Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

CELEDENIO C. DEMEGILLO,
Petitioner,

-versus-

ARTURO S. LUMAMPAO, MARIA LUZ FANCOBILA, CONCEPCION L. DEMAVIVAS, and IMELDA L. BABAAN,
Respondents.

G.R. No. 211253

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CONCEPCION L. DEMAVIVAS
Petitioner,

-versus-

CELEDENIO C. DEMEGILLO
Respondent.

G.R. No. 211259

Present:
LEONEN, *J.*,
Chairperson,
HERNANDO,
INTING,
DELOS SANTOS, and
LOPEZ, J. Y., *JJ.*

Promulgated:
February 10, 2021
MisDcB-H

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DECISION

HERNANDO, *J.*:

These consolidated Petitions for Review on *Certiorari*[1] assail the May 30, 2013 Decision[2] and January 15, 2014 Resolution[3] of the Court of Appeals (CA)

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[1] *Rollo* (G.R. No. 211253), pp. 28-42; *rollo* (G.R. No. 211259) pp. 11-23.
[2] *Rollo* (G.R. No. 211253), pp. 7-19; penned by Associate Justice Renato C. Francisco and concurred in by Associate Justices Romulo V. Borja and Oscar V. Badelles.
[3] Id. at 21-22.

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in CA-G.R. CV No. 02126-MIN reversing and setting aside the February 2, 2010 Judgment[4] of the Regional Trial Court (RTC), Branch 6, Prosperidad, Agusan del Sur in Civil Case No. 999 (civil case) which declared petitioner Celedonio C. Demegillo (Demegillo) to be the absolute owner of a portion of a parcel of land subject of this case. In its January 15, 2014 Resolution, the CA refused to reconsider its earlier Decision.

Factual Antecedents:

The instant petitions originated from a Complaint [5] for *accion publiciana* with damages and attorney's fees filed by respondent Concepcion L. Demavivas (Demavivas), along with her co-plaintiffs in the civil case, namely, Arturo S. Lumampao (Lumampao), Luz L. Fancobila (Fancobila), and Imelda L. Babaan (Babaan; collectively, co-plaintiffs) against petitioner Demegillo involving a parcel of land (Lot 3106) situated at Trento, Agusan del Sur containing an area of 95,689 square meters registered under the names of Demavivas, Lumampao, Fanconbila, and Babaan and covered by Original Certificate of Title (OCT) No. D-4960[6] issued by the Registry of Deeds of the Province of Agusan del Sur.

As gathered from the records of the case, Demavivas and her co-plaintiffs are the surviving children of their deceased father, Adolfo Lumampao (Adolfo). They alleged that shortly before Adolfo's death in 1992, Demegillo entered and tilled a 3-hectare portion of Lot 3106. Meanwhile, the Director of Agrarian Reform (DAR) of Agusan del Sur approved the homestead application of Adolfo over Lot 3106. On October 21, 1993, Certificate of Land Ownership Award (CLOA) No. 00029958[7] was issued in the name of Demavivas and her co-plaintiffs. On November 5, 1993, CLOA No. 00029958 was registered with the Register of Deeds of Agusan del Sur resulting in the issuance of OCT No. D-4960[8] in the names of Demavivas and her co-plaintiffs.

The foregoing notwithstanding, Demegillo refused to vacate the property despite repeated demands thereby prompting Demavivas and her co-plaintiffs to file a complaint for *accion publiciana* against him.

While the civil case was pending trial before the RTC, Demegillo, on June 14, 1994, filed with the Department of Agrarian Reform Adjudication Board (DARAB) of San Francisco, Agusan del Sur a complaint, docketed as DARAB Case No. XIII(03)-4679 (DARAB Case), against the heirs of Adolfo for the cancellation of CLOA No. 00029958 on the ground that it erroneously included Demegillo's 3-hectare share in Lot 3106.[9]

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4 Records, pp. 489-499; penned by Executive Judge Dante Luz N. Viacrucies.
5 Id. at 1-5.
6 Records, pp. 4-5.
7 Id.
8 *Rollo* (G.R. No. 211253), p. 8.
9 Records, pp. 437-441.

Meanwhile, in his Answer with Counterclaim[10] filed on July 7, 1994 with the RTC, Demegillo averred that he is the lawful owner and possessor of a 3-hectare portion of Lot 3106 since 1974. Demegillo claimed that he, together with Adolfo, and a certain Nicolas Vapor (Vapor) were the previous occupants of Lot 3106. On September 15, 1977, Demegillo, Adolfo and Vapor entered into a written agreement[11] to subdivide Lot 3106, and thereafter, allotted among themselves portions of the land measuring three hectares each. On March 23, 1980, Vapor, by virtue of a notarized agreement[12] denominated as Transfer of Rights with Sale of Improvements, sold and ceded his share in Lot 3106 to Adolfo, which supposedly included Demegillo's 3-hectare share. Adolfo then utilized the notarized agreement for an exclusive homestead application with the DAR over the entire area of Lot 3106.

