

**REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE REGIONAL  
EXECUTIVE DIRECTOR, REGION III, DEPARTMENT OF  
ENVIRONMENT AND NATURAL RESOURCES (DENR), PETITIONER, VS.  
HEIRS OF AGUSTIN...**

*G.R. No. 141296. October 07, 2002*

Ponente: PANGANIBAN, J.

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**PANGANIBAN, J.:**

Elementary is the rule that prescription and laches will not bar actions filed by the State to recover its own property acquired through fraud by private individuals.

**The Case**

Before us is a Petition for Review on Certiorari[1] seeking to set aside the Order[2] dated September 7, 1999, issued by the Regional Trial Court (RTC) of Balanga, Bataan in Civil Case No. 6789. The challenged Order granted, on the ground of prescription, herein respondents' Motion to Dismiss petitioner's Complaint for Reversion.

The decretal portion of the assailed Order reads as follows:

"WHEREFORE, [being] meritorious, the [Motion to Dismiss] is hereby GRANTED and the instant complaint  
x x x DISMISSED."[3]

**The Facts**

The present proceedings spring from a Complaint[4] filed before the RTC by the regional executive director of Region III of the Department of Environment and Natural Resources (DENR). The Complaint was for the reversion to the State of Lot No. 2744, Cadastral 241, Orion Cadastre. Petitioner's narration of the facts is as follows:

"x x x x x x x x x

"3. On July 30, 1963, the late Agustin L. Angeles filed his Free Patent Application No. 7-1-2021 covering a parcel of land identified as Lot No. 2744, Cad. 241, Orion Cadastre, situated in Capunitan, Orion, Bataan, and with an area of 3,578 square meters.

"4. By virtue of the said free patent application, Free Patent No. 265340 was issued in favor of the late Agustin L. Angeles on February 24, 1964.

"5. On the basis of said free patent, Original Certificate of Title No. 194 was issued and registered in the name of the late Agustin L. Angeles.

"The lot covered by OCT No. 194 is more particularly described, as follows:

“Lot No. 2744, Cad. 241 Beginning at a point marked ‘1’ of Lot No. 2744 of Cad. 241, being S.85-04E, 481.83m. from BBM No. 1, Cad. 241; thence, N.04-36W., 34-90 m. to point 2; N.11.08W., 84.40m. to point 3; N.66-27E., 39.65m. to point 4; S.02-02W., 239.83m. to point 5; N.03-56W., 67.00m. to point 6; N.06-04W., 39-65m. to point 1, point of beginning.

“Containing an area of THREE THOUSAND FIVE HUNDRED AND SEVENTY EIGHT (3,578) SQUARE METERS.

“All points are marked on the ground by Old Points.

“Bounded on the W., along Lines 1-2-3 by Lot 2107, Cad. 241; on the N., along line 3-4 by Lot 2106, Cad. 241; on the E., along line 4-5 by Public Land; and on SW., along line 5-6 by Lot 2105, Cad. 241; and along line 6-1 by Lot 2106, Cad. 241.”

x x x x x x x x

“6. On April 16, 1967, Agustin L. Angeles died.

x x x x x x x x

“7. It appears, however, that the late Agustin L. Angeles, prior to his death, was able to transfer and convey in favor of his sister, Emilia L. Angeles (now deceased) the one-half (1/2) northern portion of Lot No. 2744, by means of a Deed of Absolute Sale that was postdated January 5, 1970, when Agustin L. Angeles was already dead. x x x.

“8. The postdating of the Deed of Absolute Sale to January 5, 1970, was obviously done to evade the prohibition of any alienation or encumbrance of the free patent within a period of five (5) years.

“9. Then again, the late Emilia L. Angeles was able to transfer and convey, by way of a Deed of Absolute Sale dated January 27, 1973, the same one-half (1/2) northern portion in favor of her daughter, Luz Gancayco Alvarez.

x x x x x x x x

“10. TCT No. T-43712 was thereafter issued by the Register of Deeds who registered the title of the lot, on the basis of a half-half share, in the names of the late Agustin L. Angeles and Luz Gancayco Alvarez. x x x.

“11. On November 19, 1976, the Samahang Nayon members and Barangay members of Capunitan, Orion, Bataan, represented by Elvira E. Manabat filed a Protest before the then Bureau of Lands.

“12. Consequently, a series of land investigators and ocular inspections, with notice to all concerned parties, were ordered to be conducted by the DENR Regional Office over Free Patent No. 265340.

