

ELOY MIGUEL AND DEMETRIO MIGUEL, PETITIONERS, VS. THE COURT OF APPEALS AND ANACLETA M. VDA. DE REYES, RESPONDENTS.

G.R. No. L-20274. October 30, 1969

Ponente: CASTRO, J.

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CASTRO, J.:

Petition for review on certiorari of the decision and the two resolutions of the Court of Appeals promulgated on May 10, July 23, and September 5, all in the year 1962, in G.R.-16497-R, entitled "Eloy Miguel and Demetrio Miguel, plaintiffs-appellees vs. Ana-cleta M. vda. de Reyes, defendant-appellant."

During the Spanish regime and prior to July 26, 1894, Eloy Miguel, then single and resident of Laoag, Ilocos Norte, went to Isabela and for some appreciable period of time stayed with his kins-man Juan Felipe in barrio Ingud Norte, municipality of Angadanan. There he spotted an uncultivated parcel of land, one hectare of which he forthwith occupied, and then cleared and planted to corn. After the Philippine Revolution, he returned to Laoag, Ilocos Norte and took a wife. In the early years of the ensuing American regime, Eloy Miguel returned to Ingud Norte with his family, resettled on the same land, cultivated and planted it to rice, declared it for tax-ation purposes, and paid the annual realty taxes thereon.

During the year 1932, Leonor Reyes, an ambulatory notary public and husband of the private respondent Anacleto M. Reyes, used to visit barrio Ingud Norte, looking for documents to notarize. He and Eloy Miguel became acquaintances. Later, Leonor Reyes asked Miguel if he wanted to secure expeditiously a title to his landholding. Having received an affirmative answer and after Eloy Miguel had handed to him the tax declaration and tax receipts covering the land, Leonor Reyes prepared and filed a homestead application in the name of Eloy Miguel and, furthermore; promised to work for the early approval of the said application. Reyes handed to Miguel the receipt for the filing fee (exh. A) corresponding to the homestead application, advising the latter to keep it, but he (Reyes) withheld other papers including the tax declaration and tax receipts, assuring Miguel that he would return them as soon as the homestead patent was issued in Miguel's name. Reyes likewise advised Miguel to cease paying the land taxes until the patent shall have been issued by the Bureau of Lands.

After a long wait and becoming impatient about the issuance of the promised title, Eloy Miguel inquired from Leonor Reyes about the status of his application. Reyes promised to send a letter-tracer to the Bureau of Lands, and, in fact, asked Eloy Miguel to affix his thumbmark to a blank paper upon which was supposed to be written a letter-tracer. However, World War II broke out in the Pacific, and Miguel did not hear of and about his homestead application; after the war he had no way of ascertaining the outcome of his application because Leonor Reyes had died meanwhile during the Japanese occupation of the Philippines.

For the services rendered and still to be rendered by Leonor Reyes in preparing the homestead application and in securing the issuance of the correspondent patent, Miguel gave the former 1/5 of his yearly harvest from the land. After the death of Leonor Reyes, Miguel continued to deliver an equal number of cavans of palay to the former's

widow, Anacleta M. Vda. de Reyes, who likewise pro-mised to help him secure the necessary homestead patent.

Meanwhile, Demetrio Miguel helped his father, Eloy Miguel, clear and cultivate the land. Sometime in 1932, on the occasion of the marriage of Demetrio, Eloy Miguel ceded to Demetrio 14 hec-tares of the southern portion of the land as a gift proper nuptias. Demetrio forthwith declared the said portion for taxation purposes in his name, as evidenced by tax declaration 7408 (exh. G).

However, unknown to Eloy and Demetrio Miguel, Leonor Re-yes on June 25, 1935 filed sales application 20240 in the name of his wife, Anacleta M. Vda. de Reyes (hereinafter referred to as the private respondent), covering the same parcel of land occupied and cultivated by the Miguels and the subject of Eloy Miguel's homestead of application. The sales application was duly acknowledged by the Bureau of Lands on June 29, 1935, and a sale at public auction took place on August 3, 1939 whereat the private respondent was the sole bidder. The Director of Lands awarded the land to her on March 7, 1940, the value of which was to be paid on installments.

