



REPUBLIC OF THE PHILIPPINES
SUPREME COURT
Manila

SECOND DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, Second Division, issued a Resolution dated **28 March 2022** which reads as follows:*

“G.R. No. 232468 (*Heirs of Spouses Jose Daza and Potenciana Balsamo namely: Leonora Daza-Dueno, et al., rep. by their attorney-in-fact, Aida Daza-Larroza v. Spouses Fermin Diaz and Margarita Daraug, et al.*).

– This Court resolves the Petition for Review on *Certiorari*¹ filed by the Heirs of Spouses Jose Daza and Potenciana Balsamo (petitioners) assailing the Decision² dated February 15, 2017 and the Resolution³ dated June 28, 2017 of the Court of Appeals (CA) in CA-G.R. CV No. 05631, which reversed the Decision⁴ dated March 3, 2014 of the Regional Trial Court (RTC) of P.D. Monfort North, Dumangas, Iloilo, Branch 68 in Civil Case No. 10-30390. Consequently, the CA held that respondents Spouses Fermin Diaz and Margarita Daraug (private respondents) are the lawful owners of Lot 1329, a 70,472-square meter agricultural land located in Barangay Talanghawan, Dingwe, Iloilo City, covered by Original Certificate of Title (OCT) No. O-6965 (subject land). Private respondents are represented in the instant case by their grandson, Generoso Diaz (Generoso).

This case stemmed from a Complaint,⁵ *inter alia*, for Recovery of Ownership filed by petitioners against private respondents, the registered owners of subject land. Petitioners asserted ownership over subject land and alleged that respondents acquired their title over subject property through fraud and misrepresentation.⁶

¹ *Rollo*, pp. 14-46.

² *Id.* at 375-386. Penned by Associate Justice Pablito A. Perez, with Associate Justices Pamela Ann Abella Maxino and Gabriel T. Robeniol, concurring.

³ *Id.* at 411-414.

⁴ *Id.* at 225-233.

⁵ As amended. *Id.* at 47-63.

⁶ Culled from the CA Decision; *rollo*, pp. 377-378.

Cadastral Case No. 60

On September 19, 1947, in Cadastral Case No. 60, concerning subject land, Jose Daza (Jose), petitioners' predecessor-in-interest, filed an answer declaring that he was the owner of subject land. Jose also declared that subject land was sold to private respondent Fermin Diaz through a *pacto de retro* sale with an option to redeem within six (6) years reckoned from May 17, 1947.⁷ Upon her husband's death on May 20, 1948, petitioners' mother, Potenciana Balsamo, filed another answer⁸ in the cadastral proceedings stating that she and her children inherited subject land from Jose Daza. Potenciana likewise declared that subject land was sold to private respondents on May 17, 1947 with a right to redeem within six (6) years from May 17, 1947. On November 15, 1950 and August 13, 1951, private respondents⁹ also filed their claim¹⁰ over subject land contending that they had purchased the same from petitioners, as evidenced by a deed of sale dated March 13, 1950, and had paid taxes therefor since 1945. Other claimants¹¹ filed their respective claims over subject land.

On September 11, 1951, the cadastral court ordered the issuance of a decree of registration in favor of private respondents,¹² which was appealed¹³ by petitioners, through counsel,¹⁴ in 1964. Subsequently, the order of the cadastral court ordering the issuance of a decree in favor of private respondents became final and executory. In Decree No. N-135365¹⁵ dated June 4, 1971, the cadastral court ordered the registration of subject land in the name of private respondents. Thereafter, OCT No. O-6965 was issued in the name of private respondents.

Arguments of petitioners

Petitioners claimed that subject land was inherited by their predecessor-in-interest, Jose, from his father, and that on April 3, 1964, Judge Perfecto B. Querubin issued an order acknowledging Jose's claim of ownership over subject property. After Jose's death, his wife Potenciana and his son Pablo, one of the petitioners, continued to cultivate the land. When Potenciana died, ownership over subject land was passed on to petitioners. Pablo contended that after temporarily ceasing in cultivating the land for four months, he was surprised to discover that a certain Pepito Deviza was tilling portions of the land. Pablo then discovered that Pepito was authorized by private respondents

⁷ *Rollo*, pp. 89-92.

