

AURELIO PADILLO, PETITIONER, V. ROLLY VILLANUEVA AND JOSEPH DIOPENES, RESPONDENTS.

G.R. No. 209661. October 03, 2018

Ponente: LEONEN, J.

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LEONEN, J.:

This Petition for Review on Certiorari[1] assails the Court of Appeals September 30, 2013 Decision[2] in CA-G.R. SP No. 05797, which reversed the June 23, 2010 Decision[3] and February 10, 2011 Resolution[4] of the Department of Agrarian Reform Adjudication Board, and reinstated the March 15, 2007 Decision[5] of the Provincial Agrarian Reform Adjudicator denying the cancellation of the Certificates of Land Ownership Award over the subject lots.

Perfecto Vales (Vales) owned a parcel of land in Barangay Dela Paz, Banate, Iloilo, which was placed under the Comprehensive Agrarian Reform Program. Portions of the land were awarded to three (3) people: (1) Rodrigo Boso, Lot No. 579-D; (2) Joseph Diopenes (Diopenes), Lot No. 577-B; and (3) Rolly Villanueva (Villanueva), Lot No. 7. On September 28, 1998, Transfer Certificates of Title or Certificates of Land Ownership Award were issued to Diopenes (TCT No. CT-7914/CLOA No. 00033986) and Villanueva (TCT No. CT-7915/CLOA No. 33987).[6]

Four (4) years after, Aurelio Padillo (Padillo) filed before the Agrarian Reform Regional Office No. 6 a Petition for Inclusion as Farmer-Beneficiary[7] over Lot Nos. 579-D, 577-B, and 7.[8] He stated that in 1985, Vales allowed him to occupy a portion of his land with an area of 23,000 square meters.[9] He applied as farmer-beneficiary when Vales' property was placed under the Comprehensive Agrarian Reform Program, and was awarded an area of 1,003 square meters, allegedly less than the portion he actually occupied.[10] Moreover, some portions he occupied were erroneously awarded to Diopenes and Villanueva.[11]

Diopenes and Villanueva opposed the Petition.[12]

In his September 30, 2003 Order,[13] Regional Director Alexis M. Arsenal (Regional Director Arsenal) of the Agrarian Reform Regional Office No. 6 declared Padillo a qualified beneficiary of Villanueva's portion.[14] The dispositive portion of this Order reads:

WHEREFORE, premises considered, ORDER is hereby issued:

- Declaring Aurelio Padillo as qualified beneficiary over Lot No. 7, specifically Lot 7-A with an area of 263 sq. m. and Lot 7-B with an area of 388 sq. m. or a total of 651 square meters, (reflected in the Sketch) located at Brgy. De la Paz, Banate, Iloilo.

Consequently, Certificate of Land Ownership Award (CLOA) shall be generated in his favor;

- Denying the petition for inclusion as beneficiary over Lot 577-B and Lot 579-D for lack of merit; and
- Directing the Provincial Agrarian Reform Officer (PARO) and the Municipal Agrarian Reform Officer (MARO)

concerned to strictly implement this Order.

SO ORDERED.[15]

On Padillo's Petition for Reconsideration,[16] Regional Director Arsenal in his February 24, 2004 Order[17] declared that Padillo was also a qualified beneficiary of Diopenes's portion. He ordered the Iloilo Provincial Agrarian Reform Officer and the Banate, Iloilo Municipal Agrarian Reform Officer to facilitate the cancellation or amendment of the concerned Certificates of Land Ownership Award to effect the inclusion of Padillo.[18] The dispositive portion of this Order read:

WHEREFORE, premises considered, ORDER is hereby issued: AMENDING/MODIFYING the assailed Order dated September 30, 2003, as follows:

1. GRANTING the inclusion of the herein petitioner (Aurelio P. Padillo) as beneficiary of Lots 577-B (also known as Lot 578) and 579 with an aggregate area of 2.3000 hectares, [m]ore or less, located at Brgy. De La Paz, Banate, Iloilo;
2. DIRECTING and ENJOINING the Provincial Agrarian Reform Officer (PARO), DARPO-Iloilo[,] and the Municipal Agrarian Reform Officer (MARO) DARMO Banate, Iloilo to facilitate the cancellation/amendment or administrative correction of CLOA Nos. 00033994, 00033988, and/or 00033989, respectively, before the DAR Adjudication Board [(DARAB) based in Iloilo City, and to effect the inclusion of the petitioner herein;
3. DIRECTING the Chief Legal Assistance Division, DARPO-Iloilo to assist the PARO, DARPO-Iloilo in the filing of an appropriate action before the DARAB, to effect the implementation of this Order;
4. DIRECTING FURTHER the MARO, DARMO, Banate, Iloilo, to transfer farmer-beneficiary Rolly Villanueva to another area or portion of the subject landholding with comparable or similar features;
5. Any provision of the previous Order inconsistent herewith is hereby amended, modified, or rectified accordingly.