Sometime in 1950, the private respondent had the land sur-veyed by Maximo Lorenzo who, in the course of the survey, assured Eloy Miguel that the land was being surveyed in the latter's name. The private respondent, who was present during the survey, made the same assurance to Eloy Miguel. However, because his suspi-cions were aroused by the act of the private respondent of having the land surveyed, Eloy Miguel directed his son, Demetrio, to in-quire from the office of the district land officer of Ilagan, Isabela, about the status of his (Eloy's) homestead application. Demetrio dis-covered that their land was covered by the sales application of the private respondent. Eloy Miguel forthwith filed on February 16, 1950 a protest with the Bureau of Lands against sales application 20240 of the private respondent. Consequently, on February 21, 1950, the Director of Lands ordered an investigation. Hearing of the protest was scheduled for May 26, 1950 by deputy public lands inspector Alejandro Ramos of Land District 4, Bureau of Lands, Ilagan, Isabela, but was postponed at the instance of the private respondent. The hearing was then reset for February 10, 1951, by assistant public lands inspector Hilarion Briones. However, the Miguels had in the interim discovered that notwithstanding their protest and the inves-tigation ostensibly being conducted by the administrative branch of the Government, sales patent V-522 and original certificate of title P-1433, covering the parcel of land in question, were granted and issued to the private respondent on January 10, 1951 and January 22, 1951, respectively.

Consequently, on February 17, 1951 Eloy and Demetrio Mi-guel lodged a complaint with the Court of First Instance of Isabela against the private respondent, Anacleta M. Vda. de Reyes, the Director of Lands, and the Register of Deeds of Isabela, for the annulment of sales patent V-522 and the cancellation of original cer-tificate of title P-1433. That case, docketed as civil case 315 of the Court of First Instance of Isabela, was dismissed by that court on the grounds that the plaintiffs did not have personality to institute the action, and that it was prematurely filed - the Miguels not hav-ing exhausted all administrative remedies, more specifically not appealing to the Secretary of Agriculture and Natural Resources from the grant by the Director of Lands of the patent to the private respondent. On appeal to this Court, the dismissal was affirmed on the second ground (G.R. L-4851, promulgated July 31, 1953).

On September 7, 1953, Eloy and Demetrio Miguel com-menced the present action (civil case 616) in the Court of First Instance of Isabela against the private respondent to compel her to reconvey to them the land covered by the abovementioned pa-tent and title. After due hearing, the trial court found that Eloy Miguel "has always been, and up to this time, in physical posses-sion of the whole tract of land in question under claim of ownership thru occupancy, he having occupied and cultivated the land since the Spanish regime;" that he was a homestead applicant way back in 1932 for the land possessed by him; that there exists a trust re-lationship between the Miguels and the private respondent and her deceased husband, Leonor Reyes, a notary public, with respect to the same property, without which relationship Eloy Miguel would himself have personally attended to his own

application; and that, through fraud and misrepresentations, Leonor Reyes caused the filing and approval of an application and the issuance by the Bureau of Lands of a sales patent covering the property in the name of his wife, the private respondent, without the consent and knowledge of the Miguels. The lower court, however, held that reconveyance is not proper because the land in question is not the private property of the Miguels since time immemorial but remains a part of the public domain, and instead declared that Eloy Miguel "should be given priority to acquire the land under the homestead provisions of the Public Land Law." Upon the foregoing premises, the court a quo rendered judgment ordering (1) the Director of Lands to cancel patent V-522 issued in the name of Anacleto M. Vda. de Reyes, (2) the Registrar of Deeds of Isabela to cancel original certificate of title P-1433 in the name of Anacleto M. Vda. de Reyes and to re-turn Patent V-522 to the Bureau of Lands, and (3) the Director of Lands to give due course to the homestead application of Eloy Miguel over the land.

The private respondent appealed to the Court of Appeals (hereafter referred to as the respondent Court) which dismissed the complaint upon the ground that the judgment appealed from could not and did not bind the Director of Lands and the Registrar of Deeds of Isabela who were not parties thereto. Eloy and Demetrio Miguel (hereafter referred to as the petitioners) filed a motion for reconsideration, wherein they argued that while the trial court might have incurred error in the legal conclusions drawn from its own findings of fact, the respondent Court was not legally precluded by the Rules of Court and applicable jurisprudence to modify the judgment of the trial court, so as to make it conform to the evidence, and to grant the relief of reconveyance sought in the action, in which action the Director of Lands and the Register of Deeds of Isabela are not proper or necessary parties. The motion for reconsideration was denied in an extended resolution of the respondent Court promulgated on July 23, 1962, which ruled that the petitioners should have appealed from the decision of the trial court. A second motion for reconsideration was denied in a minute resolution dated September 5, 1962.

