

MARIANO RAMIREZ, PETITIONER, VS. THE HON. COURT OF APPEALS AND JOSE G. PAGUIA, RESPONDENTS.

G.R. No. L-28591. October 31, 1969

Ponente: CONCEPCION, C.J.

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CONCEPCION, C.J.:

The decision rendered in his favor, by the Court of First Instance of Bulacan, having been reversed by the Court of Appeals, plaintiff Mariano Ramirez has brought the case to Us for review on certiorari of the decision of said appellate court.

This is an accion publiciana commenced on February 8, 1960, to eject Jose G. Paguia from two (2) parcels of land situated in the Barrio of San Mateo, Municipality of Norzagaray, Province of Bulacan and more particularly designated, in Original

Certificate of Title No. 282-A (Patent No. 70988) on the Office of the Register of Deeds of Bulacan, both issued in the name of Ramirez, as Lot No. 2 of the property described therein. It was alleged in the complaint that Paguia had, through stealth and strategy, illegally taken possession of said land, in November 1958, to the damage and prejudice of Ramirez, who, accordingly, prayed that Paguia be ordered to vacate the land and to pay damages, as well as attorney's fees and the costs.

In due course, Paguia filed his answer alleging that he, too, is a registered owner of said land, as attested to by Transfer Certificate of Title No. T-27323 of said Office in his name; that he and his predecessors-in-interest had been in possession of the land from time immemorial, whereas Ramirez had never held it; and that the title of Ramirez had been secured through fraud and deceit, for which reason Paguia prayed that said OCT No. 282-A be declared null and void and that Ramirez be sentenced to pay damages and costs.

After appropriate proceedings, the Court of First Instance rendered judgment declaring that TCT No. T-27323, in the name of Paguia, is null and void and ordering him to vacate the premises in question, as well as attorney's fees, in the sum of P500, and the costs. On appeal, taken by Paguia, the Court of Appeals reversed the decision of the Court of First Instance and declared Homestead Patent No. 70988 and OCT No. 282-A, covering the disputed land, null and void, ab initio, upheld the validity of defendant's TCT No. T-27323, and absolved him from the payment of attorney's fees, with costs against the plaintiff. Hence, this petition for review on certiorari, which was given due course.

The main issue stems from a conflict between OCT No. 282-A, in favor of Ramirez, and TCT No. T-27323, in the name of Paguia. The former was issued on June 22, 1944 (not on November 27, 1943, as stated in the decision of the Court of Appeals, this date being that of the patent, although the point is not material to the issue in this appeal). Paguia's transfer certificate of title, dated January 29, 1960, is based upon OCT No. 01356, issued on June 27, 1958. This notwithstanding, the

Court of Appeals held that Paguia's title should prevail, upon the ground that Patent No. 70988 and OCT No.

282-A are null and void ab initio, the same having been secured through fraud.

In this connection, it appears that Ramirez derived his title from Doroteo Sison, son of Maximo Sison. The latter had, on March 2, 1927, filed homestead application, which was approved by the Director of Lands, on March 6, 1939, in favor of said Doroteo Sison, as heir of the original applicant. On January 12, 1940, the then Department of Agriculture and Commerce approved the transfer of the rights of Doroteo Sison to Ramirez, in whose name Patent No. 70988 was issued, on November 27, 1943. This patent was recorded in the Office of the Register of Deeds of Bulacan on June 22, 1944, on which date said officer issued OCT No. 282-A, in favor of Ramirez.

Paguia's immediate predecessors were, in turn, Rosalia and Guadalupe Esteban, who derived their title, by inheritance, from Tomas Esteban. Over thirteen (13) years after the issuance of said OCT No. 282-A, or on October 17, 1957, Paguia filed, with the Court of First Instance of Bulacan, a petition for the registration of said land in his name.[1] During the pendency of such proceedings, or on February 15, 1958, Paguia sold his interest in the land to the spouses Hiwaga Pineda and Antonia Flores, who presumably substituted him as petitioners in the case, and eventually secured OCT No. 01356, dated June 27, 1958, in their name. Subsequently, Paguia repurchased the land from the Pinedas, in view of which TCT No. T-27323 was issued to him, on January 29, 1960, upon cancellation of said OCT No. 01356.

Paguia maintains that in securing OCT No. 282-A; and the patent on which it is based, plaintiff had acted fraudulently and in bad faith, because Tomas Esteban, who allegedly inherited the land from his father, in 1910, and his successors-in-interest, had been in possession thereof uninterruptedly up to the present; that neither the Sisons nor Ramirez had ever held said land; that they were not qualified, therefore, to acquire it by homestead patent: and that, consequently, Patent No. 70988 and OCT No. 282-A, issued to Ramirez, are null and void ab initio.

