



Republic of the Philippines
Supreme Court
 Manila

FIRST DIVISION

SUPREME COURT OF THE PHILIPPINES
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**GOLDEN BORACAY REALTY,
 INC.,**

G.R. No. 219446

Petitioner,

Present:

GESMUNDO, C.J., Chairperson,
 CAGUIOA,
 CARANDANG,
 ZALAMEDA, and
 GAERLAN, JJ.

- versus -

ANTONIO PELAYO,
 Respondent.

Promulgated:

JUL 14 2021

X-----X

RESOLUTION

CAGUIOA, J.:

Before the Court is a Petition for Review on *Certiorari*¹ (Petition) under Rule 45 of the Rules of Court assailing the Decision² dated November 5, 2014 and Resolution³ dated July 8, 2015 of the Court of Appeals⁴ (CA) in CA-G.R. CEB-CV No. 04578. The CA Decision granted the appeal of respondent Antonio Pelayo (Antonio) and reversed as well as set aside the Decision⁵ of the Regional Trial Court, Branch 6 in Kalibo, Aklan (RTC) in Civil Case No. 6893. The CA Resolution denied the motion for reconsideration of petitioner Golden Boracay Realty, Inc. (GBRI).

¹ *Rollo*, pp. 12-80, excluding Annexes.

² *Id.* at 84-103. Penned by Associate Justice Edgardo L. Delos Santos (now a retired Member of the Court) with Associate Justices Marilyn B. Lagura-Yap and Jhosep Y. Lopez (now a member of the Court) concurring.

³ *Id.* at 104-108. Penned by Associate Justice Edgardo L. Delos Santos (now a retired Member of the Court) with Associate Justice Pamela Ann Abella Maxino concurring, and Associate Justices Gabriel T. Ingles and Marilyn B. Lagura-Yap, with separate Concurring Opinions (*id.* at 109-110 and 111-123, respectively) while Associate Justice Jhosep Y. Lopez (now a Member of the Court), with Dissenting Opinion (*id.* at 124-144).

⁴ Nineteenth (19th) Division and Special Division of Five.

⁵ *Rollo*, pp. 258-274. Penned by Judge Jemena Abellar Arbis.

The Facts

The CA Decision narrates the antecedents as follows:

The property in controversy is a portion of Lot 18 located in Manoc-manoc, Malay, Aklan which is identified in the Commissioners' Sketch Plan as Lot 18-A and Lot 18-B [(disputed lots)] consisting of 18,560 square meters and 4,681 square meters, respectively.

Based on the evidence on record, the disputed [lots were] originally part of a big tract of land consisting of 96,771 square meters which was initially owned by Calixto Pelayo (Calixto), the father of Antonio and defendant Gloria Pelayo-Manong (Gloria), and declared under Tax Declaration No. [(TD)] 3554 effective for the year 1980. On [April 21, 1976], Calixto sold the entire land to his children, dividing the whole property into two and allocating the eastern side to Antonio and the western side to Gloria. [TD] 3554 in the name of Calixto was consequently cancelled to give way to: 1) [TD] 4414 in the name of Gloria which covered 48,385 square meters of cocal land; 2) [TD] 4415 in the name of Antonio which covered 48,186 square meters of cocal land and 200 square meters of residential land.

Subsequently, Gloria conveyed various portions of her property on four (4) separate occasions:

- 1) on [September 30, 1982], she sold to Angelito Manuel (Manuel) 2,000 square meters of her land in consideration of [P10,000.00];
- 2) on [March 17, 1984], she renounced her interest over 1,000 square meters of her property in favor of Luvismina Diaz-Mayr;
- 3) on [June 20, 1991], she sold 40,000 square meters to defendant-appellee [GBRI] for the price of [P2,000,000.00]; and
- 4) on [July 1, 1996], she sold to GBRI the assailed property (Lot No. 18-A) consisting of 18,560 square meters for the price of [P1,500,000.00].

On [July 2, 1992], Manuel sold to GBRI the 2,000-square meter portion he purchased from Gloria, in consideration of [P100,000.00]. This portion is identified in the Commissioners' Sketch Plan as Lot 18-C. GBRI eventually declared this property as Lot 18-pt. under ARP/TD No. 93-011-1526/1527 effective for the year 1994.

On [February 7, 2003], defendants-appellees Joseph Pelayo, John Pelayo, and Jomar Pelayo [(Pelayo brothers),] together with their now deceased father Jorge Pelayo [(Jorge)], executed a Waiver of Rights in favor of GBRI wherein they assigned and conveyed all their rights, title and interest and participation over the property they were occupying in consideration of [P2,000,000.00]. The property stated in the Waiver is designated as Lot No. 7 but in the Commissioners' Sketch Plan, the same is identified as Lot 18-B. [Lot 18-B is the other disputed lot.]

