

# Republic of the Philippines Supreme Court Manila

#### THIRD DIVISION

# SPOUSES RUDY FERNANDEZ G.R. No. 227917 and CRISTETA AQUINO,

Petitioners,

Present:

LEONEN, J., Chairperson, HERNANDO, INTING, DELOS SANTOS, and LOPEZ J., JJ.

-versus-

SPOUSES MERARDO DELFIN and ANGELITA DELFIN,

Respondents.

Promulgated:
March 17, 2021
Missoc Batt

#### **DECISION**

#### LEONEN, J.:

When one person who owns two properties establishes an apparent sign of an easement between them, this gives rise to a title over an easement when either of the properties is transferred to another person. The exception is if the contrary is provided in the deed of transfer, or if before the deed is executed, the apparent sign is removed.

This Court resolves a Petition for Review on Certiorari<sup>1</sup> assailing the Decision<sup>2</sup> and Resolution<sup>3</sup> of the Court of Appeals, which reversed the

Rollo, pp. 11–30. Filed under Rule 45 of the Rules of Court.

Id. at 32-40. The January 25, 2016 Decision in CA-G.R. CV No. 103601 was penned by Associate Justice Mariflor P. Punzalan Castillo and concurred in by Associate Justices Florito S. Macalino and Zenaida T. Galapate-Laguilles of the Tenth Division, Court of Appeals, Manila.

Id. at 53-54. The September 26, 2016 Resolution in CA-GR. CV No. 103601 was penned by

Regional Trial Court Decision<sup>4</sup> constituting a right of way over the two properties formerly owned by Spouses Cristeta Aquino and Rudy Fernandez (the Fernandez Spouses).

The Fernandez Spouses once owned five contiguous parcels of land in Bonuan Gueset, Dagupan City.<sup>5</sup> Two of their properties were located in front of their three other properties. These two front properties provided the other properties sole access to the national highway.<sup>6</sup>

In 1980, the Fernandez Spouses annotated on the transfer certificates of title of the front properties an easement of right of way in favor of the back properties:

(For TCT No. 41449)

Entry No. 97598/T-41449 - EASEMENT OF ROAD OF RIGHT OF WAY

Sps. Cristeta Aquino and Rudy Fernandez, Juliet Aquino, single, has granted and constituted a Road Right of Way one (1) meter wide over the property described in this title, together with the property covered by TCT No. 41450, in favor of the properties covered by TCT Nos. 41451, 41453

Date of Document – Oct. 6, 1980 Date of Inscription – October 6, 1980 at 2:00 p.m.

(For TCT No. 41450)

Entry No. 97598/T-53189 – EASEMENT OF ROAD OF RIGHT OF WAY

Sps. Cristeta Aquino and Rudy Fernandez, Juliet Aquino, single, has granted and constituted a Road Right of Way one (1) meter wide over the property described in this title, together with the properties covered by TCT Nos. 41451, 41452 and 41453...

Date of Document - Oct. 6, 1980

Date of Inscription – October 6, 1980 at 2:23 p.m.<sup>7</sup>

The Fernandez Spouses later obtained a loan from the Philippine National Bank and mortgaged the front properties. When they failed to pay their loan, the bank foreclosed and eventually acquired the front properties.<sup>8</sup>

Later on, Spouses Merardo and Angelita Delfin (the Delfin Spouses) purchased the front properties from the Philippine National Bank.<sup>9</sup> They

Associate Justice Mariflor P. Punzalan Castillo and concurred in by Associate Justices Florito S. Macalino and Zenaida T. Galapate-Laguilles of the Tenth Division, Court of Appeals, Manila.

Id. at 61–66. The July 28, 2014 Decision in Civil Case No. 2013-0115-D was penned by Judge Genoveva Coching-Maramba of the Regional Trial Court of Dagupan City, Branch 44.

<sup>&</sup>lt;sup>5</sup> Id. at 33.

id.

 <sup>7</sup> Id.
 8 Id.

