



Republic of the Philippines
Supreme Court
Manila

SUPREME COURT OF THE PHILS.
MARIA LOURDES P. A. SERENO
CHIEF JUSTICE

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THIRD DIVISION

GAUDENCIO PACETE,
Petitioner,

G.R. No. 188575

Present:

- versus -

BRION, * J.,
PERALTA, *Acting Chairperson*,**
ABAD,
MENDOZA, and
LEONEN, JJ.

Promulgated:

INOCENCIO ASOTIGUE,
Respondent.

10 December 2012

X ----- *[Signature]* ----- X

DECISION

MENDOZA, J.:

This is a petition for review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure assailing the October 27, 2008 Decision¹ of the Court of Appeals (CA) in CA-G.R. CV No. 00186-MIN, entitled *Inocencio Asotigue v. Gaudencio Pacete*, and its May 25, 2009 Resolution² denying the motion for the reconsideration thereof. The CA decision affirmed *in toto* the June 1, 2004 Decision of the Regional Trial Court, 12th Judicial Region, Branch 23, Kidapawan City (RTC), in Civil Case No. 2000-22, a case for reconveyance and damages.

* Designated additional member, per Special Order No. 1395 dated December 6, 2012.

** Per Special Order No. 1394 dated December 6, 2012.

¹ *Rollo*, pp. 24-36. Penned by Associate Justice Jane Aurora C. Lantion, with Associate Justice Edgardo A. Camello and Associate Justice Edgardo T. Lloren, concurring.

² *Id.* at 37-38.

The Factual and Procedural Antecedents

The property in dispute is a parcel of agricultural land, known as Lot No. 5-A, consisting of 22,240 square meters, being a portion of a bigger agricultural land, known as Lot No. 5, GSS-326, with an area of 118,055 square meters, situated in Barangay Dolis, Municipality of Magpet, Province of Cotabato, and covered by Original Certificate of Title (*OCT*) No. V-16654, registered in the name of petitioner Gaudencio Pacete (*Pacete*).³

On November 3, 2000, respondent Inocencio Asotigue (*Asotigue*) filed a complaint for reconveyance and damages against Pacete before the RTC, which was docketed as Civil Case No. 2000-22.

In his complaint, Asotigue averred that on March 22, 1979, he acquired the disputed land, denominated as Lot No. 5-A, from Rizalino Umpad (*Umpad*) for ₱2,300.00 by virtue of a *Transfer of Rights and Improvements*, duly notarized by Notary Public Rodolfo T. Calud; that he had been in possession and occupation of the said lot openly, publicly, notoriously, and in the concept of an owner for more than 21 years; that he had declared the lot in his name for taxation purposes, paying faithfully the real taxes due thereon, as shown by his Tax Declaration No. 4369-A, dated May 19, 1980, Tax Declaration No. 11759, dated February 10, 1982, Tax Declaration No. 3790, dated November 1, 1991, and Tax Declaration No. 99-07275, dated September 12, 2000; that he introduced permanent improvements on the said lot by planting considerable number of rubber trees and other fruit-bearing trees; that the present dispute arose when he found out for the first time, upon filing his application for title over the said lot, that it was included in Pacete's OCT No. V-16654; that he then

³ Id. at 25.

demanded from Pacete the reconveyance of the said lot, but his demand was unheeded; that he brought the matter before the Office of the Pangkat Tagapagkasundo of Barangay Dolis, Magpet, for amicable settlement, but to no avail; and that a Certificate to File Action was subsequently issued.⁴

In his Answer with Counterclaim and with Special and Affirmative Defenses, Pacete denied the material allegations of Asotigue and asserted that he was the owner of the disputed lot, presenting OCT No. V-16654 issued on July 13, 1961 as evidence of his ownership. He claimed that sometime in 1979, Asotigue, by stealth, strategy and prior knowledge, entered the disputed lot and started planting trees despite his demand to vacate the said lot.⁵

During the trial, to prove the allegations in his complaint, Asotigue offered his testimony and those of Umpad, Bienvenido Pasague (*Pasague*), Barangay Chairman Ricardo Abay (*Barangay Chairman Abay*), and Engr. Teodoro Lamban.