The petitioners are now before us on appeal by certiorari, assigning as errors (1) the Court of Appeals' holding that they should have appealed from the decision of the trial court, and (2) its finding that, assuming that reconveyance in favor of the petitioners as mere appellees is still proper, the cases cited in the latter's first motion for reconsideration are not in point.

It has been postulated - and, we think, correctly - that the Supreme Court is vested with ample authority to review matters not assigned as errors in an appeal, if it finds that their consideration and resolution are indispensable or necessary in arriving at a just decision in a given case.[1] Thus, before passing upon the foregoing assigned errors, we shall first resolve in seriatim the matters raised in both the appealed decision and resolutions of the respondent Court because to do so is imperative in arriving at a fair and equitable adjudication of this case.

1. The respondent Court points up the failure of the petitioners to present a petition for judicial confirmation of imperfect title, if they indeed had been in possession of the land since July 26, 1894, in accordance with the Public Land Act. Eloy Miguel should not, however, be expected to file such a petition because all along he was relying on the solemn assurances of Leonor Reyes and later his wife, the private respondent, that they were in the process of securing a homestead patent for him.

2. The respondent Court observed in its decision that the evidence on the allegation that Leonor Reyes acted fraudulently in applying for the purchase of the land and later transferring his right to his wife, is sharply conflicting, and that even granting that there was fraud in the obtention of the issuance of the patent, any objection based on that ground should have been interposed within one year from the date of its issuance.

We cannot give our approval to this view. As found by the court below the petitioners, have proven by preponderance of evidence the fraud perpetrated by the private respondent and her husband on Eloy Miguel. The weight of evidence leans heavily in favor of the fact of occupation and cultivation by Eloy Miguel of the land

from prior to July 26, 1894. This was the finding of the lower court - which belies the private respondent's allegation that Eloy Miguel entered as her tenant only in 1935. There is also the receipt, exh. A, evidencing the payment of a filing fee for a homestead application, which receipt, in the possession of Eloy Miguel, raises at least the presumption that he had filed a homestead application. That the records of the Bureau of Lands or of any of its units, particularly the district land office at Ilagan, Isabela, do not show that such application was ever filed, supports the petitioners' thesis, concurred in by the trial court, that the blank paper which Eloy Miguel thumbmarked at the behest of Leonor Reyes was used by the latter to withdraw the former's application instead of to trace the application. Finally, there is the private respondent's and her husband's act of misleading the Bureau of Lands by falsely stating in their application for a sales patent that there was no improvement on the land, when, as found by the lower court, the land had already been cultivated and improved by Eloy Miguel since 1932, by the latest. (This misleading statement, noted by the court *quo* on exh. 15 dated March 28, 1939 of the private respondent, significantly, is not impugned by the latter.) In fact, the lower court observed that the private respondent herself affirmed on the witness stand that Eloy Miguel was in 1935 already working on the land, although supposedly as her tenant. Therefore, at the time the private respondent's sales patent application was filed in 1935, Leonor Reyes and she led the Bureau of Lands to believe that the land was uncultivated and unoccupied by other claimants. The very relevant question arises: Why did the Reyes spouses conceal from the Bureau of Lands the fact that the land was occupied and being cultivated by the Miguels, when there existed no prohibition against having the land cultivated for them by tenants? There are only two logical reasons for the mysterious conduct of the Reyes spouses. First, had they stated in their sales application that the whole parcel of land was under cultivation by the petitioners, the Director of Lands would have in all probability discovered that the land applied for was covered by the prior homestead application of Eloy Miguel and most likely would have disapproved the sales application of the private respondent. Second, had a survey of the land been conducted earlier, this would have aroused the suspicions of Eloy Miguel earlier and enabled him to discover much sooner the fraud perpetrated by Leonor Reyes before the sales application of the private respondent was given due course. Indeed, the private respondent waited until she had just about paid all the installments on the land before ordering a final survey thereof. It was this survey which aroused Eloy Miguel's suspicions and enabled him and his son to discover the fraud perpetrated upon them.