SO ORDERED.[19]

Aggrieved, Diopenes and Villanueva on March 15, 2004 filed a Notice of Appeal,[20] to which Padillo filed a Motion[21] to dismiss it, arguing that the February 24, 2004 Order was final and executory.[22]

In his December 10, 2004 Resolution,[23] Regional Director Arsenal denied Diopenes and Villanueva's Appeal, and declared the February 24, 2004 Order final and executory.[24] A Writ of Execution[25] was issued on March 10, 2005.

On Padillo's Motion for Correction, Regional Director Arsenal issued a Supplemental Order[26] on May 31, 2005 to correct the February 24, 2004 Order's dispositive portion:

WHEREFORE, premises considered, Order is hereby issued:

- GRANTING the inclusion of the herein petitioner (Aurelio P. Padilla) as beneficiary of Lot No. 577-B (CLOA No. 00033986, TCT No. CT- 7914) with an area of 2,849 square meters, in the name of Joseph T. Diopenes; Lot No. 7 (CLOA No. 00033987, TCT No. CT-7915[]), in the name of Rolly Villanueva, with an area of 9,615 square meters, more or less; Lot No. 579 (CLOA No. 00033988, TCT No. CT-7916, in the name of Rodrigo T. Boso, [et] al., with an area of 16,947 square meters, more or less, or 2.9410 hectares, all in all, located at Barangay De La Paz, Banate, Iloilo;
- DIRECTING and ENJOINING the Provincial Agrarian Reform Officer (PARO), DLR-PO, Iloilo and the Municipal Agrarian Reform Officer (DLR-MO), to cause and facilitate the cancellation/amendment or

administrative correction of the aforesaid TCT, CLOAs before the DAR (now DLR) Adjudication Board (DARAB) based in Iloilo City, and to effect the inclusion of the petitioner, as farmer-beneficiary under the Comprehensive Agrarian Reform Program pursuant to R.A. 6657 of 1988;

- DIRECTING the Chief, Legal Assistance Division, DLR-PO, Iloilo or the counsel of herein petitioner-appellee in the filing of an appropriate action before the DARAB based in La Paz, Iloilo City, to effect the implementation of this Order;

- DIRECTING FURTHER the MARO, DLR-MO, Banate, Iloilo, to transfer farmer-beneficiary Rolly Villanueva to another area or portion of the subject landholding with comparable or similar features, if warranted;

- Any provision of the previous Order inconsistent herewith [is] hereby amended, modified, or rectified accordingly.

SO ORDERED.[27]

On May 8, 2006, Padillo filed before the Provincial Agrarian Reform Adjudicator of Iloilo a Petition for Cancellation of Certificate of Land Ownership Award[28] against Diopenes and Villanueva.

In their Answer, Diopenes and Villanueva claimed that Padillo was not a qualified beneficiary. They alleged, among others, that he was a mere intruder as Vales never allowed him to plant on his land.[29]

On March 15, 2007, the Provincial Agrarian Reform Adjudicator dismissed the Petition for Cancellation of Certificate Award of Land Ownership for lack of merit.[30]

On Appeal, the Department of Agrarian Reform Adjudication Board ordered the cancellation of the Transfer Certificates of Title and Certificates of Land Ownership Award issued to Diopenes and Villanueva. It ruled that Regional Director Arsenal had jurisdiction to order Padillo's inclusion as farmer-beneficiary.[31]

Diopenes and Villanueva moved for reconsideration, but their motion was denied in the February 10, 2011 Resolution[32] of the Department of Agrarian Reform Adjudication Board. Thus, they filed a Petition for Review before the Court of Appeals.

