



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

CARMENCITA GUIZANO, substituted
by her heirs, namely: **EUGENIO M.**
GUIZANO, JR., EMMANUEL M.
GUIZANO, EDMUND M. GUIZANO,
ERWIN M. GUIZANO, CARMINA M.
GUIZANO, represented by their co-heir
and attorney-in-fact **ELMER**
GUIZANO, and **ELMER M. GUIZANO**,
Petitioners,

G.R. No. 191128

Present:

CARPIO, J.,
Chairperson,
BRION,
DEL CASTILLO,
PEREZ, and
PERLAS-BERNABE, JJ.

- versus -

REYNALDO S. VENERACION,
Respondent.

Promulgated:

SEP 12 2012

[Signature]

X-----X

DECISION

BRION, J.:

We resolve the petition for review on *certiorari*¹ filed by Carmencita Guizano (now deceased), substituted by her heirs, namely Eugenio M. Guizano, Jr., Emmanuel M. Guizano, Edmund M. Guizano, Erwin M. Guizano, and Carmina M. Guizano, represented by their co-heir and attorney-in-fact Elmer Guizano, and Elmer M. Guizano to reverse and set aside the decision² dated July 31, 2007 of the Court of Appeals (CA) in CA-G.R. CV No. 77248, as well as its resolution dated January 27, 2010.³ These

¹ Under Rule 45 of the Rules of Court; *rollo*, pp. 12-22.

² Penned by Associate Justice Josefina Guevara-Salonga, and concurred in by Associate Justices Jose C. Reyes, Jr. and Ramon R. Garcia; *id.* at 25-35.

³ *Id.* at 36-38.

assailed CA issuances essentially ordered petitioner Carmencita Guizano to reconvey the subject property to respondent Reynaldo Veneracion.

THE FACTS

The facts of the case, as gathered from the decisions of the CA and the Regional Trial Court (*RTC*), are summarized below.

This case involves two parcels of land in Barangay Kapihan, San Rafael, Bulacan that Lucia Santos (married to David Santos) and her brother, Nicasio Bernardino, inherited from their mother.

Nicasio sold his share of the property, Lot No. 431 consisting of 6,445 square meters, to Dr. Eugenio and his wife Carmencita. The property was registered on February 22, 1985 under Transfer Certificate of Title (*TCT*) No. RT-18578,⁴ in the name of Emmanuel Guizano, the son of the Guizano spouses.

Lucia and her husband, for their part, sold a 656 sqm. portion of their land (*subject property*) in September 1995 to Reynaldo.⁵

Since the Santoses did not have any documentary proof of ownership over the subject property, Reynaldo had to rely on the Santoses' representation that Lucia inherited the land from her parents. Before buying the subject property, Reynaldo's father, Dr. Veneracion, hired a geodetic engineer to segregate the land being purchased from the land registered to Emmanuel.

⁴ *Id.* at 53.

⁵ *Id.* at 57-58.

Domingo Santos (son of the Santos spouses), Nicasio and Carmencita were all present during the survey when Nicasio pointed out the boundaries of his former lot, as well as Lucia's share. Carmencita also pointed out the boundaries of her property, which were marked by bamboo trees, a *madre de cacao* tree and a pilapil.⁶ The geodetic engineer drew up a sketch plan based on the survey and had all those present, including Carmencita, affix their signatures thereon.⁷

As an additional precautionary measure, when the Santos and Reynaldo executed the deed of sale (*Bilihan ng Tuluyan*) in September 1995, **the parties had Carmencita affix her signature to the deed of sale under the heading “Walang Tutol,” signifying that she did not object to the sale.**⁸

Thereafter, Carmencita discovered that the property sold to Reynaldo was actually part of the property that had already been registered in Emmanuel's name under TCT No. RT-18578 on February 22, 1985. She thus placed the word “HOLD” on the subdivision plan signed by the geodetic engineer.⁹

On June 14, 1999, **Reynaldo filed a complaint against Carmencita and the Santos spouses**, praying that Carmencita, as owner or as the lawful attorney-in-fact of her son Emmanuel, be ordered to reconvey the 656 sqm. parcel of land in his (Reynaldo's) favor.¹⁰ The complaint was docketed as Civil Case No. 623-M-99 and raffled to Branch 81 of the RTC of Malolos, Bulacan.

⁶ *Id.* at 58.

