

LYNN MAAGAD AND THE DIRECTOR OF LANDS, PETITIONERS, VS. JUANITO MAAGAD, RESPONDENT.*G.R. No. 171762. June 05, 2009*

Ponente: PUNO, C.J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-171762/>**PUNO, C.J.:**

This petition for review on certiorari[1] assails the Decision of the Court of Appeals (CA)[2] in CA-G.R. CV No. 56663. The CA reversed and set aside the Decision of the Regional Trial Court (RTC)[3] of Misamis Oriental, which dismissed for lack of evidence the Complaint for Annulment and/or Reconveyance of Title with Damages filed by herein respondent.

The parcel of land in dispute is Lot No. 6297, Cad-237, C-5 (Lot 6297) with an area of five thousand, one hundred thirty-four square meters (5,134 sq. m.) located in Bulua, Cagayan de Oro City. Lot 6297 formed part of the estate of Proceso Maagad. Upon his death sometime in 1963[4] or 1965,[5] he was survived by his children Amadeo, Adelo (father of petitioner Lynn), Loreto and Juanito (respondent), all surnamed Maagad.

On 20 June 1972, the heirs of Proceso executed an Extrajudicial Partition of Real Estate (Partition)[6] dividing among themselves their father's properties. In the Partition, Lot 6297 was conveyed to Adelo while Lot No. 6270[7] was allotted to respondent Juanito.

Respondent Juanito claimed that the Partition mistakenly adjudicated Lot 6297 to Adelo, and Lot No. 6270 to himself, when it should have been the reverse. He asserted that: (1) he had been in continuous possession of Lot 6297 even before the death of their father, Proceso; (2) the lot was given to him by their father when Juanito married in 1952; (3) he had been religiously paying the realty taxes due the land; and (4) Adelo, up to his death in 1989, recognized and respected Juanito's possession and ownership over Lot 6297 and, in turn, possessed and paid realty taxes for Lot No. 6270.

To rectify the alleged mistake, respondent Juanito and the children of Adelo, namely: Dina, Ely and petitioner Lynn, executed on 29 January 1990 a Memorandum of Exchange which stated in part:

x x x

2. That the ownership of the parties over the said properties [is] not absolute considering the fact that there was a mistake in designating the owner of the respective properties. Lot No. 6270 should have been given to the Party of the Second Part and Lot No. 6297 should have been allotted to the Party of the First Part. This wrong designation was committed in the settlement and partition of the estate of the late Proceso Maagad.

3. That the parties herein in order to correct the foregoing error, do hereby covenanted and/or agreed to EXCHANGE THE SAID PROPERTIES in such a way that LOT NO. 6270 shall now belong or [be] exclusively owned by the Party of the Second Par[t], while LOT NO. 6297 shall be owned and belong to the Party of the First Part. That proper transfer of tax declarations shall be made in accordance with this agreement of exchange.[8]

However, an erroneous assignment of the "Party of the First Part" and the "Party of the Second Part" resulted in a repeat of the mistake attendant in the Partition which the parties had intended to correct. Thus, once again, Lot 6297 was allotted to the heirs of the now deceased Adelo while Lot No. 6270 was partitioned to respondent Juanito. The latter only discovered the error later on in the year when petitioner Lynn caused the publication of the Partition in a local newspaper.

Unbeknownst to respondent Juanito, on 15 October 1992, petitioner Lynn, representing his siblings, applied for a free patent over Lot 6297 with the Bureau of Lands, Cagayan de Oro City. On 6 January 1993, he wrote respondent demanding the surrender of the possession of Lot 6297 which the latter ignored, believing in good faith that the demand had no basis.

Subsequently, petitioner Lynn's free patent application was approved and Free Patent No. 104305-93-932 was issued on 4 August 1993. Pursuant thereto, OCT No. P-3614,[9] in the name of the Heirs of Adelo Maagad represented by Lynn V. Maagad, was issued and recorded in the Register of Deeds of Cagayan de Oro City on 10 August 1993.

Thus, on 21 February 1994, respondent Juanito filed a Complaint for Annulment of Title with Damages before the RTC, which was later amended to include a prayer for the alternative relief of reconveyance of title.

Trial ensued. After presentation of the plaintiff's evidence, then defendant and herein petitioner, Lynn Maagad, filed a demurrer to evidence alleging that based on the facts established and the laws applicable to the case, then plaintiff and herein respondent, Juanito Maagad, had not shown any right to the reliefs prayed for.

