

### Title:

Beverly Anne C. Yap vs. Republic of the Philippines, Represented by the Regional Executive Director, Department of Environment and Natural Resources (DENR)

### Facts:

- **Initial Application**: Consuelo Vda. De Dela Cruz applied for a free patent over Lot No. 9087, Cad. 102, located in Davao City.
- **Deed of Waiver/Quitclaim**: On November 25, 1981, Dela Cruz executed a Deed of Waiver/Quitclaim in favor of Rollie Pagarigan.
- **Free Patent Issuance**: Pagarigan subsequently filed his own Free Patent Application (FPA), leading to the issuance of Free Patent No. (XI-1)5133 and OCT No. P-11182 in his name on November 25, 1982.
- **Mortgage and Foreclosure**: On September 5, 1989, Pagarigan mortgaged the lot to Banco Davao-Davao City Development Bank. Due to loan default, the property was foreclosed and sold to the Bank on October 26, 1990.
- **Protests Filed**: Protestants Teodoro Valparaiso and Pedro Malalis, claiming continuous occupation since 1945, filed a formal protest on October 24, 1990, and requested the recall of the free patent issued to Pagarigan.
- **Annotation of Lis Pendens**: On January 27, 1992, the protestants caused a notice of lis pendens to be annotated on OCT No. P-11182 due to ongoing litigation (Civil Case No. 20-435-9) against Pagarigan.
- **DENR Investigation and Decision**: On May 15, 1995, the DENR Secretary ruled against Pagarigan and ordered an action for the cancellation of OCT No. P-11182 and reversion of the land to the government.
- **Sale to Yap and Villamor**: Without consolidating the title, the Bank sold the property to Beverly Anne C. Yap and Rosanna F. Villamor on November 5, 1992.
- **Expropriation Case**: The Department of Transportation and Communication filed for expropriation of a portion of the lot on February 28, 1997 (Civil Case No. 25,084-97), where Yap and Villamor were paid just compensation.
- **RTC Ruling**: The RTC dismissed DENR's complaint for cancellation of Pagarigan's patent and nullification of the title, recognizing Yap and Villamor as good faith purchasers under the principle of conclusiveness of judgment from an earlier expropriation case.
- **CA Decision**: The CA reversed RTC's ruling, declaring the free patent and the resulting titles null and void, and ordered the reversion of the lot to public domain.

### Issues:

1. **Whether the decision constitutes res judicata respecting Yap and Villamor being**

adjudged as innocent purchasers for value in the expropriation case.\*\*

2. \*\*Whether reversion proceedings were validly proven by clear and convincing evidence regarding Pagarigan's fraudulent application under the standard set by Saad Agro-Industries, Inc.\*\*

3. \*\*Whether Yap and Villamor can be deemed purchasers in good faith despite the annotated notice of lis pendens on OCT No. P-11182.\*\*

### ### Court's Decision:

- \*\*Res Judicata\*\*: The Supreme Court ruled that there was no conclusive adjudication of innocent purchaser status for Yap and Villamor in the expropriation case. The earlier ruling focused on the indefeasibility of the Torrens title and held no binding effect on the case at bar.

- \*\*Fraud in Free Patent Application\*\*: The DENR's findings of fraud and misrepresentation in Pagarigan's original free patent application were upheld. Since Pagarigan's free patent was proven to be acquired through fraud, the cancellation and reversion were deemed justified despite Yap and Villamor's claims.

- \*\*Purchasers in Good Faith\*\*: The Court found that neither the Bank, Yap, nor Villamor exercised the necessary due diligence. Given the annotated notice of lis pendens signaling ongoing litigation over the title, Yap and Villamor could not be deemed innocent purchasers in good faith.

### ### Doctrine:

- \*\*Conclusiveness of Judgment\*\*: Addresses that finality of a court decision requires specific issues' adjudication in former suits for binding effect on subsequent litigation.

- \*\*Fraud and Misrepresentation in Free Patents\*\*: Fraudulently obtained free patents do not confer indefeasibility to titles; fraudulent origins allow reversion actions.

- \*\*Purchaser in Good Faith\*\*: Buyers bear the burden of proving good faith with due diligence, especially when purchasing from non-registered owners with encumbrances such as lis pendens annotations.

### ### Class Notes:

- \*\*Res Judicata (Rule 39, Section 47(c))\*\*: Identity of issues and parties determines preclusion in subsequent litigation.

- \*\*Section 32, Presidential Decree No. 1529 (Property Registration Decree)\*\*: Indefeasibility of title subject to fraud exceptions.

- \*\*Notice of Lis Pendens\*\*: Effective notice to purchasers of pending litigation affecting property title.

- **Reversion Proceedings (Public Land Act, Section 101):** The government retains authority to annul fraudulently acquired patents and reclaim lands.

**Historical Background:**

The case highlights the historical and ongoing issues of land claims and titling complexities in the Philippines, where equitable land reforms have often encountered administrative and legal challenges. Here, it demonstrates the due diligence required in land transactions and the government's vigilance in protecting public lands from illicit privatizations.