

THIRD DIVISION

[G.R. No. 179457, June 22, 2015]

WILFREDO DE VERA, EUFEMIO DE VERA, ROMEO MAPANAO, JR., ROBERTO VALDEZ, HIROHITO ALBERTO, APARICIO RAMIREZ, SR., ARMANDO DE VERA, MARIO DE VERA, RAMIL DE VERA, EVER ALMOGELA ALDA, JUANITO RIBERAL, REPRESENTED BY PACITA PASENA CONDE, ANACLETO PASCUA, ISIDRO RAMIREZ, REPRESENTED BY MARIANO BAINA, SPOUSES TRUDENCIO RAMIREZ AND ESTARLITA HONRADA, ARNEL DE VERA, ISABELO MIRETTE, AND ROLANDO DE VERA, PETITIONERS, VS. SPOUSES EUGENIO SANTIAGO, SR., AND ESPERANZA H. SANTIAGO, SPOUSES RAMON CAMPOS AND WARLITA SANTIAGO, SPOUSES ELIZABETH SANTIAGO AND ALARIO MARQUEZ, SPOUSES EFRAEM SANTIAGO AND GLORIA SANTIAGO, SPOUSES EUGENIO SANTIAGO, JR. AND ALMA CAASI, JUPITER SANTIAGO, AND JON-JON CAMOS, RESPONDENTS.

DECISION

PERALTA, J.:

Before the Court is a petition for review on *certiorari* of the Court of Appeals (CA) Decision^[1] dated May 29, 2007 and its Resolution^[2] dated August 22, 2007 in CA-G.R. SP No. 79769. The dispositive portion of the CA Decision reads:

WHEREFORE, premises considered, the instant Petition is hereby **GRANTED**. The assailed Decision dated 14 June 2002 of the Regional Trial Court, Branch 54, Alaminos City, Pangasinan in Civil Case No. A-2750 and the Decision dated 09 November 2001 of the Municipal Trial Court of Bolinao, Pangasinan in Civil Case No. 939 are hereby both **ANNULLED** and **SET ASIDE** for lack of jurisdiction.

This decision, however, is without prejudice to the filing of an appropriate action before the proper court by the contending parties herein.

No pronouncement as to costs.

SO ORDERED.^[3]

The antecedent facts follow.

On February 14, 2000, petitioners filed an action for reconveyance of ownership or possession with damages against respondents before the Municipal Trial Court (MTC) of Bolinao, Pangasinan, which was docketed as Civil Case No. 939.

In their Complaint^[4] dated January 24, 2000, petitioners alleged that they are the

owners of certain portions^[5] of a subdivided land located at Barangay Patar, Bolinao, Pangasinan, denominated as Lot No. 7303, Cad. 559-D, Bolinao Cadastre, with an area of about 265,342 square meters. Along with their predecessors-in-interest, petitioners have allegedly been in actual and continuous possession and occupation of their respective portions of the land since 1967, without disturbance from any third person. Later on, however, they discovered that their respective lots covered by Lot 7303 were already covered by Free Patent Titles in the names of respondents, except Eugenio Santiago, Sr., which were acquired through manipulation, misrepresentation, fraud and deceit.

Petitioners also claimed that their open, continuous and exclusive possession of Lot 7303 for at least a period of thirty (30) years prior to the issuance of the Free Patent Titles, *ipso jure* converted it into a private property. Thus, the Bureau of Lands has no jurisdiction to issue the said titles which are therefore null and void. In support of their claims, petitioners attached to their complaint copies of their respective tax declarations. They also prayed to be declared as absolute owners of Lot 7303, for respondents to reconvey to them the whole area of the same lot, and for the award of actual, moral and exemplary damages and litigation expenses.

In their Answer^[6] dated March 21, 2000, respondents specifically denied the material allegations in petitioners' complaint and countered that they are the owners of the land denominated as Lot 7303, Cad. 559-D, Bolinao Cadastre. They insisted that their acquisition of titles over the land was regular and done in accordance with law. They also claimed that they and their predecessors-in-interest are the actual possessors and owners of the disputed land as shown by their titles^[7] and tax declarations.^[8]

