

HEIRS OF WILFREDO C. BOTENES, PETITIONERS, V. MUNICIPALITY OF CARMEN, DAVAO, REPRESENTED BY MUNICIPAL MAYOR GONZALO O. CUARENTA, AND RURAL BANK OF PANABO (DAVAO), INC., RESPONDE...*G.R. No. 230307. October 16, 2019*

Ponente: REYES, J. JR., J.

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Before us is a Petition for Review on Certiorari,[1] which seeks to assail the Decision[2] dated September 23, 2016 and Resolution[3] dated January 10, 2017 of the Court of Appeals-Cagayan De Oro City (CA), in CA-G.R. CV No. 03760-MIN, which granted the petition for reformation of instrument and quieting of title filed by the Municipality of Carmen, Davao and the Rural Bank of Panabo (Davao), Inc, filed by Wilfredo C. Botenes (Botenes), now substituted by his heirs.

The Relevant Antecedents

The property subject of the controversy is Lot No. 2, Block 25 of PDS-11-025504, which is covered by Transfer Certificate of Title (TCT) No. T-77779 and registered under the name of Botenes.[4]

On May 5, 1980, the Municipality of Carmen, Davao (Municipality) engaged the services of Geodetic Engineer Leonardo Busque (Engr. Busque) to survey and subdivide a large tract of land in Barangay Poblacion, Carmen, Davao, for its conversion into a town site.[5]

Consequently, a subdivision plan was prepared by Engr. Busque. Said plan was approved by the Municipality on May 21, 1981. The 1981 Subdivision Plan (1981 Plan) had the lots in Block 25 numbered in this Manner[6]:

1 3 5 7 9 11 13 15 17 19

2 4 6 8 10 12 14 16 18 20

Based on the 1981 Plan, the Municipality executed two Deeds of Sale with Mortgage over Lot No. 2 and Lots Nos. 17 and 19 in favor of Botenes and Felicisima Prieto (Prieto), respectively.[7]

Allegedly, another subdivision plan (1990 Plan) was prepared by Engr. Busque and was subsequently approved by the Bureau of Lands on February 28, 1990.[8] Under the 1990 Plan, the numerical sequence of the lots was modified so as to conform with the standard procedure for numbering of lots; hence:[9]

20 18 16 14 12 10 8 6 4 2

19 17 15 13 11 9 7 5 3 1

To simplify, Lot 2 of the 1981 Plan became Lot 19 under the 1990 Plan and vice versa.[10]

On November 6, 1992, the Municipality executed a Deed of Absolute Sale over Lot No. 2, Block 25 (1992 Deed)

in favor of Botenes after full payment of amortization thereof. On the basis of said sale, TCT No. T-77779 over Lot No. 2, Block 25 was registered in his name.[11]

On the other hand, Prieto conveyed her rights over Lots 17 and 19, Block 25 to a certain Merlyn Plasabas (Plasabas). The latter sold Lot 2, Block 25 (formerly Lot 19 under the 1981 Plan) under the 1990 Plan in favor of the Rural Bank of Panabo (Davao), Inc., now One Network Bank (bank). A deed of sale over said lot was thereafter executed.[12]

Armed with the deed of sale, the bank attempted to register its ownership over its property; however, its application was denied since the property was already registered in the name of Botenes.[13]

The bank requested Botenes to allow the correction of the 1992 Deed as it alleged that the document failed to reflect the true intent of the parties since there was a mistake in the object of the contract, that is, Lot 2, Block 25 under the 1981 Plan instead of designating its new numerical designation which is Lot 19, Block 25 of the 1990 Plan.[14]

Insisting on his right of ownership over the property, Botenes refused the correction of the 1992 Deed. Hence, the Municipality and the bank filed a petition for reformation of instrument, quieting of title, and damages before the Regional Trial Court of Panabo City, Branch 34 (RTC).[15]

To this, the Municipality filed a Motion for Summary Judgment.[16]

