

MARTHA LACBAWAN, REPRESENTED BY ATTY.-IN-FACT DENTON MOLINA, PETITIONER VS. SPOUSES MANUEL AND EVELYN LARDIZABAL, RESPONDENTS,

Ponente: BARRIOS, J.

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BARRIOS, J.:

What is sought to be annulled and set aside in this Petition for Review is the Joint Decision dated March 1, 2004 rendered by the Regional Trial Court stationed in Bulanao, Tabuk, Kalinga (or RTC) which reversed the decisions rendered by the Municipal Trial Court (or MTC) of the same place in its Civil Case No. 581 and Civil Case 476.

The said Civil Case No. 581 is entitled “Spouses Manuel and Evelyn Lardizabal vs. Pablo Wangdali and Martha Lacbawan” and is for Quieting of Title, Reconveyance and Damages. Civil Case No. 476 is entitled “Martha Lacbawan represented by Denton Molina, Atty.-in-fact vs. Spouses Manuel & Evelyn Lardizabal” and is for Recovery of Possession, Cancellation of Tax Declaration with Damages.

The bone of contention of these cases is a property designated as Lot 2725, Pls-93 located in Bulanao, Tabuk, Kalinga, with an area of 711 square meters and covered by Transfer Certificate of Title No. T-1163 registered in the name of one of the petitioners, Martha Lacbawan (or Lacbawan). Originally this property was covered by OCT No. P-7083 registered in the name of Lacbawan’s deceased father Clemente Oden, but this was transferred to Lacbawan through an Extrajudicial Settlement with Simultaneous Waiver executed by his other heirs.

In Civil Case No. 476 filed on September 6, 1996, Lacbawan sued the respondents spouses Manuel and Evelyn Lardizabal (or the Lardizabals) to recover the property which they are occupying. She alleged in the complaint that with her family’s express consent, their friend and townmate Basilio Lumiwes was allowed to build his house on the lot with the agreement that he will remove his house and vacate when the owners will need the property. Even after Basilio Lumiwes died sometime in 1972 his family continued to stay there until 1975 when they had to leave because of the alleged presence of ghosts. The Lardizabals came into the picture when they rented the house of Basilio Lumiwes through his son Joseph Lumiwes. The Lardizabals were aware that the house belonged to Basilio Lumiwes and the lot to Lacbawan. The Lardizabals were even advised to put up protective works on the lot, and were also informed that they should remove the house and vacate the property when already needed by the owners. Later on the Lardizabals bought the house which Basilio Lumiwes built and started introducing improvements on the property. They continued to stay in the property thru the acquiescence of Lacbawan but who later made a verbal demand on them to vacate because the lot was already needed by her and her children. To her dismay the Lardizabals refused and claimed that they could not be made to leave because it already belonged to them because of their long occupancy. Their dispute was referred to the Barangay Lupon but no conciliation was reached. It was during the hearing in the Lupon that Lacbawan learned that the property was already declared for taxation purposes in the names of the Lardizabals, but which tax declaration is malicious, baseless and contrary to law because the Lardizabals are not the owners of the property.

The Lardizabals on the other hand justified that they are builders in good faith. When they bought the house of

Basilio Lumiwes they knew that the lot was owned by Lacbawan but she did not object to the sale. The house was since completely destroyed in a typhoon in 1982 and so they rented the house of Lacbawan located just adjacent to the property and stayed there for six months until the construction of their house was completed. They introduced considerable improvements on the property such as the garage, piggery, fence, deep well, steel gate and concrete surroundings, all of which were done with the knowledge of Lacbawan. They denied that they were instructed to have some protective works on the lot to prevent erosion and no such work was done. What they did was to fill the dried up Baligatan Creek at their expense, and they erected on it a poultry house, permanent toilet and planted fruit bearing trees. The Lardizabals averred that the dried up bed is not part of Lot No. 2725 but a separate and distinct piece of land and that this has been continuously occupied by them since 1983. They also defended that Lacbawan never occupied a portion of the property, and since they are the rightful possessors of the lot they cannot be evicted without just compensation for all the improvements introduced thereon. The Lardizabals also stated that Lacbawan already received a partial payment of P5,000.00 for the lot.