⁸ See Potenciana Balsamo's Answer dated May 20, 1948; *rollo*, pp. 93-96.

⁹ Represented by Tomas Diaz. See Answer dated November 14, 1950 filed by Tomas Diaz in Cadastral Case No. 60; *rollo*, pp. 105-108

¹⁰ See Evidence for Claimant Fermin Diaz; *rollo*, p. 97.

¹¹ See Answer; *rollo*, pp. 101-104.

¹² *Rollo*, p. 149.

¹³ *Id.* at 140.

¹⁴ Atty. Nicolas Nonato. See *rollo*, p. 112.

¹⁵ *Rollo*, p. 149.

who claimed that they bought subject land from Jose. This notwithstanding, petitioners continued to possess subject land.¹⁶

Sometime in 2004, petitioners were able to verify that private respondents claimed ownership over subject land in a cadastral case in 1947 wherein private respondents presented a purported Deed of Sale evidencing that subject land was sold by petitioners in favor of private respondents.¹⁷ Petitioners, however, insisted that the alleged Deed of Sale was null and void and inexistent. Petitioners submitted certifications¹⁸ from the National Archives stating that the aforementioned deed could not be found in their records. Petitioners also impugned the validity of the sale, contending that at the time of the purported sale, they were still minors and could not have possibly sold subject land in favor of private respondents.¹⁹ They further alleged that the issuance of the decree of registration over subject land had no factual and legal basis considering that petitioners were not informed thereof.²⁰ As such, since the decree of registration in favor of private respondents was irregularly issued, the same should be considered null and void.²¹ As proof of ownership of subject land, petitioners presented a sketch plan thereof wherein it was indicated that it was prepared for Jose.²²

Arguments of private respondents

In defense, private respondents averred that they purchased subject land from petitioners in 1950. On September 11, 1951, the cadastral court ordered the issuance of a decree of registration in favor of private respondents. Thus, in 1971, OCT No. O-6965, covering subject land, was issued in the name of private respondents. When his father Tomas Diaz died, Generoso took over the administration of subject land and paid the real property taxes ever since. He claimed that petitioners' possession was limited to a one-hectare portion of subject property by virtue of a lease agreement executed in 2003 between him and one of the petitioners, Pablo Daza. He further alleged that the decision of the cadastral court ordering the issuance of the decree in favor of respondents had long become final and executory for which a certificate of title had been issued. As such, the action to annul the certificate of title could no longer prosper because it had already prescribed.²³

¹⁶ Culled from the CA Decision: *rollo*, pp. 376-378.

¹⁷ Culled from the CA Decision; *id.*

¹⁸ *Rollo*, pp. 141-142.

¹⁹ Culled from the CA Decision, *id.* at 377-378.

²⁰ Culled from the CA Decision, *id.*

²¹ Culled from the CA Decision, *id.*

²² *Id.* at 139.

²³ Culled from the CA Decision, *id.* at 378

The RTC Ruling

In a Decision²⁴ dated March 3, 2014, the RTC ruled in favor of petitioners the dispositive portion of which reads:

WHEREFORE, premises considered, Judgment is hereby rendered in favor of the plaintiffs and against defendants, ordering the latter to reconvey Lot 1329 unto and in favor of the heirs of Jose Daza, which reconveyance shall include execution of deed of conveyance in favor of the Heirs of Jose Daza by the defendants.

No pronouncement as to costs.

