

FIRST DIVISION

[G.R. No. 113095, February 08, 2000]

ELISEO DELA TORRE, EMILIO DELA TORRE, PATRICIO DELA TORRE AND MARTIN D. PANTALEON, PETITIONERS, VS. HON. COURT OF APPEALS, ISABELO DELA TORRE, LIBRADA ILAGAN DELA TORRE, SPS. EMILIO ANDRES AND LYDIA CLARK, SPS. ARSENIO AURELIO AND FELICIDAD ANDRES, SPS. GONZALO MAÑALAC AND MARINA ANDRES, AND SPS. NORBERTO ANDRES AND ERLINDA DE GUZMAN, RESPONDENTS.

D E C I S I O N

YNARES-SANTIAGO, J.:

This a petition for review of the December 27, 1991 Decision of respondent Court of Appeals in CA-G.R. CV No. 27891,^[1] which affirmed the April 27, 1990 Decision of the Regional Trial Court of Malolos, Bulacan, Branch 18, in Civil Case No. 978.^[2]

The case involves a twenty thousand five hundred thirty-nine (20,539) square meter parcel of land located in Angat, Bulacan, identified as Land Lot 5483. The said land formed part of a tract of friar land titled in the name of the government under Original Certificate of Title No. 798. By virtue of Sales Contract No. 6081, dated June 13, 1938, Mamerto dela Torre bought the subject land from the Bureau of Lands for the sum of One Hundred Ten Pesos (P110.00) payable in ten (10) annual installments.^[3] The first installment of Eleven Pesos (P11.00) was paid on the same date under O.R. No. 744721, leaving a balance of Ninety Nine Pesos (P99.00) payable in nine (9) installments every May 1 of each year. Mamerto then occupied the subject land until his death on November 15, 1946. His wife, Maxima, died the following year, on August 19, 1947.

Mamerto left behind three children, petitioners Emilio, Eliseo and Patricio. The latter were asked by their uncle, respondent Isabelo dela Torre, sometime in February 1972, to sign a Deed of Extrajudicial Partition with Absolute Sale in his favor. The three, however, did not sign the deed and instead, on October 27, 1975, sold the same to petitioner Martin Pantaleon,^[4] the owner of a piggery farm in the adjoining land.

Meanwhile, on June 6, 1978, respondent Isabelo Dela Torre obtained from the Director of Lands a Deed of Conveyance executed in his favor covering the subject property, on the strength of a Joint Affidavit, dated October 13, 1948, executed by his father, Feliciano, and then minor nephew, petitioner Emilio dela Torre, certifying that he bought the subject parcel of land from Mamerto for Four Hundred Pesos (P400.00).^[5] According to respondent Isabelo dela Torre, Mamerto approached him and offered him half of the land if he could pay the annual amortization thereof starting 1942. When Mamerto died, he shouldered the latter's burial and funeral

expenses in exchange for which the remaining half portion of the subject land was ceded to him. He paid the tax payments of the said land for 1972 and 1978. On November 8, 1978, Transfer Certificate of Title No. T-250534, covering the subject property, was issued in the name of respondent Isabelo dela Torre and his spouse, Librada, by the Register of Deeds of Bulacan.

After discovering the existence of said title, petitioner Martin Pantaleon filed an adverse claim for annotation on the title on March 26, 1979.^[6] Thereafter, he filed a Complaint for Annulment of Title, Reconveyance and Damages with the Regional Trial Court of Bulacan^[7] on April 4, 1979, as a result of which a Notice of Lis Pendens was annotated by the Register of Deeds of Bulacan on TCT No. T-250534 on April 6, 1979.^[8]

Despite the existence of said Notice of Lis Pendens, respondent Isabelo dela Torre was able to sell the subject land for Fifty Five Thousand Pesos (P55,000.00) to respondents Emilio Andres and spouse Lydia Clark, Arsenio Aurelio and spouse Felicidad Andres, Gonzalo Mañalac and spouse Marina Andres and Norberto Andres and spouse Erlinda de Guzman, on May 25, 1979;^[9] leading to the issuance of Transfer Certificate of Title No. T-257086 in the name of respondent Emilio Andres and company.^[10]

On April 27, 1990, the lower court rendered its Decision dismissing the Complaint of petitioners and confirming the validity of the grant by the government to respondent Isabelo dela Torre. On appeal to respondent Court of Appeals, the said Decision was affirmed.

With the denial of petitioners' Motion for Reconsideration, the instant Petition was filed, raising the following Assignment of Errors –

"- I -

THE HON. COURT OF APPEALS ERRED IN HOLDING THAT MAMERTO DELA TORRE'S BENEFICIAL AND EQUITABLE TITLE HAD NOT RIPENED INTO FULL AND VALID TITLE OVER THE PARCEL OF FRIAR LAND HE BOUGHT FROM THE GOVERNMENT EVEN IF THE WHOLE PURCHASE PRICE THEREOF HAD BEEN FULLY PAID, SIMPLY BECAUSE NO FINAL DEED OF CONVEYANCE WAS YET EFFECTED IN HIS FAVOR BEFORE HIS DEATH, CONTRARY TO THE PROVISIONS OF ACT NO. 1120, AS AMENDED, AND THE RULING IN PUGEDA VS. TRIAS AND OTHER CASES.