On [July 9, 2003], Antonio filed before the RTC the present Complaint for “Annulment of Documents, Ownership, Possession, Demolition of Improvements and Damages” [(Complaint)] against Gloria and the defendants-appellees.⁶ He alleged that he is the declared owner of the disputed [lots] under ARP/TD No. 1984/1985 but through fraudulent means, Gloria was able to secure a tax declaration in her name which she then used to sell [Lot 18-A] to GBRI. Since Lot 18-A does not belong to Gloria but to him, he averred that the Deed of Sale should be annulled. Likewise, he maintained that the Waiver of Rights executed by the Pelayo brothers [and Jorge] should be annulled or cancelled since Lot 18-B also forms part of the parcel of land sold to him by his father, Calixto. With respect to defendant-appellee Esteban Tajanlangit (Tajanlangit), Antonio impleaded him as party defendant since the former was the representative of GBRI in the Waiver of Rights wherein Tajanlangit bound himself in a personal capacity to provide the relocation site for the Pelayo brothers.

On [August 26, 2003], Gloria filed her Answer with Motion to Dismiss and Counterclaim. She asserted that what she sold to GBRI was her own land, albeit undervalued by GBRI in the Deed [of Sale]. She claimed that this sale was subject of a suit (Civil Case No. 6415) which she filed against GBRI for the latter’s failure to fully pay the agreed purchase price of [P12,000,000.00] and which they subsequently settled amicably. Considering that she sold only her own property and never encroached on Antonio’s land, she argued that Antonio had no cause of action against her. She also maintained that Antonio’s complaint was dismissible on the following grounds: non-compliance with the Katarungang Pambarangay Law; laches; and estoppel. She consequently prayed that the [C]omplaint be dismissed and that attorney’s fees and litigation expenses be awarded in her favor.

In his Answer with Affirmative Defenses and Counterclaim, Tajanlangit averred that Antonio had no cause of action against him since he was merely a representative and agent of GBRI who is the real party in interest in the assailed Waiver of Rights. He accordingly asked that the court grant him attorney’s fees and litigation expenses as a result of the unwarranted suit.

In its Answer with Counterclaim, GBRI maintained the validity of the sale covering Lot 18-A, arguing that it was an innocent purchaser for value. With respect to the Waiver of Rights executed by the Pelayo brothers [and Jorge], GBRI claimed that such Waiver concerned a different parcel of land separate from the property sold by Gloria.

The Pelayo brothers, on the other hand, admitted in their Answer that they executed the assailed Waiver of Rights but they also wanted the same annulled since they have not personally received any money in consideration of such Waiver. They further asserted that the disputed lot and the lot where their houses are located, [are] owned by Antonio. Since they have no interest in the subject property, they prayed that the complaint against them be dismissed.

When the case was called for pre-trial, the parties agreed to relocate the portion claimed by Antonio in relation to the portions sold by Gloria to GBRI and to Manuel who eventually sold the same to GBRI. Consequently, in its Order dated [April 23, 2004], the RTC designated Engr. Rafael

⁶ These are GBRI, Gloria, the Pelayo brothers, and Esteban Tajanlangit. *Rollo*, p. 84.

Escabarte[,] Sr. and Engr. Bernan Certeza, who were nominated by the parties, as the commissioners tasked to conduct the joint relocation survey.

Subsequently, the two Commissioners submitted their Report and Sketch Plan.

In its Order dated [December 22, 2004], the RTC gave the parties [30] days to discuss an amicable settlement and submit a compromise agreement. x x x

On [April 15, 2005], Antonio filed a Manifestation and Motion averring that during the conference between him and his sister Gloria, the latter made some clarifications and declarations to the effect that the land claimed by him is not included in the land she sold to GBRI particularly Lot 18-A as identified in the Commissioners' Sketch Plan. With the foregoing assertions [of] Gloria, Antonio manifested that there was no more need to implead the former as a defendant and consequently prayed for the court to drop Gloria as party defendant.

In its Order dated [August 24, 2005], the RTC resolved to drop Gloria as a party defendant considering her manifestation in open court that she has no more claim over the property claimed by Antonio.

There being no amicable settlement among the remaining parties, the RTC proceeded with the pre-trial x x x[.]

x x x x

On [September 29, 2005], GBRI filed a Motion for Leave of Court to File Third Party Complaint against Gloria, in view of the dropping of the latter as party defendant. GBRI argued that it is entitled to reimbursement for the purchase price it paid to Gloria in the event the case would be adjudged in favor of Antonio.

However, in its Order dated [October 3, 2005], the RTC denied GBRI's motion "considering that the subject matter of their third-party complaint was the subject matter in Civil Cases No. 6166 and 6415 filed before [the RTC] between the third-party plaintiff and third-party defendant."

Trial on the merits thereafter ensued.

x x x x

On [August 30, 2012], the RTC rendered judgment in this wise:

"As regards the matter in the preceding paragraph, the court believed that [Gloria] is an indispensable party to this case since [GBRI] derived its right over the land in question from her. Rule 3, Section 7 of the Rules of Court, defines indispensable parties as parties in interest without whom there can be no final determination of an action. Indispensable parties must be joined either as plaintiffs or as defendants and when an indispensable party is not before the court the action should be dismissed. By dropping defendant [Gloria] from the case it follows that the case against [GBRI] should also be



dropped on the ground that [GBRI] derived and acquired the lot in question from [Gloria] who represented herself to be the owner of the lot in question. [x x x]

x x x x

In sum, this Court finds that plaintiff failed to present preponderant evidence that the lots in question Lot 18-A and Lot 18-B belong to him and that defendant [GBRI] was in bad faith when it bought these lots from [Gloria].