Asotigue testified that the disputed lot was previously owned by Sambutuan Sumagad (*Sumagad*), a native. The lot was mortgaged by Sumagad to Pasague who later on bought it. Pasague then sold the lot to Umpad by way of *Relinquishment of Rights and Improvements* executed on October 19, 1971. On March 22, 1979, Asotigue bought the lot from Umpad by way of *Transfer of Rights and Improvements*. Asotigue then entered the lot and planted, among others, rubber trees, fruit trees and coconut trees. According to him, he failed to apply for a title over the said lot due to financial constraint. Nonetheless, he declared the same for taxation purposes under his name and consistently paid the real taxes due thereon.

⁴ Id. at 26.

⁵ Id. at 27.

To strengthen his claim of ownership, Asotigue also submitted documentary evidence, among which were copies of the Transfer of Rights and Improvements, dated March 22, 1979; several Tax Declarations under his name; Survey Plan of Lot No. 5, GSS-326; and the Relinquishment of Rights and Improvements, dated October 19, 1971, executed by Pasague in favor of Umpad.

When Umpad was presented at the witness stand, he confirmed that Asotigue bought the disputed lot from him in 1979 by way of *Transfer of Rights and Improvements* for ₱2,300.00. He further testified that he bought the lot from Pasague in 1971 for ₱400.00 by way of *Relinquishment of Rights and Improvements*. In fact, Pacete signed as one of the witnesses in the said relinquishment, being the owner of the adjoining land of the disputed lot.

Pasague corroborated Umpad's story. He testified that in 1971, Umpad bought the said lot from him for ₱800.00 and that Pacete was one of the witnesses of the said transaction, together with Barangay Chairman Abay. Pasague added that he bought the disputed lot from Sumagad who had possessed and occupied the same since 1958. The lot was not yet titled at that time and the boundaries of the land sold to Umpad were determined by Eleong Oloy, Pacete and Barangay Chairman Abay.

In his defense, Pacete presented the testimonies of his son, Rolito Pacete (*Rolito*); his wife, Angelica Pacete (*Angelica*); and Elma Precion to disprove Asotigue's claim of ownership over the disputed lot. He also submitted documentary evidence, as proof of his ownership, such as OCT No. 16654, Tax Declaration Nos. 4369 and 11759, and Transfer of Rights of Occupation and Improvements on an Unregistered Land.

Rolito testified that sometime in 1979, Asotigue squatted on about 2.5 hectare portion of their land in Purok 1, Dolis, Magpet, Cotabato. He claimed that he and his father told Asotigue not to plant anything on the land, but despite their warning, the latter continued planting. His father was the one paying the real taxes on the disputed lot and that they had the land titled in 1961. He did not file any case against Asotigue because he was very young then and his parents were illiterate.

Angelica corroborated Rolito's testimony. She claimed that her husband Pacete was ignorant and that they were afraid of Asotigue, hence, they did not file any complaint before the police, municipal officers or the court.

The RTC Ruling

After evaluating the evidence adduced by both parties, the RTC rendered judgment in favor of Asotigue. It ruled that Pacete was not able to substantiate his claim that he had a better right of possession and ownership over the disputed lot. The *fallo* of the RTC Decision reads:

WHEREFORE, this Court finds and so holds that plaintiff was able to prove his case by preponderance of evidence. Defendant is directed to convey to plaintiff a portion of Lot No. 5, GSS-326, located at Dolis, Magpet, Cotabato, Mindanao, containing an area of 22,240 Square Meters and described as follows:

Lot 5-A of Lot 5, GSS-326:

Line 1-2, N 17-47 E, 142.45 m.
2-3, S 78-17 E, 199.89 m.
3-4, S 41-38 E, 72.64 m.
4-1, S 84-32 W, 285.45 m.

Containing an area of 22,240 sq. m.

