

**REPUBLIC OF THE PHILIPPINES, PETITIONER-APPELLEE, VS.
TEODOCIA LOZADA, APPLICANT-RESPONDENT-APPELLANT.***G.R. No. L-43852. May 31, 1979*

Ponente: TEEHANKEE, J.

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The Court affirms on appeal the decision of the Pasay City court of first instance granting the Republic's timely petition for review of the decree of registration and cancelling the certificate of title issued in favor of the applicant-appellant, since it clearly appears that actual fraud had been employed by the applicant in procuring the title over the lands in question which are part of the public domain (and not private property as falsely claimed by applicant) and the Republic is entitled to their reversion to the public domain.

On October 26, 1966 applicant-appellant Teodocia Lozada had filed an application in the Court of First Instance of Rizal for the registration of, and confirmation to, two parcels of land in Las Piñas, Rizal (designated as Lots 2 and 3, Psu. 218933, SWO-40867 in the technical descriptions, with an area of about 390 square meters), asserting title thereto by right of inheritance from her deceased parents, coupled with alleged continuous and exclusive possession. As related in the Court of Appeals' resolution of May 10, 1976 certifying applicant Lozada's appeal to us as involving only questions of law, said appellant originally succeeded on ex-parte evidence in securing registration of the property, as follows:

"Under date of November 16, 1966, the court a quo issued a notice of initial hearing of the petition (Ibid., p. 19). The petition was opposed by the Provincial Government of Rizal and the Municipal Government of Las Piñas, Rizal (Ibid., p. 27). The Director of Lands did not deem it necessary at the time to file an opposition to Teodocia Lozada's petition (Ibid., p. 30) and returned the records of the case to the court a quo through the Solicitor General (Ibid., p. 29). However, the Director of Lands reserved the right to file his opposition thereto should it be found upon investigation that applicant Lozada is not entitled to the lots in question (Ibid., p. 30).

"On April 25, 1967, an order of general default was issued by the court a quo, excepting therefrom the Provincial Government of Rizal and the Municipal Government of Las Piñas, Rizal (Amended Record on Appeal, pp. 9-10). On the same date, the court a quo referred the case to the Municipal Court of Las Piñas, Rizal because the value of the contested lots does not exceed P10,000.00, as shown in the tax declaration (Ibid., p. 10). On June 26, 1967, upon the ex-parte evidence presented by applicant Teodocia Lozada, the Municipal Court of Las Piñas, Rizal, found applicant Lozada to have a registerable title to the two parcels of land. The said court confirmed her title thereto (Amended Record on Appeal, pp. 11-14). A month later, the municipal court ordered the issuance of the corresponding decree of registration (Ibid., pp. 14-15). On September 7, 1967, Original Certificate of Title No. 6314 (Exhibit 7, Folder of Exhibits, p. 100) in the name of Teodocia Lozada was issued by the Register of Deeds of Rizal."

The Solicitor General, however, well within one year from entry of the decree filed a petition for review of the decision and decree of registration on the ground that applicant Lozada had procured the same by actual fraud (1) because she deliberately concealed the fact that the lots in question were covered by Revo-cable Permit Application No. 15849 and Miscellaneous Sales Application No. V-76845, both in the name of her husband,

Felix Cristobal, and that these applications were rejected by the Bureau of Lands since these lots were reserved for school site purposes pursuant to Resolution No. 114, Series of 1963, of the Municipal Council of Las Piñas, Rizal; and (2) these lots are portions of the public domain and as such belong to the State and are not subject to private appropriation and, therefore, not registerable under the Torrens System.

The court of first instance gave due course to the Republic's petition notwithstanding appellant Lozada's opposition contending inter alia that the petition raises the issue of ownership which should be brought up in a separate civil action and that the lands were private property. After reopening the case and holding several hearings at which both the applicant and the Republic presented their documentary and testimonial evidence, it found that "actual fraud was employed by the applicant in procuring title over the property subject of this application which are portions of the public domain."

