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Third Division

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# Republic of the Philippines
# Supreme Court
Manila

## THIRD DIVISION

**KAWAYAN HILLS CORPORATION**
Petitioner,

-versus-

**THE HONORABLE COURT OF APPEALS, JUSTICES JUAN ENRIQUEZ, JR., APOLINARIO BRUSELAS, JR., MANUEL BARRIOS, AMELITA G. TOLENTINO, AND THE REPUBLIC OF THE PHILIPPINES,**
Respondents.

**G.R. No. 203090**

Present:

PERALTA, *J., Chairperson,*
LEONEN,
REYES A., JR.,*
GESMUNDO, and
REYES J., JR., *JJ.*

**Promulgated:**
September 5, 2018

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## DECISION

**LEONEN, *J.*:**

A court confronted with an application for judicial confirmation of imperfect title cannot casually rely on the expedient aphorism that real property tax declarations are not conclusive evidence of ownership as a catch-all key to resolving the application. Instead, it must carefully weigh

* Designated Acting member per Special Order No, 2588 dated August 28, 2018.

competing claims and consider the totality of evidence, bearing in mind the recognition in jurisprudence that payment of real property taxes is, nevertheless, "good indicia of possession in the concept of an owner, and when coupled with continuous possession, it constitutes strong evidence of title."[1]

This resolves a Petition for Certiorari[2] under Rule 65 of the 1997 Rules of Civil Procedure praying that the assailed January 11, 2012 Decision,[3] June 28, 2012 Resolution,[4] July 17, 2012 Resolution,[5] and August 15, 2012 Resolution[6] of the Court of Appeals in CA-G.R. CV No. 95701 be nullified for having been issued with grave abuse of discretion amounting to lack or excess of jurisdiction, and that the July 8, 2010 Decision[7] of the Municipal Circuit Trial Court of Paoay-Currimao, Ilocos Norte in Land Reg. Case No. N-4 be reinstated.

The assailed Court of Appeals January 11, 2012 Decision granted the appeal filed by the Office of the Solicitor General, on behalf of the Republic of the Philippines. It reversed and set aside the Municipal Circuit Trial Court's July 8, 2010 Decision, which ruled in favor of Kawayan Hills Corporation (Kawayan Hills), confirmed its title over a 1,461-square-meter lot in Paoay, Ilocos Norte, and ordered the lot's registration in Kawayan Hills' name.[8]

The assailed June 28, 2012 Resolution denied Kawayan Hills' Motion for Reconsideration. The assailed July 17, 2012 Resolution denied the Manifestation/Motion dated July 5, 2012[9] filed by Kawayan Hills subsequent to the denial of its Motion for Reconsideration. The assailed August 15, 2012 Resolution noted without action its Manifestation/Motion dated July 16, 2012.

Kawayan Hills is a domestic corporation dealing with real estate.[10] It is in possession of a 1,461-square-meter parcel of land identified as Cad.

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[1] *Republic v. Spouses Noval*, G.R. No. 170316, September 18, 2017 <http://sc.judiciary.gov.ph/pdf/web/viewer.html?file=/jurisprudence/2017/september2017/170316.pdf> 14 [Per J. Leonen, Third Division], *citing Clado-Reyes v. Limpe*, 479 Phil. 669 (2008) [Per J. Quisumbing, Second Division]; and *Republic v. Court of Appeals*, 328 Phil. 238 (1996) [Per J. Torres, Jr., Second Division].

[2] *Rollo*, pp. 3–12.

[3] Id. at 21–33. The Decision was penned by Associate Justice Apolinario D. Bruselas, Jr. and concurred in by Associate Justices Juan Q. Enriquez, Jr. and Manuel M. Barrios of the Fifth Division, Court of Appeals, Manila.

[4] Id. at 53–54. The Resolution was penned by Associate Justice Apolinario D. Bruselas, Jr. and concurred in by Associate Justices Amelita G. Tolentino and Manuel M. Barrios of the Special Former Fifth Division, Court of Appeals, Manila.

[5] Id. at 58.

[6] Id. at 62. Minute Resolution of the Special Former Fifth Division.

[7] Id. at 13–19. The Decision was penned by Judge Artemio H. Quidilla, Jr.

[8] Id. at 32–33.

[9] Id. at 59–61.

[10] Id. at 14.

Lot No. 2512 (Lot No. 2512), located in Barangay No. 22, Nagbacalan, Paoay, Ilocos Norte.[11] All other lots surrounding Lot No. 2512 have been titled in Kawayan Hills' name.[12]

On August 7, 2001, Kawayan Hills, through its President, Pastor Laya, filed an application for confirmation and registration of Lot No. 2512's title in its name before the Municipal Circuit Trial Court of Paoay-Currimao.[13]

Kawayan Hills claimed to have acquired Lot No. 2512 on December 27, 1995 through a Deed of Adjudication with Sale executed by Servando Teofilo and Maria Dafun, the successors-in-interest of Andres Dafun (Andres). Andres had been Lot No. 2512's real property tax declarant since 1931. Andres, with his eight (8) children, had also allegedly possessed, cultivated, and harvested Lot No. 2512's fruits.[14]

Kawayan Hills submitted the following documents in support of its application:

1. Certificate of Incorporation of Kawayan Hills Corporation
2. Secretary's Certificate
3. Tax Declaration No. ARP No. 96-025-02624
4. Deed of Adjudication with Sale dated 27 December 1995
5. Municipal Treasurer Certificate of Non-Tax Delinquency
6. BIR Certificate Authorizing Registration of Documents
7. Municipal Treasurer Certificate that applicant was a real property taxpayer
8. DENR Certificate re: within disposable and alienable lands
9. DENR Certificate re: not identical to previously approved isolated survey
10. DAR Order of Exemption dated 28 March 2001
11. Technical Description
12. Survey/Issuance Plan of Lot 2512 (Ap-01-004666)[15]

On September 4, 2001, the Republic of the Philippines (the Republic), through the Office of the Solicitor General, filed its Opposition to the application. It asserted that Kawayan Hills failed to comply with the requirements of Section 14(1)[16] of Presidential Decree No. 1529, otherwise

[11] Id. at 13 and 22.
[12] Id. at 9–10.
[13] Id. at 13.
[14] Id. at 15.
[15] Id. at 23.
[16] Pres. Decree No. 1529, sec. 14 provides:
Section 14. Who May Apply. — The following persons may file in the proper Court of First Instance an application for registration of title to land, whether personally or through their duly authorized representatives:
(1) Those who by themselves or through their predecessors-in-interest have been in open, continuous, exclusive and notorious possession and occupation of alienable and disposable lands of the public domain under a bona fide claim of ownership since June 12, 1945, or earlier.

known as the Property Registration Decree, for judicial confirmation of imperfect title.[17]

Following the initial hearing of the case, Kawayan Hills presented evidence in support of its application. It adduced a Certificate, dated March 22, 1999, of Community Environment and Natural Resources Office (CENRO) of Laoag City, declaring that Lot No. 2512 was "alienable and disposable land . . . [as] certified by the Director of Forestry."[18] Additionally, it showed a Certificate, dated August 25, 1998, of the Regional Office of the Department of Environment and Natural Resources (DENR)-San Fernando, La Union, stating that "[Lot No. 2512] was not . . . identical to any previously approved isolated survey."[19]

Kawayan Hills also presented evidence to the effect that Andres and his successors-in-interest had been tilling Lot No. 2512. In particular, Eufemiano Dafun (Eufemiano), Andres' grandson, testified that Andres had been in possession of Lot No. 2512 since World War II, when the latter was seven (7) years old. He recalled that Andres harvested fruits from Lot No. 2512.[20]

The Municipal Circuit Trial Court ordered the Land Management Bureau and CENRO of Laoag City to submit a report, and/or to certify whether Lot No. 2512 or any portion of it was covered by a land patent.[21]

In a Report dated February 9, 2004, the CENRO of Laoag City noted:

> 1. that the entire area of the land applied for registration was within the alienable and disposable zone as classified under Land Classification Map No. 1008, Project No. 13, released and certified on 25 May 1933 by the Bureau of Forestry (now the Forestry Management Service);
>
> 2. that the land had never been forfeited in favor of the government for non-payment of taxes nor confiscated as bond;

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(2) Those who have acquired ownership of private lands by prescription under the provisions of existing laws.

(3) Those who have acquired ownership of private lands or abandoned river beds by right of accession or accretion under the existing laws.

(4) Those who have acquired ownership of land in any other manner provided for by law.

Where the land is owned in common, all the co-owners shall file the application jointly.

Where the land has been sold under pacto de retro, the vendor a retro may file an application for the original registration of the land, provided, however, that should the period for redemption expire during the pendency of the registration proceedings and ownership to the property consolidated in the vendee a retro, the latter shall be substituted for the applicant and may continue the proceedings.

A trustee on behalf of his principal may apply for original registration of any land held in trust by him, unless prohibited by the instrument creating the trust.

[17] *Rollo*, pp. 23 and 27.

[18] Id. at 25.

[19] Id.

[20] Id. at 118.

[21] Id. at 25–26.

> 3. that it was not inside any forestry reserve or unclassified public forest and did not encroach [on] any adjacent lot, road or riverbank;
>
> 4. that the subject property was not covered by any kind of public land application, patent, decree or title;
>
> 5. that Kawayan Hills declared the property for taxation purposes and paid the corresponding real property taxes thereof; and
>
> 6. that Kawayan Hills was in actual occupation and possession of the property.[22]

In its July 8, 2010 Decision,[23] the Municipal Circuit Trial Court ruled in favor of Kawayan Hills, confirmed its title over Lot No. 2512, and ordered Lot No. 2512's registration in Kawayan Hills' name. It reasoned:

> The fact that [Lot No. 2512] has been continuously declared in the name of Andres Dafun since 1931, coupled with actual occupation and tillage without disturbance or adverse claim is enough to prove open, continuous, exclusive and notorious possession under a bona fide claim of ownership since June 12, 1945 and even prior thereto pursuant to Section 14 (1) of [Presidential Decree No.] 1529.[24]

