

THIRD DIVISION

[CA-G.R. SP NO. 134244, January 30, 2015]

**HEIRS OF SPS. PEDRO F. SANTOS AND DAMASA P. ANTONIO,
NAMELY: LUZVIMINDA S. RIVERA, JUN SANTOS, MYRNA S.
VERDADERO AND TERESITA S. MEJIA, PETITIONERS, VS. ESTELA
SORIANO, RESPONDENT.**

DECISION

GONZALES-SISON, M., J.:

For review is the Decision^[1] dated October 1, 2013 of the Department of Agrarian Reform Adjudication Board (DARAB) in DARAB Case No. 17400.

The controversy arose from the filing of a petition^[2] by the petitioners seeking to recover the possession and cultivation of the landholding with an area of 23,587 square meters, more or less, located at Sto. Nino 3rd , San Jose City, Nueva Ecija, covered by Transfer Certificate of Title (TCT) No. EP-6514 and registered in the name of the late Pedro Santos.

Petitioners alleged that they are the direct descendants and successors-in-interests of the late Pedro F. Santos; due to poverty and in dire need of money, their mother was constrained to mortgage the subject landholding to the respondent in the amount of Twenty One Thousand Five Hundred Pesos (P21,500.00); despite the demand and offer made by the petitioners unto the respondent to return the possession and cultivation of the subject landholding, the respondent refused to do the same; being the direct descendants and successors-in-interests, the petitioners paid the corresponding "Land Amortization" and "Real Property Tax" due on the landholding in question; the petitioners incurred and tend to incur damages for failure to realize the income derived from the subject landholding; the dispute was referred to mediation, but to no avail as per Certification to File Action duly issued by the Pangkat Chairman of the Lupong Tagapamayapa in the locality.

The respondent in her Answer^[3] denied all the material allegations of the petition and averred that the conciliation process at the Barangay level was invalid since the law requires that all agrarian disputes should be mediated before the Barangay Agrarian Reform Committee (BARC) concerned and not before the Katarungang Pambarangay.

By way of special and affirmative defenses, respondent claimed that petitioners have no valid cause of action against her as the petition was bereft of any factual and legal basis; the petitioners' cause of action was already barred by prescription and laches because the subject landholding has been transferred or sold as per Transfer of Rights and Deed of Sale to her by Damasa Antonio and Domingo Antonio, the mother and brother, *respectively*, of the petitioners for more than twenty five (25) years ago and thereafter, she immediately took possession thereof

continuously, openly, notoriously and adversely in the concept of an owner since then and up to the present; hence, her possession of the landholding in question has ripened into ownership by acquisitive prescription and conversely, the petitioners had lost their alleged rights to recover the possession of the same by extinctive prescription.

Respondent added that she paid or amortized the value of the subject landholding to the landowner; the title TCT EP-6514 that was issued in 1989 in the name of Pedro Santos and Damasa Antonio, the parents of the petitioners, should be cancelled and in lieu thereof, another title should be issued in her name.

Respondent then prayed for the dismissal of the petition for lack of factual and legal basis and on the counterclaim, ordering the petitioners to pay her damages, *i.e.* attorney's fees of P25,000.00, appearance fee of P2,000.00 per hearing, litigation expenses of P10,000.00 and moral damages of P50,000.00. Respondent likewise prayed that the TCT EP No. 6514 in the name of Pedro Santos and Damasa Antonio be ordered cancelled and another title issued covering the subject land in her name.

In their Reply, petitioners countered that there was no transfer of rights or sale executed between respondent and Damasa Antonio nor by Domingo Santos. What was allegedly agreed upon was to mortgage the subject landholding for P21,500.00, this is why the title covering the landholding remained in the name of Pedro Santos. They added that prescription never set in against them *instead*, respondent merely refused to surrender the land.^[4]

Via her Rejoinder, the respondent averred that there was no attempt on the part of petitioners to recover possession of the subject landholding for the past 25 years when the same had been sold or transferred to respondent on July 3, 1985. The relinquishment of possession for more than 25 years amounted to abandonment and petitioners have already lost whatever rights they may have thereto.

Respondent argued that such relinquishment of possession and cultivation is tantamount to surrender of rights and in violation of the conditions set forth under RA 3844 or RA 6657 where it provides that a person must be in physical possession and cultivation of the land for him to qualify as a farmer-beneficiary.

