ROSARIO P. TAN, PETITIONER, VS. ARTEMIO G. RAMIREZ, MOISES G. RAMIREZ, RODRIGO G. RAMIREZ, DOMINGO G. RAMIREZ, AND MODESTA RAMIREZ ANDRADE, RESPONDENTS.

G.R. No. 158929. August 03, 2010

Ponente: BRION, J.

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BRION, J.:

We resolve in this Decision the petition for review on certiorari[1] filed by petitioner Rosario P. Tan (petitioner) who seeks to reverse and set aside the decision[2] dated January 28, 2003 and the resolution[3] dated June 19, 2003 of the former Seventh Division of the Court of Appeals (CA) in CA-G.R. SP No. 66120. The assailed CA decision declared Roberto Ramirez, father and predecessor-in-interest of respondents Artemio G. Ramirez, Moises G. Ramirez, Rodrigo G. Ramirez, Domingo G. Ramirez, and Modesta Ramirez Andrade (respondents), as the lawful owner of a 86,433-square meter parcel of land in Mahaba, Apid, Inopacan, Leyte, known as Cadastral Lot No. 3483, Case 12, CAD 637-D, Inopacan Cadastre (subject property). The assailed CA resolution denied the petitioner's motion for reconsideration.

FACTUAL BACKGROUND

The facts of the case, gathered from the records, are briefly summarized below.

On August 11, 1998, the petitioner, representing her parents (spouses Crispo and Nicomedesa P. Alumbro), filed with the Municipal Circuit Trial Court (MCTC) of Hindang-Inopacan, Leyte a complaint for the recovery of ownership and possession and/or quieting of title of a one-half portion of the subject property against the respondents.[4]

The petitioner alleged that her great-grandfather Catalino Jaca Valenzona was the owner of the subject property under a 1915 Tax Declaration (TD) No. 2724. Catalino had four children: Gliceria,[5] Valentina, Tomasa, and Julian; Gliceria inherited the subject property when Catalino died; Gliceria married Gavino Oyao, but their union bore no children; when Gliceria died on April 25, 1952, Gavino inherited a one-half portion of the subject property, while Nicomedesa acquired the other half through inheritance, in representation of her mother, Valentina, who had predeceased Gliceria, and through her purchase of the shares of her brothers and sisters. In 1961, Nicomedesa constituted Roberto as tenant of her half of the subject property; on June 30, 1965, Nicomedesa bought Gavino's one-half portion of the subject property from the latter's heirs, Ronito and Wilfredo Oyao,[6] evidenced by a Deed of Absolute Sale of Agricultural Land;[7] on August 3, 1965, Nicomedesa sold to Roberto this one-half portion in a Deed of Absolute Sale of Agricultural Land;[8] and in 1997, Nicomedesa discovered that since 1974, Roberto had been reflecting the subject property solely in his name under TD No. 4193.

The respondents, on the other hand, traced ownership of the subject property to Gavino who cultivated it since 1956; Roberto bought half of the subject property from Nicomedesa on August 3, 1965,[9] and the remaining half from Gavino's heirs, Ronito and Wilfredo Oyao, on October 16, 1972.[10] On January 9, 1975, a certain Santa

Belacho, claiming to be Gavino's natural child, filed a complaint with the Court of First Instance of Baybay, Leyte against Roberto, Nicomedesa, Ronito and Wilfredo Oyao, docketed as Civil Case No. B-565, for recovery of possession and ownership of two (2) parcels of land, including the subject property;[11] on September 16, 1977, Roberto bought the subject property from Belacho through a Deed of Absolute Sale of Land; and on October 5, 1977, Roberto and Nicomedesa entered into a Compromise Agreement with Belacho to settle Civil Case No. B-565. Belacho agreed in this settlement to dismiss the case and to waive her interest over the subject property in favor of Roberto, and the other parcel of land in favor of Nicomedesa in consideration of P1,800.00.[12]