Upon the other hand, Ramirez asserts that it was Paguia who had acted in bad faith and whose TCT No. T-27323 is null and void ab initio, not only because it is based upon OCT No. 01356, dated June 27, 1958, or fourteen (14) years after the issuance of OCT No. 282-A, in his (Ramirez') favor, but, also, because as early as 1932, Tomas Esteban knew that the land was claimed by Maximo Sison - the predecessor-in-interest of Ramirez - for such claims is noted in the survey plan then made by Severino Isonfor Tomas Esteban, and because the land was, in fact covered by a homestead application filed by Maximo Sison, on March 2, 1927, and Tomas Esteban objected thereto, on or about May 14, 1941, for, on that date, public land inspector Faustino Cruz investigated him (Tomas Esteban) in connection with said application of Sison.[2]

Upon a review of the record, we find ourselves unable to affirm the decision of the Court of Appeals.

- A certificate of title fraudulently secured is not null and void ab initio, unless the fraud consisted in misrepresenting that the land is part of the public domain, although it is not. In such case, the nullity arises, not from the fraud or deceit, but from the fact that the land is not under the jurisdiction of the Bureau of Lands. Inasmuch as the land involved in the present case does not belong to such category, OCT No. 282-A would be merely voidable or reviewable:[3] 1) upon proof of actual fraud; 2) although valid and effective, until annulled or reviewed in a direct proceeding therefor,[4] not collaterally;[5] 3) within the statutory period therefor;[6] 4) after which, the title would be conclusive against the whole world, including the Government.[7] Although, under certain conditions, the holder of such title may be required to reconvey the land to the party who has been fraudulently deprived thereof, the reconveyance merely serves to stress the indefeasibility of said title, for, otherwise, the proper remedy would be to annul or cancel it.

- The proceedings relative to the homestead application of Maximo Sison had been pending from March 2, 1927,

when the application was filed, to March 6, 1939, when it was approved. Upon the subsequent death of Maximo Sison, he was succeeded by his "heirs in law," on whose behalf, his son Doroteo Sison, acting with the approval of the then Secretary of Agriculture and Commerce, given on January 12, 1940, transferred their rights and those of the deceased to Ramirez. Assuming that Tomas Esteban was not aware of the filing of said application of Maximo Sison, there is every reason to believe that the former had notice of the latter's claim in 1932, when Severino Ison recorded it in the survey plan he had prepared for him (Tomas Esteban), or, at least, when he was investigated in connection with said application, in 1941. At any rate, the heirs of Tomas Esteban, who died in 1942, had, by operation of law, constructive knowledge of Patent No. 70988 and of OCT No. 282-A, both in the name of Ramirez, since June 22, 1944, when the patent, dated November 27, 1943, was recorded in the Office of the Register of Deeds of Bulacan, and the certificate of title was issued by the latter.

Since then, the property in dispute became a "registered land for all purposes" under the Land Registration Act,[8] in view of which, OCT No. 282-A is not subject to attack, upon the ground of actual fraud, except in an action for the specific purpose of reviewing the order directing the issuance of Patent No. 70988, filed within one year after entry of such patent in the records of the Register of Deeds of Bulacan,[9] or not later than June 22, 1945. No such petition has ever been filed within said period or after the expiration thereof. Apart from the fact that it was not commenced within the period aforementioned, the case at bar has not been instituted to review said patent and the title issued in pursuance thereof. On the contrary, its purpose is to enforce both. Paguia chose not to take the initiative in connection therewith, and awaited for plaintiff to do so. As defendant in this case, Paguia merely assails the validity of said patent and title, as a defense measure. In other words, he contests both collaterally, as a means to defeat plaintiff's accion publiciana for the recovery of possession. Such collateral attack is not sanctioned by law.

- In any event, said patent and title of Ramirez have already become indefeasible.[10] Indeed, pursuant to Section 38 of Act No. 496, "upon the expiration of ... one year," from "entry of the decree of registration" - which, in the case of homesteads, must be construed as referring to the entry of the homestead patent, since the latter and the order of the Director of Lands directing its issuance take the place of the "decree" - "every . . . certificate of title issued in accordance with this section shall be incontrovertible." In annulling the patent and title of Ramirez, the Court of Appeals acted, therefore, in derogation of the incontestable nature given to both by explicit provision of law, thereby violating the same.

