

THIRD DIVISION

[G.R. No. 195500, March 17, 2021]

HEIRS OF LEONARDA LATOJA, NAMELY ANTONIA D. FABILANE, PRUDENCIA D. BELLO, REPRESENTED BY PETRA F. NEGADO, PETITIONERS, VS. HEIRS OF GAVINO LATOJA, NAMELY TEODOSIA FIGUEROA, NICASIO LATOJA III, ROSA CANDARI AND OTHER HEIRS REPRESENTED BY FRIOLAN RAGAY AND MARIA OBREGON, PENRO OF SAMAR, AND REGISTER OF DEEDS OF SAMAR, RESPONDENTS.**

Hernando, J.:

For resolution is a *Petition for Review on Certiorari*^[1] filed by petitioners Heirs of Leonarda Latoja (Leonarda), namely Antonia D. Fabilane (Antonia) and Prudencia F. Bello (Prudencia), represented by Petra F. Negado (Petra), which assails the July 22, 2010 *Decision*^[2] of the Court of Appeals (CA) in CA-G.R. CV No. 01656 which reversed and set aside the May 29, 2006 *Decision*^[3] of the Regional Trial Court (RTC) of Calbiga, Samar, Branch 33.

The RTC found in favor of the Heirs of Leonarda in a case for *Declaration of Nullity of Title, Reconveyance and Damages*, thereby ordering the reconveyance as well as the surrender and consequent cancellation of Original Certificate of Title No. 20783 (OCT 20783) in the name of the Heirs of Gavino Latoja (Gavino) represented by Friolan Ragay (Friolan).^[4]

The Antecedents:

This *petition* involves from a 4,125.99-square-meter lot (Lot 5366) located in Villareal, Samar.^[5] In 1903, the spouses Tomas Dalaruya and Leonarda Latoja allegedly possessed, resided, and cultivated Lot 5366. In 1945, Leonarda declared said lot for taxation purposes. When the spouses died, their five children, namely Anacleto, Dionesio, Balbina, Antonia and Sofronia inherited Lot 5366. In 1960, Balbina sold her share to Antonia;^[6] Anacleto and Sofronia likewise sold their shares to Antonia a month apart in 1967.^[7]

On the other hand, Friolan, a relative and representative of the Heirs of Gavino, purportedly occupied and administered Lot 5366 when his aunt died.^[8] He applied for a free patent over said lot through the assistance of Elmer Talbo (Elmer), Land Inspector of the Community Environment and Natural Resources Office (CENRO) of Basey, Samar.^[9] When Friolan approached Elmer in the field, the latter readily received and accepted the free patent application on February 8, 1999, absent a personal inspection of the lot as he was already leaving for Basey, Samar.^[10] On the succeeding day, Elmer personally posted the Notice of Application in Villareal, processed the application in the office, and conducted a Confirmatory Report.^[11] By

virtue of the award of Patente Big. 086021-99-1181 issued on March 12, 1999, a *Katibayan ng Orihinal naTitulo Blg. 20783*^[12] (OCT 20783) was subsequently secured and registered in the name of the Heirs of Gavino, as represented by Friolan.

Distressed upon knowing of this development, the Heirs of Leonarda instituted before the RTC a *Complaint*^[13] for *Declaration of Nullity of Title, Reconveyance and Damages* contending that they inherited Lot 5366 from their predecessors-in-interest who are the real owners and possessors of the lot since time immemorial. They asserted that the Heirs of Gavino and Friolan obtained the free patent and the consequent OCT 20783 through fraud and false representation that they were owners and possessors of Lot 5366. They also avowed that the posting of notice of the free patent application as required under the Public Land Act was not complied with. Due to this noncompliance, the Heirs of Leonarda failed to take action against the free patent application.^[14]

In their *Answer with Counterclaim*,^[15] the Heirs of Gavino interposed a general denial of all allegations set forth in the complaint, and raised the following special and affirmative defenses: that the trial court failed to acquire jurisdiction over the person of indispensable heirs; that the Heirs of Leonarda have no legal capacity to sue or have a cause of action; that there was an existing action involving the same parties and for the same cause; that the claims of the Heirs of Leonarda have been waived or extinguished; and that a condition *sine qua non* before the filing of the complaint was not complied with.^[16]

While the trial court denied most of the defenses raised, it nonetheless held that prescription, lack of cause of action and unenforceability were to be adjudicated on the merits based on clear and convincing evidence.

