

REPUBLIC OF THE PHILIPPINES, PETITIONER, VS. IMPERIAL CREDIT CORPORATION, RESPONDENT.

G.R. No. 173088. June 25, 2008

Ponente: TINGA, J.

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TINGA, J.:

This is a petition for review on Certiorari[1] under Rule 45 of the 1997 Rules of Court, assailing the Decision[2] of the Court of Appeals in CA-G.R. CV No. 78240. The said decision affirmed the Decision[3] of the Regional Trial Court (RTC) of Antipolo City, Branch 74, which granted respondent's application for land registration in LRC Case No. 00-2493.

The following factual antecedents are matters of record.

Herein respondent Imperial Credit Corporation is a corporation duly organized and existing under the laws of the Philippines. On 07 March 1966, respondent purchased from a certain Jose Tajon a parcel of land situated in Barrio Colaique (now Barangay San Roque), Antipolo City, Rizal for the sum of P17,986.00 as evidenced by a Deed of Sale with Mortgage.[4] In December 1997, through judicial consignment, respondent paid the remaining balance of P1,909.00, caused the release of the mortgage constituted thereon and consolidated ownership in its name.[5] The property was thereafter privately surveyed under PSU-178075 and approved on 25 January 2000.[6]

On 14 February 2000, respondent filed before the RTC of Antipolo City a petition[7] for the registration of a parcel of land, as shown on Plan PSU-178075 containing an area of 8, 993 sq.m. The application was docketed as LRC Case No. 00-2493 and raffled off to Branch 74 of said RTC. The petition alleged, among others, that respondent was "subrogated [to] former owner Jose Tajon, who has been in open, continuous, exclusive and notorious possession and occupation of the parcel of land, x x x being a part of the alienable and disposable lands of the public domain, under a bona fide claim of ownership since 12 June 1945, by virtue of Deed of Sale with Mortgage executed on 07 March 1966,"[8] After allowing respondent presented evidence establishing the jurisdictional facts, the RTC issued an order of general default against the whole world and directed respondent to present its evidence in chief ex parte.[9]

At the hearing, Ricardo Santos, respondent's duly authorized attorney-in-fact, testified on the fact of respondent's actual possession through its caretaker, Teodisia Palapus, who had been overseeing said property since its acquisition from Jose Tajon. Palapus also corroborated Santos' testimony and added that except for some trespassers, no one else had laid possessory claim on the property.[10]

Aside from the transfer documents, the other documentary evidence submitted consisted of a 1993 tax declaration, a tracing cloth plan, a survey description, a certification from the Land Management Sector in lieu of the geodetic engineer's certificate and a report by the Community Environment and Natural Resources Office (CENRO) stating that the property falls within the alienable and disposable zone "under Land Classification Project No. 1-A Blk-1 per L.C. Map No. 639 certified released on March 11, 1927." [11]

On 21 November 2002, the RTC rendered judgment granting respondent's application for registration. The dispositive portion of the Decision reads:

WHEREFORE, from the evidence presented both testimonial and documentary, the Court is satisfied that the applicant has a registerable title over the parcel of land applied for and after affirming the order of general default against the whole world, hereby adjudicates the parcel of land more specifically identified in Plan Psu 178075 containing an area of [EIGHT] THOUSAND NINE HUNDRED NINETY THREE (8,993) SQUARE METERS in favor of the applicant IMPERIAL CREDIT CORPORATION with business address at Unit 3-C-2, JMT Corporate Condominium, ADB Ave., Ortigas Center, Pasig City, Metro Manila.

Once this decision becomes final, let an Order issue directing the Administrator of the Land Registration Authority, Quezon City, to issue the corresponding Decree of Registration.

SO ORDERED.[12]

Petitioner Republic of the Philippines, through the Office of the Solicitor General (OSG), seasonably appealed from the RTC's Decision to the Court of Appeals, contending that respondent failed to present incontrovertible evidence that respondent and its predecessor-in-interest had been in open continuous, exclusive and notorious possession and occupation of the property since 12 June 1945 or earlier.[13]

On 02 June 2006, the Court of Appeals rendered a decision dismissing the appeal. Hence, the instant petition, assigning a lone error, to wit:

THE COURT OF APPEALS ERRED IN AFFIRMING THE RTC DECISION WHICH GRANTED RESPONDENT'S APPLICATION FOR ORIGINAL REGISTRATION OF TITLE, HOLDING AS BASIS THEREOF PARAGRAPHS (2) AND (4) OF SECTION 14 OF PD 1529 ("THE PROPERTY REGISTRATION DECREE").[14]

In affirming the registration of the property under the Torrens system, the Court of Appeals essentially held that through extraordinary acquisitive prescription, respondent obtained title to the property and, therefore, was qualified to register the same under paragraphs (2) and (4) of Section 14,[15] of Presidential Decree (P.D.) No. 1529.[16]

Petitioner argues that contrary to the ruling of the Court of Appeals, respondent's application for registration was actually based on paragraph (1) of Section 14, P.D. No. 1529,[17] the conditions under which have not been sufficiently established by respondent's evidence. Although petitioner concedes that respondent was able to show that the land applied for has been reclassified as alienable public agricultural land from forest or timber land, respondent's evidence failed to satisfy the requirement under paragraph (1) of Section 14, P.D. No. 1529, that is, that it must have been in possession and occupation of the property for the length of time and in the manner required by law.

The petition is meritorious.

There is no dispute that respondent's petition for registration was based on paragraph (1) of Section 14, P.D. No. 1529,[18] as can be gleaned from the contents of its petition.[19] As a matter of fact, the RTC's decision concluded that respondent's evidence satisfied all the conditions under the said provision.[20]

Section 14, paragraph (1) of P.D. No. 1529 states:

SEC. 14. Who may apply. - The following persons may file in the proper Court of First Instance [now Regional Trial Court] 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.

It is doctrinally settled that a person who seeks confirmation of an imperfect or incomplete title to a piece of land on the basis of possession by himself and his predecessors-in-interest shoulders the burden of proving by clear and convincing evidence compliance with the requirements of Section 48 (b) of Commonwealth Act No. 141, as amended.[21] Accordingly, applicants for confirmation and registration of imperfect title must prove: (a) that the land forms part of the alienable lands of the public domain; and (b) that they have been in open, continuous, exclusive, and notorious possession and occupation of the alienable and disposable land of the public domain, under a bona fide claim of acquisition or ownership, since 12 June 1945.[22]

The date "12 June 1945" under the aforequoted provision is a reiteration of Section 4[23] of P.D. No. 1073,[24] which, in turn, amended Section 48 (b)[25] of the Public Land Act.[26] The reckoning date under the Public Land Act, as amended, for the acquisition of ownership of public lands is likewise 12 June 1945 or earlier, and evidence of possession from that date or earlier is essential for a grant of an application for judicial confirmation of imperfect title.[27]

Respondent's evidence based on the CENRO certification conclusively proved that the property sought to be registered had been released into the alienable and disposable zone of the public domain as early as 1927. Thus, there is no longer any question that the property may be registered under the Torrens system. However, a perusal of the records leads the Court to reverse the RTC's conclusion that respondent's predecessor-in-interest possessed and occupied the property as early as 12 June 1945. Respondent was able to trace back its alleged possession and occupation of the property only as far back as 1966 when it acquired the same from Jose Tajon. Other than the bare allegation in the petition, respondent's evidence failed to show that Jose Tajon, respondent's predecessor-in-interest, had occupied the property on 12 June 1945 or earlier.

The CENRO certification does not help respondent's cause. In *Republic v. San Lorenzo Development Corporation*,[28] the Court held that all the CENRO certification evidences is the alienability of the land involved, not the open, continuous, exclusive and notorious possession and occupation thereof by the respondent or its predecessors-in-interest for the period prescribed by law.

Moreover, respondent's evidence on its alleged open, continuous, exclusive and notorious possession and occupation of the property falls short of the requirements under the law. Possession is open when it is patent, visible, apparent, notorious and not clandestine. It is continuous when uninterrupted, unbroken and not intermittent or occasional; exclusive when the adverse possessor can show exclusive dominion over the land and an appropriation of it to his own use and benefit; and notorious when it is so conspicuous that it is generally known and talked off by the public or the people in the neighborhood. Use of land is adverse when it is open and notorious.[29]

The openness and notoriety of respondent's occupation could have been persuasively established by the owners of the lands adjacent to the subject property. Although the petition stated and identified these neighbors, not even one of them was presented as a witness. Only the respondent's caretaker and its attorney-in-fact testified on respondent's possession. But said possession started only after respondent acquired the property.