In its assailed January 11, 2012 Decision,[25] the Court of Appeals reversed the Municipal Circuit Trial Court July 8, 2010 Decision. It maintained that Kawayan Hills failed to establish its or its predecessors-in-interest's bona fide claim of ownership since June 12, 1945 or earlier, as to enable confirmation of title under Section 14(1) of the Property Registration Decree.[26] It added that Kawayan Hills could not, as an alternative, successfully claim title by acquisitive prescription under Section 14(2) of the Property Registration Decree. It reasoned that Kawayan Hills failed to show that there has been an express declaration by the State, whether by law or presidential proclamation, that Lot No. 2512 "is no longer intended for public service or the development of the national wealth or that the property has been converted into patrimonial use."[27]

Kawayan Hills filed a Motion for Reconsideration,[28] which the Court of Appeals denied in its assailed June 28, 2012 Resolution.[29] Subsequent to this, Kawayan Hills filed a Manifestation/Motion dated July 5, 2012,[30]

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[22] Id.
[23] Id. at 13–19.
[24] Id. at 17.
[25] Id. at 21–33.
[26] Id. at 28–30.
[27] Id. at 31, *citing Heirs of Mario Malabanan v. Republic*, 605 Phil. 244 (2009) [Per J. Tinga, En Banc].
[28] Id. at 34–37.
[29] Id. at 53–54.
[30] Id. at 59–61.

which the Court of Appeals denied in its assailed July 17, 2012 Resolution.[31] Kawayan Hills filed another Manifestation/Motion dated July 16, 2012,[32] which the Court of Appeals noted without action in its assailed August 15, 2012 Resolution.[33]

Thereafter, Kawayan Hills filed the present Petition before this Court on September 6, 2012.[34]

For resolution of this Court is the issue of whether or not petitioner Kawayan Hills Corporation is entitled to have title over Lot No. 2512 confirmed and registered in its favor.

The Court of Appeals was in serious error in granting the Republic's appeal and in concluding that title over Lot No. 2512 cannot be confirmed and registered in petitioner's favor. It failed to acknowledge the prolonged duration of consistent and uninterrupted payment of real property taxes; the absence of any adverse claim, save the Republic's opposition; and the confirmation and tillage since 1942. Its haphazard reliance on the notion that real property tax declarations are not conclusive evidence of ownership demonstrates its failure to go about its duty of resolving the case with care and precision. It indicates grave abuse of discretion.

# I

Section 14 of the Property Registration Decree, which "governs the applications for registration of title to land,"[35] reads:

> Section 14. Who May Apply. — The following persons may file in the proper Court of First Instance an application for registration of title to land, whether personally or through their duly authorized representatives:
>
> (1) Those who by themselves or through their predecessors-in-interest have been in open, continuous, exclusive and notorious possession and occupation of alienable and disposable lands of the public domain under a bona fide claim of ownership since June 12, 1945, or earlier.
>
> (2) Those who have acquired ownership of private lands by prescription under the provision of existing laws.
>
> (3) Those who have acquired ownership of private lands or abandoned river beds by right of accession or accretion under the existing laws.

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31 Id. at 58.
32 Id. at 55–57.
33 Id. at 62.
34 Id. at 3–12.
35 *Canlas v. Republic*, 746 Phil. 358, 369 (2014) [Per J. Leonen, Second Division].

> (4) Those who have acquired ownership of land in any other manner provided for by law.
>
> Where the land is owned in common, all the co-owners shall file the application jointly.
>
> Where the land has been sold under *pacto de retro*, the vendor *a retro* may file an application for the original registration of the land, provided, however, that should the period for redemption expire during the pendency of the registration proceedings and ownership to the property consolidated in the vendee *a retro*, the latter shall be substituted for the applicant and may continue the proceedings.
>
> A trustee on behalf of his principal may apply for original registration of any land held in trust by him, unless prohibited by the instrument creating the trust.

This Court has distinguished applications for registration pursuant to Section 14, paragraphs (1) and (2). In *Canlas v. Republic*:[36]

> In land registration cases, the applicants' legal basis is important in determining the required number of years or the reference point for possession or prescription. This court has delineated the differences in the modes of acquiring imperfect titles under Section 14 of Presidential Decree No. 1529. *Heirs of Mario Malabanan v. Republic* extensively discussed the distinction between Section 14 (1) and Section 14 (2) of Presidential Decree No. 1529. Thus, this court laid down rules to guide the public:
>
> > (1) In connection with Section 14(1) of the Property Registration Decree, Section 48(b) of the Public Land Act recognizes and confirms that "those who by themselves or through their predecessors in interest have been in open, continuous, exclusive, and notorious possession and occupation of alienable and disposable lands of the public domain, under a bona fide claim of acquisition of ownership, since June 12, 1945" have acquired ownership of, and registrable title to, such lands based on the length and quality of their possession.
> >
> > > (a) Since Section 48(b) merely requires possession since 12 June 1945 and does not require that the lands should have been alienable and disposable during the entire period of possession, the possessor is entitled to secure judicial confirmation of his title thereto as soon as it is declared alienable and disposable, subject to the timeframe imposed by Section 47 of the Public Land Act.

[36] 746 Phil. 358 (2014) [Per J. Leonen, Second Division].

