

FIRST DIVISION

[G.R. No. 141019, November 23, 2011]

**JOSE TEOFILO MERCADO, PETITIONER, VS. VALLEY MOUNTAIN
MINES EXPLORATION, INC., RESPONDENT.**

[G.R. NO. 164281]

**HEIRS OF JUAN OLIMPIADA AND HEIRS OF SERGIO OLIMPIADA,
PETITIONERS, VS. COURT OF APPEALS, HON. ALFONSO GARCIA,
JUDGE, RTC, BRANCH 18, TAGAYTAY CITY, VALLEY MOUNTAIN
MINES EXPLORATION, INC., REPRESENTED BY ITS PRESIDENT,
JOAQUIN RODRIGUEZ, AND CITY GOVERNMENT OF TAGAYTAY,
RESPONDENTS.**

[G.R. NO. 185781]

**HEIRS OF JUAN AND SERGIO OLIMPIADA, REPRESENTED BY
FERNANDO OLIMPIADA AS ATTORNEY-IN-FACT, PETITIONERS,
VS. HON. GREGORIO M. MONREAL, CITY ASSESSOR, TAGAYTAY
CITY, RESPONDENTS.**

D E C I S I O N

VILLARAMA, JR., J.:

The consolidated petitions before us stemmed from contending claims over lots sold by the government in a tax delinquency sale and subsequently applied for original registration under Presidential Decree (P.D.) No. 1529.

The Facts

Subject of controversy are the following parcels of land situated at Barangay Sungay, Iruhin, Tagaytay City:

Lot No. Area (sq.m.)Tax Declaration No.

4867	284,105	09959-B
7539	8,400	09224-B
7540	3,907	09226-B
7541	6,564	09225-B
4831-B	121,489	09958-B ^[1]

Lot 4867 was originally declared under the name "Heirs of Narciso Olimpiada" with Rosa Cabrera as the named Administrator in Tax Declaration (TD) 09959-B.^[2] On

the other hand, the declared owners of Lots 7539, 7540, 7541 and 4831-B are the Heirs of Juan Desengaña.^[3] The heirs of Narciso Olimpiada and heirs of Juan Desengaña were in actual possession of the aforesaid properties.

For failure to pay the real property taxes for several years, the subject lots were sold by the City Government of Tagaytay in a public auction held on November 28, 1983, as evidenced by the Certificate of Sale of Delinquent Property to Purchaser issued in favor of Valley Mountain Mines Exploration, Inc. (VMMEI). Said certificate of sale was registered on December 9, 1983.

To save their property, the heirs of Narciso Olimpiada,^[4] through their attorney-in-fact, Rosa Cabrera Mendoza, executed a "Deed of Sale of an Unregistered Parcel of Land With Assignment of Rights and Assumption of Obligations" in favor of Jose Teofilo T. Mercado (Mercado).^[5] The heirs of Juan Desengaña^[6] through their attorney-in-fact Primitivo Mendoza likewise executed a similar deed in favor of Mercado.^[7]

On December 7, 1984, Mercado paid the sums of P58,327.82 and P33,841.49 for the five parcels of land. Consequently, a Certificate of Redemption covering the subject properties was issued by the Office of the City Treasurer of Tagaytay City.^[8] Said office also returned the purchase price plus interest thereon to VMMEI on December 11, 1984.^[9] However, the checks issued by Mercado in payment of the aforesaid sums when presented for payment to the bank, were dishonored for the reason "Refer to Drawer". Under letters dated April 16, 1985 and October 8, 1985, the Office of the City Treasurer advised Mercado to replace the bounced checks.^[10]

On April 14, 1986, VMMEI through its counsel wrote then City Treasurer Concepcion C. Daplas asserting its right to be reinstated as the highest bidder during the public auction sale considering that no effective redemption was made by the delinquent owners, and expressed willingness to return the total amount of P111,222.07 refunded to it and also to pay additional sums to update the taxes due on the subject properties.^[11] Thereupon, under letter dated April 22, 1986, Daplas sought the advice/ruling of the Minister of Finance on whether she can accept VMMEI's repayment for the total amount of tax delinquency of the auctioned properties and costs without going through the process of another public auction, and issue the corresponding final bill of sale in its favor.^[12] No written reply was received from the Ministry of Finance regarding Daplas' query.