⁷ *Id.* at 59.

⁸ *Id.* at 58.

⁹ *Id.* at 59.

¹⁰ *Id.* at 40-43.

In her *Answer*, Carmencita claimed that the complaint was without merit since the property subject of the sale between Reynaldo and the Santos spouses is part of the property owned and registered in the name of her son Emmanuel, under TCT No. RT-18578.¹¹ Reynaldo, thus, had no cause of action against her.

On July 24, 2002, the RTC dismissed Reynaldo's complaint for lack of merit. The RTC observed that while the sale between the Santos and Reynaldo was established, there was no evidence that the Santos had the legal right to sell the lot. To begin with, the property sold to Reynaldo was already covered by TCT No. RT-18578, registered in the name of Emmanuel. In contrast, the Santos had no evidence to support their alleged ownership of the subject property – they never had the property surveyed, they never paid real estate taxes on the land, and they never declared the property for tax.¹²

The RTC also found that Emmanuel's title had already attained the status of indefeasibility at the time Reynaldo filed his action. Furthermore, even if an action for reconveyance had not yet prescribed as Reynaldo remained in possession of the property, he is guilty of laches for filing the action 14 years after Emmanuel's title had been issued.

¹¹ *Id.* at 48-52.

¹² *Id.* at 57-61.

THE DECISION OF THE CA

In resolving Reynaldo's appeal, the CA, in a decision dated July 31, 2007,¹³ reversed the RTC decision and ordered Carmencita to convey the subject property to Reynaldo.

The CA observed that Carmencita told Dr. Veneracion that the small portion of land immediately adjacent to his property did not belong to her but to Lucia. In the absence of any document showing the technical description of the respective shares of Nicasio and Lucia, Lucia and her son Domingo built an earthen dike and planted trees to show the demarcation line between the properties. This boundary was respected even by Carmencita when her family bought the property from Nicasio. Carmencita also participated in the survey conducted by the geodetic engineer by pointing out the boundaries of her lot, and signed the deed of sale between the Santos and Reynaldo to signify her conformity to the sale. From Carmencita's acts and representations, it is clear that she believed that the subject property belonged to the Santos and she was estopped from claiming ownership over the subject property.

The dispositive portion of this decision reads:

WHEREFORE, the foregoing considered, the instant appeal is hereby **GRANTED** and the assailed decision is **REVERSED AND SET ASIDE**. Accordingly, a new one is entered as follows:

1. Ordering defendant-appellee Carmencita Guizano as attorney-in-fact of her son Emmanuel Guizano to reconvey and execute a "Deed of Acknowledgement/Reconveyance" over the 656 square meter subject property in favor of plaintiff-appellant Reynaldo Veneracion, Jr.

¹³

Supra note 2, at 33.

2. Declaring as valid and legal the “Bilihan Tuluyan” executed by vendors/defendant-appellee spouses over the subject property in favor of plaintiff-appellant.
3. Ordering the Registrar of Deeds of Bulacan to register the “BILIHAN TULUYAN” as encumbrance in favor of plaintiff-appellant on TCT No. 18578.
4. In the alternative, if the above remedies are no longer possible, ordering Carmencita Guizano and her principal, Emmanuel Guizano, to pay the fair market value of the 656 square meter land.
5. Ordering defendant-appellee Carmencita Guizano to pay plaintiff-appellant ₱50,000.00 attorney’s fees and cost of suit.

Costs against defendant-appellee Carmencita Guizano.¹⁴
(emphases supplied)

THE PETITION

In their petition, Carmencita’s heirs argue that since Emmanuel’s certificate of title had attained the status of indefeasibility, it was no longer open to review on the ground of actual fraud. Neither is the legal remedy of reconveyance available against Carmencita as laches had already set in when the Santoses, Reynaldo’s predecessors-in-interest, slept on their right to assert their ownership over the subject property. Lastly, **the action should be dismissed as it was directed against Carmencita, who was not the real party-in-interest as she was not the registered owner of the property from where the 656 sqm. lot was taken.** Emmanuel, the registered owner, was not even impleaded in the case.

In his *Comment*, Reynaldo avers that the petition should be denied for raising a question of fact, *i.e.*, who is the owner of the subject property. He also insists that the petitioners are bound by their predecessor-in-interest

¹⁴

Supra note 2, at 33-34.

