

FRANCISCO BAGUIO, PETITIONER, VS. REPUBLIC OF THE PHILIPPINES, RICARDO T. MICHAEL, IN HIS CAPACITY AS HEIR-SUCCESSOR OF WILLIAM MICHAEL, SR., AND AS PRESIDENT OF MICHAEL SLIPWAY...

G.R. No. 119682. January 21, 1999

Ponente: MENDOZA, J.

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MENDOZA, J.:

This is a petition for review of the decision of the Court of Appeals[1] affirming the decision of the Regional Trial Court, Branch 28, of Mandaue City, nullifying Free Patent No. 7757 and Original Certificate of Title No. 0-15457 issued in the name of petitioner Francisco Baguio.

The patent and certificate of title cover a parcel of land, consisting of 5,870 sq. m., in Catarman, Liloan, Cebu. Known as Lot 1426, Case 2, Pls. 823, the land was declared by the government public land in 1963.

The evidence shows that, on August 2, 1963, private respondent Ricardo Michael's predecessor-in-interest, William Michael, filed with the Bureau of Lands an application for foreshore lease of the land. The application was recommended for approval by the land investigator who also recommended that the applicant be granted a provisional permit to occupy the land for one year from October 4, 1963 to October 3, 1964.

On October 8, 1963, by virtue of a permit granted to him by the Bureau of Lands, William Michael made some reclamation on the land, built a fence around the premises, and constructed a bridge over a portion which was under water. Upon the expiration of the permit on October 4, 1964, the Highways District Engineer recommended to the Director of Lands that the land be leased to Michael. On the other hand, the land investigator recommended granting Michael the authority to survey the foreshore land in view of the completion of the reclamation made by him on the premises. On February 25, 1968, Michael filed a miscellaneous sales application covering the reclaimed foreshore land.

On November 9, 1976, petitioner Baguio applied to the Bureau of Lands for a free patent covering the same land. In his application, petitioner stated that the land was agricultural land and not claimed or occupied by any other person and that he had been in actual and continuous possession and cultivation of the same. On the basis of these representations, a free patent was issued to him and, on January 10, 1978, Original Certificate of Title No. 0-15457 was issued in his name by the Register of Deeds of Cebu.

On April 6, 1978, petitioner demanded payment of rentals from William Michael for the use of the land occupied by Michael Slipways, Inc.. On August 4, 1981, petitioner filed an opposition to Michael's miscellaneous sales application covering the land on the ground that he was the registered owner thereof.

William Michael in turn protested the issuance by the Bureau of Lands of a free patent to petitioner. He claimed that he had been in actual possession of the land since 1963 and that he had introduced substantial improvements thereon.

On February 16, 1989, upon the recommendation of the Land Management Bureau of the Department of Environment and Natural Resources, the government, represented by the Director of Lands, filed a petition for cancellation of title and/or reversion of land against petitioner Baguio and the Register of Deeds of Cebu. The case was filed in the Regional Trial Court of Mandaue City which granted private respondent Ricardo Michael leave to intervene as heir and successor-in-interest of William Michael and as president of Michael Slipways, Inc.

On July 20, 1992, the trial court rendered a decision canceling the free patent and the certificate of title of petitioner Baguio, ordering the reversion of the land to the public domain, and declaring private respondent Michael the true and lawful occupant of the land. The trial court ruled that the false statements made by petitioner Baguio in his application for free patent had the effect of ipso facto canceling the free patent and the title of petitioner.

Petitioner appealed to the Court of Appeals which, on February 28, 1995, affirmed the decision of the trial court. Hence, this petition for review.

Petitioner contends that —

1.

The public respondent erred in not declaring that respondent Republic of the Philippines' action was already barred by prescription.

2.

Granting arguendo that respondent's action was not barred by prescription, nonetheless, the Regional Trial Court, erred in finding that petitioner "acted in bad faith and procured the issuance of the Free Patent (VII-I)-7757 and the Original Certificate of Title No. 0-15457 through fraud and misrepresentation."

3.

