

ARTHUR PAJUNAR AND INVENCIA PAJUNAR, PETITIONERS, VS. HON. COURT OF APPEALS, MAURO ELUNA AND TEOFILA ELUNA, RESPONDENTS.

G.R. No. 77266. July 19, 1989

Ponente: PARAS, J.

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PARAS, J.:

This is a petition for review on certiorari seeking to set aside the decision of the Second Division of the Court of Appeals* in C.A. G.R. No. SP. 02247 (UDK 7544), entitled "Arthur & Invencia Pajunar v. Hon. Pedro Gabaton, Judge, RTC, Branch XLI, Negros Oriental, Mauro Eluna and Teofila Eluna" for Recovery of Personal Property with Writ of Replevin which affirmed the Order of the aforementioned Regional Trial Court of Negros Oriental** which reads:

"This is a case of Recovery of Personal Property with a Writ of Replevin filed by one Arthur and Invencia Pajunar as plaintiffs, against one Mauro and Teofila Eluna as defendants, tried and decided by the Municipal Court of Siaton.

"The decision is in favor of the defendants and against the plaintiffs apparently based primarily on the preponderance of evidence and prescription.

"Upon close reading of the exhaustive memorandum submitted by each of the parties in this case and a close perusal of all the evidences on record and checking them against the decision itself appealed, this court is of the opinion and so holds that the grounds upon which this decision is based are well taken, so that there is nothing that this court can add neither can deduct for the same conforms to the thinking of this court.

"WHEREFORE, premises considered, the appealed decision of the above-entitled case rendered by the Municipal Court of Siaton is hereby affirmed." (Rollo, p. 9)

The facts of the case as found by public respondent Court of Appeals are as follows:

Sometime in 1969, respondent Mauro Eluna bartered his three year old male cow for one year old female carabao then in the possession of Aurelio Enopia. The female carabao, which is the one in question, bore the brand "ART" in her front and hind legs at the time she was acquired by Mauro. Although the animal was branded, said respondent did not or could not register the transfer to him.

In March 1980, petitioner Arthur Pajunar learned that the disputed carabao was in the possession of respondent Eluna. Claiming that he was the original owner of the carabao which got lost in 1974, petitioner demanded her return. He demanded also the delivery to him of the two offsprings of the carabao which were five years and eight months old at the time they were registered in 1980. When Eluna refused to do so despite repeated demands, petitioner went to court to recover possession. (Rollo, pp. 10-11).

From the adverse order of the Regional Trial Court, plaintiff appealed to public respondent Court of Appeals.

In its decision dated October 30, 1986, the Court of Appeals affirmed the decision of the lower court, with appellate tribunal declaring:

"Consequently, since respondent Eluna had possessed the carabao since 1969, that is, for more than ten (10) years, he acquired ownership by prescription under Article 1132 of the Civil Code.

"ART. 1132. The ownership of movables prescribes through uninterrupted possession for four years in good faith.

"The ownership of personal property also prescribes through uninterrupted possession for eight years, without need of any other condition.

"With regard to the right of the owner to recover personal property last or of which he has been illegally deprived, as well as with respect to movables acquired in a public sale, fair or market, or from a merchant's store, the provisions of articles 559 and 1505 of this Code shall be observed. (1955a)."

On March 23, 1987, the Court resolved, after considering the pleadings filed by both respondent and petitioner, to give due course to the petition.

The three assignments of error raised by the petitioner (Rollo, p. 4) in this case, may be reduced to one main issue:

"Whether or not the findings of the lower court which were affirmed by the Court of, Appeals are supported by substantial evidence."

Petitioner contends that private respondent Eluna has failed to establish his ownership of the mestisa carabao found in his possession. Since the female carabao bears the brand "ART" on the fore and hind legs of the animal as branded by petitioners before it got lost (Rollo, p. 4), failure of defendant Mauro Eluna to register in his name the said carabao, constitutes a flaw in his ownership as required by law (Rollo, pp. 10-11).

Private respondents claim that the female carabao has been in their possession for more than ten (10) years as the subject carabao was acquired by the defendants now respondents through barter from one Aurelio Enopia in 1969. The incident was discovered by the plaintiffs only in March, 1980. Hence respondents acquired ownership of said carabao by prescription under Article 1132 of the Civil Code (Rollo, p. 12) as found by public respondent Court of Appeals.

The trial court's findings of facts carry great weight for having the advantage of having examined the deportment and demeanor of the witnesses. The only exception to the rule is when the trial court plainly overlooked certain facts and circumstances of weight and influence which, if considered, will materially alter the result of the case (People v. Ramos, 153 SCRA 276 [1987]; People v. Camay, 152 SCRA 401 [1987]).

A careful examination of the records shows that there are circumstances of substance and value which were overlooked and which affect the result of the case.