In its September 30, 2013 Decision,[33] the Court of Appeals reversed and set aside the June 23, 2010 Decision and February 10, 2011 Resolution of the Department of Agrarian Reform Adjudication Board, and reinstated the March 15, 2007 Decision of the Provincial Agrarian Reform Adjudicator. It ruled that the cancellation of the Transfer Certificates of Title or Certificates of Land Ownership Award was not proper.[34] When Padillo filed the Petition for Inclusion, four (4) years had lapsed since the Transfer Certificates of Title or Certificates of Land Ownership Award were issued to Diopenes and Villanueva,[35] which meant that their titles were indefeasible and incontrovertible.[36]

Thus, Padillo filed before this Court a Petition for Review on Certiorari.[37] He argues that a certificate of land ownership award, a creation of Republic Act No. 6657, or the Comprehensive Agrarian Reform Law of 1988, may be a corrected administratively.[38] Canceling it "will not [deprive] respondents['] rights as farmer-beneficiaries"[39] since the law mandates the "more equitable distribution and ownership of land." [40]

In their Comment,[41] respondents Villanueva and Diopenes argue that the Transfer Certificates of Title issued in their names enjoy the same protection given to other transfer certificates of title.[42] Invoking the rulings in *Lonoy v. City of Iloilo*[43] and in *Estrillo v. Department of Agrarian Reform*,[44] they state that "the certificate of title becomes indefeasible and incontrovertible upon the expiration of one (1) year from the date of the issuance of the order for issuance of the patent." [45] They further argue that Regional Director Arsenal grossly erred in

entertaining the Petition for Inclusion, which was filed four (4) years after the Certificates of Title were issued in respondents' names, and that his Orders regarding the Petition for Inclusion are void.[46]

In his Reply,[47] petitioner notes that the Department of Agrarian Reform Adjudication Board has granted the cancellation of the Certificates of Land Ownership Award issued in favor of respondents. It found that Regional Director Arsenal's Order to include petitioner as farmer-beneficiary in the disputed land had already attained finality. Thus, if his Petition for Cancellation is denied, the judgment, which had attained finality, would be rendered nugatory.[48]

Moreover, petitioner argues that the cancellation, amendment, or administrative correction of the Certificates of Land Ownership Award to include petitioner as farmer-beneficiary is not an "impairment of the indefeasibility of the [Certificates of Land Ownership Award] issued to the respondents." [49]

The issue for this Court's resolution is whether or not the Department of Agrarian Reform may cancel the registered Certificates of Land Ownership Award or Transfer Certificates of Title four (4) years after their issuance.

The Petition is denied.

A certificate of land ownership award is evidence of the award of a public land by the Department of Agrarian Reform to the beneficiary under Republic Act No. 6657.[50] Upon its registration, the subject land is placed under the operation of the Torrens system.[51]

Well-settled is the rule that certificates of title emanating from the grant of public land in an administrative proceeding enjoy the same protection as those issued in registration proceedings. This Court affirms the Court of Appeals in ruling that "a certificate of land ownership award becomes indefeasible and incontrovertible upon the expiration of one year from the date of registration with the Office of the Registry of Deeds." [52]

In *Lahora, et al. v. Dayanghirang, Jr., et. al.*, [53] this Court held:

The rule in this jurisdiction, regarding public land patents and the character of the certificate of title that may be issued by virtue thereof, is that where land is granted by the government to a private individual, the corresponding patent therefor is recorded, and the certificate of title is issued to the grantee; thereafter, the land is automatically brought within the operation of the Land Registration Act, the title issued to the grantee becoming entitled to all the safeguards provided in Section 38 of the said Act. In other words, upon expiration of one year from its issuance, the certificate of title shall become irrevocable and indefeasible like a certificate issued in a registration proceeding.[54]

This was reiterated in *Estrillo v. Department of Agrarian Reform*, [55] where this Court declared that the emancipation patents or certificates of land ownership award under Republic Act No. 6657 are "in themselves, entitled to be as indefeasible as certificates of title issued in registration proceedings." [56]

However, the Court of Appeals erred in its Decision to reinstate the March 15, 2007 Decision of the Provincial Agrarian Reform Adjudicator. Regional Director Arsenal acted without jurisdiction in rendering his September 30, 2003 Order. Thus, all subsequent proceedings are void for lack of jurisdiction.

Similar to a certificate of title issued in registration proceedings, the registration of a certificate of land ownership award places the subject land under the operation of the Torrens system.[57] Once under the Torrens system, a certificate of land ownership award or certificate of title issued may only be attacked through a direct proceeding before the court.

Under Section 48 of Presidential Decree No. 1529, or the Property Registration Decree:

SECTION 48. Certificate Not Subject to Collateral Attack. - A certificate of title shall not be subject to collateral attack. It cannot be altered, modified, or cancelled except in a direct proceeding in accordance with law.

An attack is collateral when "it incidentally questions the validity of the transfer certificate of title in an action seeking a different relief." [58] A direct attack is an action that annuls the title itself. [59]

In *De Pedro v. Romasan Development Corporation*, [60] this Court explained:

An action for annulment of certificate of title is a direct attack on the title because it challenges the judgment decree of title.