Carmencita's acts in relation to the subject property and, thus, they are estopped from questioning his right to the property.

THE RULING

The Court GRANTS the petition.

Complaint was not filed against the real party-in-interest

The records from both the RTC and the CA reveal that the courts *a quo* arrived at the same factual considerations. Undoubtedly, the subject property that Reynaldo purchased from the Santos spouses is part of the land registered in the name of Emmanuel under TCT No. RT-18578. The conflict arises when we take into consideration the acts and representations of Carmencita regarding the subject property, which show her recognition that the subject property is not part of her son's property, but was actually owned by the Santos and was later purchased by Reynaldo.

In determining entitlement to the subject property, the RTC emphasized that the Santos never assailed the registration of their property in Emmanuel's name. The trial court thus ruled in favor of Emmanuel after determining that the Santos had been guilty of laches. In contrast, the CA highlighted the fact that the Santos had been in open, peaceful, public, and adverse possession of the subject property in the concept of owners, and Carmencita never questioned this possession until after the sale to Reynaldo, when she discovered that this land was actually part of the land registered in her son's name.

After examining the records, we find that both the RTC and the CA grievously erred when they overlooked a basic but fundamental issue that Carmencita timely raised in her *Answer* – that the complaint states no cause of action against her.¹⁵

An action for reconveyance is an action available to a person whose property has been wrongfully registered under the Torrens system in another's name.¹⁶ While it is a real action, it is an action *in personam*, for it binds a particular individual only, although it concerns the right to an intangible thing. Any judgment in this action is binding only upon the parties properly impleaded.¹⁷ This is in keeping with the principle that every action must be prosecuted or defended in the name of the real party-in-interest, *i.e.*, the party who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit,¹⁸ as embodied in Section 2, Rule 3 of the Rules of Court:

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

Any decision rendered against a person who is not a real party-in-interest in the case cannot be executed. Hence, a complaint filed against such a person should be dismissed for failure to state a cause of action.¹⁹

¹⁵ Rollo, p. 50.

¹⁶ See *Heirs of Lopez, Sr. v. Hon. Enriquez*, 490 Phil. 74, 89 (2005).

¹⁷ See *Muñoz v. Yabut, Jr.*, G.R. Nos. 142676 and 146718, June 6, 2011, 650 SCRA 344, 367, citing *Alonso v. Cebu Country Club, Inc.*, 426 Phil. 61, 86-87 (2002).

¹⁸ See *Navarro v. Escobido*, G.R. No. 153788, November 27, 2009, 606 SCRA 1, 11.

¹⁹ Herrera, Remedial Law I, Rules 1 to 22, 2007 ed., p. 515, citing *Aguila, Jr. v. Court of Appeals*, G.R. No. 127347, November 25, 1999, 319 SCRA 246; *Berman Memorial Park, Inc. v. Cheng*, 497 Phil. 441, 452 (2005).

Reynaldo filed the present complaint to compel Carmencita to execute a Deed of Acknowledgement/Reconveyance over the subject property in his favor. Notably, he filed the present action only against Carmencita, despite his knowledge that the subject property is registered in Emmanuel's name. As he stated in his complaint:

5. That defendant, GUISANO,²⁰ now refuses to recognize the sale made by defendants SANTOS to plaintiff, with her consent and connivance, and now claims the said parcel of land as HERS; having been registered by her, or her deceased husband in the name of their son, Emmanuel Guisano, under TCT No. RT-18578 of the Registry of Deeds of Bulacan only for tax purposes;

6. That said defendant GUISANO also refuses to execute the necessary DEED OF ACKNOWLEDGEMENT/RECONVEYANCE to plaintiff, or cause the same to be executed by the nominal owner, her son, EMMANUEL, in order to set the record straight and quiet title to the aforesaid portion of land[.]²¹

In the prayer portion of his complaint, Reynaldo further asserted that he filed the present action against Carmencita as either the owner of the subject property or the lawful attorney-in-fact of Emmanuel. We quote the pertinent portion of the complaint:

WHEREFORE, it is respectfully prayed that judgment be rendered:

1. Ordering defendant CARMENCITA GUISANO, as the alleged owner of the property and/or as the lawful attorney-in-fact of her son Emmanuel Guisano, to execute the necessary DEED OF ACKNOWLEDGEMENT/RECONVEYANCE over the parcel of land described in par. 3 of this Complaint, in favor of plaintiff; and/or in the alternative, ordering defendant GUISANO to pay plaintiff the sum of ₱330,000.00, equivalent to the present value of the land, as actual damages[.]²²

As Reynaldo himself recognized in his complaint, the subject property is registered under TCT No. RT-18578 in Emmanuel's name alone;

²⁰ Corrected by the RTC as Guizano in its pre-trial order dated October 14, 1999; RTC records, p. 78.

