

FIRST DIVISION

[G.R. No. 164961, June 30, 2014]

HECTOR L. UY, PETITIONER, VS. VIRGINIA G. FULE; HEIRS OF THE LATE AMADO A. GARCIA, NAMELY: AIDA C. GARCIA, LOURDES G. SANTAYANA, AMANDO C. GARCIA, JR., MANUEL C. GARCIA, CARLOS C. GARCIA, AND CRISTINA G. MARALIT; HEIRS OF THE LATE GLORIA GARCIA ENCARNACION, NAMELY: MARVIC G. ENCARNACION, IBARRA G. ENCARNACION, MORETO G. ENCARNACION, JR., AND CARINA G. ENCARNACION; HEIRS OF THE LATE PABLO GARCIA, NAMELY: BERMEDIO GARCIA, CRISTETA GARCIA, NONORATO GARCIA, VICENTE GARCIA, PABLO GARCIA, JR., AND TERESITA GARCIA; HEIRS OF THE LATE ELISA G. HEMEDES, NAMELY: ROEL G. HEMEDES, ELISA G. HEMEDES, ROGELIO G. HEMEDES, ANDORA G. HEMEDES, AND FLORA G. HEMEDES, RESPONDENTS.

D E C I S I O N

BERSAMIN, J.:

The decisive question here is whether or not the petitioner was a purchaser in good faith of the property *in litis*. The standard is that for one to be a purchaser in good faith in the eyes of the law, he should buy the property of another without notice that some other person has a right to, or interest in, such property, and should pay a full and fair price for the same at the time of such purchase, or before he has notice of the claim or interest of some other persons in the property.^[1] He buys the property with the belief that the person from whom he receives the property was the owner and could convey title to the property.^[2] Indeed, a purchaser cannot close his eyes to facts that should put a reasonable man on his guard and still claim he acted in good faith.^[3]

The Case

Under appeal by petition for review on *certiorari* is the decision promulgated on February 17, 2004,^[4] whereby the Court of Appeals upheld the judgment rendered in favor of the respondents on June 30, 2000 by the Regional Trial Court, Branch 32, in Pili, Camarines Sur (RTC).^[5]

Antecedents

The dispute herein involves the parcel of land registered under Transfer Certificate of Title (TCT) No. 30111 of the Registry of Deeds of Camarines Sur with an area of 180,150 square meters located in San Agustin, Pili, Camarines Sur that was part of the vast tract of land covered by TCT No. 1128 registered in the name of the late Conrado Garcia. TCT No. 1128 was derived from Original Certificate of Title (OCT)

No. 854 registered on November 23, 1933 in the Registration Book of the Register of Deeds of Camarines Sur pursuant to Decree No. 517240, No. 854, issued in LRC GLRO Record No. 47802.

Upon the death of Conrado Garcia on November 23, 1972, his heirs entered into an extrajudicial settlement of his estate, including the vast track of land. Thereafter, his heirs caused the registration on March 7, 1973 of the vast track of land under TCT No. RT-8922 (16498), covering Lot 1, PSU-81269 and Lot 2, PSU-81269.^[6]

In September 1985, the Department of Agrarian Reform (DAR) engaged Geodetic Engr. Rolando A. Sales (Engr. Sales) to conduct a survey of the disputed land, referring to it as Lot 562, Cad. 291 (Csd-05-003874). Together with DAR Technologist Carmen Sorita and DAR Team Leader Julian F. Israel, Engr. Sales issued a joint certification dated August 30, 1988 to the effect that the disputed land was an "untitled" property owned by Conrado Garcia. The joint certification dated August 30, 1988 was buttressed by the certification issued on January 30, 1989 by the Office of the Register of Deeds of Camarines Sur to the effect that no title covering Lot 562, Cad. 291 (Csd-05-003874) appeared on record. As a result, the disputed land was included in the Operation Land Transfer (OLT) program of the DAR pursuant to Presidential Decree No. 27.