In a Decision dated October 2, 1998, the RTC dismissed the case.[17]

On March 27, 1999, Botenes was substituted by his heirs in view of his death.[18]

As the case was dismissed, the Municipality and the bank filed an appeal before the CA, which remanded the case to the court of origin for a full-blown trial on the merits.[19] However, despite the order of the CA to conduct a full-blown trial, the parties elected to file their respective memoranda.[20]

After such submission, the RTC rendered a Decision[21] dated December 10, 2013, still dismissing the petition. Among others, the RTC noted that it cannot determine with certainty whether the land sold in 1981 by the Municipality to Botenes was not the same lot denominated as Lot 2, Block 25 in the approved 1990 Plan; that Lot 19 (and not Lot 2), Block 25 in the approved 1990 Plan was the lot actually sold by the Municipality to Botenes; and that TCT No. T-77779 was invalid considering that Lot 2, Block 25 in the 1990 Plan was purchased by the bank. The fallo thereof reads:

WHEREFORE, premised from the foregoing, the instant complaint is hereby DISMISSED for lack of merit. Defendant's counterclaim is likewise dismissed. No costs.

SO ORDERED.[22]

Consequently, the Municipality and the bank filed a Motion for Reconsideration, which was denied in an Order[23] dated June 20, 2014.

On appeal, the CA rendered a Decision[24] dated September 23, 2016 which reversed the ruling of the RTC. The CA ruled that the totality of evidence indicates that the Municipality intended to sell Lot 19, Block 25 of the 1990 Plan, and not Lot 2 of the same block. This fact is evident from the apparent error in the description of the lots when the 1990 Plan renumbered the sequencing of lots, as testified to by Engr. Busque, thus:

WHEREFORE, premises considered, the instant appeal is DENIED. However, the 10 December 2013 Decision rendered by the Regional Trial Court, Branch 4, Panabo City, dismissing the Petition for Reformation of Instrument, Quieting of Title and Damages is hereby REVERSED. Appellees' Petition for Reformation of

Instrument, Quieting of Title is GRANTED (sic).

ACCORDINGLY, the parties are DIRECTED to REFORM the Deed of Absolute Sale dated 06 November 1992 by changing "LOT 2, BLOCK 25, PSD-11-025504" to "LOT 19, BLOCK 25, PSD-11 -022504", thereby ceding in favor of appellants LOT 19, BLOCK 25, PSD-11-025504 instead, of LOT 2, BLOCK 25, PSD-11-025504.

FURTHER, the Register of Deeds of Davao del Norte is directed to CANCEL Transfer Certificate of Title NO. T-77779 and ISSUE a new Transfer Certificate of Title in favor of appellants reflecting LOT 19, BLOCK 25, PSD-11-025504.

SO ORDERED.[25]

Clutching at straws, the Municipality and the bank filed their Motion for Reconsideration. However, in a Resolution[26] dated January 10, 2017, the same was denied.

The Issue

The issues in the case may be summarized as follows: (1) whether or not the reformation of the 1992 Deed should be amended so as to adhere to the intention of the parties thereto; and (2) whether or not the subsequent issuance of TCT No. T-77779 in favor of Botenes is proper.

The Court's Ruling

The Civil Code defines a contract as a meeting of minds between two persons whereby one binds himself, with respect to the other, to give something or to render some service.[27] Under Article 1318 of the Civil Code, the concurrence of these elements are necessary for the validity of contracts, to wit: (1) consent of the contracting parties; (2) object certain which is the subject matter of the contract; and (3) cause of the obligation which is established.