On 6 March 1997, the RTC granted the demurrer and dismissed the case for lack of evidence. It ratiocinated, viz.:

When the heirs of Proceso Maagad executed the Extra-judicial Partition, all the four (4) heirs signed the document on the agreement that what was adjudicated to them should now belong to each of them. The allegation of the witnesses for plaintiff [now respondent] that Lot No. 6297 was only mistakenly adjudicated to Adelo Maagad as plaintiff's children were in possession of the property is belied by the fact that plaintiff signed the Extra-judicial Partition. Whatever right plaintiff may have had over the property had been waived by his signing the document.

It is worthy to note that a Deed of Exchange was executed at the instance of plaintiff 18 years after the partition. But still, it is clear under the terms of the document that Lot No. 6297 belongs to Adelo Maagad and Lot No. 6270 belongs to Juanito. [The] [p]ertinent provision of law applicable to the aforestated issue is Section 9 of Rule 130 which states:

"SECTION 9. Evidence of written agreements. — When the terms of an agreement have been reduced to writing, i[t] i[s] considered as containing all the terms agreed upon and there can be, between the parties and their successors in interest, no evidence of such terms other tha[n] the contents of the written agreement."

Plaintiff is not allowed to alter the contents of the extra-judicial partition by parol evidence. Parol evidence rule forbids any addition to or contradiction of the terms of a written instrument. x x x

Even granting arguendo that there was a mistake in the extra-judicial partition, plaintiff's evidence still fall[s] short of justifying the reformation of the instrument. The testimonies of its witnesses have not proved by clear and convincing evidence that the alleged mistake did not express the true intention of the parties.

x x x x

WHEREFORE, premises considered, judgment is hereby rendered dismissing the above-entitled case for lack of evidence.[10]

On appeal, the CA reversed and set aside the ruling of the RTC, viz.:

WHEREFORE, all the foregoing considered, the appeal is hereby GRANTED and the assailed decision is REVERSED AND SET ASIDE. OCT No. P-3614 issued to the Heirs of Adelo Maagad is hereby declared NULL AND VOID and plaintiff-appellant declared the rightful owner and possessor of Lot No. 6297, Cad 237, C-5.[11]

Hence, this petition for review on certiorari which calls upon the Court to resolve the following issues: (1) whether Juanito Maagad has a superior right over Lot 6297; (2) whether OCT No. P-3614, issued pursuant to the free patent application, should be declared null and void; and corollarily, (3) whether the title can be reconveyed to respondent.

On the question of whether respondent Juanito Maagad has a superior right over Lot 6297, the CA ruled in the affirmative, viz.:

The records of the case indubitably show that the Deed of Extrajudicial Partition executed in 1972 between and among the heirs of Proce[s]o Maagad, namely Adelo, Juanito, Loreto and Amadeo, contained a patent mistake by the erroneous adjudication of Lot No. 6297 to Adelo, herein defendant-appellee's [now petitioner's] father, considering that the said lot had long been in the actual possession of plaintiff-appellant [now respondent], through his father, and of the adjudication of Lot No. 6270 to plaintiff-appellant when the same had already been declared in Adelo's name.

Consequently, the necessity to rectify the error arose. Hence, on January 29, 1990, plaintiff-appellant together with Adelo's heirs, including herein defendant-appellee Lynn, executed a Memorandum of Exchange to conform to the real intention of the extra-judicial partition. The instrument intended to exchange [Lot Nos.] 6297 and 6270; specifically, to transfer Lot No. 6297 from the heirs of Adelo Maagad to plaintiff-appellant, and in turn, to effect the transfer of Lot No. 6270 from the latter to the former. But for reasons beyond the intervention of the parties, the Memorandum of Exchange reflected the same mistake, thus, no exchange of property was in reality effected.

We find, however, that notwithstanding the failure to effect the exchange of the properties, defendant-appellee's voluntary and active participation in the execution of the Memorandum of Exchange clearly demonstrated his recognition of the mistake in the instrument of partition. The intent to effect the exchange in order to correct the defect in the partition was strongly manifested when defendant-appellee voluntarily subscribed to the instrument. By his act, the latter is estopped from negating the existence of the mistake in the adjudication of the properties and of plaintiff-appellant's pre-existing rights over Lot No. 6297.