WHEREFORE, premises considered, for failure of plaintiff to prove by preponderance of evidence his cause of action against the defendants, the instant Complaint is ordered DISMISSED. No cost.

SO ORDERED.”

Aggrieved, Antonio filed [an] appeal [with the CA] insisting on his lawful title to the disputed property. x x x⁷ (Words in bracket are supplied)

Ruling of the CA

The CA in its Decision⁸ dated November 5, 2014 found Antonio’s appeal impressed with merit.⁹ The dispositive portion thereof states:

WHEREFORE, in view of the foregoing premises, the present appeal is hereby GRANTED. The assailed Decision of the Regional Trial Court, Branch 6 in Kalibo, Aklan in Civil Case No. 6893 is hereby REVERSED and SET ASIDE. Accordingly, the Court declares plaintiff-appellant Antonio Pelayo as the rightful owner of Lot 18-A and Lot 18-B. Hence, the [July 1, 1996] Deed of Sale between Gloria and GBRI as well as the [February 7, 2003] Waiver of Rights executed by the Pelayo brothers, are hereby declared null and void and all tax declarations contrary to Antonio’s property rights over Lots 18-A and 18-B, are hereby cancelled. The defendants-appellees as well as any persons acting on their behalf are consequently ordered to vacate the subject lots and to surrender possession to the plaintiff-appellant.

SO ORDERED.¹⁰

GBRI filed a motion for reconsideration with the CA, which the CA denied in the Resolution¹¹ dated July 8, 2015 of a Special Division of Five, with a vote of 4-1, where the *ponencia* was penned by CA Associate Justice Edgardo L. Delos Santos (now a retired Member of the Court) and concurred in by CA Associate Justice Pamela Ann Abella Maxino, while CA Associate Justices Gabriel T. Ingles and Marilyn B. Lagura-Yap filed separate

⁷ Id. at 84-91. Footnotes omitted.

⁸ Supra note 2.

⁹ Id. at 92.

¹⁰ Id. at 102.

¹¹ Supra note 3.

Concurring Opinions and CA Associate Justice Jhosep Y. Lopez (now a Member of the Court) filed a Dissenting Opinion.

Hence the present Petition. Antonio filed a Comment to the Petition¹² dated March 14, 2016. GBRI filed a Reply¹³ dated March 11, 2019.

The Issues

The Petition raises the following issues:

- (1) whether the CA erred in reversing the Complaint's dismissal by the RTC given the fact that Antonio's dropping of Gloria as a defendant was fatal to the Complaint as she is an indispensable party whose absence in the case will result in the mandatory dismissal of the case;
- (2) whether the CA erred when it bound GBRI to the alleged judicial admission of Gloria when she was no longer a party to the case and in fact refuted in her testimony her previous alleged judicial admission;
- (3) whether the CA erred when it resorted to speculations, surmises or conjectures in determining the boundaries of Antonio's property and declaring him owner of the disputed lots on the basis thereof, directly contradicting the Commissioners' Sketch Plan;
- (4) whether the CA erred when it deemed invalid the Waiver of Rights executed by Jorge and the Pelayo brothers;
- (5) whether the CA erred when it refused to recognize the application of laches to bar Antonio's claim over the disputed lots; and
- (6) in the alternative, given the inadequacy of the evidence, whether the Court should remand the case for further reception of evidence.

The Court's Ruling

The Petition is without merit.

On the first issue, the dropping of Gloria as a party defendant is not fatal to Antonio's complaint against GBRI and the Pelayo brothers. The CA was correct in ruling that, having transferred all her rights and obligations over

¹² Id. at 297-353.

¹³ Id. at 445-494.



Lot 18-A to GBRI, Gloria could no longer be considered an indispensable party since she has lost her interest in the said disputed lot.¹⁴ This is in accord with the Court's ruling in *Sta. Lucia Realty & Development, Inc. v. Spouses Buenaventura*,¹⁵ to wit:

Petitioner originally sold the subject lot to Alfonso, and the latter subsequently sold the same to herein respondents. As assignees or successors-in-interest of Alfonso to Lot 3, Block 4, Phase II in petitioner's subdivision project, respondents succeed to what rights the former had; and what is valid and binding against Alfonso is also valid and binding as against them. In effect, respondents stepped into the shoes of Alfonso and such transfer of rights also vests upon them the power to claim ownership and the authority to demand to build a residential house on the lot to the same extent as Alfonso could have enforced them against petitioner.

