPs or Certificates of Land Ownership Awards that are not yet registered with the Register of Deeds.

Thus, since certificates of title have been issued in the respective names of the respondents as early as in 1990, the DAR Region I Director had no jurisdiction to cancel their titles; the same is true with respect to the DAR Secretary. Thus, their respective January 30, 1991 and August 22, 1995 Orders are null and void; consequently, respondents’ EPs and titles subsists, contrary to petitioner’s claim that they have been cancelled. Void judgments or orders have no legal and binding effect, force or efficacy for any purpose; in contemplation of law, they are nonexistent. **MARIANO JOSE, FELICISIMO JOSE, DECEASED, SUBSTITUTED BY HIS CHILDREN MARIANO JOSE, CAMILO JOSE, TIBURCIA JOSE, FERMINA JOSE, AND VICTORIA JOSE vs. ERNESTO M. NOVIDA, RODOLFO PALAYPAY, JR., ALEX M. BELARMINO, RODRIGO LIBED, LEONARDO L. LIBED, BERNARDO B. BELARMINO, BENJAMIN G. ACOSTA, MODESTO A. ORLANDA, WARLITO B. MEJIA, MAMERTO B. BELARMINO, MARCELO O. DELFIN AND HEIRS OF LUCINO A. ESTEBAN, REPRESENTED BY CRESENCIA M. VDA. ESTEBAN, G.R. No. 177374, July 2, 2014, J. Del Castillo**

Properties of the Lajoms were taken due to the Agrarian Reform Program. Just compensation was partially given. The Lajoms contested the computation of just compensation due to an alleged error in the applicable law. The Court ruled that the date of taking of the subject land for purposes of computing just compensation should be reckoned from the issuance dates of the emancipation patents. An emancipation patent constitutes the conclusive authority for the issuance of a Transfer Certificate of Title in the name of the grantee. It is from the issuance of an emancipation patent that the grantee can acquire the vested right of ownership in the landholding, subject to the payment of just compensation to the landowner. **LAND BANK OF THE PHILIPPINES vs. JOSE T. LAJOM, represented by PORFIRIO RODRIGUEZ et al., G.R. No. 184982 & 185048, August 20, 2014, J. Perlas-Bernabe**

The right to choose the area to be retained, which shall be compact or contiguous, shall pertain to the landowner; Provided, however, That in case the area selected for retention by the landowner is tenanted, the tenant shall have the option to choose whether to remain therein or be a beneficiary in the same or another agricultural land with similar or comparable features. In case the tenant chooses to remain in the retained area, he shall be considered a leaseholder and shall lose his right to be a beneficiary under this Act. In case the tenant chooses to be a beneficiary in another agricultural land, he loses his right as a leaseholder to the land retained by the landowner. The tenant must exercise this option within a period of one (1) year from the time the landowner manifests his choice of the area for retention. **RENATO L. DELFINO, SR. (Deceased), Represented by his Heirs, namely: GRACIA DELFINO, GREGORIO A. DELFINO; MA. ISABEL A. DELFINO, RENATO A. DELFINO, JR., MA. REGINA DELFINO ROSELLA, MA. GRACIA A. DELFINO, MARIANO A. DELFINO, MA. LUISA DELFINO GREGORIO and REV. FR. GABRIELA. DELFINO vs.** **AVELINO K. ANASAO and ANGEL K. ANASAO (Deceased and represented by his sole heir, SIXTO C. ANASAO), G.R. No. 197486, September 10, 2014, J. Villarama, Jr.**

When Automat asked the spouses to vacate the premises, the spouses refused to vacate unless they were paid compensation. They claimed “they were agricultural tenants [who] enjoyed security of tenure under the law.” The Court ruled that tenancy relationship cannot be presumed. The allegation of its existence must be proven by evidence, and working on another’s landholding raises no presumption of an agricultural tenancy. Consequently, the landowner’s consent to an agricultural tenancy relationship must be shown. **AUTOMAT REALTY AND DEVELOPMENT CORPORATION, LITO CECILIA AND LEONOR LIM vs. SPOUSES MARCIANO DELA CRUZ, SR. AND OFELIA DELA CRUZ, G.R. No. 192026, October 01, 2014, J. Leonen**

Lands classified as non-agricultural in zoning ordinances approved by the Housing and Land Use Regulatory Board or its predecessors prior to June 15, 1998 are outside the coverage of the compulsory acquisition program of the Comprehensive Agrarian Reform Law. However, there has to be substantial evidence to prove that lands sought to be exempted fall within the non-agricultural classification. In this case del Rosario failed to prove with substantial evidence that the subject property is industrial property and as such is not sufficient to rebut the findings of both the Department of Agrarian Reform and the Office of the President. **REMIGIO D. ESPIRITU and NOEL AGUSTIN vs. LUTGARDA TORRES DEL ROSARIO represented by SYLVIA R. ASPERILLA, G.R. No. 204964, October 15, 2014, J. Leonen**

It bears emphasizing that Republic Act No. 6552 aimed to protect buyers of real estate on installment payments, not borrowers or mortgagors who obtained a housing loan to pay the costs of their purchase of real estate and used the real estate as security for their loan. The "financing of real estate in installment payments" referred to in Section 3, should be construed only as a mode of payment vis-à-vis the seller of the real estate, and excluded the concept of bank financing that was a type of loan. Accordingly, Sections 3, 4 and 5, supra, must be read as to grant certain rights only to defaulting buyers of real estate on installment, which rights are properly demandable only against the seller of real estate

The Sps. Sebastian’s insistence would have been correct if the monthly amortizations being paid to BPI Family arose from a sale or financing of real estate. In their case, however, the monthly amortizations represented the installment payments of a housing loan that BPI Family had extended to them as an employee’s benefit. The monthly amortizations they were liable for was derived from a loan transaction, not a sale transaction, thereby giving rise to a lender-borrower relationship between BPI Family and the petitioners. **SPOUSES JAIME SEBASTIAN AND EVANGELINE SEBASTIAN** **vs. BPI FAMILY BANK, INC., CARMELITA ITAPO AND BENJAMIN HAO, G.R. No. 160107, October 22, 2014**, **J. Bersamin**

The issue in these two consolidated cases involves the tightly contested “Diwalwal Gold Rush Area” (DGRA) in Mt. Diwata, Mindanao, specifically, the 729-hectare portion excluded from SMGMC’s Mineral Production Sharing Agreement application (MPSA No. 128), and declared as People’s Small Scale Mining Area. SMGMC was the assignee of the original holder of a permit to explore (EP 133) covering 4,941 hectares of DGRA. Due to supervening events, [the Court] declares the petitions moot and academic. **MONCAYO INTEGRATED SMALL-SCALE MINERS ASSOCIATION, INC. (MISSMA) vs. SOUTHEAST MINDANAO GOLD MINING CORP. (SMGMC), BALITE INTEGRATED SMALL-SCALE MINING CORP., (BISSMICO) ET AL., G.R. No. 149638 (consolidated), December 10, 2014, J. Leonen**