The tax declaration submitted in evidence could have clearly manifested respondent's adverse claim on the property. While a tax declaration by itself is not sufficient to prove ownership, it may serve as sufficient basis for inferring possession.[30] After all, the voluntary declaration of a piece of property for taxation purposes manifests not only one's sincere and honest desire to obtain title to the property and announces his adverse claim against the

State and all other interested parties, but also the intention to contribute needed revenues to the Government. Such an act strengthens one's bona fide claim of acquisition of ownership.[31] However, respondent submitted only one tax declaration filed belatedly in the year 1993. If respondent genuinely and consistently believed its claim of ownership, it should have regularly complied with its real estate tax obligations from the start of its alleged occupation.

All told, respondent failed to discharge the burden of proving that respondent or its predecessor-in-interest had occupied and possessed the property in an open, continuous, exclusive and notorious manner since 12 June 1945 or earlier. While it is true that the issue of possession and occupation is a question of fact which ordinarily cannot be entertained in a Rule 45 petition, one of the exceptions to the rule obtains in the instant case, that is, the evidence on record does not support the conclusion made by the RTC. Besides, on many occasions where warranted by the circumstances of the case, the Court has not hesitated to review the findings and reverse the conclusions of the trial courts and appellate court approving the registration of lands.[32]

Now, if respondent does not qualify for registration under paragraph (1) of Section 14, P.D. No. 1529, may it still qualify under paragraphs (2) and (4) of Section 14, P.D. No. 1529? The Court of Appeals' answer is in the affirmative, premised on its finding that the property is private which may be acquired through extraordinary prescription. It held that since respondent has been in possession of the property in the concept of an owner since 1966, it acquired ownership thereof after the lapse of thirty years and, therefore, qualified for registration under paragraph (2) of Section 14, P.D. No. 1529.

Paragraph (2) of Section 14, P.D. No. 1529[33] is inapplicable because the property sought to be registered has not been clearly shown to be a private land. For a piece of land to be qualified for registration under paragraph (2) of Section 14, P.D. No. 1529, the applicant must conclusively prove that the land is private and not part of the public domain. Otherwise, if the land is part of the disposable zone of the public domain, as in the instant case, the applicant must prove that he has complied with the conditions under paragraph (1) of Section 14, P.D. No. 1529.[34] This is premised on the basic doctrine that all lands not otherwise appearing to be clearly within private ownership are presumed to belong to the State.[35]

Of course, it is possible that a piece of land may be segregated from the mass of public land and, therefore, converted into a private land under the laws of prescription. Ordinary acquisitive prescription requires possession in good faith and with just title for ten (10) years. In extraordinary prescription ownership and other real rights over immovable property are acquired through uninterrupted adverse possession thereof for thirty (30) years without need of title or of good faith.[36] With such conversion, such property may now fall within the contemplation of "private lands" under Section 14 (2), and thus susceptible to registration by those who have acquired ownership through prescription.[37] However, as already explained above, respondent failed to present sufficient evidence to prove its uninterrupted adverse possession of the property for thirty years. Neither has it been established that respondent's predecessor-in-interest possessed the property for the length of time required for prescription to set in.

Respondent may neither apply for registration under paragraph (4) of Section 14, P.D. No. 1529.[38] Said provision contemplates registration of lands acquired through modes other than those specifically enumerated under Section 14, P.D. No. 1529. Respondent acquired an alienable and disposable land of the public domain, thus, its application for registration must comply with the requisites under paragraph (1) and not paragraph (4) of Section 14.

WHEREFORE, the instant petition for review on certiorari is GRANTED and the decision of the Court of Appeals in CA-G.R. CV No. 78240 is REVERSED and SET ASIDE. The petition in LRC Case No. 00-2493 of

the Regional Trial Court, Branch 74, Antipolo City is hereby DISMISSED.

SO ORDERED.

Quisumbing (Chairperson), Reyes, Leonardo-De Castro, and Brion, JJ., concur.

[1] Rollo, pp. 8-37.

[2] Id. at 40-51; dated 02 June 2006 and penned by J. Lucenito N. Tagle and concurred in by JJ. Rodrigo V. Cosico, Chairman of the Seventh Division and Regalado E. Maambong.

[3] Id. at 52-55; dated 21 November 2002.

[4] Records, pp. 9-11.

[5] Id. at 58-63.

[6] Rollo, p. 42.

[7] Id. at 56-61.

