



Republic of the Philippines  
**Supreme Court**  
 Manila

CERTIFIED TRUE COPY

*Wilfredo V. Lapidan*  
 WILFREDO V. LAPIDAN  
 Division Clerk of Court  
 Third Division

NOV 10 2017

**THIRD DIVISION**

**FLORENCIA ARJONILLO,**  
 Petitioner,

**G.R. No. 196074**

**Present:**

VELASCO, JR., J.,  
*Chairperson,*  
 BERSAMIN,  
 LEONEN,  
 MARTIRES, and  
 GISMUNDO, JJ.

- versus -

**DEMETRIA PAGULAYAN, as substituted  
 by her heirs namely: HERMANA VDA. DE  
 CAMBRI, PORFIRIO T. PAGULAYAN,  
 and VICENTE, MAGNO, PEDRO,  
 FLORENCIO, MELECIO, LERMA, all  
 surnamed MATALANG, and AUREA  
 MATALANG-DELOS SANTOS,**  
 Respondent.

Promulgated:

October 4, 2017  
*Wilfredo V. Lapidan*

X ----- X

**DECISION**

**MARTIRES, J.:**

This is a Petition for Review on Certiorari assailing the Decision<sup>1</sup> promulgated on 7 January 2011 and Resolution<sup>2</sup> dated 16 March 2011 of the Court of Appeals (CA) in CA-G.R. CV No. 89206, which reversed and set aside the Decision<sup>3</sup> dated 31 August 2006 of the Regional Trial Court, Branch 2 of Tuguegarao City (RTC), in Civil Case No. 4778.

*[Signature]*

<sup>1</sup> Rollo, pp. 28-35; penned by Associate Justice Sesinando E. Villon, and concurred in by Associate Justices Japar B. Dimaampao and Amy C. Lazaro-Javier.

<sup>2</sup> Id. at 36.

<sup>3</sup> Records, pp. 446-452.

## THE FACTS

Avelardo Cue (*Cue*) died intestate on 8 December 1987 in Tuguegarao, Cagayan. Cue died single with no surviving descendants or ascendants but was survived by the following: 1) his brother, Felix Cue; 2) Alfonsa Sim and Rodolfo Sia, his niece and nephew by his deceased sister Marta Cue; 3) the herein petitioner Florencia Arjonillo (*Arjonillo*), his niece by his deceased sister Angelita Cue; and 4) Antonio, Isidra, Jacinto, Juanio, Nenita and Teodora, all surnamed Cue, his nieces and nephews by his deceased brother Francisco Cue. On 21 June 1989, they executed an extrajudicial settlement of the estate of Cue.

According to the heirs of Cue, the decedent acquired the following properties during his lifetime:

- a) Lot 999-B-3-B, Psd-57204, being a portion of Lot 999-B-3, Psd-52698, located at Poblacion, Tuguegarao, Cagayan, with an area of two hundred ten (210) square meters, more or less; bounded on the N. along line 1-2 by Calle Comercio; on the N and E, along lines 2-3-4 by Lot 999-B-3-A, of the subdivision plan, and on the S, along line 4-1 by Lot 999-A, Psd-46471 (Pedro Abraham and Josefina Abraham); reasonably assessed at ₱105,000.00;
- b) A 2-storey commercial building erected on lot 999-B-3-B, Psd-57204, made of strong materials; assessed at ₱73,320.00.<sup>4</sup>

Lot 999-B-3-B, however, is registered in the name of Demetria Pagulayan (*Pagulayan*) per Transfer Certificate of Title (*TCT*) No. T-35506, issued by the Register of Deeds for the Province of Cagayan.

Some of the heirs of Cue, including Arjonillo, instituted Civil Case No. 4778 with the RTC for “Reivindicacion, with Partition and Application for Temporary Restraining Order and Preliminary Mandatory Injunction.”<sup>5</sup> They alleged that although the property was registered in the name of Pagulayan, it was Cue who purchased it using his own funds; that being his paramour, Pagulayan exercised undue influence on him in order to register the property exclusively in her own name; and that the registration of the property in the name of Pagulayan is void as it is against public policy.

On the other hand, Pagulayan alleged that she acquired the property from Spouses Chua Bun Gui<sup>6</sup> and Esmeralda Valdepanas Chua (*Spouses Chua*) for and in consideration of ₱20,000.00 which was acknowledged to have been received in full by the vendors as evidenced by the deed of

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<sup>4</sup> Id. at 446.

<sup>5</sup> Id. at 1-9.

<sup>6</sup> Also stated as *Ching* and *Gin* in the testimonies.

absolute sale executed on 25 August 1976.<sup>7</sup> She prayed in her answer that the complaint be dismissed since the plaintiffs have no legal personality or cause of action against her.

