



Republic of the Philippines
 Supreme Court
 Manila

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Wilfredo V. Lapitan
 WILFREDO V. LAPITAN
 Division Clerk of Court
 Third Division

THIRD DIVISION

SEP 20 2016

THE ROMAN CATHOLIC BISHOP OF TUGUEGARAO,
 Petitioner,

G.R. No. 187942

-versus-

FLORENTINA PRUDENCIO,
 Now Deceased, Substituted by Her
 Heirs, Namely: Exequiel, Lorenzo,
 Primitivo, Marcelino, Juliana,
 Alfredo and Rosario, All
 Surnamed Domingo; AVELINA
 PRUDENCIO, Assisted by Her
 Husband Victoriano Dimaya;
 ERNESTO PENALBER* and
 RODRIGO TALANG; SPOUSES
 ISIDRO CEPEDA and
 SALVACION DIVINI, Now
 Deceased, Substituted by Her
 Heirs, Namely: Marcial, Pedro and
 Lina, All Surnamed Cepeda,
 Respondents.

Present:

VELASCO, JR., J., *Chairperson*,
 PERALTA,
 PEREZ,
 REYES,** and
 JARDELEZA, JJ.

Promulgated:

September 7, 2016

Wilfredo V. Lapitan

X

DECISION

JARDELEZA, J.:

Assailed in this Petition for Review on *Certiorari*¹ is the October 21, 2008 Decision² and May 11, 2009 Resolution³ of the Court of Appeals (CA) in CA-G.R. CV No. 77100. The CA affirmed with modification the ruling of the Regional Trial Court–Branch 4 of Tuguegarao City (RTC) declaring as null and void the sale to petitioner of 96,926 square meters (sq. m.) of a lot located in Baggao, Cagayan covered by Transfer Certificate of Title (TCT)

* Also referred to as Ernesto Peñalber and Ernesto Peñalver in the records.

** On official leave.

¹ Under Rule 45 of the Rules of Court; *Rollo*, pp. 11-37.

² Penned by Justice Isaias Dicedican, with Justices Juan Q. Enriquez, Jr. and Marlene Gonzales-Sison, concurring. *Id.* at 39-40.

³ *Id.* at 51-52.

J

No. 14306 and ordering petitioner to reconvey the property to Florentina Prudencio, substituted by her heirs, namely: Exequiel, Lorenzo, Primitivo, Marcelino, Juliana, Alfredo and Rosario, all surnamed Domingo; Avelina Prudencio, assisted by her husband Victoriano Dimaya; Ernesto Penalber and Rodrigo Talang (respondents-appellees).⁴

Facts

Felipe Prudencio (Felipe) married twice during his lifetime. With his first wife, Elena Antonio (Elena), he begot five (5) children, namely: Valentina, Eusebia, Paula, Florentina and Avelina. With his second wife, Teodora Abad (Teodora), he had two (2) children namely: Felipe Prudencio, Jr. (Prudencio, Jr.) and Leonora.⁵

During the marriage of Felipe and Elena, they acquired a 13.0476 hectares (or 130,476 sq. m.) parcel of land located at Sitio Abbot, Barrio Imurung, Baggao, Cagayan (Cagayan lot), covered by Original Certificate of Title No. 1343.⁶ When Elena died, Felipe and their children became co-owners of the property.

Felipe then died intestate during his second marriage. Upon his death, Teodora, Prudencio, Jr. and Leonora executed a Deed of Extra-Judicial Partition of the Estate of the late Felipe with Waiver of Rights in favor of Teodora (Extra-Judicial Partition). While the Extra-Judicial Partition acknowledged that the Cagayan lot was acquired during the marriage of Felipe and Elena, it stated that Felipe and Elena did not have any children who could inherit the property; hence, Teodora and her children with Felipe are the only living heirs by operation of law.⁷ The Extra-Judicial Partition also provided that Prudencio, Jr. and Leonora waived their rights over the Cagayan lot in favor of their mother Teodora.⁸ It was published in the Daily Mirror on October 22 and 29, 1969 and November 5, 1969.⁹ Accordingly, title to the Cagayan lot was transferred to Teodora's name under TCT No. 14306.¹⁰

On May 16, 1972, Teodora sold the Cagayan lot to respondents Spouses Isidro Cepeda and Salvacion Divini (Spouses Cepeda). TCT No. 14306 was therefore cancelled, and TCT No. 184375 was issued in favor of Spouses Cepeda.¹¹

⁴ *Id.* at 48, 74-84, respondents-appellees are the plaintiffs in Civil Case No. 2048 before the RTC.