It is worthy to note that all contracts have three stages: preparation, perfection, and consummation:

Preparation or negotiation begins when the prospective contracting parties manifest their interest in the contract and ends at the moment of their agreement. Perfection or birth of the contract occurs when they agree upon the essential elements thereof. Consummation, the last stage, occurs when the parties fulfill or perform the terms agreed upon in the contract, culminating in the extinguishment thereof. [28]

In a contract of sale, its perfection is consummated at the moment there is a meeting of the minds upon the thing that is the object of the contract and upon the price.[29] Consent is manifested by the meeting of the offer and the acceptance of the thing and the cause, which are to constitute the contract.[30]

However, when the true intent of the parties is not expressed in the instrument purporting to embody their agreement by reason of mistake, fraud, inequitable conduct or accident, one of them may ask for reformation of the instrument.[31] Reformation is predicated on the equitable maxim that equity treats as done that which ought to be done.[32]

In this case, Botenes, the Municipality, and the bank posit contrary stances as regards the agreement found in the contract of sale. Botenes alleges that the Deed of Sale with Mortgage, and the 1992 Deed already expressed his true intent and that of the Municipality, i.e., to buy and sell Lot 2, Block 25 under the 1981 Plan, respectively, for a valuable consideration. On the other hand, the Municipality avers that said Deeds did not accurately reflect the intent of the parties as to the object of the contract because of the mislabeling of the lots in the subsequent 1990 Plan.

It is significant to consider that the object of the contract in the Deed of Sale with Mortgage,[33] executed prior to Botenes' fulfillment of his obligation to pay the full price thereof, is Lot 2, Block 25 under the 1981 Plan. After Botenes has paid in full, the 1992 Deed,[34] indicating the same lot as object, was subsequently executed. Accordingly, TCT No. T-77779, still specifying the same lot, was issued in the name of Botenes.

However, the controversy arose when the application for registration of title was denied to the bank as it attempted to register its lot as Lot 2, Block 25 under the 1990 Plan. The cause for such denial is Botenes' previous registration of his lot as Block 2, Lot 25 of the 1981 Plan.

Let it be emphasized that the bank merely succeeded to the rights of Plasabas, who in turn, succeeded to the rights of Prieto, the original buyer of Lot 19, Block 25 under the 1981 Plan. To recall, it is undisputed that the Municipality executed two separate Deeds of Sale in favor of Prieto and Botenes in 1981. Such fact establishes the intent of the Municipality to sell two distinct lots. Obviously, what was conveyed to Prieto then (i.e. Lot 19 under the 1981 Plan) bears a different technical description from what was conveyed to Botenes (i.e Lot 2 under the 1981 Plan). In other words, Botenes and the bank were asserting their ownership over the same lot number (under the 1981 and 1990 Plans, respectively), which refers to completely different lots. Thus, it is improper for the bank to claim ownership of Botenes' lot on the basis of the lot number alone.

On this note, it is clear that the lot sold to Botenes was plainly identified. The 1992 Deed and the certificate of title in his name indicate the same technical description[35] of Lot 2, Block 25. Such technical description defines the exact metes and bounds of the property and determines its exact location, unlike a subdivision plan which merely divides a parcel of land into several pieces of lots. Based on the aforementioned instruments, it is clear that the Municipality intended to sell to Botenes the specific lot which has such technical description. Thus, when the 1992 Deed and the certificate of title provide for the technical description of the lot, it already located that particular lot regardless of the numbering of the lots by the approval of differing subdivision plans. Simply stated, the technical description of the lot is determinative of the object of the sale; more so when the sale was affirmed by the certificate of title, bearing the same technical description, in the name of Botenes.