In 1988, the DAR and the Office of the Register of Deeds of Camarines Sur respectively issued emancipation patents (EPs) and original certificates of title (OCTs) covering the disputed land to the farmers-beneficiaries, namely: Catalino Alcaide, Mariano Ronda, Ponciano Ermita, Felipe Marcelo, Salvador Pedimonte, Fabiana Pedimonte and Leonila Pedimonte (farmers-beneficiaries).^[7]

In the interim, farmer-beneficiary Mariano Ronda sold his portion to Chisan Uy who then registered his title thereto under TCT No. 29948 and TCT No. 29949 of the Registry of Deeds of Camarines Sur. On the other hand, the heirs of farmer-beneficiary Mariano Ronda (Isabel Ronda, *et al.*) sold their land to petitioner Hector Uy for P10 million. The petitioner registered his title thereto under TCT No. 31436 and TCT No. 31437, both of the Registry of Deeds of Camarines Sur.

In 1997, TCT No. RT-8922 (16498) was cancelled following the partition of the property covered therein. Subsequently, TCT No. 30136 and TCT No. 30111 were issued in the names of respondents heirs of the late Conrado Garcia. TCT No. 30111 covered the disputed land.^[8]

In 1998, the President, acting through the DAR Secretary, issued EPs to the farmers-beneficiaries pursuant to P.D. No. 27 and P.D. No. 266, to wit:

1. To Catalino Alcaide, OCT No. 8534 and OCT No. 8549, which were cancelled by TCT No. 29948 and TCT No. 29949 in the name of Chisan Uy;
2. To Mariano Ronda, OCT No. 9852 and OCT No. 9853, which were cancelled by TCT No. 301120 and TCT No. 301121; and, in turn, TCT No. 301120 and TCT No. 301121 were cancelled by TCT No. 31436 and TCT No. 31437 in the name of petitioner Hector Uy;

3. To Ponciano Ermita, OCT 8539;
4. To Felipe Marcelo, OCT No. 8542;
5. To Salvador Pedimonte, OCT Nos. 8545 and 8546;
6. To Fabiana Pedimonte, OCT No. 9848; and
7. To Leonila Pedimonte, OCT No. 9849.^[9]

On December 21, 1998, the respondents filed a complaint for cancellation of titles, quieting of title, recovery of possession, and damages against the DAR Secretary; the Municipal Agrarian Reform Officer of Pili, Camarines Sur; DAR Technologist Carmen Sorita; DAR Team Leader Julian Israel; Engr. Sales; and Regional Director Antonio Nuesa of DAR Regional Office No. V (public defendants) and the farmer-beneficiaries (private defendants) in the Regional Trial Court (RTC) in Pili, Camarines Sur, alleging that they had been denied due process; and that the titles of the defendants (who included the petitioner) in the disputed land constituted clouds on their own title. They prayed that the private defendants' certificates of title, including those of their purchasers Chisan Uy and the petitioner, be cancelled; that the private defendants be ordered to surrender the possession of the disputed land to them; and that in default thereof the private defendants be ordered to pay the fair market value of the property, with reparation for damages in either case.^[10]

Ruling of the RTC

On June 30, 2000,^[11] the RTC resolved in favor of the respondents by finding that no notice of the inclusion of the disputed land under the operation of P.D. No. 27 had been given to them. The RTC decreed thusly:

IN VIEW OF THE FOREGOING CONSIDERATIONS, judgment is hereby rendered:

1. Declaring plaintiffs as the owners of the lands covered by TCT No. 30111 and declaring said title as VALID, BINDING AND EFFECTIVE, against the whole world;
2. Declaring null and void all the proceedings taken by public defendants in the generation of the certificates of land transfer and emancipation patents, on the bases of which the OCTs mentioned in paragraphs 2 and 3 of this decision were issued by the Register of Deeds of Camarines Sur;
3. Ordering the Register of Deeds of Camarines Sur to cancel all the OCTs and TCTs mentioned in paragraph 2 and 3 of this decision;
4. Ordering defendants whose titles were cancelled to surrender the possession of the lands covered by their cancelled titles to the plaintiffs and condemning them to PERPETUAL SILENCE in so far as TCT 30111 is concerned.

NO COSTS.

SO ORDERED.^[12]

Decision of the CA

Isabel Ronda, *et al.* (heirs of deceased farmer-beneficiary Mariano S. Ronda), Catalino Alcaide, Julia Casaysayan, Chisan Uy, and the petitioner appealed to the CA.