### ***The Ruling of the RTC***

On 31 August 2006, the RTC rendered a decision declaring that Pagulayan is not the rightful owner of the subject property and, consequently, ordered the partition of the subject lot and building among the heirs of Cue. According to the RTC, “[Demetria] failed to substantiate her financial capability to acquire the properties subject of the suit, more so to erect and put up a building thereon jointly with Avelardo Cue.”<sup>8</sup> Its findings were based, among others, on the testimony of Dr. Benito Valdepanas (Dr. Valdepanas), who is a nephew of Spouses Chua:

After making a thorough evaluation on the merits of the case, as it has been well substantiated by the testimonies of witnesses presented during the court proceedings, Demetria Pagulayan failed to prove her claim that she bought the lot in question and put up a building thereon. Noted as well in the records of the case is the Deposition of a witness who testified among others that he knows the lot described in TCT No. T-35506; that said witness has personal knowledge of the sale of the lot in question by his uncle to the late Avelardo Cue; and that Defendant Demetria Pagulayan is a mere salesgirl of the late Avelardo Cue.

The allegations of the Plaintiffs as above-discussed have been, in the mind of the Court, preponderantly proven as evidenced by the testimonies and documents presented during the trial of the case.”<sup>9</sup>

### ***The Ruling of the CA***

Upon review, the CA, in its Decision dated 7 January 2011, reversed and set aside the RTC decision and dismissed the case. A motion for reconsideration was filed which was denied in the CA Resolution dated 16 March 2011.

In dismissing the case, the CA found that petitioners failed to discharge the burden of proving their allegation that the properties in dispute form part of the estate of Cue. It was also found that the testimonies of their witnesses could be considered as mere hearsay because they did not have personal knowledge of the circumstances attending the execution of the deed of sale in favor of Pagulayan and the consequent issuance of TCT No. T-35506 in her name.<sup>10</sup>

  
<sup>7</sup> Records, p. 333; Exhibit “1.”

<sup>8</sup> Id. at 449.

<sup>9</sup> Id. at 451.

<sup>10</sup> Rollo, p. 32.

## ISSUES

Arjonillo is now before the Court assailing the decision of the CA on the following grounds:

- I. THE HONORABLE COURT OF APPEALS GRAVELY ERRED WHEN IT REVERSED OR SET ASIDE THE TRIAL COURT'S 31 AUGUST 2006 DECISION AND DISMISSING THE COMPLAINT IN CIVIL CASE NO. 4778 ABANDONING THE FACTUAL FINDINGS OF THE COURT *A QUO*.
- II. THE HONORABLE COURT OF APPEALS GRAVELY ERRED WHEN IT RULED ON THE INDEFEASIBILITY OF RESPONDENT DEMETRIA PAGULAYAN'S TITLE AND CATEGORICALLY DECLARED THAT THE OWNERSHIP OF THE DISPUTED PROPERTIES BELONG TO HER.
- III. THE HONORABLE COURT OF APPEALS COMMITTED GRAVE ERROR WHEN IT CONSIDERED WITNESS DR. BENITO VALDEPANAS' TESTIMONY AS HEARSAY.<sup>11</sup>

## THE COURT'S RULING

The petition is without merit.

When a case is appealed to the CA, it is thrown wide open for review by that court which thereby has the authority to affirm, reverse, or modify the assailed decision of the lower court. The appellate court can render an entirely new decision in the exercise of its power of review in order to correct patent errors committed by the lower courts.<sup>12</sup>

Arjonillo and her co-heirs claim that the subject properties were owned by their predecessor, Cue. They sought to recover its full possession from Pagulayan by filing an *accion reivindicatoria* before the RTC. It is then incumbent upon them to convince the court by competent evidence that the subject properties form part of Cue's estate because in order to successfully maintain actions for recovery of ownership of a real property, the complainants must prove the identity of the land and their title thereto as provided under Article 434 of the Civil Code.<sup>13</sup> They have the burden of proof to establish the averments in the complaint by preponderance of evidence,<sup>14</sup> relying on the strength of their own evidence and not upon the weakness of their opponent's evidence.<sup>15</sup>

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<sup>11</sup> Id. at 17.

<sup>12</sup> *Sazon v. Vasquez-Menancio*, 682 Phil. 669, 679 (2012) citing *Heirs Alcaraz v. Republic of the Phils.*, 502 Phil. 521, 536 (2005).

<sup>13</sup> *Ibot v. Heirs of Francisco Tayco*, 757 Phil. 441, 449-450 (2015).

<sup>14</sup> *Heirs of Alejandra Arado v. Heirs Alcoran*, 763 Phil. 205, 216 (2015).

<sup>15</sup> *Bank of the Philippine Islands v. Mendoza*, G.R. No. 198799, 20 March 2017.

