

Title: Spouses Eufracio Rojas and Concepcion Rojas vs. Hon. Court of Appeals, and Spouses Felix E. Medalla and Dionisia Pacatan Medalla [G.R. No. 95536]

Facts:

The Medalla spouses were the original applicants for Lots Nos. 327 and 324 in Panabo, Davao del Norte, which they occupied from 1946. Between 1951 and 1954, the Rojas spouses took over possession and have since then been occupying the lots. A disputed document, claimed by the Medallas to be a deed of mortgage and by the Rojas as a relinquishment of rights, had been executed, although no copy was presented. Tax Declarations were in the name of the Rojas, and real estate taxes were paid by them. The Medalla spouses were awarded the lots on March 1, 1954, by NAFCO, which was succeeded by the Board of Liquidators, but the documents were found in possession of the Rojas. The Medalla filed a complaint in 1981 for the declaration of nullity of documents, recovery of possession, and other reliefs, during which time the Rojas were “forcibly” ousted from the lots. The regional trial court ruled in favor of the Medallas, a decision affirmed by the Court of Appeals.

Issues:

1. Whether the transaction between the parties was a mortgage or a relinquishment of rights.
2. The authenticity of the “Affidavit of Confirmation” alleged to be forged and claimed by the Rojas to confirm the transfer of rights over the lots.
3. If the private document was indeed a relinquishment of rights, the validity of such a transaction under the then-governing law, Republic Act No. 477, prohibiting alienation of awarded lands within ten years from issuance of certificate of title.
4. The effect of the later laws amending RA 477 on the rights of the parties.

Court’s Decision:

The transaction was found in favor of the Rojas, considering several factors such as possession, payment of taxes, and lack of Medallas’ assertion of ownership, indicating it was a relinquishment of rights rather than a mortgage. The “Affidavit of Confirmation” was upheld as a valid public document despite the Medallas’ claim of forgery. The original restriction from RA 477 was set aside because subsequent Presidential Decrees confirmed and validated previous conveyances of lands acquired under RA 477 before July 24, 1976. As a result, the transaction was deemed legalized by these amendments. The Supreme Court granted the petition, reversed the Court of Appeals’ decision, and ordered the Medallas to execute a deed of reconveyance in favor of the Rojas or, failing that, for the court to execute

such deed, with new titles to be issued in the Rojas' names.

Doctrine:

The case established that possession, payment of taxes, and recognition of the lot occupants as owners for a significant period could indicate ownership rather than mortgage. It also upheld the validity and evidentiary weight of a public document, absent clear, strong, and convincing proof of forgery. The case additionally confirmed the effects of amendatory laws, specifically PD 967 and PD 1304, which validated prior restricted transactions under RA 477 when acquired lands were transferred before the stipulated restrictive period.

Historical Background:

RA 477, enacted in 1950, was designed to control the alienation and encumbrance of lands awarded by the government. Aimed at protecting awardees from prematurely losing their property, the law eventually became restrictive and contrary to the beneficiaries' interests. The amendments through Presidential Decrees during the Marcos regime sought to liberate the awardees from such restrictions allowing them to fully utilize their property, which in turn led to the retrospective validation of previously null and void transactions, as reflected in this case.