⁵ *Id.* at 40.

⁶ *Id.*

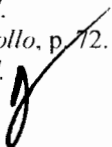
⁷ *Rollo*, p. 41.

⁸ *Id.*

⁹ *Id.*

¹⁰ *Rollo*, p. 72.

¹¹ *Id.*



On August 25, 1972, Spouses Cepeda sold the Cagayan lot to petitioner for ₱16,500.00.¹² Thereafter, petitioner was issued TCT No. T-20084.¹³

On September 15, 1972, respondents-appellees filed a Complaint for Partition with Reconveyance¹⁴ against petitioner, Spouses Cepeda and Teodora, Prudencio, Jr. and Leonora before the RTC. They alleged that they are the children and grandchildren¹⁵ of Felipe by his first marriage. They asserted that upon the death of Elena, they became the owners of Elena's conjugal share on the Cagayan lot, while the other undivided half remained with Felipe.¹⁶ Upon the death of Felipe, respondents-appellees then became owners as well of Felipe's conjugal share in the property, together with Teodora, Prudencio, Jr. and Leonora. The Cagayan lot should, therefore, be distributed as follows:

<i>Florentina Prudencio</i>	- 2.5628 HECTARES;
<i>Avelina Prudencio</i>	- 2.5628 HECTARES;
<i>Ernesto [Penalber]</i>	- 2.5628 HECTARES; and
<i>Rodrigo Talang</i>	- 2.5628 HECTARES;
[Total:	10.2512 hectares]

<i>Teodora Abad Vda. De Prudencio</i>	- .9319 HECTARE;
<i>Leonora Prudencio</i>	- .9219 HECTARE; and
<i>Felipe Prudencio, Jr.</i>	- .9319 HECTARE;
[Total:	2.7857 hectares] ¹⁷

Respondents-appellees posited that they were fraudulently deprived of their rightful shares in the estate of Felipe and Elena when the Extra-Judicial Partition declared Teodora as the *sole* owner of the Cagayan lot.¹⁸ Thus, they prayed that they be declared the owners *pro indiviso* of the undivided portion of 10.2512 hectares of the Cagayan lot, and that this portion be reconveyed to them. They also sought payment of moral and exemplary damages and attorney's fees.¹⁹

Petitioner filed an Answer with Cross Claim.²⁰ It countered that Spouses Cepeda were in possession of the Cagayan lot at the time they offered it for sale. It denied knowledge of the existence of any defect over Spouses Cepeda's title.²¹ Petitioner stated that in fact, Atty. Pedro R. Perez Jr. (petitioner's lawyer), verified the title and ownership of Spouses Cepeda

¹² *Rollo*, pp. 60-61.

¹³ *Id.* at 72.

¹⁴ *Id.* at 53-57.

¹⁵ At the time of the filing of the Complaint, only two (2) out of the five (5) children of Felipe and Elena were living, namely: Florentina and Avelina. Valentina and Eusebio were already deceased, but are represented by their children, Ernesto Penalber and Rodrigo Talang. Meanwhile, Paula Prudencio died without any issue. *Id.* at 54-55.

¹⁶ *Id.*

¹⁷ *Rollo*, p. 55.

¹⁸ *Id.*

¹⁹ *Rollo*, pp. 56-57.

²⁰ *Id.* at 58-63.

