

FELIPE SEVILLE IN HIS CAPACITY AS JUDICIAL ADMINISTRATOR OF THE ESTATE OF JOAQUIN ORTEGA AND/OR FELIPE SEVILLE, EMILIA ESTRADA, MARIA S. TELLDER, MA. ISABEL SEVILLE, MA. TERESIT...

G.R. No. 129401. February 02, 2001

Ponente: PANGANIBAN, J.

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PANGANIBAN, J.:

Unless a public land is shown to have been reclassified as alienable or actually alienated by the State to a private person, that piece of land remains part of the public domain. Hence, occupation thereof, however long, cannot ripen into ownership.

The Case

Before us is a Petition for Review on Certiorari assailing the November 29, 1996 Decision of the Court of Appeals[1] (CA), as well as the May 19, 1997 CA Resolution[2] denying the Motion for Reconsideration. The dispositive part of the CA Decision reads as follows:

"WHEREFORE, the appealed decision is REVERSED and SET ASIDE. Another judgment is hereby rendered dismissing the complaint. The counterclaims of appellants are denied. Costs against plaintiffs-appellees." [3]

The Facts

The appellate court narrated the undisputed facts in this manner:

"1.

By virtue of Presidential Decree No. 625, Leyte Sab-A Basin Development Authority (LSBDA) was created to integrate government and private sector efforts for a planned development and balanced growth of the Sab-a Basin in the [P]rovince of Leyte, empowered to acquire real property in the successful prosecution of its business. Letter of Instruction No. 962 authorized LSBDA to acquire privately-owned lands circumscribed in the Leyte Industrial Development Estate (LIDE) by way of negotiated sales with the landowners.

"2.

On June 14, 1980, [Respondent] Calixtra Yap sold to LSBDA Lot No. 057 SWO 08-000047 consisting of 464,920 square meters, located at Barangay Sto. Rosario, Isabel, Leyte, covered under Tax Declarations Nos. 3181, 3579, 3425, 1292 and 4251 under the name of said vendor.

"3.

On June 1, 1982, appellant LSBDA filed a Miscellaneous Sales Application with the Bureau of Lands covering said lot together with other lots acquired by LSBDA with an aggregate area of 442,7508 square meters.'

"4.

After due notice and investigation conducted by the Bureau of Lands, Miscellaneous Sales Patent No. 9353 was issued in the name of [Respondent] LSBDA on the basis of which Original Certificate of Title No.

P-28131 was transcribed in the Registration Book for the [P]rovince of Leyte on August 12, 1983 in the name of [Respondent] LSBDA. On December 14, 1989, LSBDA assigned all its rights over the subject property to its [Co-respondent] National Development Company (NDC) as a result of which a new Transfer Certificate of Title was issued on March 2, 1990 by the Registry of Deeds for the province of Northern Leyte in the name of NDC. The subject property was leased to [Respondents] Philippine Associated Smelting & Refining Corporation (PASAR), Philippine Phosphate Fertilizer Corporation (PHILPHOS) and Lepanto Consolidated Mining Co., Inc. (LEPANTO).

"5. On November 29, 1988, the Estate of Joaquin Ortega represented by judicial administrator Felipe Seville filed with the Regional Trial Court (Branch 12) of Ormoc City, a complaint for recovery of real property, rentals and damages against the above-named [respondents] which complaint was later on amended on May 11, 1990. [Respondents] filed their respective Answers. After trial, the trial court rendered judgment the dispositive portion of which reads as follows:

`WHEREFORE, [a] decision is hereby rendered for [petitioners] and against [respondents].

`1.

The Deed of Sale executed by Calixtra Yap on June 14, 1980 in favor of LSBDA, (Exhibit PP and 25) conveying the subject property to said LSBDA is declared NULL and VOID ab initio;

`2.

The intestate estate of JOAQUIN ORTEGA is declared the owner in fee simple of the 735,333 square meters real property subject of the present action and defendant NDC is ordered to segregate the same area from OCT P-28131 and CONVEY the same to the Estate of Joaquin Ortega;

`3

.Upon the segregation of the 735,333 square meters from OCT No. P-28131 the Register of Deeds of the Province of Leyte is ordered to issue a new title to the said portion in the name of the Intestate Estate of Joaquin Ortega;

`4.

