

FIRST DIVISION

[G.R. No. 172611, July 09, 2010]

**SPS. FEDERICO VALENZUELA AND LUZ BUENA-VALENZUELA
PETITIONERS, SPS. JOSE MANO, JR. AND ROSANNA REYES-
MANO RESPONDENTS.**

D E C I S I O N

DEL CASTILLO, J.:

The rule that a Torrens Certificate of Title is conclusive evidence of ownership of the land described therein^[1] does not apply when such land, or a portion thereof, was illegally or erroneously included in said title.

This Petition for Review on *Certiorari*^[2] assails the Decision^[3] dated January 16, 2006 of the Court of Appeals (CA) in CA-G.R. CV No. 83577, which reversed and set aside the Decision^[4] dated March 10, 2004 issued by the Regional Trial Court (RTC) of Bulacan, Branch 14, in Civil Case No. 1065-M-99. Also assailed is the Resolution^[5] dated May 3, 2006 denying the motion for reconsideration.

Factual Antecedents

Petitioner Federico Valenzuela (Federico) is the son of Andres Valenzuela (Andres) who was the owner and possessor of a parcel of land with an area of 938 square meters, more or less, located at Dampol 1st, Pulilan, Bulacan. The property was declared in the name of Andres under Declaration of Real Property No. 7187^[6] which described the property as follows:

Location:	Dampol 1 st , Pulilan, Bulacan
Boundaries:	
North:	Camino Provincial
East:	Felisa Calderon
South:	Aurea Caleon
West:	Benita Bailon
Kind of Land:	Residential Lot
Area:	938 square meters

Andres died on October 10, 1959, and the possession of said property was transferred to Federico. On August 5, 1980, a document denominated as *Pagmamana sa Labas ng Hukuman at Pagpaparaya o Pagkakaloob*^[7] was executed by the heirs of Andres who waived all their rights to the property in favor of Federico.

Meanwhile, on February 7, 1991, a Deed of Conditional Sale^[8] was executed between Feliciano Geronimo (Feliciano) and herein respondent Jose Mano, Jr. (Jose), wherein the former agreed to sell to the latter a 2,056-square meter parcel of land located at Dampol 1st, Pulilan, Bulacan. The corresponding Deed of Sale^[9] was subsequently executed in March 1991.

On March 4, 1992,^[10] Jose applied for a Free Patent and on April 10, 1992, Original Certificate of Title (OCT) No. P-351^[11] was issued in his name. This time, the property was indicated as covering an area of 2,739 square meters.

Sometime in 1997, Federico declared in his name under Tax Declaration No. 97-19005-01105^[12] the property covered by Declaration of Real Property No. 7187 in the name of Andres.

Subsequently, Jose sold a portion of the land covered by OCT No. P-351 to Roberto S. Balingcongan (Balingcongan). On January 8, 1998, Transfer Certificate of Title (TCT) No. T-112865^[13] was issued in the name of Balingcongan covering 2,292 square meters. On the same date, TCT No. T-112864^[14] was also issued in the name of Jose covering 447 square meters.

Federico transferred his residence to Malabon and so he left the care of the property to his nephew, Vicente Joson (Vicente). Sometime in 1999, Federico instructed Vicente to construct a perimeter fence on his property but he was prevented by Jose, claiming that the 447 square meters was his property as reflected in his TCT No. T-112864. On the other hand, Federico is claiming it as part of the property he inherited from his father, Andres.

When the matter could not be settled amicably, the petitioners lodged a Complaint^[15] for Annulment of Title and/or Reconveyance, Damages with the RTC of Malolos, Bulacan. The case was set for pre-trial conference^[16] on March 27, 2000. Thereafter, trial ensued.

Ruling of the Regional Trial Court

The RTC found that even before Jose purchased the 2,056 square meters lot from Feliciano on February 7, 1991, he had already caused the survey of a 2,739-square meter lot on January 30, 1991. The document of sale expressly stated that the area sold was 2,056 square meters and that the same is located in Dampol 1st, Pulilan, Bulacan. However, in March, 1991, Jose filed his application for free patent using the survey on the 2,739 square meters. He also indicated therein that the property is located in Dampol II, Pulilan, Bulacan and that the land described and applied for is not claimed or occupied by any person. He further claimed that the property was public land which was first occupied and cultivated by Feliciano.