Despite Demegillo's protest[13] over Adolfo's homestead application, the DAR granted to Demavivas, Lumampao, Fancobila, and Babaan CLOA No. 00029958, now registered as OCT No. D-4960.[14] Considering the foregoing premises, Demegillo thus prayed that the RTC render judgment: (1) nullifying OCT No. D-4960, insofar as his portion of the property is concerned, and (2) declaring him as the lawful owner and possessor of the 3-hectare portion of Lot 3106.[15]

Before the RTC could rule on the merits of the complaint for *accion publiciana*, Provincial Agrarian Reform Adjudicator (PARAD) Abeto A. Salcedo, Jr., on November 24, 2008, rendered a Decision[16] dismissing Demegillo's complaint. The PARAD ruled that Demegillo lacked the legal personality to file the complaint for cancellation of CLOA No. 00029958 and did not have a vested right over his alleged portion in Lot 3106 considering that he was a mere applicant, and not a grantee, of a homestead application covering the 3-hectare portion of Lot 3106. The PARAD did not also validate Demegillo's claim of prior occupation of Lot 3106, and further held that he has "no claim of right based merely on continuous possession if the land is registered under the Torrens System in the name of another because the latter's rights are indefeasible as against the whole world."[17]

Significantly, towards the homestretch of the proceedings before the trial court, Demavivas and her co-plaintiffs brought to its attention the November 24, 2008 Decision of the PARAD.

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[10] Id. at 25-30.
[11] Id. at 17-18.
[12] Id. at 22.
[13] Id. at 23-24.
[14] Id. at 4-5.
[15] Id. at 29-30.
[16] Id. at 447-453.
[17] Id. at 452.

Ruling of the Regional Trial Court:

After trial on the merits, the RTC found that CLOA No. 00029958 was erroneously issued insofar as it included Demegillo's 3-hectare share in Lot 3106. The dispositive portion of the judgment reads:

> WHEREFORE, judgment is hereby rendered in favor of the defendant and against the plaintiffs:
>
> 1. Declaring that defendant has been in lawful, adverse and continuous possession since 1974 of the subject three-hectare portion of Lot 3160, Pls-4 Trento, Agusan del Sur;
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> 2. Declaring that Original Certificate of Title No. D-4960 erroneously covers the whole area of 95,689 square meters of Lot 3160 in the name of plaintiffs;
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> 3. Ordering the Register of Deeds of Agusan del Sur to cancel said OCT No. D-4960 and in lieu thereof issue another certificate of title still in the name of plaintiffs less three hectares or for about 65,689 square meters only, and another certificate of title in the name of defendant Celedonio D. Demegillo for an area of three hectares occupied by him within Lot 3160;
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> 4. Ordering the plaintiffs to respect defendant's three-hectare portion.
>
> 5. Finding plaintiffs guilty of bad faith in pursuing a fraudulent land application and filing this case, and thus, ordering them jointly and severally to indemnify defendant P30,000.00 as moral damages, P20,000[.] as refund for attorney's fees and P20,000.00 for litigation expenses, with interest of 12% per annum from the finality of this judgment until fully paid, plus costs.
>
> SO ORDERED.[18]

The trial court relied on two documents presented by Demegillo during trial, particularly: (1) the September 15, 1977 written agreement[19] subdividing Lot 3106 among Demegillo, Adolfo, and Vapor; and (2) the March 23, 1980 notarized agreement[20] signifying the sale and transfer of the entire area of Lot 3106 from Vapor to Adolfo. The RTC found that the September 15, 1977 written agreement supports the conclusion that Adolfo was not the sole occupant of Lot 3106 prior to 1980. While the March 23, 1980 notarized agreement may support the claim that Adolfo is the owner of Lot 3106, the same document is consistent with the RTC's finding that Adolfo had no prior possession of the entire property before 1980. In this respect, Demavivas, Lumampao, Fancobila, and Babaan were thereby charged with notice that Demegillo occupied a one-third portion of Lot 3106 subject of Adolfo's homestead application with the DAR. This notwithstanding, they pursued their claim that Adolfo is the sole owner and possessor of Lot 3106, misled the

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[18] Id. at 498.
[19] Id. at 17-18.
[20] Id. at 22.

DAR into issuing in their favor the questioned CLOA and, subsequently, secured a title for the entire area of the land under their names.

While the November 28, 2008 Decision of the PARAD found in favor of Demavivas and her co-plaintiffs, the RTC held that its presentation proved fatal to their cause since the PARAD's factual findings actually sustained Demegillo's claim that Adolfo was not the sole possessor and occupant of Lot 3106. The trial court further emphasized that while findings of the PARAD are binding and conclusive upon the court, such findings merely refer to findings of fact and not to conclusions of law.

The RTC also gave credence to Demegillo's claim that the District Land Office (Prosperidad) of the Bureau of Lands ignored his June 26, 1986 Land Protest against Adolfo's homestead application, and that the DAR supposedly awarded to Adolfo's children CLOA No. 00029958 without conducting an ocular inspection of the property.

Treating Demegillo's Answer with Counterclaim as an action for reconveyance, and finding the November 28, 2008 Decision of the PARAD as erroneous, the RTC ordered for the cancellation of OCT No. D-4960, and held in this wise:

> [The PARAD] erroneously assumes that all titles registered in the name of the applicant *conclusively* shuts the door to any remedy by an aggrieved party. It forecloses an action for *reconveyance* which is allowed by jurisprudence pertinently holding, among others, that the absence of an ocular inspection or any on-site fact-finding investigation and report is violative of the right to property through the denial of due process and that a title derived from a free patent which was fraudulently obtained does not become indefeasible and is open to collateral attack.[21]

Demavivas and her co-plaintiffs thus filed a Notice of Appeal[22] which was given due course by the RTC in an Order[23] dated February 19, 2010.