- II -

THE HON. COURT OF APPEALS ERRED IN UPHOLDING THE ALLEGED ORAL SALE OF THE SUBJECT LAND TO ISABELO DELA TORRE BASED ONLY ON HIS NAKED CLAIM AND JOINT AFFIDAVIT OF DECEASED AFFIANTS, IN VIOLATION OF THE STATUTE OF FRAUD AND BELIED BY OVERWHELMING EVIDENCE.

- III -

THE HON. COURT OF APPEALS ERRED IN HOLDING THAT THE FRIAR

LAND IN QUESTION ALREADY SOLD TO MAMERTO DELA TORRE WAS VALIDLY APPLIED FOR AND AWARDED TO ISABELO DELA TORRE, AND THAT IT WAS SUBJECT TO ADMINISTRATIVE PROCEEDINGS AND DETERMINATION.^[11]

Re: The First Assigned Error

While respondent Court noted that full payment on the sales contract was made in 1944, it held that Mamerto took possession of the subject land only until 1943, when he fell ill; such that when full payment was made in 1944, Mamerto was no longer a "settler and occupant" thereof as required for purposes of conveyance under Section 12 of Act No. 1120.

Petitioners argue that there is nothing in Act No. 1120 which requires that the purchaser be an actual occupant of the subject land at the time of full payment. Instead, referring to Section 7 thereof, they insist that what is required is that the purchaser be a bona fide settler or occupant at the time of the sale or lease.

We agree with petitioners.

A careful review of Act No. 1120 fails to yield any provision requiring the applicant/purchaser to be an actual occupant of the subject land at the time of the payment of the full purchase price thereon.

On the other hand, the non-payment of the full purchase price is the only recognized resolutive condition in the case of sale of friar lands. Indeed, it has been held that the conveyance executed in favor of a buyer or purchaser, or the so-called certificate of sale, is a conveyance of the ownership of the property, subject only to the resolutive condition that the sale may be cancelled if the price agreed upon is not paid in full.^[12]

That actual occupancy of the subject land is not required in the case of friar lands is further underscored in ***Pugeda vs. Trias, supra***, where a distinction was made between the sale of friar lands and the sale of public lands under the Public Lands Act, to wit --

"We also invite attention to the fact that a sale of friar lands is entirely different from a sale of public lands under the provisions of the Public Land Act. In the case of public lands, a person who desires to acquire must first apply for the parcel of land desired. Thereafter, the land is opened for bidding. If the land is awarded to an applicant or to a qualified bidder the successful bidder is given a right of entry to occupy the land and cultivate and improve it (Secs. 22-29, Commonwealth Act 141). It is only after satisfying the requirements of cultivation and improvement of 1/5 of the land that the applicant is given a sales patent (Sec. 30).

In the case of friar lands the purchaser becomes the owner upon issuance of the certificate of sale in his favor, subject only to cancellation thereof in case the price agreed upon is not paid. x x x."

Thus, while in cases of sale under the Public Land Act, cultivation and improvement of the land is a requirement before a sales patent may issue to the applicant, no

such similar requirement is found in the case of sale of friar lands. Again, it was reiterated that such sale is "subject only to cancellation (thereof) in case the price agreed upon is not paid."

Petitioners next question respondent Court's ruling that even if Mamerto was still a bona fide settler and occupant thereof, no final conveyance had been effected in his favor by the government and that without such, his equitable title could not have ripened into a full and valid title over the lot.

Again, we agree with petitioners. On this point, ***Bacalzo vs. Pacada***,^[13] is instructive --

"Petitioners' contention is that their deceased father Carmiano Bacalzo became the actual owner of the lot in question upon full payment during his lifetime of the purchase price thereof, and as his legal heirs, they succeeded him in the ownership of said lot. We find merit in the contention. It is not disputed that the original purchase price of P200.00 for the lot in question was fully paid on June 17, 1947, with a payment of shortage of interest on August 12, 1948, or before the death of the purchaser Carmiano Bacalzo on November 5, 1948. All the requirements of the law for the purchase of the lot having been complied with by said Carmiano Bacalzo on August 12, 1948, the Government on that date was legally bound to issue to him "the proper instrument of conveyance" by reason of section 12 of the Friar Lands Act, providing that --

'* * * Upon the payment of the final installment together with all accrued interest the Government will convey to such settler and occupant the said land so held by him the proper instrument of conveyance in the manner provided in section 122 of the Land Registration Act. * * *.'

The fact that the Government failed to do so cannot, in our opinion, preclude the now deceased purchaser from acquiring during his lifetime ownership over the lot in question. It is not the issuance of the deed of conveyance that vests ownership in the purchaser under the Friar Lands Act. Thus, in the case of *Director of Lands, et al. vs. Rizal, et al.*, 87 Phil. 806, this Court speaking through Justice Montemayor, said that 'in the sale of friar lands under Act No. 1120, the purchaser, even before the payment of the full payment price and before the execution of the final deed of conveyance, is considered by law as the actual owner of the lot purchased under the obligation to pay in full the purchase price, the role or position of the Government being that of a mere lien holder or mortgagee.'"

This is well-supported in jurisprudence, which has consistently held that under Act No. 1120, the equitable and beneficial title to the land passes to the purchaser the moment the first installment is paid and a certificate of sale is issued.^[14] Furthermore, when the purchaser finally pays the final installment on the purchase price and is given a deed of conveyance and a certificate of title, the title, at least in equity, retroacts to the time he first occupied the land, paid the first installment and was issued the corresponding certificate of sale.^[15]