LIMCOMA MULTI-PURPOSE COOPERATIVE, PETITIONER, VS. REPUBLIC OF THE PHILIPPINES, RESPONDENT.

G.R. NO. 167652. July 10, 2007

Ponente: NACHURA, J.

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NACHURA, J.:

Before us is a Petition for Review on Certiorari to annul the Decision of the Court of Appeals (CA), dated January 31, 2005, in CA-G.R. CV No. 79958,[1] which set aside the Order[2] of the Regional Trial Court (RTC) of Rosario, Batangas in LRC Case No. RY2K1-050, and dismissed the petitioner's application for registration of a parcel of land.

On September 24, 2001, petitioner Limcoma Multi-Purpose Cooperative[3] filed with the RTC an application for registration and confirmation of title over a parcel of land designated as Lot 972-A No. Csd-04-015172-D (subject lot), Cad 426, Rosario Cadastre, consisting of 646 square meters under the Property Registration Decree.[4] The subject lot was originally part of Lot 972 and, subsequently, segregated as Lot 972-A. Petitioner alleged that it is the owner in fee simple of the subject lot and the improvements thereon, and that it has been in the open, exclusive, peaceful, and continuous possession thereof for more than 30 years, reckoned from the time of possession of its predecessors-in-interest.

In the alternative, the petitioner invoked the provisions of Section 48[5] of the Public Land Act, as amended, based on its and its predecessor-in-interest's open, exclusive, and continuous possession of the subject lot for a period of more than 30 years prior to the filing of its application.

Considering that there were no private oppositors to the application, the RTC issued an Order[6] allowing petitioner to present its evidence ex-parte before the Clerk of Court, who was appointed Commissioner for that purpose.

At the ex-parte reception of evidence, petitioner presented the testimonies of Olivia P. Gomez, Arsenia P. Alcantara, and Lorenzo P. Limbo.

Olivia P. Gomez, petitioner's Assistant General Manager, testified that she knows the subject lot which has been occupied and used by the petitioner from the date of purchase as its sales and warehouse office in Rosario, Batangas. The subject lot was bought by petitioner from the Spouses Venustiano and Arsenia Alcantara on September 4, 1991. As a cooperative, the petitioner is empowered by its Articles of Cooperation to hold real property.[7] However, it is exempted from the payment of real estate taxes.[8] The subject lot is not within a military reservation or forest zone but falls under a commercial classification.[9] There are no tenants on the subject lot and it is located along the provincial road.[10]

Upon continuation of Olivia's testimony, she identified the evidence to establish the historical ownership of the subject lot traced back from the petitioner's predecessors-in-interest.[11] Unfortunately, Tax Declaration (TD) No. 0884[12] could not be found in the files of the Office of the Municipal Treasurer of Rosario, Batangas despite

diligent efforts to locate said document. However, TD Nos. 00584[13] and 0452[14] both specifically refer to TD No. 0884 which provides the link to reflect the transfer of ownership from the Spouses Andres and Trinidad Alcantara to Venustiano.[15] The character of petitioner's and its predecessors-in-interest's possession of the subject lot was peaceful, open, continuous, exclusive, and in the concept of owners. Olivia further testified on the subject lot's classification as certified by the Department of Environment and Natural Resources (DENR) Community and Environment and Natural Resources Office (CENRO). The CENRO Report[16] dated September 23, 2002 stated, among others, that (1) Lot 972-A is not within a reservation or forest zone; (2) there is no previously issued patent, decree, or title; (3) there is no public land application filed for the same by the applicant (petitioner) or any other person; (4) the land applied for is commercial in nature and is used as warehouse of feeds for animals; and (5) the land does not encroach upon an established watershed, riverbank protection, creek, or right of way. Olivia further reiterated that the subject lot is classified as commercial and within the alienable and disposable zone.[17]

In turn, Arsenia Alcantara identified Lot 972 and declared that it was previously owned by her parents-in-law, the Spouses Andres and Trinidad, who had occupied and possessed said lot, in the concept of owner, since 1938. In 1982, Lot 972 was donated by the couple to their son, Venustiano. She came to know of her in-laws' ownership of Lot 972 a year after she and Venustiano were married in 1953. In this regard, Arsenia testified that the Spouses Andres and Trinidad planted and harvested several coconut trees, other crops, and vegetables thereon. She and Venustiano, likewise, stored thereat some of their equipment and things used in their bakery. When Venustiano became the owner thereof, they put up a perimeter fence on Lot 972 and continued to use the property as a storage site for materials utilized in their bakery.