<sup>9</sup> Id. at 33–34.

were issued Transfer Certificate of Title Nos. 92271 and 92272, which bore the same annotations as those in the Fernandez Spouses' transfer certificates of title. However, they refused to recognize the annotated right of way, enclosing the properties to prevent the Fernandez Spouses from accessing the national highway through the front properties. 11

Thus, the Fernandez Spouses filed before the Regional Trial Court a Complaint for specific performance, right of way, and damages, arguing that they were entitled to use the right of way to access the national highway.<sup>12</sup>

The Delfin Spouses countered that they acted within their rights as the properties' owners. They claimed that despite the annotations, the right of way was invalid as it was constituted by the Fernandez Spouses for their own sake. They alleged that the easement had already been extinguished when the Philippine National Bank acquired the properties after foreclosure. They added that the bank would not have granted the Fernandez Spouses the loan if the security had such an easement.<sup>13</sup> Besides, they said, the Fernandez Spouses had other ways to access the national highway. They added that they were willing to grant a right of way if they would be indemnified.<sup>14</sup>

After the trial court had conducted an ocular inspection, the Delfin Spouses undertook to allocate one meter of the northeastern portion of the front properties as a right of way, provided that they would be indemnified. The Fernandez Spouses promised not to pass through the lots pending a final agreement on the right of way.<sup>15</sup>

In its July 28, 2014 Decision,<sup>16</sup> the Regional Trial Court held that the issue on the validity of the annotated easement has become moot because the Delfin Spouses have voluntarily constituted a right of way on the west side of the properties, different from the easement annotated on the titles.<sup>17</sup> As such, the trial court found no basis to indemnify the Delfin Spouses,<sup>18</sup> and constituted an easement on the west side of all five properties in favor of the Fernandez Spouses. The dispositive portion of its Decision reads:

WHEREFORE, judgment is hereby rendered constituting a road right of way on the west side of Lots 2, 3, 4, 5 and 6, passing through the properties of the Vinluan family towards the highway on the south, where the Caimito tree is standing in favor of the lots covered by Transfer

<sup>&</sup>lt;sup>10</sup> Id. at 34.

II Id.

<sup>&</sup>lt;sup>12</sup> Id. at 34 and 62.

<sup>&</sup>lt;sup>13</sup> Id. at 34.

<sup>&</sup>lt;sup>14</sup> Id. at 35.

<sup>&</sup>lt;sup>15</sup> Id.

<sup>&</sup>lt;sup>16</sup> Id. at 61–66.

<sup>&</sup>lt;sup>17</sup> Id. at 66.

<sup>&</sup>lt;sup>18</sup> Id.

Certificates of Title Nos. 41452 and 41453 owned by plaintiffs-spouses Fernandez.

# **SO ORDERED**. 19 (Emphasis in the original)

The Delfin Spouses appealed to the Court of Appeals, arguing that they were entitled to indemnity. They denied that an easement of right of way was constituted on the front properties. They maintained that they only agreed to refrain from touching a meter on the northeastern portion of the properties, thinking they might reach a settlement with the Fernandez Spouses, but as it turned out, they did not.<sup>20</sup>

In its January 25, 2016 Decision,<sup>21</sup> the Court of Appeals reversed the Regional Trial Court Decision.<sup>22</sup>

The Court of Appeals ruled that no easement of right of way was constituted on the front properties, as it was imposed when the five properties only had one owner, contrary to Article 613 of the Civil Code which required two distinct owners.<sup>23</sup> It also found that the annotations on the titles only served to notify non-parties to contracts on the properties, and were not modes of acquiring an easement. Holding that what properly applied was Article 649 of the Civil Code, it found that none of the requisites were met to constitute the easement of right of way. It found that there was no voluntary easement created on the properties, but rather, the offer for the easement was subject to the payment of an indemnity. Since the Fernandez Spouses rejected to pay the indemnity, the Court of Appeals ruled that there was no easement.<sup>24</sup> The dispositive portion of its Decision reads:

WHEREFORE, the instant appeal is GRANTED. The assailed Decision of the Regional Trial Court of Dagupan City, Branch 44, in Civil Case No. 2013-0115-D, is REVERSED and SET ASIDE. Judgment is rendered DISMISSING the complaint filed by the plaintiffs-appellees against the defendants-appellants.

**SO ORDERED**.<sup>25</sup> (Emphasis in the original)

When the Fernandez Spouses moved to reconsider, the Court of Appeals only denied them relief in its September 26, 2016 Resolution.<sup>26</sup>

<sup>&</sup>lt;sup>19</sup> Id. at 66.

<sup>&</sup>lt;sup>20</sup> Id. at 35–36.

<sup>&</sup>lt;sup>21</sup> Id. at 32–40.