Article 1311 of the New Civil Code states that, "contracts take effect only between the parties, their assigns and heirs, except in case where the rights and obligations arising from the contract are not transmissible by their nature, or by stipulation or by provision of law." In this case, the rights and obligations between petitioner and Alfonso are transmissible. There was no mention of a contractual stipulation or provision of law that makes the rights and obligations under the original sales contract for Lot 3, Block 4, Phase II intransmissible. Hence, Alfonso can transfer her ownership over the said lot to respondents and petitioner is bound to honor its corresponding obligations to the transferee or new lot owner in its subdivision project.

Having transferred all rights and obligations over Lot 3, Block 4, Phase II to respondents, Alfonso could no longer be considered as an indispensable party. An indispensable party is one who has such an interest in the controversy or subject matter that a final adjudication cannot be made in his absence, without injuring or affecting that interest. Contrary to petitioner's claim, Alfonso no longer has an interest on the subject matter or the present controversy, having already sold her rights and interests on Lot 3, Block 4, Phase II to herein respondents.¹⁶

The Court agrees with the CA that Gloria's presence in this case is only necessary such that her non-inclusion herein would not prevent Antonio's complaint from prospering against GBRI as the buyer of Lot 18-A, viz.:

x x x Section 8, Rule 3 of the Rules of Civil Procedure defines a necessary party as "one who is not indispensable but who ought to be joined as a party if complete relief is to be accorded as to those already parties, or for a complete determination or settlement of the claim subject of the action." Necessary parties are those whose presence is necessary to adjudicate the whole controversy, but whose interests are so far separable that a final decree can be made in their absence without affecting them, as in Gloria's case. As aptly ruled in *Seno [v.] Mangubat*:¹⁷

¹⁴ Id. at 93. Citation omitted.

¹⁵ G.R. No. 177113, October 2, 2009, 602 SCRA 463.

¹⁶ Id. at 469-470. Citations omitted.

¹⁷ No. L-44339, December 2, 1987, 156 SCRA 113.



“In the present case, there are no rights of defendants Andres Evangelista and Bienvenido Mangubat to be safeguarded if the sale should be held to be in fact an absolute sale nor if the sale is held to be an equitable mortgage. Defendant Marcos Mangubat became the absolute owner of the subject property by virtue of the sale to him of the shares of the aforementioned defendants in the property. Said defendants no longer have any interest in the subject property. However, being parties to the instrument sought to be reformed, their presence is necessary in order to settle all the possible issues of the controversy. Whether the disputed sale be declared an absolute sale or an equitable mortgage, the rights of all the defendants will have been amply protected. Defendants-spouses Luzame in any event may enforce their rights against defendant Marcos Mangubat.” (emphasis supplied)¹⁸

As the CA also correctly observed, even on the assumption that Gloria may be considered an indispensable party, jurisprudence instructs that the non-joinder of an indispensable party is not a ground for the dismissal of an action, as the remedy in such case is to implead the party claimed to be indispensable, considering that parties may be added by order of the court, either on motion of a party or on its own initiative at any stage of the action,¹⁹ viz.:

Having settled that, Our pronouncement in *Pamplona Plantation Company, Inc. v. Tinghil* is instructive as regards the proper course of action on the part of the courts in cases of non-joinder of indispensable parties x x x:

The non-joinder of indispensable parties is not a ground for the dismissal of an action. At any stage of a judicial proceeding and/or at such times as are just, parties may be added on the motion of a party or on the initiative of the tribunal concerned. If the plaintiff refuses to implead an indispensable party despite the order of the court, that court may dismiss the complaint for the plaintiff's failure to comply with the order. The remedy is to implead the non-party claimed to be indispensable. x x x²⁰

Given the foregoing, the CA was correct in ruling that the RTC “gravely erred in dismissing Antonio’s complaint based on [the] ground”²¹ that Gloria is an indispensable party and dropping her as a party, upon Antonio’s initiative, results in the dismissal of his complaint against GBRI.

Anent the second and third issues, their resolution ultimately rests upon the correctness of the CA’s finding on the exact location of Lots 18-A and 18-B, the disputed lots, which are being claimed by Antonio, in relation to the location of Gloria’s property, consisting of the one-half portion of their father

¹⁸ *Rollo*, p. 93.

¹⁹ *Id.* at 94. Citation omitted.

²⁰ *Heirs of Faustino Mesina v. Heirs of Domingo Fian, Sr.*, G.R. No. 201816, April 8, 2013, 695 SCRA 345, 353. Emphasis and citation omitted.

²¹ *Rollo*, p. 94.

Calixto's property which she earlier bought from the latter. And, if such finding can stand even if the alleged declarations of Gloria made in a closed-door conference in the presence of only the RTC judge, Antonio and the lawyers of Antonio and Gloria, wherein GBRI was not able to attend, and which are being questioned by GBRI as incapable of being classified as judicial admissions,²² are excluded.