It found inter alia in its decision upon the petition for review that before appellant Lozada's petition for registration, her husband, Felix Cristobal, had filed with the Bureau of Lands a revocable permit application and a sales application which had been rejected on April 12, 1965 precisely because the lands had been reserved for school purposes and that the husband "by not so filing the application for registration of the property in question and by allowing his wife, applicant Teodocia Lozada, to file the application, the Bureau of Lands, representing the Republic of the Philippines, was misled." The Court found that applicant Lozada and her husband had deliberately deceived the State, as follows:

"The Court draws this conclusion from the very patent improbability that a fair and unprejudiced mind will accept. It is most improbable that the Bureau of Lands will not oppose the registration of a piece of land, but will oppose any application to purchase the same. These are two conflicting actions. Moreover, in the first instance, the land registration will result in the acquisition of the property without the Republic of the Philippines being paid for it. In the second instance, the approval of the sales application will result in the acquisition of the property with the Republic of the Philippines being paid for it. Why should the Bureau of Lands not file its opposition in the first instance and, on the other hand, reject the application for purchase in the second instance? The truth of the matter, in the opinion of the Court, is that had the application for registration been only filed by FELIX CRISTOBAL, the husband, the Bureau of Lands, representing the Republic of the Philippines, would have acted uniformly, that is, (1) oppose the registration and (2) reject the sales application. Here again is clearly seen how the Republic of the Philippines, represented by the Bureau of Lands, through the act of applicant Teodocia Lozada of filing separately the application for registration and through the act of FELIX CRISTOBAL of applying for approval of a sales application for the same property, was effectively deprived of its day in court. It bears repeating that had the instant application for registration only been made by FELIX CRISTOBAL, the husband, who had already a record in the Bureau of Lands, as a person who had taken the initial step for the purchase of a certain public land, then the Bureau of Lands would have filed its opposition or would have taken steps appropriate to stop the registration thereof."

The lower court accordingly rendered judgment on March 30, 1973 in favor of the Republic, as follows:

- "(1) Setting aside the decision of the Municipal Court of Las Piñas, Rizal of June 26, 1967, subject of the instant review proceedings, and the corresponding decree issued pursuant thereto;
- "(2) Declaring the property in question to be part of the public domain belonging to the Republic of the Philippines;
- "(3) Dismissing the registration application of Teodocia Lozada of October 16, 1962;
- "(4) Ordering applicant Teodocia Lozada to surrender Original Certificate of Title No. 6314 of the Province of Rizal to the Register of Deeds of said Province and that the same may be cancelled;
- "(5) Ordering the Register of Deeds of the Province of Rizal to cancel the aforementioned Original Certificate

of Title No. 6314; and

"(6) Ordering Felix Cristobal and Teodocia Lozada to vacate immediately the property in question so that the same may be used for the purpose it was reserved, that is, as a school site."

Applicant Lozada appealed to the Court of Appeals which, however, certified the appeal to us as involving only questions of law which it set forth in its resolution, as follows:

"Applicant appealed to this Court and contends that the court a quo erred in:

1. Holding that there was actual and extrinsic fraud in obtaining applicant's original certificate of title over the lots applied for; and

2. Holding that the lots applied for by applicant form part of the public domain.

"It is not denied that the lots in question were the subject of a revocable permit application and a miscellaneous sales application filed with the Bu-reau of Lands by Felix Cristobal (t.s.n., September 7, 1971, pp. 11, 12; June 22, 1972, pp. 4, 9), husband of applicant-appellant Teodocia Lozada, before she filed a petition for registration and that Cristobal's applications were denied by the Bureau of Lands (t.s.n., September 7, 1971, p. 12; June 22, 1972, p. 4). And yet applicant-appellant made it appear under her oath that she had inherited the lots in question from her parents. There is also no question that the application for registration was filed in the name of Teodocia Lozada and not in the name of Felix Cristobal (Amended Record on Appeal, p. 1).

"We note that these material facts were not disclosed in the application for registration filed by Teodocia Lozada. Is this conduct within the kind of fraud contemplated in Section 38 of Act 496, as amended, to warrant the review of the decision of the Municipi-pal Court of Las Piñas and the nullification of the de-cree of registration?

"It is not also denied that the lots in question are portions of the bed or foreshore of the Las Piñas river (t.s.n., September 7, 1971, pp. 3, 4, 10, 15; June 22, 1972, p. 11). This, too, was not disclosed in the application for registration. Do they then form part of the public domain or not?"[1]

On the basis of the material facts above stated in the Court of Appeals' resolution which have not been disputed by appellant, the Court affirms the appealed judgment.