THE MCTC RULING

In a Decision dated April 2, 2001, the MCTC found that Catalino's 1915 TD No. 2724 was not the source of Gavino's 1945 TD No. 3257 because it involved the other parcel of land subject of Civil Case No. B-565. It noted that the subject property was the conjugal property of Gavino and Gliceria; Gliceria's death in 1952 dissolved the conjugal partnership and entitled Gavino to a one-half portion as his conjugal share, while Gliceria's one-half share should be equally divided among Gavino and Gliceria's brothers and sisters or their children. It held that Roberto was entitled to only three-fourths, as this was Gavino's entire share, while the petitioner was entitled to one-fourth of the subject property, and gave the parties sixty days to effect the partition.[13]

The MCTC brushed aside the respondents' argument that they acquired the subject property by ordinary acquisitive prescription, noting that bad faith attended their possession because they were well aware of Nicomedesa's claim of ownership over a one-half portion of the subject property, long before the property was tax declared solely in Roberto's name in 1974. It observed that the required thirty-year period for extraordinary acquisitive prescription was not met because the respondents had only twenty-four years of adverse possession, counted from 1974 until the filing of the complaint in 1998.[14]

THE RTC RULING

On appeal, Judge Abraham B. Apostol[15] of the Regional Trial Court (RTC), Branch 18, Hilongos, Leyte, rendered a two-page Decision dated June 29, 2001, which we quote in full:

> I. The Case
>
> THIS IS A COMPLAINT FOR Recovery of Ownership And Possession And/Or Quieting of Title With Damages filed by Plaintiffs against defendants on a parcel of land located at Mahaba, Apid, Inopacan, Leyte presently described as follows:
>
> A parcel of land situated at Mahaba, Inopacan, Leyte, bounded on the NORTH by Camotes Sea; EAST by Camotes Sea; SOUTH by Lot 3478, 3476, 3473, WEST by Lot 3480 covered by Tax Declaration No. 4193 in the name of Roberto Ramirez.
>
> After a full blown hearing, a DECISION was rendered, the decretal portion being:
>
> WHEREFORE, all the foregoing considered the court hereby decrees:
>
> - That plaintiff and defendants are lawful co-owners of Lot 3483 as afore-described;
>
> - That the shares of the parties shall be divided and apportioned in the following manner: plaintiff shall own one-fourth (1/4) of Lot 3483 and defendants shall collectively own three-fourth (3/4) of Lot 3483;
>
> - That the parties are hereby given sixty days from receipt hereof within which to effect the actual partition among themselves observing the foregoing proportion, proportionately sharing the expenses therefor and to submit to the court for final approval the project of partition including the proposed subdivision plan prepared by a geodetic engineer;

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- That should the parties be unable to voluntarily agree to make the partition, they shall so inform the court within thirty days from receipt hereof.

- That the parties equally share the costs of this suit.

SO ORDERED.

II. Facts of the Case:

- Version of the Plaintiffs is extant on the rollo of the case summarized on Appeal by a MEMORANDUM but negligently forgetting to enumerate their PRAYERS.

- Version of the Defendants is also extant on the records of the case and clearly expanded via a MEMORANDUM.

III. Court Findings/Ruling:

THIS COURT adopts in toto the DECISION of the Court a quo, slightly correcting no. 2 of the same to conform to the fallo of the DECISION which stated a "proportion of 1:3[.]"

No. 2 shall therefore read as follows:

2. That the shares of the parties shall be divided and apportioned in the following manner: plaintiff shall own ONE-THIRD (1/3) of Lot 3483 and defendants shall collectively own TWO-THIRDS (2/3) of Lot 3483.

SO ORDERED.[16]

The respondents elevated the case to the CA via a petition for review under Rule 42 of the Rules of Court, insisting that the lower courts erred in finding that the petitioner is a co-owner since they have already acquired the entire area of the subject property by ordinary acquisitive prescription.