Ruling of the Court of Appeals:

The CA, in its May 30, 2013, Decision,[24] granted the appeal and set aside the February 2, 2010 Judgment of the RTC, to wit:

> WHEREFORE, the appeal is GRANTED. The assailed Decision dated February 2, 2010 of the Regional Trial Court, Branch 6, Prosperidad, Agusan del Sur is hereby REVERSED and SET ASIDE. Let a new judgment be entered DECLARING the appellants as the rightful and absolute owners of Lot 3106 including the 3-hectare portion occupied by the appellee and ORDERING the appellee to vacate and surrender the premises to the appellants.

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21 Id. at 497.
22 Id. at 502.
23 Id. at 505.
24 *Rollo* (G.R. No. 211253), pp. 7-19

SO ORDERED.[25]

Relying heavily on the November 28, 2008 Decision in the DARAB case, the appellate court agreed with the pronouncement of the PARAD that the CLOA issued to Demavivas and her co-plaintiffs, which was later registered with the Registry of Deeds, conferred on them the imprescriptible title over Lot 3106 after the lapse of one year from issuance thereof. Considering that OCT No. D-4960 was issued to them on November 5, 1993, their title had already become incontrovertible, and as such, is already "conclusive evidence of their ownership to Lot 3106 and their right of dominion over it can no longer be challenged."[26] The CA also faulted the RTC for ordering the cancellation of registration of Lot 3106 since the property was already decreed in the name of Demavivas and her co-plaintiffs in the previous DARAB Case.

The appellate court also accepted the PARAD's ruling that Demegillo did not have legal personality to assail the title of Demavivas and her co-plaintiffs over the property since he was a mere applicant, and not a grantee, of a homestead patent. The CA emphasized that Demegillo, who in this case has not obtained title to public land, cannot question the title legally issued by the State. As such, the right to bring an action for the cancellation of CLOA No. 00029958 and OCT No. D-4960 belonged to the government to which the property would revert.

Moreover, the CA held that the RTC committed error when it declared Demegillo as the lawful and owner and possessor of the 3-hectare portion of Lot 3106. The CA explained it in this wise, *viz.:*

> As discussed above, the CLOA and the OCT issued to the appellants had already become indefeasible, hence, they could no longer be challenged. What makes error of the court more apparent is that the DARAB decision had long attained finality. Yet, the court *a quo* litigated once more the issue of ownership in favor of the appellee when it should be bound by the finality of the DARAB's decision. In other words, the court *a quo* should have refrained from a repeated consideration of the very same issue that has already been settled and instead, should have accorded due respect and finality to the DARAB's findings of fact. The court *a quo's* failure to do so led to its erroneous conclusion.[27]

The CA, however, did not categorically rule on Demavivas' and her co-plaintiffs' claim for damages and attorney's fees against Demegillo.

Notably, after the CA rendered its May 30, 2013 Decision, the DARAB, in its June 4, 2013 Decision,[28] affirmed the November 28, 2008 Decision of the PARAD in the DARAB Case. The records show that Demegillo did not file an appeal therefrom.

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[25] Id. at 18.
[26] Id. at 13-14.
[27] Id. at 17.
[28] Id. at 170-175.

In a January 15, 2014 Resolution,[29] the CA denied the Motions for Reconsideration[30] of the parties. Hence, Demegillo and Demavivas[31] filed with this Court their respective petitions for review on *certiorari*[32] on March 31, 2014.

Issues

G.R. No. 211253:

Demegillo presents the following issues for this Court's resolution:

> A. The Court of Appeals erred in declaring that respondents are the owners of the subject lot, as allegedly settled by the DARAB in its Decision dated November 24, 2008.[33]
>
> B. The Court of Appeals erred in declaring that the RTC has no jurisdiction to order the registration of 3-hectare portion of Lot 3106 in the name of appellee.[34]
>
> C. The Court of Appeals erred in citing the DARAB's non-final decision to the effect that appellee is not the real party in interest in asking for the cancellation of respondents' CLOA and title, being a mere applicant.[35]

Essentially, the Court finds that the fundamental issue that must be settled is who, among the parties herein, have the better right of possession over the disputed 3-hectare portion of Lot 3106.

In his petition, Demegillo claims that, contrary to the pronouncement of the CA, the November 24, 2008 Decision of the PARAD is not conclusive as to the issue of ownership of Lot 3106 considering that the Decision has been timely appealed to, and pending resolution with the DARAB.

Demegillo also faults the CA for concluding that the RTC had no jurisdiction to order the cancellation of OCT No. D-4960 and issue another certificate of title over the 3-hectare portion of Lot 3106 in his favor. He argues that while a certificate of title becomes indefeasible one year after its issuance, the appellate court failed to take into account that he timely filed, by way of a counterclaim, an action for reconveyance of the 3-hectare portion of Lot 3106 with the RTC on July 7, 1994, or barely nine months from the date of issuance of CLOA No. 00029958 to Demavivas and her co-plaintiffs on October 21, 1993, or eight months from registration of OCT No. D-4960 with the Registry of Deeds on November 5, 1993. Moreover, he claims that his

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29 Id. at 21-22.
30 *CA rollo,* pp. 159-177 and 178-182.
31 Lumampao, Faconbila, and Babaan did not join Demavivas in the filing of the petition for review on certiorari (G.R. No. 211253) with this Court.
32 *Rollo* (G.R. No. 211253), pp. 28-42; *rollo* (G.R. No. 211259) pp. 11-23.
33 *Rollo* (G.R. No. 211253), pp. 30-31.
34 Id. at 31.
35 Id. at 36.

action for reconveyance based on fraud is imprescriptible as he is in actual possession of the claimed 3-hectare portion of Lot 3106.

