



Republic of the Philippines
Supreme Court
 Manila

FIRST DIVISION

GREEN ACRES HOLDINGS, INC.,
 Petitioner,

G.R. No. 175542

- versus -

**VICTORIA P. CABRAL, SPS.
 ENRIQUE T. MORAGA and
 VICTORIA SORIANO, FILCON
 READY MIXED, INC.,
 DEPARTMENT OF AGRARIAN
 REFORM ADJUDICATION
 BOARD (DARAB), and REGISTRY
 OF DEEDS OF BULACAN,
 MEYCAUAYAN BRANCH,**
 Respondents.

X-----X

VICTORIA P. CABRAL,
 Petitioner,

G.R. No. 183205

Present:

- versus -

SERENO, C.J.,
Chairperson,
LEONARDO-DE CASTRO,
BERSAMIN,
VILLARAMA, JR., and
REYES, JJ.

**PROVINCIAL ADJUDICATOR,
 JOSEPH NOEL C. LONGBOAN /
 OFFICE OF THE AGRARIAN
 REFORM ADJUDICATOR,
 GREEN ACRES HOLDINGS, INC.,
 SPOUSES ENRIQUE T. MORAGA
 and VICTORIA SORIANO and
 FILCON READY MIXED, INC.,**
 Respondents.

Promulgated:

JUN 05 2013

X-----X

DECISION

VILLARAMA, JR., J.:

Before us are two consolidated petitions for review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure, as amended.

In **G.R. No. 175542**, petitioner Green Acres Holdings, Inc. (hereafter, Green Acres) assails the November 24, 2006 Decision¹ of the Court of Appeals (CA) in CA-G.R. CV No. 85766 dismissing its appeal from the November 3, 2004 Order² of the Regional Trial Court (RTC) while in **G.R. No. 183205**, petitioner Victoria Cabral seeks to set aside the February 27, 2008 Decision³ and May 29, 2008 Resolution⁴ of the CA in CA-G.R. SP No. 99651.

The facts are as follows:

Victoria Cabral was the original owner of a parcel of land in Barangay Pandayan, Meycauayan, Bulacan with an area of 11,432 square meters and covered by Transfer Certificate of Title (TCT) No. T-73737 (M). The land was placed under the coverage of Presidential Decree (P.D.) No. 27, and on March 23, 1993, three Emancipation Patents were issued to the spouses Enrique Moraga and Victoria Soriano (Spouses Moraga) as follows: EP No. 496039 with an area of 861 square meters; EP No. 496040 with an area of 2,159 square meters; and EP No. 496041 with an area of 8,941 square meters. The Spouses Moraga thereafter caused the cancellation of EP No. 496041 and its conversion to TCT No. 256260 (M).

On August 29, 1994, Cabral filed a complaint before the Provincial Agrarian Reform Adjudicator (PARAD) seeking the cancellation of the Emancipation Patents issued to the Spouses Moraga on the grounds that these were obtained through fraud and that the land is not suitable for rice and corn production and has long been classified as residential, commercial, industrial and nonagricultural land by the Zoning Administrator of the Housing and Land Use Regulatory Board. The case was docketed as Reg. Case No. 739-Bul-94.

On December 15, 1995, the PARAD rendered a decision denying the petition for cancellation of the Emancipation Patents and dismissing the

¹ *Rollo* (G.R. No. 175542), pp. 163-172. Penned by Associate Justice Jose L. Sabio, Jr. with Associate Justices Rosalinda Asuncion Vicente and Ramon M. Bato, Jr. concurring.

² Records, pp. 670-674. Penned by Presiding Judge Wilfredo T. Nieves.

³ *Rollo* (G.R. No. 183205), pp. 62-71. Penned by Associate Justice Juan Q. Enriquez, Jr. with Associate Justices Vicente S.E. Veloso and Marlene Gonzales-Sison concurring.

⁴ *Id.* at 73-74.

complaint for lack of merit. Cabral appealed the decision to the Department of Agrarian Reform Adjudication Board (DARAB).⁵

While the appeal was pending, the Spouses Moraga subdivided the lot covered by TCT No. 256260 (M) into three smaller lots, the properties subject of this case. TCT Nos. T-270125 (M) covering 3,511 square meters, T-270126 (M) covering 2,715 square meters, and T-270127 (M) covering 2,715 square meters were thereafter issued in their names on May 29, 1996. On June 19, 1996, the Spouses Moraga sold the lots to Filcon Ready Mixed Inc. (Filcon for brevity) and TCT Nos. T-274486 (M),⁶ T-274487 (M)⁷ and T-274488 (M)⁸ were issued in the name of Filcon on June 24, 1996.

On April 29, 1999, Green Acres purchased⁹ five lots from Filcon including the three subject properties covered by TCT Nos. T-274486 (M), T-274487 (M) and T-274488 (M) in the name of Filcon. Except for an already cancelled annotation of a real estate mortgage in favor of Philippine Commercial International Bank (PCI Bank),¹⁰ the titles were free from any annotations, liens, notices, claims or encumbrances.