SO ORDERED.²⁵

The RTC held that the issuance of the decree in favor of private respondents was tainted with fraud. As such, private respondents cannot be considered as purchasers in good faith for value, due to the following reasons which are clear indications of fraud: (i) lack of knowledge of petitioners on the purported *pacto de retro* sale and subsequent absolute sale of subject land in favor of private respondents and/or Generoso Diaz; and (ii) Pablo's continued possession of subject land.²⁶ That the Deed of Sale issued in favor of private respondents cannot be found in the records of the National Archives was considered by the RTC as indicator of the fraud committed by private respondents.²⁷

Aggrieved, petitioners and private respondents filed their respective notices of appeal which were approved by the RTC.²⁸

The CA Ruling

In a Decision²⁹ dated February 15, 2017, the CA granted the appeal of private respondents and reversed the decision of the RTC. The CA disagreed with the findings of the RTC that the registration of subject property in the name of respondents was attended by fraud. The CA explained that for an action for reconveyance based on fraud to prosper, the party seeking reconveyance must prove by clear and convincing evidence his title to the property and the fact of fraud.³⁰ Here, petitioners failed to establish their rights over subject property considering that petitioners were unable to substantiate their claim that they had been paying the real property taxes over subject land.³¹ The CA likewise found that the purported second order in the cadastral

²⁴ *Rollo*, pp. 225-233. Penned by Acting Judge Victorino O. Maniba, Jr.

²⁵ *Id.* at 233.

²⁶ *Id.* at 193.

²⁷ *Id.* at 192.

²⁸ Culled from the CA Decision, *id.* at 379.

²⁹ *Rollo*, pp. 375-386.

³⁰ *Id.* at 383.

³¹ *Id.*

case showing that petitioners appealed the cadastral court's ruling does not stand superior against the certificate of title issued in the name of respondents which enjoys the presumption of indefeasibility.³² The CA further reasoned that the certifications submitted by petitioners, stating that the Deed of Sale cannot be found in the records of the National Archives and petitioners' lack of knowledge in the execution thereof, did not establish the allegation of fraud.³³ Verily, these are not proof that a deed of sale was never executed or that it was spurious.³⁴ At best, they only show that the deed of sale was not on file at the National Archives.³⁵

Aggrieved, petitioners moved for reconsideration,³⁶ which was denied by the CA in its Resolution³⁷ dated June 28, 2017.

The Petition

Petitioners, through a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, seek affirmative relief from the Court, insisting that the registration of subject land in favor of private respondents was irregular and attended by fraud. Corollary thereto, petitioners pray that the assailed Decision and Resolution of the CA be reversed and set aside.

In their Comment,³⁸ private respondents denied the allegations of petitioners, claiming that they validly purchased subject land from petitioners. Private respondents pointed out that their claim of ownership over subject land is supported by the following: (i) decree of registration from the cadastral court; (ii) OCT over subject land in their name; (iii) tax declaration and property tax receipts; and (iv) continued possession of subject land since 1950.³⁹ Private respondents also belied the allegations of fraud considering that their title over subject land was confirmed and recognized by the cadastral court.⁴⁰

Issue

The core issue for Our resolution is whether the CA erred in reversing the RTC Decision and consequently ruling that private respondents have a better title than petitioners over subject land.

³² Id. at 383.

³³ Id. at 384.

³⁴ Id.

³⁵ Id.

³⁶ Id. at 387-399.

³⁷ Id. at 411-414.

³⁸ Id. at 423-452.

³⁹ Id. at 427.

⁴⁰ Id. at 433-434.

Ruling of the Court

The petition must be denied for utter lack of merit.

In petitions under Rule 45 of the Rules of Court, the review by this Court is only limited to questions of law following the well-settled rule that this Court is not a trier of facts. However, when the findings of the appellate court are not in accordance with that of the trial court's, the Court may then entertain questions of fact, such as in the instant case, *i.e.*, whether petitioners have a better title than private respondents over subject land.

