CYNTHIA V. OMADLE AND ANGELITO ALISEN, PETITIONERS, VS. SPOUSES WILFREDO AND ROGELIA B. CASUNO, RESPONDENTS.

G.R. NO. 143362. June 27, 2006

Ponente: SANDOVAL-GUTIERREZ, J.

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SANDOVAL-GUTIERREZ, J.:

Before us is a petition for review on certiorari assailing the Decision[1] dated May 22, 2000 of the Court of Appeals in CA-G.R. SP No. 47312, entitled "Cynthia V. Omadle and Angelito Alisen vs. Department of Agrarian Reform Adjudication Board, and Spouses Wilfredo Casuno and Rogelia B. Casuno."

The undisputed facts are:

Cynthia V. Omadle, petitioner, is the daughter of the late Francisco Villa who owned Lot 406, Pls-98 Ext., situated in Kalatugay, Base Camp, Maramag, Bukidnon. Angelito Alisen, another petitioner, is Cynthia's farm worker.

Spouses Wilfredo and Rogelia B. Casuno, respondents, were once tenants of Francisco Villa. They were cultivating a portion of Lot 406, Pls-98 Ext.

On December 18, 1987, the Department of Agrarian Reform (DAR) awarded to respondents the area and issued to them Emancipation Patent No. A-042463 and Transfer Certificate of Title (TCT) No. ET-5184.

It turned out that respondents mortgaged the property. Cynthia then redeemed the land and caused their eviction. Consequently, on July 10, 1991, respondents filed with the Office of the Regional Adjudicator, Department of Agrarian Reform Adjudication Board (DARAB), Cagayan de Oro City, a Complaint for Recovery of Possession and Ownership (with prayer for issuance of a writ of preliminary mandatory injunction) against petitioners, docketed as DARAB Reg. Case No. X-05-344.

Petitioner Cynthia Omadle admits that respondents were her father's tenants. However, the DAR declared the area exempt from the coverage of the land reform program, being within the retention limits. She claims that respondents paid their amortization only once. They mortgaged the lot to several persons in violation of the terms of the Certificate of Land Transfer. Moreover, their cause of action has prescribed because they filed their complaint only after four years from their eviction.

In a Decision dated August 24, 1992, the DARAB Regional Adjudicator dismissed the complaint, thus:

> WHEREFORE, considering that the land under litigation is within the retention rights of the heirs, this case is hereby dismissed.

On appeal by respondents, the DARAB Central Office reversed the Regional Adjudicator's Decision, holding that petitioners and her siblings waived their right to retain seven (7) hectares, allowed under Presidential Decree (P.D.) No. 27.[2] Moreover, being grantees of the Emancipation Patent No. A-042463 and TCT No. ET-5184, respondents could no longer be evicted from their landholding.

Petitioners then filed with the Court of Appeals a petition for review. In its assailed Decision, the Court of Appeals affirmed the DARAB judgment and ruled:

> We concur with the DARAB finding that (I)t could be gleaned from the Order of DAR Regional Director Limbo, Jr. that Lot 406 was submitted, on their free will and volition by the heirs of Francisco Villa, for Operation Land Transfer coverage.
>
> Mark that the Casunos (respondents) had already been issued their emancipation patent and transfer of certificate title almost at the same time as their dispossession. They were by then no longer tenants but already owners of the lot they were tilling, subject only to the restrictions imposed by law under the land reform program. It is to be noted that the award was made to the Casunos on December 18, 1987 when the prevailing laws on the matter were Republic Act 3844, Presidential Decrees No. 27 and 266, as amended, and Executive Orders 228 and 229, both series of July 1987, where the government accelerated the emancipation of the tenant farmers from the bondage of the soil. The Land Bank of the Philippines (LBP) was created to act as the government arm to finance the program, and it was to pay the landowners while the tenant-beneficiaries were to pay LBP for the lands awarded them (Section 74, RA 3844).
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> x x x
>
> Perforce, at the time the patent and the title was given to the Casunos, Omadle had already been paid her just compensation. Gratias argumenti, that Omadle has not been compensated for her land, and there is no allegation to this effect, her proper recourse is against the government or the LBP in particular and not the Casunos. Consequently, the Casunos' failure to comply with the terms of the CLT is no longer Omadle's concern but that of the government, and she has no business redeeming the subject land from the mortgagees for it now belongs to the government unless and until fully paid by the Casunos, Besides, we agree with the DARAB that mortgaging a land covered by a transfer certificate to finance agricultural production is of no moment for in fact it is sanctioned by Presidential Decree No. 315 which orders financial institutions to accept Land Transfer Certificates as collateral to loans contracted by farmer beneficiaries.