On April 30, 1999, the titles of Filcon were cancelled by the Register of Deeds of Meycauayan, Bulacan and new titles were issued in the name of Green Acres including TCT Nos. T-345660 (M),¹¹ T-345661 (M)¹² and T-345662 (M)¹³ covering the subject properties. Green Acres then constructed a warehouse building complex on the said lots.

On January 17, 2001, the DARAB resolved Cabral's appeal and rendered judgment ordering the cancellation of the titles issued in the names of the Spouses Moraga and those of Filcon for having been illegally acquired. The dispositive portion of the DARAB decision reads:

WHEREFORE, premises considered, the decision is hereby **REVERSED** and **SET ASIDE** and a **NEW JUDGMENT** is rendered disposing as follows:

1. Ordering the cancellation of TCT No. EP-051 (M) (EP No. 496039; TCT No. EP-052 (M) (EP No. 496040); TCT No. EP-052 (M) (EP No. 496041); TCT No. T-270125 (M); TCT No. T-270126 (M); and TCT No. T-270127 (M) – all in the names of defendants spouses Moraga; TCT No. 274486 (M); TCT No. T-[2]74487 (M), and TCT No. T-274488 (M) – all in the name of FILCO[N] READY MIXED INC;

2. Directing the Register of Deeds of Bulacan to restore TCT No. T-73737 (M) in the name of plaintiff Victoria P. Cabral;

⁵ The appeal was docketed as DARAB Case No. 5129 (Reg. Case No. 739-Bul-94).

⁶ *Rollo* (G.R. No. 183205), p. 397.

⁷ *Id.* at 398.

⁸ *Id.* at 399.

⁹ See Entry No. 418076 (M) annotated on TCT Nos. T-274486 (M), T-274487 (M) and T-274488 (M).

¹⁰ See Entry Nos. 315804 (M) and 418588 (M) on TCT Nos. T-274486 (M), T-274487 (M) and T-274488 (M).

¹¹ *Rollo* (G.R. No. 183205), p. 402.

¹² *Id.* at 403.

¹³ *Id.* at 404.

3. Ordering defendants Moraga and their assign, FILCO[N] READY MIXED INC., to vacate the premises of the lands in question and turn over their possession to herein plaintiff; and,

4. All claims and counterclaims of both parties are hereby dismissed for insufficiency of evidence.

SO ORDERED.¹⁴

When Green Acres learned about the DARAB decision, it sent a letter¹⁵ to Filcon on March 15, 2001 advising the latter that it learned that the properties it bought from Filcon were the subject of an adverse decision of the DARAB. Fearing that its titles and possession might be disturbed by the DARAB decision, Green Acres reminded Filcon of its warranties under the deed of sale.

In a letter¹⁶ dated March 30, 2001, Filcon replied that it was also an innocent purchaser for value since at the time it purchased the subject property, it had no knowledge of any legal infirmity in the title of the Spouses Moraga. In fact, it was able to secure a loan from PCI Bank in the amount of ₱12 million with the subject property as collateral. Filcon assured Green Acres that it is coordinating with its predecessor, the Spouses Moraga, to make sure that Green Acres' interest over the property is protected.

On April 19, 2001, Green Acres filed a Complaint¹⁷ for Quieting of Title, Damages with Application for Preliminary Injunction and Writ of Preliminary Attachment before the RTC of Malolos, Bulacan against Cabral, the Spouses Moraga, Filcon, the DARAB and the Registry of Deeds of Meycauayan, Bulacan. The case was docketed as Civil Case No. 279-M-2001. Green Acres sought to quiet its title and alleged that it is a purchaser in good faith and for value, claiming that it had no notice or knowledge of any adverse claim, lien, or encumbrance on the properties. Neither was it a party to the DARAB proceedings nor did it have notice of the said proceedings where the DARAB Decision of January 17, 2001 was issued. Green Acres claimed that the DARAB decision casts a cloud on its titles.

Cabral, in her Answer,¹⁸ denied all the material allegations in the complaint and alleged that Green Acres never acquired valid title to the subject property, much less, can it claim to be an innocent purchaser for value. She further averred that a declaratory judgment in a petition to quiet title will effectively subject the DARAB decision to review.

After Green Acres presented its evidence, Cabral filed a Demurrer to Plaintiff's Evidence¹⁹ arguing that Green Acres failed to prove that it is a

¹⁴ Records, pp. 52-53.

¹⁵ Id. at 54-55.

¹⁶ Id. at 56.

¹⁷ Id. at 3-22.

¹⁸ Id. at 255-271.

¹⁹ Id. at 602-621.

purchaser in good faith and for value. She maintains that the complaint is not appropriate for quieting of title since it omitted to assail her titles over the subject property but instead questioned the proceedings held at the DARAB. She likewise insisted that the trial court has no jurisdiction over the subject property since the same is still within the coverage of the Comprehensive Agrarian Reform Law and thus under the jurisdiction of the DARAB.

In an Order²⁰ dated November 3, 2004, the trial court granted the demurrer and ordered the case dismissed.

