

### Title:

Eliseo Maltos and Rosita P. Maltos vs. Heirs of Eusebio Borromeo: The Void Sale of Land within the Five-Year Prohibitory Period

### Facts:

Eusebio Borromeo was issued a Free Patent over agricultural land in San Francisco, Agusan del Sur on February 13, 1979. Within the prohibited five-year period, specifically on June 15, 1983, he sold the land to Eliseo Maltos. After Borromeo's death in 1991, his heirs endeavored to nullify the sale for being executed within the prohibitory period, eventually filing a Complaint for Nullity of Title and Reconveyance against the Maltos Spouses and the Register of Deeds in 1993. The petition was primarily contested on the grounds of good faith purchase and the *in pari delicto* principle.

The Regional Trial Court (RTC) dismissed the heirs' complaint due to their failure to prove their legal heir status and for not raising succession rights in appropriate special proceedings. However, it recognized the sale's nullity due to its within-prohibition execution. The Court of Appeals (CA), later reversing this, held that while reversion to the state was proper, it necessitated formal proceedings by the Office of the Solicitor General; until then, property should revert to Borromeo's heirs from Maltos.

The Supreme Court required the heirs to comment and Maltos Spouses to reply, eventually deliberating on the issues presented, including the heirs' status affirmation and the non-application of the *in pari delicto* rule due to public policy considerations.

### Issues:

1. Whether the CA erred in ordering the property's reconveyance to Borromeo's heirs.
2. Misapplication of *in pari delicto* doctrine.
3. Whether the Maltos Spouses are entitled to reimbursement for the property improvements.

### Court's Decision:

The Supreme Court upheld the CA's decision, dismissing the petition. It affirmed the void nature of the sale within the prohibitory period, the heirs' status as valid claimants, and the non-application of the *in pari delicto* doctrine due to public interest. It also held that the Maltos Spouses could not claim reimbursement for improvements due to the benefits received during their possession period.

### Doctrine:

The sale of land obtained through free patent within the prohibitory five-year period under the Public Land Act is void, and such property should revert to the state. Reversion requires formal action by the Office of the Solicitor General. In cases of null and void transactions violating this principle, the in pari delicto rule does not apply when its enforcement would counteract public policy.

### Class Notes:

- Free Patent Land Sale: Sale of land under free patent within five years of issuance is void.
- Reversion Process: Property reversion to the state is not automatic; it necessitates action by the Office of the Solicitor General.
- In Pari Delicto Principle: This principle does not apply in void transactions under the Public Land Act when its enforcement would defy public policy.
- Public Policy Consideration: Ensures land awarded under homestead laws remains with the benefactor's family to fulfill the law's welfare objectives.

### Historical Background:

This case epitomizes the judiciary's role in interpreting land sale regulations within the Philippine legal framework, specifically concerning the Public Land Act's protections. It underscores the balance between good faith acquisitions and public policy designed to preserve awarded lands for intended beneficiaries, highlighting the necessity of government intervention in reversion cases for adjudicating rightful ownership and ensuring land utilization aligns with national development goals.