

**ERNESTO BERNALES, BERNARDO BADILLA, CRESENCIO BADILLA,
GUILARDO COLLADO, MANUEL COLLADO, PEDRO PEREDO, ANGELA
PEREDO, CONSTANCE SIAGAN, FELICITAS PASIMIO, ROMAN
CATHOLIC BISHOP ...**

G.R. Nos. 71490-91. June 28, 1988

Ponente: PARAS, J.

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PARAS, J.:

This is a petition for review on certiorari, seeking to reverse and set aside the decision[*] of the then Intermediate Appellate Court which reversed and set aside the decision of the then Court of First Instance of Abra, Second Judicial District, Branch I in the consolidated cases AC G.R. CV Nos. 00141-42-R entitled ALFONSO CADIAM, et al. vs. ERNESTO BERNALES, et al. and CONST ANTE SIAGAN, et al. v. ELPIDIO SIAGAN, et al.

The factual background of this case as gathered from the records are as follows:

The lot in question was originally public land, cadastrally surveyed under the Manabo Cadastre No. 327-D and was designated as Lot No. 1494.

Henry Siagan is the father of both Elpidio Siagan whose mother is Cagaoay Camiling and Augusto Siagan whose mother is Dagaoan Sawadan. Augusto Siagan has a son named Constance Siagan, one of the petitioners in this case. Both sons of Henry Siagan and their successors-in-interest are the contending parties in this case, claiming ownership of the land in question. Cagaoay Camiling died in December, 1939; Henry Siagan in 1943, Dagaoan Sawadan in September, 1965 and Augusto Siagan on October 4, 1975.

Petitioners claim that Dagaoan Sawadan acquired ownership over subject land by means of continuous, adverse and peaceful possession thereof since time immemorial or since 1908; that she brought said property to the marriage in 1908 and in 1918 Henry Siagan, as administrator declared Lot 1494 under T.D. 2872, later redeclared in 1921 as T.D. 5481. Henry Siagan died in 1943 and in 1948 Dagaoan Sawadan declared Lot 1494 under T.D. 4187 (Petition, Rollo, p. 19).

Dagaoan Sawadan died in 1965. Augusto Siagan inherited Lot 1494 but his son Constance alleging in a Deed of Absolute Sale dated February 16, 1967 that he inherited the same from his late grandmother, sold the lot in question to the Pasimio spouses and registered said instrument under Act 3344 (Record on Appeal, p. 56). The Pasimio spouses in turn sold the same lot to the Roman Catholic Bishop of Bangued, Inc. who bought the same for the sole purpose of disposing the same at cost to the actual occupants-tenants thereon in the furtherance of the Land Reform Program of the government (Record on Appeal, p. 46) and had it registered under Act 3344 (Record on Appeal, p. 58). Said tenants are now the petitioners herein.

Petitioners allege that they have been in possession and have tilled Lot 1494 as tenants of Dagaoan Sawadan from 1949 to 1965 and thereafter they occupied and tilled the same lot from 1965 to date. The Roman Catholic Bishop of Bangued in confirmation thereof, stated in his complaint dated June 3, 1976, that said petitioners tilled the

aforesaid parcel of land from 1968 to the present, openly, publicly, adversely and continuously in the concept of owners (Record on Appeal, p. 47; Joint Decision, Record on Appeal, p. 202).