Moreover, as the person claiming title or ownership adverse to that of the registered owners, Demegillo maintains that he is the real party-in-interest to institute an action for reconveyance against Demavivas.

G.R. No. 211259:

Demavivas, on the other hand, raises the following arguments in her own petition:

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> BY REFUSING TO MODIFY ON RECONSIDERATION WITH AN AWARD OF THE DAMAGES PRAYED FOR AND PROVEN THE CA MADE IT VIRTUALLY AN EMPTY VICTORY.
>
> AND WHEN JUXTAPOSED AGAINST THE ILLEGAL AND CONDEMNABLE GAINS IN THE HUNDREDS OF THOUSANDS THAT RESPONDENT CELEDONIO C. DEMEGILLO EXTRACTED FROM PETITIONER'S LAND, THE CA HAS CONDONED UNJUST ENRICHMENT TO REIGN FOR TWENTY-ONE (21) YEARS WITH IMPUNITY.[36]

Our Ruling

G.R. No. 211253:

Preliminary Matters.

Before proceeding, the Court establishes as a foregone fact, there being no issue raised on the matter, that Demegillo and Adolfo are former claimants or applicants of a homestead patent over Lot 3106. It was, however, through the homestead application of Adolfo that Demavivas and her co-plaintiffs were awarded by the DAR CLOA No. 00029958 on October 21, 1993, and, pursuant thereto, OCT No. D-4960 was issued in their names on November 5, 1993. This being the case, Demavivas and her co-plaintiffs filed the instant complaint for *accion publiciana* with the RTC to recover their right of possession over the 3-hectare portion of Lot 3106 presently occupied and cultivated by Demegillo.

To be clear, the issue in an *accion publiciana* is the "better right of possession" of real property independently of title. It is therefore "an action for recovery of the right to possess and is a plenary action in an ordinary civil proceeding in a regional trial court to determine the better right of possession of realty independently of the title."[37] When the parties, however, raise the

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[36] *Rollo* (G.R. No. 211259), p. 17.

[37] *Spouses Atuel v. Spouses Valdez,* 451 Phil. 631, 642-643 (2003), citing *Cruz v. Torres,* 374 Phil. 529 (1999).

issue of ownership, "the courts may pass upon the issue to determine who between the parties has the right to possess the property."[38]

In asserting his claim of ownership over the property in question, Demegillo, in the DARAB Case, filed on June 14, 1994 a Complaint for the cancellation of CLOA No. 00029958 from which OCT No. D-4960 is based. Meanwhile, in the civil case, Demegillo filed his Answer with Counterclaim with the RTC on July 7, 1994. In both cases, Demegillo essentially raised the same arguments, *i.e.*, that he possessed and cultivated the subject property since 1974, and that it was fraudulently titled in Demavivas' and her co-plaintiffs' names, considering that neither Demavivas and her co-plaintiffs, nor their father, actually possessed or cultivated the property.

It bears noting that the November 24, 2008 Decision of the PARAD in the DARAB Case has already attained finality, and thus, could no longer be modified or set aside. Meanwhile, the DARAB, in its June 4, 2013 Decision, affirmed the November 28, 2008 Decision of the PARAD. Demegillo did not file an appeal therefrom hence, the June 4, 2013 Decision of the DARAB has already attained finality. Significantly, both the PARAD and the DARAB reached the same conclusion – that Demegillo has no vested right or interest over the property which would justify the cancellation of the CLOA No. 00029958.

While both the RTC and the CA, in their respective Decisions, made significant reference to the November 24, 2008 Decision of the PARAD, the lower courts ultimately reached contrary conclusions now under review by this Court.

To stress, the jurisdiction of this Court in a petition for review on *certiorari* under Rule 45 of the Revised Rules of Court is limited only to reviewing errors of law and not of fact. "A question of law arises when there is doubt as to what the law is on a certain set of facts, while there is a question of fact when the doubt arises as to the truth or falsity of the alleged facts. For a question to be one of law, the same must not involve an examination of the probative value of the evidence presented by the litigants or any of them. The resolution of the issue must rest solely on what the law provides on the given set of circumstances. Once it is clear that the issue invites a review of the evidence presented, the question posed is one of fact."[39]

The issue as to who between the parties has a better right of possession over the disputed 3-hectare portion of Lot 3106 necessarily entails a review of the testimonial and documentary evidence presented by the parties, which is clearly beyond the province of a petition for review on *certiorari* under Rule 45.

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[38] *Supapo v. Sps. de Jesus*, 758 Phil. 444, 456 (2015).
[39] *Javelosa v. Tapus*, G.R. No. 204361, July 4, 2018.

At any rate, we find that the CA did not commit any error that would warrant a reversal of its assailed decision.