Green Acres' motion for reconsideration having been denied, Green Acres filed with the CA an appeal which was docketed as CA-G.R. CV No. 85766.

In the meantime, the DARAB decision became final and executory on April 13, 2005²¹ as no further recourse was sought by the Spouses Moraga from the denial of their motion for reconsideration on February 24, 2005.²² On July 8, 2005, Cabral filed with the PARAD a Motion for Issuance of Writ of Execution²³ of the DARAB decision.

On January 25, 2006, the PARAD issued a Resolution denying the Motion for Issuance of Writ of Execution for lack of merit. It ruled:

Only the decision of the Board as embodied in the dispositive portion of the decision can be implemented by virtue of a writ of execution. The January 17, 2001 decision merely orders the cancellation of the Emancipation Patent and Transfer Certificate of Titles issued by the Registry of Deed[s] of Bulacan in favor of Sps. MORAGA and FILCON. Hence, if ever a Writ of Execution will be issued, it will be up to the FILCON which was included in the dispositive portion of the Decision that has become final and executory. Nothing in the body of the decision as well as the dispositive portion thereof directs the cancellation of the title issued in favor of GREEN ACRES. If we subscribe to the prayer of the movant, we will be in effect amending the aforementioned decision because we will be inserting something that has not been directed to be done. x x x

x x x x

Aside from amending the final and executory decision in this case, this Forum will also be violating the generally accepted principle of due process. It is already settled that even the administrative arm of the government exercising quasi-judicial functions are not exempt from observing due process. x x x

x x x x

²⁰ Id. at 670-674.

²¹ *Rollo* (G.R. No.183205), p. 108.

²² Id. at 95-96.

²³ Id. at 97-104.

It is clear as the sun rises from the east that GREEN ACRES was never made a party in the case at bar. Much less was it mentioned in the decision sought to be executed itself. GREEN ACRES can not be made to suffer the consequences of a case where it did not participate.

x x x x

Lastly, to allow movants['] contention will also render the pending case of quieting of title filed by GREEN ACRES against herein plaintiff movant on April 18, 2001 before the Regional Trial Court, Third Judicial Region, Branch 84 and docketed as Civil Case 279-M-2001 which was appealed to the Court of Appeals, moot and academic.

All told, the titles of Sps. MORAGA and FILCON sought to be cancelled in the decision ha[ve] already been cancelled. Therefore, there is nothing to be done anymore, as the relief prayed for has become *fait accompli*.²⁴

Cabral filed a Motion for Recusation²⁵ and a Motion for Reconsideration.²⁶ The PARAD, however, denied Cabral's motions on September 11, 2006.²⁷ Thus, on November 7, 2006, Cabral filed with the PARAD a Notice of Appeal.²⁸

In the meantime, the CA, on November 24, 2006, rendered a decision in CA-G.R. CV No. 85766 dismissing Green Acres' appeal. Citing the case of *Foster-Gallego v. Spouses Galang*,²⁹ the appellate court held that the trial court had no authority to interfere with the proceedings of a court of equal jurisdiction, much less to annul the final judgment of a co-equal court. The appellate court further held that the only issue in an action to quiet title is whether there is a cloud in a title to real property because of any instrument, record, claim, encumbrance or a proceeding that has a prima facie appearance of validity and the DARAB decision does not fall within said enumeration.

On February 27, 2007, the PARAD issued an Order³⁰ denying due course to Cabral's Notice of Appeal and held that the resolution denying the motion for execution is an interlocutory order against which the remedy is a petition for certiorari under Rule 65, and not an appeal to the DARAB. The PARAD further ruled that Cabral's act of impleading Green Acres as additional defendant only in the execution stage is highly irregular and that to enforce the decision against Green Acres would violate the latter's right to due process.

²⁴ Id. at 109-111.

²⁵ Id. at 122-131.

²⁶ Id. at 113-121.

²⁷ Id. at 132-139.

²⁸ Id. at 140-142.

²⁹ 479 Phil. 148 (2004).

³⁰ *Rollo* (G.R. No.183205), pp. 145-149.

On June 18, 2007, Cabral filed with the CA a petition for certiorari under Rule 65 seeking to annul the January 25, 2006 and September 11, 2006 Resolutions, as well as the February 27, 2007 Order of the PARAD.

On February 27, 2008, the CA denied Cabral's petition. The appellate court ratiocinated as follows:

An execution can only be issued against a party and not against one who did not have his day in court x x x. Green Acres was never a party to the case nor it was (sic) mentioned in the decision sought to be executed, hence, Green Acres cannot be made to suffer the consequences of a case where it did not participate. To maintain otherwise would be to ignore the constitutional prohibition against depriving a person of his property without due process of law x x x.

Moreover, to apply the decision against Green Acres will amount to collateral attack against its titles because nowhere in the case or decision that it was considered or passed upon. Under the Property Registration Decree, titles issued under the Torrens system can only be altered, modified or cancelled in direct proceeding in accordance with law x x x.