On the other hand, private respondents maintain that Lot 1494 was originally owned by Henry Siagan who died intestate in May 1943, that as early as 1958 the ownership of said lot was already the subject of litigation under Civil Case No. 90-R-703 in the Court of First Instance of Abra with Elpidio Siagan as plaintiff and Dagaoan Sawadan and Augusto Siagan as defendants, the said land being a part of the estate of Henry Siagan as claimed by Elpidio Siagan; that while said case was pending hearing, Elpidio Siagan filed in the same court, a petition for Administration Proceedings entitled "In the Matter of the Intestate Estate of Henry Siagan, deceased, Elpidio Siagan, petitioner, Augusto Siagan, Administrator. Special Proceedings" (Record on Appeal, pp. 118-119); that on August 14, 1967, about two years after the death of Dagaoan Sawadan and more or less six months after Constante Siagan sold Lot 1494 to the Pasimio spouses, Elpidio Siagan and Augusto Siagan mutually recognized and accepted each other as the only heirs entitled to inherit the estate of Henry Siagan and filed a Joint Motion to Terminate Special Proceedings No. 407 (Record on Appeal, pp. 82-83) and on the same date executed the "Memorandum of Agreement" which contains several stipulations, among which are: That Augusto Siagan and Elpidio Siagan mutually recognized and agreed that they are the only legal heirs of Henry Siagan entitled to inherit the properties left by the latter; that Augusto Siagan renounced, quitclaimed, waived, ceded and conveyed any interest and right he had over three lots among which is Lot No. 1494 in favor of Elpidio Siagan, while the latter in turn quitclaimed, waived, ceded and conveyed any interest and right he had over 14 other parcels of land of the decedent in favor of Augusto Siagan in exchange for said Lot 1494 (Record on Appeal, pp. 86-87). Independently of said Memorandum of Agreement, Augusto Siagan also executed a Sworn Statement dated August 23, 1967 (Record on Appeal, pp. 87-89) and a Deed of Extra-Judicial Adjudication of Real Estate and Quit Claim dated September 21, 1967 (Record on Appeal, pp. 59-60) showing by these documents that he adjudicated the property in question unto himself and assigned, transferred and conveyed all his rights and interest therein in favor of Elpidio Siagan (Decision, AC-G.R. CV Nos. 00141-42-R, Rollo, p. 19).

Elpidio Siagan applied in September, 1967 for Free Patent over said Lot 1494 and on April 22, 1968, Free Patent No. 392197 was issued. Subsequently, Original Certificate of Title No. P-392 covering said lot, was issued in the name of Elpidio Siagan.

On May 5, 1973, or after the lapse of five (5) years, Elpidio Siagan sold Lot 1494 to the spouses Alfonso Cadium and Ognay Cullawit, by virtue to which OCT No. P-392 was cancelled and in lieu thereof, TCT No. T-338 was issued in the name of the Cadium spouses.

Following their purchase, said spouses took possession of the land, fenced it and planted it with rice but herein petitioners on August 5, 1974, forcibly dispossessed them therefrom, uprooting the plants of said couple who then brought a criminal complaint for theft of rice plants against the petitioners. This led to the referral of the criminal charge to the Court of Agrarian Relations but because petitioners claimed ownership in their answer before the CAR, spouses Cadium and Ognay Cullawit filed Civil Case No. 891 for recovery of ownership of the same lot, in the CFI of Abra against said petitioners.

In turn, Constante Siagan and his co-petitioners instituted Civil Case No. 976 for the "Annulment and Cancellation of Certificate of Title, Declaration of Ownership and Damages and Reconveyance" claiming that OCT No. P-392 covering the suit was fraudulently secured (Decision, AC-G.R. CV Nos. 00141-42-R, Rollo, pp. 18-20). The parties, the subject-matter and issues involved being practically identical and directly inter-related, by agreement of the parties and their opposing counsel, a joint trial was held (Joint Decision, Record on Appeal, p. 202).

The lower court[**] rendered a decision dated August 31, 1979, in favor of the petitioners, the dispositive portion of which reads:

"WHEREFORE, judgment is rendered as follows:

- Declaring the patent and Original Certificate of Title P-392 covering Lot No. 1494 and its transfer certificate null and void and considered cancelled because the government cannot grant a patent and certificate over private property. (Natividad vs. Nadal, 2 SCRA 195);
- Declaring the Compromise Agreement giving and vesting upon Atty. Elpidio Siagan the status of a recognized or acknowledged natural child of the late Henry Siagan null and void;
- Declaring Ernesto Bernales and his co-plaintiffs as the absolute owners of Lot No. 1494 in suit;
- Let copies of this decision be furnished the Office of the Register of Deeds of Bangued, Abra for its proper information and guidance;
- No costs.

SO ORDERED.

Done at Bangued, Abra this 31st day of August, 1979." (Record on Appeal, pp. 203-204).

Herein private respondents moved for reconsideration of said decision which was denied in the Order of the trial court dated January 7, 1980 (Ibid., p. 221). The resolution of private respondents' second motion for reconsideration was deferred (Ibid., p. 235) and a Joint Order dated August 6, 1980 (Ibid., pp. 235-236) declared the joint decision dated August 31, 1979 final and executory.