Thereafter, Lot 972 was segregated into Lots 972-A and 972-B. Lot 972-A was the subject of the petitioner's application for registration before the RTC while Lot 972-B was donated[18] by Venustiano to their daughter, Trinidad Alcantara.[19] Finally, Arsenia identified and ratified the Deed of Sale evidencing petitioner's acquisition of the subject lot.

On cross-examination, Arsenia confirmed that there were no adverse claimants over the subject lot, and her in-laws' possession thereof was peaceful, adversarial, continuous, and open, which they (Venustiano and her) eventually continued in like manner.

Lorenzo Limbo corroborated Arsenia's testimony on the Spouses Andres and Trinidad's possession and ownership of the subject lot since 1938. Lorenzo testified that he was born and raised in Poblacion, Rosario, Batangas, the same place where the subject lot is located.[20] He was a resident thereof for 59 years. In addition, Lorenzo declared that he knows the subject lot which was originally part of Lot 972, and ownership thereof by the Spouses Andres and Trinidad, because Lorenzo's family used to own a parcel of land near the property. In fact, the Spouses Andres and Trinidad were compadres[21] of Lorenzo's father. Lorenzo was already a teenager in 1938 when the Spouses Andres and Trinidad possessed and tilled Lot 972 encompassing the subject lot.[22] As a boy, Lorenzo frequented the property near Lot 972, and, from 1938, he observed the Spouses Andres and Trinidad working on and utilizing the land as storage site for their business.

Lorenzo's familiarity with Lot 972 and its previous owners was solidified by his marriage to Trinidad's sister, which makes Lorenzo, Venustiano's uncle by affinity. Indeed, Lorenzo asseverated that the Spouses Andres and Trinidad were the recognized and acknowledged owners of Lot 972, and they remained owners thereof when he got married on January 18, 1951. He recalled that the Spouses Andres and Trinidad's possession was open, continuous, and exclusive, that they planted citrus on the said lot, and that the perimeter area was surrounded by madre de cacao, bamboos, and some wire. The subject lot is not tenanted, is located outside a military reservation or forest zone, and is without adverse claimants.

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Likewise, Lorenzo verified Arsenia's testimony on the Spouses Andres and Trinidad's donation of the subject lot to Venustiano in 1982. Initially, Lorenzo only knew from his wife that Lot 972 was donated to Venustiano by the latter's parents. Subsequently, however, he was able to confirm that the ownership of the subject lot had been transferred to Venustiano because it was of public knowledge and they became his neighbors in the same place.[23]

The RTC granted the application in its Order[24] dated April 10, 2003 and held, thus:

> Based on the testimonies of the witnesses and documentary exhibits, the applicant LIMCOMA Multi-Purpose Cooperative has the possession of the subject lot in open, continuous, adverse to the whole world and in the concept of an owner.
>
> WHEREFORE, finding the application sufficient in form and substance, it being supported by sufficient evidence, this Court, as recommended, finds that LIMCOMA MULTI-PURPOSE COOPERATIVE has a registrable title over a parcel of land located at Barangay Namuco, Rosario, Batangas in Lot 972-A, Cad 426, Rosario Cadastre of the Subdivision Plan, Csd-04-015172-D, containing an area of SIX HUNDRED FORTY-SIX (646) SQUARE METERS and order its registration in the name of LIMCOMA MULTI-PURPOSE COOPERATIVE.