While Civil Case No. 476 was pending, the Lardizabals in November 1997 filed against Lacbawan and her husband Pablo Wangdali (or Wangdali) that suit for quieting of title, reconveyance and damages docketed as Civil Case No. 581. It was alleged that they are the rightful possessors and occupants of the property initially as tenants and later as owners having bought this from Joseph Lumiwes. They averred that the issuance of the original title of the property in the name of Clemente Ocdan was anomalous and obtained thru fraud. Clemente Ocdan never set foot on the land prior to his death thus making it impossible for him to have complied with the requirements set forth by law before a title could be issued. Clemente Ocdan died on August 14, 1968 while the OCT covering the property was issued in his name on February 20, 1978. Because of this, Lacbawan and Wangdali never obtained any legal right on the disputed property because their title was obtained in gross violation of the law. According to the Lardizabals the use of the name of Clemente Ocdan was a convenient ploy of Wangdali who already owned vast tracts of land in Tabuk, Kalinga to circumvent and evade this disqualification. Lacbawan surreptitiously built her house on the allowance of the property, and in 1994 titled the lot in her name thru her pretended predecessor-in-interest Clemente Ocdan. The Lardizabals insisted that they are entitled to the lot having obtained their right from their predecessor-in-interest, Joseph Lumiwes.

On June 24, 2002, the MTC rendered separate decisions which were both adverse to the Lardizabals.

In Civil Case No. 476, the MTC discussed that:

x x x However, going deeper in the documentary evidence of the plaintiff particularly Exhibit "HHH", which shows that Ocdan himself applied on December 22, 1960 with the Bureau of Lands over the lot. When his application was approved he entered the lot and introduced several improvements. There is overwhelming evidence for the plaintiff regarding the ownership of Lot No. 2725, Pls -93. Plaintiff Lacbawan took over possession and occupancy of the land as heir of Ocdan. She likewise built her house on the allowance of the property considering the fact that the house of Lumiwes is still standing on her lot. Transfer Certificate of Title No. T-1163 thereto evidences her ownership. Her house was been rented by defendants when the house of Lumiwes they were renting was destroyed by a typhoon. (p. 338, Record of Civil Case 334)

and disposed:

WHEREFORE, premises considered, judgment is hereby rendered in favor of the plaintiff Martha Lacbawan and against defendants, Spouse Manuel and Evelyn Lardizabal and ordering:

- Defendants to vacate the premises of Lot No. 2715 including its allowance and to surrender peacefully the possession thereof to plaintiff Lacbawan;
- The cancellation of the tax declarations of defendants Manuel and Evelyn Lardizabal over the allowance of

Lot No. 2725;

- Defendants to pay plaintiff attorney's fees and cost of litigation in the amount of THIRTY THOUSAND (P 30,000.00) PESOS, and;
- Defendants to pay the cost of suit. (p. 343, record of Civil Case 534, RTC)

In Civil Case No. 581, the MTC held that:

The records of applicant Ocden enjoys the presumption of regularity as can be shown with the foregoing documents. Exh. "HHH" clearly show him to have applied personally with the Bureau of Lands, Tabuk for Lot No. 2725 way back December 22, 1960, the application was filed during his lifetime. It shows likewise that he complied with all the requirements of the application otherwise the patent could not have been issued. x x x It can also be seen that there was never any complaint or protest lodged against the application of Ocden or against the patent issued in his name. x x x (p. 144, record of Civil case 535)

and the fallo of the judgment reads:

WHEREFORE, premises considered, judgment is hereby rendered as follows:

- Dismissing the complaint filed against defendants Pablo Wangdali and Martha Lacbawan;
- Dismissing the defendant's counterclaim for damages and attorney's fees;
- No pronouncement as to cost. (p. 152, record of Civil Case 535, RTC)