<sup>&</sup>lt;sup>22</sup> Id. at 40.

<sup>--</sup> Id. at 40.

23 Id. at 37.

<sup>&</sup>lt;sup>24</sup> Id. at 39–40.

<sup>&</sup>lt;sup>25</sup> Id. at 40.

<sup>&</sup>lt;sup>26</sup> Id. at 53–54.

Thus, they filed this Petition for Review on Certiorari<sup>27</sup> against the Delfin Spouses.

Petitioners argue that an easement was validly constituted and Article 624<sup>28</sup> of the Civil Code applies considering that: (1) they had previously owned the front properties and used these to access the national road; (2) they annotated the easement on the titles of the contiguous properties; and (3) the annotations were never erased or removed. They allege that an owner of a property may impose an easement on their adjoining properties.<sup>29</sup> They point out that the properties were covered by separate titles.<sup>30</sup>

Moreover, citing Article 688<sup>31</sup> of the Civil Code, petitioners say that as the properties' owners, they may establish easements in the manner and form they deem best.<sup>32</sup> They argue that they cannot be compelled to indemnify respondents for the right of way as the easement was annotated on the titles and respondents never questioned it, even if the new titles have been issued in their names. They say that respondents, having been forewarned of the easement, must bear the cost of its enforcement.<sup>33</sup>

In their Comment,<sup>34</sup> respondents insist that as the Court of Appeals found, petitioners did not acquire a right of way.<sup>35</sup> They maintain that there was no voluntary easement because even if they offered one, it was subject to the condition that petitioners would indemnify them. Neither is there a legal or compulsory easement, respondents add, because petitioners failed to meet the requirements for it.<sup>36</sup> They maintain that the annotations on the titles did not create the easement of right of way, as they were registered when all the properties were owned by one person.<sup>37</sup> Finally, they contend that this case should not be compared to those cases that involve dissimilar facts, like that involving an easement of light and view, an easement of drainage, or a road lot in a subdivision project that did not push through.<sup>38</sup>

ARTICLE 624. The existence of an apparent sign of easement between two estates, established or maintained by the owner of both, shall be considered, should either of them be alienated, as a title in order that the easement may continue actively and passively, unless, at the time the ownership of the two estates is divided, the contrary should be provided in the title of conveyance of either of them, or the sign aforesaid should be removed before the execution of the deed. This provision shall also apply in case of the division of a thing owned in common by two or more persons. (541a)

<sup>&</sup>lt;sup>27</sup> Id. at 11–30.

<sup>&</sup>lt;sup>28</sup> CIVIL CODE, art. 624 states:

<sup>&</sup>lt;sup>29</sup> Rollo, p. 19.

<sup>&</sup>lt;sup>30</sup> Id. at 23.

<sup>&</sup>lt;sup>31</sup> CIVIL CODE, art. 688 states:

ARTICLE 688. Every owner of a tenement or piece of land may establish thereon the easements which he may deem suitable, and in the manner and form which he may deem best, provided he does not contravene the laws, public policy or public order.

<sup>32</sup> Rollo, p. 23.

<sup>&</sup>lt;sup>33</sup> Id. at 26.

<sup>&</sup>lt;sup>34</sup> Id. at 77–86.

<sup>&</sup>lt;sup>35</sup> Id. at 81.

<sup>&</sup>lt;sup>36</sup> Id. at 82.

<sup>&</sup>lt;sup>37</sup> Id. at 83.

<sup>&</sup>lt;sup>38</sup> Id. at 84.

In their Reply,<sup>39</sup> petitioners reiterate their arguments as to the application of Article 624.<sup>40</sup> They likewise point out that Article 624 and the doctrine of apparent easements is not limited to particular kinds of easements, and may also apply to easements of right of way.<sup>41</sup>

The sole issue in this case is whether or not a valid easement of right of way was constituted on the front properties formerly owned by petitioners Spouses Rudy Fernandez and Cristeta Aquino, and now owned by respondents Spouses Merardo Delfin and Angelita Delfin.

We reverse the Court of Appeals' ruling. An easement of right of way in favor of petitioners was validly constituted.