Demavivas, Lumampao, Fanconbila, and Babaan have a better right of possession over the disputed 3-hectare portion of Lot 3106.

The propriety of the November 24, 2008 Decision of the PARAD, as affirmed by the DARAB, may not be inquired into by the RTC.

In its Decision, the RTC held that CLOA No. 00029958 was erroneously issued by the DAR insofar as it included Demegillo's 3-hectare share of Lot 3106. The RTC then directed the Registry of Deeds to cause the cancellation of OCT No. D-4960 on the basis of the supposed fraudulent procurement of CLOA No. 00029958 from which OCT No. D-4960 was invalidly issued.

In *Centeno v. Centeno,*[40] this Court recognized that the DARAB, as the adjudicating arm of the DAR, has exclusive jurisdiction to try and decide agrarian disputes or any incident involving the implementation of the Comprehensive Agrarian Reform Program (CARP) under Republic Act No. 6657 or the Comprehensive Agrarian Reform Law of 1988. In the same case, this Court further validated the exclusive jurisdiction of the DARAB over cases involving the issuance of Certificate of Land Transfers, Emancipation Patents, including CLOAs and the administrative correction thereto. Along the same lines, We held in *Philippine Veterans Bank v. Court of Appeals*[41] that the DARAB has the primary and exclusive jurisdiction over agrarian reform matters, which necessarily comprise cases involving cancellation of CLOAs.

Sections 1 and 2, Rule II, of the 2003 DARAB Rules of Procedure[42] provide that:

> RULE II
> *Jurisdiction of the Board and its Adjudicators*
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> SECTION 1. *Primary and Exclusive Original Jurisdiction.* The Adjudicator shall have primary and exclusive original jurisdiction to determine and adjudicate the following cases:
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> 1.1 The rights and obligations of persons, whether natural or juridical, engaged in the management, cultivation, and use of all agricultural lands

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40 397 Phil. 170, 177-178 (2000).
41 501 Phil. 24, 34 (2005).
42 2003 DARAB Rules of Procedure, January 17, 2003.

> covered by Republic Act (RA) No. 6657, otherwise known as the Comprehensive Agrarian Reform Law (CARL), and other related agrarian laws;
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> x x x x
>
> 1.6 Those involving the correction, partition, cancellation, secondary and subsequent issuances of Certificates of Land Ownership Award (CLOAs) and Emancipation Patents (EPs) which are registered with the Land Registration Authority;
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> x x x x
>
> SECTION 2. *Appellate Jurisdiction of the Board.* — The Board shall have exclusive appellate jurisdiction to review, reverse, modify, alter, or affirm resolutions, orders, and decisions of its Adjudicators.

Simply put, DARAB adjudicators have primary and exclusive original jurisdiction to determine and adjudicate cases involving the correction, partition, cancellation, secondary and subsequent issuances of CLOAs. Meanwhile, the DARAB is vested with exclusive appellate jurisdiction to review, reverse, modify, alter or affirm resolutions, orders, and decisions of its adjudicators.

In the DARAB Case, both the PARAD and the DARAB considered Demegillo's assertions of fraud on the part of Adolfo, and Demegillo's prior occupation of the property, including the following pieces of evidence, particularly: (1) the September 15, 1977 written agreement of Demegillo, Adolfo, and Vapor; and (2) the March 23, 1980 notarized agreement executed by and between Vapor to Adolfo. All these notwithstanding, the PARAD and the DARAB categorically dismissed his complaint for the cancellation of CLOA No. 00029958.

Thus, at this point, relevant to our consideration is the judgment of the PARAD in the DARAB Case, as later affirmed by the DARAB, which already settled that: (1) Demegillo's defense of continuous possession of the property since 1974 was not validated by the DAR; (2) he has no vested right and/or right of ownership over the property being a mere homestead applicant thereof; and (3) there is lack of strong and solid evidence that would warrant the cancellation of the CLOA based on fraud.

Going over the February 2, 2010 Judgment of the RTC in the civil case, it appears that Demegillo presented to the trial court the same assertions and pieces of evidence considered by the PARAD in the DARAB Case. However, despite the findings and conclusions of the PARAD relative to the foregoing, the trial court proceeded to re-examine the very evidence and assertions already presented by Demegillo in the DARAB Case, and invalidated CLOA No. 00029958, thus:

> The Court holds that CLOA No. 00029958 was thus erroneous insofar as it included defendant's three-hectare portion which he has been occupying but which Nicolas Vapor included in selling to Adolfo Lumampao, as found in the DARAB decision itself, thus wrongfully covered Lumampao's land application subject of the defendant's protest.[43]

In effect, the RTC, in holding that CLOA No. 00029958 had been secured by fraud, and that Demegillo has a better right of possession over the 3-hectare portion of Lot 3106 as against Demavivas and her co-plaintiffs, *reversed* the findings and conclusions of the PARAD in the DARAB Case. But in so doing, it unduly arrogated unto itself the power to not only rule on the validity and propriety of CLOA No. 00029958 as issued by the DAR, but also as to the outright cancellation thereof, which clearly, by law, are beyond its pale of prerogative and legal competence to resolve.