Rather than dispensing with their burden of proof as required under the law, Arjonillo and her co-heirs concentrated on attacking Pagulayan's claim of ownership over the subject properties on the ground of the latter's alleged lack of financial capability to purchase the land and erect a building thereon. It was consistently emphasized that Pagulayan was a mere salesgirl who only had an annual salary of ₱1,950.00 in 1976.<sup>16</sup> On this basis, Arjonillo and her co-heirs maintained that Pagulayan could not have acquired the property on 25 August 1976 as reflected in the Deed of Absolute Sale executed by Spouses Chua.<sup>17</sup>

They also tried to prove that contrary to what appears in the deed of sale, the actual transaction transpired between Chua Bun Gui and Cue. But Chua Bun Gui did not testify during the trial. Neither his wife nor any witness to the sale was presented. Instead, Arjonillo and her co-heirs presented the testimony of Dr. Valdepanas who, as earlier noted, is the nephew of Spouses Chua and has a clinic adjacent to the property under scrutiny. The subject of his testimony, however, is not of matters he himself knows; thus, it should be disregarded for being hearsay.

Dr. Valdepanas testified as follows:

Q: Now, you said a while ago that Chua Bun [Gui] was the former owner of the lot in question, what did Chua Bun [Gui] do with the lot in question?

A: Two or three days after the fire that was August 22 1977 my uncle Chua Bun [Gui] went home to had a cup of coffee he told me that he sold the lot in question to Avelardo Cue when in fact I was also interested to buy it.

Q: Are we made to understand that the transaction regarding the sale of the lot in question to Avelardo Cue was made in your house?

A: No, sir. Avelardo Cue told me that the lot in question was sold in installment basis when infact I offered to purchase the lot in question in cash basis, sir.

x x x x

Q: Were you present whenever the late Avelardo Cue made payments to your uncle Chua Bun Gin?

A: [A]side from knowing it personally, the late Avelardo Cue told me that he paid fifty percent of the purchased price and the remaining balance on installment basis, sir.<sup>18</sup>

Despite claiming knowledge of the terms and conditions of the sale, perusal of the deed of absolute sale revealed that Dr. Valdepanas was

<sup>16</sup> Exhibit Folder; Exhibit "2" – Felix Cue, Individual Income Tax Return of Pagulayan for the calendar year 1976.

<sup>17</sup> Records, p. 333; Exhibit "1."

<sup>18</sup> TSN, 29 March 1996, pp. 5-8.



neither a party nor a witness to the transaction. It is noticeable that Dr. Valdepanas merely repeated statements he heard from Cue and Chua Bun Gui. When asked if he was present whenever Cue paid Chua Bun Gui, he did not give a categorical answer but simply claimed that he knew about it personally. More importantly, proponent offered the testimony to prove “that the lot in question was purchased by the late Avelardo Cue and not by the defendant, Demetria Pagulayan, although the Deed of Sale was in the name of the said defendant Demetria Pagulayan.”<sup>19</sup> It was offered as evidence of the truth of the fact being asserted. Clearly, the above-quoted testimony is hearsay and thus inadmissible in evidence. A witness can only testify on facts within his personal knowledge.<sup>20</sup> This is a substantive prerequisite for accepting testimonial evidence that establishes the truth of a disputed fact.<sup>21</sup> Unless the testimony falls under any of the recognized exceptions, hearsay evidence whether objected to or not cannot be given credence for it has no probative value.<sup>22</sup>

On the other hand, to shed light on how she could afford to purchase the land, Pagulayan testified that she worked with free board and lodging from 1954 to 1976 and deposited her earnings in an account with the Philippine National Bank.<sup>23</sup> She further testified that she withdrew some of the money and used it in re-selling *palay* and pigs.<sup>24</sup>

The following documents were offered and admitted in evidence<sup>25</sup> to support Pagulayan’s claim that it is indeed she who owns the land in question: 1) a notarized deed of absolute sale<sup>26</sup> executed by Spouses Chua on 25 August 1976 conveying the property to Pagulayan; 2) TCT No. T-35506<sup>27</sup> registered in the name of Pagulayan; and 3) Real Property Tax Receipts for 1993<sup>28</sup> and 1994<sup>29</sup> which were offered to prove that the land’s tax declaration was in the name of Pagulayan.

We agree with the finding of the CA that “[t]he documentary and testimonial evidence on record clearly support [Pagulayan’s] ownership of the disputed property as reflected in TCT No. T-35506, which was issued in her name pursuant to the aforesaid Deed of Sale.”<sup>30</sup> It is fundamental that a certificate of title *serves as evidence* of an indefeasible and incontrovertible title to the property in favor of the person whose name

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<sup>19</sup> Records, p. 439.