Defendant is likewise directed to pay plaintiff the following:

1. Loss of income from his rubber trees from September 10, 2002 at ₱20,000.00 a month until this claim is fully satisfied;
2. Moral damages of ₱30,000.00;
3. Exemplary damages of ₱10,000.00;
4. Attorney's fee of ₱30,000.00;
5. Appearance fee of ₱5,000.00; and
6. Refund of litigation expenses in the amount of ₱10,000.00.

Defendant is directed to pay costs.

SO ORDERED.⁶

On appeal, the CA affirmed in toto the RTC ruling in favor of Asotigue.⁷

In upholding the claim of Asotigue, the CA applied the doctrine of tacking of possession. It found that Asotigue was in material possession of the said lot for more than thirty (30) years, tacking the possession of his predecessor-in-interest, Sumagad, in 1958 up to the time he filed the case in 2000. Thus, when Pacete procured OCT No. V-16654 in 1961, the disputed lot being covered by the said OCT was already possessed and occupied in good faith by Asotigue through Sumagad. Asotigue's lot, according to the CA, was erroneously or wrongfully registered in favor of Pacete.

Moreover, the CA took into account the rule that the findings of fact of the trial court were accorded respect. The CA stated that the reason behind the rule was that trial courts had better opportunity to examine factual matters than appellate courts. Specifically, it wrote: "They are in better position to assess the credibility of witnesses, not only by the nature of their testimonies, but also by their demeanor on the stand."⁸ In this case, the

⁶ Id. at 24-25.

⁷ Id. at 36.

⁸ Citing *Borillo v. CA*, G.R. No. 55691, May 21, 1992, 209 SCRA 130, 147.

CA said that it found no strong or impelling reason to reverse the findings of the RTC.

Pacete filed a motion for reconsideration of the said decision. His motion, however, was denied for lack of merit by the CA in its Resolution, dated May 25, 2009.

Issues

Hence, Pacete interposes the present petition before this Court anchored on the following grounds: 1) that reconveyance is not proper under the availing set of facts; and 2) that the award of damages is not justified.

Pacete contends that OCT No. V-16654, issued in his name in 1961, is an unassailable evidence of his ownership over the disputed lot having been issued pursuant to the Torrens System of Registration. Citing jurisprudence, he argues that a Torrens title is generally a conclusive evidence of the ownership of the land referred to therein⁹ and that the mere possession cannot defeat the title of a holder of a registered Torrens title to real property.¹⁰ He asserts that he is the legal owner of the lot by virtue of the said title as against Asotigue's claim of ownership based on tax declarations which are not conclusive as evidence of ownership or proof of the area covered therein.¹¹

Moreover, Pacete argues that the application of the doctrine of tacking of possession was misplaced and erroneous as there was no proof that the predecessors-in-interest of Asotigue were in actual or physical possession of the subject lot and that Asotigue's claim of previous ownership by Sumagad was not proven by any material and substantial evidence.

⁹ *Ching v. Court of Appeals*, 260 Phil. 14, 23 (1990).

¹⁰ *Spouses Eduarte v. CA*, 323 Phil. 462, 475 (1996).

¹¹ *Cureg v. Intermediate Appellate Court*, 258 Phil. 104, 110 (1989).

Finally, Pacete claims that reconveyance was not proper because he was already the owner of the said portion of land since 1961 and was the one dispossessed by Asotigue, the latter being a planter in bad faith and not entitled to an award of damages.

On the other hand, Asotigue points out that the petition failed to state specific errors committed by the CA in its assailed decision. He adds that the petition likewise failed to raise questions of law which must be distinctly set forth as required in Section 1, Rule 45 of the Rules of Court. He insists that the subject lot of 22,240 square meters was erroneously included in Pacete's title. Thus, he prays for the outright dismissal of the petition for lack of merit and for having been interposed for delay.

The Court's Ruling

The Court finds no merit in the petition.