Even assuming that spouses Moraga and Filcon fraudulently acquired the disputed lots, still, Green Acres has valid and legitimate titles over the same since it is a purchaser in good faith and for value when it acquired the properties from Filcon. A buyer in good faith is one who buys the property of another without notice that some other person has a right to or interest in such property x x x.³¹ (Citations omitted.)

Both Green Acres and Cabral are now before this Court seeking the reversal of the CA decisions adverse to them.

In G.R. No. 175542, Green Acres contends that the CA erred in:

x x x RULING THAT THE DARAB DECISION IS NOT A SOURCE OF A CLOUD THAT IS SUSCEPTIBLE TO AN ACTION FOR QUIETING OF TITLE.

x x x HOLDING THAT THE COURT DOES NOT HAVE AUTHORITY TO QUIET TITLES TO REAL PROPERTY AND REMOVE A CLOUD PRODUCED BY A DARAB DECISION.

x x x AFFIRMING THE ORDER OF THE [REGIONAL TRIAL COURT] DATED NOVEMBER 3, 2004 THEREBY IMPLIEDLY HOLDING THAT GREEN ACRES IS NOT A PURCHASER IN GOOD FAITH FOR VALUE; THUS, ITS TITLE CAN NOT BE QUIETED.³²

In G.R. No. 183205, Cabral, on the other hand, argues that the CA erred when it:

x x x FAILED TO CORRECTLY APPLY THE PERTINENT PROVISIONS OF THE DARAB 2003 RULES OF PROCEDURE, P.D.

³¹ Id. at 68-69.

³² *Rollo* (G.R. No. 175542), pp. 40-41.

1529 AND THE CIVIL CODE, AMONG OTHERS, AS WELL AS THE APPLICABLE JURISPRUDENCE.

x x x DISMISSED PETITIONER'S PETITION FOR CERTIORARI.

x x x FAILED TO RULE THAT THERE WAS GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OF OR ABUSE OF DISCRETION ON THE PART OF PUBLIC RESPONDENT PROVINCIAL ADJUDICATOR LONGBOAN.

x x x DECLARED THAT THE DECISION PROMULGATED ON JANUARY 17, 2001 CANNOT BE MADE TO APPLY TO RESPONDENT GREEN ACRES.

x x x DECLARED THAT (SIC) RESPONDENT GREEN ACRES TO BE AN "INNOCENT PURCHASER FOR VALUE."³³

Simply put, the issues raised in the two petitions are essentially as follows: (1) Whether the January 17, 2001 DARAB decision may be enforced against Green Acres; and (2) Whether the said DARAB decision in favor of Cabral constitutes a cloud on Green Acres' title over the subject properties.

First Issue: Whether the January 17, 2001 DARAB decision may be enforced against Green Acres.

Cabral contends that the PARAD committed grave abuse of discretion in not issuing the writ of execution to enforce the January 17, 2001 DARAB decision in her favor. She argues that the issuance of a writ of execution is ministerial under Section 1, Rule XX of the 2003 DARAB Rules of Procedure which provides that the execution of a final order or decision shall issue as a matter of course.

Cabral also argues that contrary to the PARAD's ruling, she is not seeking the amendment of the final decision sought to be executed. She contends that the directive to the Register of Deeds to restore TCT No. T-73737 (M) in her name means that it should be done regardless of who holds title to the property at the time of execution. In this case, it is Green Acres. She also points out that the transfer from the Spouses Moraga to Filcon in 1996 and eventually to Green Acres in 1999 transpired after she filed a case with the DARAB in 1994. Therefore, under Section 12.2, Rule XX of the DARAB Rules, Green Acres is considered a successor in interest by title subsequent to the commencement of the action upon whom the final judgment or order of the DARAB is conclusive. Cabral also insists that Green Acres cannot be considered an innocent purchaser for value because the transfers were made to defeat the DARAB ruling.

³³ *Rollo* (G.R. No. 183205), pp. 35-36.

Green Acres, for its part, submits that the CA did not err in denying Cabral's petition for certiorari. Green Acres contends that Cabral, through her motion for execution, sought the amendment of the DARAB decision and did not move merely for its execution. Green Acres points out that Cabral's motion for execution specifically sought the cancellation of Green Acres' titles even though the DARAB decision neither included Green Acres or its titles. Green Acres points out that if the issuance of a writ of execution that conforms to the decision may be denied on the ground that it will be inequitable, moreso should it be denied in the case where the writ of execution prayed for goes beyond the decision. Hence, even if the issuance of a writ of execution to enforce a final and executory decision is a ministerial duty, the PARAD may not issue a writ of execution against Filcon and Green Acres as prayed for by Cabral.