The Lardizabals appealed this to the RTC which rendered a joint decision in these two cases, in which it made contrary findings and reversed the MTC rulings. It disposed that:

Accordingly, judgment is hereby rendered setting aside the separate decisions rendered and instead render joint decision in Civil Case 534 and 535, finding in favor of Spouses Manuel Lardizabal and Evelyn Lardizabal and hereby order as follows:

- Declaring null and void Original Certificate of Title No. P-7083 in the name of Clemente Ocden, and Transfer certificate of Title No. T-11663 in the name of Martha Lacbawan;
- Declaring Spouses Manuel Lardizabal and Evelyn Lardizabal owners of Lot No. 2715 Pls -93, including the residential house and other improvement existing thereon;
- Recognizing the prior possession of spouses Manuel Lardizabal and Evelyn Lardizabal on the allowance of Lot 2725, Pls-93;
- No pronouncement to damages, except costs against Martha Lacbawan. (p. 88, rollo)

The table having been turned, it was now Lacbawan and Wangdali who brought this petition for review and raised the following grounds for the consideration of this Court:

- 4.a. That the Court a quo gravely erred in holding that the Amicable Settlement dated January 11, 1995 does not have any significance at bench;
- 4.b. That the Court a quo gravely erred in not applying the rule that a tenant is precluded from denying title of his landlord.
- 4.c. That the Court a quo gravely erred in not applying the basic principle that an assignee/vendee/transferee can not acquire better rights than those of his assignor/vendor/transferor.
- 4.d. That the Court a quo gravely erred in annulling Original Certificate of Title No. P-7083 in the name of

Clemente Oden and Transfer Certificate of Title No. T-11663 in the name of Martha Lacbawan and in recognizing that the Respondents Spouses were in prior possession of the allowance of Lot No. 2825, Pls-93.

4.e. That the Court a quo gravely erred in not ordering the Respondents Spouses to vacate Lot No. 2825, Pls-93 and its allowance.

4.f. That the Court a quo gravely erred in not awarding damages and attorney's fees against the Respondents Spouses and in favor of the Petitioners. (p. 23, rollo)

We find merit in the petition.

In reversing the decision of the MTC, the RTC gave these discussions:

It is also erroneous the finding of the lower court that Spouses Manuel and Evelyn Lardizabal were in bad faith in constructing their house in lot 2715, Pls -93. The evidence on hand show that Joseph Lumiwes built a house in lot 2725 , Pls-93 and that in 1975 the Spouses rented the house, but eventually bought not only the house but the lot on which it was built. (p. 204, record of Civil Case No. 535, emphasis supplied)

Said finding is not based on a sound basis and rather is contrary to the affidavit of Joseph Lumiwes which has been admitted in evidence. In it he admitted that he sold their house on the subject lot to the Lardizabals, but denied that he sold the lot too. The affidavit contains in part that:

That I am the same person who sold a certain two-storey house situated at the residential lot owned by the Wangdali's in Purok 3, Baligatan, Bulanao, Tabuk, Kalinga in favor of Manuel Lardizabal;

That the aforesaid two-storey house which I sold to Manuel Lardizabal was inherited by me from my late adopting father Basilio Lumiwes who told me that the residential lot on which the house was built is owned by the Wangdalis and in fact, my late adopting father asked permission from Pablo Wangdali to build a house hereon;

That when I sold the aforesaid two-storey house, I clearly made Manuel Lardizabal know and understand that the residential lot on which the house stands is owned by the Wangdalis and not by me;

That when we first came to settle and built on the aforesaid residential lot, the same was already improved and even fenced with barbed wire by its owner whom I came to know to be Pablo Wangdali and his family; (Exhibit "T", p. 153, record of Civil Case No. 534)

Thus the RTC could not sweepingly conclude that the Lardizabals have a better right over the subject lot by gratuitously assuming that they are the prior and actual occupant (p. 205, Joint Decision). Not only was that sale and possession disproved by the said affidavit but also by the allegations of the Lardizabals themselves in their pleadings. They stated in their Answer:

- That Mrs. Cecilia Wangdali, Mrs. Emily Sumedca and the plaintiff received the amount of P5,000.00 from the defendants as a partial payment of Lot No. 2725. (p. 15, record of Civil Case No. 534)

Allegations of a party in his pleadings are tantamount to a judicial admission to which he must be bound (Ching vs. Court of Appeals, 331 SCRA 16). It is clear from said the declaration that the Lardizabals acknowledge that the lot where they built their house did not belong to them but to Lacbawan. If it were otherwise, then they would not have agreed during the proceedings in the Barangay Lupon to pay for the lot.

Then again the RTC erred when it declared that the Amicable Settlement does not have any significance at bench because the complainant has not given his assent or consent to the said settlement. Even then, the initial amount of P5,000.00 given is an indication of the willingness of spouses to settle with the complainant Mrs. Wangdali to avoid future litigation and being tribesmen (Exh. "GG", p. 166, record of Civil Case No. 534). On the contrary, it

is notable that the said amicable settlement bears the signatures not only of all the members of the barangay lupon, but also the signature of Evelyn Lardizabal. The absence of the signature of Cecilia Wangdali is not relevant on the point and should not negate the efficacy of the amicable settlement as against the Lardizabals. Besides it was clearly indicated in said settlement that:

When this instant case was called for mediation by the Lupon, Complainant Mrs. Cecilia Wangdali and Respondent Mrs. Evelyn Lardizabal appeared before the Lupon Barangay Bulanao, both were apprised of the nature and status of the case. The Lupon invoked the latest and previous deliberation by the Cultural Community Negotiator (CCN). That the balance of FIFTEEN THOUSAND (P15,000.00) PESOS as previously agreed were duly deliberated and that the Respondent Mrs. Evelyn Lardizabal asked for the reduction from P15,000.00 to P10,000.00. Complainant Mrs. Wangdali agreed in principle, however, she asked for considerable time to talk to her younger sister at Callagdao.

x x x

Respondent promise to pay her balance in the amount of TEN THOUSAND (P10,000.00) PESOS on or before February 28, 1995. (ibid)

It was therefore erroneous for the RTC to assume that the payment of P5,000.00 was merely an indication of the Lardizabals' willingness to settle the dispute.

On the validity of the title of Clemente Ocden over the subject property, this must be upheld. While it could be true that the OCT of the property was issued only on April 20, 1978 long after the death of Clemente Ocden on August 14, 1968 it is however undisputed that he himself applied for the title of the land before the Bureau of Lands on December 22, 1960. The MTC was then correct when it declared that:

In summary, with the miscellaneous sales application of Ocden filed with the Bureaus and having performed all the requirements of occupation and improvements on the land pursuant to the Public Land law, and with no protest filed on the application, the issuance of the title was regularly made. (p. 150, record of Civil Case No. 535)

It should be considered too that the original certificate carries a strong presumption that the provisions of the law governing the registration of land under the Torrens system have been duly followed (*Tichangco vs. Enriquez*, 433 SCRA 324).

Noteworthy also are the findings of the MTC that:

Evidence remains un rebutted that defendants since the beginning had been demanding from the plaintiffs to remove their house but plaintiffs refused to vacate the premises and instead kept on making permanent improvements on the land with the ulterior motive of owning it. This is manifested by plaintiff's declaring the property in their name. This is evident bad faith on their part as they initially admitted that they were tenants on the house. (supra)

From the above discussions, the Lardizabals should not only surrender the property to its rightful owner but pay damages too.

WHEREFORE, the petition is GRANTED. The joint decision appealed from is ANNULLED and SET ASIDE, and in its stead the decisions of the Municipal Trial Court in Civil Case No. 476 and Civil Case No. 581 are REINSTATED.

SO ORDERED.

Guariña III and Romilla-Lontok, JJ., concur.

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