An easement is an encumbrance on a property for the benefit of another property owned by another. It involves a grant to use a portion or aspect of the property, without relinquishing ownership or possession over it. The property on which the easement is imposed, and which will be used by the other, is called the servient estate. The property to which the use is granted is the dominant estate. The Civil Code provides:

ARTICLE 613. An easement or servitude is an encumbrance imposed upon an immovable for the benefit of another immovable belonging to a different owner.

The immovable in favor of which the easement is established is called the dominant estate; that which is subject thereto, the servient estate. (530)

In an easement of right of way, there is a portion of the servient estate dedicated to the passage of the dominant estate's owner. It is thus a discontinuous easement, used only in intervals and depending on whether a person needs to pass through another person's property. In *Bogo-Medellin Milling Company, Inc. v. Court of Appeals*:<sup>42</sup>

Under civil law and its jurisprudence, easements are either continuous or discontinuous according to the *manner they are exercised*, not according to the presence of apparent signs or physical indications of the existence of such easements. Thus, easement is continuous if its use is, or may be, incessant without the intervention of any act of man, like the easement of drainage; and it is discontinuous if it is used at intervals and depends on the act of man, like the easement of right of way.

The easement of right of way is considered discontinuous because it is exercised only if a person passes or sets foot on somebody else's land.

<sup>&</sup>lt;sup>39</sup> Id. at 91–99.

<sup>40</sup> Id. at 91–92.

<sup>41</sup> Id. at 92.

<sup>&</sup>lt;sup>42</sup> 455 Phil. 285 (2003) [Per J. Corona, Third Division].

... In other words, the very exercise of the servitude depends upon the act or intervention of man which is the very essence of discontinuous easements.

... The presence of physical or visual signs only classifies an easement into *apparent or non-apparent*. Thus, a road (which reveals a right of way) and a window (which evidences a right to light and view) are apparent easements, while an easement of not building beyond a certain height is non-apparent.<sup>43</sup> (Emphasis in the original, citations omitted)

As a discontinuous easement, an easement of right of way is acquired only by title:

ARTICLE 622. Continuous nonapparent easements, and discontinuous ones, whether apparent or not, may be acquired only by virtue of a title. (539)

Generally, title over the use an easement of right of way is acquired voluntarily (by contract between the two estates) or legally (by filing a case in court for its conferment):

But when is a party deemed to acquire title over the *use* of such land (that is, title over the easement of right of way)? In at least two cases, we held that if: (a) it had subsequently entered into *contractual* right of way with the heirs for the continued use of the land under the principles of voluntary easements or (b) it had filed a case against the heirs for conferment on it of a legal easement of right of way under Article 629 of the Civil Code, then title over the *use* of the land is deemed to exist. The conferment of a legal easement of right of way under Article 629 is subject to proof of the following:

- (1) it is surrounded by other immovables and has no adequate outlet to a public highway;
- (2) payment of proper indemnity;
- (3) the isolation is not the result of its own acts; and
- (4) the right of way claimed is at the point least prejudicial to the servient estate, and, insofar as consistent with this rule, the distance from the dominant estate to the highway is the shortest.<sup>44</sup> (Emphasis in the original, citation omitted)

However, if the two estates had previously been owned by one person, Article 624 of the Civil Code applies:

ARTICLE 624. The existence of an apparent sign of easement between two estates, established or maintained by the owner of both, shall be considered, should either of them be alienated, as a title in order that the easement may continue actively and passively, unless, at the time the ownership of the two estates is divided, the contrary should be provided in



<sup>&</sup>lt;sup>43</sup> Id. at 304.

<sup>&</sup>lt;sup>44</sup> Id. at 305–306.

the title of conveyance of either of them, or the sign aforesaid should be removed before the execution of the deed. This provision shall also apply in case of the division of a thing owned in common by two or more persons. (541a) (Emphasis supplied)

Article 624 applies in case one person who owns two properties established an apparent sign of an easement between them. When the ownership of either property is transferred to another, the existence of the apparent sign of easement shall be considered as a title over an easement, unless the contrary is provided in the deed of transfer, or if the apparent sign is removed before the deed of transfer's execution.