This is further supported by Engr. Busque who admitted that the changes brought by said 1990 Plan merely pertains to the numbering of the lots, viz.:

4. [THUS], on the basis of the said subdivision plan [Exhibit F, supra], Lots were distributed to the respective buyer-awardees through the instrument of sale denominated as Deed(s) of Sale with Mortgage. In that particular plan [1981 Plan], it can be plainly seen that the lots in Block 25 are numbered in such a way that the lower numbered lots are positioned farther from Block 26 than the higher numbered lots. Thus, Lots 19 and 20 are closed (sic) to Block 26, and farthest from it are Lot[s] 1 and 2;

5. During the final drawing and preparation of plans, Block No. 25 was renumbered so as to conform to standard procedure of numbering lots. Thus, in the final plans, which the Bureau of Lands approved on February 28, 1990, the numbering of lots Block 25 had been totally reversed, so that Lot 1 in the earlier plan became Lot 20, Lot 2 became Lot 19, and so on in continuous numerical sequence. x x x

6. When the final subdivision plan and the technical description were approved in 1990, some of the sales originally made have been, in the meantime[,] fully paid. When the final deeds of sale were made out, the above changes in lot numbering had somehow been inadvertently overlooked. Thus, the old numbers, which had in fact been superseded by the new numbering sequence, were erroneously carried over to the final deeds of sale with the result that the lots thus described in the final deeds of sale were in fact DIFFERENT from what was really and originally bought and sold.[36] (Emphasis supplied)

Clearly, when the 1992 Deed was executed after the consummation of the sale, the designation of Lot 2 of Block 25 is still under the 1981 Plan. This is consistent with the Deed of Sale with Mortgage, the basis for the

subsequent execution of the 1992 Deed, which designated the object of the sale as Lot 2 of Block 25 under the 1981 Plan. Had the Municipality intended to sell a different lot, it could have changed the object in the 1992 Deed; more so when the latter was executed two years after the approval of the 1990 Plan.

Also, it must likewise be clarified that the case of Botenes and the Rural Bank should not be paralleled with the case of Generoso Ebo (Ebo) and Perla Sandig (Sandig). In the latter, Ebo was awarded Lots Nos. 1 and 3, Block 25 of the 1981 Plan while Sandig was awarded Lot 20, Block 25 of the same plan. As there was a complete overhaul of the 1981 Plan in the approval of the 1990 Plan, Ebo and Sandig reconveyed Lots Nos. 1 and 3 and Lot 20, respectively, to the Municipality on condition that the latter will execute another deed of sale covering Lots Nos. 20 and 18 under the 1990 Plan.

These circumstances led the CA to dispose that if Ebo and Sandig reconveyed their lots because of the approval of the 1990 Plan, Botenes should also surrender his title.

This Court does not agree.

While Ebo and Sandig reconveyed their lots, the factual circumstances therein are different from the instant case. It must be noted that the discrepancies on the numbering of lots caused by the approval of the 1990 Plan became evident before the execution of their respective Deeds of Absolute Sale, whereas in the case of Botenes, the technical description of his property was identified with clarity in the 1992 Deed and in the certificate of title, indicating with certitude that it is indeed the parcel of land sold to him. Also, Ebo and Sandig were not asserting their rights of ownership over their respective parcels of land involving different subdivision plans.

As it was established that the Deeds between Botenes and the Municipality are valid, considering that the true intent was reflected therein, but noting the existence of the 1990 Plan which completely altered the numbering of the lots, it becomes necessary to amend the title of Botenes so as to conform with the 1990 Plan.

Section 108 of Presidential Decree (PD) No. 1529 provides for the amendment of a title in case of any error, omission, or mistake or upon any other reasonable ground, to wit:

Section 108. Amendment and alteration of certificates. No erasure, alteration, or amendment shall be made upon the registration book after the entry of a certificate of title or of a memorandum thereon and the attestation of the same be Register of Deeds, except by order of the proper Court of First Instance. A registered owner or other person having an interest in registered property, or, in proper cases, the Register of Deeds with the approval of the Commissioner of Land Registration, may apply by petition to the court upon the ground that the registered interests of any description, whether vested, contingent, expectant or inchoate appearing on the certificate, have terminated and ceased; or that new interest not appearing upon the certificate have arisen or been created; or that an omission or error was made in entering a certificate or any memorandum thereon, or, on any duplicate certificate; x x x (Emphasis supplied)