²¹ *Id.* at 59.

before it purchased the Cagayan lot.²² Thus, it averred that it was an innocent purchaser for value. Nevertheless, petitioner insisted that Spouses Cepeda should be held liable for the value of the 10.2562 hectares of the Cagayan lot plus interest and damages, or for the rescission of the sale with reimbursement of the purchase price plus interest and damages,²³ in case the claim for reconveyance of respondents-appellees is successful. It contended that the Deed of Sale between petitioner and Spouses Cepeda expressly stated that the latter shall answer for any claim of any other possible heir who might be deprived of their lawful participation in the estate of the original registered owner.²⁴

Spouses Cepeda maintained that their title over the Cagayan lot was clean and that they had no knowledge that other persons had interest on it because Teodora's title over the property was clean.²⁵ They asserted that like petitioner, they were purchasers for value and in good faith. Therefore, petitioner has no cause of action against them.²⁶

RTC Ruling

In its Decision²⁷ dated August 15, 2002, the RTC ruled in favor of respondents-appellees, the decretal portion of which reads:

In view of the above consideration, **DECISION** is hereby rendered:

1. Declaring the Deed of Extra Judicial Partition of the Estate of Felipe Prudencio with Waiver of Rights as null and void;
2. Declaring plaintiffs as owners pro indiviso of the undivided portion of 99,924.6 sq. meters of the land in suit;
3. That the Sale with respect to the 99,924.6 sq. meters conveyed by Teodora Abad to defendants Isidro Cepeda and Salvacion Divini and later to the Roman Catholic Bishop of Tuguegarao is declared null and void;
4. Ordering defendant Roman Catholic Bishop of Tuguegarao to reconvey to plaintiffs said portion; and
5. No pronouncement as to costs.

SO ORDERED.²⁸

The RTC held that it was impossible for Teodora and her children to not know that Felipe had children/heirs by his first marriage. It observed that the real property taxes on the Cagayan lot, from 1963 to 1968, were actually paid by respondent-appellee Ernesto Penalber, the grandson of Felipe by her

²² *Id.* at 60.

²³ *Id.* at 62.

²⁴ *Id.*

²⁵ *Rollo*, p. 66.

²⁶ *Id.* at 68.

²⁷ Penned by Judge Lyliha L. Abella-Aquino, *Id.* at 74-84.

²⁸ *Id.* at 83-84. Emphasis in the original.

daughter Valentina.²⁹ Therefore, the execution of the Extra-Judicial Partition was done in bad faith. In excluding the children of Felipe with Elena, the partition is invalid and not binding upon them.³⁰

The RTC therefore ruled that Teodora can only sell 33,550 sq. m. of the Cagayan lot to Spouses Cepeda. In turn, Spouses Cepeda can only sell that much to petitioner, for a person cannot give what he does not own.³¹ Hence, the sale of the Cagayan lot to Spouses Cepeda and subsequently to petitioner is valid only as to the 33,550 sq. m. share of Teodora. The sale of the remaining 99,924.6 sq. m., which properly belongs to the respondents-appellees, was void. Petitioner was ordered to reconvey 99,924.6 sq. m. of the Cagayan lot to respondents-appellees.³²

Both petitioner and respondents-appellees appealed to the CA. However, respondents-appellees' appeal was dismissed outright for failure to file an appellant's brief.³³

CA Ruling

The CA found that the sole issue is whether petitioner is a buyer in good faith and for value. In its Decision dated October 21, 2008, the CA resolved the issue in the negative.

The CA noted that petitioner has the burden of proving that it was a purchaser in good faith, which it failed to discharge. While petitioner's lawyer investigated the title and ownership of Spouses Cepeda and the previous owners, he did not look beyond what was declared in the documents and failed to determine if there are other heirs.³⁴ Spouses Cepeda were also not in possession of the Cagayan lot at the time of sale, which should have alerted petitioner to inquire further.³⁵ The CA held that the fact of fraud on the part of Teodora and her children was admitted by petitioner in its petition, particularly, in its third assignment of error.³⁶

Thus, the CA affirmed with modification the ruling of the RTC. It declared that petitioner shall retain ownership of only 33,550 sq. m. of the Cagayan lot, which is the area equivalent to Teodora's share. The remaining 96,926 sq. m. (as modified by the CA from the RTC's previous ruling of 99,924.6 sq. m.) should be reconveyed to respondents-appellees.³⁷

²⁹ *Id.* at 81.

³⁰ *Id.* at 81-82.

³¹ *Id.* at 83.

³² *Id.*

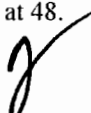
³³ *Rollo*, p. 44.

³⁴ *Id.* at 47.

³⁵ *Id.* at 47-48.

³⁶ *Id.* at 48.

