

****Title:**** Land Bank of the Philippines vs. Republic of the Philippines, Represented by the Director of Lands

****Facts:****

This case revolves around a parcel of land located in Bocana, Kabacan, Davao City, initially covered by Original Certificate of Title (OCT) No. P-2823 issued on September 26, 1969, in favor of Angelito C. Bugayong. The title was derived from Sales Patent No. 4576 issued on September 22, 1969. The land, marshy and periodically underwater during high tide, was subsequently divided into four lots, changing hands several times through sales, resulting in new Transfer Certificates of Title (TCTs).

Lourdes Farms, Inc., after acquiring one of these lots, mortgaged the property to Land Bank of the Philippines (LBP) on April 14, 1980. The mortgage led to the issuance of TCT No. T-57348 in favor of Lourdes Farms.

A petition by residents in the area, filed on July 15, 1981, prompted an investigation by the Bureau of Lands, revealing that the land was still classified as within the forest zone at the time OCT No. P-2823 was issued, thus not alienable until March 25, 1981. As a result, the Republic of the Philippines, through the Office of the Solicitor General (OSG), initiated a complaint in the RTC for cancellation of title/patent and reversion of the land to public domain.

The RTC ruled in favor of the Republic, declaring OCT No. P-2823 and its derivative TCTs null and void, prompting an appeal by LBP to the CA, which was subsequently dismissed, affirming the RTC's decision.

****Issues:****

1. Whether the mortgagee's right of LBP over the subject land covered by TCT No. T-57348 is valid.
2. If LBP's mortgage right is protected under the constitutional guarantee of non-impairment of obligation of contracts.
3. The validity of LBP's cross-claim against co-defendant Lourdes Farms, Inc.

****Court's Decision:****

The Supreme Court affirmed the CA's decision with a modification regarding the cross-claim of LBP against Lourdes Farms, Inc., remanding it to the RTC for further proceedings.

1. The Court held that LBP had no valid interest over the land as Lourdes Farms, Inc. did

not have ownership to begin with, given the land was within the forest zone and not subject to private ownership at the time OCT No. P-2823 was issued.

2. It also ruled that the constitutional guarantee of non-impairment of contracts does not protect LBP's mortgage interest over the property as it involved forest land, part of the public domain and outside the commerce of man. Therefore, the contract of mortgage was void ab initio.

3. Finally, the Court determined that it could not conclusively decide on the cross-claim due to the lack of examination and findings by lower courts, prompting its decision to remand this specific matter for further proceedings.

****Doctrine:****

- Forest lands are beyond the reach of private ownership and registration, and any title issued for such lands, even to an ostensible innocent purchaser or mortgagee, is null and void.
- The indefeasibility of a Torrens title does not protect holders of titles derived from void original titles over non-alienable lands.
- The principle of non-impairment of contracts does not extend to contracts that involve public domain lands not subject to private appropriation.

****Class Notes:****

- ****Public Domain Lands:**** Not subject to private ownership; includes forest lands, which cannot be acquired by private individuals regardless of the mode of acquisition purportedly employed.
- ****Doctrine of Indefeasibility of Title:**** Does not apply to lands of the public domain wrongfully included in a title; such titles are void.
- ****Non-Impairment Clause (Constitution):**** Does not protect contracts that contravene laws, such as those involving non-alienable lands of the public domain.
- **Article 2085 of the Civil Code:** Requires mortgagors to be the absolute owners of the thing mortgaged.
- ****Principle of Estoppel:**** Does not apply against the State in cases of public domain lands improperly included in private titles.

****Historical Background:****

This case illustrates the complexity and enduring principle that lands classified as forest lands within the public domain remain beyond the purview of private acquisition and

registration, reinforcing the State's power to revert such lands to public ownership regardless of intermediate transactions. It underscores the importance of accurate land classification and vigilant protection of public lands from unlawful private appropriation.