On the issue of whether Pacete's title, OCT No. V-16654, which had included the lot in dispute, can be considered unassailable evidence of his ownership over the disputed lot, the Court rules in the negative. It must be stressed that both the RTC and the CA have passed upon this factual issue. In affirming the RTC, the CA made the following findings:

Moreover, We agree with the findings of the court *a quo*, thus:

Plaintiff's evidence proves that all transactions involving the conveyance or transfer of rights and improvements of the land in litigation were with the knowledge and even consent of defendant. Defendant even accompanied Pasague, Sumagad, Datu Balimba, Datu Masagra and Brgy. Chairman Abay when this land was conveyed to Umpad by Pasague. Umpad later on conveyed this land to plaintiff. This land was conveyed from Sumagad to Pasague, then Pasague to

Umpad and finally to plaintiff. From all these conveyances defendant did not make any claim on the land. He did not oppose any transfer from one person to another. It was the third transfer to plaintiff that defendant had laid claim. x x x.

The transfer from Pasague to Umpad was done on March 19, 1971. The sale by Sumagad to Pasague was obviously on a much earlier date. The land was granted to defendant in 1961. Original Certificate of Title No. V-16654 (Exh. "1") was issued in his favor. Defendant therefore was aware that the portion of this land was conveyed by Sumagad, then Pasague, then Umpad and ultimately to plaintiff. He did not protest their occupation until the year 2000.

The possession of Sumagad in 1958 tacked to the possession of Pasague, Umpad and plaintiff was more than thirty (30) years. When Sumagad took possession on the land, it was still alienable and disposable. The title to defendant was only issued in 1961. x x x.

Plaintiff had, therefore, acquired by operation of law a right to a grant, a government grant without the necessity of a certificate of title being issued on the land he is now in possession and cultivation.

Records also show that when the disputed lot was conveyed by Pasague to Umpad, Pacete never objected to it. Neither did he file a suit against Pasague over the said transfer to protect his supposed interest over the said lot. In fact, the testimony of Pasague taken on 12 November 2001 will bolster the fact that Pacete had full knowledge of the conveyance or transfer of the said lot made by Pasague to Umpad, as aptly found by the trial court:

x x x. The boundaries of the land sold to Umpad were determined by Eleong Oloy, Gaudencio Pacete and Barangay Chairman Ricardo Abay. They were five of them who traced the boundaries. Among the boundaries are bamboo groves and camansi tree. The camansi tree was the boundary of this land and Pacete's. Pacete did not make any claim of this land.

Pacete was, therefore, not in good faith when he procured his OCT No. V-16654 in 1961.

Time and again, the High Court has ruled that, "it is a settled rule that the Land Registration Act protects only holders of title in good faith, and does not permit its provision to be used as a shield for the commission of fraud, or as a means to enrich oneself at the expense of others."

x x x

Thus, Pacete cannot therefore rely on his OCT No. V-16654 as an unassailable evidence of his ownership over the disputed property. The Land Registration Act and the Cadastral Act only protect holders of a title in good faith and do not permit their provisions to be used as a shield to enrich oneself at the expense of another.¹²

As correctly found by the CA, Pacete cannot rely on his OCT No. V-16654 as an incontrovertible proof of his ownership over the property in dispute because he was not in good faith when he obtained the said title as he was fully aware of the conveyance of the said lot between Pasague and Umpad.

Reconveyance is proper under the circumstances. Reconveyance is available not only to the legal owner of a property but also to the person *with a better right* than the person under whose name said property was erroneously registered.¹³ Although Asotigue is not the titled owner of the disputed lot, he apparently has a better right than Pacete, the latter not being in good faith when he obtained his title to the said property. In *Munoz v. Yabut, Jr.*,¹⁴ the Court had the occasion to describe an action for reconveyance as follows:

An action for reconveyance is an action in personam available to a person whose property has been wrongfully registered under the Torrens system in another's name. Although the decree is recognized as incontrovertible and no longer open to review, the registered owner is not necessarily held free from liens. As a remedy, an action for reconveyance is filed as an ordinary action in the ordinary courts of justice and not with the land registration court. **Reconveyance is always available as long as the property has not passed to an innocent third person for value.** A notice of lis pendens may thus be annotated on the certificate of title immediately upon the institution of the action in court. The notice

¹² *Rollo*, pp. 32-34.

¹³ *Gasataya v. Mabasa*, G. R. No. 148147, February 16, 2007, 516 SCRA 105, 110, citing *De Guzman v. Court of Appeals*, 442 Phil. 534 (2002); *Aguila v. Court of Appeals*, No. L-48335, April 15, 1998, 160 SCRA 352.