Hence, while the RTC could rule on the parties' dispute as to who among them has the better right of possession over the property in issue, it cannot go so far as to conclude that CLOA No. 00029958 was secured by fraud, and adjudge as void OCT No. D-4960. "This is in line with the doctrine of primary jurisdiction which precludes the regular courts from resolving a controversy over which jurisdiction has been lodged with an administrative body of special competence."[44] Thus, we found no error in the CA when it ruled:

> Accordingly, the Court *a quo* has no jurisdiction to order the registration of Lot 3106 already decreed in the name of the appellants in an earlier landregistration case. The principle behind original registration is to register a parcel of land only once. For the court to order the cancellation of the title already previously registered in the name of appellants and issued a decree of registration in favor of the appellee even only as to his claimed 3-hectares will run counter to said principle. Hence, a second decree to be issued to the appellee is null and void.[45]

The RTC was without any power or jurisdiction to order the reconveyance of the land in dispute.

There is no dispute that Demavivas and her co-plaintiffs were awarded a patent over Lot 3106, and CLOA No. 00029958 and OCT No. D-4960 were registered under their names pursuant to the said patent on October 31, 2003 and November 5, 1993, respectively. In this regard, this Court, in *Heirs of Cullado v. Gutierrez,*[46] held that "a public land patent, when registered in the corresponding Register of Deeds, is a veritable Torrens title, and becomes as indefeasible upon the expiration of one (1) year from the date of issuance

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43 Records, unpaginated.
44 *Salazar v. De Leon,* 596 Phil. 472, 490 (2009).
45 *Rollo* (G.R. No. 211253), p. 15.
46 G.R. No. 212938, July 30, 2019.

thereof."[47] Significantly, lands covered by such title, such us Lot 3106, may no longer be the subject matter of a cadastral proceeding, nor can it be decreed to another person.[48] Equally true is the rule that an allegation that the title was procured by fraud or falsification "can only be raised in an action expressly instituted for the purpose and a Torrens title can be attacked only for fraud within one year after the date of the issuance of the decree of registration."[49]

Demegillo contends, however, that the CA failed to consider that he timely filed with the RTC, by way of Answer with Counterclaim, an action for reconveyance on July 7, 1994, which is less than nine months from the date of issuance of CLOA No. 0002995 to Demavivas and her co-plaintiffs on October 21, 1993, or eight months from the date the title was registered with the Registry of Deeds on November 5, 1993.[50] Along the same lines, the RTC viewed Demegillo's defenses and counterclaims raised in his Answer as a prayer for reconveyance of his 3-hectare portion of Lot 3106.

Demegillo further argues that even assuming that he challenged the validity of the title relied on by CLOA No. 0002995 a year after its issuance by the DAR, his action for reconveyance based on fraud is imprescriptible as he is in actual possession of the disputed 3-hectare portion of Lot 3106.

This Court is not unaware of the rule that "when one's property is registered [in the name of another] without the former's consent, an implied trust is created by law in favor of the true owner."[51] Accordingly, an action for reconveyance based on an implied or a constructive trust prescribes in 10 years from the alleged fraudulent registration or date of issuance of the certificate of title over the property. However, the same action is imprescriptible if the person enforcing the trust is in possession of the property.[52]

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47 Id.

48 *Estribillo v. Department of Agrarian Reform*, 526 Phil. 700, 717 (2006).

49 Id.

50 Relevant to Demegillo's argument is Section 103 of Presidential Decree (P.D.) No. 1529, or the Property Registration Decree (June 11, 1978), which provides, among others, that a certificate of title, like one issued pursuant to a judicial decree, is subject to review within one (1) year from the date of the issuance of the patent. Section 103 of P.D. No. 1529 states: *Certificates of Title Pursuant to Patents.* — Whenever public land is by the Government alienated, granted or conveyed to any person, the same shall be brought forthwith under the operation of this Decree. It shall be the duty of the official issuing the instrument of alienation, grant, patent or conveyance in behalf of the Government to cause such instrument to be filed with the Register of Deeds of the province or city where the land lies, and to be there registered like other deeds and conveyance, whereupon a certificate of title shall be entered as in other cases of registered land, and an owner's duplicate issued to the grantee. The deed, grant, patent or instrument of conveyance from the Government to the grantee shall not take effect as a conveyance or bind the land, but shall operate only as a contract between the Government and the grantee and as evidence of authority to the Register of Deeds to make registration. It is the act of registration that shall be the operative act to affect and convey the land, and in all cases under this Decree, registration shall be made in the office of the Register of Deeds of the province or city where the land lies. The fees for registration shall be paid by the grantee. After due registration and issuance of the certificate of title, such land shall be deemed to be registered land to all intents and purposes under this Decree.

51 *Delfin v. Billones*, 519 Phil. 720, 731 (2006).

52 *Campos v. Ortega, Sr.*, 734 Phil. 585, 603 (2014).