On appeal, the appellate court reversed and set aside the Decision of the trial court, to wit:

> "UPON THE VIEW WE TAKE OF THIS CASE, THUS, the judgment appealed from must be, as it is, hereby REVERSED and SET ASIDE. The verified petition instituted in Land Registration Case No. RY2K1-050 of the Regional Trial Court of Rosario, Batangas is ordered DISMISSED."[25]

In reversing the trial court, the CA ruled that petitioner failed to (1) demonstrate the open, continuous, exclusive, and notorious possession since June 12, 1945 or earlier, required by the Property Registration Decree and the Public Land Act; and (2) overcome the presumption that the subject lot is public and alienable land.

On the other hand, petitioner maintains that it has occupied the subject lot since 1938, by virtue of its predecessors-in-interest's possession, and that it has duly established the character of the land as public and alienable. Petitioner submits that, at any rate, Lot 972, including the subject lot, was converted into private property through the Spouses Andres and Trinidad's exclusive and continuous possession of more than 30 years, from 1938 to 1982, thereby making it susceptible to prescription.

Hence, we impale the issues for resolution of this Court, to wit:

> - Whether or not the subject lot is public and alienable land, and the petitioner has been in open, continuous, exclusive, and notorious possession thereof since June 12, 1945, or earlier, under a bona fide claim of ownership;
>
> - Corollarily, whether or not the subject lot acquired a private character in 1968, thus within the operation of the laws on prescription.

In disposing of the foregoing issues, the provisions of both the Property Registration Decree and the Public Land Act invoked by the petitioner bear close scrutiny.

Section 14 of the Property Registration Decree provides:

> SECTION 14. Who may apply. — The following persons may file in the proper Court of First Instance an application for registration of title to land, whether personally or through their duly authorized representatives:
>
> (1) Those who by themselves or through their predecessors-in-interest have been in open, continuous, exclusive and notorious possession and occupation of alienable and disposable lands of the public domain

> under a bona fide claim of ownership since June 12, 1945, or earlier.
>
> (2) Those who have acquired ownership of private lands by prescription under the provision of existing laws.

Likewise, Section 48(b) of the Public Land Act, as amended, states:

> SECTION 48. The following described citizens of the Philippines, occupying lands of the public domain or claiming to own any such lands or an interest therein, but whose titles have not been perfected or completed, may apply to the Court of First Instance of the province where the land is located for confirmation of their claims and the issuance of a certificate of title thereof, under the Land Registration Act, to wit:
>
> x x x x
>
> (b) Those who by themselves or through their predecessors-in-interest have been in open, continuous, exclusive, and notorious possession and occupation of agricultural lands of the public dominion, under a bona fide claim of acquisition or ownership, since June 12, 1945, or earlier, immediately preceding the filing of the application for confirmation of title except when prevented by war or force majeure. These shall be conclusively presumed to have performed all the conditions essential to a Government grant and shall be entitled to a certificate of title under the provisions of this chapter.

Notably, Section 14(1) of the Property Registration Decree and Section 48(b) of the Public Land Act, as amended, are original registration proceedings, against the whole world, and the decree of registration issued for both is conclusive and final.[26] It is evident from the above-cited provisions that an application for land registration must conform to three requisites: (1) the land is alienable public land; (2) the applicant's open, continuous, exclusive, and notorious possession and occupation thereof must be since June 12, 1945, or earlier; and (3) it is under a bona fide claim of ownership.[27]

The laws vary only with respect to their operation. Under the Property Registration Decree, there already exists a title which the court need only confirm while the Public Land Act works under the presumption that the land applied for still pertains to the State, and the occupants and possessors merely claim an interest in the land by virtue of their imperfect title or continuous, open, and notorious possession thereof.[28]

Parenthetically, Section 14(2) of the Property Registration Decree deals with the acquisition of private lands by prescription.

We resolve the first issue in the affirmative and depart from the findings of the appellate court.

