

INHERITING GOOD FAITH OR BAD FAITH

Our laws define “Inheritance” to include not just the properties and rights of a decedent, but also his obligations. This means that whatever assets an estate owner might have at the time of his death would be reduced by his obligations before the net asset is passed on as inheritance.

In real property transactions, if land was acquired through fraud and the land is later *sold* to a third party who has no knowledge of fraudulent transaction, the true owner cannot go after the innocent transferee. The *good faith* of the third party/transferee here becomes a valid defense against the reconveyance of the property to the true owner.

Does the same principle apply in inheritance? Let’s suppose that the land that was acquired fraudulently was instead passed on to the heirs of the transferee after the death of the latter. The heirs have no knowledge of anything that transpired before. In fact, they may not have even been born yet at the time of the questionable transaction. Can the heirs claim good faith?

The Supreme Court provided the answer in the following case.

Santiago was the owner of land which he donated to Teodulo. Since then, Teodulo had been in possession of the property. However, after a few years, Santiago in bad faith, sold the same land to Cipriano. Cipriano was never able to completely possess the land because of Teodulo’s presence. When Cipriano died, the land was among the properties divided among his heirs. Later, Teodulo went after Cipriano’s heirs who claimed they knew nothing about the fraudulent sale to their father.

The Supreme Court ruled that the heirs of Cipriano cannot claim good faith. First of all, for the defense to apply, the transfer to an innocent third party must be for *value*. He must be a *purchaser*. Here, the heirs did not purchase the land from their father, Cipriano. Instead, they *inherited* it. The consideration involved in the transfer was purely gratuitous. Therefore, whether or not they are in good faith or bad faith depended on Cipriano. Unfortunately, it cannot be said that Cipriano was an innocent purchaser since he was supposed to know that someone else was occupying the land he just bought and did nothing to investigate the matter. Otherwise stated, Cipriano closed his eyes to the highly suspicious circumstances.

Being a buyer in bad faith, Cipriano had the obligation to reconvey the land to the true owner, Teodulo. This same obligation was therefore passed on to his heirs when Cipriano died.

In a way, it can be said that the “good faith” or “bad faith” of a decedent is part of what is passed on to his heirs through succession. This should be something worth reflecting on for those who care about their legacies. Out of the two, which one would you choose to give to your children?

(Based on G.R. No. 168222, April 18, 2006)