This rule, notwithstanding, We find that the RTC was without any power or jurisdiction to order the reconveyance of the 3-hectare portion of Lot 3106 to Demegillo for the following reasons:

First, the mere prayer by Demegillo for the reconveyance of the disputed property does not vest the RTC with jurisdiction to grant the same in his favor where the original complaint involves an *accion publiciana* filed by the registered owners themselves. To be clear, the defense invoked by Demegillo in his answer, particularly, that the title was secured by fraud, requires a review of the said title issued in favor of Demavivas and her co-plaintiffs, and entails a determination of an issue that clearly involved a collateral attack on their Torrens title. By ordering the cancellation of the OCT No. D-4960, the RTC, in effect, allowed Demegillo to collaterally attack OCT No. D-4960's validity contrary to Section 48 of P.D. No. 1529.[53] *Ybañez v. Intermediate Appellate Court*[54] is instructive on this point:

> It was erroneous for petitioners to question the Torrens Original Certificate of Title issued to private respondent over Lot No. 986 in Civil Case No. 671, an ordinary civil action for recovery of possession filed by the registered owner of the said lot, by invoking as **affirmative defense** in their answer the Order of the Bureau of Lands, dated July 19, 1978, issued pursuant to the investigatory power of the Director of Lands under Section 91 of Public Land Law (C.A. 141 as amended). **Such a defense partakes of the nature of a collateral attack against a certificate of title** brought under the operation of the Torrens system of registration pursuant to Section 122 of the Land Registration Act, now Section 103 of P.D. 1529. **The case law on the matter does not allow a collateral attack on the Torrens certificate of title on the ground of actual fraud. The rule now finds expression in Section 48 of P.D. 1529 otherwise known as the Property Registration Decree.**[55] (Emphasis supplied)

While the RTC ruled that Demegillo's allegations of his prior possession of the property and fraud on the part of Demavivas and her co-plaintiffs were set forth in his Answer *by way of counterclaims,* the records are however bereft of proof that Demegillo paid the prescribed docket fees which would vest the RTC with jurisdiction to effect the cancellation of the OCT No. D-4960 and the reconveyance of a 3-hectare portion of Lot 3106 to Demegillo.[56]

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[53] 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.

[54] 272 Phil. 586, 594 (1991).

[55] Id. at

[56] A counterclaim can be considered a direct attack on the title|. Thus, in *Heirs of Cullado v. Gutierrez,* G.R. No. 212938, July 30, 2019, the Court held that petitioners could only raise their allegations of fraud as a (permissive) counterclaim since the latter partakes the nature of a complaint by the defendant against the plaintiff. In *Cascayan v. Spouses Gumallaoi,* 812 Phil. 108, 127 (2017), the Court held that "when a complaint for recovery of possession is filed against a person in possession of a parcel of land under claim of ownership, he or she may validly raise nullity of title as a defense and, by way of counterclaim, seek its cancellation."

Second, even if Demegillo filed an action for reconveyance with the RTC by way of an answer with counterclaim, We find that he has no personality to file the suit.

In *Caro v. Sucaldito (Caro),*[57] this Court held that "[t]he essence of an action for reconveyance is that the decree of registration is respected as incontrovertible but what is sought instead is the transfer of the property which has been wrongfully or erroneously registered in another person's name, to its rightful owner or to one with a better right."[58] It has long been settled in this jurisdiction that an action for reconveyance of a property covered by a Torrens title "may only be maintained by the 'owner' of the property who has been prejudiced by the actual fraud committed by one who succeeded in securing the registration of the property in his name."[59]

In this regard, Section 2, Rule 3 of the Rules of Court[60] provides that every action must be prosecuted or defended in the name of the real party-in-interest, or one "who stands to be benefited or injured by the judgment in the suit." Legal standing has been defined "as a personal and substantial interest in the case, such that the party has sustained or will sustain direct injury as a result of the challenged act."[61]

Applying the foregoing rules and pronouncements of this Court, We agree with the appellate court that Demegillo, being a mere applicant of a homestead patent and not an owner of Lot 3106, cannot be considered as a party-in-interest with personality to file an action for reconveyance.

To be clear, the land subject of the instant complaint originated from a grant by the government (through the DAR). Accordingly, any order directing the cancellation of a patent and the corresponding title issued on the basis thereof will eventually result to the reversion of the land covered thereby to the public domain.[62] Its cancellation, therefore, is a matter between the government as grantor, and the grantee or his successor-in-interest to whom the free patent was transferred.[63] Hence, as correctly held by the CA, the proper party to bring actions for the cancellation of the title and/or recovery of the disputed 3-hectare portion of Lot 3106 belonged to the government, to which the property would revert.

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[57] 497 Phil. 879 (2005), citing *De Guzman v. Court of Appeals*, 442 Phil. 534 (2002).

[58] *Caro v. Sucaldito,* supra note 57 at 887.

[59] *Nebrada v. Alivio*, 104 Phil. 126, 129 (1958).

[60] Sec. 2. *Parties in interest.* — A real party in interest is the party who stands to be benefited or injured by the judgment in the suit. Unless otherwise authorized by law or these Rules, every action must be prosecuted or defended in the name of the real party in interest.

[61] *Caro v. Sucaldito,* supra note 57 at 888-889.

[62] *Director of Lands v. Jugado,* 111 Phil. 1057, 1060, (1961) citing *Sumail v. Judge of the Court of First Instance of Cotabato,* 96 Phil. 946 (1955).

[63] *De Guzman v. Court of Appeals*, 442 Phil. 534, 543-544 (2002).

In *De la Peña v. Court of Appeals*,[64] this Court held that:

> Persons who have not obtained title to public lands could not question the titles legally issued by the State [*Reyes v. Rodriguez*, 62 Phil. 771, 776 (1936)]. In such cases, the real party-in-interest is the Republic of the Philippines to whom the property would revert if it is ever established, after appropriate proceedings, that the free patent issued to the grantee is indeed vulnerable to annulment on the ground that the grantee failed to comply with the conditions imposed by the law. Not being an applicant, much less a grantee, petitioner cannot ask for reconveyance.