On appeal to the Court of Appeals, the joint decision appealed from was reversed and set aside, and another joint decision was rendered, the dispositive portion of which reads:

"WHEREFORE, in view of all the foregoing considerations, the joint decision appealed from is hereby REVERSED and set aside, and another joint decision covering the said Civil Case Nos. 891 and 976 is entered herein declaring and/or ordering:

"1. Patent No. 391197 and OCT No. P-392 in the name of Elpidio , Siagan and Mabel Dumagat, and TCT No. T-338 in the name of Alfonso Cadiam and Ognay Cullawit as all valid and enforceable against the whole world;

"2. Defendants-appellees in Civil Case No. 891 - Ernesto Bernales, Bernardo Badilla, Cresencio Badilla, Guillermo Collado, Manuel Collado, Pedro Peredo and Angela Peredo, who are among the plaintiffs-appellees in Civil Case No. 96, to vacate Lot 1494 or the lot in question, and deliver peaceful possession thereof to the appellants spouses Alfonso D. Cadiam and Ognay Cullawit, enjoining permanently said appellees from molesting said appellants in the premises; and

"3. The appellees to pay the appellants the value of 500 bundles of palay, or P2,000.00 per crop a year from 1974 when they were dispossessed of the premises, until the peaceful delivery thereof to the latter.

"No costs.

"SO ORDERED." (Rollo, pp. 30-31).

Hence, this petition.

In the resolution of November 4, 1985, the petition was given due course and the parties were required to submit their respective memoranda (Rollo, p. 77).

Petitioner raised the following errors:

(a & b) The Intermediate Appellate Court erred in holding the validity of the patent and title by reason of Sec. 44, CA 141 amended by RA 3872 (Rollo, p. 8)

(c) The Appellate Court erred in applying to the case at bar, the Meralco Doctrine, where Meralco is obviously disqualified in the land registration application under Art. XIV.

(d) The Appellate Court erred in holding that OCT P-392 and the Transfer Certificate are valid (Rollo, pp. 6-10).

The pivotal issue in this case is, who has a better title over Lot No. 1494, the spouses Alfonso Cadiam and Ognay Cullawit or Ernesto Bernales and his co-plaintiffs.

Petitioners admitted that the land in dispute was originally public land. According to them it became private land because of the long possession of Dagaoan Sawadan. They allege that she had been in possession since 1908 and that she brought said lot to the marriage which as will be noted was allegedly also in 1908 (Rollo, p. 4) giving credence to the fact that said lot was formerly owned, occupied and possessed by Henry Siagan since time immemorial, as agreed and stipulated by the parties during the pre-trial conference.

It has been established beyond dispute that Elpidio and Augusto Siagan mutually recognizing each other as the only heirs of Henry Siagan filed a Joint Motion to Terminate Special Proceedings No. 407 and executed the "Memorandum of Agreement" which stipulated among other things that Augusto Siagan renounced, quitclaimed, waived, ceded and conveyed any interest and right he had over three lots which include Lot No. 1494 in exchange of fourteen (14) other parcels of land of the decedent which Elpidio Siagan quitclaimed, waived, ceded and conveyed in favor of Augusto Siagan. Independently of said Memorandum of Agreement, Augusto Siagan also executed a Sworn Statement and a Deed of Extra-Judicial Adjudication of Real Estate and Quit Claim, to the effect that Augusto Siagan adjudicated the property in question unto himself and assigned, transferred and conveyed all his rights and interests therein in favor of Elpidio Siagan. Otherwise stated, Elpidio Siagan stepped into the shoes of Augusto Siagan.

Petitioners claim that respondent Elpidio Siagan, using his knowledge of law, unduly took advantage of Augusto Siagan and induced the latter to enter into said Memorandum of Agreement.

Besides their failure to adduce evidence to support their contention, the same is negated by the fact that said memorandum and accompanying documents which have been duly and lawfully executed, are notarized documents, made pursuant to Augusto and Elpidio Siagan's amicable settlement of their court litigation. No less important is the fact that said memorandum and adjudication and quitclaim of the lot in question were made for a valuable consideration, that is in exchange for whatever rights and interests Elpidio may have over fourteen (14) parcels of land which he ceded, quitclaimed and transferred to Augusto Siagan.