Generally, we are bound by the factual findings of the CA.[29] However, the recognized exceptions thereto obtain in this instance.[30]

The records reveal that the petitioner presented several documents to prove that the subject lot is alienable public land. In fact, the petitioner introduced in evidence a Certification[31] from the DENR-CENRO, dated September 30, 2002 which reads:

> This is to certify that the parcel of land identified as Lot 972-A, Csd-04-015172-D, situated at Barangay Namuco, Rosario,
> Batangas containing an area of SIX HUNDRED FORTY-SIX METERS and shown at the reverse side hereof has been verified to be within the ALIENABLE AND DISPOSABLE ZONE under Project No. 27-A, land Classification Map No. 718 certified on 26 March 1928.

The DENR-CENRO Report, likewise, contains the foregoing notation. Further, the subject lot has been classified as commercial for tax purposes. These documents all point to the undeniable fact that the subject lot is public alienable land and, thereby, overcome the presumption that such forms part of the public dominion.

In the recent case of Buenaventura v. Republic,[32] we ruled that said Certification is sufficient to establish the true nature or character of the subject property as public and alienable land. We similarly ruled in Republic v. Court of Appeals[33] and intoned therein that the certification enjoys a presumption of regularity in the absence of contradictory evidence.

Both the DENR-CENRO Certification and Report constitute a positive government act, an administrative action, validly classifying the land in question.[34] As adverted to by the petitioner, the classification or re-classification of public lands into alienable or disposable, mineral, or forest lands is now a prerogative of the Executive Department of the government.[35] Clearly, the petitioner has overcome the burden of proving the alienability of the subject lot.

Coming now to the issue of whether the petitioner proved possession since June 12, 1945, or earlier, we find that it had adequately established its open, continuous, exclusive, and notorious possession of the subject lot since 1938, tacked to that of its predecessors-in-interest, the Spouses Andres and Trinidad, and the Spouses Venustiano and Arsenia.

The Court of Appeals ruled that the petitioner did not present "well-nigh incontrovertible" evidence to show the true nature of its possession of the subject lot, and that even granting that the Spouses Andres and Trinidad possessed and occupied the lot since 1938 in the concept of owner, such did not redound to applicant's benefit, absent proof of a valid transfer to Venustiano, the petitioner's immediate predecessor-in-interest.

We are not in accord with this ruling.

The testimonies of petitioner's witnesses consistently declared that the Spouses Andres and Trinidad occupied and possessed the subject lot in the concept of owner since 1938. Worth noting is the testimony of Lorenzo Limbo who had resided in and frequented the area since he was a child and is thus familiar with the Spouses Andres' and Trinidad's ownership of Lot 972. He gave direct and categorical testimony consisting of specific acts of ownership[36] to substantiate the petitioner's claim that the Spouses Andres and Trinidad possessed and occupied the subject lot. Lorenzo Limbo certainly knew from whereof he spoke as his father was the compadre of the Spouses Andres and Trinidad, he eventually married Trinidad's sister, and he had been a longtime neighbor of the Alcantaras.

Moreover, petitioner proffered in evidence the TDs showing payment of realty taxes by the Spouses Andres and Trinidad from 1938 which was subsequently continued by Venustiano and Arsenia. Although as a rule, tax declarations are not conclusive evidence of ownership, they are proof that the holder has a claim of title over the property and serve as sufficient basis for inferring possession.[37] These tax declarations bolster the petitioner's claim that its predecessors-in-interest possessed and occupied the lot in question since 1938.

Anent the holding of the appellate court that the Spouses Andres' and Trinidad's possession of the subject lot did not redound to petitioner's benefit, such does not find support in law.

Article 1138 of the Civil Code provides:

> Art. 1138. In the computation of time necessary for prescription, the following rules shall be observed:
>
> (1) The present possessor may complete the period necessary for prescription by tacking his possession to that of his grantor or predecessor-in-interest.