The respondent Court's holding that any objection based on fraud should have been interposed within one year from the issuance of the sales patent, has no relevance to the case at bar. This is an action for the enforcement of a constructive trust - the ultimate object of which is the reconveyance of property lost through breach of fiduciary relations and/or fraud.[2] Therefore, it can be filed within four years from the discovery of the fraud²³. And since the petitioners discovered the fraud committed against them by the Reyes spouses in 1950, they had until 1954 within which to bring this action. This action was seasonably instituted because the complaint was filed on September 7, 1953.

3. The respondent Court also held that the only remedy available at the time the action below was instituted, was for the Government (through the Solicitor General) to file an action for the reversion of the land to the public domain based on the illegality of the grant - a suit which a private person is not authorized to file. The foregoing rule is correct but inapplicable in this case, which, as earlier mentioned, is an action for reconveyance of a piece of land through enforcement of a constructive trust. For this same reason, the provision of Land Administrative Order 6 of the Secretary of Agriculture and Natural Resources, cited in the respondent court's decision, is likewise inapt.

4. The respondent Court attributes error to the lower court's finding that Eloy Miguel filed a homestead application for the land in question, stating that no other evidence was presented to show that such application was filed except the testimony of Eloy Miguel and the receipt for the filing fee of a homestead application; and

that if such application was really filed, some trace or tell-tale evidence of it would be extant, and the application could have been easily re-constituted after the liberation in 1945 when the Government adopted a policy to enable all public land applicants to reconstitute their applications. It is too well-settled to require any citation of authority that the lower court's findings of fact are entitled to considerable weight, especially with respect to the appreciation of the testimony of witnesses on the stand, since it was in the best position to observe the demeanor of the witnesses. The testimony of Eloy Miguel regarding his filing of a homestead application over the parcel of land - as found by the lower court - should not therefore lightly be brushed aside. The receipt, exh. A, for the filing of the homestead application raises a presumption in favor of Eloy Miguel's having filed such an application. As earlier explained, if no trace of the said application could be found among the records of the Bureau of Lands or of any of its units, particularly the district land office at Ilagan, Isabela, it is because through fraud - i.e., by asking Eloy Miguel to thumbmark a blank piece of paper - Leonor Reyes succeeded in withdrawing the application of Miguel. And he did this to pave the way for his wife, the private respondent herein, herself to apply for the land under a sales application. Of course, having relied on the assurances of the Reyes spouses that they would help him secure a homestead patent, Eloy Miguel found no need to re-constitute his homestead application. It is not even farfetched to suppose that Miguel, being illiterate, never even came to learn of the Government's policy of enabling public land applicants to reconstitute their applications.

5. Coming now to the assigned errors, the respondent Court's view is not correct that it cannot grant the relief of reconveyance because the petitioners did not appeal from the decision of the lower court. There exist sufficient bases, hereinafter to be discussed, for the respondent Court to award said relief in the exercise of its broad appellate powers to affirm, reverse or modify the judgment or order appealed from.

To start with, the petitioners cannot entirely be blamed if they thought it the better part of prudence not to appeal. For although it did not incorporate a decree of reconveyance, still the decision of the court below was favorable to them because it vindicated their actual possession of the land under a bona fide claim of ownership since the Spanish regime, and adjudged them as having a better right to the land and the priority to own it under the Public Land Act. Besides, it was their legitimate desire to avoid incurring additional expenses incident to the bringing of an appeal.

However, as appellees in the Court of Appeals, the petitioners pointedly called the attention of the respondent Court in their brief to several questions decided against them in the court below. Thus, working on the theory that it was plain error for the trial court to order the Director of Lands and the Registrar of Deeds of Isabela to implement its decision, the petitioners called the attention of the respondent Court to the precise nature of the action below in which the Director of Lands and the Register of Deeds of Isabela need not be impleaded.

"... The action in this case is reconveyance, the purpose of which is to compel the defendant to return to the plaintiffs-appellees the land in question which she has acquired through fraudulent means. Such being the case, it would have been utterly improper for the plaintiffs to have impleaded the Director of Lands or the Register of Deeds of Isabela inasmuch as the action is personal in nature directed against the person of the defendant."