It must be recalled that the disputed lots were originally part of a tract of land with an area of 96,771 square meters, which Calixto, the father of siblings Antonio and Gloria, owned. Calixto sold the entire land in 1976 to Antonio and Gloria, allocating the eastern side to Antonio and the western side to Gloria. Antonio declared his half portion as consisting of 48,186 square meters of cocal land and 200 square meters of residential land. Thus, his portion covered 48,386 square meters. Gloria, on the other hand, declared her half portion as consisting of 48,385 square meters of cocal land.²³ Since the portions that Antonio and Gloria respectively bought from their father originated from one tract of land, which was subdivided into two, it is but logical that such portions must be contiguous or adjacent to each other.

On this point, the CA made these definitive findings, with the purported declarations of Gloria excised:

Based on the Commissioners' Sketch Plan,²⁴ Lots 18-A and 18-B are located side by side from west to east with Lot No. 26 [(with an area of 25,325 square meters)] owned by Antonio on the north side of Lot 18-A and the rest of Lot 18 on the south side going westward (Lot 18-remaining for brevity). [As actually reflected in the Commissioners' Sketch Plan, Lot 18-remaining partly consists of Lot 18-PORT. with an area of 42,000 square meters wherein Lot 18-C with an area of 2,000 square meters is imbedded within Lot 18-PORT.] Standing inside Lot 18-B are several houses separately occupied by the Pelayo brothers, their sister Eufemia and their now deceased father, Jorge Pelayo. On the other hand, Lot 18-remaining includes the 40,000-square-meter portion sold by Gloria to GBRI on [June 20, 1991] (identified in the Sketch Plan as [within] Lot 18-[PORT.]) as well as Lot 18-C consisting of 2,000 square meters which Manuel originally purchased from Gloria and later sold to GBRI. Immediately below Lot 18-A on the south side, therefore, are these two adjoining lots owned by GBRI: 1) [40,000 square meters of] Lot 18-[PORT.] which stretches down to the southwest; and 2) Lot 18-C which is located [within Lot 18-PORT.] on the upper east side of Lot 18-[PORT.].

Also indicated in the Commissioners' Sketch Plan is an "existing natural boundary" right in between Lot 18-A and Lot 18-remaining. According to Antonio, this is the boundary line separating his portion on the eastern side from Gloria's portion on the western side which he testified as an existing "*kakawate*".

²² Id. at 49-55.

²³ Id. at 84-85.

²⁴ Exhibit "A"/Exhibit "1".

After a painstaking review of the testimonial and documentary evidence on record, the [CA] finds that Lots 18-A and 18-B are indeed included in Antonio's half portion which he purchased from his father Calixto while Gloria's share is limited to the southwestern side of the entire property below the existing natural boundary line, specifically Lot 18-remaining.

X X X X

x x x [A] careful examination of the deed of sale executed by Calixto in favor of Gloria reveals that Gloria's half portion [(consisting of 48,385 square meters)] indeed covers only Lot 18-remaining, as evidenced by the boundaries stated therein in relation to the Sketch Plan prepared by Certeza & Sons, Inc. for GBRI [(GBRI Sketch Plan)] on [July 8, 1992] (Exhibit "11"/Exhibit "H"). Exhibit "11"/Exhibit "H" [or the GBRI Sketch Plan] is a Sketch Plan of [Land Portion of Lot 18] which Gloria sold to GBRI in 1991, [and reflects two lots: 1) Lot 18-A, with an area of 40,000 square meters, and Lot 18-C, with an area of 2,000 square meters.] [I]t is apparent therein that Antonio is named as the adjoining owner to the north of Lot 18-[A] and Lot 18-C [of the GBRI Sketch Plan]. If a comparison will be made between Exhibit "11"/Exhibit "H" [or the GBRI Sketch Plan] and the Commissioners' Sketch Plan, it will readily show that the portion identified in the former as belonging to Antonio is the disputed property herein, particularly Lot 18-A and Lot 18-B [of the Commissioners' Sketch Plan]. Since this [GBRI] Sketch Plan was made specifically for GBRI and was offered by GBRI as its own evidence, the recognition of Antonio as the owner of the subject lots cannot be denied.

[The Court notes that Lot 18-A of the Commissioners' Sketch Plan has an area of 18,560 square meters while Lot 18-A of the GBRI Sketch Plan has an area of 40,000 square meters, and that Lot 18-PORT. in the Commissioners' Sketch Plan has an area of 42,000 square meters wherein Lot 18-C, with an area of 2,000 square meters, is imbedded within Lot 18-PORT. To avoid confusion, Lot 18-A of the GBRI Sketch Plan is hereinafter referred to as Lot 18-A*. To clarify, Lot 18-A* is the 40,000 square meters lot within Lot 18-PORT which Gloria sold to GBRI in 1991.]

Antonio's ownership over the disputed lots is also supported by the declarations of his niece, Eufemia, as well as the judicial admission of the Pelayo brothers. During the trial, Eufemia clearly and unequivocally testified that Antonio owned the portion above the existing natural boundary line in the Commissioners' Sketch Plan, including Lots 18-A and 18-B, while Gloria owned the portion below such boundary. Likewise, the Pelayo brothers expressly admitted Antonio's title over Lots 18-A and 18-B in their Answer dated [October 7, 2003]. Considering that Eufemia and the Pelayo brothers are the ones actually occupying the disputed property particularly Lot 18-B, their credible declarations deserve weight and belief.