While the supposed donation of the subject lot by the Spouses Andres and Trinidad to Venustiano was not evidenced by a written instrument, the relationship between them is not in dispute, i.e., the former were the progenitors of the latter. Even if the donation was void, the tacking of possession must be allowed, considering

the undisputed relationship between the Spouses Andres and Trinidad, and Venustiano. We ruled in this wise in South City Homes, Inc. v. Republic.[38]

To emphasize, Venustiano is a compulsory heir of the Spouses Andres and Trinidad. Intestate succession is another means by which ownership and other real rights over property are transmitted.[39] Effectively, upon his parents' death, ownership and real rights over the subject lot, including the right of possession, were vested in Venustiano. Consequently, upon his sale of the subject lot to the petitioner, he transmitted his rights thereto. Therefore, petitioner must be permitted to tack possession of the subject lot to that of the Spouses Andres and Trinidad, and Venustiano.

In any event, there appears to be no legal impediment to petitioner's registrable right over the subject lot. We find that petitioner has consolidated ownership thereof through ordinary acquisitive prescription, specifically, good faith possession for 10 years.[40]

Prescription is a mode of acquiring ownership.[41] We have had occasion to rule in numerous instances that open, exclusive, and continuous possession for at least 30 years of alienable public land ipso jure converts the same to private property.[42] The conversion works to summon into operation Section 14(2) of the Property Registration Decree which, in turn, authorizes the acquisition of private lands through prescription.

In the case at bar, petitioner proved that its predecessors-in-interest, the Spouses Andres and Trinidad, occupied and possessed the subject lot in the concept of owner for more than 30 years, 44 years to be exact. Prescinding therefrom, the subject lot had already been converted to private property by 1968. Accordingly, when the petitioner bought the lot from the Spouses Venustiano and Arsenia in 1991, under the belief, in good faith, that they were the transferees of the original owners, it only needed to complete the 10-year possession requirement for ordinary acquisitive prescription.[43]

Spouses Venustiano and Arsenia represented to petitioner that the subject lot was donated to Venustiano by his parents in 1982. This donation, even if void, serves as basis of the petitioner's good faith, absent a showing that it knew of a defect in its title or mode of acquisition.[44] Good faith remains notwithstanding petitioner's mistaken belief that the donation was valid. Article 526, paragraph 3 of the Civil Code specifically provides that "mistake upon a doubtful or difficult question of law may be the basis of good faith."

It stands to reason, therefore, that the petitioner has acquired registrable title over the subject lot anchored on its predecessors-in- interest's possession traced back to 1938, and its own possession of 10 years, reckoned from 1991 to the filing of the application for registration in 2001.

WHEREFORE, premises considered, the petition is GRANTED. The January 31, 2005 Decision of the Court of Appeals is hereby REVERSED, and the April 10, 2003 Order of the Regional Trial Court granting the petitioner's application for registration of the subject lot, is hereby REINSTATED. No costs.
SO ORDERED.

Ynares-Santiago, (Chairperson), Austria-Martinez, and Chico-Nazario, JJ., concur.

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[1] Penned by Associate Justice Renato C. Dacudao, with Associate Justices Edgardo F. Sundiam and Japar B. Dimaampao, concurring; rollo, pp. 63-75.

[2] Penned by Executive Judge Pablo R. Chavez, promulgated on April 10, 2003; id. at 58-61.

[3] Exhibit "O," records, p. 147.

[4] Presidential Decree No. 1529.

[5] Commonwealth Act No. 141.

[6] Rollo, pp. 58-61.

[7] Exhibit "P," records, p. 149.

[8] Exhibit "LL," id. at 8.

[9] Rollo, p. 59.

[10] Id.

[11] Copies of TD Nos. 36409, 4988, 14218, 6781, 5300, 0452, 005-00818, 005-01281, 005-01286, 005-01333, and 005-01334 issued by the Municipal Assessor of Rosario, Batangas presented during the ex-parte presentation of evidence; TSN, January 17, 2003, p. 41.

[12] Supposedly the TD indicating the transfer of ownership of the subject lot from the Spouses Andres and Trinidad to Venustiano; TSN, January 17, 2003, p. 43.