The petitioners likewise called the attention of the respondent Court to the trust relationship existing between them, on one hand, and the Reyes spouses, on the other, which was breached by the latter. Thus, to justify the reconveyance to them of the property, they stated that:

"Moreover, a situation of trust has been created in the instant case between the plaintiff and the defendant-appellant's deceased husband upon whom the plaintiff Eloy Miguel relied through his (Reyes') representations that the corresponding title to said land would be secured in favor of the plaintiff Eloy Miguel. The evidence likewise shows that the defendant Vda. de Reyes promised the plaintiff to continue the work

began by her late husband with the ultimate result of securing the said homestead patent and title in favor of the plain-tiff Eloy Miguel. Inasmuch as the said promise was violated by the defendant who secretly worked to-ward the acquisition of the said land for her own self, fraudulently and stealthily, no prescription can run as against plaintiffs' right to claim owner-ship of the said property."

We held in one case that appellants need not make specific assignment of errors provided they discuss at length and assail in their brief the correctness of the trial court's findings regarding the matter. Said discussion warrants the appellate court to rule upon the point because it substantially complies with sec. 7, Rule 51, of the Revised Rules of Court, intended merely to compel the appellant to specify the questions which he wants to raise and be disposed of in his appeal. A clear discussion regarding an error allegedly committed by the trial court accomplishes the purpose of a particular assignment of error.[3]

Reasoning a fortiori from the abovesited authority, an ap-pellee who occupies a purely defensive position and is not required to make assignments of errors, need only discuss or call the at-tention of the appellate court in his brief to the issues erroneously decided against him by the trial court.[4] Here the petitioners (appellees in the Court of Appeals) stated quite explicitly in their brief that since the action was for reconveyance, it was utterly improper to implead the Director of Lands and the Register of Deeds - in ef-fect, calling the attention of the respondent Court to a plain error committed by the trial court in ordering the Director of Lands and the Register of Deeds to nullify the sales patent and original certi-ficate of title issued to the private respondent. And, in discussing the trust relationship between the Miguels and the Reyes spouses which was breached by the latter, the petitioners (as appellees) al-so clearly brought to the attention of the respondent Court a valid ground disregarded by the lower court as a basis for granting the relief of reconveyance.

Moreover, the Rules of Courts[5] and jurisprudence authorize a tribunal to consider errors, although unassigned, if they involve (1) errors affecting the lower court's jurisdiction over the subject matter, (2) plain errors[6] not specified, and (3) clerical errors. Certainly, the mandate contained in the dispositive portion of the lower court's decision and addressed to the Director of Lands and the Register of Deeds, who were not parties to the case, is a plain error which the respondent Court properly corrected. As afore-narrated, the petitioners (as appellees) brought this error to the attention of the respondent Court. Another plain error which the respondent Court should have considered was the court a quo's con-clusion that the land in litigation was still part of the public do-main, in the face of the parties' mutual allegations to the contrary and despite the admitted fact that a sales patent and an original certificate of title over the land had already been issued, thus se-gregating the land from the public domain and making it private land.

It is noteworthy that the complaint for reconveyance was not dismissed by the trial court. What it denied was merely the relief or remedy of reconveyance. However, in its decision, the trial court made certain findings of fact which justified the relief of re-conveyance - e.g., that Eloy Miguel "has always been, and up to this time, in physical possession of the whole tract of land in ques-tion under claim of ownership thru occupancy, he having occupied and cultivated the land since the Spanish regime;" that there was a trust relationship between Eloy Miguel and the Reyes spouses; and that the Reyes spouses have fraudulently and in bad faith breached that trust. Hence, in reiterating their positions before the respon-dent Court on the private nature of the land, on the impropriety of impleading the Director of Lands and the Register of Deeds of Isabela, and on the existence of a trust relationship between the peti-tioners and the Reyes spouses, the petitioners were in point of fact inviting the respondent Court's attention to questions erroneously decided against them by the trial court, in the hope that the respondent Court would render judgment in accordance with the facts ad-judged by the trial court as proven.

"If the complaint states a claim upon which any relief can be given, it is immaterial what the plaintiff has asked for in his prayer or whether he has asked for the proper relief; the court will grant him the relief to which he is

entitled under the facts proven" (Kansas City St. L. and C.R. Co. v. Alton R. Co., 5 Fed. Rules Service, p. 638; U. S. Circuit Court of Appeals, Seventh Circuit, Dec. 18, 1941).

On appeal to the respondent Court by the private respondent, the suit was, as it has always been in the court of origin, one for reconveyance. And of course, the petitioners did not ask the respondent Court for an affirmative relief different from what was logically justified by the facts found by and proven in the court a quo.