Ruling of the Regional Trial Court:

In its Decision^[17] dated May 29, 2006, the trial court found that OCT 20783 had already become indefeasible when the Complaint for *Declaration of Nullity of Title, Reconveyance and Damages* was filed.^[18] Nonetheless, it ruled that while an action for reconveyance acknowledges the incontrovertible nature of a decree of registration, the very essence of reconveyance is to transfer the property that was erroneously registered in another's name back to the rightful owner or to the one with a better right.^[19] Moreover, it held that Lot 5366 has remained in the possession of Leonarda and her heirs to the exclusion of other persons as established by Petra's testimony, the Land Data Chart which showcased that Lot 5366 was surveyed for Leonarda, and Antonia's continuous payments of real property tax of the land in the name of her mother from 1945 to 1999.^[20]

In relation to the allegation of fraud, the trial court held that the Heirs of Leonarda sufficiently proved that Friolan committed misrepresentation coupled with bad faith in the application for free patent. Despite knowing that the Heirs of Leonarda were in actual possession of Lot 5366, Friolan represented in the application that Gavino occupied said lot since 1920. In addition, Friolan even testified he did not reside in Lot 5366 but in the adjacent Lot 5367. The trial court did not give credence to Elmer's testimony that he posted a notice of application in Villareal in compliance

with Section 46 of the Public Land Act. The apparent expedited processing of the application and the alleged conduct of verification even prior to the filing of application rendered the alleged compliance improbable and incredible. Finally, the trial court found the evidence proffered by the Heirs of Leonarda sufficient to overthrow the presumption of regularity in the performance of official duty.

The dispositive portion of the trial court's Decision reads as follows:

PREMISES CONSIDERED, the Court finds preponderance of evidence leaning heavily towards the plaintiffs and thus hereby rules as follows:

1. The cancellation of Original Certificate of Title No. 20783 in the name of the Heirs of Gavino Latoja represented by Froilan Ragay, issued on 29 March 1999, and consequently is hereafter declared null and void. Defendant Friolan Ragay [,] his assigns or any representative or any one of the heirs of Gavino Latoja is directed to deliver and surrender the same to the Register of Deeds of Samar sitting at Catbalogan, Samar;

2. That the Free Patent No. 086021-99-1181 is awarded to the Heirs of Leonarda Latoja instead of the heirs of Gavino Latoja, the former having a better right to the land subject of same free patent;

3. That upon reconveyance, delivery and surrender of Original Certificate of Title No. 20783 to the Register of Deeds of Samar, the latter is to cause the annotation of the Free Patent No. 086021-99-1181 in the name of the Heirs of Leonarda Latoja and issue and Original Certificate of Title in same name;

4. That defendant Froilan Ragay is to pay exemplary damages of P30,000.00 and reasonable attorney's fees and litigation expenses of P50,000.00 to plaintiffs;

5. That the counterclaims are dismissed; and,

6. Cost of this suit. SO ORDERED.^[21]

This prompted the Heirs of Gavino to elevate the case on appeal to the CA. They challenged the *ratio* of the trial court by mainly arguing that there was compliance with the substantial and procedural requirements set forth in the Public Land Act; that the Heirs of Leonarda failed to discharge their burden of proof, hence, the trial court's Decision was anchored on the deficiency and frailty of the defense's evidence.

Ruling of the Court of Appeals:

The appellate court found the appeal of the Heirs of Gavino meritorious in its Decision^[22] dated July 22, 2010. It held that the trial court erred when it disregarded the indefeasibility of title. Based on the appellate court's findings, the assertion of fraud was unsubstantiated in evidence. It stressed that the law contemplates extrinsic fraud as a ground to reopen a decree of registration.^[23] However, there was no showing that the Heirs of Gavino employed actual and extrinsic fraud in applying for the free patent and the resulting certificate of title.^[24]

Moreover, the Heirs of Leonarda did not timely assert their claim since the posting of the notice of application was properly complied with. Lastly, the appellate court emphasized that a certificate of title obtained under the Torrens System cannot be defeated by a mere claim of ownership since the proceedings in securing a title is directed against all persons which include those who have interest on the land. It decreed in this wise:

WHEREFORE, the instant appeal is GRANTED. The Decision dated May 29, 2006 of the Regional Trial Court of Calbiga, Samar, in Civil Case No. C-2001-1030, is hereby REVERSED AND SET ASIDE.

