

SECOND DIVISION

[G.R. NO. 136211, March 31, 2005]

**HEIRS OF VICENTE HIDALGO, SR., PETITIONERS, VS.
DEPARTMENT OF AGRARIAN REFORM, RESPONDENT.**

DECISION

CHICO-NAZARIO, J.:

Before Us is a petition for review on *certiorari*, assailing the Decision^[1] of the Court of Appeals dated 22 July 1998 which affirmed the Orders of the Department of Agrarian Reform (DAR) dated 19 April 1996 and 12 December 1996. These Orders held that the landholdings of the petitioners are not exempt from the coverage of Operation Land Transfer (OLT) of the government pursuant to Presidential Decree No. 27^[2] (PD No. 27). Assailed, as well, is the Resolution^[3] of the Court of Appeals dated 20 October 1998 which denied the Motion for Reconsideration for lack of merit.

THE FACTS

The facts of this case, by and large, are not in dispute. PD No. 27 took effect on 21 October 1972. Pursuant to this law, several parcels of land with an aggregate area of 26.2987 hectares, more or less, owned by the late Vicente F. Hidalgo, Sr., located in Milaor, Camarines Sur, were placed under the OLT program of the government. The petitioners herein protested the inclusion of these parcels of land to the OLT program because, according to them, the same had already been sold to them before their father's death on 17 April 1979.

These parcels of land were sold in this wise:

- (1) Deed of Absolute Sale dated 08 August 1972 executed by Vicente Hidalgo, Sr., in favor of his daughter Angela Hidalgo Palacio, covering 2.0337 hectares located in Cabugao, Milaor, Camarines Sur;
- (2) Deed of Absolute Sale dated 14 August 1972 executed by Vicente Hidalgo, Sr., in favor of his daughter Dominica Hidalgo, covering 4.5252 hectares located in Borongborongan (Alimbuyog), Milaor, Camarines Sur; and
- (3) Deed of Absolute Sale dated 30 August 1974 executed by Vicente Hidalgo, Sr., in favor of his daughter Josefina Hidalgo Bergantin, covering 4.7 hectares located in Borongborongan (Alimbuyog), Milaor, Camarines Sur.

In view of the protest, the DAR Municipal Agrarian Reform Office conducted an investigation on the matter. The investigation found out that the sales made by

Vicente Hidalgo, Sr., to his daughters Angela Hidalgo Palacio and Dominica Hidalgo in the year 1972 were not registered with the Register of Deeds.

The protest was denied by the DAR Regional Director for Region V in his Order dated 20 January 1992. According to the Regional Director, a sale prior to the effectivity of PD No. 27, if not registered, does not bind the DAR or any third party. It was also mentioned that the third sale executed in 1974 in favor of Josefina Hidalgo Bergantin was an illegal transaction which was designed to circumvent the law.^[4]

A motion for the reconsideration of the order was filed by Dominica Hidalgo in the form of a letter. It was denied by the DAR Regional Office for Region V in an order dated 15 June 1994.

An appeal was made to the DAR, alleging among other things, that the tenant farmers had knowledge of the sale to the heirs of Vicente Hidalgo, Sr. This, according to the petitioners, was already equivalent to registration.

Then DAR Secretary Ernesto D. Garilao issued an Order^[5] dated 19 April 1996 denying the appeal, the decretal portion of which states:

WHEREFORE, premises considered, this Order is hereby issued denying the appeal filed by Dominica Hidalgo for utter lack of merit and the Order dated January 20, 1992 issued by the Regional Director of DAR Region V is hereby **AFFIRMED**.^[6]

A motion for reconsideration was filed by Dominica Hidalgo, but was denied by the DAR Secretary in an Order^[7] dated 12 December 1996.

A special civil action for certiorari dated 31 January 1996 was thereafter filed before the Court of Appeals by the petitioners herein, alleging that Secretary Garilao acted without or in excess of jurisdiction or with grave abuse of discretion when he issued the Orders dated 19 April 1996 and 12 December 1996.

The Court of Appeals promulgated a Decision on 22 July 1998 denying the petition, the decretal portion of which states:

WHEREFORE, the petition for review is hereby **DENIED** for lack of merit. Accordingly, the assailed Orders are **AFFIRMED**.^[8]

After a motion for reconsideration was filed by the petitioners, the Court of Appeals issued a Resolution on 20 October 1998, which reads:

Petitioners' MOTION FOR RECONSIDERATION dated August 4, 1998, which merely reiterate(d) (the) issues raised in their petition and passed upon by this Court, is hereby **DENIED** for lack of merit.

Still not satisfied, the petitioners filed the instant petition, under Rule 45 of the 1997 Rules on Civil Procedure.

ASSIGNMENT OF ERRORS

The petitioners assigned as errors the following:

I

THE COURT OF APPEALS COMMITTED GRAVE ERROR IN NOT HOLDING THAT THE KNOWLEDGE OF THE TENANT FARMERS OF THE SALES IS EQUIVALENT TO REGISTRATION AND IN HOLDING THAT THE DAR MEMORANDUM DATED 07 MAY 1982 WHICH STATES THAT UNREGISTERED TRANSFER OF OWNERSHIP OF LANDS SHALL NOT BE CONSIDERED A VALID TRANSFER OF OWNERSHIP INSOFAR AS TENANT FARMERS ARE CONCERNED REGARDLESS OF WHETHER OR NOT THE TENANT FARMERS HAVE KNOWLEDGE OF THE SALES.

II

THE COURT OF APPEALS COMMITTED GRAVE ERROR IN NOT DECLARING NULL AND VOID THE DAR MEMORANDUM DATED 07 MAY 1982 FOR BEING CONTRARY TO LAW AND JURISPRUDENCE.^[9]

ISSUE

The solitary issue that should be resolved in this case is whether or not there was a valid transfer of ownership of the subject parcels of land to the heirs of Vicente Hidalgo, Sr., thereby exempting the same from the coverage of the OLT Program of the government pursuant to PD No. 27.

THE COURT'S RULING

The petitioners submit that the knowledge of the tenant farmers of the sales between Vicente Hidalgo, Sr., and his heirs over the parcels of land was already equivalent to registration. They rely heavily on the case of *Antonio v. Estrella*,^[10] where we held in part:

It is however elementary that "while under the Torrens System registration is the operative act that binds the land, and in the absence of record there is only a contract that binds the parties thereto, without affecting the rights of strangers to such contract, actual knowledge thereof by third persons is equivalent to registration."^[11]

In answer to this, the respondent cites the case of *Sajonas v. Court of Appeals*,^[12] where we ruled that it is the act of registration that gives validity to the transfer or creates a lien upon the land which is titled under the Torrens System.^[13] In this case, we held:

Under the Torrens system, registration is the operative act which gives validity to the transfer or creates a lien upon the land. A person dealing with registered land is not required to go behind the register to determine the condition of the property. He is only charged with notice of the burdens on the property which are noted on the face of the register or certificates of title.^[14]

We note that the position taken by the petitioners, i.e., actual knowledge being