> (b) The right to register granted under Section 48(b) of the Public Land Act is further confirmed by Section 14(1) of the Property Registration Decree.
>
> (2) In complying with Section 14(2) of the Property Registration Decree, consider that under the Civil Code, prescription is recognized as a mode of acquiring ownership of patrimonial property. However, public domain lands become only patrimonial property not only with a declaration that these are alienable or disposable. There must also be an express government manifestation that the property is already patrimonial or no longer retained for public service or the development of national wealth, under Article 422 of the Civil Code. And only when the property has become patrimonial can the prescriptive period for the acquisition of property of the public dominion begin to run.
>
> (a) Patrimonial property is private property of the government. The person [who] acquires ownership of patrimonial property by prescription under the Civil Code is entitled to secure registration thereof under Section 14(2) of the Property Registration Decree.
>
> (b) There are two kinds of prescription by which patrimonial property may be acquired, one ordinary and [the] other extraordinary. Under ordinary acquisitive prescription, a person acquires ownership of a patrimonial property through possession for at least ten (10) years, in good faith and with just title. Under extraordinary acquisitive prescription, a person's uninterrupted adverse possession of patrimonial property for at least thirty (30) years, regardless of good faith or just title, ripens into ownership.

In *Republic v. Gielczyk*, this court summarized and affirmed the differences between Section 14 (1) and Section 14 (2) of Presidential Decree No. 1529 as discussed in *Heirs of Malabanan*:

> In *Heirs of Mario Malabanan v. Republic*, the Court further clarified the difference between Section 14(1) and Section 14(2) of P.D. No. 1529. The former refers to registration of title on the basis of possession, while the latter entitles the applicant to the registration of his property on the basis of prescription. Registration under the first mode is extended under the aegis of the P.D. No. 1529 and the Public Land Act (PLA) while under the second mode is made available both by P.D. No. 1529 and the Civil Code. Moreover, under Section 48(b) of the PLA, as amended by Republic Act No. 1472, the 30-year period is in relation to

> possession without regard to the Civil Code, while under Section 14(2) of P.D. No. 1529, the 30-year period involves extraordinary prescription under the Civil Code, particularly Article 1113 in relation to Article 1137.[37]

## II

Contrary to the Court of Appeals' conclusion, petitioner is entitled to registration under Section 14(1).

Citing *Republic v. Hanover Worldwide Trading Corp.*,[38] *Canlas* broadly considered the requisites for availing registration under Section 14(1):

> An applicant for land registration or judicial confirmation of incomplete or imperfect title under Section 14 (1) of Presidential Decree No. 1529 must prove the following requisites: "(1) that the subject land forms part of the disposable and alienable lands of the public domain, and (2) that [the applicant has] been in open, continuous, exclusive and notorious possession and occupation of the same under a bona fide claim of ownership since June 12, 1945, or earlier." Concomitantly, the burden to prove these requisites rests on the applicant.[39]

Thus, two (2) things must be shown to enable registration under Section 14(1). First is the object of the application, i.e., land that is "part of the disposable and alienable lands of the public domain." Second is possession. This possession, in turn, must be: first, "open, continuous, exclusive, and notorious"; second, under a bona fide claim of acquisition of ownership; and third, has taken place since June 12, 1945, or earlier.

In jurisprudence, there is also a more nuanced reckoning of requisites for registration under Section 14(1). This more nuanced reckoning untangles the necessary characteristics of possession, as the preceding paragraph demonstrated. In this Court's September 3, 2013 Resolution in *Heirs of Malabanan v. Republic*:[40]

> [T]he applicant must satisfy the following requirements in order for his application to come under Section 14 (1) of the Property Registration Decree, to wit:

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[37] Id. at 370–373, *citing Heirs of Mario Malabanan v. Republic*, 605 Phil. 244, 281–282 (2009) [Per J. Tinga, En Banc]; and *Republic v. Gielczyk*, 720 Phil. 385 (2013) [Per J. Reyes, First Division].

[38] 636 Phil. 739 (2010) [Per J. Peralta, Second Division].

[39] *Canlas v. Republic*, 746 Phil. 358, 373 (2014) [Per J. Leonen, Second Division], *citing Republic v. Hanover Worldwide Trading Corporation*, 636 Phil. 739 (2010) [Per J. Peralta, Second Division]; and *Roman Catholic Archbishop of Manila v. Ramos*, 721 Phil. 305 (2013) [Per J. Brion, Second Division].

[40] 717 Phil. 141 (2013) [Per J. Bersamin, En Banc].

> 1. The applicant, by himself or through his predecessor-in-interest, has been in possession and occupation of the property subject of the application;
>
> 2. The possession and occupation must be open, continuous, exclusive, and notorious;
>
> 3. The possession and occupation must be under a bona fide claim of acquisition of ownership;
>
> 4. The possession and occupation must have taken place since June 12, 1945, or earlier; and
>
> 5. The property subject of the application must be an agricultural land of the public domain.[41]

Proceeding independently of how jurisprudence reckons requisites for registration under Section 14(1), the Court of Appeals identified three (3) requisites:

> Under Section 14 (1), applicants for registration of title must sufficiently establish first, that the subject land forms part of the disposable and alienable lands of the public domain; second, that the applicant and his predecessors-in-interest have been in open, continuous, exclusive and notorious possession and occupation of the same; and third, that it is under a *bona fide* claim of ownership since 12 June 1945, or earlier.[42]

**III**

The Court of Appeals conceded that the first of its identified requisites is availing here.[43] Indeed, the February 9, 2004 CENRO-Laoag City Report stated "that the entire area of the land applied for registration was within the alienable and disposable zone as classified under Land Classification Map No. 1008, Project No. 13, released and certified on 25 May 1933 by the Bureau of Forestry (now the Forestry Management Service)."[44]

The Court of Appeals also conceded that the second of its identified requisites is availing:

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[41] Id. at 164, *citing* Pres. Decree No. 1529, sec. 14(1). *See also La Tondeña, Inc. v. Republic*, 765 Phil. 795 (2015) [Per J. Leonen, Second Division]; and *Republic v. Spouses Noval*, G.R. No. 170316, September 18, 2017 <http://sc.judiciary.gov.ph/pdf/web/viewer.html?file=/jurisprudence/2017/september2017/170316.pdf> [Per J. Leonen, Third Division].