Green Acres also argues that it cannot be bound by the DARAB decision since a writ of execution of a decision can only be issued against a party to the case and not against one who did not have his day in court. Moreover, if granted, the execution sought will constitute a collateral attack against the titles of Green Acres since nowhere in the DARAB decision sought to be executed were they mentioned. Green Acres also adds that Cabral misinterpreted Section 12.2 of the DARAB Rules to mean that a judgment issued in a case is binding upon, and can be executed, even against those parties not impleaded in the case. Green Acres submits that Section 12 is a mere reproduction of Section 47, Rule 39 of the Rules of Court on the principle of *res judicata*. Thus, the cited DARAB rule does not operate to bind Green Acres, either presently or in the future, to the DARAB decision which does not mention Green Acres either in the body or the dispositive portion. Green Acres likewise argues that impleading it as an additional defendant in the execution stage aggravates the violation of its right to due process.

Green Acres further contends that Cabral's argument that it is not a purchaser in good faith and for value may not be considered in the resolution of her petition before this Court as her argument goes into the merits of the case and said matters were not raised in her motion for execution. But even if the argument could be considered, Green Acres claims that the merits of the case show that it is a purchaser in good faith and for value. Green Acres points out that when it purchased the properties from Filcon, the properties were covered by transfer certificates of title, not Emancipation Patents, without any indication that the titles had their origins from the application of any agrarian law. Green Acres also adds that the occupancy or possession of the properties of both Filcon and Green Acres were not clandestine as Cabral claims. Neither can it be true, as Cabral claimed, that its acquisition of the titles to the properties was made through "surreptitious and illegal transfers." Green Acres argues that Cabral must have known about the alleged illegal subdivision of the property and issuance of the transfer certificates of titles or Emancipation Patents, or if she did not know, she is nonetheless deemed to have received constructive notice of the same because the properties were

registered under the Torrens System. Yet, despite said notice, Cabral, with gross negligence, failed to annotate a notice of *lis pendens* on said titles.

We find in favor of Green Acres.

The principle that a person cannot be prejudiced by a ruling rendered in an action or proceeding in which he was not made a party conforms to the constitutional guarantee of due process of law.³⁴ In *Muñoz v. Yabut, Jr.*,³⁵ this Court ruled:

An action for declaration of nullity of title and recovery of ownership of real property, or re-conveyance, is a real action but it is an action *in personam*, for it binds a particular individual only although it concerns the right to a tangible thing. **Any judgment therein is binding only upon the parties properly impleaded.**

Since they were not impleaded as parties and given the opportunity to participate in Civil Case No. Q-28580, the final judgment in said case cannot bind BPI Family and the spouses Chan. The effect of the said judgment cannot be extended to BPI Family and the spouses Chan by simply issuing an alias writ of execution against them. **No man shall be affected by any proceeding to which he is a stranger, and strangers to a case are not bound by any judgment rendered by the court. In the same manner, a writ of execution can be issued only against a party and not against one who did not have his day in court. Only real parties in interest in an action are bound by the judgment therein and by writs of execution issued pursuant thereto.**³⁶ (Emphasis supplied.)

It is beyond dispute that Green Acres was not made a party in the DARAB case. Consequently, the January 17, 2001 DARAB decision cannot bind Green Acres. Likewise, the binding effect of the DARAB decision cannot be extended to Green Acres by the mere issuance of a writ of execution against it. No one shall be affected by any proceeding to which he is a stranger, and strangers to a case are not bound by any judgment rendered by the court. In the same manner, a writ of execution can be issued only against a party and not against one who did not have his day in court. Only real parties in interest in an action are bound by the judgment therein and by writs of execution and demolition issued pursuant thereto.³⁷

Moreover, a Torrens title, as a general rule, is irrevocable and indefeasible, and the duty of the court is to see to it that this title is maintained and respected unless challenged in a direct proceeding. Section 48 of P.D. No. 1529 provides:

SEC. 48. *Certificate not subject to collateral attack.* – A **certificate of title shall not be subject to collateral attack.** It cannot be

³⁴ *Dare Adventure Farm Corporation v. Court of Appeals*, G.R. No. 161122, September 24, 2012, 681 SCRA 580, 588.

³⁵ G.R. Nos. 142676 & 146718, June 6, 2011, 650 SCRA 344.

³⁶ *Id.* at 367-368.

³⁷ *Orquiola v. Court of Appeals*, 435 Phil. 323, 332-333 (2002).

altered, modified, or cancelled except in a direct proceeding in accordance with law. (Emphasis supplied.)

In *Sps. Sarmiento v. Court of Appeals*,³⁸ this Court explained when an action is a direct attack on a title and when it is collateral:

An action is deemed an attack on a title when the object of the action or proceeding is to nullify the title, and thus challenge the judgment pursuant to which the title was decreed. The attack is direct when the object of the action is to annul or set aside such judgment, or enjoin its enforcement. On the other hand, the attack is indirect or collateral when, in an action to obtain a different relief, an attack on the judgment is nevertheless made as an incident thereof.³⁹

In the instant case, Cabral seeks the execution of a final and executory DARAB decision that directs the cancellation of the TCTs in the name of the Spouses Moraga and Filcon. Nowhere in the said decision is Green Acres or its TCTs mentioned. Nonetheless, in her Motion for Issuance of Writ of Execution, Cabral alleged that Green Acres, like Filcon, “also never acquired valid title to the subject land” and “[h]ence, its present TCTs thereto should likewise be cancelled (together with the respective [Emancipation Patents] and TCTs of Sps. Moraga and Filcon Ready Mixed, Inc. mentioned in the DARAB Decision) and reverted back to [her] TCT.”⁴⁰ She prayed for the issuance of a writ of execution against the Spouses Moraga and “their subsequent assigns/successors in interest Filcon Ready Mixed, Inc. and Green Acres Holdings, Inc.”⁴¹ Clearly, seeking the cancellation of the titles of Green Acres by a mere Motion for Issuance of Writ of Execution of a decision rendered in a case where said titles were not in issue constitutes a collateral attack on them which this Court cannot allow.