The defendant public officials did not appeal.^[13] Also not appealing were defendants farmers-beneficiaries (with their respective OCTs) Spouses Salvador R. Pedimonte and Herminia Barrientos (OCT Nos. 8545 and 8546); Spouses Angeles C. Ronda and Consolacion Pedimonte (OCT No. 9851); Spouses Felipe Marcelo and Isabel Nacario (OCT No. 8542); Leonila S. Pedimonte (OCT No. 9849); Ponciano Ermita (OCT No. 8539); and Fabiana R. Pedimonte (OCT No. 9848).^[14] Accordingly, on September 5, 2003, the Clerk of Court of the RTC issued the certificate of finality as to them, as well as a writ of partial execution.

Isabel Ronda, *et al.* raised the following errors on appeal, namely: (1) that the court *a quo* erred in acquiring jurisdiction over the case; and (2) the court *a quo* erred in ordering the ejectment of the appellants, heirs of deceased spouses, Mariano S. Ronda and Fidela Cortez-Ronda.^[15]

On their part, Catalino Alcaide, Julia Casaysayan, and Chisan Uy claimed that the RTC erred in assuming jurisdiction over the case when in fact it had no such jurisdiction; in holding that the titles issued to the tenants Spouses Alcades and Chisan Uy were void; and in holding that the proceedings taken by the public defendants in generating the CLTs and EPs were void.^[16]

In his appeal, the petitioner insisted that the RTC gravely erred in holding that he had not been an innocent purchaser in good faith and for value; and in declaring void and ordering the cancellation of TCT No. 31436 and TCT No. 31437, among others.^[17]

For their part, the respondents asserted that the disputed land, being originally registered under OCT No. 854, and later on under TCT No. 1128, and still later on under TCT No. RT-8922, and now under TCT No. 30111, did not lose its character as registered land; and that as registered land, the disputed land should not have been subject of another land registration proceeding from which the EPs and the certificates of title of the private defendants could be derived.^[18]

In its decision promulgated on February 17, 2004,^[19] the CA ruled in favor of respondents, *viz*:

WHEREFORE, this appeal is **DENIED**. The assailed Decision dated June 30, 2000 of the Regional Trial Court of Pili, Camarines Sur, Branch 32 in Civil Case No. P-2167 is hereby **AFFIRMED**.

SO ORDERED.

On the inclusion of the disputed land under the DAR's OLT Program (P.D. No. 27), the CA observed:

Significantly, the disputed land was earlier extra-judicially settled by the plaintiffs-appellees as heirs of the original owner. The disputed land was already titled to plaintiffs-appellees at the time that public respondent DAR included it in the operation of PD No. 27. The DAR's finding that the same was an "untitled" property is belied not only by the records but, more so, by the failure of defendants-appellants to refute plaintiffs-appellees' assertion to the contrary.

Moreover, for a valid application of PD No. 27, the procedures outlined under PD No. 266 should have been observed, among which is the duty of the Register of Deeds to notify the **registered owner** concerning such application within a reasonable time. However, as found by the Trial Court, no such notice was served on plaintiffs-appellees, precisely due to the erroneous premise that the disputed land was "untitled property".

Prescinding from the said wrong premise that the disputed land was an untitled property, no payment of just compensation was made to the registered owners. Such failure or absence of payment violates the very law (PD 27) from which the titles of defendants were purportedly derived. Hence, the land transfer initiated by the DAR involving the disputed land is not only irregular but also unlawful for having been undertaken in violation of the law.

Moreover, a land covered by a title which is outstanding cannot be the subject of an application for registration unless the existing title which has become indefeasible is first nullified by a proper court proceeding. Consequently, the Emancipation Patents and the Certificates of Titles issued as a result of the DAR's Operation Land Transfer program over an already registered land have no legal foundation or basis. Such subsequent titles must be cancelled because they cast clouds on the earlier existing, valid and uncanceled title of plaintiffs-appellees. For all intents and purposes, they are redundant titles that cannot supplant or supersede existing valid titles.^[20]

On whether the petitioner and Chisan Uy had been purchasers in good faith and for value without any notice of any defect in the title of the seller (*i.e.*, the heirs of the farmers-beneficiaries), the CA decreed:

We disagree. Even assuming **arguendo** that they had no notice of any defect in their transferors' titles, and the lands sold to them should be included in the DAR's *Operation Land Transfer* (OLT) program, no valid title could have passed to them because the transfers are void under PD 27. PD 27 explicitly provides:

x x x x

Title to land acquired pursuant to this Decree or the Land Reform Program of the Government shall not be transferable except by hereditary succession or to the Government in accordance with the