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THIRD DIVISION

[G.R. No. 173365, April 15, 2010]

JULIO FLORES (DECEASED), SUBSTITUTED BY HIS HEIRS; BENITO FLORES (DECEASED), SUBSTITUTED BY HIS HEIRS; DOLORES FLORES AND VIRGINIA FLORES-DALERE, REPRESENTED BY THEIR ATTORNEY-IN-FACT, JIMENA TOMAS, PETITIONERS, VS. MARCIANO BAGAOISAN, RESPONDENT.

D E C I S I O N

NACHURA, J.:

Petitioners seek a review of the March 29, 2006 Decision [1] and the June 20, 2006 Resolution of the Court of Appeals (CA), denying their motion for reconsideration.

The case involves a 13,552-square meter portion of a parcel of land covered by Original Certificate of Title (OCT) No. P-11880[2] in the name of the Heirs of Victor Flores, namely: Julio, Benito, Dolores, and Virginia, herein petitioners. OCT No. P-11880 was issued pursuant to Homestead Patent No. 138892, given on November 12, 1973. This property is located in the Municipality of Piddig, Ilocos Norte.

On December 20, 1976, petitioners, together with their mother Luisa Viernes, executed a Deed of Confirmation and Quitclaim[3] in favor of Vicente T. Lazo. Through this document, petitioners agreed to "sell, cede, convey, grant, and transfer by way of QUITCLAIM" the subject property to Lazo. Thereafter, respondent, Marciano Bagaoisan, bought the subject property from Lazo, as evidenced by a Deed of Absolute Sale dated February 20, 1977.[4]

On April 4, 1983, Viernes and petitioner Virginia Flores-Dalere executed a *Palawag A Nasapataan* (Affidavit), attesting to the fact that they conveyed to Lazo the subject property through the Deed of Confirmation and Quitclaim. Affiants also attested that Lazo and his predecessors-in-interest had been in possession of the disputed portion since 1940 and that the same was mistakenly included in the patent application of Victor Flores.

On June 21, 1996, respondent filed an action for ownership, quieting of title, partition and damages against petitioners, praying that he be declared as the true owner of the subject property and that the entire property covered by OCT No. P-11880 be partitioned among them. In the Complaint, respondent asserted that he was a tenant of Lazo and that he had been working on the subjec0t property since time immemorial. He said that, since he bought the property in 1977, he possessed the land as owner and paid real property tax thereon. He claimed that the subject property was erroneously covered by OCT No. P-11880 and that petitioners have previously recognized such fact, considering that they executed an affidavit acknowledging the erroneous inclusion of the property in their title. He averred that, lately, petitioners had denied his ownership of the land and asserted their ownership

thereof by working and harvesting the crops thereon.[5]

In answer, petitioners stated that they did not relinquish ownership or possession of the land to Lazo. While admitting that they executed the Deed of Confirmation and Quitclaim in favor of Lazo, petitioners claimed that they were misled into signing the same, with Lazo taking advantage of their lack of education. Petitioners contended that it was too late for respondent to assert title to the disputed portion because the title covering the same had already become indefeasible one year after it was issued.[6]

On February 3, 2000, the Regional Trial Court rendered a decision, disposing as follows:

> WHEREFORE, in view of the foregoing, judgment is hereby rendered ordering the defendants, jointly and severally:
>
> 1. To recognize plaintiff Marciano Bagaoisan as owner of the 13,552 sq.m. parcel of land situated in Barrio Maab-abucay (now Estancia) Municipality of Piddig, Ilocos Norte;
>
> 2. To cease and desist from further possession of said parcel of land and to immediately reconvey the same to plaintiff;
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> 3. To pay said plaintiff such amount as would be the peso equivalent of 100 cavanes of palay per year, for the loss of harvest he incurred in 1994, 1995, 1996, 1997, 1998 and 1999, computed as the price then obtaining in said years; and
>
> 4. To pay plaintiff the amount of P20,000.00 as reasonable attorney's fees.
>
> No pronouncement as to costs.
>
> SO ORDERED.[7]

On appeal, the CA upheld the validity of the Deed of Confirmation and Quitclaim. In light of petitioners' admission that they signed the deed after it was read to them, the CA dismissed their assertion that they did not know the contents of the document. It further declared that the deed merely confirmed petitioners' non-ownership of the subject property and it did not involve an alienation or encumbrance. Accordingly, it concluded that the five-year prohibition against alienation of a property awarded through homestead patent did not apply.

The CA likewise rejected petitioners' contention that the action was barred by prescription or laches. Citing *Vital v. Anore*,[8] the CA held that where the registered owner knew that the property described in the patent and the certificate of title belonged to another, any statute barring an action by the real owner would not apply, and the true owner might file an action to settle the issue of ownership.

The dispositive portion of the assailed March 29, 2006 Decision reads:

> WHEREFORE, the appeal is hereby DISMISSED for lack of sufficient merit. The assailed 3 February 2000 decision by the Regional Trial Court, Laoag City, in Civil Case No. 11048-14 is hereby AFFIRMED.
>
> SO ORDERED.[9]

The CA likewise denied petitioners' motion for reconsideration in its Resolution dated June 20, 2006.[10]

Consequently, petitioners filed this petition for review, insisting that the Deed of Confirmation and Quitclaim is void as its contents were not fully explained to them, and it violates Section 118 of the Public Land Act (Commonwealth Act No. 141), which prohibits the alienation of lands acquired through a homestead patent.

The petition is meritorious.

Without going into petitioners' allegation that they were unaware of the contents of the Deed of Confirmation and Quitclaim, we nonetheless hold that the deed is void for violating the five-year prohibitory period against alienation of lands acquired through homestead patent as provided under Section 118 of the Public Land Act, which states:

> Sec. 118. Except in favor of the Government or any of its branches, units, or institutions, lands acquired under free patent or homestead provisions shall not be subject to encumbrance or alienation from the date of the approval of the application and for a term of five years from and after the date of issuance of the patent and grant, nor shall they become liable to the satisfaction of any debt contracted prior to the expiration of said period, but the improvements or crops on the land may be mortgaged or pledged to qualified persons, associations, or corporations.
>
> No alienation, transfer, or conveyance of any homestead after five years and before twenty-five years after the issuance of title shall be valid without the approval of the Secretary of Agriculture and Commerce, which approval shall not be denied except on constitutional and legal grounds.

We do not agree with the CA that the Deed of Confirmation and Quitclaim merely "confirmed" petitioners' non-ownership of the subject property. The deed uses the words "sell," "cede," "convey," "grant," and "transfer." These words admit of no other interpretation than that the subject property was indeed being transferred to Lazo.

The use of the words "confirmation" and "quitclaim" in the title of the document was an obvious attempt to circumvent the prohibition imposed by law. Labeling the deed as a confirmation of non-ownership or as a quitclaim of rights would actually make