Furthermore, as correctly ruled by the PARAD and upheld by the appellate court, only the decision of the DARAB as embodied in the dispositive portion of the decision can be implemented by a writ of execution. As held in *Ingles v. Cantos*:⁴²

A writ of execution should conform to the dispositive portion of the decision to be executed, and the execution is void if it is in excess of and beyond the original judgment or award, for it is a settled general principle that a writ of execution must conform strictly with every essential particular of the judgment promulgated. It may not vary the terms of the judgment it seeks to enforce. Nor may it go beyond the terms of the judgment sought to be executed. Where the writ of execution is not in harmony with and exceeds the judgment which gives it life, the writ has *pro tanto* no validity.⁴³

³⁸ 507 Phil. 101 (2005).

³⁹ Id. at 113.

⁴⁰ *Rollo* (G.R. No. 183205), p. 102.

⁴¹ Id. at 103.

⁴² 516 Phil. 496 (2006).

⁴³ Id. at 506.

A reading of the *fallo* of the DARAB decision would show that nothing in it directs the cancellation of the titles issued in favor of Green Acres. To subscribe to Cabral's prayer in her motion is tantamount to modifying or amending a decision that has already attained finality in violation of the doctrine of immutability of judgment.

It is also worth noting that the fact that the DARAB by final judgment ordered the cancellation of the titles of the Spouses Moraga and Filcon does not automatically make the titles of Green Acres null and void. It is settled that a void title may be the source of a valid title in the hands of an innocent purchaser for value.⁴⁴ An innocent purchaser for value is one who, relying on the certificate of title, bought the property from the registered owner, without notice that some other person has a right to, or interest in such property and pays a full and fair price for the same at the time of such purchase or before he has notice of the claim or interest of some other person in the property.⁴⁵ The rationale therefor was expressed by this Court in the earlier case of *Republic v. Court of Appeals*,⁴⁶ thus:

Where innocent third persons, relying on the correctness of the certificate of title thus issued, acquire rights over the property the court cannot disregard such rights and order the total cancellation of the certificate. The effect of such an outright cancellation would be to impair public confidence in the certificate of title, for everyone dealing with property registered under the Torrens system would have to inquire in every instance whether the title has been regularly or irregularly issued. This is contrary to the evident purpose of the law. Every person dealing with registered land may safely rely on the correctness of the certificate of title issued therefor and the law will in no way oblige him to go behind the certificate to determine the condition of the property. x x x⁴⁷

Green Acres is considered an innocent purchaser for value. It relied on the certificates of title of Filcon, free from any liens and encumbrances. The only annotation on them was a cancelled real estate mortgage in favor of PCI Bank. Thus, as held by the CA, Green Acres was under no obligation to investigate beyond Filcon's titles as Green Acres had all the reason to believe that said titles were free from any lien, claim or encumbrance.

We also agree with the CA that Cabral's allegation that the Spouses Moraga, Filcon and Green Acres were parties to illegal contracts cannot be given weight as such goes into the merits of the case and may not be considered in the execution stage.

If there is anyone to be blamed for Cabral's failure to recover the subject properties, it is Cabral herself, who, due to her own negligence, failed to annotate a notice of *lis pendens* on the titles of the Spouses Moraga and Filcon and thus give notice to future transferees. She cannot claim that

⁴⁴ *Tan v. De la Vega*, 519 Phil. 515, 529 (2006).

⁴⁵ *San Roque Realty and Development Corporation v. Republic*, G.R. No. 163130, September 7, 2007, 532 SCRA 493, 511-512.

⁴⁶ G.R. No. 99331, April 21, 1999, 306 SCRA 81.

⁴⁷ *Id.* at 88-89.

she was clueless that the subject properties were being transferred. As Green Acres correctly pointed out, the transfers to Filcon and eventually to Green Acres were made through public documents and procedures. Also, considering the significant size of the properties, occupation of the same cannot be made clandestinely. In fact, the properties were fenced by concrete walls and Filcon had constructed a batch plant while Green Acres erected a warehouse and building on it. Had her adverse claim been annotated on said titles, said notice would have served as a warning to Green Acres or other purchasers of the properties that any right they acquire would be subject to the outcome of the litigation before the DARAB. Having failed to make such annotation, this Court has no choice but to uphold the titles of Green Acres, an innocent purchaser for value.