SO ORDERED.^[25]

Aggrieved, petitioners filed a *Motion for Reconsideration*^[26] which the Court of Appeals likewise denied in a *Resolution*^[27] dated January 12, 2011. Undeterred, petitioners filed the instant *Petition for Review on Certiorari*^[28] raising the following issues, to wit:

(1)

THE COURT OF APPEALS ERRED AND GRAVELY ABUSED ITS DISCRETION WHEN IT [DECLARED] THAT THE PATENTE BLG. 086021-99-1181 WITH THE CORRESPONDING KATIBAYAN NG ORIHINAL NA TITULO BLG. 20783 ARE ALREADY INDEFEASIBLE, IRREVOCABLE AND INDISPUTABLE BECAUSE MORE THAN ONE (1) YEAR HAD ALREADY ELAPSED SINCE THE DATE OF THEIR ISSUANCE, THUS REVERSING AND SETTING AIDE THE DECISION OF THE LOWER COURT.

(2)

THE COURT OF APPEALS ERRED [IN HOLDING] THAT THE ALLEGATIONS OF FRAUD BY THE PETITIONERS ARE MORE IMAGINARY THAN REAL.^[29]

In their *Petition*^[30] and *Compliance with Reply*,^[31] the Leonarda heirs maintain that notwithstanding the fact that OCT 20783 had already attained finality and had become indefeasible; their action for reconveyance is one exception where such title may be directly attacked since Lot 5366 was erroneously registered in the name of another who is not the rightful owner.^[32] They further aver that even if Section 91 of the Public Land Act does not specifically mention extrinsic fraud, this provision nonetheless contemplates false statements or omission of facts made by the applicant in the application for free patent that would *ipso facto* produce the cancellation of title or permit.^[33] Even more striking are the badges of fraud such as the issuance of OCT 20783 prior to the actual survey of Lot 5366, and the conduct of the interview a month prior to the filing of the application for free patent.^[34] The Heirs of Leonarda insist that the appellate court failed to recognize these irregularities in the award of free patent and the consequent issuance of OCT 20783, which were substantially supported in evidence.

On the other hand, the Heirs of Gavino assert in their *Comment*^[35] and *Rejoinder*^[36] that the purpose of the Torrens System is to put an end and to finally settle any question regarding the legality of the title. They persistently claim that

the corresponding notice of application was in fact posted by Elmer, without contrary proof adduced by the Heirs of Leonarda. Hence, Elmer must be presumed to have regularly performed his duties absent any rebuttal from the Heirs of Leonarda. They also cite Section 101 of the Public Land Act to support their supplication that all actions for reversion of lands of public domain must be instituted by the Solicitor General or the officers acting in his stead, and not private persons such as the Heirs of Leonarda. The two-pronged issue before Us: *first*, whether or not the title arising from the award of free patent has become indefeasible so as to foreclose the action for reconveyance; and *second*, whether or not the Heirs of Gavino employed fraud paving the way for the reconveyance in favor of the Heirs of Leonarda.

Our Ruling

The *petition* is meritorious.

In a petition for review on *certiorari* under Rule 45 of the *Revised Rules of Court*, only questions of law may be raised and entertained as a rule considering that this Court is not a trier of facts, and questions of fact are left to the wisdom and determination of the trial courts.^[37] Ascertaining whether or not fraud was employed in an application for free patent is a question of fact.^[38] This Court generally adheres to the factual findings of the trial court and the appellate court especially when these tribunals have similar findings. However, as an exception to the rule, this Court may re-examine evidence and rule on a question of fact when the findings of fact are conflicting or when the findings of the appellate court are contrary to those of the trial court, among other grounds.^[39] In the case at bench, We are presented with incongruent assessments of the trial court and of the appellate court with regard to the surrounding circumstances anent Friolan's application for free patent over Lot 5366, and the subsequent registration thereof under the Torrens System. With this conflict at hand, We are constrained to review the records and the evidence of this case *vis-a-vis* the legal question for resolution.

Despite the title's indefeasibility, an action for reconveyance may still prosper.

The principle of indefeasibility of a Torrens title has been carved in case law edicts. This means that a certificate of title registered under the Torrens System serves as proof of an incontrovertible title over the property in favor of the individual whose name appears on the title.^[40] With the emergence of the Torrens System, the integrity and conclusiveness of a certificate of title may be guaranteed and preserved. However, this system frowns upon those who fraudulently secure a certificate of title to the prejudice of the real owner of the land. Hence, usurpers who intend to enrich themselves cannot hide under the mantle of the Torrens System^[41] which may only be cancelled, altered or modified through a direct attack where the objective of the action is to annul or set aside the judgment or enjoin its enforcement^[42]

An action for reconveyance based on fraud is a direct attack on a Torrens title.^[43] It follows that despite the finality accorded to a Torrens title, reconveyance may prosper as an equitable remedy given to the rightful owner of a land that was erroneously registered in the name of another. This action recognizes the validity of