[42] *Rollo*, pp. 28–29.

[43] Id. at 25.

[44] Id. 25–26.

> Kawayan Hills had likewise met the second requirement as to *ownership and possession*. The [Municipal Circuit Trial Court] found that it had presented sufficient testimonial and documentary evidence to show that *from its first known predecessor-in-interest, Andres Dafun, up to [itself], they were in open, continuous, exclusive and notorious possession and occupation* of the land in question.[45] (Emphasis and underscoring supplied)

Andres was asserted to have been in possession of Lot No. 2512 since 1931, when he started declaring it for real property tax purposes. The Court of Appeals' acknowledgment of his "open, continuous, exclusive and notorious possession and occupation,"[46] which it considered to be the second requisite, is a concession of the duration of possession that is even prior to June 12, 1945.

Despite its acknowledgments and its own categorical statement that "Kawayan Hills . . . met the . . . requirement as to *ownership*,"[47] the Court of Appeals proceeded to state that the third of its identified requisites has not been satisfied. It faulted the evidence presented by petitioner as failing to establish a *bona fide claim of ownership* that dates to June 12, 1945, or earlier. It decried petitioner's reliance on tax declarations, even if they dated to as far back as 1931, as these supposedly did not prove ownership:

> Well[-]settled is the rule that tax declarations are not conclusive evidence of ownership or of the right to possess land when not supported by any other evidence. The fact that the disputed property may have been declared for taxation purposes in the name of the applicant for registration or of their predecessors-in-interest does not necessarily prove ownership. They are merely indicia of a claim of ownership.[48]

## IV

The Court of Appeals' grossly dismissive consideration of tax declarations dating back to 1931 is a serious error.

While recognizing that tax declarations do not absolutely attest to ownership, this Court has also recognized that "[t]he voluntary declaration of a piece of property for taxation purposes . . . strengthens one's bona fide claim of acquisition of ownership."[49] It has stated that payment of real property taxes "is good indicia of possession in the concept of an owner, and

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[45] Id. at 29.
[46] Id. at 28–29.
[47] Id. at 29.
[48] Id. at 30.
[49] *Director of Lands v. Intermediate Appellate Court*, 284-A Phil. 675, 691 (1992) [Per J. Davide, Jr., Third Division]. *See also Republic v. Court of Appeals*, 328 Phil. 238 (1996) [Per J. Torres, Jr., Second Division]; and *Director of Lands v. Court of Appeals*, 367 Phil. 597 (1999) [Per J. Gonzaga-Reyes, Third Division].

when coupled with continuous possession, it constitutes strong evidence of title."[50] For after all:

> No person in the right mind would pay taxes on real property over which he or she does not claim any title. Its declaration not only manifests a sincere desire to obtain title to a property; it may be considered as an announcement of an adverse claim against State ownership. It would be unjust for the State to take properties which have been continuously and exclusively held since time immemorial without showing any basis for the taking, especially when it has accepted tax payments without question.[51]

There have been instances where this Court has favorably considered the presentation of tax declarations which are "not of recent vintage"[52] as indicating possession under a bona fide claim of ownership.

In *Republic v. Court of Appeals*,[53] this Court found no merit in the Republic's opposition asserting that "aside from mere tax declarations all of which are of recent vintage, private respondent has not established actual possession of the property in question in the manner required by law (Section 14, P.D. 1529) and settled jurisprudence."[54] In claiming that the applicant failed to establish actual possession, the Republic was noted as emphasizing that "no evidence was adduced that private respondent cultivated[,] much less, fenced the subject property if only to prove actual possession."[55]

Ruling against the Republic, this Court favorably considered the presentation of tax declarations, tax payment receipts, and a deed of sale as "strong evidence of possession in the concept of owner."[56] It also noted that contrary to the Republic's assertion, there were indications that the applicant occupied, possessed, and cultivated the land:

> We are not persuaded. On this point, the respondent Court correctly found that:
>
> > "Proof that petitioner-appellee and his predecessors-in-interest have acquired and have been in open, continuous, exclusive and notorious possession of the subject property for a period of 30 years under a *bona fide*

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50 *Republic v. Spouses Noval*, G.R. No. 170316, September 18, 2017 <http://sc.judiciary.gov.ph/pdf/web/viewer.html?file=/jurisprudence/2017/september2017/170316.pdf> 14 [Per J. Leonen, Third Division].

51 Id. at 14, *citing Clado-Reyes v. Limpe*, 479 Phil. 669 (2008) [Per J. Quisumbing, Second Division]; and *Republic v. Court of Appeals*, 328 Phil. 238 (1996) [Per J. Torres, Jr., Second Division].