THE CA RULING

The CA decided the appeal on January 28, 2003. It set aside the Decisions dated April 2, 2001 and June 29, 2001 of the MCTC and the RTC, respectively, and declared Roberto as the lawful owner of the entire area of the subject property. The appellate court found that the October 5, 1977 Compromise Agreement executed by Belacho gave Roberto's possession of the subject property the characters of possession in good faith and with just title; the respondents' twenty-one years of possession, from execution of the compromise agreement in 1977 until the filing of the case in 1998, is more than the required ten-year possession for ordinary acquisitive prescription. The CA also noted that Roberto also enjoyed just title because Belacho executed a contract of sale in his favor on September 16, 1977.[17]

After the CA's denial[18] of her motion for reconsideration,[19] the petitioner filed the present petition for review on certiorari under Rule 45 of the Rules of Court.

THE PETITION

The petitioner contends that the CA misappreciated the legal significance of the compromise agreement and the contract of sale, both executed by Belacho, and thus concluded that the respondents were possessors in good faith and with just title and could acquire the subject property through ordinary acquisitive prescription. She argues that the parties merely entered into the compromise agreement to settle the case. She further argues that Roberto entered the contract of sale in bad faith because the sale took place during the pendency of Civil Case No. B-565.

The respondents submit that they are possessors in good faith and with just title because Roberto bought the

subject property from Belacho in a contract of sale dated September 16, 1977, and the compromise agreement, executed on October 5, 1977, recognized Roberto's ownership of the subject property.

THE ISSUE

The core issue is whether the CA erred in relying upon the compromise agreement and the contract of sale to conclude that the respondents had been possessors in good faith and with just title and could acquire the subject property through ordinary acquisitive prescription.

OUR RULING

We find the petition meritorious.

This Court is not a trier of facts. However, if the inference drawn by the appellate court from the facts is manifestly mistaken, as in the present case, we can review the evidence to allow us to arrive at the correct factual conclusions based on the record.[20]

Prescription as a mode of acquiring ownership

Prescription, as a mode of acquiring ownership and other real rights over immovable property,[21] is concerned with lapse of time in the manner and under conditions laid down by law, namely, that the possession should be in the concept of an owner, public, peaceful, uninterrupted, and adverse.[22] The party who asserts ownership by adverse possession must prove the presence of the essential elements of acquisitive prescription.[23]

Acquisitive prescription of real rights may be ordinary or extraordinary.[24] Ordinary acquisitive prescription requires possession in good faith and with just title for ten years.[25] In extraordinary prescription, ownership and other real rights over immovable property are acquired through uninterrupted adverse possession for thirty years without need of title or of good faith.[26]

Possession "in good faith" consists in the reasonable belief that the person from whom the thing is received has been the owner thereof, and could transmit his ownership.[27] There is "just title" when the adverse claimant came into possession of the property through one of the modes recognized by law for the acquisition of ownership or other real rights, but the grantor was not the owner or could not transmit any right.[28]

Compromise agreement not a valid basis
of possession in good faith and just title

We find that the CA mistakenly relied upon the compromise agreement, executed by Belacho to conclude that the respondents were possessors in good faith and with just title who acquired the property through ordinary acquisitive prescription.

In Ramnani v. Court of Appeals,[29] we held that the main purpose of a compromise agreement is to put an end to litigation because of the uncertainty that may arise from it. Reciprocal concessions are the very heart and life of every compromise agreement.[30] By the nature of a compromise agreement, it brings the parties to agree to something that neither of them may actually want, but for the peace it will bring them without a protracted litigation.[31]

In the present case, to avoid any conflict with Belacho, Roberto and Nicomedesa paid P1,800.00 in consideration of Belacho's desistance from further pursuing her claim over two (2) parcels of land, including the subject property. Thus, no right can arise from the compromise agreement because the parties executed the same only to buy peace and to write finis to the controversy; it did not create or transmit ownership rights over the subject

property. In executing the compromise agreement, the parties, in effect, merely reverted to their situation before Civil Case No. B-565 was filed.