- In fact, the appealed decision, likewise, disregarded Section 4 of the Public Land Act,[11] which provides that decisions of the Director of Lands "as to questions of fact shall be conclusive when approved by the Secretary of Agriculture and Natural Resources." "In the case at bar, the Bureau of Lands had found, inter alia, in its order of October 23, 1941, declaring that "patent should issue" to Ramirez: "that the final proof papers" in connection with the homestead application of the predecessor-in-interest of Ramirez had "been submitted and were found to have been properly accomplished"; and "that an investigation for the purpose of verifying the statements contained in the final proof papers was conducted by a representative of the Bureau of Lands, who found that the applicant has fully complied with the residence and cultivation requirements of the law ..." Moreover, patents are issued by the Secretary or Under-Secretary of Agriculture and Natural Resources, acting "By Authority of the President of the Philippines," with a statement to the effect that he does so because the patentee "possesses all the qualifications required by law in the premises" and "has fully complied with all the conditions, requirements and provisions of Chapter VII of Commonwealth Act No. 141, as amended . . ." As a consequence, the issuance of a patent necessarily implies an approval, not only by the Department of Agriculture and Natural Resources, but, also, by the President of the Philippines, of the aforementioned findings of fact of the Director of Lands, which thereby became "conclusive."

- Insofar as the authority to annul plaintiff's patent and title are concerned, the present case is substantially identical to that of *Vital v. Anore*.^[12] That case involved a Torrens title issued, on January 20, 1934, in pursuance of a homestead patent, which title and patent were sought to be annulled in an action filed on December 13, 1945. It was held that "if the patentee and his successor-in-interest were never in possession" of the land in question "and knew that the plaintiff and his predecessor-in-interest have been in possession thereof . . . then the court in the exercise of its equity jurisdiction, without ordering the cancellation of the Torrens title issued upon the patent, may direct the defendant, the registered owner, to reconvey the parcel of land to the plaintiff who has been found to be the true owner thereof," provided that the period prescribed therefor in the statute of limitations has not expired. This connotes, not only that the patent and the title issued to Ramirez is not null and void ab initio, but, also, that it is valid and may no longer be reviewed or annulled.

- Needless to say, since plaintiff's OCT No. 282-A is now infeasible, it follows that OCT No. 01356, in the name of Hiwaga Pineda and Antonio Flores, and defendant's TCT No. T-27323, based thereon, are null and void ab initio, for lack of jurisdiction of the court to hear the land registration proceedings instituted by Paguia, on October 13, 1957, the land involved therein being already covered by said OCT No. 282-A in the name of Ramirez.^[13]

- This notwithstanding, the Court of Appeals declared said patent and title null and void ab initio, upon the ground that Ramirez was not qualified to acquire the land by homestead, because "he had never lived on the land much less cultivated it"; that the requisite final proof had not been submitted, for Ramirez did not even "understand what final proof means"; that Ramirez had failed to establish that Exhibit G is "an exact copy of the original order" for the issuance of a patent in his favor, that it had "been duly signed by the proper officials concerned," and that the seal of the issuing office had been stamped thereon; and that the presumption that said final proof and order had been respectively submitted and duly issued does not, accordingly, apply to the case at bar.

The appellate court was not justified in making these findings and making said conclusion. To begin with, it is not disputed that said patent and title were recorded and registered on June 22, 1944. Consequently, they are infeasible and conclusive, and not subject to review beyond June 22, 1945. Secondly, the aforementioned findings and conclusion entailed such a review. Thirdly, since his patent and title are now incontrovertible, Ramirez did not have to introduce evidence of his possession and of the proceedings leading to the issuance of both, insofar as the defendant's move to annul said patent and title are concerned. Fourthly, the existence of these documents being undeniable, we must presume that an order for the issuance of such patent, and, hence, of said title had been issued by the Director of Lands with the approval of the Secretary of Agriculture, or their authorized representatives. If said patent and the title were not incontrovertible as yet - which they are - it would be up to the defendant to prove that no such order and approval have been issued and given. His evidence concerning his continuous and uninterrupted possession and that of his predecessors-in-interest do not constitute such proof. Fifthly, we take judicial cognizance of the fact that the offices of the Bureau of Lands and the Department of Agriculture and Natural Resources, as well as the records of both had been destroyed during the liberation of the Philippines in 1945, and, hence, cannot be produced. Lastly, it is a matter of common knowledge, that the homestead applicants are, in general, simple country folks, who are not conversant with the meaning of legal terms, such as "final proof." This is perhaps true even with respect to average city dwellers. Such being the case, how could Ramirez be expected to know whether final proofs had been submitted or not in connection with his homestead application? Indeed, in many, if not most, cases, the so-called final proof consists of documents prepared, oftentimes, forms filled, by officers or employees of the Bureau of Lands, who assist the homestead applicants in the proceedings leading to the issuance of homestead patents.