Whether the DARAB Decision in favor of Cabral constitutes a cloud on Green Acres' title over the subject properties

Green Acres argues that the DARAB decision is among those enumerated in Article 476⁴⁸ of the Civil Code as a possible source of a cloud on title to real property. It contends that there can hardly be any doubt that the DARAB Decision is an “instrument,” or if not, a “record” and reflects a “claim” on the properties, while the proceedings before the DARAB are “proceedings” directed at the real properties now owned by Green Acres which are “apparently valid or effective” but “unenforceable” against the titles of Green Acres. It also contends that the appellate court’s reliance on *Foster-Gallego v. Spouses Galang*⁴⁹ is misplaced since nothing in said case supports the proposition that a decision of a coordinate court cannot be a source of cloud under Article 476 of the Civil Code. Green Acres submits that *Foster-Gallego* is not applicable because the ruling there was that an action to quiet title is not the proper remedy when to remove a cloud on a title, a final and executory decision of the court need to be reviewed or vacated. In the present case, Green Acres does not seek a review or reversal of the DARAB decision.

Cabral, for her part, insists that the DARAB decision is not among those enumerated in Article 476 which may cast a cloud on title to real property. As to the applicability of *Foster-Gallego*, she argues that assuming that the ruling on the main issue in said case is not directly germane, the pronouncements therein on the nature, function, purpose and limitations of a case for quieting of title and the power of the courts in such proceedings are applicable.

⁴⁸ Art. 476. Whenever there is a cloud on title to real property or any interest therein, by reason of any instrument, record, claim, encumbrance or proceeding which is apparently valid or effective but is in truth and in fact invalid, ineffective, voidable, or unenforceable, and may be prejudicial to said title, an action may be brought to remove such cloud or to quiet the title.

An action may also be brought to prevent a cloud from being cast upon title to real property or any interest therein.

⁴⁹ Supra note 29.

Green Acres' arguments are meritorious.

Article 476 of the Civil Code provides:

Art. 476. Whenever there is a cloud on title to real property or any interest therein, by reason of any instrument, record, claim, encumbrance or proceeding which is apparently valid or effective but is in truth and in fact invalid, ineffective, voidable, or unenforceable, and may be prejudicial to said title, an action may be brought to remove such cloud or to quiet the title.

An action may also be brought to prevent a cloud from being cast upon title to real property or any interest therein.

Quieting of title is a common law remedy for the removal of any cloud upon, doubt, or uncertainty affecting title to real property. Whenever there is a cloud on title to real property or any interest in real property by reason of any instrument, record, claim, encumbrance, or proceeding that is apparently valid or effective, but is in truth and in fact, invalid, ineffective, voidable, or unenforceable, and may be prejudicial to said title, an action may be brought to remove such cloud or to quiet the title. In such action, the competent court is tasked to determine the respective rights of the complainant and the other claimants, not only to place things in their proper places, and make the claimant, who has no rights to said immovable, respect and not disturb the one so entitled, but also for the benefit of both, so that whoever has the right will see every cloud of doubt over the property dissipated, and he can thereafter fearlessly introduce any desired improvements, as well as use, and even abuse the property.⁵⁰

For an action to quiet title to prosper, two indispensable requisites must concur: (1) the plaintiff or complainant has a legal or equitable title or interest in the real property subject of the action; and (2) the deed, claim, encumbrance, or proceeding claimed to be casting a cloud on his title must be shown to be in fact invalid or inoperative despite its *prima facie* appearance of validity or legal efficacy.⁵¹

There is no dispute as to the first requisite since Green Acres has legal title over the subject properties. The issue lies in the second requisite.

A cloud on title consists of (1) any instrument, record, claim, encumbrance or proceeding; (2) which is apparently valid or effective; (3) but is in truth and in fact invalid, ineffective, voidable, or unenforceable; and (4) may be prejudicial to the title sought to be quieted.⁵²

⁵⁰ *Phil-Ville Development and Housing Corporation v. Bonifacio*, G.R. No. 167391, June 8, 2011, 651 SCRA 327, 341, citing *Heirs of Enrique Toring v. Heirs of Teodosia Boquilaga*, G.R. No. 163610, September 27, 2010, 631 SCRA 278, 293-294.

⁵¹ *Eland Philippines, Inc. v. Garcia*, G.R. No. 173289, February 17, 2010, 613 SCRA 66, 92.

⁵² *Phil-Ville Development and Housing Corporation v. Bonifacio*, supra note 50, at 347.

This Court holds that the DARAB decision in favor of Cabral satisfies all four elements of a cloud on title.

