

THIRD DIVISION

[G.R. No. 158929, August 03, 2010]

**ROSARIO P. TAN, PETITIONER, VS. ARTEMIO G. RAMIREZ,
MOISES G. RAMIREZ, RODRIGO G. RAMIREZ, DOMINGO G.
RAMIREZ, AND MODESTA RAMIREZ ANDRADE, RESPONDENTS.**

DECISION

BRION, J.:

We resolve in this Decision the petition for review on *certiorari*^[1] filed by petitioner Rosario P. Tan (*petitioner*) who seeks to reverse and set aside the decision^[2] dated January 28, 2003 and the resolution^[3] dated June 19, 2003 of the former Seventh Division of the Court of Appeals (CA) in CA-G.R. SP No. 66120. The assailed CA decision declared Roberto Ramirez, father and predecessor-in-interest of respondents Artemio G. Ramirez, Moises G. Ramirez, Rodrigo G. Ramirez, Domingo G. Ramirez, and Modesta Ramirez Andrade (*respondents*), as the lawful owner of a 86,433-square meter parcel of land in Mahaba, Apid, Inopacan, Leyte, known as Cadastral Lot No. 3483, Case 12, CAD 637-D, Inopacan Cadastre (*subject property*). The assailed CA resolution denied the petitioner's motion for reconsideration.

FACTUAL BACKGROUND

The facts of the case, gathered from the records, are briefly summarized below.

On August 11, 1998, the petitioner, representing her parents (spouses Crispo and Nicomedesa P. Alumbro), filed with the Municipal Circuit Trial Court (MCTC) of Hindang-Inopacan, Leyte a complaint for the recovery of ownership and possession and/or quieting of title of a one-half portion of the subject property against the respondents.^[4]

The petitioner alleged that her great-grandfather Catalino Jaca Valenzona was the owner of the subject property under a 1915 Tax Declaration (TD) No. 2724. Catalino had four children: Gliceria,^[5] Valentina, Tomasa, and Julian; Gliceria inherited the subject property when Catalino died; Gliceria married Gavino Oyao, but their union bore no children; when Gliceria died on April 25, 1952, Gavino inherited a one-half portion of the subject property, while Nicomedesa acquired the other half through inheritance, in representation of her mother, Valentina, who had predeceased Gliceria, and through her purchase of the shares of her brothers and sisters. In 1961, Nicomedesa constituted Roberto as tenant of her half of the subject property; on June 30, 1965, Nicomedesa bought Gavino's one-half portion of the subject property from the latter's heirs, Ronito and Wilfredo Oyao,^[6] evidenced by a Deed of Absolute Sale of Agricultural Land;^[7] on August 3, 1965, Nicomedesa sold to Roberto this one-half portion in a Deed of Absolute Sale of Agricultural Land;^[8] and in 1997, Nicomedesa discovered that since 1974, Roberto had been reflecting the

subject property solely in his name under TD No. 4193.

The respondents, on the other hand, traced ownership of the subject property to Gavino who cultivated it since 1956; Roberto bought half of the subject property from Nicomedesa on August 3, 1965,^[9] and the remaining half from Gavino's heirs, Ronito and Wilfredo Oyao, on October 16, 1972.^[10] On January 9, 1975, a certain Santa Belacho, claiming to be Gavino's natural child, filed a complaint with the Court of First Instance of Baybay, Leyte against Roberto, Nicomedesa, Ronito and Wilfredo Oyao, docketed as Civil Case No. B-565, for recovery of possession and ownership of two (2) parcels of land, including the subject property;^[11] on September 16, 1977, Roberto bought the subject property from Belacho through a Deed of Absolute Sale of Land; and on October 5, 1977, Roberto and Nicomedesa entered into a Compromise Agreement with Belacho to settle Civil Case No. B-565. Belacho agreed in this settlement to dismiss the case and to waive her interest over the subject property in favor of Roberto, and the other parcel of land in favor of Nicomedesa in consideration of P1,800.00.^[12]

THE MCTC RULING

In a Decision dated April 2, 2001, the MCTC found that Catalino's 1915 TD No. 2724 was not the source of Gavino's 1945 TD No. 3257 because it involved the other parcel of land subject of Civil Case No. B-565. It noted that the subject property was the conjugal property of Gavino and Gliceria; Gliceria's death in 1952 dissolved the conjugal partnership and entitled Gavino to a one-half portion as his conjugal share, while Gliceria's one-half share should be equally divided among Gavino and Gliceria's brothers and sisters or their children. It held that Roberto was entitled to only three-fourths, as this was Gavino's entire share, while the petitioner was entitled to one-fourth of the subject property, and gave the parties sixty days to effect the partition.^[13]

The MCTC brushed aside the respondents' argument that they acquired the subject property by ordinary acquisitive prescription, noting that bad faith attended their possession because they were well aware of Nicomedesa's claim of ownership over a one-half portion of the subject property, long before the property was tax declared solely in Roberto's name in 1974. It observed that the required thirty-year period for extraordinary acquisitive prescription was not met because the respondents had only twenty-four years of adverse possession, counted from 1974 until the filing of the complaint in 1998.^[14]

THE RTC RULING

On appeal, Judge Abraham B. Apostol^[15] of the Regional Trial Court (RTC), Branch 18, Hilongos, Leyte, rendered a two-page Decision dated June 29, 2001, which we quote in full:

I. The Case

THIS IS A COMPLAINT FOR Recovery of Ownership And Possession And/Or Quieting of Title With Damages filed by Plaintiffs against defendants on a parcel of land located at Mahaba, Apid, Inopacan, Leyte

presently described as follows:

A parcel of land situated at Mahaba, Inopacan, Leyte, bounded on the NORTH by Camotes Sea; EAST by Camotes Sea; SOUTH by Lot 3478, 3476, 3473, WEST by Lot 3480 covered by Tax Declaration No. 4193 in the name of Roberto Ramirez.