52 *Director of Lands v. Court of Appeals*, 367 Phil. 597, 603 (1999) [Per J. Gonzaga-Reyes, Third Division].

53 328 Phil. 238 (1996) [Per J. Torres, Jr., Second Division].

54 Id. at 246.

55 Id.

56 Id. at 248.

> claim of ownership are the tax declarations of petitioner-appellee's predecessors-in-interest, the deed of sale, tax payment receipts and petitioner-appellee's tax declarations. The evidence on record reveals that: (1) the predecessors-in-interest of petitioner-appellee have been declaring the property in question in their names in the years 1923, 1927, 1934 and 1960; and, (2) in 1966, petitioner-appellee purchased the same from the Heirs of Gil Alhambra and since then paid the taxes due thereon and declared the property in his name in 1985.
>
> . . . .
>
> . . . Considering the dates of the tax declarations and the realty tax payments, they can hardly be said to be of recent vintage indicating petitioner-appellee's pretended possession of the property. On the contrary, they are strong evidence of possession in the concept of owner by petitioner-appellee and his predecessors-in-interest. Moreover, the realty tax payment receipts show that petitioner-appellee has been very religious in paying the taxes due on the property. This is indicative of his honest belief that he is the owner of the subject property. We are, therefore, of the opinion that petitioner-appellee has proved that he and his predecessors-in-interest have been in open, continuous, exclusive and notorious possession of the subject property in the concept of owner for a period of 30 years since 12 June 1945 and earlier. By operation of law, the property in question has become private property.
>
> "Contrary to the representations of the Republic, petitioner-appellee had introduced some improvements on the subject property from the time he purchased it. His witnesses testified that petitioner-appellee developed the subject property into a ricefield and planted it with rice, but only for about five years because the return on investment was not enough to sustain the continued operation of the riceland. Though not in the category of permanent structures, the preparation of the land into a ricefield and planting it with rice are considered 'improvements' thereon."

Although tax declarations or realty tax payments of property are not conclusive evidence of ownership, nevertheless, they are good indicia of possession in the concept of owner for no one in his right mind would be paying taxes for a property that is not in his actual or at least constructive possession. They constitute at least proof that the holder has a claim of title over the property. The voluntary declaration of a piece of property for taxation purposes manifests not only one's sincere and honest desire to obtain title to the property and announces his adverse claim against the State and all other interested parties, but also the intention to contribute needed revenues to the Government. Such an act strengthens one's bona fide claim of acquisition of ownership.[57]

[57] Id. at 247–248, *citing Heirs of Severino Legaspi, Sr. v. Vda. de Dayot*, 266 Phil. 569 (1990) [Per J. Gancayco, First Division]; and *Director of Lands v. IAC*, 284-A Phil. 675 (1992) [Per J. Davide, Jr., Third Division].

*Director of Lands v. Court of Appeals*[58] concerned a cadastral proceeding in which this Court affirmed the rulings of the Regional Trial Court and of the Court of Appeals, "order[ing] the registration and confirmation of Lot 10704 in the name of the Spouses Monico Rivera and Estrella Nota."[59] This Court found no error in the lower courts' findings that "assertion of possession under claim of ownership [was] *tenable*"[60] and that "the claimant, together with his predecessor-in-interest, has 'satisfactorily possessed and occupied the land in the concept of owner openly, continuously, adversely, notoriously and exclusively since 1926, very much earlier to June 12, 1945.'"[61] This was so even when the documentary evidence[62] adduced by the claimant in support of a claim of ownership was limited to tax declarations dating back to 1927, and deeds of sale:

> Considering the date of the earliest tax declaration, which shows it is not of recent vintage to support a pretended possession of property, it is believed that the respondent court did not commit reversible error in affirming the finding of the trial court that Monico Rivera's assertion of possession under claim of ownership is tenable.
>
>> "Although tax declarations or realty tax payment of property are not conclusive evidence of ownership, nevertheless, they are good indicia of possession in the concept of owner for no one in his right mind would be paying taxes for a property that is not in his actual or at least constructive possession. They constitute at least proof that the holder has a claim of title over the property. The voluntary declaration of a piece of property for taxation purposes manifests not only one's sincere and honest desire to obtain title to the property and announces his adverse claim against the State and all other interested parties, but also the intention to contribute needed revenues to the Government. Such an act strengthens one's *bona fide* claim of acquisition of ownership."[63]

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[58] 367 Phil. 597 (1999) [Per J. Gonzaga-Reyes, Third Division].

[59] Id. at 600.

[60] Id. at 604.

[61] Id. at 600.

[62] The documentary evidence was also supported by testimonial evidence relating to the applicant's and his predecessor-in-interest's occupation and cultivation of the land:

Claimant Monico Rivera also testified that Gregoria Rivera from whom he bought the lot in question has been in possession since 1928, and planted corn and coconuts; after having bought the same in 1971 from Gregoria Rivera, claimant continued planting corn and harvesting the coconuts, and built a small hut where his family lives.

[63] *Director of Lands v. Court of Appeals*, 367 Phil. 597, 604 (1999) [Per J. Gonzaga-Reyes, Third Division], *citing Republic v. Court of Appeals*, 328 Phil. 238 (1996) [Per J. Torres, Jr., Second Division]; and *Heirs of Severo Legaspi, Sr. v. Vda. de Dayof*, 266 Phil. 569 (1990) [Per J. Gancayco, First Division].