Granting arguendo that respondent Republic's action should prosper, nonetheless, the Regional Trial Court erred in "(d)eclearing intervenor (private respondent herein) as the true and lawful possessor and occupant of the land subject of the intervention."

4.

The Regional Trial court erred in finding that the land in question is a foreshore land.

We find these contentions to be without merit.

First. It is true that, once a patent is registered and the corresponding certificate of title is issued, the land covered by them ceases to be part of the public domain and becomes private property, and the Torrens Title issued pursuant to the patent becomes indefeasible upon the expiration of one year from the date of issuance of such patent.[2] However, as held in *Director of Lands v. De Luna*, [3] even after the lapse of one year, the State may still bring an action under §101[4] of Commonwealth Act No. 141 for the reversion to the public domain of land which has been fraudulently granted to private individuals.[5] Such action is not barred by prescription, and this is settled law.[6]

Indeed, the indefeasibility of a certificate of title cannot be invoked by one who procured the title by means of fraud.[7] Public policy demands that one who obtains title to public land through fraud should not be allowed to benefit therefrom.[8]

Second. Petitioner contends that the trial court erred in finding that he was guilty of fraud in procuring the issuance of the free patent and the corresponding certificate of title. He insists that what he stated in his

application for free patent (that the subject land is agricultural land not claimed or occupied by persons other than himself and that he had been in actual and continuous possession and cultivation of the same) were all true. He also assails the finding of the trial court that the subject land is foreshore land.

Petitioner puts in issue the findings of fact of the trial court. But the only errors which are reviewable by this Court in a petition for review on certiorari of a decision of the Court of Appeals are those allegedly committed by the latter court and not those of the trial court. Petitioner's assignment of errors is thus misplaced, and for this reason, the petition should be dismissed. Furthermore, only questions of law may be raised in a petition for review on certiorari. In the absence of any showing of lack of basis for the conclusions made by the Court of Appeals, this Court will not disturb the factual findings of the appellate court.[9] In this case, petitioner has not shown that the decision of the Court of Appeals is not supported by substantial evidence so as to justify this Court in departing from the general rule which regards the findings of the appellate court as final.

At any rate, we have decided to consider the issues raised insofar as they are pertinent to the appellate court's decision in order to put them to rest once and for all.

In his free patent application, petitioner declared under oath that the land in question was an agricultural land not claimed or occupied by any other person; that he had continuously possessed and occupied it; and that he had introduced improvements thereon. These declarations constitute fraud and misrepresentation. The government has proven that, contrary to these allegations, as early as September 2, 1963, i.e., thirteen (13) years before the alleged entry of petitioner on the land, private respondent's predecessor-in-interest, William Michael, had already filed a foreshore lease application over the same; that on February 25, 1968, William Michael filed a miscellaneous sales application over the land; that since 1963 up to the present, private respondent has been continuously in possession of the land on which he has been operating a drydocking service under the style of Michael Slipways, Inc.; and that private respondent Ricardo Michael had made improvements thereon consisting of the reclamation of a portion of the land, the construction of the fence thereon, and the construction of a bridge over a portion under water. In addition, it has been duly established that the land in question is foreshore land, not agricultural. The fact that the land is being used by private respondent Ricardo Michael in his drydocking operations is evidence that the land is foreshore land. Moreover, there would have been no need to reclaim a portion of the land if it had not been under seawater.

Petitioner is guilty of making false statements in his application for a free patent thus justifying the annulment of his title. Sec. 91 of C.A. No. 141 (Public Land Act) provides:

The statements made in the application shall be considered as essential conditions and parts of any concession, title, or permit issued on the basis of such application, and any false statement therein or omission of facts altering, changing or modifying the consideration of the facts set forth in such statements, and any subsequent modification, alteration, or change of the material facts set forth in the application shall ipso facto produce the cancellation of the concession, title or permit granted. It shall be the duty of the Director of Lands, from time to time and whenever he may deem it advisable, to make the necessary investigations for the purpose of ascertaining whether the material facts set out in the application are true, or whether they continue to exist and are maintained and preserved in good faith, and for the purpose of such investigation, the Director of Lands is hereby empowered to issue subpoenas and subpoenas duces tecum and, if necessary, to obtain compulsory process from the courts. In every investigation made in accordance with this section, the existence of bad faith, fraud, concealment, or fraudulent and illegal modification of essential facts shall be presumed if the grantee or possessor of the land shall refuse or fail to obey a subpoena or subpoena duces tecum lawfully issued by the Director of Land or his authorized delegates or agents, or shall refuse or fail to give direct and specific answers to pertinent questions, and on the basis of such presumption, an order of cancellation may issue without further proceedings.

As already stated, the indefeasibility of a title does not attach to titles secured by fraud and misrepresentation. The registration of a patent under the Torrens System merely confirms the registrant's title. It does not vest title where there is none because registration under this system is not a mode of acquiring ownership.[10]

Third. Petitioner assails the trial court's finding, as affirmed by the appellate court, that private respondent Michael is the true and lawful possessor of the subject land. He argues that private respondent, being a mere heir and successor-in-interest of William Michael and not the person who filed the foreshore lease and the miscellaneous sales applications, has no right to the land in dispute.

Suffice it to state that it was clearly proven that William Michael had already been in possession of the land under a provisional permit to occupy the same in 1963. Petitioner applied for a free patent only in 1976, thirteen (13) years later. In addition, William Michael had filed a sales application covering the land in 1968, i.e., eight (8) years before petitioner filed his free patent application. The trial court and the Court of Appeals, therefore, correctly held William Michael and private respondent Ricardo Michael to be the true and rightful possessors of the land in question. The fact that private respondent Michael is merely the successor of the original foreshore lease and sales applicant, William Michael, does not make him any less entitled to the possession of the land. Sec. 105 of the Public Land Act provides that, in case of his death, the original applicant shall be succeeded in his rights and obligations by his legal heirs with respect to the land applied for or leased.[11]

WHEREFORE, the decision of the Court of Appeals is AFFIRMED.

SO ORDERED.

Bellosillo (Chairman), Puno, Quisumbing, and Buena, JJ., concur.

[1] Per Justice Jorge S. Imperial and concurred in by Justices Pacita Cañizares-Nye and Bernardo Ll. Salas.

[2] P.D. No. 1529, §32.

[3] 110 Phil. 28 (1960).

[4] The provision reads:

All actions for reversion to the Government of lands of the public domain or improvements thereon shall be instituted by the Solicitor General or the officer acting in his stead, in the proper courts, in the name of the Republic of the Philippines.

[5] Republic v. Court of Appeals, 255 SCRA 335 (1996).

[6] E.g., Republic v. Animas, 56 SCRA 499 (1974); Piñero v. Director of Lands, 57 SCRA 386 (1974); Director of Lands v. Abanilla, 124 SCRA 358 (1983); Republic v. Mina, 114 SCRA 945 (1982); Republic v. Court of Appeals, 183 SCRA 620 (1990); Republic v. Court of Appeals, id.

[7] Republic v. Register of Deeds of Quezon, 244 SCRA 537 (1995).

[8] Republic v. Court of Appeals, 255 SCRA 335 (1996).

[9] Tañedo v. Court of Appeals, 252 SCRA 80 (1996); Engineering and Machinery Corporation v. Court of Appeals, 252 SCRA 165 (1996); Margolles v. Court of Appeals, 230 SCRA 97 (1994).

[10] J.M. Tuazon & Co., Inc. v. Macalindo, 6 SCRA 938 (1962).[11] The provision reads:

§105. If at any time the applicant or grantee shall die before the issuance of the patent or the final grant of the

land, or during the life of the lease, or while the applicant or grantee still has obligations pending towards the Government, in accordance with this Act, he shall be succeeded in his rights and obligations with respect to the land applied for or granted or leased under this Act by his heirs in law, who shall be entitled to have issued to them the patent or final concession if they show that they have complied with the requirements therefor, and who shall be subrogated in all his rights and obligations for the purposes of this Act.

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