[Respondents] LSBDA, NDC, PASAR, are ordered to pay jointly and severally to [petitioners] the sum of FOUR MILLION SEVEN HUNDRED EIGHTY FOUR THOUSAND EIGHT HUNDRED FORTY SIX PESOS (P4,784,846.00) as rentals due from 1979 to the present, plus accrued interest pursuant to par. 2 of the Lease Contract between NDC and PASAR. (Exhibit 54)

`5.

[Respondents] LSBDA, NDC, and PHILPHOS are also ordered to pay jointly and severally [petitioners] the sum of TWO MILLION EIGHTY SIX THOUSAND THREE HUNDRED NINETY EIGHT PESOS AND SIXTY CENTAVOS (P2,086,398.60) as accrued rentals of PHILPHOS from 1979 to present, plus the accrued interest for non-payment pursuant to paragraph 2 of the same Lease Contract cited above;

`6.

[Respondents] are ordered to pay jointly and severally [petitioners] P200,000.00 as indemnity for the value of the ancestral home;

`7.

[Respondents] are also ordered to pay jointly and severally [petitioners] the sum of P250,000.00 as reimbursement for attorney's fees and the further sum of P50,000.00 as expenses for litigation;

`8.

Finally, [petitioners] and [respondents] are ordered to sit down together and discuss the possibility of a compromise agreement on how the improvements introduced on the landholding subject of the present suit should be disposed of and for the parties to submit to this Court a joint manifestation relative thereto. In the absence of any such compromise agreement, such improvements shall be disposed of pursuant to Article 449 of the New Civil Code.

`Costs against [respondents].

`SO ORDERED.'"[4]

Ruling of the Court of Appeals

Citing the Regalian doctrine that lands not appearing to be privately owned are presumed to be part of the public domain, the CA held that, first, there was no competent evidence to prove that the property in question was private in character. Second, possession thereof, no matter how long, would not ripen into ownership, absent any showing that the land had been classified as alienable. Third, the property had been untitled before the issuance of the Miscellaneous Sales Patent in favor of the LSBDA. Fourth, petitioners were guilty of laches, because they had failed to apply for the judicial confirmation of their title, if they had any. Fifth, there was no evidence of bad faith on the part of LSBDA in dealing with Yap regarding the property.

Hence, this Petition.[5]

The Issues

In their Memorandum, petitioners submit the following issues for the consideration of the Court:[6]

"A.

Whether or not the sale by Calixtra Yap of the Estate of the Late Joaquin Ortega in favor of LSBDA was null and void.

"B.

Whether or not the issuance of a Miscellaneous Sales Patent and an Original Certificate of Title in favor of LSBDA was valid.

"C.

Whether or not petitioners are guilty of laches.

"D.

Whether or not petitioners are entitled to the remedy of reconveyance and the damages awarded by the trial court."

In the main, the Court is called upon to determine the validity of LSBDA's title. In resolving this issue, it will also ascertain whether, before the issuance of the title, the land was private or public.

The Court's Ruling

The Petition has no merit.

Main Issue:

Validity of LSBDA's Title

Petitioner's argue that LSBDA's title to 73 hectares of the 402-hectare Leyte Industrial Development Estate was void, having allegedly been obtained from Calixtra Yap who had no right to it. They maintain that they acquired

title to the disputed property by acquisitive prescription, because they and their predecessors in interest had been in possession of it for more than thirty years.[7] Although it was the subject of settlement proceedings, petitioner's further claim that Yap sold the same to LSBDA without the permission of the trial court.

Disputing these contentions, respondents and the appellate court maintain that petitioners have not shown that the land had previously been classified as alienable and disposable. Absent such classification, they argue that possession of it, no matter how long, could not ripen into ownership.

We agree with respondents and the appellate court. First. There was no showing that the land had been classified as alienable before the title was issued to LSBDA; hence, petitioners could not have become owners thereof through acquisitive prescription. Second, petitioner's challenge to LSBDA's title cannot be granted, because it is based on a wrong premise and amounts to a collateral attack, which is not allowed by law.