In *Goco v. Court of Appeals*, this court said that "[a]n action for annulment of certificates of title to property [goes] into the issue of ownership of the land covered by a Torrens title and the relief generally prayed for by the plaintiff is to be declared as the land's true owner." [61] (Citations omitted)

Thus, under Section 48 of Presidential Decree No. 1529, a registered certificate of land ownership award may be altered, modified, or canceled only through an action for annulment of the certificate itself.

Under *Batas Pambansa Blg. 129*, or the *Judiciary Reorganization Act of 1980*, an action for annulment of a registered certificate of land ownership award, like the annulment of a certificate of title, involves title to or possession of real property or any interest therein. This falls under the exclusive original jurisdiction of either the *Regional Trial Court* [62] or the *Municipal Trial Court*, [63] depending on the assessed value.

In this case, the lots were already covered by *Certificates of Land Ownership Award* registered with the *Registry of Deeds*, with *Transfer Certificates of Title* issued four (4) years before petitioner filed his *Petition for Inclusion as farmer-beneficiary*. This *Petition* was a collateral attack on respondents' title. It incidentally questioned the validity of the *Transfer Certificates of Title* issued in respondents' favor in an action seeking a different relief—purportedly for petitioner to be included as farmer-beneficiary in the subject lots.

Regional Director Arsenal's inclusion of petitioner as farmer-beneficiary over the lots needed the modification of the *Transfer Certificates of Title* and *Certificates of Land Ownership Award* registered in respondents' names. In his *February 24, 2004 Order*, *Regional Director Arsenal* directed the filing of the appropriate action before the *Department of Agrarian Reform Adjudication Board* "to effect the implementation" [64] of his *Order*. [65] This led to petitioner filing a *Petition for Cancellation of respondents' Certificates of Land Ownership Award* before the *Provincial Adjudicator*. He is now before this Court after the *Court of Appeals* annulled the *Decision of the Department of Agrarian Reform Adjudication Board* granting the cancellation of respondents' *Certificates of Title*, albeit on the ground of indefeasibility of title. Petitioner himself stated that the final decision in his favor shall be insignificant without the cancellation of respondents' title.

Clearly, the *Petition for Inclusion as farmer-beneficiary* was a collateral attack on respondents' title to the property. This is prohibited by law.

Moreover, *Regional Director Arsenal* has no jurisdiction in a *Petition for Inclusion as farmer-beneficiary* over lots covered by the *Certificates of Title* or registered *Certificates of Land Ownership Award*. Thus, all subsequent proceedings are void for lack of jurisdiction.

Section 9 of *Republic Act No. 9700*, which amends Section 24 of *Republic Act No. 6657*, states that "the cancellation of registered emancipation patents, certificates of land ownership award, and other titles issued under any agrarian reform program are within the exclusive and original jurisdiction of the Secretary of the [Department of Agrarian Reform]." [66] This covers only certificates under the *Department of Agrarian Reform's* jurisdiction. The cancellation of a registered certificate of land ownership award or a certificate of title does not fall under it.

Finally, petitioner must be reminded that certificates of title do not vest ownership, but merely evidence title or ownership of the property.[67] "Courts may, therefore, cancel or declare a certificate of title null and void when it finds that it was issued irregularly." [68] Petitioner provided evidence of being an actual tiller of the lots before the Department of Agrarian Reform. He may file the action to annul respondents' title before the competent court, taking into consideration the principle of indefeasibility of title to property.

WHEREFORE, the Petition for Review on Certiorari is DENIED. The Court of Appeals September 30, 2013 Decision in CA-G.R. SP No. 05797, the June 23, 2010 Decision and February 10, 2011 Resolution of the Department of Agrarian Reform Adjudication Board in DARAB Case No. 15114, the March 15, 2007 Decision of the Provincial Agrarian Reform Adjudicator, and the September 30, 2003, February 24, 2004, and May 31, 2005 Orders of Regional Director Alexis M. Arsenal in Adm. Case No. A- 0604-0811-02 are all SET ASIDE. The Petition for Cancellation of Certificate of Land Ownership Award in DARAB Case No. VI-3603-IL-06 is hereby DISMISSED without prejudice to the filing by Aurelio P. Padillo of an action before the proper court.

SO ORDERED.

Peralta (Chairperson), A. Reyes, Jr., and J. Reyes, Jr., JJ., concur.

Gesmundo, J., on official business.

[1] Rollo, pp. 8-21.

[2] Id. at 22-33. The Decision was penned by Executive Justice Pampio A. Abarintos and concurred in by Associate Justices Gabriel T. Ingles and Marilyn B. Lagura-Yap of the Eighteenth Division of the Court of Appeals, Visayas Station, Cebu City.

