

Title:

Filinvest Land, Inc. vs. Abdul Backy Ngilay et al.

Facts:

The respondents, holders of agricultural public lands in Tambler, General Santos City, through Homestead and Free Patents granted in 1986 and 1991, respectively, entered into negotiations with petitioner Filinvest Land, Inc. in 1995 for the sale of said properties. A Deed of Conditional Sale was executed, but later disputes arose concerning the validity of these sales due to restrictions under the Public Land Act on the alienation of homestead properties within five years from the date of issuance of the patent.

This dispute was taken to the Regional Trial Court (RTC) in Las Piñas, which ruled in favor of Filinvest, validating the sales and the associated grant of right of way. The respondents then appealed to the Court of Appeals (CA), which modified the RTC's decision by upholding the sale of properties granted in 1986 but nullifying the sale of properties patented in 1991 and related rights of way, as these were within the restrictive period.

Filinvest then sought review from the Supreme Court, arguing that the conditional nature of the sale and its unregistered status did not constitute a violation of the Public Land Act's prohibitions against premature alienation.

Issues:

1. Whether a conditional sale involving the 1991 patents violated the prohibition against alienation of homesteads under the Public Land Act.
2. Whether registration is the operative act that conveys or disposes of rights in real property, and if being unregistered, means the deed of conditional sale did not convey or dispose of the 1991 homesteads in violation of the Public Land Act.
3. Assuming the nullity of the sale of the 1991 patents, whether respondents should be required to return what they received from the petitioners.

Court's Decision:

The Supreme Court denied Filinvest's petition, affirming the CA's decision with modification that the respondents must return the P14,000,000.00 down payment received due to the sale's nullification. The Court emphasized that the prohibition in the Public Land Act does not distinguish between consummated and executory sales and that any conveyance within the five-year prohibitory period is null and void. The Court also underscored that allowing respondents to keep the downpayment would result in unjust enrichment.

Doctrine:

The sale or alienation of properties acquired through homestead patents within the five-year prohibitory period is null and void, irrespective of whether the sale is consummated or executory. Unjust enrichment mandates the return of benefits received under a void contract.

Class Notes:

- **Conditional Sale**: An agreement to sell a property at a future date, subject to specified conditions.
- **Public Land Act**: Governs the alienation and encumbrance of lands acquired under free patent or homestead provisions, prohibiting such actions within five years from patent issuance.
- **Unjust Enrichment**: Occurs when one party benefits at another's expense without a legal justification. Requires restitution in cases of nullified transactions.

Historical Background:

The Public Land Act, as applied in this case, reflects the Philippine government's policy to promote agrarian reform and land distribution to landless farmers. It aims to preserve lands granted by the state to beneficiaries by restricting premature alienation, ensuring that agricultural lands remain with the original awardees to cultivate and improve their economic condition. This case underscores the tension between land preservation policies and the complexities of modern real estate transactions.