<sup>20</sup> Rules of Court, Rule 130, Section 36.

<sup>21</sup> *Bank of the Philippine Islands v. Domingo*, 757 Phil. 23, 50 (2015), citing *Da Jose v. Angeles*, 720 Phil. 451, 465 (2013).

<sup>22</sup> *Republic of the Phils. v. Galeno*, G.R. No. 215009, 23 January 2017.

<sup>23</sup> TSN, 25 August 1999, p. 8.

<sup>24</sup> Id. at 9.

<sup>25</sup> Records, p. 348.

<sup>26</sup> Id. at 333-334; Exhibit “1.”

<sup>27</sup> Id. at 335; Exhibit “2.”

<sup>28</sup> Id. at 339; Exhibit “6.”

<sup>29</sup> Id. at 338; Exhibit “5.”

<sup>30</sup> *Rollo*, p. 33.

appears therein. The titleholder is entitled to all the attributes of ownership, including possession of the property.<sup>31</sup>

Though it has been held that placing a parcel of land under the mantle of the Torrens system does not mean that ownership thereof can no longer be disputed,<sup>32</sup> this Court cannot ignore the fact that Arjonillo, together with her co-heirs, failed to discharge the burden of proving their claim by a preponderance of evidence as required under the law. Based on the foregoing, we find no persuasive argument in the instant petition that will convince us to overturn the assailed judgment of the appellate court.

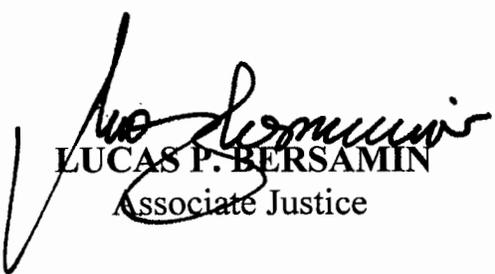
**WHEREFORE**, the Petition for Review on Certiorari is **DENIED**. The Decision and Resolution of the Court of Appeals dated 7 January 2011 and 16 March 2011, respectively, in CA-G.R. CV No. 89206 are **AFFIRMED**.

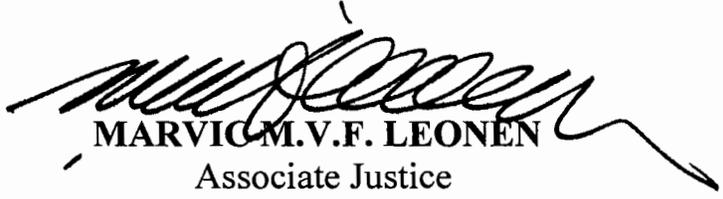
**SO ORDERED.**

  
**SAMUEL R. MARTIRES**  
 Associate Justice

**WE CONCUR:**

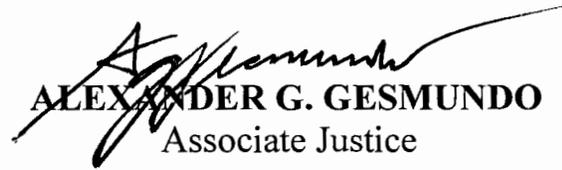
  
**PRESBITERO J. VELASCO, JR.**  
 Associate Justice  
 Chairperson

  
**LUCAS P. BERSAMIN**  
 Associate Justice

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

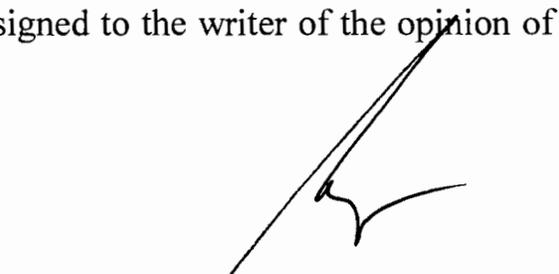
<sup>31</sup> *Spouses Orenca v. Crus Vda. De Ranin*, G.R. No. 190143, 10 August 2016.

<sup>32</sup> *Heirs of Tappa v. Heirs of Bacud*, G.R. No. 187633, 4 April 2016, 788 SCRA 13, 32, citing *Vda. De Figuracion v. Figuracion-Gerilla*, 703 Phil. 455, 469 (2013).

  
**ALEXANDER G. GESMUNDO**  
 Associate Justice

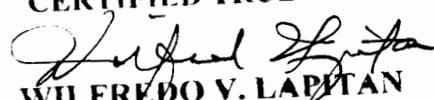
**ATTESTATION**

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, 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.

CERTIFIED TRUE COPY  
  
**WILFREDO V. LAPITAN**  
 Division Clerk of Court  
 Third Division  
 NOV 10 2017

  
**MARIA LOURDES P. A. SERENO**  
 Chief Justice