[8] Id. at 57.

[9] Records, p. 152.

[10] Rollo, pp. 53-54.

[11] Id. at 52-53.

[12] Rollo, pp. 54-55.

[13] Id. at 43.

[14] Id. at 15.

[15] Presidential Decree No. 1529 (1978), 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 ownership since June 12, 1945, or earlier.

(2) Those who have acquired ownership of private lands by prescription under the provisions of existing laws.

(3) Those who have acquired ownership of private lands or abandoned river beds by right of accession or accretion under the existing laws.

(4) Those who have acquired ownership of land in any other manner provided for by law.

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[16] Entitled "AMENDING AND CODIFYING THE LAWS RELATIVE TO REGISTRATION OF PROPERTY AND FOR OTHER PURPOSES"; Effective upon approval on 11 June 1978.

[17] Supra.

[18] *Supra*.

[19] Rollo, p. 57.

[20] *Id.* at 54.

[21] *Reyes v. Republic*, G.R. No. 141924, 23 January 2007, 512 SCRA 217, 220.

[22] *Id.*

[23] SEC. 4. The provisions of Section 48 (b) and Section 48 (c), Chapter VIII, of the Public Land Act are hereby amended in the sense that these provisions shall apply only to alienable and disposable lands of the public domain which have been in open, continuous, exclusive and notorious possession and occupation by the applicant himself or through his predecessor-in-interest, under a bona fide claim of acquisition of ownership, since June 12, 1945.

[24] Entitled "Extending the Period of Filing Applications for Administrative Legalization (Free Patent) and Judicial Confirmation of Imperfect and Incomplete Titles to Alienable and Disposable lands of the Public Domain under Chapter VII and VIII of Commonwealth Act No. 141 as Amended. For Eleven (11) Years commencing January 1, 1977; Effective 25 January 1977.

[25] Commonwealth Act No. 141 (1936), Sec 48 (b), as amended by R.A. No. 1942 states: The following described citizens of the Philippines, occupying lands of the public domain or claiming to own any such lands or all 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 therefore, under the Land Registration Act, to wit; . . .

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(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 domain, under a bona fide claim of acquisition of ownership, for at least thirty years 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.

[26] See *Republic v. Kalaw*, G.R. No. 155138, 08 June 2004, 431 SCRA 401; and *Republic of the Philippines v. Doldol*, 356 Phil. 671 (1998).

[27] *Republic v. San Lorenzo Development Corporation*, G.R. No. 170724, 29 January 2007, 513 SCRA 294, 301, citing *Republic v. Manna Properties, Inc.*, 450 SCRA 247 (2005).

[28] *Supra*.

[29] *Director of Lands v. Intermediate Appellate Court*, G.R. No. 68946, 22 May 1992, 209 SCRA 214, 224.

[30] *Republic v. Manna Properties, Inc.*, G.R. No. 146527, 31 January 2005, 450 SCRA 247, 260.

[31] *Director of Lands v. Intermediate Appellate Court*, *supra* note 28.

[32] See *Republic v. San Lorenzo Development Corporation*, G.R. No. 170724, 29 January 2007, 513 SCRA 294; *Republic v. Carrasco*, G.R. No. 143491, 06 December 2006, 510 SCRA 150; *Republic v. Enciso*, G.R. No. 160145, 11 November 2005, 474 SCRA 700; *Republic v. Manna Properties, Inc.*, G.R. No. 146527, 31 January 2005, 450 SCRA 247; *Republic v. Kalaw*, G.R. No. 155138, 08 June 2004, 431 SCRA 401; *The Director of Lands Management Bureau v. Court of Appeals*, 381 Phil. 761 (2000); *Director of Lands v. Intermediate Appellate Court*, G.R. No. 68946, 22 May 1992, 209 SCRA 214.

[33] Sec. 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:

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(2) Those who have acquired ownership of private lands by prescription under the provisions of existing laws.

[34] See Republic v. Carrasco, G.R. No. 143491, 06 December 2006, 510 SCRA 150.

[35] Republic v. Manna Properties, Inc., supra note 29.

[36] Dr. Gesmundo v. Court of Appeals, 378 Phil. 1099, 1107 (1999).

[37] Republic v. Court of Appeals, G.R. No. 144057, 17 January 2005, 448 SCRA 442, 453.

[38] 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:

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(4) Those who have acquired ownership of land in any other manner provided for by law.

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