“13. In a formal investigation conducted by the DENR, it was found out that:

‘a. the late Agustin L. Angeles or his predecessors-in-interest, have never occupied nor cultivated Lot No. 2744 prior to and after the issuance of the Free Patent in his name, the same having been in the actual and continuous occupation by the members of the Samahang Nayon since the prewar days;

‘b. Lot No. 2744 is not an agricultural land but a residential land bordering the shoreline of Manila Bay; and that.

‘c. the late Agustin L. Angeles conveyed the 1/2 northern portion of Lot No. 2744 during the prohibitory period of five (5) years or prior to his death in favor of the late Emilia L. Angeles.’

x x x x x x x x”[5]

Respondents' version of the facts, on the other hand, is as follows:

"2. Deceased Agustin L. Angeles filed his Free Patent Application No. 7-1-2021 covering a parcel of land identified as Lot No. 2744, Cad. 241, Orion Cadastre, situated in Capunitan, Orion, Bataan, with an area of 3,578 square meters on 30 July 1963. Thereafter, Free Patent No. 265340 was issued and registered in his name on 24 February 1964.

"2.1. Original Certificate of Title (OCT) No. 194 was issued which is registered in the name of Agustin L. Angeles based on said Free Patent. x x x

"2.2 Before he died, Agustin L. Angeles was able to sell, transfer and convey in favor of his sister, Emilia L. Angeles, the one-half (1/2) northern portion of Lot No. 2744 for and in consideration of ONE THOUSAND PESOS (P1,000.00) by means of a Deed of Absolute Sale dated 5 January 1970. x x x

"2.3 Thereafter, Emilia L. Angeles was able to sell, transfer and convey, by way of Deed of Absolute Sale dated 27 January 1973 the same one-half (1/2) northern portion of Lot 2744 in favor of respondent Luz Gancayco-Alvarez, her daughter for and in consideration of ONE THOUSAND FIVE HUNDRED PESOS (P1,500.00). x x x

"2.4 By virtue of said Deed of Absolute Sale, Transfer Certificate of Title (TCT) No. T-43712 was issued, registered and entered on 5 February 1973 in the name of respondent Luz Gancayco-Alvarez and the late Agustin L. Angeles by the Register of Deeds of Bataan. Copy of the TCT No. T-43712 is attached as Annex 4 to the Motion to Dismiss.

"2.5. Since the issuance of the Free Patent, the late Agustin L. Angeles and thereafter his heirs, enjoyed open, peaceful, exclusive and continuous possession and exercised and continued to exercise all the attributes of ownership over Lot 2744. In the same vein, respondent Luz Gancayco-Angeles, since the time of the deed of conveyance to her of the one-half (1/2) northern portion of Lot 2744, enjoyed the same open, peaceful, exclusive and continuous possession of the property and has exercised and continued to exercise all attributes of ownership over said one-half (1/2) portion.

"2.6. On 20 May 1998, the complaint for reversion of Lot 2744 was filed by herein petitioner, more than thirty-four (34) years after the grant and issuance of the Free Patent in favor of the late Agustin L. Angeles and more than twenty-eight (28) years from the time Agustin L. Angeles sold one-half of the property to his sister, Emilia L. Angeles."[6]

On April 20, 1999, Respondent Luz Gancayco Alvarez filed a Motion to Dismiss,[7] alleging therein that petitioner's cause of action had been "barred by the statute of limitations" and should therefore be deemed abandoned. On May 20, 1999, Respondents Heirs of Agustin L. Angeles and Heirs of Carmen de Leon vda. de Angeles filed an Ex Parte Manifestation and Motion[8] adopting the Motion to Dismiss filed by Alvarez.

#### The Lower Court's Ruling

Agreeing with private respondents, the court a quo held that the State's cause of action had prescribed, because the Complaint had been filed beyond the prescriptive period of four years from the issuance of the Original Certificate of Title (OCT). The RTC further ruled that Respondent Alvarez was an innocent purchaser for value; her title, being already indefeasible, could therefore no longer be revoked or cancelled.[9]

Hence, this Petition.[10]

#### The Issue

In its Memorandum, petitioner urges the Court to resolve the following question:

"Whether or not the trial court committed a grave error of law in dismissing the complaint for reversion on the

ground of prescription.”[11]

### The Court’s Ruling

The Petition is meritorious.

### Main Issue

Does Prescription Run Against the State?

In its assailed Order, the court a quo relied on *Esconde v. Barlongay*,[12] which held that an action for reconveyance based on fraud must be filed within four years from the discovery of its cause. Such discovery shall be deemed to have taken place from the issuance of the OCT.