Hence, We find defendant-appellee's contention tenuous that Lot No. 6297 belonged to him and his siblings by way of inheritance from their father Adelo, who in turn obtained the same through the Extrajudicial Partition. It would be highly illogical and absurd for the parties to execute a Memorandum of Exchange in the first place if there was nothing to exchange at all, unless the purpose of said exchange was precisely to rectify and effect the correct adjudication of the two lots in question.[12] (emphasis added)

The parol evidence rule, [13] as relied on by the RTC to decide in favor of Lynn Maagad, proscribes any addition to or contradiction of the terms of a written agreement by testimony purporting to show that, at or before the signing of the document, other or different terms were orally agreed upon by the parties.[14] However, the rule is not absolute and admits of exceptions. Thus, among other grounds, a party may present evidence to modify, explain, or add to the terms of the written agreement if he puts in issue in his pleading a mistake in the written agreement. For the mistake to validly constitute an exception to the parol evidence rule, the following elements must concur: (1) the mistake should be of fact; (2) the mistake should be mutual or common to both parties to the instrument; and (3) the mistake should be alleged and proved by clear and convincing evidence.[15]

We find that all the elements are present in the case at bar and there was indeed a mistake in the terms of the Partition, thus exempting respondent Juanito from the general application of the parol evidence rule.

We agree with the CA that "[i]t would be highly illogical and absurd for the parties to execute a Memorandum of Exchange in the first place if there was nothing to exchange at all, unless the purpose of said exchange was precisely to rectify and effect the correct adjudication of the two lots in question." [16] The mere fact of execution of a Memorandum of Exchange itself indicates the existence of a mistake in the Partition which the parties sought to correct. The existence of such mistake is further cemented with statements in the Memorandum of Exchange, viz.:

x x x

2. That the ownership of the parties over the said properties [is] not absolute considering the fact that there was a mistake in designating the owner of the respective properties. x x x

3. That the parties herein in order to correct the foregoing error, do hereby covenanted and/or agreed to EXCHANGE THE SAID PROPERTIES x x x. [17] (emphases added)

The strongest evidence of mistake, however, is the admission by the petitioner himself. In his Petition for Review on Certiorari, petitioner admits that, because of mutual mistake, the Memorandum of Exchange failed to express the agreement of the parties to exchange the properties. Moreover, he quotes, and agrees with, the decision of the CA and even refers to the reformation of the original contract. Petitioner states:

In the case at bar, it became apparent that there was failure of the Memorandum of Exchange to disclose the real agreement of the parties brought about by the mutual mistakes of the parties as reflected in the said instrument (Article 1361, Civil Code of the Philipp[in]es). [18]

Thus[,] by reason of the mutual mistake which did not express the true intent and agreement of the parties from a prior oral agreement to exchange the property before they have attempted to reduce it in writing, which attempt fails by reason of such mistake, hence reformation enforces the original contract, if necessary.

As aptly quoted from the basic decision, p. 15, thus:

"Hence, WE find defendant-appellee's contention tenuous that Lot No. 6297 belonged to him and his siblings by way of inheritance from their father, Adelo, who in turn obtained the same through Extra-judicial Partition. It would be highly illogical and absurd for the parties to execute a Memorandum of Exchange in the first place if there was nothing to exchange at all, unless the purpose of said exchange was precisely to rectify and effect the correct adjudication of the two lots in question.

Indeed there was an attempt to rectify and effect the correct adjudication of the two lots in question. [19] (emphases added)

It is well-settled that a judicial admission conclusively binds the party making it. He cannot thereafter take a position contradictory to, or inconsistent with his pleadings. Acts or facts admitted do not require proof and cannot be contradicted unless it is shown that the admission was made through palpable mistake or that no such admission was made. [20] In the case at bar, there is no proof of such exceptional circumstances, nor were they even alleged or availed of by the petitioner.

Therefore, with the mistake in both the Partition and the Memorandum of Exchange duly shown and admitted, we agree with the CA that respondent Juanito Maagad has a superior right over Lot 6297 pursuant to the intended distribution of properties in the Partition.

We now proceed to the second and third issues of whether OCT No. P-3614 should be declared null and void; and corollarily, whether it can be reconveyed to respondent. The CA held that the certificate of title, having been issued pursuant to an invalid free patent, is null and void. Being null and void, it cannot be reconveyed as it produced no legal effect.

Again, we agree with the CA.

The pertinent provision of the Public Land Act,[21] as amended by Republic Act No. 6940,[22] explicitly states the requirements for a free patent to be issued, viz.:

Sec. 44. Any natural-born citizen of the Philippines who is not the owner of more than twelve (12) hectares and who, for at least thirty (30) years prior to the effectivity of this amendatory Act, has continuously occupied and cultivated, either by himself or through his predecessors-in-interest a tract or tracts of agricultural public lands subject to disposition, who shall have paid the real estate tax thereon while the same has not been occupied by any person shall be entitled, under the provisions of this Chapter, to have a free patent issued to him for such tract or tracts of such land not to exceed twelve (12) hectares.