An action for reconveyance is a legal remedy granted to a rightful owner of land wrongfully or erroneously registered in the name of another to compel the latter to reconvey the land to him.⁴¹ Thus, the parties seeking the reconveyance must prove entitlement or ownership over the property in question.⁴² If fraud is alleged in an action for reconveyance, fraud must be established by clear and convincing evidence, not just based on mere surmises or conjectures.⁴³

In the instant case, We agree with the CA that petitioners failed to convincingly establish their title over subject land. An examination of the records of the case shows that private respondents have in their favor OCT No. O-6965 stating that subject property is registered in their name. The existence of OCT No. O-6965 is a fact recognized by both the trial and the appellate courts. As for petitioners, the only evidence they submitted to prove their claim of ownership over the subject property was the purported Order for the Issuance of Decrees in favor of Jose Daza dated April 3, 1964, and their claim of possession of the property for a number of years. Petitioners have the burden of proof to show ownership/rights over subject property.⁴⁴ However, a careful perusal of the said order does not at all show petitioners' ownership/right over subject property. At best, said order is proof that petitioners filed an appeal before the cadastral court, which, despite petitioners' appeal, still ordered the issuance of a decree for the registration of subject land in the name of private respondents. Furthermore, as aptly found by the CA, petitioners' claim of payment of the real property tax was not supported by evidence. Thus, the OCT in the name of private respondents, as opposed to petitioners' bare assertions of ownership, is evidence sufficient to show private respondents' ownership over subject property. Generally, in an action for reconveyance, the decree is not sought to be set aside, as the same is respected as incontrovertible and no longer open to review.⁴⁵ On this score alone, the instant petition must be perforce dismissed.

⁴¹ *Gatmaytan v. Misibis Land, Inc.*, G.R. No. 222166, June 10, 2020; and *Serrano v. Spouses Guzman*, G.R. No. 204887, March 3, 2021.

⁴² See *Heirs of Latoja v. Heirs of Latoja*, G.R. No. 195500, March 17, 2021.

⁴³ *Ibid.*

⁴⁴ *Heirs of Garcia v. Spouses Burgos*, G.R. No. 236173, March 4, 2020.

⁴⁵ *Heirs of Bernardo v. Spouses Gamboa*, G.R. No. 233055, August 19, 2020. See *Gatmaytan v. Misibis Land, Inc.*, *supra*.

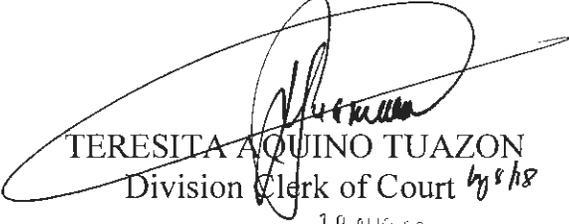
Anent petitioners' allegation of irregularity and fraud perpetrated by private respondents in securing the OCT and in the cadastral proceedings, We find the same not supported by the evidence on record. It is well to note that petitioners' predecessors-in-interest initially sold subject land in favor of private respondents through a *pacto de retro* sale, evidenced by the claim filed by private respondents before the cadastral court. This has not been denied by petitioners. They also failed to offer evidence that they were able to repurchase the property from private respondents within the period stipulated and that the subsequent absolute sale of subject land in favor of private respondents was never executed, or that its execution was actually attended by fraud or misrepresentation. Mere assertions and bare allegations, without any evidence to prove the same, cannot be the basis of a finding of the presence of fraud or misrepresentation.⁴⁶ Moreover, We agree with the CA that the certifications submitted by petitioners from the National Archives and petitioners' purported lack of knowledge on the execution of the deed of sale of subject land in favor of private respondents are not sufficient evidence to show that private respondents fraudulently acquired title over subject property.

In sum, petitioners failed to show ownership or any entitlement to subject land. Hence, We find that the appellate court, in accordance with existing law and jurisprudence, correctly passed upon the issues raised by petitioners.

WHEREFORE, the petition is **DENIED**. The Decision dated February 15, 2017 and the Resolution dated June 28, 2017 of the Court of Appeals in CA-G.R. CV No. 05631 are hereby **AFFIRMED**.

SO ORDERED."

By authority of the Court:


TERESITA AQUINO TUAZON
Division Clerk of Court by s/h s
18 AUG 2022

⁴⁶ See *Mayuga v. Atienza*, 823 Phil. 389 (2018).

Resolution

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G.R. No. 232468
March 28, 2022

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HON. PRESIDING JUDGE (reg)
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(Civil Case No. 10-30390)

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/s/