As Green Acres correctly points out, the DARAB decision, a final one at that, is both an “instrument” and a “record.” Black’s Law Dictionary defines an instrument as a document or writing which gives formal expression to a legal act or agreement, for the purpose of creating, securing, modifying or terminating a right.⁵³ A record, on the other hand, is defined as a written account of some act, court proceeding, transaction or instrument drawn up under authority of law, by a proper officer, and designed to remain as a memorial or permanent evidence of the matters to which it relates.⁵⁴ It is likewise a “claim” which is defined as a cause of action or a demand for money or property⁵⁵ since Cabral is asserting her right over the subject lots. More importantly, it is a “proceeding” which is defined as a regular and orderly progress in form of law including all possible steps in an action from its commencement to the execution of judgment and may refer not only to a complete remedy but also to a mere procedural step that is part of a larger action or special proceeding.⁵⁶

Also, the DARAB decision is apparently valid and effective. It is a final decision that has not been reversed, vacated or nullified. It is likewise apparently effective and may be prejudicial to Green Acres’ titles since it orders the cancellation of the titles of the Spouses Moraga and Filcon all from which Green Acres derived its titles. However, as discussed above, it is ineffective and unenforceable against Green Acres because Green Acres was not properly impleaded in the DARAB proceedings nor was there any notice of lis pendens annotated on the title of Filcon so as to serve notice to Green Acres that the subject properties were under litigation. As such, Green Acres is an innocent purchaser for value.

Furthermore, in the case of *Dare Adventure Farm Corporation v. Court of Appeals*,⁵⁷ this Court had the occasion to rule that one of the proper remedies of a person who was not impleaded in the proceedings declaring null and void the title from which his title to the property had been derived, is an action for quieting title. In said case, Dare Adventure Farm Corporation purchased property from the Goc-ons. Dare later discovered that said property was previously mortgaged by the Goc-ons to the Ngs. When the Goc-ons failed to pay their obligation, the mortgage was foreclosed and the Ngs were declared owners of the property. Dare, who was not impleaded in the foreclosure case, filed a petition for annulment of the judgment of the trial court with the appellate court. The Court upheld the appellate court’s dismissal of the petition since such remedy may be availed only when other remedies are wanting. We further ruled that Dare’s resort to annulment of judgment was unnecessary since it cannot be prejudiced by the judgment as

⁵³ H.C. BLACK, BLACK’S LAW DICTIONARY 720 (5th ed., 1979).

⁵⁴ Id. at 1144.

⁵⁵ Id. at 224.

⁵⁶ Id. at 1083.

⁵⁷ Supra note 34.

it was not impleaded. Two remedies were suggested to Dare as proper recourse, one of which is an action for quieting of title:

We agree with the CA's suggestion that the petitioner's proper recourse was either an action for quieting of title or an action for reconveyance of the property. It is timely for the Court to remind that the petitioner will be better off if it should go to the courts to obtain relief through the proper recourse; otherwise, it would waste its own time and effort, aside from thereby unduly burdening the dockets of the courts.

The petitioner may vindicate its rights in the property through an action for quieting of title, a common law remedy designed for the removal of any cloud upon, or doubt, or uncertainty affecting title to real property. The action for quieting of title may be brought whenever there is a cloud on title to real property or any interest in real property by reason of any instrument, record, claim, encumbrance, or proceeding that is apparently valid or effective, but is, in truth and in fact, invalid, ineffective, voidable, or unenforceable, and may be prejudicial to said title. In the action, the competent court is tasked to determine the respective rights of the plaintiff and the other claimants, not only to put things in their proper places, and make the claimant, who has no rights to the immovable, respect and not disturb the one so entitled, but also for the benefit of both, so that whoever has the right will see every cloud of doubt over the property dissipated, and he can thereafter fearlessly introduce any desired improvements, as well as use, and even abuse the property.⁵⁸

WHEREFORE, the petition in G.R. No. 175542 is **GRANTED**. The Decision dated November 24, 2006 of the Court of Appeals in CA-G.R. CV No. 85766 is **REVERSED and SET ASIDE**. TCT Nos. T-345660 (M), T-345661 (M) and T-345662 (M) registered in the name of Green Acres Holdings, Inc. are declared **VALID** and any cloud over such titles which may have been created by the Decision dated January 17, 2001 of the Department of Agrarian Reform Adjudication Board in DARAB Case No. 5129 (Reg. Case No. 739-Bul-94) is hereby **REMOVED**.

The petition in G.R. No. 183205 is **DENIED** for lack of merit. The Decision dated February 27, 2008 and Resolution dated May 29, 2008 of the Court of Appeals in CA-G.R. SP No. 99651 are **AFFIRMED**.

With costs against the petitioner in G.R. No. 183205.

SO ORDERED.


MARTIN S. VILLARAMA, JR.
Associate Justice

⁵⁸ Id. at 590.

WE CONCUR:



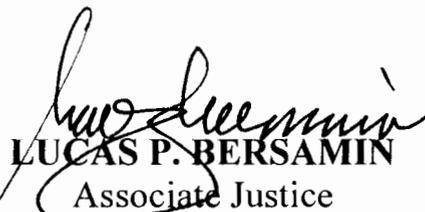
MARIA LOURDES P. A. SERENO

Chief Justice

Chairperson


TERESITA J. LEONARDO-DE CASTRO

Associate Justice


LUCAS P. BERSAMIN

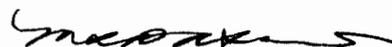
Associate Justice


BIENVENIDO L. REYES

Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the 1987 Constitution, 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