The Order approving the free patent application of petitioner Lynn, representing the Heirs of Adelo Maagad, stated that "the applicant ha[d] already complied with all the requirements of the law for the issuance of patent to the land." [23] As clearly provided by Sec. 44 of the Public Land Act, the requirements include, among others, that: (1) the applicant has continuously occupied and cultivated, either by himself or through his predecessors-in-interest, the tract or tracts of agricultural public lands; (2) he shall have paid the real estate tax thereon; and (3) the land has not been occupied by any person.

A perusal of the records clearly shows, however, that petitioner is not entitled to apply for, much less be granted, a free patent over Lot 6297. When petitioner filed his free patent application on 15 October 1992, he claimed prior, actual, and continuous possession and cultivation of the lot. Yet such claim is belied by the letter, dated 6 January 1993, he subsequently sent to respondent demanding surrender of the possession of the property. The letter reads:

January 6, 1993

Mr. Juanito Maagad
Zone 8, Bulua,
Cagayan de Oro City

Dear Mr. Maagad,

Please be informed that the parcel of land, Lot No. 6297 which has been occupied by your children situated at Bulua, Cagayan de Oro City had been the same property adjudicated in favor of ADELO MAAGAD as per Extra-Judicial Partition of Real Estate executed by and between the Heirs of Proceso Maagad before Notary Public, Ricardo A. Tapia per Doc. No. 433, Page No. 88, Book No. IV, series of 1972.

In this connection, my client, Lynn V. Maagad, one of the Heirs of Adelo Maagad, desires to recover possession over the said Lot No. 6297. And, being close relatives it is hoped that you could peacefully turn-over possession over the said property to Lynn V. Maagad, without resorting to the costly avenue of litigation.

Anticipating your kind cooperation on the matter.

Very truly yours,

(SGD.) ELIZER C. FLORES

At my instance:

(SGD.) LYNN V. MAAGAD[24] (emphases added)

The letter proves that (1) petitioner Lynn was not in possession, much less occupation, of Lot 6297; and (2) he had knowledge that the same was occupied by another person, contrary to the claims he made when he applied for

the free patent. Moreover, the records show that it was, in fact, respondent who had possessed, occupied and cultivated Lot 6297 by planting coconut trees thereon since around 1950.

Petitioner also claims that he had been religiously paying the realty taxes due Lot 6297 presenting, as evidence, Tax Declaration No. 9365-140001 in the name of the Heirs of Adelo Maagad[25] and an Official Receipt.[26] The claim is again belied by a perusal of the evidence. The tax declaration and official receipt were issued only on 15 September 1993 and 8 October 1993, respectively, both after the land title to the subject property had already been issued on 10 August 1993. In fact, the tax declaration notes that it was transferred by virtue of such land title. The records again show that it was respondent Juanito who had been paying the realty taxes.

In view of the foregoing, we hold that petitioner Lynn Maagad committed fraud and gross misrepresentation in his free patent application. Actual or positive fraud proceeds from an intentional deception practiced by means of misrepresentation of material facts,[27] which in this case was the conscious misrepresentation by petitioner that he was a fully qualified applicant possessing all the requirements provided by law. Moreover, failure and intentional omission of the petitioner-applicant to disclose the fact of actual physical possession by the respondent constitutes an allegation of actual fraud. It is likewise fraud to knowingly omit or conceal a fact, upon which benefit is obtained to the prejudice of a third person.[28]

Petitioner Lynn Maagad was never qualified to apply for a free patent. Hence, the free patent granted on the bases of fraud and misrepresentation is null and void. Consequently, OCT No. P-3614 issued pursuant thereto is likewise null and void. Being such, it cannot be reconveyed. Quod nullum est, nullum producit effectum. That which is a nullity produces no effect.

IN VIEW WHEREOF, the instant petition for review on certiorari is DENIED. The assailed 7 February 2006 Decision of the Court of Appeals in CA-G.R. CV No. 56663 is AFFIRMED.

Costs against petitioner.

SO ORDERED.

Carpio, Corona, Leonardo-De Castro, and Bersamin, JJ., concur.

[1] Under Rule 45 of the Revised Rules of Court.

[2] Promulgated on 7 February 2006; penned by Associate Justice Rodrigo F. Lim, Jr., with the concurrence of Associate Justices Teresita Dy-Liacco Flores and Ramon R. Garcia, Twenty-First Division; rollo, pp. 18-40.

[3] Promulgated on 6 March 1997; CA rollo, pp. 46-53.

[4] Records, p. 32.

[5] Id. at 113; TSN, 15 November 1995, p.9.