Thus, the trial court found that the preponderance of evidence showed that the disputed area of 447 square meters rightfully belongs to Federico. This was a part of Lot No. 1306 originally owned and possessed by Andres as identified and described in the Declaration of Real Property No. 7187.

On March 10, 2004, the trial court rendered a Decision, the decretal portion of which

reads:

WHEREFORE, judgment is hereby rendered in favor of the plaintiffs and against the defendants, as follows:

1. Ordering the defendants to return to the plaintiffs the disputed portion consisting of 447 square meters and now covered by TCT No. T-112864 of the Registry of Deeds of Bulacan, in the name of Jose Mano, Jr. married to Rosanna Reyes;
2. Ordering defendants to immediately demolish and/or remove the concrete fence erected on the premises;
3. Ordering the defendants to pay plaintiffs the amounts of P50,000.00 for moral damages; P30,000.00 for exemplary damages and P50,000.00 for attorney's fees;
4. Ordering the Register of Deeds of Bulacan to cancel said TCT No. T-112864 of the Registry of Deeds of Bulacan;
5. Defendants to pay costs of this suit.

SO ORDERED.^[17]

Ruling of the Court of Appeals

Respondents went to the CA on appeal. In a Decision^[18] dated January 16, 2006, the CA reversed and set aside the ruling of the RTC and dismissed the complaint. According to the CA, respondents satisfactorily proved their ownership over the disputed property. The Free Patent No. 031418-92-463 and the TCT No. T-112864, as well as the tax declaration offered in evidence by respondents are more convincing than the evidence presented by the petitioners. Also, petitioners failed to prove by clear and convincing evidence the fact of fraud allegedly committed by Jose in obtaining title to the disputed property.

The Motion for Reconsideration filed by petitioners was denied by the CA through its Resolution^[19] dated May 3, 2006.

Issues

Hence, this petition raising the following issues:

I.

Whether the CA gravely abused its discretion when it declared that petitioners were unable to prove ownership of the disputed portion notwithstanding evidence introduced and admitted.

II.

Whether the CA gravely abused its discretion, amounting to lack of jurisdiction, when it reversed the decision of the lower court finding fraud committed by the respondent in obtaining title to the property in question.

Simply put, the issues raised are: (1) Did the CA err in holding that the respondents are the owners of the disputed 447 square meter property? and (2) Did the CA err in finding that no fraud was committed by the respondents in obtaining title to the disputed property?

Petitioners' Arguments

Petitioners argue that the CA erred in not holding that they are the rightful owners as Federico inherited the property from his father Andres, who died on October 10, 1959. Jose purchased a parcel of land from Feliciano measuring only 2,056 square meters but his application for free patent indicated a lot with a total area of 2,739 square meters. Moreover, he indicated the same to be located at Dampol II, Pulilan, Bulacan; however, it is actually located at Dampol 1st. He also declared that the said property is not claimed or occupied by any person but the truth is that the 447 square meters is owned and possessed by Federico.

Respondents' Arguments

Respondents, on the other hand, contend that they have a better title to the property. The certificate of title issued in their name is an absolute and indefeasible evidence of ownership of the property. It is binding and conclusive upon the whole world. There was also no proof or evidence presented to support the alleged fraud on the part of Jose, nor was there any allegation of specific acts committed by him which constitute fraud.

Our Ruling

After serious consideration, we find petitioners' arguments to be meritorious.

There is preponderance of evidence that Federico is the owner of the disputed property.

We rule that Federico is the owner of the disputed 447 square meter lot. The Deed of Conditional Sale described the property purchased by Jose as follows:

A part of parcel of land (T.D. No. 14312) situated at Dampol 1st, Pulilan, Bulacan. Bounded on the North- Lot 6225; East- Lot 1306 & 1311; South- Lot 1307 and 1308 and West- Lot 1304 & 1299. *Containing an area of Two Thousand Fifty Six (2,056) square meters, more or less.* (Bulacan)."

Feliciano sold a portion of Lot 1305 to Jose. After the sale was made, a