6. The respondent Court opined that the cases cited by the petitioners in their motion for reconsideration (i. e., Republic of the Philippines v. Carle Heirs, L-12485, July 21, 1959, and Roco, et al. v. Gimeda, L -11651, Dec. 27, 1958) are not applicable because they involved properties which admittedly belonged to the parties entitled to reconveyance, unlike the herein petitioners who are mere public land applicants and have not acquired title under the Public Land Act. Assuming the respondent Court to be correct, a legion of cases there are which can be cited in favor of the petitioners position. Since the law of trust has been more frequently applied in England and in the United States than it has been in Spain, we may draw freely upon American precedents in determining the effects of trusts, especially so because the trusts known to American and English equity jurisprudence are derived from the fidei commissa of the Roman Law and are based entirely upon civil law principles.[7] Furthermore, because the case presents problems not directly covered by statutory provisions or by Spanish or local precedents, resort for their solution must be had to the underlying principles of the law on the subject. Besides, our Civil Code itself directs the adoption of the principles of the general law of trusts, insofar as they are not in conflict with said Code, the Code of Commerce, the Rules of Court and special laws.[8]

In holding that the cases cited by the petitioners in their motion for reconsideration (i. e., Republic of the Philippines v. Carle Heirs, supra, and Roco, et al. v. Gimeda, supra) are inapplicable, the respondent Court advances the theory that an action for reconveyance based on constructive trust will prosper only if the properties involved belong to the parties suing for and entitled to reconveyance. This is not entirely accurate. In Fox v. Simons[9] the plaintiff employed the defendant to assist him in obtaining oil leases in a certain locality in Illinois, the former paying the latter a salary and his expenses. The defendant acquired some leases for the plaintiff and others for himself. Whereupon, the plaintiff brought suit to compel the defendant to assign the leases which he had acquired for himself. The court found for the plaintiff, holding that it was a breach of the defendant's fiduciary duty to purchase for himself the kind of property which he was employed to purchase for the plaintiff.[10]

It is to be observed that in Fox v. Simons, supra, the plaintiff was not the original owner of the oil leases. He merely employed the defendant to obtain them for him, but the latter obtained some for the plaintiff and some for himself. Yet, despite the absence of this former-ownership circumstance, the court there did not hesitate to order the defendant to assign or convey the leases he obtained for himself to the plaintiff because of the breach of fiduciary duty committed by said defendant. Indeed, there need only be a fiduciary relation and a breach of fiduciary duty before reconveyance may be adjudged. In fact, a fiduciary may even be chargeable as a constructive trustee of property which he purchases for himself, even though he has not undertaken to purchase it for the beneficiary, if in purchasing it he was improperly competing with the beneficiary.[11]

Parenthetically, a fiduciary relation arises where one man assumes to act as agent for another and the other reposes confidence in him, although there is no written contract or no contract at all. If the agent violates his duty as fiduciary, a constructive trust arises. It is immaterial that there was no antecedent fiduciary relation and that it arose contemporaneously with the particular transaction."[12]

In the case at bar, Leonor Reyes, the private respondent's husband, suggested that Eloy Miguel file a homestead application over the land and offered his services in assisting the latter to secure a homestead patent. Eloy Miguel accepted Leonor Reyes' offer of services, thereby relying on his word and reposing confidence in him.

And in payment for the services rendered by Leonor Reyes in preparing and filing the homestead application and those still to be rendered by him in securing the homestead patent, Eloy Miguel delivered to Reyes 1/5 of his yearly harvest from the said land. When Leonor Reyes died, the petitioners continued to deliver the same percentage of their annual harvest to the private respondent who undertook to continue assisting the former to secure a homestead patent over said land. However, in breach of their fiduciary duty and through fraud, Leonor Reyes and the private respondent filed a sales application and obtained a sales patent and ultimately an original certificate of title over the same parcel of land. Therefore, following the ruling in *Fox v. Simons*, supra, the private respondent can be compelled to reconvey or assign to the petitioners the parcel of land in the proportion of nine hectares in favor of Eloy Miguel and 14 hectares in favor of Demetrio Miguel, respectively.