Public Character of the Land

Under the Regalian doctrine, all the lands of the public domain belong to the State, which is the source of any asserted right to ownership of land. All lands not otherwise appearing to be clearly within private ownership are presumed to belong to the State.[8] In *Menguito v. Republic*,[9] the court held that "[u]nless public land is shown to have been reclassified or alienated to a private person by the State, it remains part of the inalienable public domain. Indeed, 'occupation thereof in the concept of owner, no matter how long, cannot ripen into ownership and be registered as a title.' To overcome such presumption, incontrovertible evidence must be shown by the applicant. Absent such evidence, the land sought to be registered remains inalienable."

A person in open, continuous, exclusive and notorious possession of a public land for more than thirty years acquires an imperfect title thereto. That title may be the subject of judicial confirmation, pursuant to Section 48 of the Public Land Act, which provides:

"SECTION 48. The following described citizens of the Philippines, occupying lands of public domain or claiming to own any such lands or an interest thereon, but whose titles have not been perfected or completed, may apply to the Court of First Instance of the province where the land is located for confirmation of their claims, and the issuance of a certificate of title therefore, under the Land Registration Act, to wit:

xxx xxx xxx

(b) those who by themselves or through their predecessor in-interest have been in open, continuous, exclusive and notorious possession and occupation of agricultural lands of the public domain, under a bona fide claim of acquisition or ownership, for at least thirty years immediately preceding the filing of the application for confirmation of title except when prevented by war or force majeure. They shall be conclusively presumed to have performed all the conditions essential to a Government grant and shall be entitled to a certificate of title under the provisions of this Chapter."

Under Section 4 of Presidential Decree (PD) No. 1073,[10] paragraph "b" of the aforecited provision applies only to alienable and disposable lands of the public domain. The provision reads:

"SEC. 4. The provisions of Section 48 (b) and Section 48 (c), Chapter VIII, of the Public Land Act, are hereby amended in the sense that these provisions shall apply only to alienable and disposable lands of the public domain which have been in open, continuous, exclusive and notorious possession and occupation by the applicant himself or thru his predecessor-in-interest, under a bona fide claim of acquisition of ownership, since June 12, 1945."

It should be stressed that petitioners had no certificate of title over the disputed property. Although they claim that their title was based on acquisitive prescription, they fail to present incontrovertible proof that the land had previously been classified as alienable. They simply brush aside the conclusion of the CA on this crucial point by

saying that it was "without factual basis." [11] Instead, they maintain that the private character of the land was evidenced by various tax declarations, Deeds of Sale, and Decisions of the trial court and even the Supreme Court. [12]

Petitioner's arguments are not convincing. Tax declarations are not conclusive proofs of ownership, let alone of the private character of the land. At best, they are merely "indicia of a claim of ownership." [13] In *Spouses Palomo v. CA*, [14] the Court also rejected tax declarations as proof of private ownership, absent any showing that the forest land in question had been reclassified as alienable.

Moreover, the Deeds of Sale of portions of the disputed property, which Joaquin Ortega and several vendors executed, do not prove that the land was private in character. The question remains: What was the character of the land when Ortega purchased it? Indeed, a vendee acquires only those rights belonging to the vendor. But petitioners failed to show that, at the time, the vendors were already its owners, or that the land was already classified as alienable.

Also misplaced is petitioner's reliance on *Ortega v. CA*, [15] in which the Supreme Court allegedly recognized the private character of the disputed property. In that case, the sole issue was "whether the respondent judge xxx acted in excess of jurisdiction when he converted Civil Case No. 1184-O, an action for quieting of title, declaration of nullity of sale, and annulment of tax declaration of a parcel of land, into an action for the declaration of who is the legal wife, who are the legitimate children, if any, and who are the compulsory heirs of the deceased Joaquin Ortega." [16] The Court did not all make any ruling that the property had been classified as alienable.

In any event, Ortega arose from a suit for quieting of title, an action quasi in rem that was binding only between the parties. [17] The present respondents as well as the Bureau of Lands, which subsequently declared that the land was public, are not bound by that ruling, because they were not impleaded therein.

While petitioners refer to the trial court proceedings supposedly recognizing the private character of the disputed property, they make no claim that these cases directly involve the classification of the land, or that the Bureau of Lands is a party thereto.

Clearly, the burden of proof that the land has been classified as alienable is on the claimant. [18] In the present case, petitioners failed to discharge this burden. Hence, their possession of the disputed property, however long, cannot ripen into ownership.