Article 624, then Article 541 of the Spanish Civil Code,<sup>45</sup> was extensively discussed in *Amor v. Florentino*.<sup>46</sup> There, this Court said that title to an easement may be acquired by an apparent sign of an easement between two estates, established by the owner of both:

First, as to the modes of establishing and acquiring easements. According to Article 536, easements are established by law or by will of the owners. Acquisition of easements is first by title or its equivalent and secondly by prescription. What acts take the place of title? They are mentioned in Articles 540 and 541, namely, (1) a deed of recognition by the owner of the servient estate; (2) a final judgment; and (3) an apparent sign between two estates, established by the owner of both, which is the case of article 541. Sanchez Roman calls such apparent sign under article 541 "supletoria del titulo constitutivo de la servidumbre." (Derecho Civil, vol. 3, p. 656). The same jurist says in regard to the ways of constituting easements:

"Apparent easements, although discontinuous, are also acquired by the existence of an apparent sign in the case and under the conditions of Art. 541."

In the Sentence of the Supreme Tribunal of Spain dated November 7, 1911, it was held that under article 541 of the Civil Code, the visible and permanent sign of an easement "is the title that characterizes its existence" ("es el titulo caracteristico de su existencia.") <sup>47</sup> (Emphasis supplied)

In the same case, this Court acknowledged that an easement cannot be constituted if both the dominant estate and the servient estate is owned by

<sup>45</sup> SPANISH CIVIL CODE OF 1889, art. 541 provided:

ARTICLE 541. The existence of an apparent sign of an easement between two estates established by the owner of both shall be considered, should one of them be alienated, as a title for the active and passive continuation of the easement, unless, at the time of the division of the ownership of the two properties, the contrary should be expressed in the deed of conveyance of either of them, or the sign is obliterated before the execution of the instrument.

<sup>&</sup>lt;sup>46</sup> 74 Phil. 403 (1943) [J. Bocobo, First Division].

<sup>47</sup> Id. at 409-410.

only one person.<sup>48</sup> In such an instance, the owner only exercises the right of dominion over their property. However, the easement is created when the property is divided—when the ownership of either the dominant or servient estate is transferred to another:

It will thus be seen that under article 541 the existence of the apparent sign in the instant case, to wit, the four windows under consideration, had for all legal purposes the same character and effect as a title of acquisition of the easement of light and view by the respondents upon the death of the original owner, Maria Florentino. Upon the establishment of that easement of light and view, the concomitant and concurrent easement of altius non tollendi was also constituted, the heir of the camarin and its lot, Maria Encarnacion Florentino, not having objected to the existence of the windows. The theory of article 541, of making the existence of the apparent sign equivalent to a title, when nothing to the contrary is said or done by the two owners, is sound and correct, because as it happens in this case, there is an implied contract between them that the easements in question should be constituted.

Analyzing article 541 further, it seems that its wording is not quite felicitous when it says that the easement should continue. Sound juridical thinking rejects such an idea because, properly speaking, the easement is not created till the division of the property, inasmuch as a predial or real easement is one of the rights in another's property, or jura in re aliena and nobody can have an easement over his own property, nemini sua res servit. In the instant case, therefore, when the original owner, Maria Florentino, opened the windows which received light and air from another lot belonging to her, she was merely exercising her right of dominion. Consequently, the moment of the constitution of the easement of light and view, together with that of altius non tollendi, was the time of the death of the original owner of both properties. At that point, the requisite that there must be two proprietors — one of the dominant estate and another of the servient estate — was fulfilled. (Article 530, Civil Code.)<sup>49</sup> (Emphasis supplied)

The created easement is considered accepted and subsisting if no issues were raised against it or against the manner by which it is used. When the new owner made no stipulation contrary to the apparent easement, they are deemed to have acquiesced to its continuation. The easement becomes a burden they willingly accepted. As *Amor* teaches, "the existence of the apparent sign [of easement] equivalent to a title, when nothing to the contrary is said or done by the two owners, is sound and correct, because as it happens in this case, there is an implied contract between them that the easements in question should be constituted."<sup>50</sup>

This was discussed further in Cortes v. Yu-Tibo:51

<sup>&</sup>lt;sup>48</sup> Id.

<sup>&</sup>lt;sup>49</sup> Id. at 410–411.

<sup>&</sup>lt;sup>50</sup> Id. at 411.

<sup>&</sup>lt;sup>51</sup> 2 Phil. 24 (1903) [Per J. Mapa, En Banc].