Moreover, Gloria's own tax declarations and the deeds of sale she executed significantly disclose that she had long acknowledged Antonio as the owner of the disputed property which adjoins hers on the northeast side. In Gloria's earliest tax declarations for the year[s] 1980 and 1983 ([TD] 4414 and [TD] 4676), she specifically recognized therein that Antonio's property bounded hers to the east. She also admitted this fact when she executed the [January 18, 1982] Deed of Absolute Sale in favor of Manuel with respect to Lot 18-C. Subsequently, in a second Deed of Sale dated [September 30, 1982]



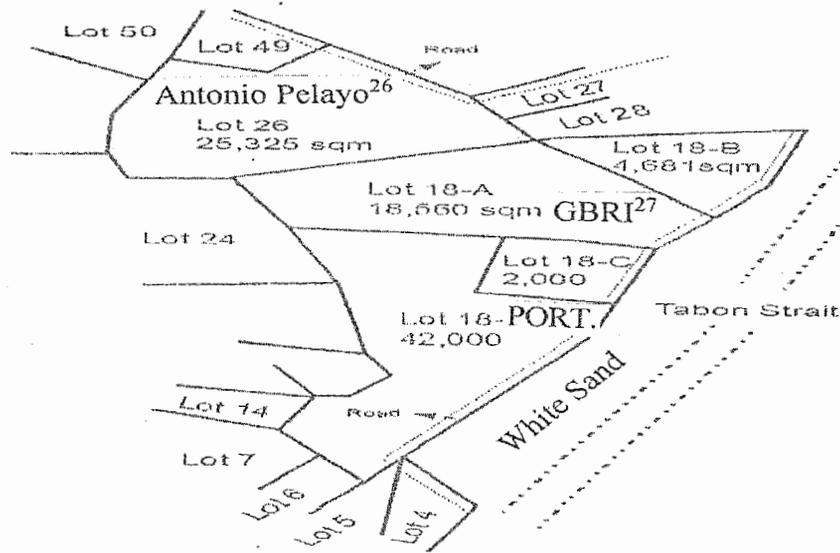
which was registered with the City Assessor, Gloria expressly stated therein that Lot 18-C was bounded by Antonio's property on the north side. Manuel's corresponding tax declaration for the year 1983 ([TD] 4677) likewise indicated Antonio as an adjoining owner to the north of Lot 18-C. Even when Manuel sold Lot 18-C to GBRI, the lot was still described as bounded on the north by Antonio Pelayo. Considering that Lot 18-A adjoins Lot 18-[PORT.] to the north and is immediately above the existing natural boundary line identified in the Commissioners' Sketch Plan, it is clear that Antonio is the recognized owner of the disputed property.

Similarly, in the [June 20, 1991] Deed of Sale executed between Gloria and GBRI with respect to Lot 18-[PORT.], Antonio is recognized as the adjoining owner to the north of Gloria's property. In the Deed, Gloria's property was identified as Lot 18 (pt.) and Lot 17 (pt.) x x x, respectively. Significantly, in the description of Lot 18 (pt.), it was specified as bounded on the north by Lot 26 and [Lot] 18 (pt.), which means that Gloria's ownership in Lot 18 does not cover the entirety thereof but only a portion of the same[, which fact may be inferred from the use of "(pt.)", indicating part or portion,] while another portion of Lot 18 adjoins hers to the north thereof. If this description will be correlated with Exhibit "11"/Exhibit "H" [or the GBRI Sketch Plan] *vis-a-vis* the Commissioners' Sketch Plan, it becomes apparent that Gloria's property on the southwestern side extends only up to the aforecited existing natural boundary line while Antonio owns the properties above such boundary including Lots 18-A and 18-B. The fact that Gloria described her own property as being bounded on the north by "Lot 18 (pt.)" is a clear indication that she did not claim the same as her own and that she recognized another to own such northern portion, otherwise, she would have omitted the same as a northern boundary. Even in GBRI's and Gloria's 1995 tax declarations (ARP/TD No. 1753 and ARP/TD No. 1754) issued after the sale of [40,000 square meters of] Lot 18-[PORT.], their properties were expressly described as being bounded on the north by Lot 18-pt. which again signifies that Gloria's claim of title did not extend to the northern part of Lot 18.²⁵ (Words in bracket are supplied)

