

SECOND DIVISION

[G.R. NO. 148111, March 05, 2007]

GIL JUSTALERO AND THE HEIRS OF JESUS JUSTALERO, NAMELY: ISABEL, JOSE, DANILO, ELIZABETH AND JANE, ALL SURNAMED JUSTALERO, PETITIONERS, VS. ZENAIDA SAN AGUSTIN GONZALES AND NOEMI SAN AGUSTIN,* RESPONDENTS.

DECISION

CARPIO MORALES, J.:

Assailed via Petition for Review on Certiorari is the Court of Appeals Decision^[1] of October 31, 2000 affirming that of the Iloilo City Regional Trial Court (RTC), Branch 25 which dismissed petitioners' complaint for quieting of title and reconveyance.

Respondents Noemi San Agustin (Noemi) and Zenaida San Agustin Gonzales (Zenaida), together with their siblings, executed a document denominated as "Subdivision Agreement"^[2] dated April 13, 1977 wherein they agreed, in accordance with a previously executed Extra-Judicial Partitions of the estate of their deceased parents Vicente and Rosario San Agustin and a Subdivision Plan which they caused to be made, to allot Lot 8 and Lot 9 of the Subdivision Plan Pcs-06-000063^[3] to Noemi and Zenaida,^[4] respectively.

Transfer Certificate of Title (TCT) No. T-94631 in the name of Noemi was subsequently issued on June 1, 1979 for Lot 8, and TCT No. T-94632 in the name of Zenaida was on even date issued for Lot 9.

More than nine years after the issuance of respondents' above-said titles or on October 24, 1988, herein petitioners, Gil Justalero and the Heirs of his now deceased brother Jesus Justalero filed the complaint subject of the present petition against respondents Zenaida and Noemi, for quieting of title and reconveyance with damages, with the RTC of Iloilo.

Petitioners claimed that Cadastral Lot No. 2596, Pls-723-D of the Cadastral Survey of Buenavista (the subject lot) located at the New Poblacion, Buenavista, Sub-Province of Guimaras, Iloilo,^[5] was covered by Tax Declaration (T.D.) No. 11-01-184 in the name of Jesus and Gil Justalero, but that the T.D. was "cancelled by T.D. No. 11-01-301 - Zenaida San Agustin, and 11-01-302 - Noemi San Agustin effective 1980"^[6] and the subject lot had been falsely claimed by, and included in the titles issued to, Zenaida and Noemi.

Upon the other hand, respondents asserted in their Answer that the subject lot was part of the property covered by Original Certificate of Title (OCT) No. 32644 issued on May 23, 1930 to their parents, which subject lot now forms part of the Lot 8 allotted to Noemi, covered by her title TCT No. T-94631.

Respondents added that Jesus Justalero in fact filed on December 20, 1976 an application for Free Patent over the subject lot "and it was disclosed . . . that [petitioners' overseer] Clarina Jaleco Gabito already knew that the [subject lot] is owned by the heirs of Vicente and Rosario [San Agustin]";^[7] they (respondents) in fact filed a protest to the said application; and the Bureau of Lands found that indeed the subject lot had already been titled in the name of their (respondents') parents under OCT No. 32644 issued on May 23, 1930.

By way of Counterclaim respondents alleged:

x x x x

m. That by reason of the malicious filing of this action against defendant Zenaida Sanagustin Y Gonzales she was forced to litigate where there is no necessity of her being included in this action, because if at all an action should be filed it should be against Noemi Sanagustin;

n. That by the acts of the plaintiffs in falsely claiming ownership to Lot 2596 and wrongfully including Zenaida Sanagustin as well as Noemi Sanagustin in a manner that is contrary to law, moral, good custom and public order they h[a]ve caused th[e] defendants unnecessarily serious anxiety, wounded feelings, sleepless nights and other similar injuries which would entitle them to moral damages of no less than P100,000.00 each;

o. That to teach the plaintiffs a lesson and also to show to the public that nothing good would come out if you would claim a land that is titled, an exemplary damages should be imposed upon them which the defendants leave to the discretion of this Honorable court;

p. That by reason of the unjustifiable aggression of the right of the defendants, they were constrained to hire the services of counsel for a fee of P20,000.00 excluding actual expenses that may be incurred by reason of this action in the amount of P1,500.00.^[8] (Underscoring supplied)

The trial court, by Decision of August 22, 1994,^[9] found for respondents and accordingly dismissed petitioners' complaint, disposing as follows:

WHEREFORE, finding the complaint to be devoid of factual legal prop to stand on, the same is dismissed and the plaintiffs are hereby ordered to pay the defendants the following:

- 1) P20,000.00 as attorney's fees;
- 2) P1,500.00 in actual expenses;
- 3) P100,000.00 as moral damages;
- 4) P20,000.00 as exemplary damages; and

5) the costs.

SO ORDERED.^[10]

On petitioners' appeal, the Court of Appeals, by Decision of October 31, 2000, affirmed that of the trial court.^[11]

Hence, the instant petition, faulting the appellate court

I

. . . IN ITS RULING WITH RESPECT TO THE MAIN ISSUE IN THIS CASE, WHICH IS, "WHETHER OR NOT LOT NO. 2596, PLS-723-D, NOW LOT NO[.].8, P[C]S-06-000063, WITH AN AREA OF 14,014 SQUARE METERS, LOCATED IN BUENAVISTA, GUIMARAS, ILOILO, AND WHICH IS CLAIMED BY PLAINTIFFS GIL JUSTALERO, ET AL., IS EMBRACED IN THE TITLES OF DEFENDANTS, E.G., TCT NO. T-94631 OF NOEMI SAN AGUSTIN AND TCT NO. T-94632 OF ZENAIDA SAN AGUSTIN[.]";

II

. . . IN HOLDING THAT THE FILING OF THE FREE-PATENT APPLICATION OF JESUS JUSTALERO WITH THE BUREAU OF LANDS, WHICH WAS REJECTED BY THE LATTER, CONSTITUTES RES JUDICATA;

III

. . . IN NOT HOLDING THAT CADASTRAL LOT 2596 HAS BEEN AND UNTIL NOW IN THE POSSESSION OF THE PETITIONERS ADVERSELY, PUBLICLY AND CONTINUOUSLY UP TO THE PRESENT;

IV

. . . IN NOT ORDERING THE RECONVEYANCE OF LOT 2596 BY THE RESPONDENTS IN FAVOR OF THE PETITIONERS;

V

. . . IN NOT AWARDING DAMAGES AGAINST THE RESPONDENTS AND IN FAVOR OF THE PETITIONERS[.]^[12]

Petitioners insist that the subject lot was always in their and predecessors-in-interest's possession and was not covered by any title in the name of respondents' parents;^[13] and that they had long been paying taxes on the subject lot, until 1979 when payment thereof was refused and the tax declaration covering it was cancelled because respondents' TCTs had been issued.^[14]

The petition fails.

Respondents' claim that the subject lot formed part of the OCT issued in 1930 to their parents, and their claim that it now forms part of Noemi's TCT, are