Under the circumstances, the Court of Appeals correctly observed that whether Lot 1494 descended from Henry Siagan as claimed by private respondents or from Dagaoan Sawadan, the mother of Augusto Siagan as claimed by

the petitioners, it is undeniable that Augusto Siagan had already quitclaimed, ceded and conveyed whatever rights or interest he had over said lot in favor of Elpidio Siagan.

Because of such waiver and quit claim, Elpidio Siagan became the sole claimant of Lot 1494. He applied for and was granted Free Patent No. 391197 and Original Certificate of Title No. P-392 for said lot. After the lapse of five years from and after the issuance of said patent and title, Elpidio Siagan sold said lot to the spouses Alfonso Cadium and Ognay Cullawit in whose favor Transfer Certificate of Title No. T-338 was issued by the Register of Deeds of Abra.

In the case at bar, the Free Patent was granted to Elpidio Siagan, the very person who as successor-in-interest of Augusto Siagan with a claim of continuous and adverse possession in the concept of owner since time immemorial or since 1908 through the latter's predecessors-in-interest, is entitled to subject land. An Original Certificate of Title was issued in favor of Elpidio Siagan. As held by this Court, once a homestead patent granted in accordance with the Public Land Act is registered under the Torrens System, the certificate of title issued in virtue of said patent has the force and effect of a Torrens Title under the Land Registration Act. Corollary thereto, the Director of Patents, being a public officer, has in his favor the presumption of regularity in issuing the questioned homestead patent (*Iglesia ni Cristo vs. Hon. Judge, CFI of Nueva Ecija*, Br. 1, 123 SCRA 517 [1983]).

As aforesaid, the Cadium spouses to whom a Transfer Certificate of Title was issued after the purchase of the lot from Elpidio Siagan for a valuable consideration as stated in the Deed and who had no knowledge of any flaw or defect of the title at the time of the purchase, are evidently as ruled by the Court of Appeals, innocent purchasers for value and above all considerations, are entitled to the protection of the law.

In contrast, petitioners allegedly acquired subject property by virtue of the sale made by Constante Siagan six months before the execution of the Memorandum of Agreement and the other documents above-mentioned. Constante Siagan, claiming to have inherited Lot 1494 from his grandmother, sold said lot to the Pasimio spouses, who later sold the same to the Roman Catholic Bishop of Bangued, Inc. and the latter in turn sold the same to the petitioners. But the authority of Constante Siagan to sell said lot was wanting. The ownership and possession of Dagaoan Sawadan over Lot 1494 were transmitted through hereditary succession to Augusto Siagan, her son, and not to Constante Siagan, her grandson. Constante cannot claim to have inherited the same in 1967 because his father Augusto Siagan who entered into the amicable settlement and quit claim with Elpidio Siagan was still living and he died only in October, 1975. Much less is there any document showing that said property was transmitted or ceded to him either by Dagaoan Sawadan or Augusto Siagan. Thus, the sale made by non-owner Constante Siagan and all subsequent sales made thereunder, are null and void.

It is true that the Pasimio spouses and the Roman Catholic Bishop of Bangued, Inc. claimed to have registered their sales under Act 3344 but it is specifically provided under said law that such registration shall be "understood to be without prejudice to a third party who has a better right." (Section 194 of the Administrative Code, as amended by Act 3344).

In the case at bar, the Cadium spouses who were found by the Court of Appeals as innocent purchasers for value with a Transfer Certificate of Title under the Torrens System in their names, have evidently a better right than herein petitioners.

PREMISES CONSIDERED, there appearing no plausible reason to disturb the findings and conclusions of the Court of Appeals, the instant petition is **DENIED** and the decision appealed from is hereby **AFFIRMED**.

SO ORDERED.

Yap, C. J. (Chairman), Melencio-Herrera, Padilla, and Sarmiento; JJ., concur.

[*] Penned by Justice Ma. Rosario Quetulio-Losa. and concurred in by Justices Ramon G. Gaviola, Jr., Eduardo P. Caguioa, and Leonor Ines-Luciano.

[**] Court of First Instance of Abra, Second Judicial District, Branch I. presided over by District Judge Harold M. Hernando.

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