This can be gleaned from the decision of the Court of Appeals, when it stated:

"In issuing the foregoing order, the respondent Judge apparently relied on the findings of fact and conclusions of law made by the Municipal Court of Siaton, Negros Oriental. Unfortunately, the decision of the Municipal Court was wanting in many respects particularly in its findings. It failed, for instance, to make a determination of certain factual matters which could have helped in the faster disposition of the case. Instead of general statements explaining why he was adopting the decision of the Municipal Court, it would have been better if the respondent Judge had made his own finding and analysis of the evidence on record. This was called for because the respondent Judge was acting in the exercise of the appellate jurisdiction of his court." (Underscoring supplied) (Rollo, p. 10)

Well-settled is the rule that findings of facts of the Appellate Court are generally binding on this Court (*People v. Atanacio*, 128 SCRA 22 [1984]; *Aguirre v. People*, 155 SCRA 337 [1987]; *Cue Bie v. Intermediate Appellate Court*, 154 SCRA 599 [1987]). However, there are exceptions to the general rule that findings of facts of the Court of Appeals are binding upon the Supreme Court as when the Court of Appeals clearly misconstrued and misapplied the law, drawn from incorrect conclusions of fact established by evidence and otherwise at certain conclusions which are based on misapprehension of facts and pure conjectures, and made inferences which are manifestly mistaken and absurd (*Chase v. Buencamino, Jr.*, 136 SCRA 365 [1985]; *Baliwag Transit, Inc. v. CA*, 147 SCRA 82 [1987]; *International Harvester, Inc. v. Joson & CA*, 149 SCRA 641 [1987]; *Maclan v. Santos*, 156 SCRA 542 [1987]; *Mendoza v. CA*, 156 SCRA 597 [1987]).

From the records it is clear that although the animal was branded "ART" in her front and hind legs at the time she was acquired by respondent Mauro, said respondent did not or could not register the transfer to him in accordance with Section 529 of the Revised Administrative Code (Rollo, p. 11).

Section 529 of the Revised Administrative Code provides:

"Registration necessary to validity of transfer. No transfer shall be valid unless the same is registered and a certificate of transfer obtained as herein provided, but the large cattle under two years of age may be registered and branded gratis for the purpose of effecting a valid transfer, if the registration and transfer are made at the same time."

The records show that respondents did not comply with this requirement (Petition, p. 2; Rollo, p. 3). Respondents are not possessors in good faith, as a possessor in good faith is one not aware that there exists in his title or mode of acquisition any flaw which invalidates it. Furthermore, failure of a party to exercise precaution to acquaint himself with the defects in the title of his vendor precludes him claiming possession in good faith (*Caram v. Laureta*, 103 SCRA [1981] cited in *Manotok Realty, Inc. v. Court of Appeals*, 134 SCRA 325 [1985]).

This duty to make a closer inquiry into the certificate of registration of the female carabao which was the subject of the barter, defendant Mauro Eluna should have performed but did not. Thus, his being in bad faith, in acquiring the carabao from his vendor, Aurelio Enopia.

Thus, as has been stressed by this Court:

"A purchaser cannot close his eyes to facts which should put a reasonable man upon his guard, and then claim that he acted in good faith under the belief that there was no defect in the title of the vendor. His mere refusal to believe that such defect exists, or his willful closing of the eyes to the possibility of the existence of a defect in his vendor's title will not make him an innocent purchaser for value, if it afterwards develops that the title was in fact defective and it appears that he had such notice of the defect would have led to its discovery had he acted with the measure of precaution which may reasonably be required of a prudent man in a like situation." (*Leung Lee v. Strong*, 37 Phil. 644, see also *Emos v. Zusuarregui*, 53 Phil. 197, cited in *Francisco v. Court of Appeals*, 153 SCRA 330).

It is clear from the foregoing that possession in good faith for four (4) years is not applicable, neither can possession in bad faith of eight (8) years benefit respondents, for when the owner of a movable has lost or has been illegally deprived of his property he can recover the same without need to reimburse the possessor, as provided in Art. 559 of the Civil Code which states:

"Art. 559. The possession of movable property acquired in good faith is equivalent to a title. Nevertheless, one who has lost any movable or has been unlawfully deprived thereof, may recover it from the person in possession of the same.

"If the possessor of a movable lost or of which the owner has been unlawfully deprived, has acquired it in good faith at a public sale, the owner cannot obtain its return without reimbursing the price paid therefor." (464a)

Neither can Art. 716 of the Civil Code apply, for this article evidently refers to a possessor in good faith. Art. 716 says:

"The owner of a swarm of bees shall have a right to pursue them to another's land, indemnifying the possessor of the latter for the damage. If the owner has not pursued the swarm, or ceases to do so within two consecutive days, the possessor of the land may occupy or retain the same. The owner of domesticated animals may also claim them within twenty days to be counted from their occupation by another person. This period having expired, they shall pertain to him who has caught and kept them." (612a)

PREMISES CONSIDERED, the decision of the Court of Appeals in CA-G.R. SP No. 02247 is REVERSED and SET ASIDE and petitioners Arthur Pajunar and Invencia Pajunar are declared the owners of the carabaos in question.

SO ORDERED.

Melencio-Herrera, (Chairman), Padilla, Sarmiento, and Regalado, JJ., concur.

* Penned by Justice Ricardo L. Pronove, Jr., concurred in by Justices Crisolito Pascual and Luis A. Javellana.

** Rendered by Hon. Pedro Gabaton, Judge, RTC, Branch XLI, Negros Oriental.

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