As part of their affirmative defenses, respondents alleged that the MTC has no jurisdiction over the case. As the combined assessed value of the disputed land is more than P20,000.00, the case is within the exclusive original jurisdiction of the RTC pursuant to Section 19, paragraph 2 of Batas Pambansa Bilang 129 (*B.P. Blg. 129*), known as the *Judiciary Reorganization Act of 1980*, as amended by Republic Act No. 7691. They also alleged that titles over the land denominated as Lot No. 7303 has already acquired the status of indefeasibility as they were issued as early as 1996, and they were also issued tax declarations over their titled properties. They claimed to have acquired the land from Eugenio Santiago, Sr., as shown in the Deeds of Sale which were all duly registered with the Register of Deeds, Alaminos, Pangasinan in 1991 and 1992. They noted that the only documents of petitioners are tax declarations which were issued as "new" in 1990 without any proof of acquisition, hence, inferior to the Original Certificate of Titles and Tax Declarations issued to respondents. By way of counterclaim, respondents prayed for the award of attorney's fees, appearance fees, litigation expenses, and moral and exemplary damages. They also prayed for the dismissal of the complaint, and to be declared lawful owners and possessors of the disputed land.

The issues having been joined and the pre-trial conference having been terminated, the MTC went on to try the case upon the following issues agreed upon by the parties: (1) Who has a better right to the disputed land? (2) Who are the lawful owners of Lot No. 7303? (3) Are respondents guilty of fraud, deceit and misrepresentation in obtaining their free patents? (4) Who between the parties are in prior continuous and actual possession of Lot 7303? And (5) Are the parties

entitled to damages?

On November 9, 2001, the MTC rendered a Decision, the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered in favor of the defendants [respondents herein]:

1. DISMISSING the above-entitled complaint;
2. DECLARING defendants [respondents] the lawful owners and possessors of the land in question, Lot No. 7303, CAD 559-D, Bolinao Cadastre embraced by Certificate of Title Nos. 15818, 15819, 15820, 15754, 15755, and 15756, inclusive;
3. ORDERING all the plaintiffs to jointly and solidarity pay the defendants [respondents] the amount of P50,000.00 as Attorney's Fee and Litigation Expenses, and to pay cost of suit.

SO ORDERED.^[9]

Dissatisfied with the MTC Decision, petitioners filed-an appeal with the Regional Trial Court (RTC) of Alaminos City, Pangasinan, Branch 64.

On June 14, 2002, the RTC rendered a Decision^[10] in favor of petitioners, the dispositive portion of which states:

WHEREFORE, in consideration of the foregoing, Judgment is hereby rendered REVERSING IN TOTO the findings and decision of the Municipal Trial Court of Bolinao, Pangasinan, dated November 9, 2001 and that therefore a SEPARATE JUDGMENT IS NOW RENDERED, to wit:

1. ORDERING THAT:

OCT (FP) No. 15820 - in the name of Jupiter Santiago, denominated as Lot 7303-E with an area of 50,000 square meters, copy of which is hereto attached as Annex HH;

OCT (FP) No. 15819 - in the name Efraem Santiago and Gloria Santiago, denominated as Lot 7303-D, with an area of 50,000 square meters, copy of which is hereto attached as Annex II;

OCT (FP) No. 15765 - in the name of Sps. Elizabeth Santiago and Almario Marquez, denominated as Lot 7303-F, with an area of 15,542 square meters, copy of which is hereto attached as Annex JJ;

OCT (FP) No. 15755 - in the name of Sps. Eugenio Santiago Jr. and Alma Caasi with an area of 50,000 square meters, copy of which is hereto attached and marked as Annex KK;

OCT (FP) No. 15754 - in the name of Jonjon Santiago denominated as Lot 7303-B, with an area of 50,000 square meters. Copy of which is hereto attached and marked as Annex LL;

OCT (FP) No. 15818 - in the name of Sps. Ramon Campos and Warlita Santiago, denominated as Lot 7303-A, with an area of 50,000 square meters, copy of which is hereto attached and marked as Annex MM;

to reconvey the entire area as stated in their free patent in favor of the plaintiffs, as the same Free-Patent Titles to defendants [respondents herein] are now declared VOID and without legal effect;

2. The plaintiffs [petitioners herein], commensurate with their land area which was lost as a result of the issuance of free patent titles shall then proceed to divide their respective lands possessed by each or any of them.

3. Ordering the defendants [respondents] to pay the following damages, jointly and severally in favor of the plaintiffs [petitioners], to wit:

a. The reduced sum of TWENTY THOUSAND PESOS (P20,000.00) each for moral damages;

b. The reduced sum of TWENTY THOUSAND PESOS (P20,000.00) each for exemplary damages; and

c. The sum of FIVE THOUSAND PESOS (P5,000.00 each as actual damages.