¹⁴ G.R. No. 142676, June 6, 2011, 650 SCRA 344.

of *lis pendens* will avoid transfer to an innocent third person for value and preserve the claim of the real owner.¹⁵ (Emphasis supplied)

In a number of cases, the Court has ordered reconveyance of property to the true owner or to the one with a better right, where the property had been erroneously or fraudulently titled in another person's name. In the present case, when Pacete procured OCT No. V-16654 in 1961, the disputed lot, being a portion covered by the said title, was already in possession of Asotigue. His predecessor-in-interest, Sumagad, had been occupying it since 1958. There was, therefore, an erroneous or wrongful registration of Asotigue's Lot 5-A of Lot 5, GSS-326, in favor of Pacete, who neither possessed nor occupied the same. Inasmuch as the latter had not passed the lot in question to an innocent purchaser for value, an action for reconveyance is proper. After all, the Torrens system was not designed to shield and protect one who had committed fraud or misrepresentation and, thus, holds title in bad faith.¹⁶

Equally devoid of merit is Pacete's contention that damages were unjustly awarded in favor of Asotigue. In this regard, it is well to quote the following findings of the RTC, *viz*:

Plaintiff was constrained to litigate. Defendant did not agree to a conciliation when called by the Barangay Chairman and then the Lupon (Exh. "H"). Plaintiff even wanted to be paid of his improvements which he had obviously introduced in good faith, but defendant did not accept the offer. Plaintiff is entitled to all the damages he claimed against the defendant. Defendant should be sanctioned of his indifference or his inaction to stop his two (2) sons from ousting defendant tapper from the land. They threatened Hermoso harshly that the latter stopped tapping the rubber trees planted by plaintiff. Defendant admitted that plaintiff was the one who planted these rubber trees. He did not stop them. When it was already tappable his two (2) sons stopped their tapping. Defendant should pay for the loss of income of plaintiff of these rubber trees.

¹⁵ *Munoz v. Yabut, Jr.*, G.R. No. 142676, June 6, 2011, 650 SCRA 344, 366-367, citing *Heirs of Eugenio Lopez, Sr. v. Enriquez*, 490 Phil. 74 (2005).

¹⁶ *Ney v. Quijano*, G.R. No. 178609, August 4, 2010, 626 SCRA 800, 810.

Article 19 of the New Civil Code of the Philippines provides: every person must, in the exercise of his rights and in the performance of his duties, act with justice, give everyone his due, and observe honesty and good faith. Article 20 of the same Code provides: every person, who contrary to law, willfully or negligently causes damages to another shall indemnify the latter for the same. Article 21 of the same Code provides: Any person who willfully causes loss or injury to another in a manner that is contrary to morals, good customs or public policy shall compensate the latter for the damage. Defendant violated the foregoing laws on human relation. As example for others who will be similarly situated, defendant is directed to pay exemplary damages.¹⁷

The Court finds no reversible error on the part of the CA in sustaining the award of damages to Asotigue. The latter was able to substantiate his entitlement to moral damages due to Pacete's act of including his (Asotigue's) portion in the registration of his own land. As a deterrent to others who would have the same thing in mind in coveting the property of others, the award for exemplary damages is justifiable.

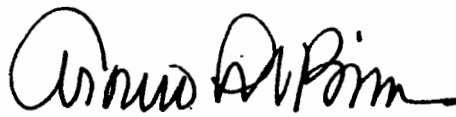
WHEREFORE, the petition is DENIED.

SO ORDERED.


JOSE CATRAL MENDOZA
Associate Justice

¹⁷ *Rollo*, p. 60.

WE CONCUR:



ARTURO D. BRION

Associate Justice



DIOSDADO M. PERALTA

Associate Justice
Acting Chairperson



ROBERTO A. ABAD

Associate Justice



MARVIC MARIO VICTOR F. LEONEN

Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



DIOSDADO M. PERALTA

Associate Justice
Acting Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Acting Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARIA LOURDES P. A. SERENO
Chief Justice