LSBDA's Title

Equally unmeritous is the argument of petitioners that the title of LSBDA is void. As earlier stated, they claim that such title was derived from Calixtra Yap, who was allegedly not the owner of the property. Petitioners assume that LSBDA, having acquired the rights of Yap, resorted to a confirmation of her imperfect title under Section 48 of the Public Land Act. This argument is devoid of factual or legal basis.

Petitioners fail to consider that the title of LSBDA was based, not on the conveyance made by Yap, but on Miscellaneous Sales Patent No. 9353 issued by the director of the Bureau of Lands. In fact, after LSBDA had filed an application for patent, the Bureau of Lands conducted an investigation and found that the land was part of the public domain. After compliance with the notice and publication requirements, LSBDA acquired the property in a public auction conducted by the Bureau of Lands. [19]

Petitioners insist, however, that LSBDA was estopped from claiming that the land was public, because the Deed of Sale executed by Yap in its favor stipulated that "the seller is the absolute owner in fee simple of the xxx described property." [20] It is scarcely necessary to address this point. To begin with, the power to classify a land

as alienable belongs to the State, not to private entities. Hence, the pronouncements of Yap or LSBDA cannot effect the reclassification of the property. Moreover, the assailed misrepresentation was made by Yap as seller. Hence, objections thereto should be raised not by petitioners but by LSBDA, the contracting party obviously aggrieved.

In any case, the actions of LSBDA after Yap's conveyance demonstrated its position that the disputed land was part of the public domain. That this was so can be inferred from LSBDA's subsequent application for a Miscellaneous Sales Patent and, in a public auction, its purchase of the property from the Bureau of Lands. Indeed, Yap merely conveyed a claim, not a title which she did not have.

Collateral Attack

There is another reason for denying the present Petition. Petitioners insist that they "are not seeking the re-opening of a decree under the Torrens system." Supposedly, they are only "praying for the segregation of 735,333 square meters of land, or 73 hectares more or less from the OCT No. P-28131 issued to LSBDA." [21] This dispute is mere quibbling over the words, plain and simple.

Semantics aside, petitioners are effectively seeking the modification of LSBDA's OCT, which allegedly encompassed even a parcel of land allegedly belonging to them. Hence, the present suit, purportedly filed for the "recovery of real property and damages," is tantamount to a collateral attack not sanctioned by law. Section 48 of PD 1529, the Property Registration Decree, expressly provides:

"SEC. 48. Certificate not subject to collateral attack. -- A certificate of title shall not be subject to collateral attack. It cannot be altered, modified, or cancelled except in a direct proceeding in accordance with law."

It has been held that a certificate of title, once registered, should not thereafter be impugned, altered, changed, modified, enlarged or diminished, except in a direct proceeding permitted by law. Otherwise, the reliance on registered titles would be lost. [22]

Moreover, the title became indefeasible and incontrovertible after the lapse of one year from the time of its registration and issuance. [23] Section 32 of PD 1529 provides that "[u]pon the expiration of said period of one year, the decree of registration and the certificate of title shall become incontrovertible. Any person aggrieved by such decree of registration in any case may pursue his remedy by action for damages against the applicant or other persons responsible for the fraud." Although LSBDA's title was registered in 1983, petitioners filed the amended Complaint only in 1990.

Reconveyance

Petitioners also claim that the disputed property should be reconveyed to them. This cannot be allowed. Considering that the land was public before the Miscellaneous Sales Patent was issued to LSBDA, petitioners have no standing to ask for the reconveyance of the property to them. The proper remedy is an action for reversion, which may be instituted only by the Office of the Solicitor General, pursuant to section 101 of the Public Land Act, which reads as follows:

"SEC. 101. All actions for the 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."

Verily, the prayer for reconveyance and, for that matter, the entire case of petitioners rest on the theory that they have acquired the property by acquisitive prescription; and that Yap, without any right or authority, sold the same to LSBDA.

Conclusion

In the light of our earlier disquisition, the theory has no leg to stand on. Absent any showing that the land has been classified as alienable, their possession thereof, no matter how lengthy, cannot ripen into ownership. In other words, they have not become owners of the disputed property. Moreover, LSBDA's title was derived from a Miscellaneous Sales Patent, not from Yap. Finally, petitioners cannot, by a collateral attack, challenge a certificate of title that has already become indefeasible and incontrovertible.