Hence, the instant petition.

Petitioners contend that the Court of Appeals erred in declaring that respondents are owners of the subject land considering that they failed to pay the Land Bank of the Philippines (Land Bank) the required amortizations; their cause of action is now barred by prescription pursuant to Section 38 of Republic Act (R.A.) No. 3844;[3] and they violated the terms and conditions of their land title by not cultivating the area.

Respondents, on the other hand, maintain that the Appellate Court correctly affirmed the Decision of the DARAB.

The petition lacks merit.

On petitioners' contention that respondents failed to pay the Land Bank the required amortizations, we agree with the Court of Appeals that at the time the patent and title were issued to respondents, petitioner Cynthia Omadle had already been paid her just compensation. And granting that she has not yet been compensated, her proper recourse is against the Land Bank, not against respondents.

As to petitioners' claim that respondents' cause of action has prescribed, let it be stressed that since respondents have been issued Emancipation Patent No. A-042463 and TCT No. ET-5184 as early as December 18, 1987, they can no longer be considered tenants or lessees, but owners of the subject landholding. Obviously, Section 38 of R.A. No. 3844 on prescription finds no application to their case.

An emancipation patent, while it presupposes that the grantee thereof shall have already complied with all the requirements prescribed under P.D. No. 27, serves as a basis for the issuance of a TCT. It is the issuance of this emancipation patent that conclusively entitles the farmer/grantee of the rights of absolute ownership. In

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Pagtalunan v. TamayoI,[4] we held:

> It is the emancipation patent which constitutes conclusive authority or the issuance of an Original Certificate of Transfer, or a Transfer Certificate of Title, in the name of the grantee x x x.
>
> Clearly, it is only after compliance with the above conditions which entitles a farmer/grantee to an emancipation patent that he acquires the vested right of absolute ownership in the landholding – a right which has become fixed and established and is no longer open to doubt or controversy [See definition of "vested right" or "vested interest" in Bilbao vs. Farrales, 51 Phil. 498 (1928); Republic of the Philippines v. de Porkan, G.R. No. 66866, June 18, 1987, 151 SCRA 881]. At best, the farmer/ grantee, prior to compliance with these conditions merely possesses a contingent or expectant right of ownership over the landholding.

Indeed, respondents, upon issuance to them of Emancipation Patent No. A-042463, became the absolute owners of the land in question. They can no longer be dispossessed of their rights of possession and ownership.

WHEREFORE, we DENY the petition and AFFIRM the assailed Decision dated May 22, 2000 of the Court of Appeals in CA-G.R. SP No. 47312.

Costs against petitioners.

SO ORDERED.

Puno, (Chairperson), Corona, Azcuna, and Garcia, JJ., concur.

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[1] Penned by Associate Justice Roberto A. Barrios and concurred in by Associate Justices Eubolo G. Verzola (deceased) and Eriberto U. Rosario, Jr. (retired); Rollo, pp. 35-41.

[2] Decreeing the Emancipation of Tenants from the Bondage of the Soil, Transferring to them the Ownership of the Land they Till and Providing the Instruments and Mechanisms therefor.

[3] An action to enforce any cause of action under this Code shall be barred if not commenced within three years after such cause of action occurred.

[4] G.R. No. 54281, March 19, 1990, 183 SCRA 252.

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