On August 7, 1986, Daplas accepted the amount of P46,400.00 from Mercado as partial cash payment, particularly "for replacement of check covering payment of tax receipts # 7495076, 7495036 & 7495075" as evidenced by a handwritten temporary receipt she issued to Mercado.^[13] Said amount was immediately deposited with PNB Cavite Branch under SJV No. 86-09-21 dated September 5, 1986. On October 7, 1986, a certain Mr. Francisco Zarate informed the City Treasurer that he is withdrawing the payment he made in behalf of Mercado because he realized that the transaction was irregular since the 365 days redemption period allowed by law had already expired when they paid the cash replacement of the bounced check of Mercado.^[14] However, such money paid by Zarate was never returned by the City Treasurer's Office.

The repayment made by VMMEI was eventually accepted and then OIC/City Treasurer Pio Baybay executed the Final Bills of Sale^[15] covering the subject lots. Consequently, the previous tax declarations of the Heirs of Narciso Olimpiada and Heirs of Desengaño were cancelled and new tax declarations for the year 1988 were issued in the name of VMMEI which likewise paid the real property taxes due on the five parcels of land.

On May 15, 1988, the Heirs of Narciso Olimpiada and Juan Desengaño sought reconsideration of the cancellation of their respective tax declarations on the ground that it was illegal considering that the auctioned properties have been timely redeemed. In his letter-reply, then City Assessor Josefina De Castro informed that their properties have already been sold at public auction for non-payment of real property taxes in accordance with existing regulations and procedure.^[16] Still, the said heirs reiterated their request for the revival or restoration of their tax declarations on September 7, 1989.^[17]

On September 26, 1989, Mercado filed separate petitions for judicial confirmation of title over the subject lots in the Regional Trial Court (RTC) of Tagaytay City (Branch 18), docketed as **LRC Case Nos. TG-354** (Lot 4867 - Olimpiada Property), **TG-355** (Lots 7539, 7540 and 7541 - Desengaño Properties) and **TG-356** (Lot 4831-B - Desengaño Property).

The Republic of the Philippines through the Solicitor General entered appearance and filed its Opposition to the petitions filed in LRC Case Nos. TG-355 and TG-356.^[18] The Heirs of Narciso Olimpiada represented by Atty. Dante A. Carandang (Carandang Group) filed their Opposition in LRC Case No. TG-354, having earlier filed on April 11, 1990 before the same court **Civil Case No. TG-1124** for the annulment of public auction sale. The Heirs of Juan Desengaño filed their Opposition in LRC Case Nos. TG-355 and TG-356.^[19] VMMEI, on the other hand, filed its Opposition to all three petitions filed by Mercado.^[20] VMMEI likewise filed a separate application for registration of the same parcels of land before the same court, docketed as **LRC Case No. TG-383**.

On April 23, 1991, the trial court issued a general order of default with the exception of private oppositors VMMEI and the Heirs of Narciso Olimpiada (Carandang Group).^[21] Civil Case No. TG-1124 was dismissed on joint motion of the parties as the Heirs of Narciso Olimpiada pursued their opposition in the consolidated cases of LRC Case Nos. TG-354, TG-355 and TG-356.^[22]

Heirs of Narciso Olimpiada^[23] (Carandang Group)

These oppositors led by Teresa Olimpiada and counsel Atty. Dante A. Carandang, claimed to be the lawful owners of Lot No. 4867 as legal heirs of Narciso Olimpiada who died intestate sometime in 1926. They alleged that they were not notified of the public auction sale conducted on November 28, 1983 wherein their property was among those sold to VMMEI. As alleged possessors of the land in the concept of owner since time immemorial, they prayed that the court allow them to be substituted as applicants for registration of Lot 4867. A verified application^[24] for judicial confirmation of title was subsequently filed by said heirs.

Heirs of Juan Desengañó

With the exception of spouses Primitivo Mendoza and Rosa Cabrera-Mendoza who refused to join in filing the opposition, the heirs of Juan Desengañó questioned the application of Mercado, asserting that they, by themselves and through their predecessors-in-interest, have been in open, continuous and uninterrupted possession of Lots 7539, 7540, 7541 and 4831-B, subject of LRC Case Nos. TG-355 and TG-356, in the concept of owner for more than 30 years. They denied having sold their properties to anybody.

VMMEI

In its capacity as purchaser at the public auction of all the five parcels of land subject of Mercado's application, VMMEI accused said applicant of misrepresentation and bad faith. VMMEI contended that Mercado's efforts to redeem the properties failed because his checks were dishonored, and hence the same did not produce the effect of payment of the redemption price, as in fact the communication sent by the Ministry of Finance dated August 12, 1986 to the City Treasurer of Tagaytay even mentioned that said office was contemplating to file a case against Mercado for violation of the Bouncing Checks Law.