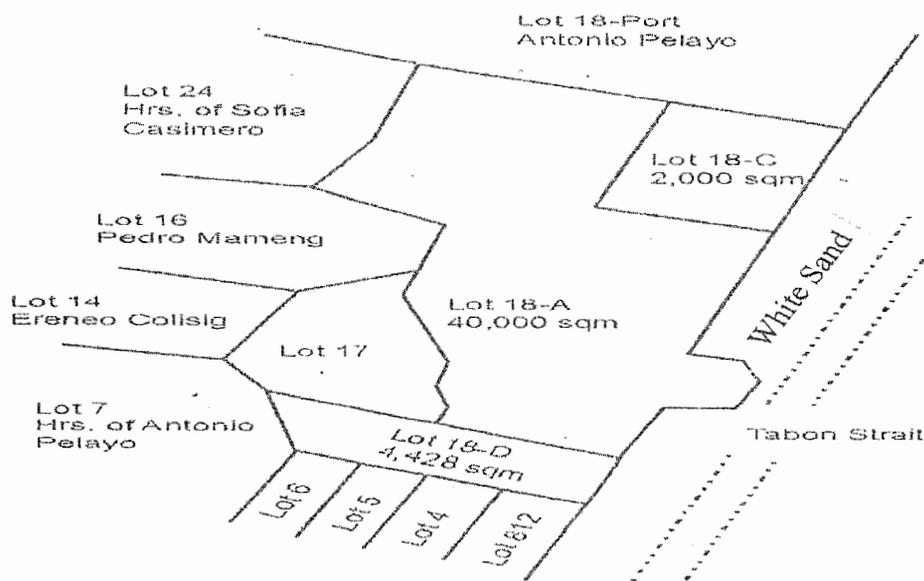
For ease of reference and to visually situate the disputed lots in relation to the lots of Antonio and Gloria as well as the lots earlier sold by Gloria to GBRI, the Court adopts the following simplified sketch plans which are part of the Concurring Opinion of CA Associate Justice Marilyn B. Lagura-Yap:

²⁵ *Rollo*, pp. 95-99. Footnotes omitted.





Commissioners' Sketch Plan²⁸
(Not Drawn to Scale)



GBRI Sketch Plan²⁹
(Not Drawn to Scale)

These findings of the CA are clear: Lots 18-A and 18-B, the disputed lots or property, are located above or to the north of the half portion of Calixto's land, consisting of 48,385 square meters, which Gloria bought from the latter; Antonio's half portion is adjacent or contiguous to Gloria's half portion and is located above or to the north of Gloria's; and a natural boundary line divides the half portion that Gloria bought from Calixto and the other half portion, consisting of 48,386 square meters, which Antonio bought from

²⁶ As reflected in Commissioners' Sketch Plan, see Exhibit "A"/Exhibit "1," records, Vol. I, p. 209 (inside the brown envelope).

²⁷ As reflected in Commissioners' Sketch Plan, id.

²⁸ Referred to as "2004 Plan" in the Concurring Opinion of *J. Lagura-Yap, rollo*, p. 114.

²⁹ Referred to as "1992 Plan" in the Concurring Opinion of *J. Lagura-Yap, id.*

Calixto. This relative location of the half portions sold to Antonio and Gloria, respectively, is consistent with the Deed of Absolute Sale of Real Property executed in April 1976 by Calixto in favor of Antonio, which states that: “THE PORTION SOLD is located at the eastern side of the whole parcel of parcel of land x x x with the following pertinent boundaries: x x x; and on the West [by] Gloria Pelayo.”³⁰ Thus, the conclusion is inescapable — Lots 18-A and 18-B fall within the half portion of Antonio.

As reflected in the Commissioners’ Sketch Plan, Lot 26 in the name of Antonio has an area of 25,325 square meters. If the areas of Lot 18-A, which is 18,560 square meters, and Lot 18-B, which is 4,681 square meters, are added to the area of Lot 26, the total area is 48,566 square meters. This total area approximates the 48,386 square meters half portion which Antonio bought from Calixto. On the part of Gloria, the Commissioners’ Sketch Plan reflects that Lot 18-PORT., with an area of 42,000 square meters, 40,000 square meters of which she sold directly to GBRI and the remaining 2,000 square meters (Lot 18-C) she sold to Manuel, who later sold it to GBRI. If the area of Lot 18-PORT. is added to the areas of Lot 18-A and 18-B, the disputed lots, the total area will be 65,241 square meters. Clearly, 65,241 square meters is grossly disproportionate to the half portion with an area of 48,385 square meters that Gloria earlier bought from Calixto. Given the relative location of Lots 18-A and 18-B *vis-à-vis* Lot 26 of Antonio Pelayo and Lot 18-PORT. of then Gloria (now GBRI), it becomes inescapable that the former lots are located within the half portion that Antonio bought from Calixto.

Further, the Court notes that, as reflected in the Commissioners’ Sketch Plan, Lots 18-A and 18-B are alongside the strip indicated as “WHITE SAND.” Lot 18-C, which is the 2,000 square meters lot sold by Manuel to GBRI and originally owned by Gloria, and part of Lot 18-PORT., likewise abut the “WHITE SAND.” If Lots 18-A and 18-B were to form part of the half portion that Gloria bought from Calixto, then Antonio’s half portion would not have any “WHITE SAND” frontage. It is, thus, unlikely that Antonio would have bought the half portion of his father’s land without any “WHITE SAND” frontage, given not only value considerations but more so its unique location shared only by a privileged and lucky few.

Evidently, even without Gloria’s declarations, the finding of the CA that Lots 18-A and 18-B belong to Antonio is supported by the evidence on record, and is affirmed by the Court.