[6] Exhibit "N," index of exhibits, pp. 22-27.

[7] Also forms part of Proceso Maagad's estate, with an area of one thousand, nine hundred ten square meters (1,910 sq. m.).

[8] Exhibit "L," index of exhibits, p. 19.

[9] Exhibit "F," id. at 9-10.

[10] CA rollo, pp. 51-53.

[11] Rollo, p. 40.

[12] Id. at 30-32.

[13] REVISED RULES ON EVIDENCE, Rule 130, Section 9.

SEC. 9. Evidence of written agreements. -- When the terms of an agreement have been reduced to writing, it is considered as containing all the terms agreed upon and there can be, between the parties and their successors-in-interest, no evidence of such terms other than the contents of the written agreement.

However, a party may present evidence to modify, explain or add to the terms of the written agreement if he puts in issue in his pleading:

- (a) An intrinsic ambiguity, mistake or imperfection in the written agreement;
- (b) The failure of the written agreement to express the true intent and agreement of the parties thereto;
- (c) The validity of the written agreement; or
- (d) The existence of other terms agreed to by the parties or their successors-in-interest after the execution of the written agreement.

The terms "agreement" includes wills. (7a)

[14] *Amoncio v. Benedicto*, G.R. No. 171707, 28 July 2008, 560 SCRA 219.

[15] *Bank of the Philippine Islands v. Fidelity & Surety Co.*, 51 Phil. 57 (1927).

[16] Rollo, p. 32.

[17] Exhibit "L," index of exhibits, p. 19;

The Memorandum of Exchange failed to rectify the mistake in the Partition because of another mistake. In this instance, there was an error in the identification of the "Party of the First Part" and the "Party of the Second Part" such that the erroneous distribution of Lot Nos. 6297 and 6270 in the Partition was reflected in the Memorandum.

This comedy of errors where a mistake exists in two written agreements, with the latter agreement executed to correct the former, deserves further discussion. While it is true that the natural presumption is that one always acts with due care and signs with full knowledge of all the contents of a document for which he cannot repudiate the transaction (*Tan Tua Sia v. Yu Biao Sontua*, 56 Phil. 707 [1932]), the presumption does not apply when the contract is in a language not understood by one of the parties. The pertinent provision of the Civil Code reads:

Art. 1332. When one of the parties is unable to read, or if the contract is in a language not understood by him, and mistake or fraud is alleged, the person enforcing the contract must show that the terms thereof have been fully explained to the former. (n)

Teodora Maagad, wife of respondent and witness to the execution of the Memorandum of Exchange, testified that the Memorandum was in English and was not translated to Visayan dialect (TSN, 15 November 1995, p. 54) which is the language used and fully understood by the respondent. She also stated that the content of the Memorandum was read aloud to the parties by the son of the lawyer who prepared the document. Her husband, hard of hearing, just signed it (TSN, 15 November 1995, p. 46). Courts are given a wide latitude in weighing the facts or circumstances in a given case and in deciding in favor of what they believe actually occurred, considering the age, physical infirmity, intelligence, relationship and the conduct of the parties at the time of making the contract and subsequent thereto (*Leonardo v. Court of Appeals*, G.R. No. 125485, 13 September 2004, 438 SCRA 201). We consider the advanced age of the respondent, his hearing defect, his unfamiliarity with the English language used in the Memorandum, and the fact that he was executing it among his relatives as sufficient reasons

to grant him some leniency for failing to detect yet another mistake in a written agreement he has signed.

[18] Art. 1361. When a mutual mistake of the parties causes the failure of the instrument to disclose their real agreement, said instrument may be reformed.

[19] Rollo, pp. 14-15.

[20] *St. Mary's Farm, Inc. v. Prima Real Properties, Inc.*, G.R. No. 158144, 31 July 2008, 560 SCRA 704.

[21] Commonwealth Act No. 141.

[22] An Act Granting a Period Ending on December 31, 2000 for Filing Applications for Free Patent and Judicial Confirmation of Imperfect Title to Alienable and Disposable Lands of the Public Domain Under Chapters VII and VIII of the Public Land Act (CA 141, as amended).

[23] Exhibit "E," index of exhibits, p. 8.

[24] Exhibit "H," *id.* at 13.

[25] Exhibit "B," *id.* at 4.

[26] *Id.* at 5.

[27] *Gasataya v. Mabasa*, G. R. No. 148147, 16 February 2007, 516 SCRA 105.

[28] *Heirs of Manuel A. Roxas v. Court of Appeals*, G. R. No. 118436, 21 March 1997, 270 SCRA 309.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.