In the case of *Bayot v. Baterbonia*,^[37] this Court clarified that said provision may be applied in case where the technical description of the land is sought to be corrected. In said case, the lots in question were also renumbered because of the approval of a second lot survey. Thus, to correct the discrepancy, the Court ordered the parties involve to file a petition for the amendment of title so as to reflect its proper designation.^[38]

On this note, it is significant to note that Botenes' possession over the lot was made in good faith as he was occupying the same for more than 15 years. Thus, in line with Section 108 of PD No. 1529 and *Bayot*, this Court deems it just to order the bank to file a petition for the correction of the title, considering its interest therein and the benefit which it may derive from the outcome of the petition. To order the petitioners to instead file the same would be inequitable as they would be burdened with additional costs in securing the ownership of the property, which is rightfully theirs at the onset.

WHEREFORE, premises considered, the petition is PARTLY GRANTED. The Decision dated September 23, 2016 and Resolution dated January 10, 2017 of the Court of Appeals-Cagayan De Oro City in CA-G.R. CV No. 03760-MIN are REVERSED and SET ASIDE.

Rural Bank of Panabo (Davao), Inc. is ORDERED to file the appropriate petition in court within thirty (30) days from the finality of this Decision for the amendment of the property covered by Transfer Certificate of Title No. T-77779 from Lot 2, Block 25 of the 1981 Subdivision Plan to Lot 19, Block 25 of the 1990 Subdivision Plan, pursuant to Section 108 of Presidential Decree No. 1529.

SO ORDERED.

Carpio (Chairperson), Caguioa, Lazaro-Javier, and Zalameda, JJ., concur.

[1] Rollo, pp. 5-28.

[2] Penned by Associate Justice Ruben Reynaldo G. Roxas, with Associate Justices Edgardo T. Lloren and Oscar V. Badelles; id. at 48-60-A.

[3] Id. at 62-64.

[4] Id. at 49.

[5] Id.

[6] Id.

[7] Id.

[8] Id.

[9] Id. at 49-50.

[10] Id.

[11] Id.

[12] Id.

[13] Id.

[14] Id. at 50-51.

[15] Id. at 51.

[16] Id.

[17] Id.

[18] Id. at 49.

[19] Id. at 35-36.

[20] Id. at 52.

[21] Penned by Presiding Judge Dorothy P. Montejo-Gonzaga; id. at 31-45.

[22] Id. at 45.

[23] Id. at 46.

[24] Supra note 2.

[25] Id. at 60-60-A.

[26] Supra note 3.

[27] Clemente v. Court of Appeals, 771 Phil. 113, 123 (2015).

[28] Rockland Construction Company, Inc. v. Mid-Pasig Land Development Corporation, 567 Phil. 565, 570 (2008).

[29] Intac v. Court of Appeals, 697 Phil. 373, 383 (2012).

[30] CIVIL CODE, Art. 1319

[31] Art. 1359. When, there having been a meeting of the minds of the parties to a contract, their true intention is not expressed in the instrument purporting to embody the agreement by reason of mistake, fraud, inequitable conduct or accident, one of the parties may ask for the reformation of the instrument to the end that such true intention may be expressed.

If mistake, fraud, inequitable conduct, or accident has prevented a meeting of the minds of the parties, the proper remedy is not reformation of the instrument but annulment of the contract.

[32] Rosello-Bentir v. Leanda, 386 Phil. 802, 805 (2000).

[33] Rollo, pp. 72-73.

[34] Id. at 69-70.

[35] S. 23 deg. 07'W., 22.50m. to point 2;
N. 66 deg. 51'W, 12.00 m. to point 3;
N. 21 deg. 51'W., 4.24 m to point 4;
N. 23 deg. 06'E., 19.50 m. to point 5;
S. 66 deg. 51'E., 15.00 m. to point of beginning; Id at 66 and 69.

[36] Id. at 55-56.

[37] 400 Phil. 126 (2004).

[38] Id. at 131-132.

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