We hold, however, that *Esconde* is inapplicable to the present appeal. That case involved an action for reconveyance, a legal and equitable remedy granted to the rightful owner of land that has been wrongfully or erroneously registered in the name of another. The purpose of reconveyance is to compel a person, under whose name the property was wrongfully registered, to transfer or reconvey it to the rightful owner.[13] Note that in *Esconde*, the Complaint for Reconveyance was filed by a private individual. Furthermore, the property therein had long been the subject of ordinary land registration and did not involve public land.

On the other hand, the instant case involves a reversion sought by the State through the Office of the Solicitor General. Petitioner’s Complaint for Reversion primarily seeks the cancellation of the illegally obtained free patent and certificate of title, as well as the consequent reversion of the subject land which was originally public in character. In a reconveyance filed by a private individual, the property does not go back to the State.[14] Clearly then, the facts and the issues in *Esconde* differ from those obtaining in the present case.

True, a title issued on the basis of a free patent is as indefeasible as one judicially secured.[15] However, this indefeasibility cannot be a bar to an investigation by the State as to how such title has been acquired, if the purpose of the investigation is to determine whether or not fraud has been committed in securing the title.[16] One who succeeds in fraudulently acquiring title to public land should not be allowed to benefit from it.[17]

Elementary is the rule that prescription does not run against the State and its subdivisions.[18] When the government is the real party in interest, and it is proceeding mainly to assert its own right to recover its own property, there can as a rule be no defense grounded on laches or prescription.[19] Public land fraudulently included in patents or certificates of title may be recovered or reverted to the State in accordance with Section 101 of the Public Land Act. The right of reversion or reconveyance to the State is not barred by prescription.[20]

Respondents allege that based on Article 1113[21] of the Civil Code, patrimonial property of the State may be the subject of prescription. However, the question of whether the land is agricultural, residential, or patrimonial in character is one of fact, which should be threshed out during the trial. Hence, the applicability of *Ramirez v. Court of Appeals*[22] and the commentaries of Sen. Arturo M. Tolentino on this point cannot be ruled upon now. The same is true with regard to the question of whether *Gancayco-Alvarez* is an innocent purchaser for value. The only issue that can be decided now is legal: whether prescription may as a rule run against the State.

WHEREFORE, the Petition is GRANTED and the assailed Order SET ASIDE. The Regional Trial Court of Bataan is DIRECTED to hear Civil Case No. 6789 on the merits, with all reasonable speed. No costs.

**SO ORDERED.**

Puno (Chairman), Sandoval-Gutierrez, Corona, and Carpio-Morales, JJ., concur.

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- [1] Rollo, pp. 10-26.
- [2] Written by Judge Benjamin T. Vianzon; rollo, p. 30.
- [3] Assailed Order; *ibid*.
- [4] Rollo, pp. 34-44.
- [5] Petition for Review on Certiorari, pp. 5-7; rollo, pp. 14-16.
- [6] Memorandum for respondents, pp. 8-9; rollo, pp. 133-134.
- [7] Rollo, pp. 52-57.
- [8] Rollo, pp. 74-75.
- [9] Assailed Order; rollo, p. 30.
- [10] This case was submitted for decision on October 11, 2000, upon this Court's receipt of respondents' Reply to the Memorandum of petitioner. This was signed by Attys. Pablo M. Gancayco and Kabaitan R. Guinhawa-Valmonte of Gancayco Balasbas and Associates. Petitioner's Memorandum, signed by Assistant Solicitor General Carlos N. Ortega, Assistant Solicitor General Roman G. del Rosario and Solicitor Ma. Theresa Dolores C. Gomez-Estoesta, was filed on September 22, 2000.
- [11] Petitioner's Memorandum, p. 7; rollo, p. 156.
- [12] 152 SCRA 603, July 31, 1987.
- [13] *Ibid*.
- [14] Petitioner's Memorandum, pp. 8-9; rollo, pp. 157-158.
- [15] Section 122 of the Land Registration Act.
- [16] Republic v. Court of Appeals, 171 SCRA 721, April 10, 1989.
- [17] Pinero v. Director of Lands, 57 SCRA 386, June 14, 1974.
- [18] Article 1108 of the Civil Code.
- [19] Republic v. Grijaldo, 15 SCRA 681, December 31, 1965; Republic v. Court of Appeals, 258 SCRA 223, July 5, 1996.
- [20] Republic v. Animas, 56 SCRA 499, March 29, 1974; Reyes v. Court of Appeals, 295 SCRA 296, September 10, 1998.
- [21] Article 1113 - 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.
- [22] 30 SCRA 297, October 31, 1969.

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