Contract of sale cannot support
claim of good faith and just title

Neither can the respondents benefit from the contract of sale of the subject property, executed by Belacho in favor of Roberto, to support their claim of possession in good faith and with just title. In the vintage case of Leung Yee v. F.L. Strong Machinery Co. and Williamson,[32] we explained good faith in this manner:

> One who purchases real estate with knowledge of a defect or lack of title in his vendor cannot claim that he has acquired title thereto in good faith as against the true owner of the land or of an interest therein; and the same rule must be applied to one who has knowledge of facts which should have put him upon such inquiry and investigation as might be necessary to acquaint him with the defects in the title of his vendor.[33]

Good faith, or the want of it, can be ascertained only from the acts of the one claiming it, as it is a condition of mind that can only be judged by actual or fancied token or signs.[34]

In the present case, no dispute exists that Roberto, without Nicomedesa's knowledge or participation, bought the subject property on September 16, 1977 or during the pendency of Civil Case No. B-565. Roberto, therefore, had actual knowledge that Belacho's claim to ownership of the subject property, as Gavino's purported heir, was disputed because he (Roberto) and Nicomedesa were the defendants in Civil Case No. B-565. Roberto even admitted that he bought the subject property from Belacho to "avoid any trouble."[35] He, thus, cannot claim that he acted in good faith under the belief that there was no defect or dispute in the title of the vendor, Belacho.

Not being a possessor in good faith and with just title, the ten-year period required for ordinary acquisitive prescription cannot apply in Roberto's favor. Even the thirty-year period under extraordinary acquisitive prescription has not been met because of the respondents' claim to have been in possession, in the concept of owner, of the subject property for only twenty-four years, from the time the subject property was tax declared in 1974 to the time of the filing of the complaint in 1998.

Based on the foregoing, the CA erred in finding that the respondents acquired the petitioner's one-fourth portion of the subject property through acquisitive prescription. As aptly found by the MCTC, the respondents are only entitled to three-fourths of the subject property because this was Gavino's rightful share of the conjugal estate that Roberto bought from Ronito and Wilfredo Oyao.

RTC Decision did not conform to the
requirements of the Constitution and
of the Rules of Court

Before closing, we cannot close our eyes to the failure of the RTC decision to measure up to the standard set by Section 14 of Article VIII of the Constitution, as well as Section 1 of Rule 36 and Section 1, Rule 120 of the Rules on Civil Procedure, that a decision, judgment or final order determining the merits of the case shall state, clearly and distinctly, the facts and the law on which it is based. Our Administrative Circular No. 1 of January 28, 1988 reiterates this requirement and stresses that judges should make complete findings of facts in their decisions, scrutinize closely the legal aspects of the case in the light of the evidence presented, and avoid the tendency to generalize and to form conclusions without detailing the facts from which such conclusions are deduced.

In Yao v. Court of Appeals,[36] we emphasized:

> Faithful adherence to the requirements of Section 14, Article VIII of the Constitution is indisputably a

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> paramount component of due process and fair play. It is likewise demanded by the due process clause of the Constitution. The parties to a litigation should be informed of how it was decided, with an explanation of the factual and legal reasons that led to the conclusions of the court. The court cannot simply say that judgment is rendered in favor of X and against Y and just leave it at that without any justification whatsoever for its action. The losing party is entitled to know why he lost, so he may appeal to the higher court, if permitted, should he believe that the decision should be reversed. A decision that does not clearly and distinctly state the facts and the law on which it is based leaves the parties in the dark as to how it was reached and is precisely prejudicial to the losing party, who is unable to pinpoint the possible errors of the court for review by a higher tribunal. More than that, the requirement is an assurance to the parties that, in reaching judgment, the judge did so through the processes of legal reasoning. It is, thus, a safeguard against the impetuosity of the judge, preventing him from deciding ipse dixit. Vouchsafed neither the sword nor the purse by the Constitution but nonetheless vested with the sovereign prerogative of passing judgment on the life, liberty or property of his fellowmen, the judge must ultimately depend on the power of reason for sustained public confidence in the justness of his decision.[37]

The RTC decision did not distinctly and clearly set forth, nor substantiate, the factual and legal bases for its affirmance of the MCTC decision. It contained no analysis of the evidence of the parties nor reference to any legal basis in reaching its conclusions. Judges must inform the parties to a case of the legal basis for their decision so that if a party appeals, it can point out to the appellate court the points of law to which it disagrees. Judge Apostol should have known the exacting standard imposed on courts by the Constitution and should not have sacrificed the constitutional standard for brevity's sake. Had he thoroughly read the body of the MCTC decision, he would have clearly noted that the "proportion of 1:3," stated in the penultimate paragraph of the decision, meant that the petitioner was entitled to one-fourth, while the respondents were entitled to three-fourths, of the subject property.