After a full blown hearing, a DECISION was rendered, the decretal portion being:

WHEREFORE, all the foregoing considered the court hereby decrees:

1. That plaintiff and defendants are lawful co-owners of Lot 3483 as afore-described;
2. That the shares of the parties shall be divided and apportioned in the following manner: plaintiff shall own one-fourth (1/4) of Lot 3483 and defendants shall collectively own three-fourth (3/4) of Lot 3483;
3. That the parties are hereby given sixty days from receipt hereof within which to effect the actual partition among themselves observing the foregoing proportion, proportionately sharing the expenses therefor and to submit to the court for final approval the project of partition including the proposed subdivision plan prepared by a geodetic engineer;
4. That should the parties be unable to voluntarily agree to make the partition, they shall so inform the court within thirty days from receipt hereof.
5. That the parties equally share the costs of this suit.

SO ORDERED.

II. Facts of the Case:

- a. Version of the Plaintiffs is extant on the rollo of the case summarized on Appeal by a MEMORANDUM but negligently forgetting to enumerate their PRAYERS.
- b. Version of the Defendants is also extant on the records of the case and clearly expanded via a MEMORANDUM.

III. Court Findings/Ruling:

THIS COURT adopts in toto the DECISION of the Court a quo, slightly correcting no. 2 of the same to conform to the fallo of the DECISION which stated a "proportion of 1:3[.]"

No. 2 shall therefore read as follows:

2. That the shares of the parties shall be divided and apportioned in the following manner: plaintiff shall own ONE-THIRD (1/3) of Lot 3483 and defendants shall collectively own TWO-THIRDS (2/3) of Lot 3483.

SO ORDERED.^[16]

The respondents elevated the case to the CA *via* a petition for review under Rule 42 of the Rules of Court, insisting that the lower courts erred in finding that the petitioner is a co-owner since they have already acquired the entire area of the subject property by ordinary acquisitive prescription.

THE CA RULING

The CA decided the appeal on January 28, 2003. It set aside the Decisions dated April 2, 2001 and June 29, 2001 of the MCTC and the RTC, respectively, and declared Roberto as the lawful owner of the entire area of the subject property. The appellate court found that the October 5, 1977 Compromise Agreement executed by Belacho gave Roberto's possession of the subject property the characters of possession in good faith and with just title; the respondents' twenty-one years of possession, from execution of the compromise agreement in 1977 until the filing of the case in 1998, is more than the required ten-year possession for ordinary acquisitive prescription. The CA also noted that Roberto also enjoyed just title because Belacho executed a contract of sale in his favor on September 16, 1977.^[17]

After the CA's denial^[18] of her motion for reconsideration,^[19] the petitioner filed the present petition for review on *certiorari* under Rule 45 of the Rules of Court.

THE PETITION

The petitioner contends that the CA misappreciated the legal significance of the compromise agreement and the contract of sale, both executed by Belacho, and thus concluded that the respondents were possessors in good faith and with just title and could acquire the subject property through ordinary acquisitive prescription. She argues that the parties merely entered into the compromise agreement to settle the case. She further argues that Roberto entered the contract of sale in bad faith because the sale took place during the pendency of Civil Case No. B-565.

The respondents submit that they are possessors in good faith and with just title because Roberto bought the subject property from Belacho in a contract of sale dated September 16, 1977, and the compromise agreement, executed on October 5, 1977, recognized Roberto's ownership of the subject property.

THE ISSUE

The core issue is whether the CA erred in relying upon the compromise agreement and the contract of sale to conclude that the respondents had been possessors in

good faith and with just title and could acquire the subject property through ordinary acquisitive prescription.

OUR RULING

We find the petition meritorious.

This Court is not a trier of facts. However, if the inference drawn by the appellate court from the facts is manifestly mistaken, as in the present case, we can review the evidence to allow us to arrive at the correct factual conclusions based on the record.^[20]

Prescription as a mode of acquiring ownership

Prescription, as a mode of acquiring ownership and other real rights over immovable property,^[21] is concerned with lapse of time in the manner and under conditions laid down by law, namely, that the possession should be in the concept of an owner, public, peaceful, uninterrupted, and adverse.^[22] The party who asserts ownership by adverse possession must prove the presence of the essential elements of acquisitive prescription.^[23]

Acquisitive prescription of real rights may be ordinary or extraordinary.^[24] Ordinary acquisitive prescription requires possession in good faith and with just title for ten years.^[25] In extraordinary prescription, ownership and other real rights over immovable property are acquired through uninterrupted adverse possession for thirty years without need of title or of good faith.^[26]

Possession "in good faith" consists in the reasonable belief that the person from whom the thing is received has been the owner thereof, and could transmit his ownership.^[27] There is "just title" when the adverse claimant came into possession of the property through one of the modes recognized by law for the acquisition of ownership or other real rights, but the grantor was not the owner or could not transmit any right.^[28]

Compromise agreement not a valid basis of possession in good faith and just title

We find that the CA mistakenly relied upon the compromise agreement, executed by Belacho to conclude that the respondents were possessors in good faith and with just title who acquired the property through ordinary acquisitive prescription.

In *Ramnani v. Court of Appeals*,^[29] we held that the main purpose of a compromise agreement is to put an end to litigation because of the uncertainty that may arise from it. Reciprocal concessions are the very heart and life of every compromise agreement.^[30] By the nature of a compromise agreement, it brings the parties to agree to something that neither of them may actually want, but for the peace it will bring them without a protracted litigation.^[31]

In the present case, to avoid any conflict with Belacho, Roberto and Nicomedesa