³⁷ *Id.*



Petitioner moved for reconsideration, which was denied; hence, this petition³⁸ which raises the sole issue of whether the action for partition with reconveyance filed by respondents-appellees against petitioner should prosper.

Our Ruling

We deny the petition.

This is a case of exclusion of the rightful heirs in the partition of the estate of the deceased, followed by the sale of their shares to third persons who claim good faith. Both petitioner and Spouses Cepeda consistently contend that they were not aware that any person, other than the seller, has interest over the Cagayan lot. Thus, they are innocent purchasers for value.

The preliminary question then is whether the excluded heirs could recover what is rightfully theirs from persons who are innocent purchasers for value. *Segura v. Segura*³⁹ teaches that the answer would **not** depend on the good faith or bad faith of the purchaser, but rather on the fact of ownership, for no one can give what he does not have—*nemo dat quod non habet*.⁴⁰ Thus, the good faith or bad faith of petitioner is immaterial in resolving the present petition. A person can only sell what he owns or is authorized to sell; the buyer can as a consequence acquire no more than what the seller can legally transfer.⁴¹

The Extra-Judicial Partition is Not Binding on Respondents- Appellees

Petitioner's title over the Cagayan lot was derived from the title of Spouses Cepeda, who in turn obtained their title from Teodora. Teodora, meanwhile, gained title over the entire Cagayan lot on the basis of the Extra-Judicial Partition dated October 20, 1969.⁴² The question therefore is, did that partition validly pass ownership of the Cagayan lot to Teodora so that she had the right to sell the entire lot?

³⁸ This Court notes that the respondents-appellees did not file a Comment on the Petition despite the numerous notices sent to them. The first Resolution ordering them to file a Comment was dated August 17, 2009 (*Rollo*, p. 100); while the last Resolution was dated October 19, 2015 (*Id.* at 215). In our Resolution dated October 19, 2015, we noted that the show cause order intended for the respondents-appellees for their failure to file a Comment was received by the Barangay Captain of their place. Thus, we required him to inform the Court whether the resolution was transmitted to the respondents-appellees. (*Id.*) The Barangay Captain, however, did not comply with the order. Accordingly, in our Resolution dated June 29, 2016 (*Rollo*, pp. 229-230), we ruled that respondents-appellees' right to file Comment is deemed waived and the case is now submitted for decision.

³⁹ G.R. No. L-29320, September 19, 1988, 165 SCRA 368.

⁴⁰ *Id.* at 375-376.

⁴¹ *Id.* at 374.

⁴² *Rollo*, p. 41

We answer in the negative. Articles 979, 980 and 981 of the Civil Code of the Philippines (Civil Code) state that all the children of the deceased shall inherit from him and by implication should participate in the settlement of his/her estate, to wit:

Art. 979. Legitimate children and their descendants succeed the parents and other ascendants, without distinction as to sex or age, and even if they should come from different marriages.

An adopted child succeeds to the property of the adopting parents in the same manner as a legitimate child.

Art. 980. The children of the deceased shall always inherit from him in their own right, dividing the inheritance in equal shares.

Art. 981. Should children of the deceased and descendants of other children who are dead, survive, the former shall inherit in their own right, and the latter by right of representation.

Thus, the children of Felipe in his two (2) marriages should be included in the execution of the Extra-Judicial Partition. In this case, it is undisputed that respondents-appellees were children of Felipe by his first marriage. Teodora, Prudencio, Jr. and Leonora did not deny respondents-appellees' relation with Felipe. Despite this, however, Teodora, Prudencio, Jr. and Leonora declared in the Extra-Judicial Partition that they are the *only living* heirs of Felipe by operation of law. They claimed that Felipe had no child with his first wife Elena, in effect depriving respondents-appellees of their rightful shares in the estate of their parents. They arrogated upon themselves not only the share of Felipe in the Cagayan lot but also the shares belonging to respondents-appellees.