WHEREFORE, in light of all the foregoing, we hereby REVERSE and SET ASIDE the decision dated January 28, 2003 and the resolution dated June 19, 2003 of the former Seventh Division of the Court of Appeals in CA-G.R. SP No. 66120. The decision dated April 2, 2001 of the Municipal Circuit Trial Court of Hindang-Inopacan, Leyte in Civil Case No. 196 is REINSTATED. No pronouncement as to costs.

SO ORDERED.

Carpio Morales, Bersamin, *Abad, and Villarama, Jr., JJ., concur.

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[*] Designated additional Member of the Third Division, effective May 17, 2010, per Special Order No. 843 dated May 17, 2010.

[1] Filed under Rule 45 of the 1997 Rules of Civil Procedure.

[2] Penned by Associate Justice Remedios A. Salazar-Fernando, with Associate Justices Ruben T. Reyes (former member of this Court) and Edgardo F. Sundiam concurring. Rollo, pp. 117-130.

[3] Id. at 139.

[4] Republic Act No. 7691, which took effect on April 15, 1994, expanded the MCTC's jurisdiction to include other actions involving title to or possession of real property where the assessed value of the property does not exceed P20,000.00 (or P50,000.00, for actions filed in Metro Manila). The assessed value of the subject property is P2,770.00. Id. at 34-39.

[5] Spelled as "Gleceria" in other parts of the records.

[6] Inherited by right of representation of Emiliano Oyao, Gavino's nephew. Rollo, p. 42.

[7] Ibid.

[8] Id. at 43.

[9] Id. at 54.

[10] Id. at 56.

[11] Entitled "Santa Belacho v. Roberto Ramirez, Nicomedeza P. Alumbro, Crispo D. Alumbro, Wilfredo Oyao and Ronito Oyao"; CA rollo, pp. 38-41.

[12] Id. at 42.

[13] Rollo, pp. 58-70.

[14] Ibid.

[15]Optionally retired on July 15, 2001.

[16] Rollo, pp. 90-91.

[17] Id. at 117-130.

[18] Resolution of June 19, 2003; id. at 139.

[19] Id. at 131-137.

[20] Heirs of Flores Restar v. Heirs of Dolores R. Cichon, G.R. No. 161720, November 22, 2005, 475 SCRA 731, 739; Casol v. Purefoods Corporation, G.R. No. 166550, September 22, 2005, 470 SCRA 585, 589; Carpio v. Valmonte, 481 Phil. 352, 358 (2004).

[21] Heirs of Marcelina Arzadon-Crisologo v. Rañon, G.R. No. 171068, September 5, 2007, 532 SCRA 391, 404; Calicdan v. Cendaña, 466 Phil. 894, 902 (2004).

[22] Heirs of Marcelina Arzadon-Crisologo v. Rañon, supra.

[23] Ibid.

[24] Article 1117 of the Civil Code.

[25] Article 1134 of the Civil Code.

[26] Article 1137 of the Civil Code.

[27] Article 1127 of the Civil Code.

[28][ ]Article 1129 of the Civil Code.

[29] 413 Phil. 194, 207 (2001).

[30] Spouses Miniano v. Court of Appeals, 485 Phil. 168, 179 (2004).

[31] Alonso v. San Juan, 491 Phil. 232, 247 (2005); Litton v. Hon. Court of Appeals, 331 Phil. 324, 332 (1996).

[32] 37 Phil. 644, 651 (1918).

[33] Id. at 651.

[34] Id. at 652.

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[35] MCTC Decision dated April 2, 2001, p. 6; rollo, p. 63.

[36]398 Phil. 86 (2000).

[37] Id. at 105-106.

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