[3] Id. at 67-75. The Decision was penned by Member Ambrosio B. De Luna and was concurred in by Chair Nasser C. Pangandaman and Members Ma. Patricia P. Rualo-Bello, Gerundio C. Madueño, Jim G. Coletto, Arnold C. Arrieta, and Isabel E. Florin of the Department of Agrarian Reform Adjudication Board.

[4] Id. at 23. No copy of this Resolution in DARAB Case No. 15114 is attached to the rollo.

[5] Id. at 28. No copy of this Decision is attached to the rollo.

[6] Id. at 23.

[7] Id. at 34-35.

[8] Id. at 23.

[9] Id. at 14-15.

[10] Id. at 26-27.

[11] Id. at 23.

[12] Id.

[13] Id. at 36-40. The Order in ADM CASE NO. A-0604-0811-02 was penned by Regional Director Alexis M. Arsenal of the Agrarian Reform Regional Office No. 6 of the Department of Agrarian Reform.

[14] Id. at 38.

[15] Id. at 38-39.

[16] Id. at 41-42.

[17] Id. at 43-46. The Order in ADM CASE NO. A-0604-0811-02 was issued by Regional Director Alexis M. Arsenal of the Agrarian Reform Regional Office No. 6 of the Department of Agrarian Reform.

[18] Id. at 45.

[19] Id. at 45-46.

[20] Id. at 25.

[21] Id. at 47-48.

[22] Id.

[23] Id. at 49-52. The Resolution in ADM CASE NO. A-0604-0811-02 was issued by Regional Director Alexis M. Arsenal of the Agrarian Reform Regional Office No. 6 of the Department of Agrarian Reform.

[24] Id. at 51.

[25] Id. at 57-59.

[26] Id. at 53-56. The Supplemental Order in ADM CASE NO. A-0604-0811-02 was issued by Regional Director Alexis M. Arsenal of the Agrarian Reform Regional Office No. 6 of the Department of Agrarian Reform.

[27] Id. at 54-55.

[28] Id. at 60-64. The Petition for Cancellation of Certificate of Land Ownership Award is docketed as DARAB CASE NO. V1-3603-IL-06.

[29] Id. at 27.

[30] Id. at 28.

[31] Id.

[32] Id.

[33] Id. at 22-33.

[34] Id. at 32.

[35] Id. at 30.

[36] Id. at 32.

[37] Id. at 8-21.

[38] Id. at 19.

[39] Id.

[40] Id.

[41] Id. at 82-84.

[42] Id. at 82.

[43] Id. at 83, citing *Lonoy v. Iloilo*, 592 Phil. 557 (2008) [Per J. Chico-Nazario, Third Division].

- [44] Id. at 82, citing *Estribillo et al. v. DARAB, et. al.*, 526 Phil. 700 (2006) [Per J. Chico-Nazario, First Division].
- [45] Id. at 82.
- [46] Id. at 82-83.
- [47] Id. at 93-96.
- [48] Id. at 93.
- [49] Id.
- [50] *Lebrudo, et. al. v. Loyola*, 660 Phil. 456 (2011) [Per J. Carpio, Second Division].
- [51] *Estribillo v. Department of Agrarian Reform*, 526 Phil. 700, 719 (2006) [Per J. Chico-Nazario, First Division].
- [52] *Rollo*, p. 32.
- [53] 147 Phil. 301 (1971) [Per J. J.B.L. Reyes, En Banc].
- [54] Id. at 304.
- [55] 526 Phil. 700 (2006) [Per J. Chico-Nazario, First Division].
- [56] Id. at 719.
- [57] Id. at 719.
- [58] *Presidential Decree No. 1271 Committee v. De Guzman*, G.R. Nos. 187291 & 187334, December 5, 2016, < <http://sc.judiciary.gov.ph/pdf/web/viewer.html?file=/jurisprudence/2016/december2016/187291.pdf> > 28 (Per J. Leonen, Second Division].
- [59] Id.
- [60] 748 Phil. 706 (2014) (Per J. Leonen, Second Division].
- [61] Id. at 738.
- [62] *Batas Pambansa Blg. 129* (1981), sec. 19(2).
- [63] *Republic Act No. 7691* (1994), sec. 3, amending *Batas Pambansa Blg. 129* (1981), sec. 33.
- [64] *Rollo*, p. 46.
- [65] *Rollo*, pp. 43-46.
- [66] *Republic Act No. 9700* (2009), sec. 9.
- [67] *De Pedro v. Romasan Development Corporation*, 748 Phil. 706 (2014) [Per J. Leonen, Second Division].

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