In this regard, we cite Rule 74, Section 1 of the Rules of Court which reads:

Sec. 1. Extrajudicial settlement by agreement between heirs.—If the decedent left no will and no debts and the heirs are all of age, or the minors are represented by their judicial or legal representatives duly authorized for the purpose, the parties may, without securing letters of administration, divide the estate among themselves as they see fit by means of a public instrument filed in the office of the register of deeds, and should they disagree, they may do so in an ordinary action of partition. If there is only one heir, he may adjudicate to himself the entire estate by means of an affidavit filed in the office of the register of deeds. The parties to an extrajudicial settlement, whether by public instrument or by stipulation in a pending action for partition, or the sole heir who adjudicates the entire estate



to himself by means of an affidavit shall file, simultaneously with and as a condition precedent to the filing of the public instrument, or stipulation in the action for partition, or of the affidavit in the office of the register of deeds, a bond with the said register of deeds, in an amount equivalent to the value of the personal property involved as certified to under oath by the parties concerned and conditioned upon the payment of any just claim that may be filed under section 4 of this rule. It shall be presumed that the decedent left no debts if no creditor files a petition for letters of administration within two (2) years after the death of the decedent.

The fact of the extrajudicial settlement or administration shall be published in a newspaper of general circulation in the manner provided in the next succeeding section; but no extrajudicial settlement shall be binding upon any person who has not participated therein or had no notice thereof. (Emphasis supplied.)

Considering that respondents-appellees have neither knowledge nor participation in the Extra-Judicial Partition, the same is a total nullity. It is not binding upon them. Thus, in *Neri v. Heirs of Hadji Yusop Uy*,⁴³ which involves facts analogous to the present case, we ruled that:

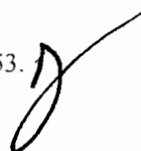
[I]n the execution of the Extra Judicial Settlement of the Estate with Absolute Deed of Sale in favor of spouses Uy, all the heirs of Anunciacion should have participated. **Considering that Eutropia and Victoria were admittedly excluded and that then minors Rosa and Douglas were not properly represented therein, the settlement was not valid and binding upon them and consequently, a total nullity.**

x x x

The effect of excluding the heirs in the settlement of estate was further elucidated in *Segura v. Segura*, thus:

It is clear that Section 1 of Rule 74 does not apply to the partition in question which was null and void as far as the plaintiffs were concerned. The rule covers only valid partitions. **The partition in the present case was invalid because it excluded six of the nine heirs who were entitled to equal shares in the partitioned property. Under the rule “no extrajudicial settlement shall be binding upon any person who has not participated therein or had no notice thereof.” As the partition was a total nullity and did not affect the excluded heirs, it was not correct for the trial court to hold that their right to challenge the partition had prescribed after two years from its**

⁴³ G.R. No. 194366, October 10, 2012, 683 SCRA 553.



execution x x x.⁴⁴ (Citations omitted, emphasis supplied.)

Petitioner, however, submits that the Extra-Judicial Partition is not void because it does not fall within any of the inexistent and void contracts under Article 1409⁴⁵ of the Civil Code.⁴⁶

Petitioner is not correct. In *Constantino v. Heirs of Pedro Constantino, Jr.*,⁴⁷ we declared two (2) deeds of extrajudicial settlements as void and inexistent for having a purpose or object which is contrary to law. The intention of the signatories in both deeds is to exclude their co-heirs of their rightful share in the estate of the deceased.⁴⁸ Similarly, in the present case, Teodora, Prudencio, Jr. and Leonora acted in bad faith when they declared that they are the only living heirs of Felipe, despite knowing that Felipe had children in his first marriage. It is well-settled that a deed of extrajudicial partition executed without including some of the heirs, who had no knowledge of and consent to the same, is fraudulent and vicious.⁴⁹

Thus, the Extra-Judicial Partition is void under Article 1409 (1) or those whose cause, object or purpose is contrary to law, morals, good customs, public order or public policy. As a consequence, it has no force and effect from the beginning, as if it had never been entered into and it cannot be validated either by time or ratification.⁵⁰

The Sale to Spouses Cepeda and Petitioner is Limited to Teodora's Share

The nullity of the Extra-Judicial Partition does **not** automatically result in the nullity of the sale between (1) Teodora and Spouses Cepeda, and that of (2) Spouses Cepeda and petitioner.

Respondents-appellees and Teodora (as the surviving heirs of Felipe) are co-owners of the Cagayan lot. As such, they have full ownership and

⁴⁴ *Id.* at 560-561.