Respondent finally added that petitioners' claim that they attempted to redeem the subject landholding was without any factual basis for they have not presented any evidence in support such claim.^[5]

After the parties submitted their respective position papers, ^[6] the Provincial Adjudicator rendered a decision^[7] by dismissing the petition and directing the respondent to ventilate her cause of action in another forum, the *dispositive* portion of which reads, to wit:

"WHEREFORE, premises considered, judgment is hereby rendered:

1. Dismissing the instant petition for lack of merit;
2. Directing the respondent to ventilate his (sic) cause of action for the cancellation of TCT EP No. 6514 issued and registered in the name of

Pedro Santos in another forum;

2. All other claims and counterclaims are hereby ordered dismissed for insufficiency of evidence.

SO ORDERED.”^[8]

In issuing the foregoing, the Provincial Adjudicator arrived at the following finding, to wit:

“From the allegations and evidence presented by the contending parties, this Office finds and so holds that what has been entered into by the parties was a contract of sale. This fact finds support as per Transfer of Rights (Annex “1”) and Deed of Sale (Annex “2”) executed by Domingo Santos with the conformity of the petitioners mother Damasa Antonio-Santos in favor of the respondent Estela. The pertinent portion of which is hereunder below for ready reference.

“1. Domingo Santos xxx the tenant-lessee or that certain parcel of land situated at Barangay Sto. Niño 3rd, San Jose City consisting of two (2) hectares, more or less owned by a certain Margarita Fernando xxx.

That for and in consideration of the sum of SEVENTEEN THOUSAND PESOS (P17,000.00) I do hereby transfer by way of Absolute Transfer the said parcel of land in favor of ESTELA SORIANO xxx”

xxx

Granting arguendo that what has been entered into by the parties was just a mere contract of mortgage, then, they could not just (sic) have waited for twenty five (25) long years to ventilate their cause of action with respect to their rights against the respondent. Such being the case, they are already estopped from denying the same.

The claim of the respondent that the title covering the subject landholding should be cancelled cannot be given due course. The title represented by the certificate cannot be changed, altered, modified, enlarged or diminished in a collateral proceeding (Lagrosa vs. Court of Appeals, 370 Phil. 225). The same can be ventilated in another forum considering that this Office is now divested with jurisdiction to act on it as provided for under the DARAB New Rules of Procedure in connection with R.A. 9700 otherwise known as the CARPER.”^[9]

Against the decision, the petitioners filed a notice of appeal^[10] and submitted their memorandum of appeal.^[11] They claimed that the Provincial Adjudicator erred in dismissing their petition.

In a Decision^[12] promulgated on October 1, 2013, the DARAB agreed with the findings of PARAD that the parties entered into a contract of sale and not a mere mortgage. However, it found the Transfer of Rights and Deed of Sale executed by the parties to be null and void. It opined that when the petitioners' mother sold the

subject landholding to respondent, she had not yet acquired full ownership over it hence, the sale violated the prohibition on transferability of awarded lands under Section 27, RA 6657, as amended, and DAR AO No. 8, Series of 1995 as well as DAR MC No. 19, Series of 1995 of the implementing guidelines. ^[13]

The DARAB stated that a void contract is equivalent to nothing, produces no civil effect and parties to a void agreement cannot expect the aid of law. More so, that both the contending parties were *in pari delicto* or *in equal fault*. Thus, they cannot seek for any affirmative relief pursuant to Article 1409 of the New Civil Code. The DARAB then disposed the case in this manner, to wit:

“WHEREFORE, the appeal is DENIED for lack of merit. The Decision dated July 20, 2011 is hereby AFFIRMED with MODIFICATION to read as follows:

1. Dismiss the basic Petition for lack of merit; and
2. Refer to the DAR PARO II, North Nueva Ecija to investigate the subject land with the end view of redistributing to a qualified re-allocatee consistent with the DAR rules and regulations on the matter;
3. All claims and counterclaims are hereby ORDERED DIMISSED for the parties are equally at fault.

SO ORDERED.”^[14]

The petitioners as well as the respondent filed a motion for reconsideration from the decision of the DARAB but in a Resolution^[15] promulgated on January 27, 2013,^[16] the DARAB denied both motions for reconsideration of the parties for lack of merit.

Unfazed, petitioners come before the Court via this instant recourse claiming that, to wit:

“THE HONORABLE BOARD SERIOUSLY ERRED IN DISMISSING THE BASIC PETITION FOR LACK OF MERIT, AND ORDERING THE REDISTRIBUTION OF THE SUBJECT LAND TO QUALIFIED RE-ALLOCATEE.”^[17]

Petitioners assert that there was *neither* a transfer of rights nor sale of the subject landholding between the parties because what was agreed upon by Damasa Antonio and respondent was merely an oral mortgage; the Transfer of Rights and Deed of Sale were falsified contracts and that said documents were not really signed by Domingo Santos; their payment of the land amortizations and the corresponding taxes after the execution of the falsified documents bolstered the fact that what was entered into by the parties was an oral mortgage and not a sale, and that they are not estopped in claiming the subject landholding because prescription never sets in, in the instant case.

Private respondent opposed the petition via her Comment.^[18] However, she claims that the DARAB erred in finding that the sale of the subject landholding is null and void because she has finally paid the amortization.