*Republic v. Spouses Noval*[64] went a step further. It did not only favorably consider tax declarations as "good indicia of possession in the concept of an owner, and . . . [as] constitut[ing] strong evidence of title."[65] It also considered the applicants' and their predecessors-in-interest's consistent payment of real property taxes as militating against the Republic's claim that the land subject of the application was not alienable and disposable agricultural land of the public domain:

> The State also kept silent on respondents' and their predecessor-in-interest's continuously paid taxes. The burden to prove the public character of Lot 4287 becomes more pronounced when the State continuously accepts payment of real property taxes. This Court acknowledges its previous rulings that payment of taxes is not conclusive evidence of ownership. However, it is good indicia of possession in the concept of an owner, and when coupled with continuous possession, it constitutes strong evidence of title.
>
> No person in the right mind would pay taxes on real property over which he or she does not claim any title. Its declaration not only manifests a sincere desire to obtain title to a property; it may be considered as an announcement of an adverse claim against State ownership. It would be unjust for the State to take properties which have been continuously and exclusively held since time immemorial without showing any basis for the taking, especially when it has accepted tax payments without question.[66] (Citations omitted)

V

As with *Republic v. Court of Appeals*,[67] *Director of Lands v. Court of Appeals*,[68] and *Republic v. Spouses Noval*,[69] the payment of real property taxes since as far back as 1931 by petitioner Kawayan Hills' predecessor-in-interest, Andres, should not be dismissed so easily. To the contrary, coupled with evidence of continuous possession, it is a strong indicator of possession in the concept of owner.

The Court of Appeals' reduction of the resolution of petitioner's application to the expedient aphorism that tax declarations do not absolutely establish ownership fails to account for composite and uncontroverted aspects of petitioner's claim. In addition to Andres' declaration of Lot No. 2512 for the payment of real property taxes for almost a decade and a half

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64 G.R. No. 170316, September 18, 2017 <sc.judiciary.gov.ph/pdf/web/viewer.html?file=/jurisprudence/2017/september2017/170316.pdf> [Per J. Leonen, Third Division].

65 Id. at 14.

66 Id.

67 328 Phil. 238 (1996) [Per J. Torres, Jr., Second Division].

68 367 Phil. 597 (1999) [Per J. Gonzaga-Reyes, Third Division].

69 G.R. No. 170316, September 18, 2017 <http://sc.judiciary.gov.ph/pdf/web/viewer.html?file=/jurisprudence/2017/september2017/170316.pdf> [Per J. Leonen, Third Division].

ahead of the June 12, 1945 threshold, and his and his successors-in-interest's unfailing diligence in paying real property taxes, there are more details that attest to possession in the concept of owner.

Since the start of Andres' documented possession in 1931, no one has come forward to contest his and his successors-in-interest's possession as owners. It was only on September 4, 2001, about a month after petitioner's filing of its application, that the Republic came forward to contest the confirmation and registration of title in his name. By then, title to every single lot surrounding Lot No. 2512 had been issued in petitioner's name.[70] Throughout the intervening time, Andres and his successors-in-interest tilled Lot No. 2512. Andres' grandson, Eufemiano, testified for petitioner before the Municipal Circuit Trial Court.[71] He unequivocally declared that Andres had been occupying Lot No. 2512 since World War II. He affirmed that he had witnessed his grandfather harvesting fruits.[72] The Municipal Circuit Trial Court categorically stated that Lot No. 2512 had been used by Andres and his children "for agricultural production since 1942."[73]

## VI

The Court of Appeals never bothered to mention any of these details, let alone address the import of each of them. The most that the Court of Appeals resorted to was a vague, dismissive reference to supposedly "unsubstantiated general statements."[74] Its *ratio decidendi* denying petitioner's application boiled down to two (2) paragraphs,[75] centering on how tax declarations "are not conclusive evidence of ownership."[76] This was followed by a discussion of how petitioner was not entitled to confirmation and registration of title under the alternative mechanism of Section 14(2) of the Property Registration Decree.[77] This Court had to sift through the records of the case to ascertain the matters ignored by the Court of Appeals.

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[70] *Rollo*, pp. 9–10.

[71] *Republic v. Spouses Noval*, G.R. No. 170316, September 18, 2017 <http://sc.judiciary.gov.ph/pdf/web/viewer.html?file=/jurisprudence/2017/september2017/170316.pdf> [Per J. Leonen, Third Division]) also favorably considered a grandchild's testimony concerning her grandmother's cultivation of the land:

> Respondents' predecessor-in-interest recalled her grandmother to have already cultivated fruit-bearing trees on Lot 4287 when she was 15 years old. Possession prior to that "can hardly be estimated . . . the period of time being so long that it is beyond the reach of memory."
>
> Hence, respondents' and their predecessor-in-interest's possession is, with little doubt, more than 50 years at the time of respondents' application for registration in 1999. This is more than enough to satisfy the period of possession required by law for acquisition of ownership.

[72] *Rollo*, p. 118.

[73] Id. at 17.

[74] Id. at 30.

[75] Id. at 29–30.

[76] Id. at 30.

[77] Id. at 30–32.