[13] Exhibit "T," records, p. 177.

[14] Exhibit "DD," id. at 188.

[15] TSN, January 17, 2003, p. 43.

[16] Annex "A," rollo, pp. 31-32.

[17] TSN, January 17, 2003, pp. 44-45; Exhibit "KK" and "LL," records, pp. 199-201.

[18] Deed of Donation, Exhibit "JJ," id. at 194-195.

[19] Trinidad Alcantara, Arsenia's daughter, is different from Trinidad Alcantara, Arsenia's mother-in-law.

[20] Lorenzo was born on September 5, 1923; TSN, November 7, 2002, p. 31.

[21] Generally, connotes a closer and more intimate relationship between friends.

[22] Lorenzo was 13 years old in 1938; TSN, November 17, 2002, p. 32.

[23] At the time of his testimony in 2002, Lorenzo was a balikbayan in Batangas and permanently resided in San Diego, California, U.S.A.

[24] Rollo, pp. 58-61.

[25] Id. at 74.

[26] Del Rosario-Igtiben v. Republic, G.R. No. 158449, October 22, 2004, 441 SCRA 188, 192.

[27] Reyes v. Republic, G.R. No. 141924, January 23, 2007; Republic v. Court of Appeals, G.R. No. 144057, June 17, 2005, 448 SCRA 442, 448; Del Rosario-Igtiben v. Republic, supra note 26, at 193; Menguito v. Republic, 401 Phil. 274, 284-285 (2000).

[28] Del Rosario-Igtiben v. Republic, id.

[29] Buenaventura v. Republic, G.R. No. 166865, March 2, 2007.

[30] Two of the recognized exceptions are: (1) when the findings are contrary to the trial court; and (2) when the

Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, would justify a different conclusion [Buenaventura v. Republic, id. at 27, citing Langkaan Realty Development, Inc. v. United Coconut Planters Bank, 400 Phil. 1349 (2000); Nokom v. National Labor Relations Commission, 390 Phil. 1228, 1243 (2000); Commissioner of Internal Revenue v. Embroidery and Garments Industries (Phils.), Inc., 364 Phil. 541, 546-547 (1999); Sta. Maria v. Court of Appeals, 349 Phil. 275, 282-283 (1998)].

[31] Exhibit "NN," records, p. 198.

[32] Supra note 29.

[33] 440 Phil. 697, 711 (2002).

[34] See Republic v. Carrasco, G.R. No. 143491, December 6, 2006.

[35] Petition, rollo, p. 24, citing Bureau of Forestry v. Court of Appeals, 153 SCRA 351; see Republic v. Court of Appeals, supra note 33, at 710.

[36] Planting and harvesting of citrus and other crops, and use of the land as storage site for their business.

[37] Republic v. Carrasco, supra note 34, citing Republic v. Alconaba, 427 SCRA 611, 616 (2004); Republic v. Court of Appeals, 328 Phil. 328 (1996).

[38] G.R. No. 76564, May 25, 1990, 185 SCRA 693, 700.

[39] Civil Code, Article 774, in relation to Article 712.

[40] Civil Code, Article 1117.

[41] See Article 1106, Civil Code, provides: "By prescription, one acquires ownership and other real rights through the lapse of time in the manner and under the conditions laid down by law."

[42] Buenaventura v. Republic, supra note 29; Republic v. Court of Appeals, supra note 27, at 452; Republic v. Court of Appeals, G.R. No. 108998, August 24, 1994, 235 SCRA 567, 576, citing Director of Lands v. IAC, 214 SCRA 604 (1984) and Pineda v. Court of Appeals, 183 SCRA 602 (1979).

[43] See Article 1127 and 1134 of the Civil Code, to wit:

Art. 1127. The good faith of the possessor consists in the reasonable belief that the person from whom he received the thing was the owner thereof, and could transmit his ownership.

Art. 1134. Ownership and other real rights over immovable property are acquired by ordinary prescription through possession of ten years.

[44] See Article 526, Civil Code.

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