Appellant Lozada (and her husband Felix Cristobal) were clearly guilty of fraud (1) in not disclosing in her application for registration the vital facts that her husband's previous application for a revocable permit and to purchase the lands in question from the Bureau of Lands had been rejected, because the lands were already reserved as a site for school purposes; (2) in thus concealing the fact that the lands were part of the public domain and so known to them; (3) in stating the deliberate falsehood that the lands were allegedly inherited by her from her parents; and (4) in filing the application for registration in the name of appellant Lozada and not in that of her husband Felix Cristobal or the two of them jointly, thus suppressing the fact that Felix Cristobal already had a record in the Bureau of Lands of having filed a rejected application for the same lands, all of which misled the Bureau of Lands into not filing an opposition to her application, and as aptly observed by the lower court "effectively deprived (the Republic) of its day in court."

Such fraud may well be deemed as "extrinsic or collateral fraud, as distinguished from intrinsic fraud [which] connotes any fraudulent scheme executed by a prevailing litigant 'outside the trial of a case against the defeated party, or his agents, attorneys or witnesses, whereby said defeated party is prevented from presenting fully and fairly his side of the case.'"[2]

But even assuming that such fraud could be technically considered as "intrinsic fraud [which] takes the form of 'acts of a party in a litigation during the trial, such as the use of forged instruments or perjured testimony, which

did not affect the presentation of the case, but did prevent a fair and just determination of the case,"[3] it would not alter the result, because the mistake and error into which the officials of the Bureau of Lands were misled by such a deliberately false application, suppressing the facts known to the applicant that the lands sought to be registered were lands of the public domain (and not private property) and having been reserved for a school site were not susceptible of private registration (as in fact her husband's application to purchase the same had been rejected) cannot operate to bar the Republic's timely petition to review and set aside the decree, since the State cannot be estopped by the mistake or error of its officials and agents.[4]

Besides, the registration decree was properly voided by the lower court since it had no jurisdiction over the lands of the public domain subject matter of the proceedings which were portions of the bed or foreshore of the Las Piñas river and were not open to registration proceedings.

Finally, as this Court unanimously stressed in *Piñero vs. Director of Lands*[5] "It is to the public interest that one who succeeds in fraudulently acquiring title to a public land should not be allowed to benefit therefrom, and the State should, therefore, have an ever existing authority, thru its duly authorized officers, to inquire into the circumstances surrounding the issuance of any such title, to the end that the Republic, thru the Solicitor General or any other officer who may be authorized by law, may file the corresponding action for the reversion of the land involved to the public domain, subject thereafter to disposal to other qualified persons in accordance with law. In other words, the indefeasibility of a title over land previously public is not a bar to an investigation by the Director of Lands as to how such title has been acquired, if the purpose of such investigation is to determine whether or not fraud had been committed in securing such title in order that the appropriate action for reversion may be filed by the Government."

ACCORDINGLY, the appealed decision is affirmed in toto.

Makasiar, Fernandez, Guerrero, De Castro, and Melencio-Herrera, JJ., concur.

[1] Emphasis supplied. The Court of Appeals' Special Ninth Division that certified the case was composed of Pascual, J. ponente, Bautista and Santiago, Jr., JJ.

[2] *Republic of the Phil. vs. Court of Appeals and Lastimado*, L-39473, Apr. 30, 1979, per Melencio-Herrera, J., citing *Libudan vs. Gil*, 45 SCRA 17 (1972), note in brackets supplied.

[3] *Ibid*, note in brackets supplied. The reason for the rule is to put an end to litigations so that the losing party may not attack the adverse judgment at any time by attributing imaginary falsehood to his adversary's proofs and it being the business of a party to meet and repel his opponent's perjured evidence in the trial of the case itself (*De Almeda vs. Cruz*, 84 Phil. 636, 641, cited in *Libudan vs. Gil*, *supra*.).

[4] *Ibid*, citing *Republic of the Phil. vs. Marcos*, 52 SCRA 238 (1973).

[5] 57 SCRA 386, 392 (1974).

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