⁴⁵ Art. 1409. The following contracts are inexistent and void from the beginning:

- (1) Those whose cause, object or purpose is contrary to law, morals, good customs, public order or public policy;
- (2) Those which are absolutely simulated or fictitious;
- (3) Those whose cause or object did not exist at the time of the transaction;
- (4) Those whose object is outside the commerce of men;
- (5) Those which contemplate an impossible service;
- (6) Those where the intention of the parties relative to the principal object of the contract cannot be ascertained;
- (7) Those expressly prohibited or declared void by law.

These contracts cannot be ratified. Neither can the right to set up the defense of illegality be waived.

⁴⁶ *Rollo*, p. 25.

⁴⁷ G.R. No. 181508, October 2, 2013, 706 SCRA 580.

⁴⁸ *Id.* at 592.

⁴⁹ *Reillo v. San Jose*, G.R. No. 166393, June 18, 2009, 589 SCRA 458, 468, citing *Pedrosa v. Court of Appeals*, G.R. No. 118680, March 5, 2001, 353 SCRA 620, 628, also citing *Villaluz v. Neme*, G.R. No. L-14676, January 31, 1963, 7 SCRA 27, 30.

⁵⁰ *Constantino v. Heirs of Pedro Constantino, Jr.*, *supra* at 593.

rights over their *pro indiviso* shares. Article 493 of the Civil Code defines the rights of a co-owner, to wit:

Art. 493. Each co-owner shall have the full ownership of his part and of the fruits and benefits pertaining thereto, and he may therefore alienate, assign or mortgage it, and even substitute another person in its enjoyment, except when personal rights are involved. But the effect of the alienation or the mortgage, with respect to the co-owners, shall be limited to the portion which may be allotted to him in the division upon the termination of the co-ownership.

Teodora may therefore sell her undivided interest in the Cagayan lot, and such disposition shall affect only her *pro indiviso* share. When she sold the entire property to Spouses Cepeda, the latter legally and validly purchased *only* the part belonging to Teodora. The sale did not include the shares of respondents-appellees, who were not aware of, and did not give their consent to such sale. Likewise, when Spouses Cepeda sold the entire Cagayan lot to petitioner, the spouses only transferred to petitioner Teodora's *pro indiviso* share. Our ruling in *Vda. De Figuracion v. Figuracion-Gerilla*⁵¹ is on point:

Thus, when Carolina sold the entire Lot No. 707 on December 11, 1962 to Hilaria and Felipa without the consent of her co-owner Agripina, the disposition affected only Carolina's *pro indiviso* share, and the vendees, Hilaria and Felipa, acquired only what corresponds to Carolina's share. **A co-owner is entitled to sell his undivided share; hence, a sale of the entire property by one co-owner without the consent of the other co-owners is not null and void and only the rights of the co-owner/seller are transferred, thereby making the buyer a co-owner of the property.**

Accordingly, the deed of sale executed by Carolina in favor of Hilaria and Felipa was a valid conveyance but only insofar as the share of Carolina in the co-ownership is concerned. As Carolina's successors-in-interest to the property, Hilaria and Felipa could not acquire any superior right in the property than what Carolina is entitled to or could transfer or alienate after partition.

In a contract of sale of co-owned property, what the vendee obtains by virtue of such a sale are the same rights as the vendor had as co-owner, and the vendee merely steps into the shoes of the vendor as co-owner.⁵²
(Emphasis supplied.)

Simply put, the sale of the Cagayan lot to Spouses Cepeda, then to petitioner is **valid** insofar as the share of Teodora is concerned. In effect, petitioner merely holds the share of respondents-appellees under an implied

⁵¹ G.R. No. 151334, February 13, 2013, 690 SCRA 495

⁵² *Id.* at 510.

constructive trust.⁵³ This is true though the TCTs covering the entire Cagayan lot were issued in the name of Teodora, Spouses Cepeda and then petitioner, by virtue of the subsequent sales. The issuance of a certificate of title could not vest upon them ownership of the entire property; neither could it validate their purchase of the same which is null and void to the extent of the shares of the respondents-appellees.⁵⁴ Registration does not vest title, for it is merely the evidence of such title. Our land registration laws do not give the holder any better title than what he actually has.⁵⁵

As it stands, petitioner which merely steps into the shoes of Teodora, and respondents-appellees are now the *pro indiviso* co-owners of the property.