In the first of the suits referred to, the question turned upon two houses which had formerly belonged to the same owner, who established a service of light on one of them for the benefit of the other. These properties were subsequently conveyed to two different persons, but at the time of the separation of the property nothing was said as to the discontinuance of the easement, nor were the windows which constituted the visible sign thereof removed. The new owner of the house subject to the easement endeavored to free it from the incumbrance, notwithstanding the fact that the easement had been in existence for thirty-five years, and alleged that the owner of the dominant estate had not performed any act of opposition which might serve as a starting point for the acquisition of a prescriptive title. The supreme court, in deciding this case, on the 7th of February, 1896, held that the easement in this particular case was positive, because it consisted in the active enjoyment of the light. This doctrine is doubtless based upon article 541 of the Code, which is of the following tenor: 'The existence of apparent sign of an easement between two tenements, established by the owner of both of them, shall be considered, should one be sold, as a title for the active and passive continuance of the easement, unless, at the time of the division of the ownership of both tenements, the contrary should be expressed in the deed of conveyance of either of them, or such sign is taken away before the execution of such deed.'

The word 'active' used in the decision quoted in classifying the particular enjoyment of light referred to therein, presupposes on the part of the owner of the dominant estate a right to such enjoyment arising, in the particular cases passed upon by that decision, from the voluntary act of the original owner of the two houses, by which he imposed upon one of them an easement for the benefit of the other. It is well known that easements are established, among other cases, by the will of the owners. (Article 536 of the Code.) It was an act which was, in fact, respected and acquiesced in by the new owner of the servient estate, since he purchased it without making any stipulation against the easement existing thereon, but, on the contrary, acquiesced in the continuance of the apparent sign thereof. As is stated in the decision itself, 'It is a principle of law that upon a division of a tenement among various persons — in the absence of any mention in the contract of a mode of enjoyment different from that to which the former owner was accustomed — such easements as may be necessary for the continuation of such enjoyment are understood to subsist.' It will be seen, then, that the phrase 'active enjoyment' involves an idea directly opposed to the enjoyment which is the result of a mere tolerance on the part of the adjacent owner, and which, as it is not based upon an absolute, enforceable right, may be considered as of a merely passive character.<sup>52</sup> (Emphasis supplied)

This Court further affirmed the doctrine in the more recent case of Spouses Garcia v. Santos:<sup>53</sup>

The mode of acquiring an easement under Article 624 is a "legal presumption or apparent sign." Article 624 finds application in situations wherein two or more estates were previously owned by a singular owner,

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<sup>&</sup>lt;sup>52</sup> Id. at 30–31.

G.R. No. 228334, June 17, 2019, <a href="https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/65280">https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/65280</a> [Per J. Caguioa, Second Division].

or even a single estate but with two or more portions being owned by a singular owner. Originally, there is no true easement that exists as there is only one owner. Hence, at the outset, no other owner is imposed with a burden. Subsequently, one estate or a portion of the estate is alienated in favor of another person, wherein, in that estate or portion of the estate, an apparent visible sign of an easement exists. According to Article 624, there arises a title to an easement . . . , even in the absence of any formal act undertaken by the owner of the dominant estate, if this apparent visible sign, . . . continues to remain and subsist, unless, at the time the ownership of the two estates is divided, (1) the contrary should be provided in the title of conveyance of either of them, or (2) the sign aforesaid should be removed before the execution of the deed. 54 (Emphasis in the original, citations omitted)

An easement need not be annotated on the title before it may be acknowledged to exist. In *Heirs of Limense v. Vda. de Ramos*,<sup>55</sup> the properties had previously belonged to one owner before being divided among the owner's heirs. A portion of one of the properties was used as an easement for another property, and the successors-in-interest were aware of the easement even if there was no annotation on the title. This Court held that the successors-in-interest were bound by the easement of right of way:

In the case at bar, TCT No. 96886, issued in the name of Joaquin Limense, does not contain any annotation that Lot No. 12-D was given an easement of right of way over Lot No. 12-C. However, Joaquin Limense and his successors-in-interests are fully aware that Lot No. 12-C has been continuously used and utilized as an alley by respondents and residents in the area for a long period of time.

. . .

In Mendoza v. Rosel, this Court held that:

Petitioners claim that inasmuch as their transfer certificates of title do not mention any lien or encumbrance on their lots, they are purchasers in good faith and for value, and as such have a right to demand from respondents some payment for the use of the alley. However, the Court of Appeals found, as a fact, that when respondents acquired the two lots which form the alley, they knew that said lots could serve no other purpose than as an alley. The existence of the easement of right of way was therefore known to petitioners who must respect the same, in spite of the fact that their transfer certificates of title do not mention any burden or easement. It is an established principle that actual notice or knowledge is as binding as registration.