The Court expounded on the above doctrine in *Caro*,[65] *viz.*:

> Thus, in *Lucas v. Durian* [102 Phil. 1157 (1957)], the Court affirmed the dismissal of a Complaint filed by a party who alleged that the patent was obtained by fraudulent means and, consequently, prayed for the annulment of said patent and the cancellation of a certificate of title. The Court declared that the proper party to bring the action was the government, to which the property would revert. Likewise affirming the dismissal of a Complaint for failure to state a cause of action, the Court in *Nebrada v. Heirs of Alivio* [104 Phil. 126 (1958)] noted that the plaintiff, being a mere homestead applicant, was not the real party-in-interest to institute an action for reconveyance.
>
> xxxx
>
> Verily, the Court stressed that " . . . [i]f the suit is not brought in the name of or against the real party-in-interest, a motion to dismiss may be filed on the ground that the complaint states no cause of action [*Travel Wide v. CA*, 199 SCRA 205, 209 (1991), per Cruz, *J.* See also *Suguister v. Tamayo*, 176 SCRA 579, August 21, 1989]. In fact, a final judgment may be invalidated if the real parties-in-interest are not included. This was underscored by the Court in *Arcelona v. CA* [280 SCRA 20, October 2, 1997], in which a final judgment was nullified because indispensable parties were not impleaded.
>
> In the present dispute, only the State can file a suit for reconveyance of a public land. Therefore, not being the owners of the land but mere applicants for sales patents thereon, respondents have no personality to file the suit. Neither will they be directly affected by the judgment in such suit.

Indeed, since Demegillo is not the proper party to file an action for reconveyance, the RTC was without jurisdiction or power to order the reconveyance of the land in dispute as this can be done only through a definitive ruling thereof – something which cannot be done by the court in an *accion publiciana.* Clearly, Demegillo is not the proper party to file an action for reconveyance that would eventually result in the reversion of the land to the government.

Applying the foregoing premises, Demavivas and his co-plaintiffs have a better right of possession over the property considering that their right is based on ownership recognized by OCT No. D-4960 registered and titled

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[64] 301 Phil. 462, 468-469 (1994).

[65] *Caro v. Sucaldito* supra note 57 at 888-889 citing *Tankiko v. Cezar,* G.R. No. 131277, February 2, 1999, 302 SCRA 559.

under their names. The age-old rule that a person who has a Torrens title over the land is entitled to possession thereof squarely applies in their favor.[66] Moreover, as correctly found by the CA, the patent, later registered as CLOA No. 00029958 and OCT No. D-4960, attained the status of indefeasibility one year after its issuance on October 31, 2003.[67] As such, the title has already become incontrovertible and is conclusive evidence of their ownership over the whole area of Lot 3106.

G.R. No. 211259:

Demavivas' claims for actual, moral and exemplary damages, including litigation expenses and attorney's fees

Undeniably, the issue of whether Demavivas is entitled to her claims for actual, moral and exemplary damages, including litigation expenses and attorney's fees involves questions of fact which necessitate a review of the evidence presented by the parties, which, as discussed above, are beyond the province of a petition for review on certiorari under Rule 45.

Although this issue was raised before the CA, the records show that it was not squarely resolved in its May 13, 2013 Decision and January 15, 2014 Resolution. Hence, a remand of the case to the CA is necessary in order to fully resolve the factual issues raised by Demavivas in her petition for review, insofar as her claims for actual, moral and exemplary damages, including litigation expenses and attorney's fees are concerned.

WHEREFORE, the Court resolves to:

1. **DENY** the Petition for Review on *Certiorari* in G.R. No. 211253 for lack of merit. The May 30, 2013 Decision and January 15, 2014 Resolution of the Court of Appeals in CA-G.R. CV No. 02126-MIN are hereby **AFFIRMED**; and

2. **PARTIALLY GRANT** The Petition in G.R. No. 211259. The case is **REMANDED** to the Court of Appeals for further proceedings for the limited purpose of determining the propriety of Concepcion L. Demavivas' claims for actual, moral and exemplary damages, including litigation expenses and attorney's fees due her and the respective amounts thereof, if any.

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[66] *Heirs of Cullado v. Gutierrez*, supra note 46.

[67] In *Estribillo v. Department of Agrarian Reform*, supra note 48 citing the case of *Ybañez v. Intermediate Appellate Court*, supra note 54, this Court held that "[t]he date of issuance of the patent x x x corresponds to the date of the issuance of the decree in ordinary registration cases because the decree finally awards the land applied for registration to the party entitled to it, and the patent issued by the Director of Lands equally and finally grants, awards, and conveys the land applied for to the applicant."

SO ORDERED.

RAMON PAUL L. HERNANDO
Associate Justice

WE CONCUR:

MARVIC M. V. F. LEONEN
Associate Justice
Chairperson

HENRI JEAN PAUL B. INTING
Associate Justice

EDGARDO L. DELOS SANTOS
Associate Justice

JHOSEP Y. LOPEZ
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

MARVIC M. V. F. LEONEN
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

DIOSDADO M. PERALTA
Chief Justice