Partition of the Cagayan Lot

Notably, each co-owner has the right to ask for the partition of the property owned in common as no co-owner may be compelled to stay in a co-ownership indefinitely.⁵⁶ Here, respondents-appellees prayed for the partition and reconveyance of the Cagayan lot and their rightful shares, respectively.

Before the partition of the Cagayan lot among the surviving heirs, the conjugal share of the surviving spouse shall first be deducted from the conjugal property of the spouses because the same does not form part of the estate of the deceased spouse. Under Article 175⁵⁷ of the Civil Code, the conjugal partnership is dissolved upon the death of either spouse. It shall then be subject to inventory and liquidation, the net remainder of which shall be divided equally between the husband and the wife.⁵⁸

Here, the Cagayan lot is the conjugal property of Elena and Felipe. Upon the former's death, one-half (1/2) of the Cagayan lot automatically goes to the latter as his conjugal share. The remaining one-half (1/2) forms part of the estate of Elena and shall be divided equally between Felipe and his four (4) surviving children with Elena, in conformity with Article 996⁵⁹ of the Civil Code. Thus, Felipe shall receive one-half (1/2) or 65,238 sq. m. of the Cagayan lot as his conjugal share and one-fifth (1/5) or 13,047.6 sq.

⁵³ See *Neri v. Heirs of Hadji Yusop Uy*, *supra* note 43 at 565.

⁵⁴ *Heirs of Romana Ingjug-Tiro v. Casals*, G.R. No. 134718, August 20, 2001, 363 SCRA 435, 441.

⁵⁵ *Id.* at 441-442, citing *De Guzman, Jr. v. Court of Appeals*, G.R. No. L-46935, December 21, 1987, 156 SCRA 701 and *Cruz v. Cabana*, G.R. No. L-56232, June 22, 1984, 129 SCRA 656.

⁵⁶ *Patricio v. Dario III*, G.R. No. 170829, November 20, 2006, 507 SCRA 438, 449, citing *Santos v. Santos*, G.R. No. 139524, October 12, 2000, 342 SCRA 753.

⁵⁷ Art. 175. The conjugal partnership of gains terminates:

- (1) Upon the death of either spouse;
- (2) When there is a decree of legal separation;
- (3) When the marriage is annulled;
- (4) In case of judicial separation of property under Article 191.

⁵⁸ Art. 185. The net remainder of the conjugal partnership of gains shall be divided equally between the husband and the wife or their respective heirs, unless a different basis of division was agreed upon in the marriage settlements.

⁵⁹ Art. 996. If a widow or widower and legitimate children or descendants are left, the surviving spouse has in the succession the same share as that of each of the children.

m. of the same lot as heir of Elena. Simply put, Felipe is entitled to a total of 78,285.6 sq. m. of the Cagayan lot. Meanwhile, respondents-appellees shall receive one-fifth (1/5) or 13,047.6 sq. m. each.

When Felipe obtained a second marriage, his 78,285.6 sq. m. share was brought into his marriage with Teodora, such that the same formed part of their conjugal partnership. Upon Felipe's death, Teodora became entitled to one-half (1/2) of the 78,285.6 sq. m. or 39,142.8 sq. m. The remaining half will compose the estate of Felipe, which will be divided equally among Teodora, Prudencio Jr., Leonora and respondents-appellees—each of them receiving one-seventh (1/7) of 39,142.8 sq. m. Teodora then shall receive 44,734.63 sq. m. This is further increased by the waiver of Prudencio, Jr. and Leonora of their rights over the estate of Felipe, such that the aggregate share of Teodora will now be equivalent to **55,918.29** sq. m.