The CA took pains to explain how the confusion in the boundaries of the tax declarations of the GBRI lots got mixed up,³¹ and the Court recognizes such explanation. The Court is of the belief that reiterating the same in this resolution yields no value added. However, the Court agrees totally with the CA that:

It must be emphasized herein that what defines the land is not the numerical data indicated as its size or area but, rather, the boundaries or

³⁰ Id.

³¹ See *id.* at 99-100.

“metes and bounds” specified in its description as enclosing the land and indicating its limits. Since the boundaries of Gloria’s property clearly exclude the disputed lots as reflected by the overwhelming evidence on record, the same are deemed controlling herein.³²

Contrary to GBRI’s assertion, the CA did not resort to speculations, surmises or conjectures in determining the boundaries of Antonio’s property and declaring him owner of the disputed lots; rather, it is clear that the CA relied on credible documentary and testimonial evidence on record. To be sure, the CA’s conclusion is directly supported by the Commissioners’ Sketch Plan and even GBRI’s Sketch Plan.

Given that Lot 18-A legally pertains to Antonio, the CA correctly ruled that:

In view of the foregoing, the [CA] rules that the sale between Gloria and GBRI with respect to Lot 18-A is invalid since it is Antonio who is the true owner of the said land. Inasmuch as Gloria did not own Lot 18-A and held no rightful title over the same, she could not legally dispose of the same to GBRI because she had no right to alienate property that did not belong to her, and GBRI has not acquired any lawful right of ownership from Gloria as the seller. For this reason[,] the Deed of Absolute Sale executed by Gloria in favor of GBRI on [July 1, 1996] is null and void. 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.³³

Regarding the fourth issue, the nullification of the Waiver of Rights over Lot 18-B executed by the Pelayo brothers and Jorge in favor of GBRI is in order considering that, as correctly found by the CA, the Pelayo brothers and Jorge had no right, title or interest therein which they could legally relinquish in GBRI’s favor.³⁴ As the CA stated, the Waiver of Rights must be cancelled so as not to prejudice the property rights of Antonio who is the recognized owner of Lot 18-B.³⁵

As to laches, GBRI’s argument is merely token. It must be noted that the sale of Lot 18-A by Gloria to GBRI happened in July 1996 while the Waiver of Rights over Lot 18-B was executed in February 2003. The Complaint was filed by Antonio in July 2003. Just by looking at the time intervals, estoppel by laches on the part of Antonio in asserting his ownership rights over the disputed lots is not evident.

Anent the last issue, its resolution is superfluous given the resolution of the second and third issues.

WHEREFORE, the Petition is **DENIED**. The Decision dated November 5, 2014 and Resolution dated July 8, 2015 of the Court of Appeals in CA-G.R. CEB-CV No. 04578 are **AFFIRMED**.

³² Id. at 100. Citation omitted.

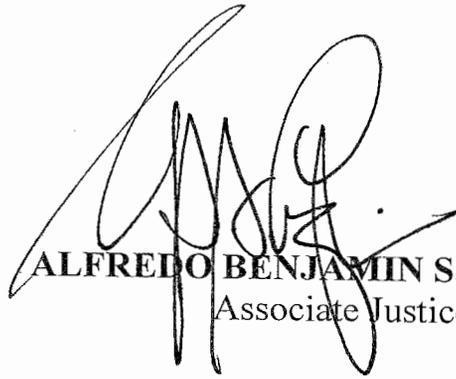
³³ Id. at 100-101. Citations omitted.

³⁴ Id. at 101.

³⁵ Id. at 102.

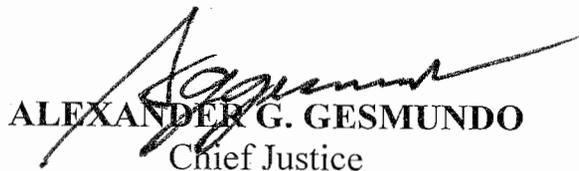


SO ORDERED.



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

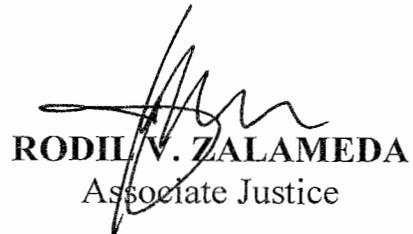
WE CONCUR:



ALEXANDER G. GESMUNDO
Chief Justice
Chairperson



ROSMARI D. CARANDANG
Associate Justice



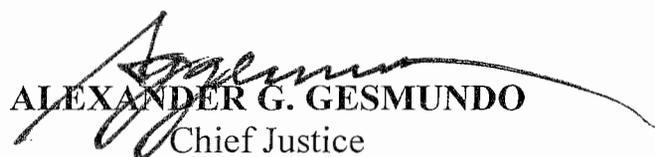
RODIL V. ZALAMEDA
Associate Justice



SAMUEL H. GAERLAN
Associate Justice

CERTIFICATION

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



ALEXANDER G. GESMUNDO
Chief Justice