²¹ *Rollo*, p. 41.

Carmencita's name does not appear anywhere on the title. While Reynaldo alleged that Carmencita was the owner of the property subject of dispute, with Emmanuel acting as a mere nominal owner, a Torrens certificate is the best evidence of ownership over registered land,²³ and serves as evidence of an indefeasible title to the property in favor of the person whose name appears on the title.²⁴ Absent any evidence to the contrary, Emmanuel is the real party-in-interest in any action that seeks to challenge ownership of the registered property. Reynaldo should thus have filed his complaint for reconveyance against him.

What makes Reynaldo's error all the more inexcusable is the fact that Carmencita repeatedly raised this defect before the lower court in her *Answer*²⁵ and *Pre-Trial Brief*.²⁶ Given Reynaldo's awareness of the defect of his complaint, and the opportunities afforded him to address the defect, his failure to implead Emmanuel in the action is untenable.

While the lower courts considered Carmencita to be Emmanuel's attorney-in-fact, we find no evidence on record that Emmanuel ever authorized his mother to represent him in this action. Even assuming that Carmencita did act as Emmanuel's attorney-in-fact, it is well-established in our jurisdiction that an attorney-in-fact is not the real party-in-interest. Even if so authorized in the power of attorney, she cannot bring an action in her own name for an undisclosed principal.²⁷ Since Reynaldo was obviously aware of the fact that the subject property was registered in Emmanuel's name, he should still have included Emmanuel as a defendant in the

²² *Id.* at 42.

²³ *Heirs of the Late Fernando S. Falcasantos v. Tan*, G.R. No. 172680, August 28, 2009, 597 SCRA 411, 414.

²⁴ *Ibid.*, citing *Republic v. Court of Appeals*, G.R. No. 84966, November 21, 1991, 204 SCRA 160; and *Demasiado v. Velasco*, No. L-27844, May 10, 1976, 71 SCRA 105.

²⁵ RTC records, p. 25.

²⁶ *Id.* at 56.

²⁷ Herrera, *supra* note 19, at 537.

aware of the fact that the subject property was registered in Emmanuel's name, he should still have included Emmanuel as a defendant in the reconveyance case pursuant to Section 3, Rule 3 of the Rules of Civil Procedure, which reads:


Section 3. *Representatives as parties.* - Where the action is allowed to be prosecuted or **defended by a representative** or someone acting in a fiduciary capacity, **the beneficiary shall be included in the title of the case and shall be deemed to be the real party in interest.** A representative may be a trustee of an express trust, a guardian, an executor or administrator, or a party authorized by law or these Rules. An agent acting in his own name and for the benefit of an undisclosed principal may sue or be sued without joining the principal except when the contract involves things belonging to the principal. [emphasis ours]

WHEREFORE, the petition is **GRANTED**. The Decision of the CA dated July 31, 2007 in CA-G.R. CV No. 77248 is **REVERSED** and **SET ASIDE**, and the complaint in Civil Case No. 623-M-99 is **DISMISSED** for lack of merit, without pronouncement as to costs.

SO ORDERED.



ARTURO D. BRION
Associate Justice

WE CONCUR:


ANTONIO T. CARPIO
Associate Justice
Chairperson

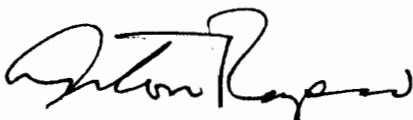

MARIANO C. DEL CASTILLO
Associate Justice


JOSE PORTUGAL PEREZ
Associate Justice


ESTELA M. PERLAS-BERNABE
Associate Justice

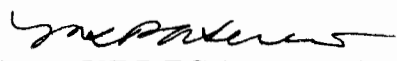
A T T E S T A T I O N

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ANTONIO T. CARPIO
Associate Justice
Chairperson, Second Division

C E R T I F I C A T I O N

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


MARIA LOURDES P. A. SERENO
Chief Justice