For better understanding, the Cagayan lot shall be divided as follows:

	From Elena's Estate	From Felipe's Estate	Total
Florentina Prudencio	13,047.6 sq. m.	5,591.83 sq. m.	18,639.43 sq. m.
Avelina Prudencio	13,047.6 sq. m.	5,591.83 sq. m.	18,639.43 sq. m.
Ernesto Penalber	13,047.6 sq. m.	5,591.83 sq. m.	18,639.43 sq. m.
Rodrigo Talang	13,047.6 sq. m.	5,591.83 sq. m.	18,639.43 sq. m.
			Combined Total: 74,557.72 sq. m.
Teodora Abad (surviving spouse)	0	44,734.63 sq. m.	44,734.63 sq. m.
Leonora Prudencio	0	5,591.83 sq. m.	5,591.83 sq. m.
Felipe Prudencio, Jr.	0	5,591.83 sq. m.	5,591.83 sq. m.
			Combined Total: 55,918.29 sq. m.

Petitioner, whose title over the Cagayan lot is ultimately derived from Teodora, is therefore entitled only to **55,918.29** sq. m. Thus, petitioner should return to respondents-appellees the **74,557.72** sq. m. of the Cagayan lot which corresponds to respondents-appellees' rightful share as heirs of Felipe and Elena.

Meanwhile, this Court is not unmindful of the unfairness resulting from the above order as petitioner stands to lose 74,557.72 sq. m. of the Cagayan lot, which it purchased in fee simple from Spouses Cepeda. In the interest of fairness, justice and equity, we grant petitioner's cross-claim against Spouses Cepeda. Spouses Cepeda are directed to return to petitioner the corresponding value paid for the area of 74,557.72 sq. m. with legal interest.⁶⁰

⁶⁰ See *Neri v. Heirs of Hadji Yusop Uy*, *supra* note 43 at 565.

In fine, the RTC and the CA did not err when they held that respondents-appellees are entitled to recover their rightful shares in the Cagayan lot. However, the reconveyance should conform to the distribution of shares set forth above.


WHEREFORE, the petition is **DENIED** for lack of merit. The October 21, 2008 Decision and May 11, 2009 Resolution of the Court of Appeals in CA-G.R. CV No. 77100 are hereby **AFFIRMED with MODIFICATION** that:

- (1) Petitioner is **ORDERED** to reconvey to respondents-appellees an area of 74,557.72 square meters as their *pro indiviso* share in the Cagayan lot; while petitioner shall retain the remaining area of 55,918.29 square meters.
- (2) Spouses Cepeda are **ORDERED** to return to petitioner the amount paid corresponding to the 74,557.72 square meters share of respondents-appellees, with legal interest at the rate of 12% *per annum* to be computed from the time petitioner filed its Answer with Cross-Claim dated October 14, 1972 with the RTC until June 30, 2013.⁶¹ Thereafter, the legal interest from July 1, 2013 until finality of decision shall be at 6% *per annum*.⁶² After this decision becomes final and executory, the applicable rate shall be 6% *per annum* until its full satisfaction.
- (3) The case is **REMANDED** to the Regional Trial Court of Tuguegarao City, Branch 4, for partition of the Cagayan lot in accordance with this Decision.



FRANCIS H. JARDELEZA
Associate Justice

WE CONCUR:



PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

⁶¹ See *Remington Industrial Sales Corporation v. Maricalum Mining Corporation*, G.R. No. 193945, June 22, 2015.

⁶² See *Nacar v. Gallery Frames*, G.R. No. 189871, August 13, 2013, 703 SCRA 439.



DIOSDADO M. PERALTA
Associate Justice

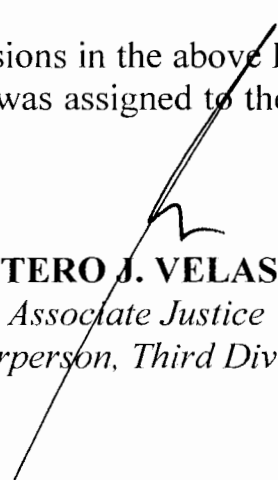


JOSE PORTUGAL PEREZ
Associate Justice

(On Official Leave)
BIENVENIDO L. REYES
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.



PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson, Third Division

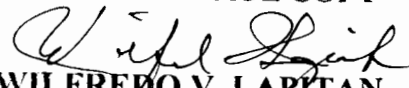
CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's attestation, it is hereby certified 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.



MARIA LOURDES P. A. SERENO
Chief Justice

CERTIFIED TRUE COPY



WILFREDO V. LAPITAN
Division Clerk of Court
Third Division

SEP 22 2016