Every buyer of a registered land who takes a certificate of title for value and in good faith shall hold the same free of all encumbrances except those noted on said certificate. It has been held, however, that

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<sup>&</sup>lt;sup>54</sup> Id

<sup>&</sup>lt;sup>55</sup> 619 Phil. 592 (2009) [Per J. Peralta, Third Division].

"where the party has knowledge of a prior existing interest that was unregistered at the time he acquired a right to the same land, his knowledge of that prior unregistered interest has the effect of registration as to him."

In the case at bar, Lot No. 12-C has been used as an alley ever since it was donated by Dalmacio Lozada to his heirs. It is undisputed that prior to and after the registration of TCT No. 96886, Lot No. 12-C has served as a right of way in favor of respondents and the public in general. We quote from the RTC's decision:

... It cannot be denied that there is an alley which shows its existence. It is admitted that this alley was established by the original owner of Lot 12 and that in dividing his property the alley established by him continued to be used actively and passively as such. Even when the division of the property occurred, the non-existence of the easement was not expressed in the corresponding titles nor were the apparent sign of the alley made to disappear before the issuance of said titles.

The Court also finds that when plaintiff acquired the lot (12-C) which forms the alley, he knew that said lot could serve no other purpose than as an alley. That is why even after he acquired it in 1969 the lot continued to be used by defendants and occupants of the other adjoining lots as an alley. . . .

Thus, petitioners are bound by the easement of right of way over Lot No. 12-C, even though no registration of the servitude has been made on TCT No. 96886.<sup>56</sup> (Emphasis in the original, citations omitted)

Similarly, Article 624 applies in this case. The front properties and the back properties were all previously owned by petitioners, who created an apparent sign of an easement on the front properties when: (1) they used a portion of the front properties to give the back properties access to the national highway; and (2) they had it annotated on the front properties' titles as an easement of right of way in favor of the back properties. When the front properties were eventually transferred to the Philippine National Bank, the bank did not raise any qualms or stipulated against the easement of right of way or the annotations.<sup>57</sup> Thus, when the front properties were sold, respondents' titles bore the same annotations as those of petitioners.<sup>58</sup>

To clarify, the easement of right of way was not constituted when petitioners annotated it on their titles. However, when the front properties were transferred to the Philippine National Bank, the apparent signs of the easement—the path and the annotations—served as a title over the easement. The title would not have been conferred if the contrary were so provided in the deed of transfer, or if the path and annotations were removed before the deed of transfer was executed. Here, there is no showing that the Philippine

<sup>&</sup>lt;sup>56</sup> Id. at 606–609.

<sup>&</sup>lt;sup>57</sup> Rollo, p. 33.

<sup>&</sup>lt;sup>58</sup> Id. at 34.

National Bank stipulated against the easement. Thus, it is bound to respect the easement.

The same goes for respondents. They were aware of the easement as it was annotated on the Philippine National Bank's titles and on the titles issued to them. They are thus presumed to have been informed that petitioners use a portion of the front properties to access the national highway. Yet, despite this knowledge, they still purchased the properties, with no showing that they made any manifest objection to it at the time of transfer.

Thus, a valid easement of right of way was constituted on the front properties now owned by respondents.

WHEREFORE, the Petition is GRANTED. The Court of Appeals' January 25, 2016 Decision and September 26, 2016 Resolution in CA-G.R. CV No. 103601 is REVERSED and SET ASIDE. An easement of right of way is deemed constituted on the properties owned by respondents Spouses Merardo Delfin and Angelita Delfin covered by Transfer Certificate of Title Nos. 92271 and 92272.

SO ORDERED.

MARWIC M.V.F. LEONEN

Associate Justice

WE CONCUR:

RAMON PAUL L. HERNANDO

sociate Justice

HENRÍ JEÁN PAÚL B. INTING

Associate Justice

EDGARDO L. DELOS SANTOS

Associate Justice

JHOSEP VLOPEZ
Associate Justice

# **ATTESTATION**

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.

MARVIC M.V.F. LEONEN

Associate Justice

### **CERTIFICATION**

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.

DIOSDADOM. PERALTA

Chief Justice