The private respondent argues that there is no violation of trust relationship because the petitioners could have participated in the public bidding. She avers that the alleged fraud supposedly committed upon the petitioners, and on which the claim for reconveyance is founded, is clearly of no moment because the sales patent in question was not the necessary consequence thereof, but rather, it was granted in consideration of her being the highest bidder and the purchaser of the land. In refutation of the foregoing argument, it must be observed, firstly, that the petitioners - because of the fraud practised on them by the Reyes spouses - never came to know about the public bidding in which the land was offered for sale and therefore could not have participated therein. Had not the Reyes spouses misrepresented in their sales application that the land was uncultivated and unoccupied, the Director of Lands would in all probability have found out about the occupancy and cultivation of the said land by the petitioners and about Eloy Miguel's homestead application over the same, and consequently would have denied the sales application of the Reyes spouses. Secondly, it may justifiably be postulated that equity will convert one who, for any reason recognized by courts of equity as a ground for interference, has received legal title from the Government to lands, which in equity and by the laws of Congress ought to have gone to another, into a trustee for such other and compel him to convey the legal title accordingly.[13] Thirdly, Eloy Miguel could have very easily obtained title to the said parcel of land in either of two ways, had he not been inveigled by Leonor Reyes to file a homestead application. Thus, since he is a natural-born Filipino citizen, who is not an owner of more than twenty-four hectares of land, and who since prior to July 4, 1926 (under R.A. 782, approved June 21, 1952, occupation and cultivation since July 4, 1945, or prior thereto, is deemed sufficient) has continuously occupied and cultivated a parcel of land not more than twenty-four hectares in area, he was entitled to apply for a free patent, for, or gratuitous grant, of said land. This is known as confirmation of imperfect or incomplete titles by administrative legalization.[14] Or, since Eloy Miguel has possessed the land prior to July 26, 1894 and said possession has been continuous, uninterrupted, open, adverse and in the concept of an owner, there is a presumption *juris et de jure* that all necessary conditions for a grant by the State have been complied with, and he would have been by force of law entitled - pursuant to the provisions of sec. 48(b) of the Public Land Act - to the registration of his title to the land.[15]

ACCORDINGLY, the decision of the Court of Appeals of May 10, 1962 and its resolutions of July 23 and September 5, 1962, are set aside. Another judgment is hereby entered, ordering the private respondent Anacleta M. Vda. de Reyes to convey the land subject-matter of the complaint, in fee simple, to the petitioners, in the proportion of nine (9) hectares in favor of Eloy Miguel and fourteen (14) hectares in favor of Demetrio Miguel. In the event of failure of the said private respondent, for any reason whatsoever, to convey within thirty (30) days from the date this judgment becomes final, it is hereby decreed that at the end of that period she will be automatically divested of her title to the property in dispute, and this decision shall be authority for the Register of Deeds to forthwith cancel the original of the original certificate of title P-1433 in his office and the owner's copy thereof in the name of Anacleta M. Vda. de Reyes, and to issue in favor of Eloy Miguel and Demetrio Miguel new Torrens titles over the land in the proportion above indicated. Costs against the private respondent Reyes.

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

[1] Saura Import & Export Co. v. Philippine International Co. et al., 8 SCRA 143.

[2] Llanera v. Lopez, et al., 106 Phil. 70; Gerona, et al. v. De Guzman, et al., L-19060, May 29, 1964; Fabian, et al. v. Fabian, et al., L-20449, Jan. 29, 1968, 22 SCRA 232, 238.

[3] Cabrera, et al. v. Belen, et al., 95 Phil. 54.

[4] Garcia Valdez v. Soteraña Tuason, 40 Phil. 943.

[5] See sec. 7, Rule 51.

[6] Dilag v. Heirs of Resurreccion, et al., 76 Phil. 650.

[7] Government of the Philippine Islands v. Abadilla, 46 Phil. 642.

[8] Art. 1442, Civil Code.

[9] 251 Ill. 316, 96 N. E. 233 [1911].

[10] See Scott on Trusts, 3rd ed., Vol. V, p. 3560.

[11] Id., p. 3550.

[12] Scott on Trusts, supra, p. 2544, citing Harrop v. Cole, 85 N.J. Eq. 32, 95 Atl. 378, aff'd 86 N.J. Eq. 250, 98 Atl. 1085.

[13] See Johnson v. Towsley, 13 Wall 72, 20 L ed 485.

[14] Secs. 11 and 44, C.A. 141, otherwise known as the Public Land Law.

[15] Pamintuan v. Insular Government, 8 Phil. 485; Suri v. Razon, 48 Phil. 424.

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