If petitioners believe that they have been defrauded by Yap, they should seek redress, not in these proceedings, but in a proper action in accordance with law.

WHEREFORE, the Petition is hereby DENIED and the assailed Decision AFFIRMED. Costs against petitioners.

SO ORDERED.

Melo (Chairman), Gonzaga-Reyes, and Sandoval-Gutierrez, JJ., concur.
Vitug, J., in the result.

[1] Penned by Justice Ma. Alicia Austria-Martinez, with the concurrence of Justices Arturo B. Buena (Division chairman and now an associate justice of this Court) and Bernardo L1. Salas (member); rollo, pp. 147-155.

[2] Rollo, p. 157.

[3] CA Decision, p. 9; rollo, p. 155.

[4] CA Decision, pp. 2-4; rollo, pp. 148-150.

[5] The case was deemed submitted for resolution on October 26, 2000, upon receipt by this court of the Memorandum for the Republic of the Philippines and Register of Deeds of Leyte, signed by Sol. Gen. Ricardo P. Galvez, Asst. Sol. Gen. Nestor J. Ballacillo and Sol. Fidel Thaddeus I. Borja. Filed earlier were the Memorandum for Respondents National Development Company and Leyte Sab-A Basin Development Authority, signed by Government Corporate Counsel Jun N. Valerio, Assistant Government Corporate Attorneys Efren B. Gonzales and Roy Christian L. Mallari; Memorandum of Respondents Philippine Associated Smelting and Refining Corp. and Lepanto Consolidated Mining Co., Inc., signed by Attys. Roberto N. Dio and Abner C. Gener of Castillo Laman Tan Pantaleon & San Jose; Petitioners' Memorandum, signed by Attys. Arthur D. Lim and Jaime M. Vivar; and memorandum for Respondent Philippine Phosphate Fertilizer Corporation, signed by Atty. Rolando G. Campos of Quiroz Dumas Capistrano & Teleron Law Offices.

[6] Petitioner's Memorandum, p. 13; rollo, p. 394. Upper case used in the original.

[7] Petitioner's Memorandum, p. 23; rollo, p. 404.

[8] Spouses Reyes et al. v. CA, 295 SCRA 296, September 10, 1998; Cacho v. CA, 269 SCRA 159, March 3, 1997.

[9] GR No. 134308, December 14, 2000, per Panganiban, J; citing De Ocampo v. Arlos, GR No. 135527, October 19, 2000 and Santiago v. De Los Santos, 61 SCRA 146, 152, November 22, 1974. Article 1113 of the Civil Code provides: "All things which are within the commerce of men are susceptible of prescription, unless otherwise provided. Property of the State or any of its subdivisions not patrimonial in character shall not be the object of prescription."

[10] Promulgated on January 25, 1977.

[11] Petitioner's Memorandum, p. 17; rollo, p. 398.

[12] Ibid., p. 18; rollo, p. 399.

[13] Director of Lands v. IAC, 219 SCRA 339, March 2, 1993.

[14] 266 SCRA 392, January 21, 1997.

[15] 153 SCRA 96, August 14, 1987, per Paras, J.

[16] Ibid., p. 97.

[17] In Realty Sales Enterprises v. IAC (154 SCRA 328, 348, September 28, 1987, per Cortes, J.), the Court held: "Suits to quiet title are not technically suits in rem, nor are they, strictly speaking, in personam, but being against the person in respect of the res, these proceedings are characterized as quasi in rem. x x x. The judgment in such proceedings is conclusive only between the parties.

[18] See Director of Lands v. Aquino, 192 SCRA 296, 303, December 17, 1990; Director of Lands v. Funtilar, 142 SCRA 57, May 23, 1986; Director of Lands v. CA, 129 SCRA 689, 692, June 22, 1984.

[19] Exhibits 30-49; Bill of Exhibits and Minutes, pp. 319-339.

[20] Petitioner's Memorandum, pp. 16-17; rollo, pp. 397-398.

[21] Petitioner's Memorandum, p. 24; rollo, p. 405.

[22] Spouses Zaragosa v. CA, GR No. 106401, September 29, 2000; Ladignon v. CA, GR No. 122973, July 18, 2000.

[23] Section 103 in relation to Section 32, of PD 1529.

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