By virtue of the purchase at the tax delinquency sale conducted by the City Government of Tagaytay, VMMEI claimed it is now the successor-in-interest of the previous owners, the Heirs of Narciso Olimpiada (Carandang Group) and Juan Desengañó, which has the right to apply for original registration of title over their lands. As to the request for reconsideration of the cancellation or the restoration/revival of their respective tax declarations, this was denied by the City Assessor who informed them that tax declarations covering their properties are now in the name of VMMEI as the present owner. VMMEI accordingly filed its opposition to the respective applications of the aforesaid heirs. It thus prayed for the dismissal of Mercado's application and for it to be allowed to be substituted in the application for registration as successors-in-interest of the Heirs of Narciso Olimpiada in LRC Case No. TG-354 and the Heirs of Juan Desengañó in LRC Case Nos. TG-355 and TG-356.

Evidence Presented in LRC Case Nos. TG-354, TG-355 and TG-356

At the trial of the cases, applicant Mercado's witness, Rosa Cabrera Mendoza, admitted that of the five children of Dominador Mendoza, a grandson of Narciso Olimpiada and her first cousin who died before the outbreak of war, only the eldest, Macario, signed the documents without a written authority from his siblings (Timoteo, Catalina, Teresita and Florencia). She likewise admitted that another heir, Josefa Olimpiada, allegedly a retardate, had no participation in the transaction; no proof of guardianship or imbecility of said heir, however, was submitted.^[25]

Primitivo Mendoza also testified that Catalina, the daughter of his late brother Pascual Mendoza, was still alive at the execution of the Special Power of Attorney but did not sign the same. Catalina left as heirs her children with Lamberto Sumagui. Another daughter of Pascual Mendoza, Cornelia Mendoza, a.k.a. Aba Mendoza signed the document. His sister Paulina Mendoza had the following children: namely, Lorenza, Juanita, Juanito and Agapito, all surnamed Mendoza.

[26] The widow (Soledad Umali Mendoza) of another heir, Marcelino Mendoza, signed the document for herself and allegedly in behalf of her children with Marcelino.[27]

Rosa and Primitivo presented the respective receipts for the amounts (P200,000.00 for the heirs of Olimpiada and P400,000.00 for the heirs of Juan Desengaño)[28] representing the purchase price they received from Mercado, which were all deposited with Mercado's sister, Paulita Mercado Arañas, for safekeeping until the titles to the land are issued.[29]

Atty. Augusto Del Rosario testified that the subject deeds were executed in his presence. He relied on the representation of the heirs-signatories that they are the only heirs of the declared landowners and it being the custom in the rural areas to trust the word of the eldest in the family. He also admitted there were tenants on the subject properties but these tenants already executed waivers in favor of Mercado.[30]

Loreta "Luring" Mendoza testified that it was not her signature which appeared above the name "Lorenza Mendoza", which was not her true name, in the Special Power of Attorney in favor of Primitivo Mendoza.[31] Another witness, Cornelia Mendoza, likewise denied it was her signature appearing above the name "Aba Mendoza" and she always signed using the name "Cornelia Mendoza" her full name.[32]

Macario Olimpiada testified that he is a great grandson of Narciso Olimpiada, his father Dominador Olimpiada being the son of Victor Olimpiada. He denied the signature appearing above his name in the Special Power of Attorney in favor of Rosa Cabrera Mendoza. He does not know anything about the execution of said document nor the sale in favor of Mercado made by his co-heirs. He also did not make any contribution for the payment of real property taxes because it was only through Rosa Cabrera that he came to know that they have a property in Tagaytay. Neither is he aware that the subject land was sold in a public auction nor of its redemption by Mercado. In fact, he does not know anything of what was happening regarding the property.[33]

VMMEI presented as its witnesses its Treasurer Grace Ramos Abesamis, former City Treasurer of Tagaytay Concepcion Daplas and Local Training Operations Officer of the City Treasurer's Office Domingo Bayas.

Abesamis testified that the refund of the purchase money paid by VMMEI at the public auction was deposited in the company's account but on September 30, 1997, they paid it back to the City Government of Tagaytay by issuing two checks duly receipted by the City Treasurer's Office. While the said payment consisted of personal checks of Joaquin Rodriguez, VMMEI's President, she explained that stockholders and officers can make advances in behalf of the company.[34]

Treasurer Daplas testified that the payment tendered by Mercado as redemption price was only partial and she issued a temporary receipt for P46,400.00 received only on August 7, 1986. They earlier refunded the purchase price to VMMEI on December 11, 1984 before they learned that the checks issued by Mercado