- Although the infeasibility of OCT No. 282-A after June 22, 1945, did not necessarily bar Paguia - assuming

that, as claimed by him, Ramirez has been/guilty of actual fraud - from filing a personal action for reconveyance, the same should be brought within the period set forth in the applicable statute of limitations. Pursuant to Section 43 of Act No. 190 - which was the law in force at the time of the entry of Patent No. 70988 and

the issuance of OCT No. 282-A, on June 22, 1944 - "(a)n action for relief on the ground of fraud" - to which class the remedy prayed for by Pagua belongs - "can only be brought" within four years after accrual of the right of action, or from "the discovery of the fraud." In the case at bar, such discovery must be deemed to have taken place in 1941, when Tomas Esteban was investigated in connection with the homestead application of Maximo Sison, or, not later than June 22, 1944, when Patent No. 70988 was entered in the records of the Office of the Register of Deeds and this officer issued OCT No. 282-A. Independently, however, of the alleged fraud on the part of Ramirez, the right to demand a reconveyance prescribes after 10 years from accrual of the cause of action, on June 22, 1944, the date of registration of the patent and of the issuance of OCT No. 282-A in his name.[14]

In short, the right, if any, of Pagua to sue for a reconveyance expired either in 1945, or, at the latest, on June 22, 1954.

WHEREFORE, the aforementioned decision of the Court of Appeals should be, as it is hereby reversed, and another one shall be entered affirming that of the Court of First Instance of Bulacan, with costs against respondent Jose G. Pagua.

IT IS SO ORDERED.

Reyes J.B.L., Dizon, Makalintal, Zaldivar, Sanchez, Ruiz Castro, Fernando, Teehankee and Barredo, JJ., concur.

[1] Land Registration Case No. N-1009, LRC No. N-14188

[2] See Exh. F.

[3] Vda. de Cuaycong v. Vda. do Sengbengco, L-1 1837, November 29, 1960; Alzona v. Capunitan, L-10228; February 28, 1962.

[4] Legarda v. Saleeby, 31 Phil. 590.

[5] Soroñgon v. Makalintal, 80 Phil. 259, 262; Director of Lands v. Gan Tan, 89 Phil. 184; Henderson v. Garrido, 90 Phil. 624, 630; Aguilar v. Caoagdan, 105 Phil. 661; Samonte v. Sambilon, 107 Phil. 198, 200.

[6] Section 38, Act No. 496.

[7] Broce v. Apurado, 26 Phil. 581; Aldecoa v. Warner Barnes, 30 Phil. 153, 209; Legarda v. Saleeby, 31 Phil. 590, 5%; Velasco v. Gochuico, 33 Phil. 363; De los Reyes v. Paterno, 34 Phil. 420; Bias v. De la Cruz, 37 Phil. 1; Central Capiz v. Ramirez, 40 Phil. 883; Snyder v. Provincial Fiscal, 42 Phil. 761; Calimbas v. Paguio, 46 Phil. 566, 571; Rivera v. Moran, 48 Phil. 836, 840; Reyes v. Borbon, 50 Phil. 791; Clemente v. Lukban, 53 Phil. 931; Sugayan v. Solis, 56 Phil. 276, 279; Bachrach Motor v. Kane, 61 Phil. 504; Yumul v. Rivera, 64 Phil. 13; San Juan de Dios v. Marcos, 67 Phil. 150; Gonzaga v. Guanzon, 68 Phil. 351; Roman Catholic Archbishop v. Monte de Piedad, 68 Phil. 1; Heirs of Lichauco v. Director of Lands, 70 Phil. 69; Soroñgon v. Makalintal, 80 Phil. 259; J.M. Tuazon v. Santiago, 99 Phil. 615.

[8] Section 122, Act No. 496.

[9] Section 38, Act No. 496.

[10] Lucas v. Dusian, L-7886, September 23, 1957; Ingaran v. Ramelo, 107 Phil. 498, 504.

[11] Commonwealth Act No. 141.

[12] 90 Phil. 855, 858-859.

[13] Pamintuan v. San Agustin, 43 Phil. 558; El Hogar Filipino v. Olviga, 60 Phil. 17,23; Addison v. Payatas, 60 Phil. 673; Sideco v. Aznar, 92 Phil. 952, 958; Ingaran v. Ramelo, 107 Phil. 498, 504; Samonte v. Sambilo, 107 Phil. 198, 200-201.

[14]J.M. Tuazon v. Magdangal, L-15539, January 30, 1962, Alzona v. Capunitan, L-10228, February 28, 1962.

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