The Court of Appeals' reductive resort to an aphorism about tax declarations, as though it were an incantation that conveniently resolves the myriad dimensions of this case, is not mere error in judgment; it is grave abuse of discretion. It amounts to its evasion of its positive duty[78] to weigh the competing claims and to meticulously consider the evidence to arrive at a judicious resolution.

In so doing, the Court of Appeals validated what amounted to a mere *pro forma* opposition by the Republic, one that was triggered, not by an independent determination of a fatal error in an application, but by the mere occasion of the filing of an application. In *Spouses Noval*, this Court decried favorable actions on such *pro forma* oppositions as amounting to undue taking of property, thus, violative of the right to due process:

> When an applicant in the registration of property proves his or her open, continuous, exclusive, and notorious possession of a land for the period required by law, he or she has acquired an imperfect title that may be confirmed by the State. The State may not, in the absence of controverting evidence and in a *pro forma* opposition, indiscriminately take a property without violating due process.[79]

For decades, Andres and his descendants toiled on Lot No. 2512. No one bothered to assail their possession or to claim it as owners. That is, until their transferee had the prudence to submit to legal processes by finally having title over Lot No. 2512 confirmed and registered. Rather than upholding legal objectives, the Republic's perfunctory response disincentivizes submission to judicial mechanisms. It unwittingly sends the message that holders of property, albeit through imperfect titles, are better off not bothering to abide by legal requirements. It is grave error to rule for the Republic in such cases merely on account of unquestioning belief in trite adages. The adjudication of judicial matters demands more than swift invocations. The Court of Appeals was much too accepting of the Republic's position. It was remiss in its duty to be a discriminating adjudicator; it was remiss in its duty to uphold due process and to do justice.

**WHEREFORE**, the Petition for Certiorari is **GRANTED**. The assailed January 11, 2012 Decision, June 28, 2012 Resolution, July 17, 2012 Resolution, and August 15, 2012 Resolution of the Court of Appeals in CA-G.R. CV No. 95701 are **NULLIFIED**. The July 8, 2010 Decision of the

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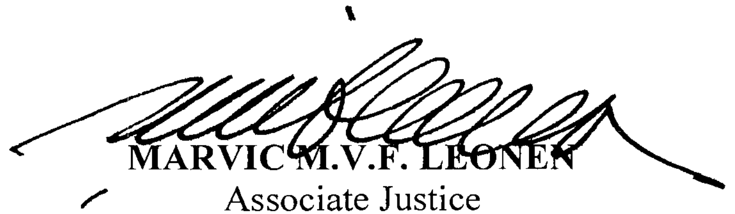
[78] *Angeles v. Secretary of Justice*, 503 Phil. 93, 100 (2005) [Per J. Carpio, First Division]:
An act of a court or tribunal may constitute grave abuse of discretion when the same is performed in a capricious or whimsical exercise of judgment amounting to lack of jurisdiction. The abuse of discretion must be so patent and gross as to amount to an evasion of positive duty, or to a virtual refusal to perform a duty enjoined by law, as where the power is exercised in an arbitrary and despotic manner because of passion or personal hostility.

[79] *Republic v. Spouses Noval*, G.R. No. 170316, September 18, 2017 <http://sc.judiciary.gov.ph/pdf/web/viewer.html?file=/jurisprudence/2017/september2017/170316.pdf> 1 [Per J. Leonen, Third Division].

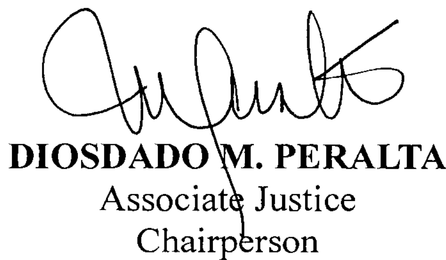
Municipal Circuit Trial Court of Paoay-Currimao, Ilocos Norte in Land Reg. Case No. N-4 is **REINSTATED**.

**SO ORDERED.**



**MARVIC M.V.F. LEONEN**
Associate Justice

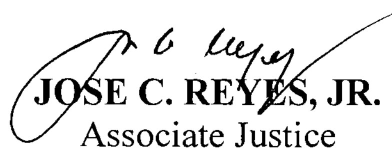
WE CONCUR:



**DIOSDADO M. PERALTA**
Associate Justice
Chairperson

**ANDRES B. REYES, JR.**
Associate Justice

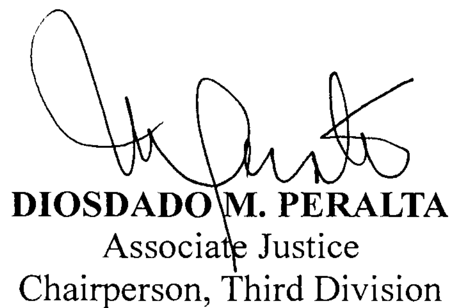
**ALEXANDER G. GESMUNDO**
Associate Justice



**JOSE C. REYES, JR.**
Associate Justice

## ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**DIOSDADO M. PERALTA**
Associate Justice
Chairperson, Third Division

## CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

**TERESITA J. LEONARDO-DE CASTRO**
Chief Justice

CERTIFIED TRUE COPY
WILFREDO V. LAPITAN
Division Clerk of Court
Third Division
OCT 12 2018