IT IS SO ORDERED.^[11]

Aggrieved by the RTC Decision, respondents filed with the CA a petition for review under Rule 42 of the Rules of Court.

On May 29, 2007, the CA granted the petition for review, and annulled and set aside the Decisions of both the RTC and the MTC on the ground of lack of jurisdiction. For the same reason, the CA declined to resolve and deemed as moot and academic the other factual issues raised in the petition.

The CA also ruled that assuming *arguendo* that the RTC had jurisdiction over the case, it nonetheless has no authority to declare as null and void the Original Certificates of Title (Free Patents) registered in the name of respondents because the said titles were issued four (4) years prior to the filing of the petitioners' complaint for reconveyance. In support of its ruling, the CA cited the following basic principles in land registration: (a) that a certificate of title serves as evidence of an indefeasible and incontrovertible title to the land in favor of the person whose name appeared thereon; (b) such indefeasibility commences after the lapse of one (1) year from date of entry of the decree of registration; (c) the act of registration is considered a constructive notice to all persons respecting title to land, and such title can no longer be contested after the lapse of one (1) year from registration; and (d) a certificate of title cannot be subject to collateral attack, and can be altered, modified or cancelled only in a direct proceeding in accordance with law.

On August 22, 2007, the CA denied petitioners' motion for reconsideration of its Decision. Hence, the petition for review on *certiorari*, raising the sole issue:

WHETHER THE COURT OF APPEALS GRAVELY ERRED IN ANNULING THE
DECISION OF THE REGIONAL TRIAL COURT OF ALAMINOS CITY,
PANGASINAN, BRANCH 54 FOR LACK OF JURISDICTION.^[12]

Petitioners contend that while the MTC of Bolinao, Pangasinan, is without jurisdiction to act upon the action for reconveyance of ownership and possession with damages, involving a land with an assessed value of more than P20,000.00, the RTC of Alaminos, Pangasinan, nonetheless correctly assumed jurisdiction thereon on appeal pursuant to Section 8, Rule 40 of the Rules of Court, as amended. Thus, the RTC Decision should not have been nullified as a result of the MTC's lack of jurisdiction over the case. They also point out that even if the CA ruled that the nullification of the Decisions of both the MTC and the RTC is without prejudice to the filing of an appropriate action before the proper court, such would result in multiplicity of suits. This is because the trial court where such action will be filed anew will just repeat the task already done competently by the RTC.

As to the issue of indefeasibility of respondents' free patent titles, petitioners argue that an action for reconveyance is still an available remedy, as the disputed land has not yet passed to an innocent purchaser for value. They add that the rule on incontrovertibility of a certificate of title upon the lapse of 1 year after the entry of the decree of registration does not apply when an action for the cancellation of free patent title is instituted on the ground that it is null and void for having been issued with respect to a private property.

Citing the rule that a free patent issued over a private land is null and void, and produces no legal effects, petitioners contend that the presentation of either a duly-registered possessory information or a clear showing of their open, continuous, exclusive and notorious possession of the disputed land, suffices to strip it of its public character, and render it unavailable for application for a free patent title. Petitioners assert that since both parties claimed that they have been in possession of the subject land for more than thirty (30) years prior to the issuance of the disputed free patent titles, their claims have the effect of establishing the private character of the same property. Thus, the only question that remains is who between petitioners and respondents adequately proved their claim. In this regard, petitioners posit that the RTC correctly concluded that their evidence is more persuasive than that of respondents. As to the issue of the immunity of the disputed titles from collateral attack, petitioners submit that their action for reconveyance of ownership and possession with damages, is an appropriate action to directly assail such titles.

For their part, respondents counter that Section 8, Rule 40 of the Rules of Court is not applicable in the case at bar, as it refers only to cases where the lower court (MTC) dismissed a case filed with it without trial on the merits, and an appeal to the RTC was taken from the order of dismissal. In which case, according to respondents, the RTC may reverse the dismissal and, if it has jurisdiction, shall try the case on the merits as if the case were originally filed with it.

Respondents further argue that if petitioners were indeed unlawfully deprived of their real right of possession and ownership of the disputed property, they should have filed an *accion publiciana* or *reivindicatoria* with the RTC, and not before the MTC. They also insist that the RTC has no jurisdiction to declare as null and void the free patent titles in their names because of the principle of indefeasibility and